Inverclyde council
Municipal Buildings, Greenock PA15 1LY

Ref: RMcG/AI

Date: 12 March 2020

A meeting of the Policy & Resources Committee will be held on Tuesday 24 March 2020 at 3pm within the Municipal Buildings, Greenock.

GERARD MALONE
Head of Legal & Property Services

BUSINESS

1.	**Apologies, Substitutions and Declarations of Interest**	**Page**
PERFORMANCE MANAGEMENT		
2.	**2019/20 General Fund Revenue Budget as at 31 January 2020** Report by Chief Financial Officer	**p**
3.	**2019/23 Capital Programme** Report by Chief Financial Officer	**p**
4.	**Policy & Resources Committee 2019/20 Revenue and Capital Budget – Period 10 to 31 January 2020** Report by Chief Executive, Corporate Director Environment, Regeneration & Resources, Corporate Director Education, Communities & Organisational Development and Chief Financial Officer	**p**
5.	**Welfare Reform Update** Report by Chief Financial Officer	**p**
6.	**Inverclyde Best Value Assurance Report – Improvement Plan Progress Report** Report by Chief Executive	**p**
7.	**SOLACE Improving Local Government Benchmarking Framework 2018/19** Report by Head of Organisational Development, Policy & Communications	**p**
NEW BUSINESS		
8.	**Capital Strategy 2020/30 and Treasury Management Strategy Statement and Annual Investment Strategy 2020/21 – 2023/24** Report by Chief Financial Officer	**p**

9.	**Scottish Index of Multiple Deprivation (SIMD) 2020** Report Head of Organisational Development, Policy & Communications	**p**
10.	**Review of Community Council Grant Funding** Report by Head of Legal & Property Services	**p**
11.	**COVID-19 (Coronavirus)** Report by Corporate Director Environment, Regeneration & Resources	**p**
12.	**Proposed Re-appropriation of the Site of the Former Hector McNeil Baths** Report by Head of Legal & Property Services	**p**
REMITS FROM COMMITTEES		
13.	**Creation of Earmarked Reserves – Remit from Education & Communities Committee** Report by Corporate Director Environment, Regeneration & Resources	**p**
The documentation relative to the following item has been treated as exempt information in terms of the Local Government (Scotland) Act 1973 as amended, the nature of the exempt information being that set out in paragraphs 2, 6 and 9 of Part I of Schedule 7(A) of the Act.		
14.	**East Blackhall Street, Greenock – Remit from Environment & Regeneration Committee** Report by Corporate Director Environment, Regeneration & Resources on a remit from the Environment & Regeneration Committee seeking approval in relation to the lease of premises at East Blackhall Street, Greenock	**p**

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

Inverclyde council

AGENDA ITEM NO. 2

Report To:	**Policy & Resources Committee**	**Date: 24 March 2020**
Report By:	**Chief Financial Officer**	**Report No: FIN/28/20/AP/AE**
Contact Officer:	**Alan Puckrin**	**Contact No: 01475 712223**
Subject:	**2019/20 General Fund Revenue Budget as at 31 January 2020**	

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 31 January 2020 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 31 January 2020 the General Fund is projecting a £2.595 million underspend (excluding Health & Social Care Directorate) which represents 1.3% of the net Revenue Budget and is a movement of £0.289 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 (£950,000)
- Projected over recovery Internal Resources Interest (£250,000)
- Prior Years Council Tax income (£100,000)
- One-off reduction in Schools NDR relating to prior years (£300,000)
- Additional Council Tax income to be collected due to increase in council tax base (£250,000)
- Projected underspend of Environment & Regeneration employee costs not offset by expenditure or reduced by income (£240,000)

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 a small overspend, however, any resulting overspend will be met 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 31 January 2020 expenditure totalled £3.385 million which equates to 64.32% of the planned spend in 2019/20. It can also be seen from Appendix 2 that at 31 January 2020 actual expenditure is £0.083m 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 31 January 2020 is £7.182 million which is £3.382 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 was considered as part of the 2020/21 Budget.

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 £0.83m use of free reserves to fund the Pay and Grading Model for 2019/20.

5.0 POSITION AS AT 31 JANUARY 2020

5.1 It can be seen from Appendix 1 that as at 31 January 2020 the General Fund is projecting an underspend of £2.595 million which equates to 1.3% 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 £2,083,000 (13.37%) 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.

Environment & Regeneration – Projected underspend of £191,000 (0.81%) mainly due to additional turnover savings.

Education & Communities – Projected overspend of £25,000 (0.03%) 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.

Health & Social Care – Projected overspend of £65,000 (0.13%) 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 31 January 2020 the Council has spent £3.385 million against a phased budget target of £3.302 million. This represents 64.32% of the planned spend and equates to 2.51% 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 £7.182 million which is £3.382 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 the 2020/23 budget process and an allocation of £120,000 for the Beacon Arts Centre. The use of the remaining free reserve balance was considered as part of the 2020/21 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.

<u>Equalities</u>

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

	YES (see attached appendix)
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 31st Jan 2020

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	15,580	13,497	(2,083)	(13.37%)
Environment & Regeneration	23,895	23,689	23,498	(191)	(0.81%)
Education & Communities **(Note 1)**	88,362	86,955	86,980	25	0.03%
Health & Social Care	50,529	50,522	50,587	65	0.13%
Committee Sub-Total	**181,011**	**176,746**	**174,562**	**(2,184)**	**(1.24%)**
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)	0	0	0	0.00%
Contribution to / (from) Statutory Funds	(240)	(240)	(240)	0	0.00%
Earmarked Reserves	0	2,627	2,627	0	0.00%
Total Expenditure	**192,764**	**195,986**	**193,756**	**(2,230)**	**(1.14%)**
Financed By:					
General Revenue Grant/Non Domestic Rates	(160,575)	(164,627)	(164,677)	(50)	0.03%
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	(65)	(65)	100.00%
Net Expenditure	**0**	**0**	**(2,595)**	**(2,595)**	

Note 1 - Reduction reflects loans charges and earmarked reserves.
Note 2 - Early acheivement 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

Committee	Total Funding 2019/20 £000	Phased Budget to 31 January 2020 £000	Actual Spend To 31 January 2020 £000	Variance Actual to Phased Budget £000	Projected Spend 2019/20 £000	Earmarked 2020/21 & Beyond £000	2019/20 %age Spend Against Projected	2019/20 %age Over/(Under) Spend Against Phased Budget
Education & Communities	1,164	468	367	(101)	460	704	79.78%	(21.58%)
Health & Social Care	2,601	1,360	1,553	193	2,252	349	68.96%	14.19%
Regeneration & Environment	4,659	952	537	(415)	1,192	3,467	45.05%	(43.59%)
Policy & Resources	3,130	522	928	406	1,359	1,771	68.29%	77.78%
	11,554	3,302	3,385	83	5,263	6,291	64.32%	2.51%

Actual Spend v Phased Budget	**Ahead Phasing =**	**£83k**	**2.51%**
Last Update (Period 8)	**Ahead of Phasing =**	**£528k**	
Movement in spend v Phasing		**(£445k)**	

Appendix 3

GENERAL FUND RESERVE POSITION
Position as at 31/01/20

	£000	£000
Balance 31/03/19		9087
Projected Surplus/(Deficit) 2019/20	2595	
Contribution to/(from) General Fund Reserves **Note 1**	0	
		2595
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)		(120)
Projected Unallocated Balance 31/03/20		**7182**

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 Gourock 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	830
	4000

Inverclyde council

AGENDA ITEM NO: 3

Report To:	**Policy & Resources Committee**	**Date:**	**24 March 2020**
Report By:	**Chief Financial Officer**	**Report No:**	**FIN/32/20/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. 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.

2.2 The Capital Programme reflects the confirmed 2019/20 and 2020/21 capital grant and a revised estimate of capital grants for the period 2021/23. The 2020/21 grant has been confirmed as being £1.926m less than previously estimated. In light of the reduced 2020/21 grant, the 2021/22 and 2022/23 estimated grants have also been reduced by £1.000m to £7.100m per year.

2.3 An overprovision 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 £2.763m which represents 3.49% of the 2019/23 resources. Action has been taken as part of the budget setting process to bring contain the Capital Programme within the 5% overprovision.

2.4 It can be seen from Appendix 2 that as at 31 January 2020 expenditure in 2019/20 was 64.7% 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 13.91% is currently being reported, this is an increase of 4.19% since the last Committee. This is due to slippage within the Environment & Regeneration Committee (£1.185m) and Education and Communities Committee including school estate (£2.458m) offset by minor advancement within the Policy & Resources Committee (£0.089m).

2.6 The current 2019/23 Capital Programme, which will continue to cover the period up until 2022/23, has been reviewed as part of the 2020/21 budget process. An estimated total reduction in Capital Grant of £3.9m over the 2020/21 to 2022/23 period is reflected in this report and it is proposed that this be addressed by a contribution of £3.6m from Reserves which contains the Capital Programme within the 5% overprovision.

2.7 A detailed outturn report will be presented to the Committee in August on the closure of the 2019/20 Accounts.

3.0 RECOMMENDATIONS

3.1 It is recommended that Committee notes the current position of the 2019/23 Capital Programme.

3.2 It is recommended that Committee notes that a refreshed 2020/23 Capital Programme was approved 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. 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.

4.2 The Capital Programme reflects the confirmed 2019/20 and 2020/21 capital grant and a revised estimate of capital grants for the period 2021/23. The 2020/21 grant is £1.926 m less than previously estimated. In light of the reduced 2020/21 grant, the 2021/22 and 2022/23 estimated grants have also been reduced by £1.000m to £7.100m per year.

4.3 An overprovision 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 £2.763m which represents 3.49% of the 2019/23 resources.

4.4 The 2020/23 Capital Programme was approved by the Council on 12 March 2020.

5.0 CURRENT POSITION

5.1 Appendix 1 shows that over the 2019/23 period the Capital Programme is reporting a £2.763m 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 £0.693m for the year to date.

Environment & Regeneration
Net slippage of £1.185m (9.22%) is being reported with spend of £6.854m for the year. Slippage is projected mainly within the Cremator replacement (£1.572m), Flooding Strategy – Future Schemes (£0.300m), Kirn Drive (£0.190m), Ivy House replacement (£0.120m) and Clyde Square re-roofing (£0.760m) however this is partially offset by advancement within RAMP (£0.493m), Scheme of Assistance (£0.147m), Clune Park regeneration (£0.100m), Waterfront Leisure Centre Lifecycle works (£0.263m), Inverclyde Centre for Independent Living (£0.150m), Caladh House (£0.150m), Town Centre Funding (£0.277m), Greenock Municipal Buildings – Flue replacement and Finance wing (£0.095m), West Blackhall Street (£0.112m), King George VI refurbishment (£0.107m), Pottery Street Office and Depot refurbishment (£0.114m) and minor and statutory duty works (£0.343m).

Education & Communities
Net slippage of £2.458m (21.98%) is being reported with spend of £6.611m for the year. The slippage being reported is in connection with the pre-construction/design stage delays experienced on the Hillend Refurbishment project (£0.868m) and the 1140hrs projects at Larkfield and Park Farm (Rainbow) (£1.359m) and the construction stage delays on the Gourock Primary School extension project (£0.356m) and Grieve Road and Wemyss Bay Community Centres (£0.135m) which have been partially offset by projected acceleration of lifecycle expenditure (£0.419m), complete on site (£0.157m) and the refurbishment of Gourock YAC (£0.127m).

Policy & Resources
Net advancement of £0.089m (21.45%) is being reported with spend of £0.244m for the year. Advancement is being reported within the Rolling Replacement of PCs (£0.077m) and the Server & Switch Replacement Programme (£0.023m), offset by slippage within the Modernisation Fund of £0.011m.

5.3 Overall in 2019/20 expenditure is 65.5% of projected spend for the year and project slippage from the programme agreed in March 2019 is £3.554m (13.91%). The Corporate Director, Environment, Regeneration and Resources has continued 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. A detailed outturn report will be presented to the Committee in August on the closure of the 2019/20 Accounts.

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?

	YES (see attached appendix)
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

(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.

Appendix 1

Capital Programme - 2019/20 - 2022/23

Available 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	6,174	7,100	7,100	-	29,764
Capital Receipts (Note 1)	282	543	148	95	-	1,068
Capital Grants (Note 2)	4,479	1,628	89	-	-	6,196
Prudential Funded Projects (Note 3)	4,086	2,094	5,981	3,942	230	16,333
Balance B/F From 17/18	17,659	-	-	-	-	17,659
Capital Funded from Current Revenue	2,179	4,910	1,018	233	-	8,340
	38,075	15,349	14,336	11,370	230	79,360

Overall Position 2019/23

	£000
Available Resources (Appendix 1, Column G)	79,360
Projection (Appendix 2, Column B-F)	82,123
(Shortfall)/Under Utilisation of Resources	(2,763)

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	128	-	-	-	257
SPT	1,155	-	-	-	-	1,155
HES - Watt Complex	260	-	-	-	-	260
Electric Vehicles	33	-	19	-	-	52
Sustrans	42	-	70	-	-	112
	4,479	1,628	89	-	-	6,196

Notes to Appendix 1

Note 3 (Prudentially Funded Projects)

	2019/20	2020/21	2021/22	2022/23	future	Total
	£000	£000	£000	£000	£000	£000
Vehicle Replacement Programme	1,080	1,419	913	382	-	3,794
Asset Management Plan - Offices	-	-	-	-	-	-
Asset Management Plan - Depots	601	450	650	-	-	1,701
Capital Works on Former Tied Houses	2	-	99	60	230	391
Watt Complex Refurbishment	65	39	-	-	-	104
CCTV	33	-	-	-	-	33
Clune Park Regeneration	100	-	369	-	-	469
Neil Street Childrens Home Replacement - CoS	6	15	-	-	-	21
Crosshill Childrens Home Replacement	995	171	50	-	-	1,216
Roads Asset Management Plan	1,204	-	-	-	-	1,204
New Learning Disability Facility	-	-	3,900	3,500	-	7,400
	4,086	2,094	5,981	3,942	230	16,333

Appendix 2

Capital Programme - 2019/20 - 2022/23

Agreed Projects

Committee	Prior Years	2019/20	2020/21	2021/22	2022/23	Future	Total	Approved Budget	(Under)/ Over	2019/20 Spend To 31/01/2020
	A	B	C	D	E	F	G	H	I	J
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Policy & Resources	522	504	254	423	423	-	2,126	2,126	-	244
Environment & Regeneration	53,840	11,668	11,310	15,952	6,850	230	99,850	98,885	965	6,854
School Estate	5,367	7,388	6,677	4,387	2,759	1,001	27,579	27,579	-	5,513
Education & Communities (Exc School Estate)	248	1,337	245	1,110	926	-	3,866	3,866	-	1,098
HSCP	582	1,093	136	3,950	3,500	-	9,261	9,261	-	693
Total	60,559	21,990	18,622	25,822	14,458	1,231	142,682	141,717	965	14,402

Inverclyde council

AGENDA ITEM NO: 4

Report To:	**Policy & Resources Committee**	**Date:**	**24 March 2020**
Report By:	**Chief Executive, Corporate Director Environment, Regeneration & Resources, Corporate Director Education, Communities & Organisational Development and Chief Financial Officer**	**Report No:**	**FIN/27/20/AP/AE**
Contact Officer:	**Angela Edmiston**	**Contact No:**	**01475 712143**
Subject:	**Policy & Resources Committee 2019/20 Revenue & Capital Budget – Period 10 to 31 January 2020**		

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 10, 31 January 2020.

2.0 SUMMARY

2.1 The total revised Committee budget for 2019/20 is £15,560,000. This excludes Earmarked Reserves of £2,630,000.

2.2 The latest projection, excluding Earmarked Reserves, is an underspend of £2,083,000 (13.38%), a reduction in spend of £126,000 since Period 8. Movement in projected outturn from the last Committee is mainly due to less call on the Pay Inflation Contingency of £50,000 and a further one-off NDR reduction of £33,000 relating to 2017/19 following a review of School Rateable Values.

2.3 The main reasons for the £2.083 million underspend are:

a) £150,000 projected underspend of non-pay inflation contingency
b) £950,000 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) £300,000 one-off underspend on Schools NDR
f) £124,000 projected underspend within employee costs

2.4 The Earmarked Reserves for 2019/20 total £2,630,000 of which £1,324,000 is projected to be spent in the current financial year. To date expenditure of £905,000 (68.35%) has been incurred which is £383,000 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 £34,200 which will result in a fund balance at 31 March 2020 of £60,730. There remains an audit action to increase the fund balance to £100,000.

2.6 The Policy and Resources capital budget is £2.126m and the total projected spend is on budget. Expenditure at 31 January 2020 is 47.6% of 2019/20 projected spend. Net advancement of £97,000 (23.3%) is being reported.

3.0 RECOMMENDATIONS

3.1 It is recommended that the Committee notes the 2019/20 Revenue Budget projected underspend of £2,083,000 as at Period 10, 31 January 2020.

3.2 It is recommended that the Committee notes the projected 2019/20 surplus of £34,200 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 £2,083,000 which is an increase in the underspend projected to the last Committee of £126,000.

5.0 2019/20 CURRENT REVENUE POSITION

5.1 The current projection is an underspend of £2,083,000.

5.2 The following material variances relate to the Environment, Regeneration & Resources Directorate:

<u>Finance - £370,000 underspend</u>

<u>Employee Costs:</u> £95,000 projected underspend mainly due to additional turnover savings. This is a £18,000 increase in costs since the last Committee due to various minor movements.

<u>Other Expenditure:</u> There is an overspend of £126,000 projected, an increase in spend of £34,000 from the last Committee. This is mainly due to an increase in Housing Benefit Bad Debt. The total overspend of Housing Benefit Bad Debt is £167,000 which is partially offset by ongoing recoveries, see income below. The remaining balance is made up of various small underspends, none of which are material totalling £41,000.

<u>Income:</u> An over-recovery of £406,000 is being projected, which is an increase in income of £42,000 from the last Committee. The major variances are as follows: (a) An over recovery of Council Tax prior years income, as previously reported of £100,000. (b) An over recovery in recoveries of Housing Benefit overpayments of £184,000. This is largely offset by Housing Benefit bad debt provision, see other expenditure above. These budgets were reviewed as part of the 2020/21 Budget process. (c) Income received to offset additional employee costs incurred due to staff members undertaking Early Years Education courses of £24,000. (d) An over recovery of £40,000 due to additional Government funding for Housing Benefit changes.

<u>Legal & Property - £20,000 underspend</u>

Projected variances are all below £20,000.

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

<u>Organisational Development, Policy & Communications - £52,000 underspend</u>

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

5.4 The following material variances relate to the Miscellaneous budget.

<u>Miscellaneous – £1,650,000 underspend</u>

<u>Non-Pay Inflation Contingency</u>: 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.

<u>Pay Inflation:</u> Currently projecting £950,000 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 £50,000 since last reported to Committee 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 £300,000 due to a reduction in Schools NDR relating to prior years. This is an increase of £33,000 since last reported to Committee due to further previous year rebates.

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 – £9,000 overspend

Projected variances are all below £10,000.

6.0 2019/20 CURRENT CAPITAL POSITION

6.1 Appendix 6 details the Capital position at 31 January 2020. Expenditure to date is £244,000 (47.6% 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 £512,000 with net advancement of £97,000 (23.3%) 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 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. A further £166,000 has been committed to address the replacement of PCs in the Technical Departments within the Secondary Estate. This is to ensure that the equipment in these locations can support the latest versions of software required for delivery of core subjects.

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. £120,000 has been allocated for this project and it is anticipated that this will be largely implemented prior to year-end. To date in 2019/20, £41,000 has been spent on other switch and server infrastructure.

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.

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 £1,324,000 is projected to be spent in 2019/20 and the remaining balance of £1,306,000 to be carried forward to 2020/21 and beyond. It can be seen that expenditure of £905,000 has been achieved which is £383,000 more than the phased budgeted spend to date and represents 68.35% 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 £34,200 which will result in a Fund Balance of £60,730 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	See attached appendix
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 BACKGROUND PAPERS

12.1 There are no background papers for this report.

Appendix 1

Policy & Resources Budget Movement - 2019/20

Period 10: 1st April - 31st January 2020

Service	Approved Budget 2019/20 £000	Movements: Inflation £000	Virement £000	Supplementary Budgets £000	Transferred to EMR £000	Revised Budget 2019/20 £000
Finance	7,933	66	69		(300)	7,768
Legal	1,860	3		2		1,865
Organisational Development, Policy & Communications	2,061	2	(7)			2,056
Chief Exec	318	(1)				317
Miscellaneous	6,053	(1,869)	(630)			3,554
Totals	18,225	(1,799)	(568)	2	(300)	15,560

Supplementary Budget Detail

	£000
Inflation	
Miscellaneous Inflation breakdown:	
Miscellaneous Pay Inflation	(1,015)
Miscellaneous Non Pay Inflation	(854)
OD, Policy & Comms - Various annual inflationary increases	2
Finance - Various annual inflationary increases	66
Legal - Various annual inflationary increases	3
Chief Exec - reduction in insurance budget	(1)
	(1,799)
Virements	
Return Welfare reform from Social work for Triage Team	62
Contribution from Reserves - Pay & Grading Model	(630)
	(568)
Supplementary Budgets	
Legal - redetermination for Alcohol Personal Licence Holder renewals	2
	2
Total Inflation & Virements	**(2,365)**

POLICY & RESOURCES

Appendix 2

REVENUE BUDGET MONITORING REPORT

CURRENT POSITION

PERIOD 10: 1st April 2019- 31st January 2020

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	8,675	8,551	(124)
534	Property Costs	564	563	564	1
673	Supplies & Services	932	981	968	(13)
3	Transport & Plant	4	4	4	0
1,503	Administration Costs	1,345	1,323	1,338	15
33,812	Payments to Other Bodies	36,048	33,593	32,305	(1,287)
(32,147)	Income	(29,353)	(29,278)	(29,953)	(675)
13,454	**TOTAL NET EXPENDITURE**	**18,225**	**15,860**	**13,777**	**(2,083)**
	Earmarked reserves		(300)	(300)	0
13,454	**Total Net Expenditure excluding Earmarked Reserves**	**18,225**	**15,560**	**13,477**	**(2,083)**

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	8,068	7,699	(370)
1,772	Legal Services	1,860	1,865	1,845	(20)
9,050	**Total Net Expenditure Environment, Regeneration & Resources**	**9,793**	**9,933**	**9,544**	**(390)**
2,075	Organisational Development, Human Resources & Communications	2,061	2,056	2,004	(52)
2,075	**Total Net Expenditure Education, Communities & Organisational Development**	**2,061**	**2,056**	**2,004**	**(52)**
321	Chief Executive	318	317	326	9
2,007	Miscellaneous	6,053	3,554	1,904	(1,650)
13,454	**TOTAL NET EXPENDITURE**	**18,225**	**15,860**	**13,777**	**(2,083)**
	Earmarked reserves		(300)	(300)	0
13,454	**Total Net Expenditure excluding Earmarked Reserves**	**18,225**	**15,560**	**13,477**	**(2,083)**

	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	4,734	12,030
CFCR	0	450	450	450	0
Policy & Resources Overall Expenditure	**14,994**	**17,214**	**4,442**	**5,184**	**12,030**

Appendix 3

POLICY & RESOURCES

REVENUE BUDGET MONITORING REPORT

MATERIAL VARIANCES (EXCLUDING EARMARKED RESERVES)

PERIOD 10: 1st April 2019 - 31st January 2020

Outturn 2018/19 £000	Budget Heading	Budget 2019/20 £000	Proportion of Budget £000	Actual to 31/01/20 £000	Projection 2019/2020 £000	Over/(Under) Budget £000
	Finance/ICT					
5,207	Employee Costs	5,300	4,117	4,059	5,205	(95)
10	Fin - Supp & Services - Computer Software	3	3	10	28	25
401	ICT - Computer Hardware/Software Maintenance	421	505	501	386	(35)
14	Revenues - Legal Expenses	7	5	29	37	30
(52)	Housing Benefits Bad Debt Provision	20	17	205	187	167
0	Revenues - PTOB -	45	33	0	7	(38)
	Revenues - Prior Year Council Tax	(306)	0	0	(406)	(100)
(4)	Fin/Rev - Internal Income			(24)	(24)	(24)
(121)	Housing Benefits Recoveries	(140)	(107)	(319)	(324)	(184)
(139)	Revenues - Other Income	(66)	(66)	(86)	(106)	(40)
	ICT - Internal Recharges			(28)	(28)	(28)
	Miscellaneous					
1,651	Non-pay Inflation Contingency	1,042	861	861	892	(150)
3,423	Pay Inflation Contingency	1,742	792	792	792	(950)
(493)	Internal Resource Interest	(250)	0	0	(500)	(250)
	Other Expenditure	0	0	0	(300)	(300)
9,897	**TOTAL MATERIAL VARIANCES**	**7,818**	**6,160**	**6,000**	**5,846**	**(1,972)**

Appendix 4

EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Policy & Resources

Project	Lead Officer/ Responsible Manager	Total Funding 2019/20 £000	Phased Budget To Period 10 2019/20 £000	Actual To Period 10 2019/20 £000	Projected Spend 2019/20 £000	Amount to be Earmarked for 2020/21 & Beyond £000	Lead Officer Update
Voluntary Severance Reserve - HR Support	Steven McNab	90	0	11	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	58	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	65	52	71	158	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	10	16	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	3	10	63	Projects to date include £10k Jewish Heritage Centre, £5k for Gourock Highland Games, £9k for The Great Get Together & £10k for SIMBA tree of tranquility. Total uncommitted funds in 2019/20 of £7k.
Anti-Poverty Fund	Alan Puckrin	1,302	320	194	456	846	Wide range of projects on going and requests to allocate further resources contained in the February, Policy & Resources Committee update.
GDPR	Gerry Malone	67	32	7	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. £3k to be written back 31/03/20.
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.
Spend to Save		500	0	23	23	477	New EMR from Aug 2019 P&R Committee. Proposals to be considered by CMT. £23k spend on Garden Waste payments system. £35k this year water and garden waste. Further proposals totaling £32k approved by CMT 05/12/19.
Total Category C to E		**2,630**	**522**	**905**	**1,324**	**1,306**	

Appendix 5

COMMON GOOD FUND

REVENUE BUDGET MONITORING REPORT 2019/20

PERIOD 10 : 1st April 2019 to 31st January 2020

		Final Outturn 2018/19	Approved Budget 2019/20	Budget to Date 2019/20	Actual to Date 2019/20	Projected Outturn 2019/20
PROPERTY COSTS		**26,190**	**22,000**	**18,300**	**30,000**	**29,000**
Repairs & Maintenance		6,260	9,000	7,500	3,910	9,000
Rates	**1**	18,690	12,000	10,000	26,090	20,000
Property Insurance		1,240	1,000	800		0
ADMINISTRATION COSTS		**15,690**	**7,700**	**3,500**	**3,970**	**7,700**
Sundries		9,490	1,500	1,300	1,770	1,500
Commercial Rent Management Recharge		2,200	2,200	2,200	2,200	2,200
Recharge for Accountancy		4,000	4,000	0		4,000
OTHER EXPENDITURE		**64,940**	**79,100**	**55,560**	**71,630**	**74,100**
Christmas Lights Switch On		10,500	10,500	0	10,500	10,500
Gourock Highland Games		29,400	29,400	29,400	29,400	29,400
Armistice Service		6,930	8,300	8,300	5,830	8,300
Comet Festival		13,300	13,300	13,300	13,300	13,300
Fireworks		450	12,600	1,260	12,600	12,600
Society of the Innocents Rent Rebate		3,820	5,000	3,300	0	0
Bad Debt Provision		540				0
INCOME		**(125,960)**	**(135,440)**	**(112,900)**	**(90,510)**	**(145,000)**
Property Rental		(168,950)	(168,950)	(140,800)	(127,070)	(168,950)
Void Rents	**2**	43,140	34,010	28,300	36,590	59,450
Internal Resources Interest		(150)	(500)	(400)	(30)	(500)
Disposal of Land						(35,000)
NET ANNUAL EXPENDITURE		**(19,140)**	**(26,640)**	**(35,540)**	**15,090**	**(34,200)**
EARMARKED FUNDS		**0**	**0**	**0**	**0**	**0**
TOTAL NET EXPENDITURE		**(19,140)**	**(26,640)**	**(35,540)**	**15,090**	**(34,200)**

Fund Balance as at 31st March 2019 **26,530**

Projected Fund Balance as at 31st March 2020 **60,730**

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	April 2015, currently being marketed
6 John Wood Street	January 2019
10 John Wood Street	August 2018
15 John Wood Street	June 2017, currently being marketed
17 John Wood Street	March 2014, currently being marketed
74 Port Glasgow Road	September 2012

Appendix 6

COMMITTEE: POLICY & RESOURCES

	1	2	3	4	5	6	7	8	9
Project Name	Est Total Cost £000	Actual to 31/3/19 £000	Approved Budget 2019/20 £000	Revised Est 2019/20 £000	Actual to 31/01/20 £000	Est 2020/21 £000	Est 2021/22 £000	Est 2022/23 £000	Future Years £000
Environment, Regeneration & Resources									
ICT									
Storage/Backup Devices/Minor Works and Projects	65	24	41	41	19	0	0	0	0
Rolling Replacement of PC's	612	267	267	345	179	0	0	0	0
Whiteboard/Projector Refresh	10	5	5	5	5	0	0	0	0
Server & Switch Replacement Programme	235	114	91	121	41	0	0	0	0
Annual Allocation	1,081	0	0	0		355	363	363	0
ICT Total	**2,003**	**410**	**404**	**512**	**244**	**355**	**363**	**363**	**0**
Finance									
Modernisation Fund	123	112	11	0	0	11	0	0	0
Finance Total	**123**	**112**	**11**	**0**	**0**	**11**	**0**	**0**	**0**
TOTAL	**2,126**	**522**	**415**	**512**	**244**	**366**	**363**	**363**	**0**

Inverclyde council

AGENDA ITEM NO: 5

Report To:	**Policy & Resources Committee**	**Date:**	**24 March 2020**
Report By:	**Chief Financial Officer**	**Report No:**	**FIN/31/20/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 various matters relating to welfare reforms and associated issues.

2.0 SUMMARY

2.1 The DWP's latest published UC caseload data reports that 6,188 people in Inverclyde claim Universal Credit and of those 29% had earnings in the assessment of their entitlement. The Minister for Welfare Delivery announced that from April 2020, the 5 year freeze on working age benefits including Universal Credit and Employment Support Allowance will be lifted with an inflationary increase of 1.7% in line with wider benefit uprating.

2.2 Appendix 2 shows a projected underspend of £23k in the DHP budget allocation from the Scottish Government. Any underspend will be offset against the projected overspend in the social sector size criteria provision. Latest projections indicate the Council will marginally overspend against Government Scottish Welfare Fund grant.

2.3 Section 7 provides an update on uptake relating to Education Benefits which is projected to cost £141,000 in 2019/20. Section 8 provides a comprehensive update on progress and uptake within Inverclyde of the various grants now delivered by the SSSA. Uptake within Inverclyde is in line with or exceeds the expected national share.

2.4 Advice services provide an update in Section 9 whilst there is a detailed update as requested by the Committee regarding Home-Start Renfrewshire & Inverclyde.

3.0 RECOMMENDATIONS

3.1 It is recommended that the Committee notes the updates contained in this report.

Alan Puckrin
Chief Financial Officer

4.0 BACKGROUND

4.1 The Committee receives regular updates from officers on the various matters arising from Welfare Reform including the devolution of certain powers to the Scottish Government. Officers meet with partners at the Welfare Reform Board and the outputs from these meetings contribute to the updates provided.

5.0 UNIVERSAL CREDIT

5.1 The DWP's latest published UC caseload data reports that 6,188 people in Inverclyde claim Universal Credit and of those 29% had earnings in the assessment of their entitlement. The Minister for Welfare Delivery announced that from April 2020, the 5 year freeze on working age benefits including Universal Credit and Employment Support Allowance will be lifted with an inflationary increase of 1.7% in line with wider benefit uprating.

5.2 The Citizens Advice Scotland's Universal Credit "Help to Claim" contract with DWP ends on 31 March 2020. An evaluation of the service has begun which will inform future provision. The DWP will notify the Financial Inclusion Partnership of any changes.

6.0 DISCRETIONARY HOUSING PAYMENTS/SCOTTISH WELFARE FUND

6.1 The change to the DHP policy agreed by the Committee in February 2020 has resulted in an additional £30.6k being awarded to those affected by the Benefit Cap and those whose applications are considered under Financial Hardship criteria. Appendix 2 shows a projected underspend of £23k of the DHP budget allocation from the Scottish Government. Any underspend will be offset against the projected overspend in the social sector size criteria provision.

6.2 Appendix 3 shows projected expenditure of £566,000 by 31 January 2020 resulting in a projected spend of £680,000, exceeding the Scottish Government allocation by £9,000. The underutilisation of the Council's contribution to the SWF will be transferred to the Welfare Reform Operational Reserve.

7.0 EDUCATION BENEFITS

7.1 The Council agreed to expand the means tested entitlement to free school meals (FSM) and the school clothing grant (SCG) from August 2019 to include those with net earnings of £915/month, an increase of £300 on the statutory earnings limit. The result of the increased earnings threshold is that by February 2020, 499 additional pupils received a school clothing grant of £145 and an extra 359 children in Primary 5 and above now have free school meals as a result of the enhanced policy. The latest projected annual cost of the policy is £141,000.

7.2 Officers continue to support COSLA's efforts with the Scottish Government to enable the re-use of existing data feeds for the purposes of Free School Meals, School Clothing Grant and to support Educational Maintenance Allowance.

8.0 SOCIAL SECURITY SCOTLAND UPDATE

8.1 The Best Start Grant launched in December 2018 with qualifying families receiving £600 at the birth of their first child and £300 for subsequent babies. This was followed by the Best Start Grant Early Learning Payment in April 2019 when a grant of £250 was launched to help with the costs of early learning when a child is between 2 and 3½ years old, around the time when the child is at nursery. The Best Start Grant School Age Payment, a £250 payment to help with the costs of preparing for school around the time a child might start Primary 1 launched in June 2019. The latest grant for low income families is Best Start Foods which launched in August 2019 with £17.00 being paid every four weeks during pregnancy and for every child under three to spend on a range of health foods and £34.00 for children under one.

8.2 By 31 December 2019, 2,135 applications had been made for Best Start Grant and Best Start Foods, representing 2% of Scotland's applications. 1,500 applications were authorised for either Best Start Foods or at least one Best Start Grant payment. 570 applications were denied and 65 were withdrawn.

Best Start Grant and Best Start Foods		Total*
Pregnancy and Baby Payment	(£600 or £300 per child)	£156,600
Early Learning Payment	(£250 per child)	£127,750
School Age Payment	(£250 per child)	£ 79,250
Best Start Foods	(£17 or £34 per child/ every 4 weeks)	£ 32,300

* Payments made to families in Inverclyde up to 31 December 2019

8.3 The Young Carers' Grant, an annual payment of £300 for young carers in Scotland, launched in October 2019 and by 30 November 2019 £4,500 had been awarded to young people in Inverclyde, representing 7% of all grants in Scotland.

8.4 Funeral Expense Assistance launched in September 2019 and by 31 October 2019 20 applications had been approved, 2% of all grants in Scotland.

8.5 The Carer's Allowance Supplement is an extra payment of £226.20, paid twice yearly for carers in Scotland who are receiving Carer's Allowance from the DWP. It has been in place since September 2018 and helps 1,550 Inverclyde carers, 2% of all carers in Scotland.

8.6 The Scottish Government released information on 16 January 2020 that applications will be taken in advance for the new Scottish Child Payment to help with the anticipated high level of demand, with an estimated 170,000 children (410,000 when rollout is complete) eligible for the £10 weekly payment when it goes live. Families will be invited to apply in the autumn with applications assessed in time for the first payments to be delivered by Christmas. This will be the first 'high volume recurring' benefit to be delivered by Social Security Scotland.

8.7 2 Client Support Advisors have been recruited, and their Client Support team leader will be in post by March, all based in the Customer Service Centre. The advisors will provide one-to-one support and help clients understand what devolved benefits they are entitled to, help them complete applications, support people through the process and any follow up actions relating to their case. Further vacancies in Inverclyde are to be filled and workshops were organised by the Local Partnership Lead to support applicants.

9.0 ADVICE SERVICES UPDATE

9.1 'The Impact of Welfare Reforms on Disabled People' was published by the Scottish Government, 23 January 2020. Key findings include:
Since the UK Government replaced Disability Living Allowance (DLA) with Personal Independence Payment (PIP) in 2013, 167,000 new claims in Scotland have been unsuccessful (54 per cent of all applications);
39,000 people in Scotland have lost all their DLA entitlements when they were reassessed and did not qualify for PIP (25 per cent of all those reassessed). The loss per person is calculated at between £1,200 and £7,740 per year.

9.2 In relation to challenges to DWP decision making, of the 355,000 PIP decisions made in Scotland between April 2013 and June 2019:
78,000 proceeded to the Mandatory Reconsideration (MR) stage where DWP reviews its initial decision. DWP upheld its original decision in 88% of the MR cases with only 9,000 (12 per cent) successful challenges;
38,000 cases progressed to the appeal stage at First-tier Tribunal following refusal of the MR, with 56 per cent of cases being overturned in favour of the claimant.

9.3 On 7 February 2020 the Scottish Government released a policy position paper, 'Disability Assistance: Child Disability Payment'. The paper details the first claims will be accepted from this summer and confirms no child will be required to attend a face-to-face assessment. Whilst this is undoubtedly welcome it should be noted that it may have an impact on the workload of HSCP Advice Services, Support Workers, and other Health and Social Care professionals.

9.4 Advice Services will seek to provide assistance to service users to ensure any application accurately transcribes and reflects the full extent of care and mobility needs. In addition, however, if information from a Health or Social Care professional is pivotal to the determination of entitlement it is essential that the Health or Social Care professional has an understanding of the eligibility criteria for Disability Assistance and knowledge of the test that has to be satisfied to secure an award. The regulations will be finalised in the spring in advance of claims being accepted in the summer. Welfare Rights will look to deliver training for HSCP employees who will provide assistance with the claims process or who could reasonably be expected to be contacted by Social Security Scotland as a 'source of information'.

9.5 On 19 February 2020 the Scottish Government announced that it has accredited the Motability Scheme to provide vehicles to people in receipt of the mobility element of Disability Assistance Child Disability and Disability Assistance for Working Age People which will be introduced early in 2021. The Motability Scheme is delivered by Motability, a national charity set up with all party parliamentary support in 1977. The Motability Scheme enables disabled people to use their social security entitlement to a mobility element to lease a new car, scooter or powered wheelchair.

10.0 HOME-START INVERCLYDE

10.1 At the last meeting it was agreed that a more comprehensive update be provided into the work of Home-Start in Inverclyde. In addition to the information below, the Home-Start annual report is available as a Background paper.

10.2 Home-Start received £5,000 for 2 blocks of Chef School sessions for 2 groups of 8 parents from the Council in 2019/20. These cooking sessions have been delivered through Stepwell and have proved extremely popular with parents not only in terms of healthy eating, but also in budgeting, reducing social isolation and increasing their self-confidence; 3 parents have as a direct result joined Stepwell's Employability and Life Skills Programmes.

10.3 The Chef School is one aspect of a larger body of work which Home-Start Renfrewshire and Inverclyde has been delivering to the most vulnerable families in Inverclyde for the past 4 years.

10.4 Home-Start's core service is home-visits to families with children from pregnancy to 5 years of age. This is a proven method of support where volunteers visit families in the home to provide emotional and practical support for 2-3 hours every week. The reasons are multiple - social isolation, loneliness, poor role-modelling, difficulties with children, lone parents, perinatal mental health problems and child/ adult disabilities including autism. These are compounded by financial worries, housing problems and discrimination. Most of the families helped by Home-Start are in a negative cycle of unemployment, deprivation, addiction and low aspiration.

10.5 Volunteers are parents themselves and after training offer weekly support with families at home and outside, helping parents to keep appointments, attend groups and visits take place during the day and on evenings and weekends. Home-Start work flexibly around what and when the family need help.

10.6 There have been 88 referrals to the Inverclyde service between November 2015 and February 2020 with 88.5% of these being from statutory sector agencies:

- 65% Health Visitors
- 12% other Health professionals
- 6% Social Work
- 6% Early Years / Education
- 11% Self-referrals

10.7 Home-Start have been working with a high number of younger, complex families involving Children in Need assessments (70%), Social Work (68%), and in some cases Child Protection involvement. This is a significantly higher figure than Renfrewshire, where only 38% of supported families are involved with Social Work.

Reasons given by referrers:
- Poor Mental Health (including perinatal) 71%
- Lone Parent 52%
- Domestic Abuse 10%
- Learning and physical disabilities 16%
- Substance abuse 8%
- Teenage Pregnancies 10%

10.8 Although Home-Start is a service for all families regardless of income, most live in areas of deprivation:
- 31% of supported families live in the 7 data zones of Greenock Town Centre and East Central or in adjoining areas.
- 70% of supported families live in the 5% most deprived areas of Scotland, with most living in deprived areas of South West Greenock (37%), East and Central Greenock (34%) or Port Glasgow (21%).
- 90% of the families in Inverclyde live in social housing, private rent or temporary accommodation.

10.9 An external evaluation of the Inverclyde service in May 2019 found that there was strong demand for the service and a good capacity to deliver. Home-Start have 2 coordinating staff (24 hrs pw) who are operating at full capacity, but with a high demand from statutory referrers and an over-supply of local volunteers ready to be trained, Home-Start requires more funding to maintain the momentum of core service delivery.

10.10 Home-Start have received small grants from Inverclyde Council's GTVO and Poverty funding streams for specific projects including perinatal training and the Chef School.

Funding for the Inverclyde service is from 3 principal sources:
- 5 year National Lottery Community Fund (November 2015 - November 2020)
- 2 years RS MacDonald Charitable Trust Fund (February 2019 - February 2021)
- 1 year STV Children's Lottery Chance to Flourish (January 2019 - January 2020)

Home -Start has reapplied to the National Lottery Community Fund for another 4 years funding and have reached stage 2 in the process. The funders are keen to see more "matched funding" from other sources.

11.0 IMPLICATIONS

11.1 Finance

There are no financial implications arising from this report.

Financial Implications:

One off Costs

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

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 legal implications arising from this report.

11.3 **Human Resources**

There are no HR implications arising from this report.

11.4 **Equalities**

Equalities

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

	YES (see attached appendix)
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 None.

13.0 BACKGROUND PAPERS

13.1 Home-Start Renfrewshire and Inverclyde Annual Report 2018-19.

Appendix 1

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%	3441	131
Oct-19	n/a	n/a	3491	145
Nov-19	6154	29%	3438	128
Dec-19	6188	29%	3464	142

Notes

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

Inverclyde council

Appendix 2

Discretionary Housing Payments
Position 21.02.20

1/ SSSC (Bedroom Tax)

Applications Approved	1618	91.05%
Applications Not Eligible/Refused	111	6.25%
Applications Being Assessed	48	2.70%
	1777	

	£	
Paid to Date	1118490	Note 1
2019/20 Budget	1031380	Note 2
(Under)/Overspend	87110	

2/ Other DHP Cases

	£	
2019/20 Budget	218355	Note 3
less : Payments to 21/02/20	155149	Note 4
(Under)/Overspend	(63206)	

Notes

1/ Represents 99.13% of those households known to be affected by SSSC.
2/ Estimate of liability; Scottish Government will meet expenditure in full.
3/ Includes £40k Welfare Reform Recurring budget
4/ Includes £35k Benefit Cap

Finance Services
21/02/2020

Appendix 3

Scottish Welfare Fund
31st January 2020

Calls Answered	8948			
Applications	5018			
Applications Granted	2778	55.36%		
Applications Refused	1196	23.83%	Note 3	
Applications Withdrawn	961	19.15%		
In Progress	83	1.66%		
Referrals to DWP	139		Note 2	
	Spend £000	Budget £000		Spend %
Crisis Grant paid (2017)	183	264		69.32%
Community Care Grants paid (832) (includes 76 applications paying both CCG & CG)	383	507		75.54%
	566	771		73.41%

Note 1 1st Tier Reviews awaiting decision = 3
1st Tier Review decisions = 52 (1.31%)
1st Tier Reviews upheld in customer favour = 33 (63.46%)
2nd Tier Reviews = 6 (as % of 1st tier decisions: (11.54%)
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.

Inverclyde council

AGENDA ITEM NO: 6

Report To:	**Policy and Resources Committee**	**Date:**	**24 March 2020**
Report By:	**Aubrey Fawcett, Chief Executive**	**Report No:**	**PR/06/20/LMcV**
Contact Officer:	**Louise McVey, Corporate Policy, Performance and Partnership Manager**	**Contact No:**	**01475 712042**
Subject:	**Inverclyde Best Value Assurance Report - Improvement Plan Progress Report**		

1.0 PURPOSE

1.1 The purpose of this report is to present the Policy and Resources Committee with an update on the Inverclyde Best Value Assurance Report (BVAR) Improvement Plan.

2.0 SUMMARY

2.1 The Inverclyde Best Value Assurance Report (BVAR) was submitted to Inverclyde Council on 29 June 2017 along with an Improvement Plan which was developed in order to address the recommendations made by Audit Scotland. The actions in the Improvement Plan have been absorbed into the Council's Corporate Directorate Improvement Plans (CDIPs).

2.2 It was agreed that the Committee would receive progress reports on the Improvement Plan approximately every 6 months. This is the fifth progress report to be considered by the Committee and brings together the updates on the improvement actions as reported in the Corporate Directorate Improvement Plan progress reports.

2.3 The current status of the 10 BVAR Improvement Plan actions is:

Status	Blue – complete	Red – significant slippage	Amber – slight slippage	Green – on track
March 2020	6	-	1	3

3.0 RECOMMENDATIONS

3.1 It is recommended that the Policy and Resources Committee notes the progress made in regard to the BVAR improvement actions, as set out at appendix one.

Aubrey Fawcett
Chief Executive

4.0 BACKGROUND

4.1 The statutory duty of Best Value was introduced in the Local Government in Scotland Act 2003. The audit of Best Value is a continuous process that forms part of the annual audit of every council. Audit Scotland advises that the audit approach is proportionate, risk-based and is reflective of the context, risks and performance of an individual council. It also draws on intelligence from previous audit and scrutiny work.

4.2 Inverclyde Council's BVAR report resulted in an improvement plan to enable the Council to address the recommendations made by Audit Scotland.

4.3 The recommendations in the report were:

- To progress community empowerment to the level that the Act requires, the Council will need to further develop the capacity of communities it is working with. It will need to raise awareness of the possibilities for communities, and look at the level of funding and staffing required to work with communities to progress initiatives including the transfer of assets and participatory budgeting (Action BV1).

- The Council and its partners should use the Local Outcome Improvement Plan to develop a single set of outcomes which simplifies the strategic and planning framework (Action BV2).

- The Council should develop more detailed workforce plans and longer-term forecasts of workforce numbers and skills required (Actions BV3 and BV7).

- Actions to deliver strategic improvements should identify the difference they are expected to make to the overall strategic outcomes, with milestones at key intervals (Action BV4).

- Key corporate initiatives such as City Deal projects and shared services should be reflected in updated corporate planning documents (Actions BV5 and BV8).

- The Council should embed the recent introduction of directorate change management groups to prioritise, manage and monitor service improvement activity (Action BV6).

- The Council has experienced delays in its City Deal projects. Councillors and officers should continue to focus significant efforts on developing these projects with private sector partners (Action BV9).

- A detailed review of earmarked reserves should be undertaken with the new Council as part of the 2018-20 revenue budget development (Action BV10).

- Councillors should consider continuing with the Members' Budget Working Group, given the financial challenges that exist and the key decisions that will need to be made following the May 2017 local government election (see paragraph 4.4 below).

- All service review reports should be presented to councillors at the relevant service committee, in accordance with the Council's service review guidance. Councillors should also receive progress reports on service reviews (see paragraph 4.4 below).

4.4 In regard to the Members' Budget Working Group it was agreed unanimously by the Council to continue with this group, as recommended by Audit Scotland. Service review reports are reported to relevant service committees as they are completed. The timing of reporting of some service reviews is affected by the budget planning process.

5.0 BEST VALUE ASSURANCE REPORT IMPROVEMENT PLAN – PROGRESS TO DATE

5.1 Attached as Appendix 1 is a full progress report on the improvement actions included in the BVAR Improvement Plan. Highlights of the activity which has been undertaken since the last progress report includes:

- The feedback from the six community events has informed the development of the Locality Action Plans. Two of the Locality Action Plans have been published and are available on the Inverclyde Council website, with the remaining plans following shortly.
- A new 'council performance' web page has been created, which can be found on the Council's website. Each of the Council's organisational priorities now has its own web page with performance information collated in the one place, taken from the SPI/KPI report and the Corporate Plan Annual Report 2018/19. This purpose of this is to ensure that the public can find comprehensive performance information on the delivery of the Council's priorities.

5.2 Members will be aware from previous progress reports that a number of the improvement actions are now complete:

- The new Inverclyde Outcomes Improvement Plan was approved by the Alliance Board in December 2017. The LOIP has one set of strategic outcomes, the SHANARRI wellbeing outcomes and three strategic priorities. The LOIP Annual Report 2018/19 has been approved by the Alliance Board (BV2).
- Key corporate initiatives, such as City Deal and Shared Services are reflected in updated corporate documents, including the Local Outcomes Improvement Plan, the LOIP Annual Report, Inverclyde Council Corporate Plan 2018/22 and the Corporate Plan Annual Report 2018/19 (BV5 and BV8).
- All succession plans are now complete (BV3 and BV7).
- A full review of earmarked reserves has been completed (BV10).

5.3 Two additional improvement actions are now also assessed as being complete:

- Corporate Workforce Planning and Development is now embedded across the Council. The Council's People and Organisational Development Strategy 2020-2023 was agreed in February 2020 which promotes Corporate Planning and Workforce Development.
- Change Management is now fully embedded across the Council.

5.4 The status of the 10 improvement actions is noted below:

Status	Blue – complete	Red – significant slippage	Amber – slight slippage	Green – on track
March 2020	6	-	1	3

6.0 IMPLICATIONS

6.1 Finance

<u>Financial Implications:</u>

One off Costs

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

Annually Recurring Costs/ (Savings)

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

6.2 **Legal**

There are no legal implications associated with this report.

6.3 **Human Resources**

There are no human resources issues associated with this report.

6.4 **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

6.5 **Repopulation**

A positive BVAR for Inverclyde Council contributes to the work of promoting Inverclyde as a good place to live and work.

7.0 CONSULTATIONS

7.1 The information contained within this report on progress has been provided by the relevant service.

8.0 BACKGROUND PAPERS

8.1 None.

Appendix One: Actions to address BVAR recommendations

BVAR Improvement Action Plan

Ref no	Area of Directorate activity	Where do we want to be?	How will we get there (including timescale)?	How will we know we are getting there?	Who is responsible?	Progress update	Status 28/02/2020
BV1	**The Community Empowerment (Scotland) Act 2015**	The Council and the CPP are ready for the implementation of the Community Empowerment (Scotland) Act 2015, working with partners to deliver on the statutory requirements. Each element is in place across all Services. There are locality profiles and plans for the agreed localities across Inverclyde, mapping assets and issues, agreed with and led on by communities. Services/CPP partners and communities use these profiles to plan service delivery, targeting inequalities and working to reduce them All Inverclyde Alliance Partners are investing in building the capacity of communities so that	Respond to Scottish Government guidance. Bring the improving data analysis group together to gather information around the agreed localities Facilitate improved community engagement in the development of Locality Plans and community planning through Wellbeing Clusters and the development of more robust community engagement methods, including Place Standard Timescale: October 2017 Set up working groups to cover each element, for example, legal, environmental, community learning and development, property etc.	Locality plans are available for Port Glasgow, Greenock East and Central and Greenock South and South West. Community Food Growing Strategy in Place A broader range and number of individuals and community groups are engaged and contributing to the development and delivery of Locality Plans and community planning. The Council is ready to manage participation request and asset transfer requests Communities are making full use of the Community Asset Transfer, Participation Request and Participation in Public Decision-Making elements of	Steven McNab/Tony McEwan/ Gerard Malone	The feedback from the 6 community events formed the basis of the Locality Action Plans. 2 of the Locality Action Plans have been published on the Inverclyde Council website, with the others following shortly. 2 locality groups have had meetings with dates established for the others throughout February and March 2020. A Food Growing Strategy will be published by 1 April 2020.	Green – on track

Appendix One: Actions to address BVAR recommendations

Ref no	Area of Directorate activity	Where do we want to be?	How will we get there (including timescale)?	How will we know we are getting there?	Who is responsible?	Progress update	Status 28/02/2020
		they may take full advantage of their rights set out in the Community Empowerment Act.	October 2017 Create a community food growing strategy. Awaiting guidance re timescales. Through the Community Engagement Network, highlight to the Alliance Board the resources required to effectively deliver on community empowerment/ engagement and capacity building, and make recommendations to the Alliance Board. December 2017 meeting of Alliance Board.	the Community Empowerment Act.			
BV2	**Local Outcome Improvement Plan (LOIP)**	Community engagement has taken place to help develop the new LOIP and to assess whether the current outcomes are appropriate. New Local Outcome Improvement Plan	Carry out a strategic assessment to inform the new LOIP, including engagement with communities Use locality profiles to inform development of the LOIP	Community Engagement taken place. LOIP produced and agreed by all partners.	All LOIP Leads	The new Inverclyde Outcomes Improvement Plan was approved by the Alliance Board at its meeting on 11 December 2017. The LOIP has one set of outcomes, the wellbeing outcomes and 3 strategic priorities. A comprehensive Strategic Needs Assessment for Inverclyde has been developed and is appended to the LOIP.	Blue - complete

Appendix One: Actions to address BVAR recommendations

Ref no	Area of Directorate activity	Where do we want to be?	How will we get there (including timescale)?	How will we know we are getting there?	Who is responsible?	Progress update	Status 28/02/2020
		agreed and being delivered. One set of outcomes is adopted by the Alliance and the Council.	Timescale: 1 October 2017			Work is ongoing to develop the Locality Plans. The Local Outcome Improvement Plan Annual Report was approved by the Alliance Board in March 2019 and the Policy and Resources Committee on 6 August 2019.	
BV3	**Corporate Workforce Planning and Development**	Continue to ensure workforce planning and development is integrated into CDIPs, risk registers and workforce plans are in place for service areas to address the key workforce challenges over the next 3 years and into the longer term.	Analysis of workforce data and learning needs with a coordinated approach to WP and L&D solutions. Including future workforce requirements. March 2018.	WP and L&D activity is prioritised and needs are met through coordinated and cost effective approaches. Appropriate WP and L&D interventions are implemented to address key workforce challenges over the next 3 years.	Steven McNab	Corporate and Service workforce planning activity is now embedded across the Council. This ensures service workforce challenges are identified and plans put in place to address these. The Council's People and Organisational Development Strategy 2020-2023 was agreed in February 2020 which promotes Corporate Workforce Planning and Development.	Blue Complete
BV4	**Measuring Impact on Outcomes**	Inverclyde Alliance and Inverclyde Council are better able to demonstrate impact on outcomes, at various levels across services and programmes.	Working with experts and other performance management specialists, processes will be developed to better measure impact on outcomes. By March 2018	In the next Best Value Assurance Report Audit Scotland are assured that Inverclyde is able to demonstrate impact on outcomes for all its children, citizens and communities.	Steven McNab	The SPI/ KPI report containing the refreshed framework was considered and approved by the Policy and Resources Committee its meeting in November. 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 Corporate Plan Annual Report 2018/19.	Green – on track

Appendix One: Actions to address BVAR recommendations

Ref no	Area of Directorate activity	Where do we want to be?	How will we get there (including timescale)?	How will we know we are getting there?	Who is responsible?	Progress update	Status 28/02/2020
						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. 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.	
BV5	**Key Corporate Initiatives**	Key corporate initiatives are reflected in updated corporate documents, included as part of the review of the Strategic Planning and Performance Management Framework.	When drafting the new LOIP and Corporate Statement, references to City Deal and shared services will be made. By March 2018.	The LOIP and Corporate statement make reference to City Deal and shared services.	Steven McNab	The new Inverclyde Outcomes Improvement Plan includes reference to City Deal and was approved by the Alliance Board on 11 December 2017. The new Corporate Plan 2018/22 was approved by The Inverclyde Council on 7 June 2018. City Deal was reflected in the Corporate Plan 2018/22 and updates are included in both the LOIP Annual Report 2018 and the Corporate Plan Annual Report 2018/19.	Blue – Complete
BV6	**Change Management**	Services have been reviewed and where appropriate redesigned to ensure	3 Change Management Directorate Groups are established to	Savings are identified through change management process.	Ruth Binks/ Louise Long/ Scott Allan	Project now embedded and therefore complete	Blue

Appendix One: Actions to address BVAR recommendations

Ref no	Area of Directorate activity	Where do we want to be?	How will we get there (including timescale)?	How will we know we are getting there?	Who is responsible?	Progress update	Status 28/02/2020
		they are fit for purpose, meet customer's needs and are efficient.	review progress on all change projects on a monthly basis. The Group will be chaired by the Corporate Director and consist of the DMT plus Finance & HR support. Heads of Service will be accountable for promoting change management projects and taking necessary action to ensure timeous delivery. Progress reports using a RAG status will be submitted to the Corporate Management Team. Once further work on Change Management is embedded with the new Council, in the summer of 2017, regular updates will be presented to the Policy & Resources Committee.	Change Management Directorate Groups meeting regularly. Bimonthly review of progress by the CMT using a RAG report.			Complete
BV7	**Succession Planning**	Develop and Implement a Succession Planning programme for the Council.	Develop and Introduce Succession Planning programme in	A Succession Planning programme will be developed and rolled out across the Council to	Steven McNab	All plans are complete.	Blue – Complete

Appendix One: Actions to address BVAR recommendations

Ref no	Area of Directorate activity	Where do we want to be?	How will we get there (including timescale)?	How will we know we are getting there?	Who is responsible?	Progress update	Status 28/02/2020
			consultation with key stakeholders December 2017	support the Council's workforce meet future challenges.			
BV8	**Environment and Public Protection – service wide**	Appointment of a lead change officer and the production of a detailed Business Plan for shared services.	Through joint collaborative working and with partner authority and the successful development of the detailed Business Plan in Autumn 2017. Progress throughout 2018 was associated with achieving agreement across workforces in both Council and Council approaches. Action timeline for 2019 includes;- **January 2019** Workforce Briefings **Jan–March 2019** Workshops to identify: Early Wins Collaboration/Resilience/Efficiencies Opportunities for use of Technology	A staged approach for the detailed Business Plan reported to the joint Committee and tracked against timescales and targets	Lead change officer reporting through Chief Executive's Group and Corporate directors Scott Allan Gail MacFarlane	Inverclyde and West Dunbartonshire have appointed a shared Head of Service to manage roads and transportation services in both councils. The development of resilience and shared services for Roads is in place. In October 2019 the Head of Service Roads and Transportation assumed responsibility for grounds maintenance, waste and fleet provision in West Dunbartonshire. In April 2020 this will extend to the equivalent services in Inverclyde. Further proposals for a shared strategic manager are being considered by Committee in March 2020. From 1 January 2020 West Dunbartonshire and Inverclyde Councils have shared a Chief Auditor. Business planning in potential management changes to complement this arrangement are being undertaken for consideration by both councils.	Green – on track

Appendix One: Actions to address BVAR recommendations

Ref no	Area of Directorate activity	Where do we want to be?	How will we get there (including timescale)?	How will we know we are getting there?	Who is responsible?	Progress update	Status 28/02/2020
			Resource & Performance Issues **Apr–Sep 2019** Service Proposals & Implementation **May-Dec 2019** Develop Strategic Business Cases: Fleet/Waste/Greenspace/Street Scene				
BV9	**Regeneration**	Implementation of projects in respect of Inverkip road infrastructure Implementation of the projects to expand the quayside and delivery of a new visitor centre at Greenock Ocean Terminal Progress the Inchgreen project	Outline Business Cases will be presented to Environment and Regeneration Committee for approval OBC to be ratified by The Glasgow City Region Cabinet	Reports on progress will be delivered to the City Deal Project Board Project Monitoring Office – 4 weekly Inverclyde Council Environment & Regeneration Committee	Scott Allan	The Inverkip City Deal implementation timescale has been delayed due to programming issues associated with Scottish Power designing and delivery of the A78 road improvements. The anticipated site start date is late 2020. Ocean Terminal is progressing on site, the cruise ships berth will be operational by May 2020 and the terminal building will be open in April 2021. Inchgreen is progressing in part.	Amber – Slight slippage
BV10	**Reserves**	A full review of earmarked reserves has been undertaken and reflects the Council's medium term financial	Members' Budget Working Group will undertake review in September to December 2017 and any decisions will be	Report is available regarding the review of earmarked reserves and this complies with the	Alan Puckrin	Complete. A review has been undertaken and with write backs of £2.3million agreed by the Council on 21st December 2017.	Blue - complete

Appendix One: Actions to address BVAR recommendations

Ref no	Area of Directorate activity	Where do we want to be?	How will we get there (including timescale)?	How will we know we are getting there?	Who is responsible?	Progress update	Status 28/02/2020
		priorities and challenges.	taken in February 2018 as part of the budget.	Approved Reserves Policy. Regular reporting of Reserves position to Committees and bimonthly review by the CMT.		Further decisions on the use of the Council's Reserves were taken in March, 2018.	

Inverclyde council

AGENDA ITEM NO: 7

Report To:	**Policy and Resources Committee**	**Date:**	**24 March 2020**
Report By:	**Head of Organisational Development, Policy and Communications**	**Report No:**	**PR/05/20/KB**
Contact Officer:	**Karen Barclay, Corporate Policy Officer**	**Contact No:**	**01475 712065**
Subject:	**SOLACE Improving Local Government Benchmarking Framework 2018/19**		

1.0 PURPOSE

1.1 The purpose of this report is to provide the Committee with details of the Local Government Benchmarking Framework (LGBF) 2018/19 data and to highlight Inverclyde's performance across the range of indicators. More information is provided in the Appendix. Appendix

2.0 SUMMARY

2.1 On 31 January 2020, the Improvement Service published the LGBF 2018/19 figures; an overview of the LGBF is available to view here: Improvement Service - Local Government Benchmarking Framework and information on Inverclyde Council's performance here: My Local Council. Additionally, on 31 January 2020, the LGBF National Overview Report 2018/19 was published. This document provides information on how much local authorities spend on particular services, service performance and how satisfied people are with the major services provided by Councils.

2.2 In line with public performance reporting requirements, it is proposed to publish the relevant information on the Council's website: Statutory Performance Indicators. The LGBF indicators should be displayed on this web page by 31 March 2020, together with all the indicators the Council is required to report on, per Audit Scotland's Statutory Performance Indicators Direction 2018.

2.3 The LGBF indicators are grouped across seven service areas. The Framework 2018/19 consists of 85 indicators, however, performance information is currently only available for 71 measures. The following table provides an overview of our 2018/19 performance:

	2018/19				
	1st quartile	2nd quartile	3rd quartile	4th quartile	**Total**
Children's services	8	8	3	2	**21**
Corporate services	4	1	1	2	**8**
Adult social care	1	5	1	0	**7**
Culture and leisure services	3	3	0	2	**8**
Environmental services	4	3	2	6	**15**
Corporate assets	1	1	0	0	**2**
Economic development	3	2	3	2	**10**
Total	**24**	**23**	**10**	**14**	**71**
Total %	**33.8**	**32.4**	**14.1**	**19.7**	**100**

In 2018/19, Inverclyde Council ranked in the top two quartiles for 66.2% of our indicators, while 14.1% were in the third quartile and just under a fifth (19.7%) were positioned in the fourth quartile. Additionally, in terms of the number of our indicators (excluding housing) which were positioned in the top two quartiles, we are placed joint first in the country for the last reporting year:

	Council	**2018/19 No. of indicators in the 1st and 2nd Quartiles**
1st	East Dunbartonshire	47
	Inverclyde	47
	Stirling	47
2nd	West Lothian	46
3rd	East Renfrewshire	44.

2.4 When interpreting the data, it is vital to remember that there will be legitimate variations in performance based on local policy choices, demographic profile, social and economic conditions and other local factors. A Council's policies and priorities, its structure and business processes, together with service user expectations, will also have an impact. The performance achievements of local authorities may therefore be different, not because they are better or poorer performers, but because they may have different priorities for communities, demands and pressures are different, or the Council may simply operate in a different way. Additionally, because there are slight variations to the suite of LGBF indicators each year, it is not always possible to make exact comparisons in the performance of the measures from one reporting year to the next.

2.5 It is important to note that when deprivation is referred to in this report, it is based on the Scottish Index of Multiple Deprivation figures from 2016.

2.6 Given the wide-ranging information outlined in this report, a briefing for Elected Members on the LGBF 2018/19 was arranged for 24 March 2020.

3.0 RECOMMENDATIONS

3.1 It is recommended that the Committee:

a. notes that the LGBF 2018/19 data was published on 31 January 2020; and

b. agrees that the information in the Appendix can be used to form the basis of the Council's public performance reporting on the LGBF 2018/19.

Ruth Binks
Corporate Director – Education, Communities and Organisational Development

4.0 BACKGROUND

4.1 The Society of Local Authority Chief Executives (SOLACE) *Improving Local Government* initiative was developed to:

- support SOLACE to drive improvement in local government benchmarking;
- develop a comparative performance support framework for Scottish local authorities;
- support Councils to target transformational change in areas of greatest impact: efficiency, costs, productivity and outcomes; and
- focus on the *big ticket* areas of spend, plus corporate services.

4.2 When the LGBF indicators were developed, the key criteria was that they must be able to be collected on a comparable basis across the 32 Scottish Councils. Each indicator also had to materially improve the cost information of service delivery on a comparative basis for major service areas, as well as corporate services.

4.3 At its meeting on 19 November 2019, the Policy and Resources Committee agreed to receive a report on the LGBF 2017/18 when the indicators had been published and analysed and the Council's performance in relation to other Scottish local authorities was known; this report fulfils that remit.

Min Ref P&R Cttee 19.11.19 Para 693

4.4 For the reporting year 2018/19, Inverclyde Council is reporting on 85 LGBF indicators (excluding housing). Performance details, however, are currently only available for 71 measures. Information for 10 indicators is expected to be published in March or June 2020, while four measures were only introduced to the Framework in 2018/19.

4.5 The LGBF indicators are intended to act as a corporate *can opener* i.e. they should help local authorities identify issues that merit further investigation, share good practice and drive forward improvement. Grouped under the following headings, the measures' focus is on costs, outputs and customer satisfaction:

- Children's services
- Corporate services
- Adult social care
- Culture and leisure services
- Environmental services
- Corporate assets
- Economic development and planning.

4.6 When interpreting the data, it is vital to remember that there will be legitimate variations in performance based on local policy choices, demographic profile, social and economic conditions and other local factors. A Council's policies and priorities, its structure and business processes, together with service user expectations, will also have an impact. The performance achievements of local authorities may therefore be different, not because they are better or poorer performers, but because they may have different priorities for communities, demands and pressures are different, or the Council may simply operate in a different way. Additionally, because there are slight variations to the suite of LGBF indicators each year, it is not always possible to make exact comparisons in the performance of the measures from one reporting year to the next.

4.7 Data on costs should be considered alongside outcome and performance data i.e. understanding the spend data in major service areas and the context that those services operate in and how those factors affect spend, for example, levels of deprivation. It is important to note that when deprivation is referred to in this report, it is based on the Scottish Index of Multiple Deprivation figures from 2016.

4.8 The Improvement Service advises that, where Councils have presented updated values for previous years, they have refreshed the data to reflect this. This may mean historical data presented in the Framework 2018/19 differs slightly from data presented in previous years.

4.9 Information on the following indicators is expected in March or June 2020:

- CHN 8a: Gross cost of *children looked after* in residential-based services per child per week
- CHN 8b: Gross cost of *children looked after* in a community setting per child per week
- CHN 9: Balance of care for *looked after children* - % of children being looked after in the community
- CHN 11: % of Pupils entering positive destinations
- CHN 17: % of Children meeting developmental milestones
- CHN 19b: School attendance rates (per 100 *looked after children*)
- CHN 20a: School exclusion rates (per 1,000 pupils)
- CHB 20b: School exclusion rates (per 1,000 *looked after children*)
- CHN 22: % of Child protection re-registrations within 18 months
- CHN 23: % of *Looked after children* with more than one placement in the last year (August-July).

In the meantime, comprehensive information on other children's services indicators is available from the Statutory and Key Performance Indicators Annual Report 2018/19 which was considered by the Policy and Resources Committee in November 2019.

Min Ref P&R Cttee 19.11.19 Para 693

4.10 The following indicators were introduced to the *Children's services* section of the Framework in 2018/19:

- CHN 13a: % of Primary 1, 4 and 7 pupils combined achieving the expected Curriculum for Excellence Level in literacy
- CHN 13b: % of Primary 1, 4 and 7 pupils combined achieving the expected Curriculum for Excellence Level in numeracy
- CHN 14a: Literacy attainment gap: Primary 1, 4 and 7 pupils combined - % point gap between the least deprived and the most deprived pupils
- CHN 14b: Numeracy attainment gap: Primary 1, 4 and 7 pupils combined - % point gap between the least deprived and the most deprived pupils.

Historically, these measures were labelled as *experimental statistics* to reflect the fact that they were new statistics in development. That label has now been removed by the Scottish Government and, following agreement with the LGBF Board and the Association of Directors of Education Services, the 2018/19 data will form the baseline for these indicators.

4.11 The following measures were introduced to the *Adult social care* section of the Framework in 2018/19:

- SW 4c: % of Adults supported at home who agree that they are supported to live as independently as possible
- SW 4d: % of Adults supported at home who agree that they had a say in how their help, care or support was provided
- SW 4e: % of Carers who feel supported to continue in their caring role
- SW 6: Rate of re-admission to hospital within 28 days (per 1,000 discharges)
- SW 7: % Proportion of care services graded *good* or better in Care Inspectorate inspections
- SW 8: Number of days people spend in hospital when they are ready to be discharged (per 1,000 population) (75+).

Last year, the LGBF Board agreed to include additional social care indicators in the Framework 2018/19 as part of a phased approach to improving the social care suite of measures. This change was endorsed by Social Work Scotland and the Health and

Social Care Chief Officers. Data for these indicators is currently only available for the reporting years 2017/18 and 2015/16.

4.12 Where an indicator is a measure of service cost, the principal data source is the Council's Local Financial Return (LFR) which we are required to submit to the Scottish Government. The Scottish Government then passes this information to the Improvement Service. Financial data is subsequently compared with service usage statistics to derive a unit cost. The LFR is used because it is regarded as the most robust current source of comparable data on Council expenditure.

4.13 Finance Services' colleagues have highlighted the variations in methods that local authorities use to collect the data required for the LFR, given that this has implications for compiling and comparing data. This fact should be borne in mind when considering the data in the Appendix. To ensure Councils are comparing like with like regarding cost, work is ongoing around the definitions of what should be included in each LFR category.

4.14 As in previous years, the following customer satisfaction indicators have been sourced from the Scottish Household Survey (SHS):

- % of Adults satisfied with local schools
- % of Adults satisfied with libraries
- % of Adults satisfied with parks and open spaces
- % of Adults satisfied with museums and galleries
- % of Adults satisfied with leisure facilities
- % of Adults satisfied with refuse collection
- % of Adults satisfied with street cleaning.

The SHS is currently the only source of comparable customer satisfaction information available for all Scottish local authorities. SOLACE and the Improvement Service recognised that there were issues with the data for the above indicators in terms of robustness and sample size. The satisfaction data drawn from the SHS is therefore now presented in three year rolled averages to deliver the required level of precision at a local level. By rolling the data across three years, the confidence interval for all figures is within 5.5%.

4.15 Given the wide-ranging information outlined in this report, a briefing for Elected Members on the LGBF 2018/19 was arranged for 24 March 2020.

5.0 LOCAL GOVERNMENT BENCHMARKING FRAMEWORK INDICATORS 2018/19

5.1 Paragraphs 5.2-5.10 provide details of the national and local performance of the LGBF 2017/18. More details are provided in the Appendix. Appendix

In 2018/19, Inverclyde Council ranked in the top two quartiles for 66.2% of our indicators, while 14.1% were in the third quartile and just under a fifth (19.7%) were positioned in the fourth quartile. Additionally, in terms of the number of our indicators (excluding housing) which were positioned in the top two quartiles, we are placed joint first in the country for the last reporting year (with 47 measures).

5.2 In 2017/18, Inverclyde Council ranked in the top two quartiles for 58.5% of our indicators, while just under a quarter (24.6%) were in the third quartile and 16.9% were positioned in the fourth quartile.

5.3 In 2016/17, Inverclyde Council ranked in the top two quartiles for 59.3% of our indicators, while just over a fifth (22%) were in the third quartile and 18.6% were positioned in the fourth quartile.

In 2015/16, we ranked in the top two quartiles for 67.8% of the LGBF indicators, under a fifth (18.6%) were in the third quartile and only 13.6% were placed in the fourth quartile.

It should be noted that, where the performance of an indicator has declined, i.e. our ranking relative to other Scottish local authorities has gone down, it is not necessarily a complete and accurate reflection of service delivery; for example:

- ECON 9: Town centre vacancy rates

Between 2017/18 and 2018/19, we saw an improvement in our town centre vacancy rate. However, our position in the national rankings decreased by four places to 30th.

When the Council's figures are compared to the Scotland-wide figures, the results are:

	%
Performance is above the national average	69
Performance is the same as the national average	0
Performance is below the national average	31.

For completeness, analysis was carried out to establish how our figures for 2018/19 compared to our performance for the previous reporting year; the results are as follows:

	%
Performance improved	37.3
Performance maintained	17.9
Performance declined	44.8.

All the above figures exclude indicators for which we do not have historical or 2018/19 information.

5.4 Children's services

This section of the 2018/19 Framework comprises 35 indicators.

Nationally, in the last year, education spend has grown significantly, increasing by 4.5%. This reflects the increased costs associated with the recent teachers' pay award, the additional funding via the Scottish Attainment Challenge and Pupil Equity Fund, and the Early Years Expansion Programme. The growth in expenditure has reversed the longer-term reducing cost trend per pupil: nationally, the real cost per primary pupil was £5,250 in 2018/19, compared to £5,539 in 2010/11. In 2018/19, our cost per primary school pupil was £5,333, down from £5,428 in 2010/11.

The national real cost per secondary school pupil fell from £7,314 in 2010/11 to £7,185 in 2018/19. In Inverclyde, our cost per secondary school pupil also fell during the same period, decreasing from £7,384 to £7,236 between 2010/11 and 2018/19.

Nationally, real costs per pre-school place have risen for the fifth consecutive year, increasing by 11.5% in the last 12 months, from £4,547 in 2018/19 to £5,070 in the last reporting year. Locally, our cost per pre-school place also rose between 2017/18 and 2018/19, increasing from £7,004 to £7,115.

During the last year, national achievement rates at Levels 5 and 6 have improved by 1% and by 2% for pupils from the most deprived areas. Locally, we also saw improvements in the performance of these measures, with an increase (of 3%) in the number of pupils who gained 5+ Awards at Level 5, while the number of Inverclyde pupils who gained 5+ Awards at Level 6 rose by 4% to 36%.

In terms of the number of Inverclyde pupils from deprived areas who gained 5+ Awards at Level 5, we saw a significant increase (of 6%) in 2018/19; this means we are now 8% above the national average for this measure. We also saw an improvement (of 5%) in the number of our pupils from deprived areas who gained 5+ Awards at Level 6, which means we are now 4% above the national average for this measure.

5.5 Corporate services

This section of the 2018/19 Framework comprises eight indicators.

Nationally, spend on corporate services has reduced by 24% in real terms since the LGBF began in 2010/11, with corporate services now accounting for only 4.4% of total spending. This is the lowest corporate overhead ratio to date and reflects the commitment of Councils to protect frontline services over so-called *back office* functions. Additionally, it reflects the maturation of local authorities' digital strategies including, for example, the new on-line Council Tax service that was launched by the Council on 7 February 2020.

Nationally, the cost of collecting Council Tax continues to reduce, falling by more than 56% since the Framework was introduced in 2010/11. Our cost per dwelling of collecting Council Tax also reduced significantly (by £2.98) in 2018/19; this means that our Council Tax collection costs are at their lowest since 2010/11 and indeed have almost halved since that reporting year.

Scotland-wide, Council Tax collection is at an all-time high (at 96.01%). This trend is reflected locally where the percentage of income from Council Tax received by the end of the year increased to 95.67% which is the highest ever achieved by the Council.

On a national basis, the average number of working days per employee lost through sickness absence for teachers increased from 5.93 days to 6.21 days in the last year. Locally, however, the picture is more positive as the number of days lost due to sickness absence for teachers decreased to 4.92 days in 2018/19, making last year's figure the lowest for this measure since the LGBF was introduced in 2010/11.

Similarly, in terms of sickness absence for all other local government employees at Inverclyde Council, the number of days lost due to sickness also decreased (to 10.36 days) which resulted in an improvement of three places in the national rankings; this meant we moved from the second quartile to the first one.

5.6 Adult social care

This section of the 2018/19 Framework comprises 11 indicators.

As mentioned at paragraph 4.11, the new measures that were added to the Adult social care section of the Framework in 2018/19 aim to capture the well-being agenda that is at the centre of integration, as well as strengthen coverage of key policy areas such as reablement and personalisation.

Scotland-wide, home care costs per hour for people aged 65 or over rose from £23.07 in 2010/11 to £24.67 in the last reporting year. A significant factor will be focussed on meeting the commitments around the Living Wage. Locally, we also saw an increase in these costs which rose from £22.19 in 2010/11 to £28.34 in 2018/19.

Nationally, re-admissions to hospital within 28 days (per 1,000 discharges) rose from 89.68 in 2010/11 to 102.96 in 2018/19, an increase of 14.81%. Locally, while we also saw an increase in the number of re-admissions to hospital, the increase is much smaller at 5.67% (from 87.79 in 2010/11 to 92.77 in the last reporting year).

Scotland-wide, the overall picture regarding delayed discharges has improved, falling from 921.79 days in 2013/14 to 792.66 days in the last reporting year. Locally, however, our performance is an even more positive one: in 2013/14, the Inverclyde figure for this measure was 417.34 days and by 2018/19 it had fallen to 86.68 days. This means we are the top performing Council in the country in terms of delayed discharges. The improved performance is partly attributable to the implementation of our *Homes 1st* project, a sector-leading approach that has reduced the number of days people spend in hospital when they are ready to be discharged. The project aims to deliver health and social care in a person's home or in the community and maintain an individual's independence wherever possible by providing services that are planned and delivered as close to them as possible by a team including occupational therapy, home support, social workers and pharmacy.

5.7 <u>Culture and leisure services</u>

This section of the 2018/19 Framework comprises eight indicators.

Nationally, the cost per attendance at sports facilities fell by just over a third (36%) between 2010/11 and the last reporting year. During that period, our costs also fell and indeed in 2018/19 were the lowest for this measure since the LGBF was introduced in 2010/11. This improvement means that we are now positioned 6th in Scotland, an increase of 11 places.

Scotland-wide, between 2010/11 and 2018/19, the cost per visit at libraries reduced by just under half (47.44%). Locally, our costs per library visit decreased by 61.89% during the same period. Additionally, in 2018/19 our position in the national rankings changed from 18th to 13th which means we moved from the third quarter to the second one.

Nationally, satisfaction with parks and open spaces has remained at a broadly similar level (of around 85%) since the LGBF's base year of 2010/11. In Inverclyde, there was a small increase (of 0.04%) regarding satisfaction with parks and open spaces in 2016/19. Our ranking subsequently improved by two places to 8th, which means we move from the second quartile to quartile one for this measure.

5.8 <u>Environmental services</u>

This section of the 2018/19 Framework comprises 15 indicators.

Real spending nationally on environmental services has reduced by 10.3% since 2010/11 – with reductions in waste management (-2.3%), street cleaning (-32%) and trading standards and environmental health (-22%).

Nationally, following year-on-year improvements since 2010/11, the recycling rate fell for the first time in 2018/19 to 44.7%. While our recycling performance also decreased slightly in the last reporting year (by 1.21%), our figure of 56% is 11.3% above the national average.

Scotland-wide, real spending on roads decreased by 23.9% between 2010/11 and 2018/19. Locally, however, the picture is a much more positive one: between 2010/11 and the last reporting year, our cost of maintenance per kilometre of roads increased by almost two thirds (64.98%). Our high cost expenditure is due to the substantial ongoing investment programme the Council identified to improve our roads network condition.

Since the LGBF's base year of 2010/11, Scotland-wide, the condition of all classes of roads has largely been maintained. Between 2010/11 and 2018/19, however, there have been significant improvements in the condition of all classes of Inverclyde's roads. Additionally, during the last reporting year, there was a reduction in the percentage of three of the four classes of Inverclyde's roads which require maintenance treatment, as well as an improved or maintained performance in terms of our position in the national rankings regarding three of the four classes of roads. The improved performance of the roads maintenance indicators reflects the investment made via our Roads Asset Management Plan. These improvements are particularly pleasing given that, as the roads condition indicators are averaged over a two year rolling period (with four years for unclassified roads), it can take time for the effect of investment to feed into the indicators. Taking this into account, the enhanced performance of these measures is therefore a considerable achievement for the Council.

5.9 Corporate assets

This section of the 2018/19 Framework comprises two indicators.

There has been continued improvement in the condition of Councils' corporate assets, with 82.14% of operational buildings suitable for their current use while 87.21% of buildings were in a satisfactory condition in the last reporting year.

Locally, the performance data shows that there has been a year-on-year improvement in both the proportion of Inverclyde Council's operational buildings that are suitable for their current use and the proportion of the internal floor area of operational buildings that are in a satisfactory condition. We are also well above the Scottish average for the two corporate asset indicators, with figures of 92.91% and 92.01% respectively.

5.10 Economic development and planning

This section of the 2018/19 Framework comprises 10 indicators.

Nationally, there was a reduction of 1.68% in the number of unemployed people assisted into work from Council funded/operated employability programmes, with the 2018/19 figure being 12.59%. Locally, the performance data for 2018/19 shows there was a marginal decrease (of 0.68%) in the number of unemployed people who were assisted into work from Inverclyde Council operated/funded employability programmes. Despite this, our position in the national rankings was unchanged which meant that we retained our position in the first quartile.

Scotland-wide, local authorities continue to spend over 25% of their procurement spend on local enterprises; indeed, the 2018/19 figure for this measure was 28.71%, the highest since the LGBF's baseline year of 2010/11. Despite the pressures on Council budgets, this positive trend may indicate that the drive to reduce costs has not resulted in local enterprises being displaced by national suppliers of goods and services. This positive trend is reflected locally where we saw an increase of 2.82% in the amount of our procurement spend on local enterprises, taking our figure for the last reporting year to 31.36% which is comfortably above the national average (by 2.65%).

Nationally, the number of Business Gateway start-ups per 10,000 population fell slightly (by 0.13%) between 2017/18 and the last reporting year. Locally, however, we saw a significant increase (of 7.13%) in the number of Business Gateway start-ups per 10,000 population between 2017/18 and 2018/19. Our ranking subsequently increased by 12 places to 17th which means we moved from the fourth quartile to the third one.

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 (if applicable)	Other comments
n/a	n/a	n/a	n/a	n/a	n/a

6.2 **Legal**

The Council is required to publish the LGBF indicators as part of its statutory obligation for public performance reporting.

6.3 **Human Resources**

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

6.4 **Equalities**

(a) Has an Equalities 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 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.

6.5 Repopulation: Provision of Council Services which are subject to close scrutiny with the aim of delivering continuous improvement for current and potential citizens of Inverclyde support the Council's aim of retaining and enhancing the area's population.

7.0 CONSULTATION

7.1 Council Services were asked to verify the LGBF 2018/19 and provide commentaries regarding service performance.

8.0 CONCLUSION

8.1 Inverclyde Council's performance across the spectrum of indicators varies, depending on a variety of factors including deprivation levels, investment and policy decisions and population density. Each Council Service has considered the relevant indicators and will use them as part of the broader self-evaluation processes they undertake to inform future improvement planning.

9.0 LIST OF BACKGROUND PAPERS

9.1 Statutory and Key Performance Indicators Annual Report 2018/19 – report to the Policy and Resources Committee on 19 November 2019.

SOLACE Improving Local Government Benchmarking Framework 2018/19 – additional information.

Appendix

SOLACE Improving Local Government Benchmarking Framework 2018/19

Comparison of local performance 2016/17-2018/19

		Performance			**Rank**		
		2016/17	**2017/18**	**2018/19**	**2016/17**	**2017/18**	**2018/19**
	Children's services						
CHN 1	Cost per primary school pupil	5,225.00	5,100.00	5,333.00	21st	15th	18th
CHN 2	Cost per secondary school pupil	7,094.00	7,043.00	7,236.00	16th	16th	21st
CHN 3	Cost per pre-school education place	5,557.00	7,004.00	7,155.00	30th	32nd	30th
CHN 4	% of Pupils gaining 5+ Awards at Level 5	61	62	65	14th	17th	11th
CHN 5	% of Pupils gaining 5+ Awards at Level 6	32	32	36	18th	18th	10th
CHN 6	% of Pupils living in the 20% most deprived areas gaining 5+ Awards at Level 5	41	46	52	16th	8th	4th
CHN 7	% of Pupils living in the 20% most deprived areas gaining 5+ Awards at Level 6	15	17	22	12th	12th	4th
CHN 8a	Gross cost of *children looked after* in residential-based services per child per week	3,134.00	2,926.00	-	14th	9th	-
CHN 8b	Gross cost of *children looked after* in a community setting per child per week	154.61	254.85	-	2nd	9th	-
CHN 9	Balance of care for *looked after children* - % of children being looked after in the community	87.61	86.43	-	20th	22nd	-
CHN 10	% of Adults satisfied with local schools	2014/17 89.33	2015/18 86.33	2016/19 86	2014/17 2nd	2015/18 4th	2016/19 4th
CHN 11	% of Pupils entering positive destinations	93	93.3	-	23rd	26th	-
CHN 12a	Overall average total tariff	923	883	882	10th	18th	14th
CHN 12b	Average total tariff – SIMD Quintile 1	674	633	697	7th	13th	5th
CHN 12c	Average total tariff – SIMD Quintile 2	925	766	821	4th	16th	6th
CHN 12d	Average total tariff – SIMD Quintile 3	1,104	1,089	967	4th	3rd	7th

Appendix

SOLACE Improving Local Government Benchmarking Framework 2018/19

Comparison of local performance 2016/17-2018/19

		Performance			Rank		
		2016/17	2017/18	2018/19	2016/17	2017/18	2018/19
CHN 12e	Average total tariff – SIMD Quintile 4	1,215	1,135	1,107	4th	5th	6th
CHN 12f	Average total tariff – SIMD Quintile 5	1,231	1,290	1,207	10th	4th	10th
CHN 13a	% of Primary 1, 4 and 7 pupils combined achieving the expected Curriculum for Excellence Level in literacy	new indicator for 2018/19		76	-	-	9th
CHN 13b	% of Primary 1, 4 and 7 pupils combined achieving the expected Curriculum for Excellence Level in numeracy	new indicator for 2018/19		82	-	-	8th
CHN 14a	Literacy attainment gap: Primary 1, 4 and 7 pupils combined - % point gap between the least deprived and the most deprived pupils	new indicator for 2018/19		20.69	-	-	12th
CHN 14b	Numeracy attainment gap: Primary 1, 4 and 7 pupils combined - % point gap between the least deprived and the most deprived pupils	new indicator for 2018/19		17.52	-	-	15th
CHN 17	% of Children meeting developmental milestones	55.2	1.85	-	29th	28th	-
CHN 18	% of Funded early years provision which is graded good/better	100	95.83	95.83	1st	8th	9th
CHN 19a	School attendance rates (per 100 pupils)	2014/15 93	2016/17 92.5	92.23	27th	28th	26th
CHN 19b	School attendance rates (per 100 *looked after children*)	2014/15 89.03	2016/17 85.88	-	2014/15 28th	2016/17 30th	-
CHN 20a	School exclusion rates (per 1,000 pupils)	2014/15 19.7	2016/17 17.26	-	2014/15 11th	2016/17 8th	-

Appendix

SOLACE Improving Local Government Benchmarking Framework 2018/19

Comparison of local performance 2016/17-2018/19

		Performance			Rank		
		2016/17	2017/18	2018/19	2016/17	2017/18	2018/19
CHN 20b	School exclusion rates (per 1,000 *looked after children*)	2014/15 148.33	2016/17 55.05	-	2014/15 25th	2016/17 10th	-
CHN 21	Participation rate for 16-19 year olds (per 100)	91.9	91.6	91.77	15th	20th	17th
CHN 22	% of Child protection re-registrations within 18 months	4.26	4	-	10th	12th	-
CHN 23	% of *Looked after children* with more than one placement in the last year (August-July)	13.3	13.57	-	3rd	2nd	-
	Corporate services						
CORP 1	Support services as a % of total gross expenditure	3.09	3.17	3.19	3rd	4th	4th
CORP 3b	% of the highest paid 5% employees who are women	52.94	53.92	58.67	13th	15th	7th
CORP 3c	The gender pay gap	9.3	8.71	8.18	30th	30th	30th
CORP 4	The cost per dwelling of collecting Council Tax	13.05	12.97	9.99	27th	29th	27th
CORP 6a	The average number of working days per employee lost through sickness absence – teachers	5.2	5.18	4.92	7th	9th	4th
CORP 6b	The average number of working days per employee lost through sickness absence – all other employees	10.86	10.58	10.36	15th	10th	7th
CORP 7	% of Income due from Council Tax received by the end of the year	95.32	95.52	95.67	23rd	24th	24th
CORP 8	% of Invoices sampled that were paid within 30 days	96.65	97.13	95.86	5th	1st	9th

Appendix

SOLACE Improving Local Government Benchmarking Framework 2018/19

Comparison of local performance 2016/17-2018/19

		Performance			Rank		
		2016/17	2017/18	2018/19	2016/17	2017/18	2018/19
	Adult social care						
SW 1	Home care costs per hour for people aged 65 or over	24.27	27.89	28.34	18th	22nd	24th
SW 2	Self-directed support (Direct Payments and Managed Personalised Budgets) spend on adults 18+ as a % of total social work spend on adults 18+	4.86	5.56	5.47	13th	12th	14th
SW 3a	% of People aged 65 and over with long-term care needs who receive personal care at home	64.86	67.78	65.16	11th	6th	11th
SW 4b	% of Adults supported at home who agree that their services and support had an impact in improving or maintaining their quality of life	2015/16 88.39	76.56	-	2015/16 4th	25th	-
SW 4c	% of Adults supported at home who agree that they are supported to live as independently as possible	2015/16 86.1	80.36	-	2015/16 8th	21st	-
SW 4d	% of Adults supported at home who agree that they had a say in how their help, care or support was provided	2015/16 84.26	77.32	-	2015/16 3rd	12th	-
SW 4e	% of Carers who feel supported to continue in their caring role	2015/16 43.08	39.69	-	2015/16 8th	10th	-
SW 5	Residential costs per week per resident for people aged 65 or over	391.00	380.00	366.00	18th	15th	14th
SW 6	Rate of re-admission to hospital within 28 days (per 1,000 discharges)	87.66	91.6	92.77	9th	9th	9th
SW 7	% Proportion of care services graded good or better in Care Inspectorate inspections	89.74	92.11	82.09	3rd	3rd	15th

Appendix

SOLACE Improving Local Government Benchmarking Framework 2018/19

Comparison of local performance 2016/17-2018/19

		Performance			Rank		
		2016/17	2017/18	2018/19	2016/17	2017/18	2018/19
SW 8	Number of days people spend in hospital when they are ready to be discharged (per 1,000 population) (75+)	263.22	172.08	86.68	4th	2nd	1st
	Culture and leisure						
C&L 1	Cost per attendance at sport facilities	1.88	2.52	1.53	7th	17th	6th
C&L 2	Cost per library visit	2.95	3.16	1.94	18th	18th	13th
C&L 3	Cost of museums per visit	4.16	12.57	38.26	18th	28th	28th
C&L 4	Cost of parks and open spaces per 1,000 population	34,059.00	23,909.00	26,347.00	31st	23rd	25th
C&L 5a	% of Adults satisfied with libraries	2014/17 79.33	2015/18 78.67	2016/19 78.87	2014/17 13th	2015/18 9th	2016/19 9th
C&L 5b	% of Adults satisfied with parks and open spaces	2014/17 87.67	2015/18 88.33	2016/19 88.37	2014/17 15th	2015/18 10th	2016/19 8th
C&L 5c	% of Adults satisfied with museums and galleries	2014/17 79.67	2015/18 72.67	2016/19 67.23	2014/17 8th	2015/18 10th	2016/19 13th
C&L 5d	% of Adults satisfied with leisure facilities	2014/17 89.67	2015/18 87	2016/19 84.67	2014/17 3rd	2015/18 3rd	2016/19 3rd
	Environmental services						
ENV 1a	Net cost per waste collection per premise	36.17	40.79	36.08	1st	2nd	1st
ENV 2a	Net cost of waste disposal per premise	97.86	92.26	99.28	17th	11th	18th

Appendix

SOLACE Improving Local Government Benchmarking Framework 2018/19

Comparison of local performance 2016/17-2018/19

		Performance			Rank		
		2016/17	**2017/18**	**2018/19**	**2016/17**	**2017/18**	**2018/19**
ENV 3a	Net cost of street cleaning per 1,000 population	18,103.00	18,358.00	19,028.00	28th	27th	30th
ENV 3c	Street Cleanliness Score	94.31	87.1	89.6	19th	29th	26th
ENV 4a	Cost of maintenance per kilometre of roads	26,493.00	25,933.00	25,188.00	30th	31st	32nd
ENV 4b	% of A class roads that should be considered for maintenance treatment	2015/17 29.63	2016/18 24.1	2017/19 19.03	2015/17 24th	2016/18 12th	2017/19 4th
ENV 4c	% of B class roads that should be considered for maintenance treatment	2015/17 37.58	2016/18 36.13	2017/19 29.68	2015/17 25th	2016/18 23rd	2017/19 15th
ENV 4d	% of C class roads that should be considered for maintenance treatment	2015/17 43.42	2016/18 39.61	2017/19 42.67	2015/17 28th	2016/18 21st	2017/19 27th
ENV 4e	% of Unclassified roads that should be considered for maintenance treatment	2013/17 41.17	2014/18 38.91	2015/19 38.69	2013/17 21st	2014/18 20th	2015/19 20th
ENV 5	Cost of trading standards and environmental health per 1,000 population	24,386.00	23,533.00	24,914.00	24th	24th	26th
ENV 5a	Cost of trading standards, money advice and citizen advice per 1,000	3,102.00	4,049.00	4,607.00	6th	10th	11th
ENV 5b	Cost of environmental health per 1,000 population	21,284.00	19,484.00	20,307.00	26th	24th	27th
ENV 6	% of Total household waste arising that is recycled	53.44	57.21	56	10th	5th	6th
ENV 7a	% of Adults satisfied with refuse collection	2014/17 91.33	2015/18 90	2016/19 86.73	2014/17 2nd	2015/18 3rd	2016/19 5th
ENV 7b	% of Adults satisfied with street cleaning	2014/17 75.67	2015/18 73.33	2016/19 71.27	2014/17 13th	2015/18 13th	2016/19 10th

Appendix

SOLACE Improving Local Government Benchmarking Framework 2018/19

Comparison of local performance 2016/17-2018/19

		Performance			Rank		
		2016/17	2017/18	2018/19	2016/17	2017/18	2018/19
Corporate assets							
CORP-ASSET 1	% of Operational buildings that are suitable for their current use	90.23	92.37	92.91	9th	6th	6th
CORP-ASSET 2	% of Internal floor area of operational buildings in satisfactory condition	91.13	91.41	92.01	12th	14th	13th
Economic development							
ECON 1	% of Unemployed people assisted into work from Council operated/funded employability programmes	17.8	21	20.32	6th	8th	8th
ECON 2	Cost of planning and building standards, per planning application	2,320.00	7,201.00	8,818.00	1st	31st	32nd
ECON 3	Average time taken (in weeks) to deliver a business or industry planning application decision	6.48	8.42	7.79	1st	14th	9th
ECON 4	% of Procurement spend spent on local enterprises	30.58	28.54	31.36	12th	13th	12th
ECON 5	Number of Business Gateway start-ups per 10,000 population	12.76	11.17	18.3	26th	29th	17th
ECON 6	Investment in economic development and tourism per 1,000 population	102,687.00	91,055.00	88,164.00	24th	22nd	22nd
ECON 7	% of People earning less than the Living Wage	22.4	23.8	26	15th	23rd	22nd
ECON 8	% of Properties receiving superfast	94	95.47	97.1	4th	7th	6th

SOLACE Improving Local Government Benchmarking Framework 2018/19

Comparison of local performance 2016/17-2018/19

		Performance			Rank		
		2016/17	2017/18	2018/19	2016/17	2017/18	2018/19
	broadband						
ECON 9	Town centre vacancy rates	20.78	20.78	17.72	28th	26th	30th
ECON 10	Immediately available employment land as a % of total land allocated for employment purposes (in the Local Development Plan)	85	85	77.27	5th	3rd	6th

Inverclyde council

AGENDA ITEM NO. 8

Report To:	**Policy & Resources Committee**	**Date:**	**24 March 2020**
Report By:	**Chief Financial Officer**	**Report No:**	**FIN/33/20/AP/LA**
Contact Officer:	**Alan Puckrin**	**Contact No:**	**01475 712223**
Subject:	**Capital Strategy 2020/30 and Treasury Management Strategy Statement and Annual Investment Strategy 2020/21-2023/24**		

1.0 PURPOSE

1.1 The purpose of this report is to present an updated Capital Strategy as required by the CIPFA Prudential Code and to seek approval for the Treasury Management Strategy Statement and Annual Investment Strategy for 2020/24, Treasury Policy Limits, a policy on the repayment of Loans Fund advances, the Council's Prudential and Treasury Management Indicators for the next 4 years and the List of Permitted Investments.

2.0 SUMMARY

2.1 The Capital Strategy 2020/30 presents a longer term view of the asset management, financial and other issues affecting capital expenditure requirements and delivery. The Strategy is a requirement of the Prudential Code and is in addition to the existing plans and updates presented through the year to Committee and to the Council such as the Financial Strategy.

2.2 The key purpose of the Capital Strategy is to explain how different facets of the Council's Treasury Strategy and Capital Programme interact and to allow Members to consider the affordability and sustainability of Capital investment decisions in the longer term.

2.3 Many of the decisions taken by the current Council will impact long after most current Members and Officers have left the Council but it is important that the Council takes a long term view when considering the sustainability of investment decisions. For the purposes of this Strategy, the longer term is viewed as being a period of 10-20 years.

2.4 Overall the Council is in a good position in respect of the development and delivery of Asset Management Plans and has sound governance processes in place. It has been highlighted in Audit reports at a local and national level that the Council has a higher than average expenditure on loans charges and a higher than average level of capital debt however this is a function of the significant investment in the improved school estate, leisure estate, ongoing investment in roads infrastructure plus investment in other assets within the HSCP and open spaces.

2.5 The Capital Strategy demonstrates that loan debt is expected to peak in the next 2 years and thereafter will reduce for the foreseeable future. The challenge that Members have to consider is whether to set aside any of the loans charge savings in the medium term for reinvestment in assets or to use this reduction in cost to close budget gaps.

2.6 The Strategy confirms that the Council will need to have a modicum of prudential borrowing in order to maintain its asset investment in the medium to longer term and that by the mid 2020's the Council will need to start developing funding plans for major reinvestment or replacement of many of the assets built or comprehensively refurbished since local government reorganisation in 1996. This is something that will be developed over coming years.

2.7 Overall the Capital Strategy demonstrates that current plans and requirements can be contained within the overall Financial Strategy and that the Council has a long term plan to maintain investment in assets within the Council's projected medium/long term funding envelope.

2.8 The report also sets out the Council's proposed Treasury Management Strategy and Annual Investment Strategy for 2020/24, Treasury Policy Limits, and Prudential and Treasury Management Indicators for the next 4 years including the proposed Authorised Limits.

2.9 The report proposes a List of Permitted Investments listing the types of investments and limits for those investments. There are no changes to the proposed Permitted Investments from those agreed in 2019.

2.10 The Treasury Management Strategy, Annual Investment Strategy, Treasury Policy Limits, Prudential Indicators, and Treasury Management Indicators have been set based on the Council's current and projected financial position (including the proposed 2020/23 Capital Programme) and the latest estimated interest rate levels.

2.11 The report also requests the annual approval of the Council's Treasury Management Policy Statement and approval of the Council's policy on the repayment of Loans Fund advances.

2.12 In line with the Council's Financial Regulations, the proposals in this report require approval by the Full Council.

3.0 RECOMMENDATIONS

3.1 It is recommended that the Committee remits to the Inverclyde Council, for their approval, the following, as outlined in this report:

a. Capital Strategy for 2020/30
b. Treasury Management Strategy and Annual Investment Strategy
c. Authorised Limits for 2020/24
d. Treasury Management Policy Statement set out in paragraph 6.2
e. Policy on repayment of Loans Fund advances set out in paragraph 9.2
f. Treasury Policy Limits
g. Prudential Indicators and Treasury Management Indicators
h. List of Permitted Investments (including those for the Common Good Fund).

Alan Puckrin
Chief Financial Officer

4.0 BACKGROUND

4.1 The Capital Strategy 2020/30 is attached as Appendix 1 and presents a longer term view of the asset management, financial and other issues affecting capital expenditure requirements and delivery. The Strategy is a requirement of the Prudential Code and is in addition to the existing plans and updates such as the Financial Strategy that are presented during the year to Committee and to the Council.

4.2 This report also presents, for approval, a Treasury Management Strategy Statement and Annual Investment Strategy, Treasury Policy Limits, a policy on the repayment of Loans Fund advances, and Prudential and Treasury Management Indicators for 2020/24.

4.3 CIPFA produced the CIPFA Prudential Code and the CIPFA Code of Practice on Treasury Management and revised both documents in December 2017. Inverclyde Council has adopted the Code of Practice on Treasury Management and complies with the Prudential Code.

4.4 The Local Government in Scotland Act 2003 and supporting regulations (the Act) require the Council to 'have regard to' the CIPFA Prudential Code (the Prudential Code) and the CIPFA Code of Practice on Treasury Management (the Code) to set Prudential and Treasury Indicators for at least the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

4.5 The Act and supporting regulations require the Council to set out its Treasury Strategy for borrowing and to prepare an Annual Investment Strategy (as required by Investment Guidance subsequent to the Act) which sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

4.6 It is a statutory requirement for the Council to produce a balanced budget. In particular, a local authority must calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This, therefore, means that increases in capital expenditure must be limited to a level whereby increases in charges to revenue are affordable within the projected income of the Council for the foreseeable future. The projected revenue impact of the 2020/23 Capital Programme is built into the Revenue Budget for which approval is being sought.

5.0 CAPITAL STRATEGY

5.1 The Prudential Code revised in 2017 requires the preparation of a formal Capital Strategy that is "intended to give a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services along with an overview of how associated risk is managed and the implications for future sustainability".

5.2 The Capital Strategy highlights the links between the Council's policy priorities, investment plans and Financial Strategy. Much of this is captured within the Corporate Directorate Improvement Plans which are reported to Committee every second reporting cycle.

5.3 The link between Corporate Priorities and longer term investment plans is made via the preparation and delivery of Asset Management Plans. Therefore the summarised update of the current position of the various AMPs is a key aspect of the Capital Strategy and forms Section 3 of the Strategy.

5.4 The relationship between the Council's Annual Accounts, External Borrowing and Loans Charges can be confusing and the Strategy explains the make-up and inter-relationships between them. Critically the Strategy provides long term projections and raises matters for Members to consider. The Strategy highlights the need for current Members to take the longer term view when making investment decisions which will impact on the Council's finances for several decades into the future.

5.5 The management of risk and provision of appropriate governance arrangements are vital when dealing with large sums of money and making decisions which will impact on future generations and as such the Strategy sets out the current governance arrangements including the Council's approach to managing risk. These matters are kept under regular review and this is even more pertinent in these uncertain times.

5.6 The Capital Strategy confirms the need for the Council to have a small level of continued prudential borrowing in the medium term based on current AMPs and estimated Government Grants/Receipts. This is sustainable as the level of Loans Charges will begin to drop from 2021/22 onwards as historic debt drops out.

5.7 The above proposal does not allow for the replacement of existing assets which in the longer term will need either significant investment or full replacement e.g. schools, leisure facilities or major new physical infrastructure projects. To fund this the next Council will require to consider setting aside a significant part of ongoing loans charge savings to create a "sinking fund" for future investment needs. This matter will be captured in the Financial Strategy and will be kept under review.

6.0 TREASURY MANAGEMENT ISSUES - SUMMARY

6.1 The main Treasury Management issues from this report are:

a. The Capital/Treasury Management position, Prudential Indicators, Treasury Management Indicators and Policy Limits are shown in Section 7 below.
b. The proposed Treasury Strategy and Investment Strategy are shown in Section 8 below.
c. The Full Council is requested to approve the Authorised Limits for 2020/24 as shown in paragraph 7.5.
d. As of 31 March 2021, the accounting treatment of operating leases will change and the value of those leases must be added to the Council's debt and assets. The values for the leases are being determined during 2020/21 to comply with the changes to the accounting treatment. Any impact on the indicators and limits in Section 7 will be included in future reports on Treasury Management activities.
e. The Full Council is requested to approve the policy on the repayment of Loans Fund advances as shown in paragraph 9.2.
f. There remains considerable economic uncertainty affecting forecasts for interest rates and inflation, including in relation to the Brexit arrangements. This will have implications for UK interest rates, new borrowing rates (due to the impact of market sentiments on UK gilt prices), investment rates, and inflation. The Council will continue to monitor the situation and take advice from its treasury advisers.
g. There are no changes to the proposed Permitted Investments (in Appendix 2) from those agreed in 2019.

6.2 The Council has a formal Treasury Management Policy Statement as follows that is required to be approved by the Full Council:

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

The Council is being requested to approve this Treasury Management Policy Statement.

7.0 CAPITAL/TREASURY MANAGEMENT POSITION, PRUDENTIAL INDICATORS, TREASURY MANAGEMENT INDICATORS AND POLICY LIMITS

Current Treasury Management Position

7.1 The Council's treasury management position at 19 February 2020 comprised:

		Principal		Average Rate
		£000	£000	
DEBT				
Fixed Rate funding	PWLB	104,117		
	Market	55,000	159,117	3.64%
Variable Rate funding	PWLB	0		
	Market	44,591	44,591	4.86%
			203,708	3.91%
Other Long Term Liabilities (PPP)			60,965	---
TOTAL DEBT			**264,673**	
INVESTMENTS				
Call Accounts			13,902	0.65%
Notice Accounts			10,019	0.90%
Fixed Term Deposits			0	---
TOTAL INVESTMENTS			**23,921**	0.75%

The Investments above are for treasury management cash balances only and exclude non-cash balances treated as investments under Investment Regulation 31 (see Appendix 3 for categories).

Capital Expenditure and Borrowing

7.2 The Council's Gross Capital Expenditure is estimated as:

	2019/20	2020/21	2021/22	2022/23	2023/24
	Projected	**Estimate**	**Estimate**	**Estimate**	**Estimate**
	£000	£000	£000	£000	£000
Capital Programme	22,262	18,420	25,552	14,058	9,040

7.3 The Council's borrowing requirement (which takes account of the estimated Capital Expenditure, borrowing maturing and requiring to be refinanced, and estimated future Council investment balances) is as follows:

	2019/20	2020/21	2021/22	2022/23	2023/24
	Projected	**Estimate**	**Estimate**	**Estimate**	**Estimate**
	£000	£000	£000	£000	£000
New borrowing	2,000	0	0	0	0
Alternative financing arrangements	0	0	0	0	0
Replacement borrowing	20,000	10,000	20,000	5,000	0
TOTAL	22,000	10,000	20,000	5,000	0

7.4 The Capital Financing Requirement is the amount of capital expenditure to be funded from borrowing that has not yet been repaid by the Revenue Budget as part of the loan charges.

The Council's Gross External Debt compared to the Capital Financing Requirement as at each year-end (including the effect of the proposed borrowing in paragraph 7.3) is as follows:

	2019/20	2020/21	2021/22	2022/23	2023/24
	Projected	**Estimate**	**Estimate**	**Estimate**	**Estimate**
	£000	£000	£000	£000	£000
Capital Financing Requirement (CFR)	301,223	292,977	300,320	296,082	286,908
External Debt (Including PPP)	264,485	267,694	276,040	271,428	261,687
Under/(Over) Against CFR	36,738	25,283	24,280	24,654	25,221

The above table shows that the Council expects to be under borrowed each year. Under borrowing means that the Council is using cash it already has (e.g. in earmarked reserves and other balances) to cash flow capital expenditure rather than bringing in new funds from borrowing. The projected level of under borrowing is considered reasonable but the position is kept under review in light of Council capital financing and other funding requirements.

Debt Limits

7.5 The Council's Authorised Limit is a control on the maximum level of debt whilst the Operational Boundary is a limit that debt is not normally expected to exceed. It is proposed that the limits are:

	2019/20	2020/21	2021/22	2022/23	2023/24
	Limit	**Limit**	**Limit**	**Limit**	**Limit**
Authorised limit for external debt	£000	£000	£000	£000	£000
Borrowing	249,000	241,000	241,000	243,000	241,000
Other Long Term Liabilities (PPP)	63,000	61,000	60,000	58,000	56,000
TOTAL	312,000	302,000	301,000	301,000	297,000
Operational boundary for external debt	£000	£000	£000	£000	£000
Borrowing	239,000	224,000	229,000	229,000	224,000
Other Long Term Liabilities (PPP)	63,000	61,000	60,000	58,000	56,000
TOTAL	302,000	285,000	289,000	287,000	280,000

Approval is being sought for the Authorised Limits for 2020/21 to 2023/24.

7.6 The Council sets limits on the maturity of fixed rate and variable rate borrowing for the coming financial year. The limits proposed for 2020/21 are:

Maturity Structure	Fixed Rate		Variable Rate	
	Upper Limit	Lower Limit	Upper Limit	Lower Limit
Under 12 months	45%	0%	35%	0%
12 months and within 24 months	45%	0%	35%	0%
24 months and within 5 years	45%	0%	35%	0%
5 years and within 10 years	45%	0%	35%	0%
10 years and within 30 years	45%	0%	35%	0%
30 years and within 50 years	45%	0%	35%	0%
50 years and within 70 years	45%	0%	35%	0%

The proposed limits are the same as set in 2019. They reflect the requirement that the Council's Market debt is treated based not on when the debt is due to actually mature but on when the lender could request an increase in the interest rate (when the Council could accept the increase or repay the debt).

7.7 The Council sets limits relating to the management of debt. The limits proposed are:

	2020/21	2021/22	2022/23	2023/24	2019/20
	Limit	**Limit**	**Limit**	**Limit**	**Projected Outturn at Year-End**
Maximum percentage of debt repayable in any year	25%	25%	25%	25%	19.64% (Repayable in 2077/78)
Maximum proportion of debt at variable rates	45%	45%	45%	45%	21.89%
Maximum percentage of debt restructured in any year	30%	30%	30%	30%	0.00%

The proposed limits are the same as set in 2019.

7.8 The Prudential Code requires that the Council states how interest rate exposure is managed and monitored:

All of the Council's PWLB debt is currently at fixed rates. The Market debt contains some debt at fixed rates, some small elements at variable rates and some where the rates can change (subject to the terms of the debt contract). The Council's investments, which are all for less than 1 year, are all variable or regarded as variable under the treasury management rules.

These interest rate exposures are managed and monitored by the Council through management reports on treasury management that are received and reviewed by the Chief Financial Officer.

Affordability

7.9 In relation to affordability, the ratio of financing costs (including for PPP) to the Council's net revenue stream is estimated as:

	2019/20	2020/21	2021/22	2022/23	2023/24
	Projected	**Estimate**	**Estimate**	**Estimate**	**Estimate**
Ratio of financing costs (including PPP) to net revenue stream	13.74%	13.86%	11.96%	12.52%	12.70%

The estimated fall in the ratio between 2020/21 and 2021/22 is largely due to the final charges for former Strathclyde Regional Council debt being made in 2020/21.

7.10 The ratio of net debt to the Council's net revenue stream is estimated as:

	2019/20	2020/21	2021/22	2022/23	2023/24
	Projected	**Estimate**	**Estimate**	**Estimate**	**Estimate**
Ratio of net debt (debt and PPP less investments) to net revenue stream	124.6%	124.1%	132.4%	133.3%	130.3%

Investments

7.11 The Council's estimated investments position (after the proposed borrowing in paragraph 7.3) is shown in Appendix 3 and includes transactions treated as investments under the Investment Regulations. Included in Appendix 3 (as Cash balances managed in house) are the following estimated Bank Deposits:

	2020/21	2021/22	2022/23	2023/24
	Estimate	**Estimate**	**Estimate**	**Estimate**
	£000	£000	£000	£000
Cash balances managed in house				
1 April	20,000	22,838	16,270	11,197
31 March	22,838	16,270	11,197	8,565
Change in year	2,838	(6,568)	(5,073)	(2,632)

7.12 The Council sets upper limits for the total investments invested for over 365 days. The proposed limits are as follows:

	2019/20	2020/21	2021/22	2022/23	2023/24
	Limit	**Limit**	**Limit**	**Limit**	**Limit**
Upper limit for total principal sums invested for over 365 days	£000 10,000	£000 10,000	£000 10,000	£000 10,000	£000 10,000

The Council has not entered into any investments of more than 365 days during 2019/20 to date and does not expect to do so during the remainder of the year.

Accounting Changes - Leases

7.13 As of 31 March 2021, the accounting treatment of operating leases will change and the value of those leases must be added to the Council's debt and assets. The values for the leases are being determined during 2020/21 to comply with the changes to the accounting treatment. Any impact on the indicators and limits in Section 7 will be included in future reports on Treasury Management activities.

8.0 PROPOSED TREASURY STRATEGY AND INVESTMENT STRATEGY

Interest Rate Forecasts

8.1 The Council has appointed Link Treasury Services Limited as treasury advisers with part of their service being to assist the Council to formulate a view on interest rates. Link's latest interest rate forecasts (as at 31 January 2020) are:

As At	Bank Rate	Investment (LIBID) Rates			PWLB Borrowing Rates			
		3 month	6 month	1 year	5 year	10 Year	25 year	50 Year
	%	%	%	%	%	%	%	%
March 2020	0.75	0.70	0.80	0.90	2.30	2.50	3.00	2.90
June 2020	0.75	0.70	0.80	0.90	2.30	2.50	3.00	2.90
Sept 2020	0.75	0.80	0.90	1.00	2.40	2.60	3.10	3.00
Dec 2020	0.75	0.80	1.00	1.10	2.40	2.60	3.20	3.10
March 2021	0.75	0.90	1.00	1.20	2.50	2.70	3.30	3.20
June 2021	1.00	1.00	1.10	1.30	2.60	2.80	3.40	3.30
Sept 2021	1.00	1.00	1.20	1.40	2.70	2.90	3.50	3.40
Dec 2021	1.00	1.10	1.30	1.50	2.80	3.00	3.60	3.50
March 2022	1.00	1.20	1.40	1.60	2.90	3.10	3.70	3.60
June 2022	1.25	1.30	1.50	1.70	2.90	3.10	3.80	3.70
Sept 2022	1.25	1.30	1.50	1.70	3.00	3.20	3.80	3.70
Dec 2022	1.25	1.30	1.50	1.70	3.00	3.20	3.90	3.80
March 2023	1.25	1.30	1.50	1.70	3.10	3.30	3.90	3.80

On 9 October 2019 the PWLB announced an immediate and unexpected 1% increase in interest rates for new borrowing. This policy is reflected in the PWLB projected borrowing rates above.

8.2 There remains considerable economic uncertainty which suggests that investment returns are likely to continue to be relatively low and there will remain a cost of carry to any new borrowing that would cause an increase in investments (for the difference between borrowing and investment interest rates).

Treasury Strategy – Borrowing

8.3 The proposed borrowing is as shown in paragraph 7.3 whilst the proposed authorised limit for 2020/21 is shown in paragraph 7.5.

8.4 Any borrowing will depend on an assessment by the Chief Financial Officer based on the Council's requirements and financial position, adopting a cautious but pragmatic approach and after seeking advice and interest rate/economic forecasts from the Council's treasury advisers.

Any borrowing undertaken will be reported to the Policy & Resources Committee.

8.5 Policy on Borrowing in Advance of Need

The Council does not and will not borrow more than its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be considered carefully to ensure value for money can be demonstrated and that the Council can ensure the security of such funds.

In determining whether borrowing will be undertaken in advance of need the Council will:

- Consider the definition of such borrowing within the Code on the Investment of Money By Scottish Local Authorities
- Ensure that there is a clear link between the capital programme and maturity profile of the existing debt portfolio which supports the need to take funding in advance of need
- Ensure the ongoing revenue liabilities created, and the implications for the future plans and for the budgets have been considered
- Evaluate the economic and market factors that might influence the manner and timing of any decision to borrow
- Consider the merits and demerits of alternative forms of funding
- Consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use
- Consider the impact of borrowing in advance on temporarily (until required to finance capital expenditure) increasing investment cash balances and the consequent increase in exposure to counterparty risk and other risks and the level of such risks given the controls in place to minimise them.

The maximum extent to which borrowing in advance would be undertaken by this Council is the borrowing requirement identified in paragraph 7.3 above for 2020/2023.

Treasury Strategy - Debt Rescheduling

8.6 PWLB-to-PWLB debt restructuring, whilst an option and having been done in the past before changes to PWLB rules in 2007 and 2010, would give rise to large premiums that would be incurred by prematurely repaying existing PWLB loans. It remains possible but very unlikely that these could be justified on value for money grounds if using replacement PWLB refinancing.

8.7 As short term borrowing rates are expected to be considerably cheaper than longer term rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of their short term nature and the likely cost of refinancing those short term loans, once they mature, compared to the current rates of longer term debt in the existing debt portfolio.

8.8 The Council is more likely to look at making savings by running down investment balances as short term rates on investments are expected to continue to be lower than the rates paid on the debt currently held.

8.9 The reasons for any rescheduling to take place will include:

- The generation of cash savings and/or discounted cash flow savings but at minimum risk;
- Helping to fulfil the strategy outlined above; and
- Enhancing the balance of the portfolio (amending the maturity profile and/or the balance of volatility).

8.10 Any debt rescheduling will be reported to the Policy & Resources Committee and the Full Council and will be within the Treasury Policy Limits.

Investments – Policies/Strategy

8.11 Investment Policy
The Council will have regard to the Local Government Investment (Scotland) Regulations 2010 and accompanying finance circular and the revised CIPFA Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities are:
(a) The security of capital
and
(b) The liquidity of its investments.

The Council will also aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity. The risk appetite of this Council is low in order to give priority to the security of its investments.

8.12 The borrowing of monies purely to invest or on-lend and make a return is unlawful and this Council will not engage in such activity.

8.13 Counterparty limits will be as set through the Council's Treasury Management Practices.

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

8.15 Permitted Investment Types
There are a large number of investment instruments that the Council could use, each having different features and risks.

The list of investment instruments proposed for possible use by the Council (including those for the Common Good Fund) and for which Council approval is being sought are listed in Appendix 2 along with details of the risks from each type of investment.

The list of proposed investments reflects a low risk appetite and approach to investments by the Council.

There are no changes to the proposed Permitted Investments from those agreed in 2019.

8.16 Creditworthiness Policy
The Council's proposed Creditworthiness Policy for 2020/21, as follows, is unchanged from that agreed in 2019.

8.17 The Council uses the creditworthiness service provided by Link Treasury Services Limited. This service uses a sophisticated modelling approach using credit ratings from the three main rating agencies - Fitch, Moody's, and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- Credit watches and credit outlooks from credit rating agencies (indicating the likelihood of ratings changes for a counterparty or the expected direction of ratings for a counterparty)
- Credit Default Swap ("CDS") spreads to give early warning of likely changes in credit ratings
- Sovereign ratings to select counterparties from only the most creditworthy countries.

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

The approach is reviewed by Link as required in light of banking system and regulatory changes e.g. as happened with the reduction in importance of support ratings for individual banks due to the removal of implied government support to banks.

8.19 The Council will use counterparties within the following durational bands and with the following limits per counterparty (bands and limits as set through the Council's Treasury Management Practices):

Colour Category	Maximum Period for Individual Investments	Current Limit for Total Investments with Individual Counterparty
Purple	2 Years	£15m
Blue (Nationalised or Semi-Nationalised UK Banks)	1 Year	£15m
Orange	1 Year	£15m
Red	6 Months	£15m
Green	100 Days	£10m
No Colour	Not To Be Used	£NIL

The maximum period for individual investments with the Council's own bankers will be as in accordance with the above table whilst the limit for total investments with them will be £50m or as agreed by Committee or Full Council. The limit for any other group of counterparties will be £30m or as agreed by Committee or Full Council.

Members should note that these are the maximum periods for which any investment with a counterparty meeting the criteria would take place but subject to the Council's policy on Permitted Investments and instruments.

8.20 The Link creditworthiness service uses a wider array of information than just primary ratings and, by using a risk weighted scoring system, does not give undue preponderance to just one agency's ratings.

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

8.21 All credit ratings are monitored on an ongoing basis. The Council is alerted to changes to ratings of all three agencies through its use of the Link creditworthiness service.

- If a downgrade results in the counterparty/investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- In addition to the use of Credit Ratings the Council will be advised of information in movements in Credit Default Swap spreads against a benchmark (the iTraxx index) and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

Sole reliance will not be placed on the use of this external service. The Council also uses (where available) market data and market information, information on government support for banks and the credit ratings of that government support.

8.22 It is proposed that the Council will only use approved counterparties:

a. from the UK
   or
b. from countries with a minimum sovereign credit rating of AA- from Fitch Ratings (or equivalent from other agencies if not issued by Fitch). Countries currently meeting this criterion include Australia, Canada, France, Germany, Sweden, the USA, and the UK.

8.23 Investment Strategy

Appendix 3 includes forecasts of investment balances.

8.24 The Bank Rate is 0.75% and is forecast to increase to 1.00% in quarter 2 of 2021 and to 1.25% in quarter 2 of 2022. Bank Rate forecasts from Link for financial year ends (March) are as follows:

- 2020/21 0.75%
- 2021/22 1.00%
- 2022/23 1.25%.

The forecasts assume that the UK and the EU reach a Brexit deal including the terms of trade by the end of 2020 or soon after.

8.25 Link advise that, for 2020/21, clients should budget for an investment return of 0.75% on investments placed during the financial year for periods of up to 100 days.

8.26 The Council uses an investment benchmark to assess the performance of its investments. The benchmark used is the 3 month LIBID (uncompounded) interest rate.

8.27 The Council will avoid locking into longer term deals unless attractive rates are available with counterparties of particularly high creditworthiness which make longer term deals worthwhile and within the risk parameters set by this Council.

Policy on Use of External Service Providers

8.28 The Council uses Link Treasury Services Limited as its external treasury management advisers and uses the services of brokers for investment deals as required.

8.29 The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon external service providers. All decisions will be undertaken with regard to all available information, including, but not solely, the treasury advisers.

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

Policy on Scrutiny, Monitoring and Change of Investment Policies and Practices

8.31 The Treasury Management Practices (TMPs) of the Council set out the operational policies and procedures in place to implement the treasury management strategy and the principles set out in the treasury management policy statement. They are intended to minimise the risk to the capital sum of investments and for optimising the return on the funds consistent with those risks.

8.32 The TMPs are kept under review, with a full revision every 3 years, with the latest review having taken place in 2018 to reflect changes required by the revised Prudential Code and the Treasury Management in the Public Services – Code of Practice.

8.33 A copy of the TMPs may be obtained from Finance Services.

Training for Members

8.34 The last training session on Treasury Management was held for Members on 4 August 2017.

9.0 LOANS FUND ADVANCES

9.1 Where capital expenditure is funded by borrowing (referred to as loans fund advances), the debt financing costs are paid from the Revenue Budget as loan charges comprised of the repayment of debt and interest and expenses costs on the borrowing.

9.2 The Council is required to set out its policy for the repayment of loans fund advances from options set by the Scottish Government:

a. For loans fund advances made before 1 April 2016 the policy will be to maintain the practice of previous years and use the Statutory Method with annual principal repayments being calculated using the annuity method.
b. The annuity method is also being used for loans fund advances made after 1 April 2016 for the 5 year transitional period to the end of 2020/21. In applying the annuity method to new advances in any year, the interest rate used in the annuity calculation will be the Council's loans fund pool rate for the year (including expenses) as rounded up to the nearest 0.01%.
c. Of the options available for new capital expenditure from 1 April 2021 onwards, it is proposed to use the equal instalment method (where repayments start higher than under the annuity method but do not change during the write-off period).

9.3 The outstanding loans fund advances (representing capital expenditure still to be repaid from the Revenue Budget) are:

	2018/19	2019/20	2020/21
	Actual	Projected	Estimated
	£000	£000	£000
Balance As At 1 April	246,043	244,470	239,956
Add: Adjustment to B/F Balance Following Loan Charge Review 2019 (As per Mid-Year Report To Committee)	0	1,411	0
	246,043	245,881	239,956
Add: Advances For The Year	10,164	5,862	5,765
Less: Repayments For The Year	11,737	11,787	12,272
Balance As At 31 March	244,470	239,956	233,449

9.4 For the projected loans fund advances outstanding as at 31 March 2020, the liability to make future repayments (excluding debt interest and expenses) is as follows:

	£000
Year 1	12,272
Years 2-5	31,896
Years 6-10	39,380
Years 11-15	39,114
Years 16-20	34,941
Years 21-25	33,917
Years 26-30	26,555
Years 31-35	13,002
Years 36-40	4,649
Years 41-45	1,198
Years 46-50	1,032
Years 51-55	1,161
Years 56-60	338
Years 61-65	32
Years 66-70	38
Years 71-75	46
Years 76-80	55
Years 81-85	66
Years 86-90	78
Years 91-95	94
Years 96-100	92
TOTAL	239,956

10.0 IMPLICATIONS

10.1 **Finance**

The Capital Strategy demonstrates that both the Council's loans charges and debt are due to reduce considerably over the period to 2029/30. One decision the Council will need to take is how much of this saving to set aside for future investment in new/replacement assets to address those assets which by 2030 will be due for renewal.

Adopting the Treasury Strategy and the Investment Strategy for 2020/21 and the following three years will allow a balance to be maintained between opportunities to continue to generate savings for the Council and minimising the risks involved.

Financial Implications:

One off Costs

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

Annually Recurring Costs/ (Savings)

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

10.2 **Legal**

There are no Legal implications arising from this report.

10.3 **Human Resources**

There are no HR implications arising from this report.

10.4 **Equalities**

Equalities

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

	YES (see attached appendix)
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

11.0 CONSULTATIONS

11.1 The Capital Strategy has been prepared in consultation with relevant officers and is supported by the Corporate Management Team whilst the Treasury Management Strategy and Annual Investment Strategy have drawn on advice from the Council's treasury advisers (Link Treasury Services Limited).

12.0 BACKGROUND PAPERS

12.1 Financial Strategy 2019/2029
CIPFA - Treasury Management in the Public Services – Code of Practice and Cross-Sectoral Guidance Notes – 2017 Edition
CIPFA – The Prudential Code for Capital Finance in Local Authorities – 2017 Edition
Scottish Parliament – The Local Government Investments (Scotland) Regulations 2010 (Scottish Statutory Instrument 2010 No. 122)
Scottish Government - Finance Circular 5/2010 – The Investment of Money by Scottish Local Authorities
Scottish Parliament – The Local Government (Capital Finance and Accounting) (Scotland) Regulations 2016 (Scottish Statutory Instrument 2016 No. 123)
Scottish Government - Finance Circular 7/2016 - The Local Authority (Capital Financing and Accounting) (Scotland) Regulations 2016 – Loans Fund Accounting

APPENDIX 1

Inverclyde council

Capital Strategy

2020 – 2030

Index

1.0 INTRODUCTION

1.1 The production of a Capital Strategy which is reviewed annually is now a requirement of the CIPFA Prudential Code. The document requires to be considered along with the Treasury Strategy and thereafter approved by the Inverclyde Council. It is viewed as being one of the key strategic financial documents along with the Council's Financial Strategy which help govern the strategic direction for the Council's financial planning.

1.2 The traditional focus of Local Government budgeting tends to be on the Revenue Budget with the annual cycle of Grant settlements from the Scottish Government, the identification of savings and investment plans and the approval of the budget along with Council Tax in February/March. As part of this the Council will generally approve a three year Capital Programme. In recent years the capital budget has been a less contentious issue for Elected Members with the Council approving significant amounts of prudential borrowing in order to deliver an ambitious Capital Programme.

1.3 Details of the Council's asset base, borrowing and debt are included within the audited financial accounts considered by Members and attracts far less attention than the Revenue Budget and Reserve position. At the 31st March 2019 the Council owned property plant and equipment assets valued at £390million net of accumulated depreciation. Once PPP Assets and Managed Properties are included then the value of this Asset Base increased to £492million. Much of the investment in this Asset Base has been funded by borrowing over preceding decades. The Council's external borrowing as at 19th February 2020 was:-

PWLB Debt	£104.1 million
Market Debt	£ 99.6 million
	£203.7 million

The bulk of this debt is due to be repaid at the point that the loan matures with some £41.5 million of the PWLB Debt due to be repaid by 31st March 2030.

1.4 Allied to this the Council maintains a Loan Charges record which is an internal record of investment and which is currently written down on annuity basis using the expected life span of the asset created/work carried out. For example a new school will generally be written off over 40 years whereas a roads resurfacing contract will be written off over 25 years. As at the 31st March 2020 the expected value of the Council's internal loan debt is £240.0 million. The repayment costs in 2019/20 are projected to be £20.6 million and these repayments include both Capital and Interest and are referred to as Loan Charges. It is Loan Charges which are funded by the Council's Revenue Budget.

1.5 Over the last ten years the Council has undertaken a significant amount of work on Asset Management Planning. The first Asset Management Plan related to the School Estate (the SEMP) which resulted in an ambitious and comprehensive new build and upgrade programme for the full School Estate. Thereafter asset plans were created in respect of the main leisure facilities, the roads assets, office and depot assets, ICT assets and most recently, open spaces. All Asset Management Plans are linked to the Corporate Directorate Improvement Plans (CDIPs) with delivery reported throughout the year both as part of the CDIPs but also via cyclical Capital Programme updates.

1.6 The purpose of Asset Management Plans are to not only document and quantify all the assets held and their assessed condition but also create a sustainable investment plan which can then be factored into future years Capital Programmes. The creation of the Asset Management Plan will require in many cases decisions from Members regarding a whole estate investment approach which will potentially identify assets which the Council should no longer retain. This can lead to investment in fewer assets but to a higher quality. This has certainly been the case in respect of schools, offices and depots where the Council's property footprint has reduced considerably with the sums saved from buildings no longer existence reinvested in the remaining buildings and resulted in a greatly improved estate.

1.7 A significant benefit of having long term Asset Management Plans is that it allows longer term Capital Planning and the Capital Strategy includes Investment Plans for the next 10 years. This allows the Council to identify whether it's longer term Capital Investment Plans are affordable and sustainable and provides time for corrective action to be taken.

1.8 The Council is coming to the end of a period of ambitious investment. This has seen a significant increase in the Council's Loan Debt over the last ten years and projections indicate that the Loan Debt will peak at approximately £242 million in 2021/22 but on the basis of limited prudential borrowing in future years the loan debt will reduce to around £190 million by 2029/30. Therefore it can be seen that there is a correlation between the reduction in the Council's internal loan debt and the repayment of the Council's external borrowing to the PWLB over the next 10-15 years.

1.9 One issue which the Capital Strategy and Treasury Strategy require to demonstrate is the affordability and sustainability of the Council's Asset Management Plans, to enable Members to see the longer term financial implications of policy and investment decisions.

1.10 Much of the affordability assessment depends on the Council's Treasury Strategy and this is also presented to the Policy & Resources Committee annually prior to the 31st March each year. The period of the Treasury Strategy is currently four years and one product of the creation of a Capital Strategy will be to better align the timescales for the Treasury Strategy, Investment Strategy and Capital Programme. Based on the projected trajectory of the Council's loans fund and external borrowing then the overall Treasury Strategy is currently to borrow on a short to medium term basis. This approach is largely influenced by the significant value of market debt held by the Council much of which was borrowed at the time of the transfer of the housing stock in 2007. The latest possible maturity date for the market loans varies from 2066-2077 although, dependent on macroeconomic changes there is always the possibility that lenders may wish to trigger repayment of their loans with the Council.

1.11 The Chief Financial Officer is supported in monitoring the Council's Capital, Treasury and Investment position by both internal officers and also the Council's Treasury Advisor with whom he meets twice per year. This external support is a vital check and balance in ensuring the Council is receiving the best possible advice and support in managing the Council's considerable asset base, borrowings and future investment plans. This enables the Chief Financial Officer to provide regular reports to the Policy & Resources Committee and the Inverclyde Council on the Council's Treasury Strategy, Treasury Annual Report and Mid-Year Report as well as frequent updates on the Capital Programme.

1.12 The Capital Strategy pulls all these aspects together and aims to provide a valuable addition to Elected Members overall understanding of the Council's finances and the wider impacts on policy choices in coming years.

2.0 GOVERNANCE AND REGULATORY FRAMEWORK

Legal and Regulatory Framework

2.1 The legal framework under which treasury management operates mainly involves:

- the Local Government (Scotland) Act 1973
- the Local Government (Scotland) Act 1975
- the Local Government etc. (Scotland) Act 1994
- the Local Government in Scotland Act 2003

and

- Regulations and statutory guidance issued under powers in the above Acts.

2.2 In addition, CIPFA issued the Prudential Code for Capital Finance in Local Authorities and the Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes, both of which were last revised in December 2017.

The Prudential Code requires Councils to ensure that capital expenditure and investment plans are affordable, that borrowing and other long-term liabilities are prudent and at sustainable levels, and that treasury management and investment decisions are taken in accordance with professional good practice. The Code requires the production and monitoring of Prudential Indicators.

The Treasury Management Code includes requirements for Councils to consider the objectives of their treasury management activities and the effective risk management of those activities. The Code requires the production of a Treasury Management Practices document which sets out how the Council will seek to achieve its treasury management policies and objectives and how it will manage and control its treasury management activities. The Code also requires that, as a minimum, the following reports be submitted to the Council each year: a treasury management strategy, a mid-year review, and an annual report after the year-end.

2.3 The main regulations and statutory guidance that apply are:

a) Local Government Capital Expenditure Limits (Scotland) Regulations 2004
These require that Councils “have regard” to the Prudential Code when determining “the maximum amount which a local authority can afford to allocate to capital expenditure”.

b) Local Government Investments (Scotland) Regulations 2010
Scottish Government Finance Circular 5/2010 was issued under these Regulations and requires the approval of annual Investment Strategies and Permitted Investments by Members as well as an Annual Report on Investments to Members within 6 months of the financial year-end.

c) The Local Authority (Capital Finance and Accounting) (Scotland) Regulations 2016
Scottish Government Local Government Finance Circular 7/2016 was issued under these Regulations and replaced provisions for local authority borrowing, lending and loans funds that were in the Local Government (Scotland) Act 1975. The Circular includes requirements in relation to the prudent annual charging against the Revenue Budget for the cost of capital projects (Loan Charges) and permitted methods of calculating those charges (largely replacing the annuity method with equal instalments for new capital expenditure from 2021/22).

d) Scottish Government Local Government Finance Circular 7/2018
This Guidance replaces a Finance Circular issued in 2007 that was issued under powers in the Local Government in Scotland Act 2003. The Guidance permits accounting adjustments for some types of treasury management activities, including where Councils have incurred premiums or received discounts when refinancing PWLB loans taken out by the Council.

Governance

2.4 The Capital Expenditure budget is approved by the Council and monitored by the Policy & Resources Committee with oversight of individual projects by the Service Committees.

2.5 For Treasury Management, officers prepare an Annual Treasury Management and Investment Strategy for each year (including Permitted Investments for the year, the Authorised Limit for External Debt, and the Treasury Management Policy Statement), a Mid-Year Report, and an Annual Report. These reports are submitted to the Policy & Resources Committee for review and for remission to the Full Council for formal approval, in line with the regulatory requirements above. Where the Council undertakes debt rescheduling, this is reported to the Policy & Resources Committee and the Full Council in line with agreed policy.

2.6 The cost of Treasury Management activity is included in the Revenue Budget and Budget reports to Committee as Loan Charges. Loan Charges are comprised of the annual charges for the write-off of the cost of capital projects over an appropriate period along with the interest and expenses costs from borrowing and the treasury management activities.

2.7 The Chief Financial Officer has delegated authority to make the necessary arrangements for authorised borrowing, the temporary investment of funds, and specified changes to the Treasury Management Practices. This authority is also delegated to each of the 3 Finance Managers where the Chief Financial Officer is absent (as approved by the Council on 30 November 2017). Treasury Management requirements are also included in the Council's Financial Regulations.

2.8 The Treasury Management Practices ("TMPs") is an operational document that is updated at least every 3 years and that set-out the main principles under the Treasury Management Code and how the Council will comply with those principles. The TMPs were last updated in March 2018.

3.0 ASSET MANAGEMENT PLANS

3.1 A number of years ago the Council identified the need to align capital investment against the policy priorities of the Council. This resulted in the creation of a number of comprehensive Asset Management Plans (AMPs). The first Asset Management Plan related to the School Estate (the SEMP) which resulted in an ambitious and comprehensive new build and upgrade programme for the full School Estate. Thereafter asset plans were created in respect of the main leisure facilities, the roads assets, office and depot assets, ICT assets and most recently, open spaces.

3.2 Over the last ten years the Council has undertaken a significant amount of work on Asset Management Planning and has used a combination of internal expertise and external peer review in their development. Once created the AMPs are embedded within the Council's Corporate Directorate Improvement Plans and Capital Programme formulation process to ensure that there is a strong alignment between the Council's overarching Priorities and capital investment decisions.

3.3 The Asset Management Plans not only document and quantify all the assets held and their assessed condition but also create a sustainable investment plan which can then be factored into future years Capital Programmes. In addition the creation of the Asset Management Plan will lead to Members considering a whole estate investment approach which will potentially identify assets which the Council should no longer retain.

3.4 A significant benefit of having long term Asset Management Plans is that it allows longer term Capital Investment Plans for a minimum of the next five years but the capability to project this forward for a further period of time. This allows the Council to identify whether it's longer term Capital Investment Plans are affordable and sustainable and provides time for corrective action to be taken. The next part of this section provides an overview of the current position of the Asset Management Plans being progressed by the Council.

3.5 **School Estate Management Plan**

The Council has invested in excess of £270m on its school estate over the last 16 years. The rationalisation of the estate was completed by the end of 2013. Over the period of the programme to date there have been a net reduction of 12 primary schools (from 32 to 20) and a net reduction of 2 secondary schools (from 8 to 6) with 2 of the remaining 6 secondary schools co-located within a shared community campus.

Significant progress has been made since 2004, particularly in addressing the number of Condition category C (Poor) and D (Bad) rated schools from 7 Secondary Schools and 21 Primary Schools at the start of the programme to all schools across all sectors rated A (Good) or B (Satisfactory) by 2016. In terms of Suitability there has also been significant progress made in ratings through the programme of comprehensive refurbishment and new build.

The School Estate funding model is reviewed and reported annually to the Education & Communities Committee. The current plan will see all major projects completed by 2020 which reflects the approval of the acceleration of the School Estate Management Plan agreed as part of the budget setting process in March 2016.

The plan has progressed to an advanced stage with the final 2 primary school projects on site/under construction and projected to complete by 2020. The Council decant facilities retained to facilitate the programme are also being addressed with demolition of the leased former St Stephen's HS completed 1st Quarter 2019 and the demolition of the former Sacred Heart PS planned upon completion of the new Larkfield Children's Centre in 1st Quarter 2021.

Additional expenditure was also approved in March 2016 to address works required to improve asset condition and suitability across the stand-alone facilities within the Early Years estate. The Council funded elements of the Early Years estate plan have progressed to an advanced stage with all but one project complete and with that final project due to commence in March and complete in November 2020.

A number of projects were also taken forward and completed in 2014/15 to facilitate the Scottish Government commitment to the provision of 600 hours of Early Learning and Childcare. The Scottish Government plan to increase the entitlement of early learning and childcare from 600 hours to 1140 hours by 2020 requires substantial levels of investment in workforce and infrastructure which has been phased from 2017/18 onwards to ensure that required expanded capacity is in place by 2020. Inverclyde Council submitted its initial expansion plan to the Scottish Government in September 2017 on how it intended to deliver this expansion and this was reported to the October 2017 Education & Communities Committee. A full re-working of the plan was undertaken with submission of a revised financial template in March 2018 and the revised plan was reported to the special Education & Communities Committee in June 2018. The Scottish Government confirmed a total Capital grant of £5.98m to Inverclyde Council as part of the overall 1140 hours funding for the infrastructure and capital funded elements of the expansion plan to be delivered between 2017/21. As at 1st Quarter 2020 ten of the fourteen 1140 hours expansion projects have been completed with the remaining projects at various stages of construction/procurement.

The School Estate funding model also includes a lifecycle fund designed to address maintaining the condition and suitability of the revitalised estate. The fund allocations are profiled such that the initial allocation of circa £400K in 2014/15 increases to just below £2m in 20/21 with further projected increases over time (subject to capital funding constraints and budget setting process). The lifecycle works address the on-going requirement for investment in the estate to maintain the overall condition of the assets at a good/satisfactory level. The allocation of this funding is based on annual review of the externally procured condition surveys and physical inspection of the various properties by the Council's Property Service. The most recent external condition surveys were undertaken via Aecom between October and November 2019 with all reports now submitted and currently under review by Property Services. These surveys and Property Services assessment will inform the allocation of future lifecycle funding across the estate and this will become increasingly important in the coming years, particularly for the properties that were included early in the original programme.

A wider Learning Estate Review and strategy is now required to address the next 10 years and future of the Learning Estate. Work has commenced on this in respect of roll projection analysis and assessment of the possible impacts of the new Local Development Plan and potential new housing provision. The new strategy will also include a full review of the Condition of the estate from the most recent external surveys and all suitability surveys will also be revisited. The review will also afford an opportunity to assess elements such as ICT and Energy efficiency.

3.6 **Office AMP**

The Council's Office rationalisation proposals were originally presented and approved in September 2010. Linked with this was the prior approval in March 2010 for the development of a Customer Service Centre within Greenock Municipal Buildings designed to transform the way the Council communicates with its customers. The programme is part of a wider programme to modernise the Council's operations and working practices which includes initiatives such as mobile and flexible working, electronic document management (EDRMS) and greater use of technology. The Offices Asset Management Plan (AMP) was taken forward on the premise that fewer desks than Employees would be provided. At September 2010 the Council had 1,014 occupied desks. It was proposed that by the end of the process of rationalisation 725 desks would be required with a notional 730 desks approved. The final projects within the Offices AMP were completed in Autumn/Winter 2017. To date the Office Rationalisation programme has resulted in a reduction of circa 40% of occupied floor space with an increased potential desk space ratio through more efficient use of space across the same number of retained properties.

With the completion of the Office rationalisation programme, the majority of the Council's Operational Office space is now contained within the Greenock Municipal Buildings Campus. This is comprised of the main Municipal Buildings (including the refurbished/renovated former District Court offices), the Wallace Place Building and the James Watt Building. Property Services have undertaken studies across the Campus, both internally and through external specialist space planning consultants, with a view to identifying where possibilities exist for more efficient use of space and to address improvements where existing space is less suitable for current use and/or in poorer condition. The allocation of funding to address this next phase of Office Asset Management is currently being considered as part of the budget setting process.

The future maintenance and lifecycle requirements of this element of the Council's estate strategy will now be contained / addressed within the Operational Properties portfolio and the allowances for statutory and planned maintenance / lifecycle works funded from the annual £2m General Property Service capital allocation monitored through the Environment & Regeneration Committee.

3.7 **Depot AMP**

The Council's Depot rationalisation has involved the centralisation of Grounds, Waste and Transport at Pottery Street with a Gourock Civic Amenity site and the Building Service Unit (BSU) currently remaining at Devol Depot. The plan has been progressed to an advanced stage with the completion of the salt barn, civic amenity site vehicle maintenance facility / offices fuel and vehicle wash facilities and the refurbishment of the corner depot building and offices all now complete at Pottery Street by 2nd Quarter 2019.. The original Depot Asset Management Plan budget was £13m however the development of the masterplan led to refinement of the strategy and proposals with reviews of phasing and scope (last major review carried out in 1st quarter 2015 realising a further £1m saving). The current outturn cost for the Depot AMP is projected at £10.2m. The final element of the Depot AMP involving the Gourock Civic Amenity facility has been reviewed with a revised proposal to relocate from Kirn Drive and provide a recycling centre only for domestic/household waste at Craigmuschat Quarry. Subject to statutory approvals it is anticipated that this final element will be completed in 2020.

3.8 **Leisure AMP**

The Council undertook a review of its key Leisure Sites prior to 2009 and brought reports forward covering a review of strategic sites and a pitches strategy, with a view to modernisation and reconfiguration of leisure provision within Inverclyde. A planned investment profile was presented to Committee in September 2009 with an initial implementation timescale of August 2012. Consultation was also undertaken with Sportscotland who allocated £1m in facilities grants, part funding specific projects at Parklea and Ravenscraig. The Leisure Strategy has now been fully implemented.

The Leisure Strategy has now been fully implemented with a number of further projects completed (Ravenscraig Activity Centre / Inverclyde Indoor Bowling / Lady Octavia Sports Centre / Boglestone Community Centre) through joint Council / Inverclyde Leisure funded projects. Plans for an indoor tennis facility at Rankin Park are also being explored through Inverclyde Leisure with a Council capital funding contribution of £500K committed. The Council and Inverclyde Leisure are also currently working together on a review of the leisure estate to inform future asset management planning.

The major maintenance and lifecycle replacement requirements of the buildings for the Leisure Estate remains with the Council and this element of the Council's estate strategy is addressed within the Operational Properties portfolio and the allowances for statutory and planned maintenance / lifecycle works funded from the annual £2m General Property Service capital allocation monitored through the Environment & Regeneration Committee. Minor day to day maintenance and 'consumables' are the responsibility of Inverclyde Leisure in accordance with the Service Level Agreement which regulates access, standards of maintenance and division of responsibilities. The allocations through this fund will be vital in the coming years to address significant elemental renewal of ageing assets.

In 2018 the Council agreed to allocate £120,000 annually to supplement the funding in the Leisure Repairs and Renewals Fund to meet the life cycle costs associated with the large 3G Pitch estate. The on-going requirements for major maintenance and lifecycle replacement of sports pitches across the Leisure Estate are addressed through the Leisure Pitches Strategy Asset Management Plan and capital allocations monitored through the Education & Communities Committee. Condition surveys were undertaken via external specialists in late 2019 across the Leisure and

School Estate pitches to inform a review of the Asset Management Plans and lifecycle replacement allowances. This information together with data on individual pitches hours of use from Inverclyde Leisure will allow a review of plans and update report to the relevant Committees in 2nd Quarter 2020

3.9 **Roads AMP**

The Council approved a comprehensive Roads Asset Management Plan (RAMP) and funding model in August 2012. The original budget allocation was £17m based on a three year budget set in February 2013. This was increased to £29m to be invested over the five year period 1 April 2013 to 31 March 2018. A further investment in line with an updated RAMP was agreed in 2019 for the period to 31 March 2023

The RAMP has been ongoing since 2013, some 53% of carriageways have been treated; this gives rise to a continued reduction in the Road Condition Indictor (RCI) for carriageways, as follows:

	SRMCS Survey Results			
Year	**Red**	**Amber**	**Green**	**RCI**
2011/13	13.55	35.42	51.0	**49.0**
2012/14	12.69	36.55	50.8	**49.2**
2013/15	10.80	35.47	53.7	**46.3**
2014/16	10.11	33.18	56.7	**43.1**
2015/17	8.57	31.96	59.5	**40.5**
2016/18	7.09	30.80	62.1	**37.9**
2017/19	7.44	30.02	62.5	**37.5**
2018/20	7.41	29.88	62.7	**37.3**

Inverclyde Council was named the UK's most-improved performer for roads, highways and winter maintenance as part of the 2015 Association for Public Service Excellence (APSE) Performance Networks Awards.

3.10 **Vehicle AMP**

The purpose of the Vehicle AMP is to provide the Council with an efficient, flexible method of procuring and operating fleet items that reflects good fleet management practice plus a cyclical replacement of fleet assets over a 5 or 7 year cycle dependant on fleet category taking advantage of public sector collaborative procurement frameworks.

In addition it led to the introduction of a dedicated Fleet Management System and Fleet Tracking System. Without a fleet asset management plan the Council would experience a return to inefficient practices including increased fleet downtime, an increase in expensive 'spot' hire vehicles, a requirement to increase workshop staff levels and an increase in both material and sub-contractor costs.

Looking to the future the Vehicle AMP will continue taking advantage of the latest technological advances both in terms of vehicle and management/telematics systems driving forward efficiencies within the fleet asset management plan.

Taking advantage of bridge funding from Transport Scotland and technological advances allowing greater battery range has allowed a significant increase in the number of Ultra Low Emission Vehicles (ULEVs) on the Council fleet. The vehicle categories consisting cars, people carriers and vans up to 2500kg Gross Vehicle Mass (GVM) accounts for 50 vehicles. In 2017/18 there were 4 pure electric ULEVs accounting for 8% of fleet vehicles within these categories. Within the same categories in 2019/20 the Council now has 30 pure electric ULEVs accounting for 60%. It is anticipated based on current technologies that this figure will rise to 41 by 2021/22 accounting for 82% of the Councils fleet of light commercial vehicles. The Council is well placed to provide service users with a continuity of service whilst meeting the Scottish Government target of ending the sale of new petrol or diesel cars and light vans in Scotland by 2032.

The technology to further introduce ULEVs into the medium and heavy commercial fleet is developing quickly and the continued funding of the Vehicle AMP will allow the Council to take advantage of these new technologies. In conjunction with this, consideration will require to be given to significant infrastructure requirements given the power requirements to charge large commercial vehicles, particularly when being charged at the same time in one central hub such as the Pottery Street depot.

3.11 **Open Spaces AMP**

The Council has also developed an initial Open Space AMP which incorporates Burial Grounds and the Crematorium. Given the wide range and nature of the assets covered and the piecemeal nature of some of the investment, the preparation of a detailed AMP has proven to be challenging. Based on the information to date an annual capital sum of £200,000 is allocated for general lifecycle maintenance.

In addition the Council has agreed to allocate over £3.0 million over the next 2 years to expand Burial Grounds provision and replace the Council's cremators. The identification of appropriate ground for burials will present challenges for the Council in the medium/longer term.

3.12 **ICT Asset Plan**

The ICT Asset Management Programme delivers a modern ICT infrastructure providing the most appropriate level of equipment, at best value to the Council across all of Inverclyde Council's Offices and Schools. It aims to allow staff to undertake their roles and responsibilities in as efficient a manner as possible and provide teachers and pupils with modern and sustainable learning technologies. The ICT AMP has an annual budget of £0.36m.
In line with the best practices for ICT Asset Management, the physical lifecycle of an ICT Asset has two distinct phases:

- Planning & Procurement
- Lifecycle & Disposal

ICT implements a six year desktop and laptop refresh strategy. The 2019/20 refresh programme is replacing 907 devices and has three main areas of activity – Corporate Equipment within Greenock Municipal Buildings, HSCP Staff fin Hector McNeil House and replacement of Technical PCs within the secondary School Estate:

Location	No of Devices
GMB	279
HSCP	324
Schools (Technical)	304
Total	907

.
The total number of devices in the programme is 5729

	Desktop PCs	Notebook PCs	Tablet PCs	Total
Schools	2893	1131	42	4066
Corporate	936	610	117	1663
Total	3829	1741	159	5729

The programme also includes provision for replacement of core ICT equipment such as network storage, servers and infrastructure.

3.13 **Scheme of Assistance**

Section 72 of the Housing (Scotland) Act 2006 requires Local Authorities to prepare and make publicly available a statement which sets out the Council's approach to providing householders with advice and/or assistance on how to repair, improve, maintain or adapt their home.
The 2006 Act paves the way for applications for assistance with adaptations to be treated

separately from applications for assistance with repairs and includes a general duty to provide financial assistance to make a house suitable for a disabled person.
All eligible adaptation works will receive a minimum of 80% grant assistance or, at the discretion of the Council, 100% grant can be awarded.

The provision of a Care and Repair/Small Repairs Service who assist eligible applicants with the grant process and progression of adaptation works. Care and Repair operate a small repairs service for plumbing, electrical, joinery and general household jobs. The services are available to homeowners and tenants in the private sector who are either disabled or are over 60 years of age.

Year	Number of Homes Adapted	Small Repairs Provided
15/16	174	1705
16/17	181	1587
17/18	171	1701
18/19	195	1582

3.14 **HSCP Asset Management**

A review of HSCP properties including opportunities for reconfiguration of services to support co-location is currently underway as part of the formulation of a HSCP Property Asset Management Plan. A number of shared service offices have been addressed as part of the Offices Assets Management plan and consolidation within the Hector McNeil House building completed in 2014

Significant further asset areas are already being addressed via proposals agreed in respect of the phased re-provisioning of Inverclyde's Children's Residential Services with one new unit (Kylemore) completed in March 2013, a further unit (Cardross) completed in January 2018 and the final unit (Crosshill) currently under construction to complete in 2nd Quarter.

Two further significant HSCP projects secured Scottish Government funding support with a new Adult and Older People Complex Care Beds facility (Orchard View) completed in summer 2017 and the new Greenock Health and Care Centre currently under construction with completion anticipated in 4th Quarter 2020. The completion of the new Health and Care Centre will facilitate further shared service / joint working with the business case predicated on the basis that the existing NHS owned Greenock Health Centre, Boglestone Clinic, Larkfield Child & Family Centre (CAMHS) Building, and Cathcart Centre, which are not fit for purpose, will be disposed of once the new facility becomes operational.

The Strategic Review of Services for Adults with Learning Disabilities in Inverclyde was signed off by the Integration Joint Board in December 2016. As part of the Service redesign, a number of properties historically used by the service have been decommissioned with flats at Lynedoch Street and Hope Street vacated and released back to the relevant RSL's. Golf Road was vacated in June 2018 and the McPherson Centre decommissioned in September 2018 with full integration into the Fitzgerald Centre following work within the Fitzgerald Centre to upgrade personal care facilities, storage and sensory areas undertaken over summer 2018. The longer term plan remains for a new build Day & Social Community Hub with business case now prepared and final proposals subject to approval.

Two other specific property issues remain for Health & Social Care around the future of the Centre for Independent Living store and the continued lease of the Unpaid Work Unit at Kingston Industrial Estate.

Day to day investment in the HSCP buildings is funded from the general Property AMP but the funding for transformational change in service delivery requires to be funded elsewhere. For the Children's Houses, funding came from a combination of prudential borrowing funded by service savings, reserves and core capital grant. The new Day & Social Community Hub will be funded by prudential borrowing subject to approval as part of the budget setting process.

3.15 **City Deal**

Although not a specific Asset Management Plan the Council does have major investment plans in relation to the Glasgow Region City Deal which has a £1.13 billion Capital Infrastructure investment programme covering the 8 Local Authorities in the Glasgow City region. Inverclyde Council currently has 3 projects in various stages of development with an estimated Capital cost of £22.4 million.

It is currently anticipated that over £20million million of this investment will be funded by grant from the Scottish and UK Governments which is due to be paid over a 20 year period ending in 2035. Due to the timing difference between the Council incurring expenditure by 2023 and the receipt of grant, the Council will require to finance the cashflow implications as well as loan charges in relation to the Council's projected £1.3 million contribution.

The funding for this has been allowed for in the Council's recurring Revenue Budget and forms a specific appendix within the Financial Strategy.

4.0 THE CAPITAL PROGRAMME

4.1 The Council traditionally approves a rolling three year Capital Programme each budget cycle. The March 2020 budget cycle brings the current Capital Programme up to 2022/23.

4.2 Annual capital budget allocations are provided for investment in the core assets identified via the Asset Management Plans with these allocations intended to maintain the existing assets to acceptable standards. The allowances do not generally allow for expansion or replacement of existing assets which would normally be addressed through specific investment proposals.

4.3 Current annual allocations amount to £9.243m (see table below) This amount includes the increased allocation to Roads to deliver the RAMP as well as an ongoing Life Cycle Maintenance allowance for School Estate.

Recurring annual Grant Allocations:

ICT	£0.363m
Roads (RAMP)	£3.000m
Zero Waste Fund	£0.060m
Parks & Open Spaces	£0.200m
Property	£2.000m
Scheme of Assistance	£0.500m
Leisure Pitches	£0.120m
School Estate	£3.000m
Total Annual allocations	£9.243m

General Capital Grant in 2020/21 £6.174m

Following the unexpected 25% reduction in capital grant announced in February, 2020 the 2020/21 General Capital Grant is approximately £3.0 million short of the ongoing Asset Maintenance requirement... For 2021/22 and 2022/23 it is anticipated that while the Grant settlement may be higher than in 2020/21 the annual shortfall is likely to be in the region of £2.0m This would require to be funded from either capital receipts, revenue reserves and prudential borrowing or investment requires to be reduced.

4.4 Other investment includes the Vehicle Replacement Programme however this is funded via the specific funding models and is not reliant on the General Capital Grant. In addition specific investment proposals are considered either as part of the budget setting process or via reports to Service Committees. Any such proposals would require to be funded by way of prudential borrowing and/or one off allocations from reserves.

4.5 Specific capital grant awards are also included in the programme, currently there is significant time limited Specific Grant funded investment in Early Learning & Child Care. In addition, grants are received on an annual basis from Strathclyde Partnership for Transport, Sustrans and Cycling, Walking & Safer Streets.

4.6 In recognition of potential increase in resources or cost reductions the Council will overprovide by up to 5% against available resources. It needs to be borne in mind that if extra resources or cost reductions do not occur then savings will be required.

4.7 A summary of the proposed 2020/23 Capital Programme is shown below. This was approved by the Council in March 2020.

Proposed Capital Programme 2020/2023

Expenditure/Projects by Committee	2020/21 £m	2021/22 £m	2022/23 £m	Totals £m
Policy & Resources	0.254	0.423	0.423	1.1
Environment & Regeneration	11.197	15.682	7.050	33.929
School Estate	6.677	4.387	2.759	13.823
Education & Communities	0.245	1.11	1.927	3.282
HSCP	0.136	3.95	3.5	7.586
	18.509	25.552	15.659	59.720
Financed By				
Government Grant	6.174	7.1	7.1	20.374
Sales/Contributions	0.543	0.148	0.095	0.786
Other Income	1.717	0.019	0	1.736
Revenue	4.883	0.26	1.018	6.161
Prudential Borrowing	2.169	5.981	3.942	12.092
Resources Carried Forward	15.808	0	0	15.808
	31.294	13.508	12.155	56.957
Shortfall in Resources				2.763
Recommended maximum overcommitment (5% of Resources)				2.848
Flexibility				-0.085

5.0 DEBT AND FIXED ASSETS

5.1 One objective of the Capital Strategy is to demonstrate the sustainability and affordability of its capital expenditure and investment plans. Much of the affordability assessment depends on the Council's Treasury Strategy. The period of the Treasury Strategy is currently four years and one positive development arising from the creation of a Capital Strategy will be to align the timescales for the Treasury Strategy, Investment Strategy and Capital Programme.

5.2 A key requirement of the Treasury Strategy is to set the Prudential Indicators which will determine limits around borrowing, investment and affordability and thereafter feeds directly into the Revenue Budget process. The Treasury Strategy is considered by the Policy & Resources Committee in March and thereafter the Council.

5.3 There are 3 distinct areas where it is important that the inter relationships are highlighted as these are at the heart of understanding the Council's overall approach to capital investment and long term financial planning.

Loan Charges/Loan Fund Debt – Loan Charges records are the Council's internal record of capital investment. Sums incurred are currently written down on annuity basis using the expected life span of the asset created/work carried out. The Loan Charges records allocate the capital incurred against the asset created/improved.
Loan Charges are an internal calculation and no money leaves the Council but it is Loan Charges which form the charge to the Revenue Budget as a proxy for depreciation.

External Debt- To fund capital works the Council will in many cases have to borrow funds. The traditional route for local government remains to borrow from the Public Works Loan Board (PWLB) but a significant amount of borrowing has also been carried out from other lenders and this is referred to as Market Debt. Interest is paid on these loans throughout the year and these costs form the basis of the calculation of the loan charges interest rate.

Balance Sheet Fixed Assets - As part of the statutory Annual Accounts the Council prepares a Balance Sheet and the largest sum within this is the value of assets held by the Council. Assets are revalued on a rolling basis every 5 years although adjustments can be made in the interim in the event of a material impact on the assets value. Depreciation is applied to the assets prior to inclusion on the Balance Sheet. Depreciation does not form part of the revenue budget and is reversed out of the accounts when calculating the Council's available Usable Reserves.

The financial position of these three areas is explained further in the following paragraphs.

5.4 **Loan Fund Debt**

The Council is coming to the end of a significant period of ambitious investment in the School Estate, Leisure Estate and the Office and Depot Estate. This has seen a significant increase in the Council's Loan Debt over the last ten years and projections indicate that the Loan debt will peak at approximately £242 million in 2021/22 but on the basis of limited prudential borrowing in future years the loan debt will reduce to around £191 million by 2029/30. Thereafter the debt gradually reduces and by 2040 there is only £116 million of the current debt outstanding.

5.5 **External Debt**

The Council's external borrowing as at 19th February 2020 was:-

PWLB Debt	£104.1 million
Market Debt	£ 99.6 million
	£203.7 million

The bulk of these loans are Maturity Loans i.e.: principal is due to be repaid at the point that the loan matures, with some £41.5 million of the PWLB Debt due to be repaid by 31st March 2030. Thereafter however there is a 25 year period where under £18 million is due to mature unless called in by the market lenders or the Council restructures its PWLB debt.

Taking 5.4 and 5.5 together then by 2028, on the basis of the Capital Expenditure plans outlined in this Strategy, the External Debt will exceed Loans Fund Debt. By 2040 the amount of External Debt would exceed Loan Charges Debt by £35 million if nothing else changes and this over borrowing would continue to grow over subsequent years.

5.6 **Balance Sheet Fixed Assets**

At the 31st March 2019 the Council owned property plant and equipment assets valued at £390million net of accumulated depreciation. Once PPP Assets and Managed Properties are included then the value of this Asset Base increased to £492million. This figure is significantly larger than the previous two figures as the Asset Value represents the fair value of the asset with assets revalued on a 5 yearly basis.

The average Asset Life Outstanding as at 31.3.19 for the different category of assets is shown the undernoted table. From this it can be seen that for the 3 main non-PPP asset categories, the average remaining life is approximately 22.8 years. At a high level this shows a correlation between the remaining life of the main assets in the balance sheet and the Loans Fund Debt.

	Average	
	Asset Life	Asset Life Outstanding
AUC	55.4	54.92
Community Asset	34.46	25.47
Infrastructure	30.05	19.12
OLB	29.75	23.80
PPP	34.80	31.07
VPE	6.34	2.75

It should be noted that the Asset Life Outstanding is reviewed at each valuation and provided the Council is undertaking appropriate maintenance and investment then the life will be extended thus ensuring that Asset values continue to exceed Long Term Borrowing in the Balance Sheet. In tandem with this the Policy & Resources Committee approved a Loan Charges repayment Policy in 2019 which extended the write off period for some classes of capital work. The net effect has been to spread loan charge payments over a longer period.

5.7 In summary therefore, in order for the Council to maintain its considerable asset base, it will need to undertake capital investment over and above the projected Scottish Government Grant/Capital Receipts. As such the Council will always carry Loans Fund Debt and External Debt. In order to ensure that the Council achieves a closer correlation between Loan Debt and External Debt in the longer term, the majority of new borrowing will be carried out for short to medium term periods i.e. up to 10 years.

6.0 LONGER TERM INVESTMENT PLANS

6.1 It can be seen from Section 4 of the Capital Strategy that it is unlikely that Government Grant and estimated Capital receipts will be sufficient to meet the required investment levels for the Council to maintain its current asset base. The current Financial Strategy assumes that the Council will prudentially fund £1.4 million of capital investment annually from 2023/24. Any prudential borrowing over and above this will need to be funded from savings delivered by the investment. This will require the Council takes a conscious decision to both disinvest in certain assets and reduce the number of assets it holds.

6.2 It should be noted that this level of investment takes no account of any one off Capital investment requirements not included in the core life cycle maintenance allocations. Any such investment requirements will be flagged up in the relevant Asset Management Plans and following consideration as part of the normal governance processes would be factored into future Capital Strategy reports.

6.3 Appendices B and C show the impact of this level of capital investment on the Loan Charges earmarked reserve, loan charges and loan debt for the period to 2039/40. From Appendix C it can be seen that projected Loan Charges would drop by almost £2.9 million between 2020/21 and 2029/30 whilst over the same period the Loan Debt will drop by £42 million.

6.4 Despite the ongoing need for prudential borrowing the Council will see a reduction in the proportion of its Revenue Budget which is spent on servicing loan charges and also a significant reduction in the ratio of loan debt to revenue budget. From Appendix C it can be seen that the Loan Debt as a percentage of Revenue Budget drops by almost 22% over the 2020/30 period, whilst the % of the Revenue Budget spent on Loan Charges drops by 1.6% to 9.05%

6.5 Looking beyond 2030 involves a significant amount of uncertainty around both the funding of Local Government, the services which it will be expected to deliver and the nature of those services. However based on past investment and current service delivery then many of the assets built or significantly refurbished since local government re-organisation will become due for replacement/refurbishment. The Council will therefore require to consider how this massive investment would be funded as part of future Capital Strategies.

7.0 CONCLUSIONS

7.1 The Capital Strategy provides an opportunity for a number of related aspects of the Council's overall finances to be pulled together into a summarised document. From this it can be seen that:

a) The Council is well advanced in its Asset Management Plan preparation and delivery with major investment in all aspects of its asset estate over the last 10 years or more.
b) The Council keeps a long term view of its long term borrowing and funding and this informs the current Treasury Strategy.
c) The Council has a robust governance process via the Financial Regulations, Prudential Code, Risk Management and Budget Process to ensure that Asset Management Plans and the Capital Strategy are affordable in the medium to longer term.

The current proposals within the Capital Strategy are affordable and can be met from the current Loan Charges allocation without further cost to the Council Tax payer.

7.2 The Capital Strategy emphasises the need for the Council to take a long term view when taking decisions around Capital investment and specifically to ensure that investment plans are appropriate and financially sustainable in the longer term. The annual production and updating of the Capital Strategy allied to the Treasury Strategy, Capital Programme approval and Financial Strategy will all ensure that the Council are able to take Capital investment decisions in the knowledge of the long term implications.

The area of Treasury and Capital investment requires risks to be continually managed and monitored. Part of this is covered in the Governance Section (Section 2), however the following paragraphs list other risks and how the Council manages these. The risks are shown in bold with the mitigation in normal typeface.

1/ **The Capital Strategy does not reflect the objectives set out in other strategic plans of the Council.**

The Capital Strategy provides a high level overview of the various Asset Management Plans, Financial Strategy and Treasury Strategy all of which closely link to the plans the Council has signed up to. It is acknowledged that there will inevitably be other financial investment requirements over the next 20 years not quantified at this point in time however the Capital Strategy will be updated as further information becomes available regarding these strategic plans.

2/ **The directorate planning process will identify a range of additional budget pressures over and above those currently considered in this Financial Strategy.**

The Directorate Planning Guidance identifies that Corporate Directorate Improvement Plans (CDIP) should reflect the resources allocated – the need for additional resources to achieve a particular priority should be specifically identified via the Council's approved governance processes prior to the preparation of the CDIP.

3/ **Forecasts within the Capital Strategy are not accurately determined or reviewed on a regular basis**.

The Capital Strategy will set out the expected levels of expenditure and income for the future. The forecasts are arrived at through careful consideration of historic trends and current AMP investment levels plus advice on interest rates and borrowing costs from the Council's Treasury Advisors.

Throughout the financial year, the Council regularly monitors its financial performance against its capital and treasury budgets and will revise projections and/or take action where necessary.

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4/ **The Council has insufficient capital resources to sustain capital commitments**.

The combination of reduced funding and the economic position mean that the Council has to focus on maintaining key infrastructure whilst utilising prudential borrowing for specific capital projects.

Regular review of existing Asset Management Plans and Policy Priorities ensures that the Council's investment plans remain affordable. The Council is in regular contact with its Treasury Advisors to identify opportunities to reduce Treasury costs within the parameters of the Prudential Indicators.

5/ **Given the major Global Economic uncertainty the Council is exposed to major fluctuations in the financial markets**

The Council' Treasury and Investment Strategy supported by the associated Treasury Management Policies and Prudential Indicators provides a robust framework within which officers operate to ensure that the Council is not materially exposed to short term fluctuations in the financial markets.

Appendix b

Capital Strategy
Loan Charges

		2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31 £'000
Balance B/fwd		6,086	4,036	1,375	1,596	1,155	854	986	1,117	1,342	1,523	1,711	2,194
Projected Loan Charges	a	13,725	14,006	10,174	10,536	10,496	10,163	10,264	10,270	10,414	10,507	10,312	10,157
Available Budget	b	11,675	11,345	10,395	10,095	10,195	10,295	10,395	10,495	10,595	10,695	10,795	10,895
Loan Charge Surplus/(Deficit)		(2,050)	(2,661)	221	(441)	(301)	132	131	225	181	188	483	738
Other Adjustments: ---													
Balance at Year End		**4,036**	**1,375**	**1,596**	**1,155**	**854**	**986**	**1,117**	**1,342**	**1,523**	**1,711**	**2,194**	**2,932**
Interest Rate (Assumed):		3.55%	3.57%	3.67%	3.55%	3.60%	3.60%	3.70%	3.80%	3.95%	4.00%	4.15%	4.25%

Notes

Revised projections as at February 2020 and excludes Loan Charges relating to funded models (SEMP, AMP, VRP, City Deal, Birkmyre Trust).
Includes the effect of decisions on SEMP acceleration taken in March 2016 including the £650k annual budget transferred to SEMP from 2021/22.
From 2018/19 onwards, general capital grant is applied to core allocations only and not to individually funded models (e.g. VRP).

a Includes loan charges for new LD Centre based on spend between 2021/22 and 2022/23.
£100k annual cost increase from 2023/24 to reflect increased prudential borrowing of £1,400k.

b Adjustments to Available Budget:

For 2019/20

£30k removed for ICT saving agreed February 2015 (additional sum removed each year until last year 2020/21).
Budget from 2018/19 onwards reduced by £300k annually to 2022/23 to reflect reduction in Scottish Government grant support resulting from repayment of historic debt.
£30k removed from ongoing budget for saving due to debt restructuring undertaken in February 2019.
Budget from 2019/20 onwards reduced by £70k due to use of reserves for premiums write-off in 2018/19.
£30k removed from ongoing budget for loan charges saving by using reserves to balance 2019/23 Capital Programme (agreed March 2019).
£400k removed from ongoing budget from 2019/20 following the Loan Charges review in 2019.

For 2021/22

£650k removed from ongoing budget and transferred to SEMP relating to SEMP acceleration, as agreed in March 2016.

For 2023/24

Budget from 2023/24 onwards increased by £100k annually for annual Prudential Borrowing.

Appendix c

LONG TERM LOANS FUND PROJECTIONS BASED ON CAPITAL STRATEGY

	Loans Fund Debt End of Year	Total Loan Charges	Assumed Interest Rate	Revenue Stream	% of Loans Fund Debt to Revenue Stream	% of Loan Charges to Revenue Stream
	£000	£000	£000	£000		
2019/20	239,956	20,636	3.55%	196,287	122.25%	10.51%
2020/21	233,449	20,985	3.57%	197,275	118.34%	10.64%
2021/22	242,410	17,298	3.67%	196,275	123.51%	8.81%
2022/23	240,168	17,810	3.55%	195,275	122.99%	9.12%
2023/24	233,199	17,818	3.60%	194,275	120.04%	9.17%
2024/25	226,758	17,557	3.60%	195,175	116.18%	9.00%
2025/26	221,508	17,764	3.70%	196,175	112.91%	9.06%
2026/27	214,482	17,857	3.80%	197,175	108.78%	9.06%
2027/28	206,915	18,080	3.95%	198,175	104.41%	9.12%
2028/29	198,963	18,194	4.00%	199,075	99.94%	9.14%
2029/30	191,273	18,110	4.15%	200,175	95.55%	9.05%
2030/31	184,741	18,035	4.25%	201,275	91.79%	8.96%
2031/32	177,081	18,033	4.35%	202,475	87.46%	8.91%
2032/33	169,721	17,719	4.40%	203,675	83.33%	8.70%
2033/34	161,914	17,704	4.50%	204,875	79.03%	8.64%
2034/35	153,728	17,996	4.65%	206,175	74.56%	8.73%
2035/36	146,141	18,023	4.75%	207,475	70.44%	8.69%
2036/37	138,298	16,880	4.95%	208,775	66.24%	8.09%
2037/38	130,751	16,537	5.15%	210,175	62.21%	7.87%
2038/39	123,491	16,516	5.35%	211,575	58.37%	7.81%
2039/40	116,051	16,619	5.60%	212,975	54.49%	7.80%

Note: Revenue Stream is estimate of GRG/NDRI plus Council Tax.

Appendix 2

PERMITTED INVESTMENTS
AND RISKS/CONTROLS/OBJECTIVES FOR EACH TYPE OF PERMITTED INVESTMENT

The Council approves the following forms of investment instrument for use as Permitted Investments:

	Minimum Credit Criteria	Liquidity Risk	Market Risk	Max % of Total Investments	Max. Maturity Period
Deposits					
Debt Management Agency Deposit Facility (DMADF)	---	Term	No	Unlimited	6 Months
Term Deposits – Local Authorities	---	Term	No	80%	2 Years
Call Accounts – Banks and Building Societies	Link Colour Category GREEN	Instant	No	Unlimited	Call Facility
Notice Accounts – Banks and Building Societies	Link Colour Category GREEN	Notice Period	No	80%	6 Months
Term Deposits – Banks and Building Societies	Link Colour Category GREEN	Term	No	95%	2 Years
Deposits With Counterparties Currently In Receipt of Government Support / Ownership					
Call Accounts – UK Nationalised/ Part-Nationalised Banks	Link Colour Category BLUE	Instant	No	Unlimited	Call Facility
Notice Accounts – UK Nationalised/ Part-Nationalised Banks	Link Colour Category BLUE	Notice Period	No	80%	6 Months
Term Deposits – UK Nationalised/ Part-Nationalised Banks	Link Colour Category BLUE	Term	No	95%	1 Year
Securities					
Certificates of Deposit – Banks and Building Societies	Link Colour Category GREEN	See Note 1 Below	See Note 1 Below	80%	2 Years
Collective Investment Schemes structured as Open Ended Investment Companies (OEICs)					
Money Market Funds (CNAV or LVNAV)	AAAmmf with Fitch or equivalent with Moody's/ Standard & Poor's	See Note 2 Below	See Note 2 Below	50%	Call Facility

Notes:
1. The Liquidity Risk on a Certificate of Deposit is for the Term of the Deposit (if the Certificate is held to maturity) or the Next Banking Day (if sold prior to maturity). There is no Market Risk if the Certificate is held to maturity, only if the Certificate is sold prior to maturity (with an implied assumption that markets will not freeze up and so there will be a ready buyer).
2. The objective of Money Market Funds is to maintain the value of assets but such Funds hold assets that can vary in value. The credit ratings agencies, however, require the unit values to vary by almost zero. CNAV funds are Public Debt Constant Net Asset Value funds whilst LVNAV funds are Low Volatility Net Asset Value funds. There are also Variable Net Asset Value funds (VNAV) but these are not to be included as Permitted Investments.

Investments will only be made with banks/building societies that do not have a credit rating in their own right where the Council's treasury advisers have confirmed that any obligations of that bank/building society are guaranteed by another bank/building society with suitable ratings.

The Council will only use approved counterparties from the UK or from countries with a minimum sovereign credit rating of AA- from Fitch Ratings (or equivalent from other agencies if Fitch does not provide). Countries currently meeting this criterion include Australia, Canada, France, Germany, Sweden, the USA, and the UK.

Non-Treasury Investments

In addition to the table of treasury investments above, the definition of "investments" under the Investment Regulations includes the following items:

"(a) All share holding, unit holding and bond holding, including those in a local authority owned company, is an investment.

(b) Loans to a local authority company or other entity formed by a local authority to deliver services, is an investment.

(c) Loans made to third parties are investments.

(d) Loans made by a local authority to another authority or harbour authority using powers contained in Schedule 3, paragraph 10 or 11 of the Local Government (Scotland) Act 1975 are not investments.

(e) Investment property is an investment."

The Council approves items in categories (a), (b), (c), and (e) above as Permitted Investments as set-out below:

	Minimum Credit Criteria	Liquidity Risk	Market Risk	Max % of Total Investments	Max. Maturity Period
Non-Treasury Investments					
(a) Share holding, unit holding and bond holding, including those in a local authority owned company	Assessment would be made of company in which any holding was to be made	Period of holding	Yes	10%	Unlimited
(b) Loans to a local authority company or other entity formed by a local authority to deliver services	Assessment would be made of company or entity to which any loan was to be made	Period of loan	No	20%	Unlimited
(c) Loans made to third parties	Assessment would be made of third party to which any loan was to be made	Period of loan	No	25%	Unlimited
(e) Investment property	Assessment would be made of property to be held as investment property	Period of holding	Yes	10%	Unlimited

In relation to the above, Members should note that the Council is unlikely to become involved with category (a), has a loan under category (b) (to Inverclyde Leisure), will have loans to third parties under category (c) arising from decisions on such loans made by the Council, and may have investment property under category (e) should there be a reclassification, due to accounting rules, of individual properties held by the Council.

Permitted Investments – Common Good

The Common Good Fund's permitted investments are approved as follows:

	Minimum Credit Criteria	Liquidity Risk	Market Risk	Max % of Total Investments	Max. Maturity Period
Funds deposited with Inverclyde Council	---	Instant	No	Unlimited	Unlimited
Share holding, unit holding and bond holding, including those in a local authority owned company	Assessment would be made of company in which any holding was to be made	Period of holding	Yes	10%	Unlimited
Investment property	Assessment would be made of property to be held as investment property	Period of holding	Yes	95%	Unlimited

Treasury Risks Arising From Permitted Instruments

All of the investment instruments in the above tables are subject to the following risks:

1. **Credit and counter-party risk**
   This is the risk of failure by a counterparty (bank or building society) to meet its contractual obligations to the Council particularly as a result of the counterparty's diminished creditworthiness, and the resulting detrimental effect on the Council's capital or current (revenue) resources. There are no counterparties where this risk is zero although AAA-rated organisations have a very high level of creditworthiness.

2. **Liquidity risk**
   This is the risk that cash will not be available when it is needed. While it could be said that all counterparties are subject to at least a very small level of liquidity risk as credit risk can never be zero, in this document liquidity risk has been treated as whether or not instant access to cash can be obtained from each form of investment instrument. The column in the above tables headed as 'market risk' show each investment instrument as being instant access, notice period i.e. money is available after the notice period (although it may also be available without notice but with a loss of interest), or term i.e. money is locked in until an agreed maturity date.

3. **Market risk**
   This is the risk that, through adverse market fluctuations in the value of the principal sums that the Council borrows and invests, its stated treasury management policies and objectives are compromised, against which effects it has failed to protect itself adequately. However, some cash rich local authorities may positively want exposure to market risk e.g. those investing in investment instruments with a view to obtaining a long term increase in value.

4. **Interest rate risk**
   This is the risk that fluctuations in the levels of interest rates create an unexpected or unbudgeted burden on the Council's finances, against which the Council has failed to protect itself adequately. This authority has set limits for its fixed and variable rate exposure in its Prudential Indicators and Treasury Management Indicators in this report.

5. **Legal and regulatory risk**
   This is the risk that the Council, or an organisation with which it is dealing in its treasury management activities, fails to act in accordance with its legal powers or regulatory requirements, and that the Council suffers losses accordingly.

   The risk exposure of various types of investment instrument can be summarised as:
   - low risk = low rate of return
   - higher risk = higher rate of return.

   For liquidity, the position can be summarised as:
   - high liquidity = low return
   - low liquidity = higher returns.

Controls on Treasury Risks

1. **Credit and counter-party risk**
   This Council has set minimum credit criteria to determine which counterparties and countries are of sufficiently high creditworthiness to be considered for investment purposes.

2. **Liquidity risk**
   This Council undertakes cash flow forecasting to enable it to determine how long investments can be made for and how much can be invested.

3. **Market risk**
   The only investment instruments that the Council has agreed as Permitted Investments and that can have market risk are Certificates of Deposit. Although they have a market value that fluctuates, the market risk does not arise if the Certificates are retained until maturity - only if they were traded prior to maturity if the need arose.

4. **Interest rate risk**
   This Council manages this risk by having a view of the future course of interest rates and then formulating a treasury management strategy accordingly which aims to maximise investment earnings consistent with control of risk or, alternatively, seeks to minimise expenditure on interest costs on borrowing.

5. **Legal and regulatory risk**
   This Council will not undertake any form of investing until it has ensured that it has all necessary powers and also complied with all regulations.

Unlimited Investments

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

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

1. Debt Management Agency Deposit Facility (DMADF)
   This is considered to be the lowest risk form of investment available to local authorities as it is operated by the Debt Management Office which is part of H.M. Treasury i.e. the UK Government's credit rating stands behind the DMADF. It is also a deposit account and avoids the complications of buying and holding Government-issued treasury bills or gilts.

2. High Credit Worthiness Banks and Building Societies
   See paragraphs 7.17 to 7.23 for an explanation of this authority's definition of high credit worthiness. While an unlimited amount of the investment portfolio may be put into banks and building societies with high credit worthiness, the authority will seek to ensure diversification of its portfolio with the following limits:
   - Limit for any single institution (except Council's bankers): £15m
   - Limit for Council's bankers: £50m (or as approved by the Council or Committee)
   - Limit for any one group of counterparties: £30m (£50m or as approved by the Council or Committee for the group including the Council's bankers).

3. Funds Deposited with Inverclyde Council (for Common Good funds)
   This has been included so that, under the Permitted Investments, all funds belonging to the Common Good can be deposited with Inverclyde Council (and receive interest from the Council) rather than requiring the Common Good funds to be invested under separate Treasury Management arrangements.

Objectives of Each Type of Investment Instrument

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

1. Deposits

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

   a) Debt Management Agency Deposit Facility (DMADF)

      This offers the lowest risk form of investment available to local authorities as it is effectively an investment placed with the Government. It is also easy to use as it is a deposit account and avoids the complications of buying and holding Government issued treasury bills or gilts. As it is low risk it also earns low rates of interest. It is, however, very useful for authorities whose overriding priority is the avoidance of risk. The longest term deposit that can be made with the DMADF is 6 months.

   b) Term deposits with high credit worthiness banks and building societies

      See paragraphs 7.17 to 7.23 for an explanation of this authority's definition of high credit worthiness. This is the most widely used form of investing used by local authorities. It offers a much higher rate of return than the DMADF (dependent on term). The Council will seek to ensure diversification of its portfolio of deposits as practicable and as explained above. In addition, longer term deposits offer an opportunity to increase investment returns by locking in high rates ahead of an expected fall in the level of interest rates. At other times, longer term rates can offer good value when the markets incorrectly assess the speed and timing of interest rate increases. This form of investing therefore, offers a lot of flexibility and higher earnings than the DMADF. Where it is restricted is that once a longer term investment is made, that cash is locked in until the maturity date.

   c) Notice accounts with high credit worthiness banks and building societies

      The objectives are as for 1.b) above but there is access to cash after the agreed notice period (and sometimes access without giving notice but with loss of interest). This can mean accepting a lower rate of interest than that which could be earned from the same institution by making a term deposit.

   d) Call accounts with high credit worthiness banks and building societies

      The objectives are as for 1.b) above but there is instant access to recalling cash deposited. This generally means accepting a lower rate of interest than that which could be earned from the same institution by making a term deposit. Some use of call accounts is highly desirable to ensure that the authority has ready access to cash when needed to pay bills.

2. Deposits With Counterparties Currently In Receipt of Government Support/Ownership

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

   a) Term deposits, notice accounts and call accounts with high credit worthiness banks which are fully or semi nationalised

      As for 1.b), 1.c) and1.d) above but Government ownership implies that the Government stands behind this bank and will be deeply committed to providing whatever support that may be required to ensure the continuity of that bank. This Council considers that this indicates a low and acceptable level of residual risk.

3. Securities

   a) Certificates of Deposit

      These are shorter term investments issued by deposit taking institutions (mainly banks) so they can be sold if the need arises. However, that liquidity (and flexibility) comes at a price so the interest rate on a Certificate of Deposit is less than placing a Term Deposit with the same bank.

4. Collective Investment Schemes structured as Open Ended Investment Companies (OEICs)
   a) Money Market Funds (MMFs)
   By definition, MMFs are AAA rated and are widely diversified, using many forms of money market securities including types which this authority does not currently have the expertise or risk appetite to hold directly. However, due to the high level of expertise of the fund managers and the huge amounts of money invested in MMFs, and the fact that the weighted average maturity (WAM) cannot exceed 60 days, MMFs offer a combination of high security, instant access to funds, high diversification and good rates of return compared to equivalent instant access facilities. They are particularly advantageous in falling interest rate environments as their 60 day WAM means they have locked in investments earning higher rates of interest than are currently available in the market. MMFs also help an authority to diversify its own portfolio as e.g. a £2m investment placed directly with HSBC is a 100% risk exposure to HSBC whereas £2m invested in a MMF may end up with say £10,000 being invested with HSBC through the MMF. For authorities particularly concerned with risk exposure to banks, MMFs offer an effective way of minimising risk exposure while still getting much better rates of return than available through the DMADF.

5. Non-Treasury Investments
   b) Share holding, unit holding and bond holding, including those in a local authority owned company
   The objectives for the holding of shares, units, or bonds (including those in a local authority owned company) will vary depending on whether the Council wishes to undertake actual investments in the market or has the holding as a result of a previous decision relating to the management or provision of Council services. This Council will not undertake investments in the market in shares, units, or bonds but may, if required, hold shares, units, or bonds arising from any decisions taken by the Council in relation to the management or provision of Council services.

   c) Loans to a local authority company or other entity formed by a local authority to deliver services
   Having established a company or other entity to deliver services, a local authority may wish to provide loan funding to assist the company or entity. Any such loan funding would be provided only after consideration of the reasons for the loan, the repayment period for the loan, and the likelihood that the loan would be able to be repaid by the company or entity. Such loan funding would be provided from Council Revenue Reserves rather than from borrowing.

   d) Loans made to third parties
   Such loans could be provided for a variety of reasons such as economic development or to assist local voluntary groups. Any such loan funding would be provided only after consideration of the reasons for the loan, the repayment period for the loan, and the likelihood that the loan would be able to be repaid by the third party concerned.

   e) Investment property
   An investment in property would give the Council exposure to risks such as market risk (movements in property prices), maintenance costs, tenants not paying their rent, leasing issues, etc. This Council does not currently undertake investments involving property but may have investment property should there be a reclassification, due to accounting rules, of individual properties held by the Council.

Appendix 3

FORECASTS OF INVESTMENT BALANCES

Investment Regulation 31 requires the Council to provide forecasts for the level of investments for the next three years, in line with the time frame of the Council's capital investment programme. The following forecasts are for the next four years:

INVESTMENT FORECASTS	2020/21	2021/22	2022/23	2023/24
	Estimate	Estimate	Estimate	Estimate
	£000	£000	£000	£000
Cash balances managed in house				
1 April	20,000	22,838	16,270	11,197
31 March	22,838	16,270	11,197	8,565
Change in year	2,838	(6,568)	(5,073)	(2,632)
Average daily cash balances	21,419	19,554	13,734	9,881
Holdings of shares, bonds, units (includes authority owned company)				
1 April	2	2	2	2
Purchases	0	0	0	0
Sales	0	0	0	0
31 March	2	2	2	2
Loans to local authority company or other entity to deliver services (Inverclyde Leisure)				
1 April	442	399	356	311
Advances	0	0	0	0
Repayments	43	43	45	46
31 March	399	356	311	265
Loans made to third parties (Largely BPRA)				
1 April	2,117	1,401	110	92
Advances	4	0	0	0
Repayments	720	1,291	18	11
31 March	1,401	110	92	81
Investment properties				
1 April	0	0	0	0
Purchases	0	0	0	0
Sales	0	0	0	0
31 March	0	0	0	0
TOTAL OF ALL INVESTMENTS				
1 April	22,561	24,640	16,738	11,602
31 March	24,640	16,738	11,602	8,913
Change in year	2,079	(7,902)	(5,136)	(2,689)

The movements in the forecast investment balances shown above are due largely to ongoing treasury management activity in accordance with the Council's treasury management strategy or, for loans made to third parties, in accordance with Council decisions made in respect of such loans.

All of the Council's cash balances are managed in-house with no funds managed by external fund managers.

The "holdings of shares, bonds, units (includes authority owned company)" relate to the Common Good.

Inverclyde council

AGENDA ITEM NO: 9

Report To:	**Policy and Resources Committee**	**Date:**	**24 March 2020**
Report By:	**Steven McNab** **Head of Organisational Development, Policy and Communications**	**Report No:**	**PR/07/20/LM**
Contact Officer:	**Louise McVey, Corporate Policy, Performance and Partnership Manager**	**Contact No:**	**712042**
Subject:	**Scottish Index of Multiple Deprivation (SIMD) 2020**		

1.0 PURPOSE

1.1 The purpose of this report is to provide the Policy and Resources Committee with a more detailed analysis of the results from the SIMD 2020 and to inform the Committee of the work that is currently being taken forward in connection with this.

2.0 SUMMARY

2.1 A report on the SIMD 2020 was considered by the Policy and Resources Committee on 4 February 2020. A commitment was given to the Committee to bring a report to its next meeting containing a more detailed analysis of the SIMD 2020, along with associated recommendations.

2.2 The Briefing Note attached as Appendix 1 aims to provide the Committee with a fuller picture of the SIMD 2020 results. Information is provided on each of the seven domains that make up the SIMD. Looking at the individual domain and the indicators that make up the SIMD rank can help to provide an understanding of why one area has a different ranking from another.

2.3 When the considering the domain data, it is important to remember that each domain is weighted based on its relative importance in measuring multiple deprivation, the robustness of the data and the time lag between data collection and the production of the SIMD. The domain weightings used in SIMD 2020 expressed as a percentage of the overall weight are income (28%), employment (28%), health (14%), education (14%), geographic access to services (9%), crime (5%) and housing (2%). This means that together, the income and employment domain make up 56% of the overall SIMD. Housing has the lowest weighting, 2%.

2.4 Some of the key points within the Briefing include:

- Inverclyde has the highest local share of all councils for the percentage of data zones in the 5%, 10% and 20% most deprived data zones.
- Inverclyde has the second highest local share of all councils for the percentage of data zones in the 15% most deprived data zones. Glasgow City has the highest local share.
- A large proportion of Inverclyde's data zones have very high levels of income and employment deprivation, which has a significant impact on the overall SIMD data zone rankings e.g. Inverclyde's most deprived data zone, which is located in Greenock town centre, has an income deprivation rate of 48% and an employment deprivation rate of 44%.

2.5 In publishing the SIMD, the Scottish Government emphasise the point that not all people experiencing deprivation live in deprived areas and not everyone in a deprived area is experiencing deprivation. Within Inverclyde:

- 13,945 (17.7%) people are estimated to be income deprived.
- Of this number, 10,143 live in the 20% most deprived data zones, therefore 3,802 income deprived people live outwith the 20% most deprived data zones.
- Of the working age population 7,126 (14.3%) are estimated to be employment deprived.
- Of this number, 4,994 live in the 20% most deprived data zones, therefore 2,132 employment deprived people live outwith the 20% most deprived data zones.

2.6 In addition to the Briefing Note attached as Appendix 1, an analysis of movement between deciles has been carried out. This shows that between 2016 and 2020:

- 24 data zones moved into a more deprived decile;
- 14 data zones moved into a less deprived decile, this includes 5 data zones that can be found within the 20% least deprived in Scotland.

There was already a significant gap between the least deprived areas and those experiencing high levels of poverty and deprivation in Inverclyde and the latest SIMD data would suggest that this gap has widened further.

2.7 To establish a better understanding of the prevalent issues within Inverclyde's most deprived areas, a data group has been established by the Corporate Director Education, Communities and Organisational Development.

2.8 This group has been tasked with a 'deep dive' into 10 of the 51 data zones in Inverclyde that lie within the 20% most deprived in Scotland. Additional data has been gathered for the top 5 most deprived data zones in Inverclyde and also the 5 data zones that are also in the 20% most deprived, but have a ranking that places them towards the bottom of this category. The rationale for this is to look in more detail at our most deprived communities and also those that sit just within the threshold of the 20% most deprived. A data profile for each of these 10 data zones has been compiled.

2.9 Elizabeth Fraser from the Scottish Government's Communities Analysis Division attended a meeting of the data group on 4 March 2020. The purpose of this meeting was to provide further clarification around SIMD methodology and discuss any other issues with the data. A number of points were raised at the meeting that will be of interest to the Committee:

- It was stressed that the SIMD is just one tool that should be used when looking at poverty and deprivation in an area and that for a fuller understanding of why rankings have changed you need to consider what else has happened within a data zone, such as population change due to new build/demolition.
- The number of people in receipt of Universal Credit (UC) is one of the benefit indictors that make up the income and employment domains. UC was rolled out on a phased basis with Inverclyde Council one of three pilot areas which implemented UC in 2016. As there are more recipients of UC than legacy benefits then there is the likelihood that numbers in Inverclyde would be higher than those areas where, at the time of gathering the data, UC had not been rolled out to the same extent. In addition, as the first recipients of Universal Credit were single people then this is anticipated to have an impact on the ranking of those Inverclyde data zones with a higher prevalence of single person households. The data for the income and employment domains was gathered in 2018.
- Revisions are planned for SIMD 2024 to the Income and Employment domains arising from the introduction of UC. This is significant because the Income and Employment domains make up 56% of the overall SIMD ranking.
- The SIMD is not fully aligned with the Child Poverty indicators.
- Data zones with a small population will be more sensitive to change and variation than data zones with larger populations. The most deprived data zone in Inverclyde has a smaller than average population, estimated to be 446. This means that it is likely to be more sensitive to even small changes in the data that is used to calculate SIMD rankings.

2.10 Tackling inequality is one of the three key priorities which underpins all the work of the Inverclyde Alliance. There are major challenges to be overcome in relation in reducing poverty and deprivation, delivering area renewal, increasing employment opportunities, improving health and reducing health inequalities. To be successful, this will need to be delivered through stronger, more targeted collaborative working. A full discussion on the SIMD is due to take place at the next Alliance Board meeting on 16 March 2020.

2.11 A report detailing the proposed process for allocating the recently approved £1million recurring funding for reducing poverty and tackling multiple deprivation in Inverclyde is also on the agenda of this Committee.

3.0 RECOMMENDATIONS

3.1 It is recommended that the Policy and Resources Committee notes:

- The additional analysis that has been carried out on the SIMD 2020 and that this work continues to be ongoing through the SIMD data group.

Steven McNab
Head of Organisational Development, Policy and Communications

4.0 BACKGROUND

4.1 The Scottish Government published the Scottish Index of Multiple Deprivation on 28 January 2020. The SIMD is a Scottish Government tool for identifying places in Scotland suffering from deprivation. Previous SIMD statistics have been published in 2016, 2012, 2009, 2006 and 2004.

4.2 SIMD 2020 is calculated using 2011 data zone boundaries. These data zones are based on the 2011 Census and were introduced in November 2014. 2011 boundaries differ from 2001 data zones which were used in previous SIMD editions. This means that whilst comparison can be made between SIMD 2016 and 2020, the data cannot be directly compared with previous editions of the SIMD.

4.3 The SIMD is based on small areas known as data zones. Each data zone has on average between 700 and 800 people living in it. As data zones are population-based they can however vary hugely in size. Scotland has been divided into 6,976 data zones and Inverclyde consists of 114 of these.

4.4 The SIMD 2020 uses data relating to multiple aspects of life in order to gain the fullest possible picture of deprivation across Scotland. Seven different domains are used, covering income, education, employment, health, housing, access to services and crime. The domains are measured using a number of indicators to form ranks for each domain. Data zones are ranked from 1 being most deprived to 6,976 being least deprived. Each of the seven domain ranks are then combined to form the overall SIMD. This provides a measure of relative deprivation at data zone level, so it tells you that one data zone is relatively more deprived than another but not how much more deprived.

4.5 The use of data for such small areas helps to identify 'pockets' of deprivation or multiple deprivation that may be missed in analyses based on larger areas such as council wards or local authorities. The data can be used to target policies and resources at the places with greatest need.

5.0 SIMD 2020 – ADDITIONAL ANALYSIS

5.1 A report on the SIMD 2020 was considered by the Policy and Resources Committee on 4 February 2020. A commitment was given to the Committee to bring a report to its next meeting containing a more detailed analysis of the SIMD 2020, along with associated recommendations.

5.2 The Briefing Note attached as Appendix 1 aims to provide the Committee with a fuller picture of the SIMD 2020 results. Information is provided on each of the seven domains that make up the SIMD (income, employment, education, health, geographic access to services, crime and housing). Looking at the individual domain and indicators that make up the SIMD rank can help to provide an understanding of why one area has a different ranking from another.

5.3 When the considering the domain data, it is important to remember that each domain is weighted based on its relative importance in measuring multiple deprivation, the robustness of the data and the time lag between data collection and the production of the SIMD. The domain weightings used in SIMD 2020 expressed as a percentage of the overall weight are income (28%), employment (28%), health (14%), education (14%), geographic access to services (9%), crime (5%) and housing (2%). This means that together, income and employment make up 56% of the overall SIMD. The housing domain accounts for 2% of the SIMD because it uses data taken from the 2011 Census as no other data source is available at present.

5.4 Some of the key points within the briefing include:

- Inverclyde has the highest local share of all councils for the percentage of data zones in the 5%, 10% and 20% most deprived data zones.
- Inverclyde has the second highest local share of all councils for the percentage of data zones in the 15% most deprived data zones. Glasgow City has the highest local share.
- A large proportion of Inverclyde's data zones have very high levels of income and

employment deprivation, which has a significant impact on the overall SIMD data zone rankings e.g. Inverclyde's most deprived data zone, which is located in Greenock town centre, has an income deprivation rate of 48% and an employment deprivation rate of 44%.

5.5 It is important to remember that the SIMD identifies multiply deprived *areas* not individuals, so not everyone living in a deprived area is individually deprived, and not all deprived individuals live in multiply deprived areas. The SIMD national report states that around two out of three people on low income do not live in deprived areas and around one in three people living in a deprived area is on a low income.

5.6 Alongside the SIMD ranking data, the Scottish Government publishes individual domain data which allows you to calculate the number of people that are considered to be income or employment deprived. Within Inverclyde:

- 13,945 (17.7%) people are estimated to be income deprived.
- Of this number, 10,143 live in the 20% most deprived data zones, therefore 3,802 income deprived people live outwith the 20% most deprived data zones.
- Of the working age population, 7,126 (14.3%) are estimated to be employment deprived.
- Of this number, 4,994 live in the 20% most deprived data zones, therefore 2,132 employment deprived people live outwith the 20% most deprived data zones.

5.7 In addition to the Briefing Note attached as Appendix 1, an analysis of movement between deciles has been carried out. This shows that:

- 24 data zones moved into a more deprived decile;
- 14 data zones moved into a less deprived decile, this includes 5 data zones that lie within the 20% <u>least</u> deprived data zones that improved in ranking.

There was already a significant gap between the least deprived areas and those experiencing high levels of poverty and deprivation in Inverclyde and the latest SIMD data would suggest that this gap has widened further.

5.8 To establish a better understanding of the prevalent issues within Inverclyde's most deprived areas, a data group has been established by the Corporate Director Education, Communities and Organisational Development. The group comprises officers from the HSCP, Inverclyde Council and partners.

5.9 This group has been tasked with a 'deep dive' into 10 of the 51 data zones in Inverclyde that lie within the 20% most deprived in Scotland. Additional data has been gathered for the top 5 most deprived data zones in Inverclyde and also the 5 data zones that are also in the 20% most deprived but have a ranking that places them towards the bottom of this category. The rationale for this is to look in more detail at our most deprived communities and also those that sit just within the threshold of the most deprived 20%. An initial data profile for each of these 10 data zones has been compiled.

5.10 The data group invited Elizabeth Fraser from the Scottish Government's Communities Analysis Division to its meeting on 4 March 2020. The purpose of this meeting was to provide further clarification around SIMD methodology and discuss any other issues with the data. A number of points were raised at the meeting that will be of interest to the Committee:

- It was stressed that the SIMD is just one tool that should be used when looking at poverty and deprivation in an area and that for a fuller understanding of why rankings have changed you need to consider what else has happened within a data zone, such as population change due to new build/demolition.
- The number of people in receipt of Universal Credit (UC) is one of the benefit indictors that make up the income and employment domains. UC was rolled out on a phased basis with Inverclyde Council one of three pilot areas which implemented UC in 2016. As there are more recipients of UC than legacy benefits then there is the likelihood that numbers in Inverclyde would be higher than those areas where, at the time of gathering the data, UC had not been rolled out to the same extent. In addition, as the first recipients of Universal

Credit were single people then this is anticipated to have an impact on the ranking of those Inverclyde data zones with a higher prevalence of single person households. The data for the income and employment domains was gathered in 2018.

- Revisions are planned for SIMD 2024 to the Income and Employment domains arising from the introduction of UC. This is significant because the Income and Employment domains make up 56% of the overall SIMD ranking.
- The SIMD is not fully aligned with the Child Poverty indicators.
- Data zones with a small population will be more sensitive to change and variation than data zones with larger populations. The most deprived data zone in Inverclyde has a smaller than average population, estimated to be 446. This means that it is likely to be more sensitive to even small changes in the data that is used to calculate SIMD rankings.

5.11 Tackling inequality is one of the three key priorities which underpins all the work of the Inverclyde Alliance. There are major challenges to be overcome in relation to reducing poverty and deprivation, delivering area renewal, increasing employment opportunities, improving health and reducing health inequalities. To be successful, this will need to be delivered through stronger, more targeted collaborative working and a full discussion on the SIMD is due to take place at the next Alliance Board meeting on 16 March 2020.

5.12 A report detailing the proposed process for allocating the recently approved £1million recurring funding for reducing poverty and tackling multiple deprivation in Inverclyde is also on the agenda of this Committee.

6.0 IMPLICATIONS

Finance

6.1 One off Costs

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

Annually Recurring Costs/ (Savings)

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

6.2 **Legal**

There are no legal implications arising from this report.

6.3 **Human Resources**

There are no human resource implications arising from this report.

6.4 **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

6.5 **Repopulation**

This new data on deprivation within Inverclyde shows an increase in the number of data zones that fall into the most deprived 5% in Scotland. This will have implications for the work of the Repopulation Partnership in their efforts to encourage more people to move into the area.

7.0 CONSULTATIONS

7.1 None.

8.0 BACKGROUND PAPERS

8.1 None.

Scottish Index of Multiple Deprivation 2020
Briefing Note
Key points for the Inverclyde area

This briefing note aims to summarise the key components of the Scottish Index of Multiple Deprivation (SIMD) published on 28 January 2020, with a particular focus on the results for Inverclyde at the local level and the changes that have taken place since SIMD 2016.

Key points:

- 51 (44.7%) of Inverclyde's data zones are in the 20% most deprived in Scotland, this is the highest local share in Scotland
- Inverclyde has the second highest local share of data zones in the 15% most deprived in Scotland. The council with the highest local share is Glasgow.
- 22 (19.3%) of Inverclyde's data zones are in the 5% most deprived in Scotland, this is the highest local share in Scotland.
- There has been an upward trend in the number of data zones moving into the 5% and 10% most deprived in Scotland category that were previously in the 10-20% most deprived category.
- Most of the deprived data zones are within Greenock and Port Glasgow.
- Across Inverclyde 13,945 people are income deprived. This is 17.7% of the population and higher than the Scottish average of 12%. Of this number, 10,143 live in the 20% most deprived data zones, which means that 3,802 income deprived people do not reside in the 20% most deprived data zones.
- There are 7,126 people in Inverclyde that are employment deprived. This is 14.3% of the population and is higher than the Scottish average of 9%. There has been a small reduction in employment deprivation (1%) between 2016 and 2020. Of this number, 4,994 live in the 20% most deprived data zones, which means that 2,132 employment deprived people do not reside in the 20% most deprived data zones.
- Between 2016 and 2020:
  - the number of data zones in the income domain in the 20% most deprived increased by 6, from 47 to 53.
  - the number of data zones in employment domain in the 20% most deprived increased by 2, from 52 to 54.
  - the number of data zones in heath domain in the 20% most deprived increased by 3, from 50 to 47.
  - the number of data zones in education domain in the 20% most deprived increased by 6 from 36 to 42.
  - the number of data zones in geographic access domain in the 20% most deprived increased by 2, from 16 to 18.
  - the number of data zones in the housing domain in the 20% most deprived remained at 42.
  - the number of data zones in the crime domain in the 20% most decreased by 8 from 32 to 24.

SIMD 2020

Background and purpose of the SIMD

The Scottish Index of Multiple Deprivation is a relative measure of deprivation across 6,979 small areas in Scotland, known as data zones. Focusing on small areas shows the different issues there are in each neighbourhood. This could be poor housing conditions, a lack of skills or good education or poor public transport.

Previous SIMDs were published in 2004, 2006, 2009, 2012 and 2016, however changes to methodology and the data zone geographies, which resulted in an increase in the number of data zones in 2016 means it is not possible to directly compare results prior to 2016, although it is possible to draw some broad conclusions on the changes in relative levels of deprivation.

If an area is identified as 'deprived' this can relate to people having a low income but it can also mean fewer opportunities or resources, for example in health and education.

Limitations of the SIMD

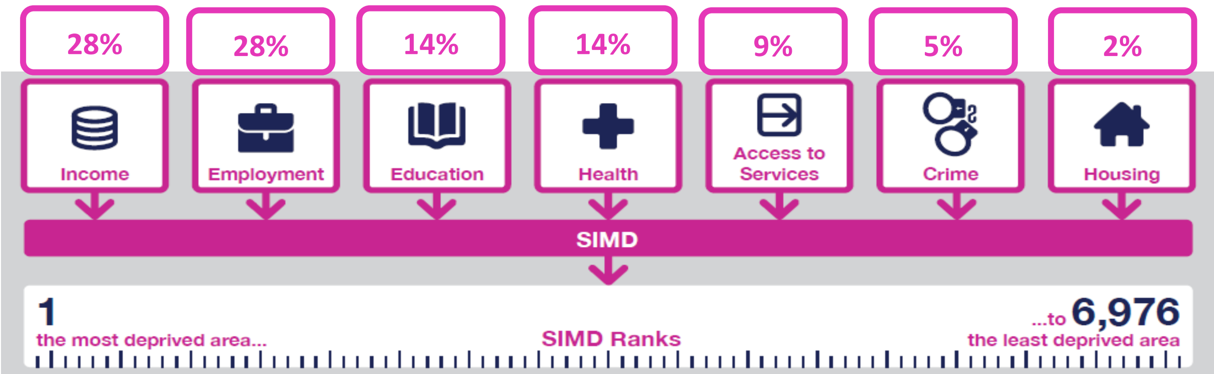
The limitations of the SIMD should always be remembered when considering the data:

- You cannot pinpoint how much more deprived one area is from another, as the difference between ranks can be tiny or large. It is therefore not possible to say the one data zone ranked 50 is twice as deprived as another data zone ranked 100.
- The SIMD is a relative ranking of all data zones in Scotland and as some improve and move in ranking, others will move up to take their place.
- The SIMD identifies multiply deprived *areas* not individuals, so not everyone living in a deprived area is individually deprived, and not all deprived individuals live in multiply deprived areas.

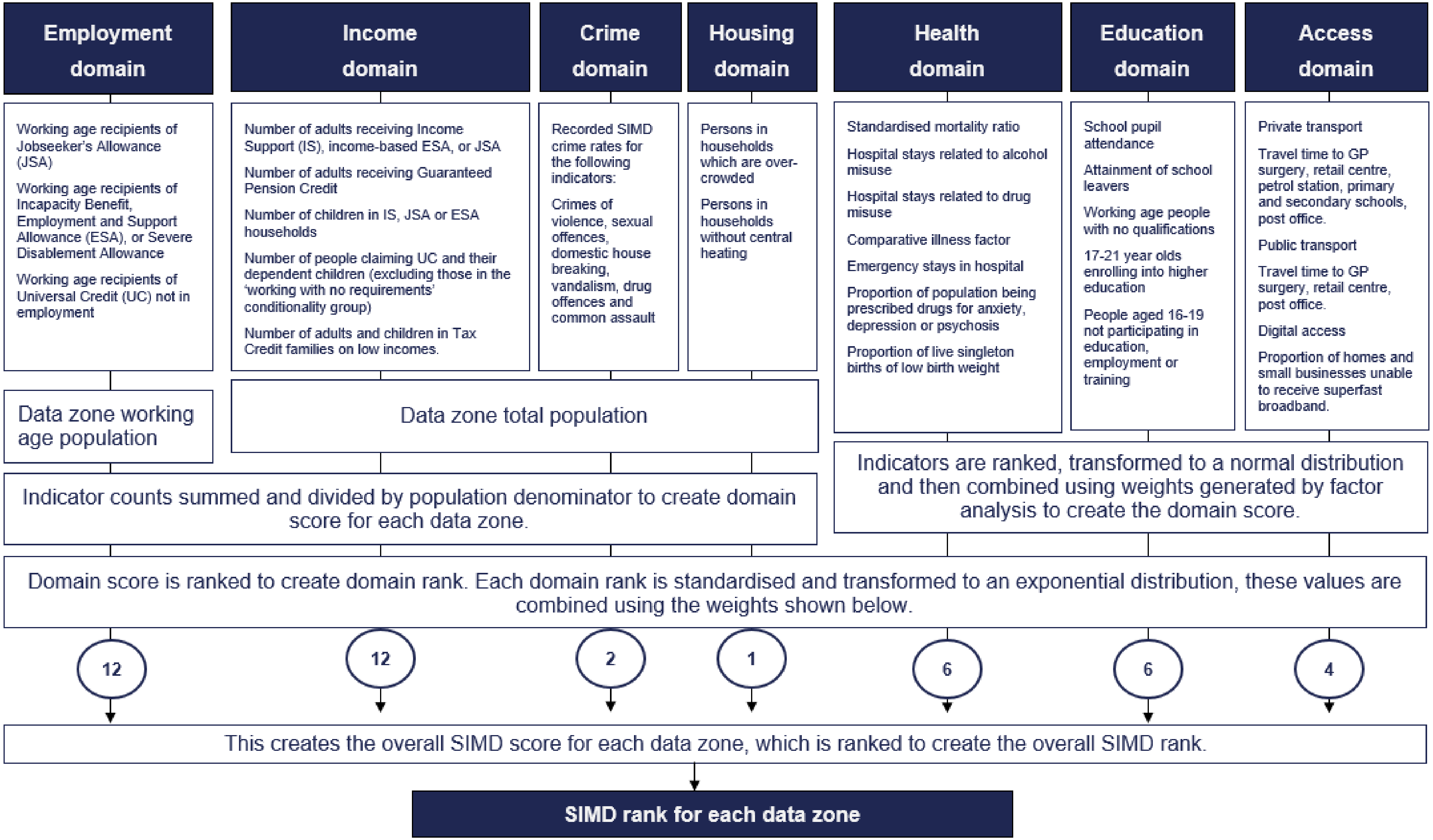
How the SIMD rankings are compiled

Data is gathered from across multiple aspects of life into 7 domains (income, employment, health, education, access, crime and housing) in order to gain the fullest possible picture of deprivation. More than 30 indicators of deprivation have been grouped together across these 7 domains which are then combined into the one index, to form a rank for each of the 6,979 data zones across Scotland. A rank of 1 is the most deprived and 6,976 is the least deprived.

Each domain has a weighting which translates to a percentage of the overall SIMD. **Income** and **employment deprivation** have the highest weighting and therefore have a greater influence on the overall SIMD rank than the other 5 domains as shown below.

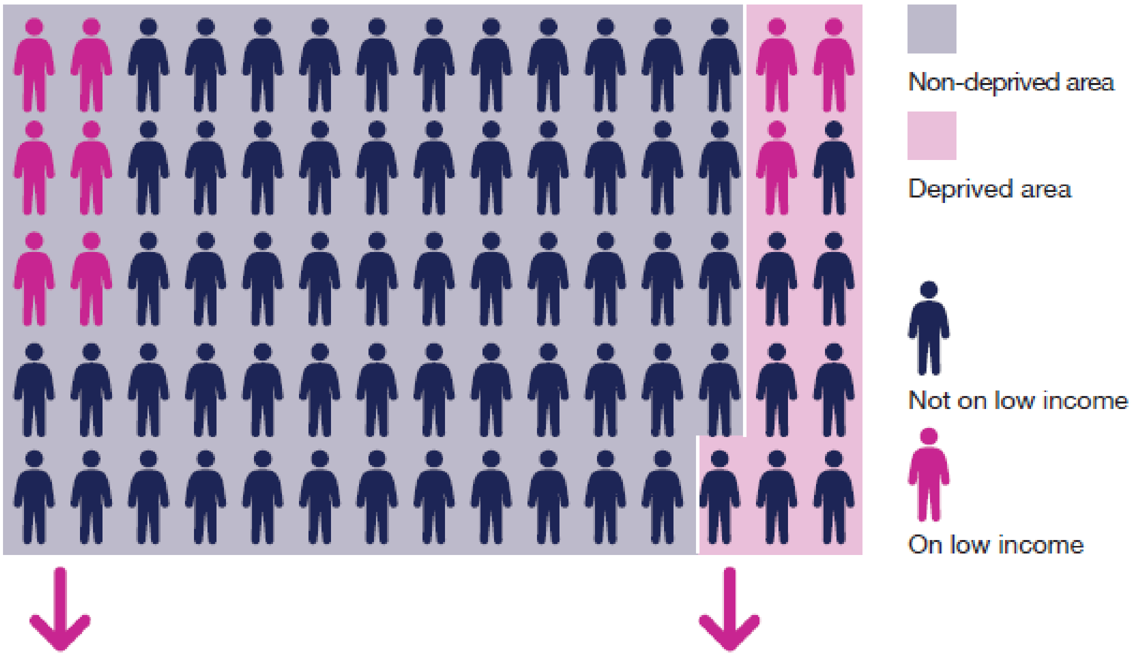


The information below provides an overview of the measures that make up each domain and the weightings applied



The Scottish Government infographic below highlights the important point that not all people experiencing deprivation live in deprived areas and not everyone in a deprived area is experiencing deprivation

SIMD identifies deprived areas - not people.
The box below shows why.



Not all people experiencing deprivation live in deprived areas. About two out of three people on low income do not live in deprived areas.

Not everyone in a deprived area is experiencing deprivation. About one in three people living in a deprived area are on low income.

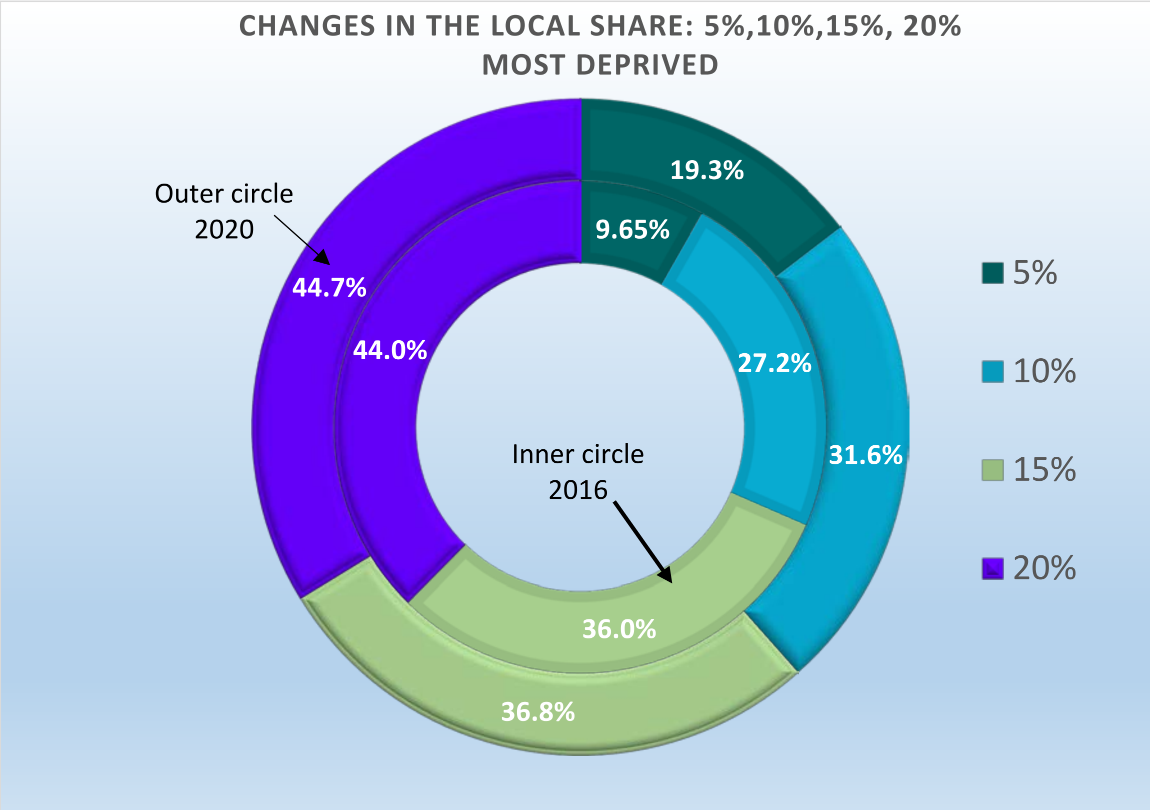
In this example, 'deprived area' means among the 15% most deprived areas in Scotland.
We are using people on low income to represent people who are facing multiple deprivation.

Inverclyde: Key Findings

For the purposes of reporting the data, data zone rankings are most commonly grouped into categories such as vigintile (5% MD), decile (10% MD), quintile (20% MD) and the three most deprived vigintiles (or 15% MD) most deprived data zones.

The chart provides an overview of the changes in the 5%, 10%, 15% and 20% most deprived data zones between SIMD 2016 and SIMD 2020.

Chart 1 Changes in the local share in the 5,10,15 and 20% most deprived.

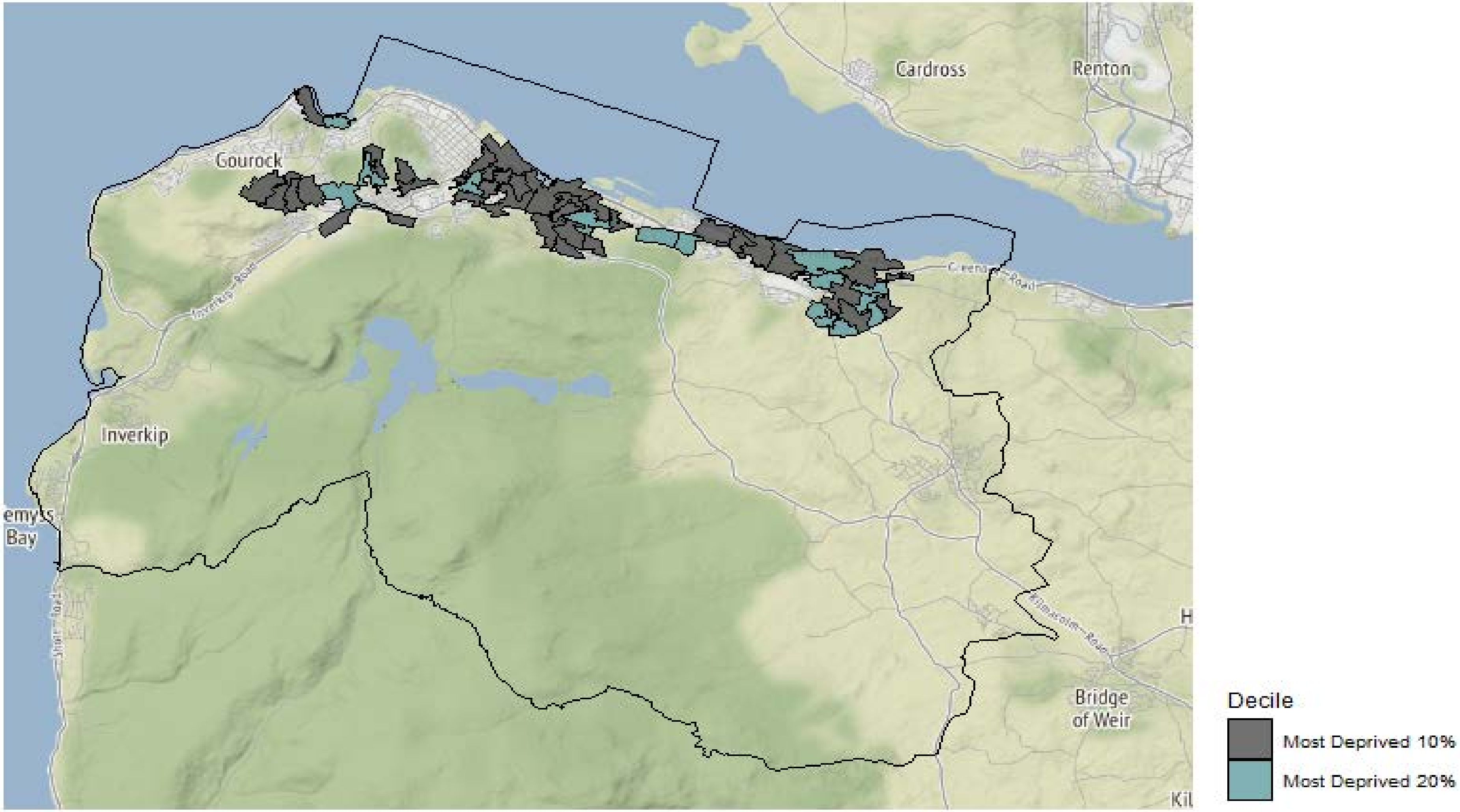


- The number of data zones in the 5% most deprived has doubled from 9.65% to 19.3%
- The number of data zones in the 10% most deprived increased from 27.2% to 31.6%
- The number of data zones in the 15% most deprived increased 36% to 36.8%
- The number of data zones in the 20% most deprived increased from 44% to 44.7%

There has been an increase in very high levels of deprivation (5% and 10% most deprived) with more data zones moving into these categories in 2020. These data zones previously fell into the 10-20% most deprived group. Overall, the number of data zones in Inverclyde that fall into the category of the 20% most deprived in Scotland increased by 1 between 2016 and 2020.

The map on the next page shows the concentration of data zones in the most deprived 10% and 20% in Inverclyde. The map shows that most of the deprived data zones within Inverclyde are within Greenock and Port Glasgow.

Data zones in the 10% most deprived and 20% most deprived in Inverclyde



The following sections provide more information on the changes within the 5%,10%, 15% and 20% most deprived data zones.

20% most deprived

Inverclyde comprises of 114 data zones. 51 of these data zones fall into the 20% most deprived in Scotland, i.e. have a ranking between 1 and 1395. This gives Inverclyde a 'local share' rate of 44.7%.

When ranked against other councils in Scotland in terms of our share of local data zones in the 20% most deprived, Inverclyde ranks in first place.

The table below shows the ten councils that have the largest local share of data zones in the 20% most deprived in Scotland.

Table 1: Scottish councils with the largest local share of data zones in the 20% most deprived

	Number of data zones	Local share of 20% MD
Inverclyde	51	44.74%
Glasgow City	331	44.37%
North Ayrshire	74	39.78%
West Dunbartonshire	48	39.67%
Dundee City	72	38.30%
North Lanarkshire	155	34.68%
East Ayrshire	50	30.67%
Clackmannanshire	18	25.00%
Renfrewshire	54	24.00%
Fife	88	20.42%

In 2016 Inverclyde had 50 of its 114 data zones in the 20% most deprived in Scotland which gives a rate of 44%, 0.74% lower than in 2020.

Table 2: Changes in local share of 20% most deprived between 2016 and 2020

	Number of data zones 2020	Local share of 20% MD 2020	Number of data zones 2016	Local share of 20% MD 2016	Change 2016 -2020
Inverclyde	51	44.74%	50	44%	**+0.74%**

15% most deprived

42 of Inverclyde's 114 data zones fall into the 15% most deprived in Scotland, i.e. have a ranking between 1 and 1046. This gives us a local share of 36.84%. This is the second highest proportion of all councils in Scotland, with Glasgow having the highest.

The table below shows the ten councils that have the largest local share of data zones in the 15% most deprived in Scotland.

Table 3: Scottish councils with the largest local share of data zones in the 15% most deprived

	Number of data zones	Local share of 15% MD
Glasgow City	284	38.07%
Inverclyde	42	36.84%
West Dunbartonshire	38	31.40%
Dundee City	58	30.85%
North Ayrshire	52	27.96%
North Lanarkshire	113	25.28%
East Ayrshire	37	22.70%
Renfrewshire	47	20.89%
Clackmannanshire	14	19.44%
Fife	78	15.79%

In 2016, a total of 41 of Inverclyde's 114 data zones fell into the category of the 15% most deprived in Scotland, giving a local share of 35.96%. This is 0.88% lower than in 2020.

Table 4: Changes in local share of 15% most deprived between 2016 and 2020

	Number of data zones 2020	Local share of 15% MD 2020	Number of data zones 2016	Local share of 15% MD 2016	Change 2016 -2020
Inverclyde	42	36.84%	41	35.96%	**+0.88%**

10% most deprived

36 of Inverclyde's 114 data zones fall into the category of the 10% most deprived in Scotland i.e. have a ranking between 1 and 698. This gives us a local share of 31.58%.

When ranked against other councils in Scotland in terms of our share of local data zones in the 10% most deprived, Inverclyde again ranks in first place.

The table below shows the ten councils that have the largest local share of data zones in the 10% most deprived in Scotland.

Table 5: Scottish councils with the largest local share of data zones in the 10% most deprived

	Number of data zones	Local share of 10% MD
Inverclyde	36	31.58%
Glasgow City	223	29.89%
Dundee City	43	22.87%
West Dunbartonshire	21	17.36%
North Ayrshire	32	17.20%
East Ayrshire	25	15.34%
Renfrewshire	30	13.33%
North Lanarkshire	59	13.20%
South Lanarkshire	44	10.21%
South Ayrshire	15	9.80%

In 2016, 31 of Inverclyde's 114 data zones fell into the category of 10% most deprived, giving a local share of 27.19%. This is 4.39% lower than in 2020.

Table 6: Changes in local share of 10% most deprived between 2016 and 2020

	Number of data zones 2020	Local share of 10% MD 2020	Number of data zones 2016	Local share of 10% MD 2016	Change 2016 -2020
Inverclyde	36	31.58%	31	27.19%	**+4.39%**

5% most deprived

Data zones within the 5% most deprived in Scotland (those data zones with a ranking of 1 to 348) are regarded as the most acutely deprived in the country.

22 of Inverclyde's 114 data zones fall into the category of the 10% most deprived in Scotland i.e. have a ranking between 1 and 698. This gives us a local share of 19.3%.

When ranked against other councils in Scotland in terms of our share of local data zones in the 5% most deprived, Inverclyde again ranks in first place.

The table below shows the ten councils that have the largest local share of data zones in the 5% most deprived in Scotland.

Table 7: Scottish councils with the largest local share of data zones in the 5% most deprived

	Number of data zones	Local share of 5% MD
Inverclyde	22	19.30%
Glasgow City	137	18.36%
Dundee City	22	11.70%
West Dunbartonshire	9	7.44%
North Lanarkshire	31	6.94%
North Ayrshire	12	6.45%
East Ayrshire	10	6.13%
Clackmannanshire	4	5.56%
Renfrewshire	12	5.33%
South Ayrshire	8	5.23%

In 2016, 11 of Inverclyde's 114 data zones fell into the category of 5% most deprived, giving a local share of 9.65%, half of the 2020 level.

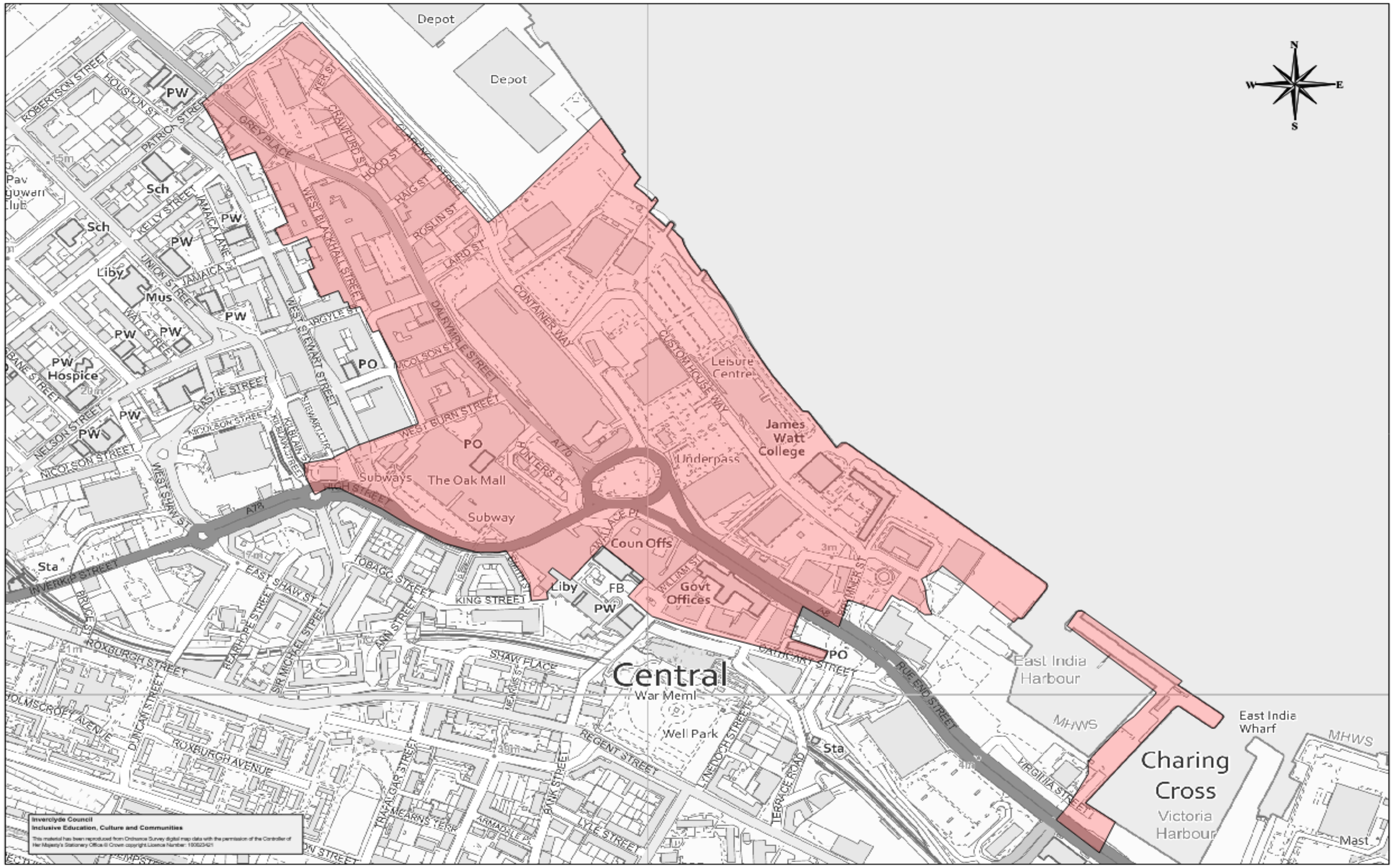
Table 8: Changes in local share of 5% most deprived between 2016 and 2020

	Number of data zones 2020	Local share of 5% MD 2020	Number of data zones 2016	Local share of 5% MD 2016	Change 2016 -2020
Inverclyde	22	19.3%	11	9.65%	**+9.65%**

11 of the 22 data zones in the 5% most deprived category also featured in this category in SIMD 2016. The remaining 11 data zones fell into the 10% most deprived category in 2016.

The most deprived data zone in Scotland is located in Greenock, specifically Greenock Town Centre (data zone S01010891). A map of the area is shown below:

Data zone S01010891: Greenock Town Centre SIMD ranking 1



When the 22 data zones that are in the 5% most deprived in Scotland are broken down further into those with the top 5 highest (i.e. worst) ranking, all five have increased in their relative ranking between 2016 and 2020 i.e. they have a more deprived ranking than in 2016. What the SIMD does not tell you however is how much more deprived these data zones are compared to 2016.

Table 9 shows how the rankings between 2016 and 2020 compare for the top 5 most deprived data zones.

Table 9: Top 5 most deprived data zones in Inverclyde ranking 2016 and 2020

Datazone	Intermediate geography	SIMD 2020 rank	SIMD 2016 Rank
S01010891	Greenock Town Centre and East central	1	23
S01010893	Greenock Town Centre and east central	15	77
S01010862	Lower Bow, Larkfield, Fancy Farm and Mallard Bowl	17	52
S01010903	Greenock East	35	147
S01010873	Greenock West and Central	54	175

The full list of Inverclyde data zones with their relative ranking in 2020 is provided in Appendix 1.

Income and Employment Deprivation

The Scottish Government publishes additional data alongside the SIMD which provides details of the number of people experiencing income and employment deprivation.

Together, the income and employment domain account for 56% of the overall SIMD. There are very high levels of income and employment deprivation within the 5% most deprived data zones and this will have had a significant bearing on the data zones overall SIMD ranking. This is shown in the charts below.

Chart 2: Income deprived rate in the 5% most deprived data zones in Inverclyde

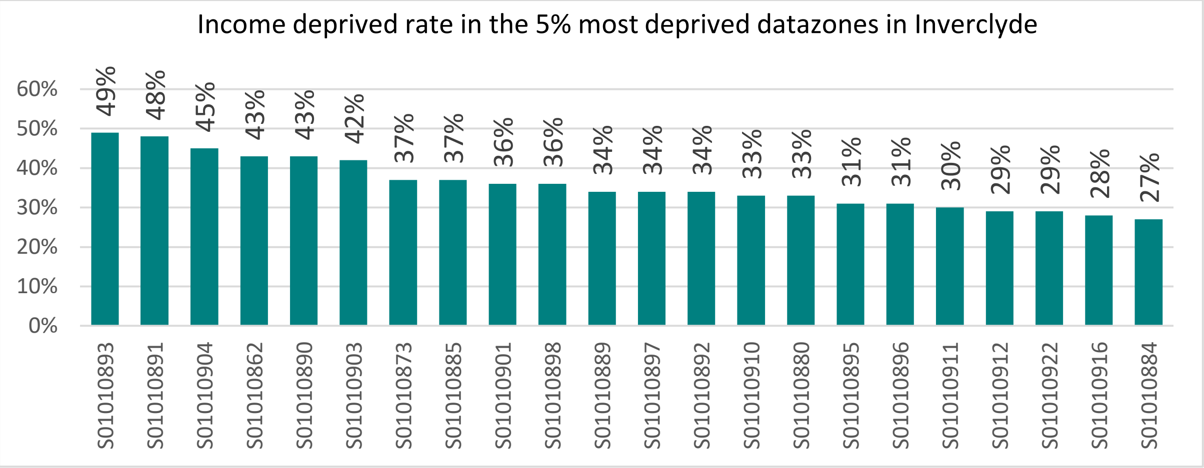
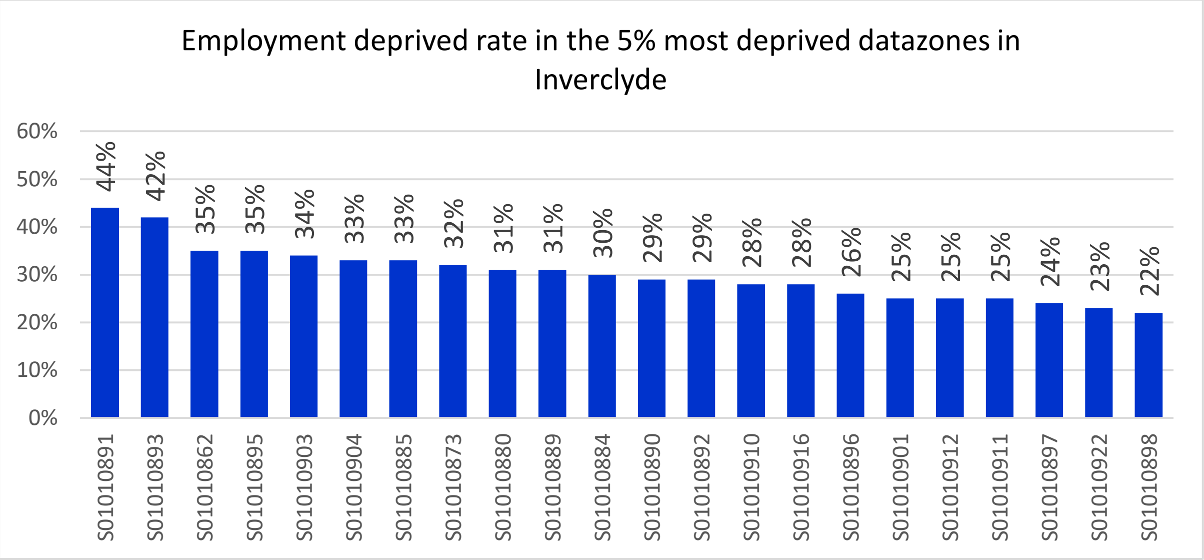


Chart 3: Employment deprived rate in the 5% most deprived data zones in Inverclyde3



Income deprivation

When looking only at the income domain, Inverclyde has 53 data zones that are in the 20% most income deprived in the country. This is 46.5% of all Inverclyde's data zones. Of these 21, or 18.4% are in the 5% most deprived in Scotland.

The most deprived income data zone in Inverclyde falls within the intermediate zone of Greenock Town Centre and East Central. This data zone (S01010893) has an income domain ranking of 5. The overall SIMD rank for this data zone is 15.

Across Inverclyde 13,945 people are classed as income deprived. This is 17.7% of the population and the second highest rate in Scotland. Other local authorities Glasgow City, West Dunbartonshire and North Ayrshire saw this rate fall.

In 2016, 13,420 people were income deprived which was 16.8% of the population. The percentage increase in income deprivation will have been affected by a drop in Inverclyde's population between 2016 and 2020 as the measure is taken as a percentage of the population.

Table 10: Income deprivation 2016 and 2020

	2020	2016
Number of people income deprived	13,945	13,420
Total estimated population	78,760	79,860
% of Inverclyde population that are income deprived	17.7%	16.8%

Of this 13,945 income deprived population, 10,143 live in the 20% most deprived data zones, which means that 3,802 income deprived people do not reside in the 20% most deprived data zones.

Between 2016 and 2020, the number of data zones in the income domain in the 20% most deprived increased by 6, from 47 to 53.

Employment deprivation

When looking only at the employment domain, Inverclyde has 54 data zones that are in the 20% most deprived in the country. This is 47% of all Inverclyde's data zones. Of these 23, or 20.2% are in the 5% most deprived in Scotland.

The most deprived employment data zone in Inverclyde falls within the intermediate zone of Greenock Town Centre and East Central. This data zone (S01010891) has an employment domain ranking of 4. The overall SIMD rank for this data zone is 1.

There are 7,126 working age residents in Inverclyde that are classed as employment deprived. This is 14.3% of the population and is the highest rate in Scotland. There was a small reduction in employment deprivation (1%) between 2016 and 2020, however this is a smaller rate of improvement that in other local authorities. West Dunbartonshire and North Ayrshire saw rates fall by over 2% which Glasgow's employment deprivation fell by almost 3%

Table 11: Employment deprivation 2016 and 2020

	2020	2016
Number of people employment deprived	7,126	7,705
Total estimated working age population	49,776	50,443
% of Inverclyde population that are employment deprived	14.3%	15.3%

Of the 7,126 employment deprived population, 4,994 live in the 20% most deprived data zones, which means that 2,132 employment deprived people do not reside in the 20% most deprived data zones.

Between 2016 and 2020, the number of data zones in employment domain in the 20% most deprived increased by 2, from 52 to 54.

Education Domain

This domain includes indicators which measure:

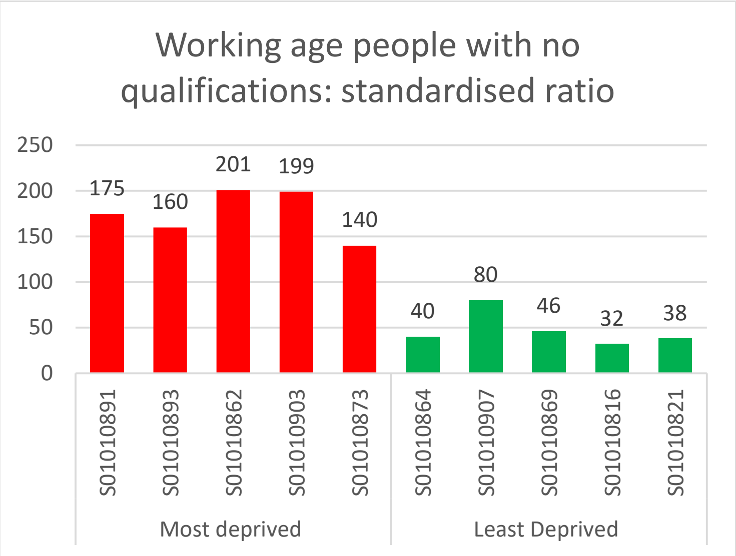
- Attendance
- Attainment
- No qualifications
- Youth unemployment
- University entrants

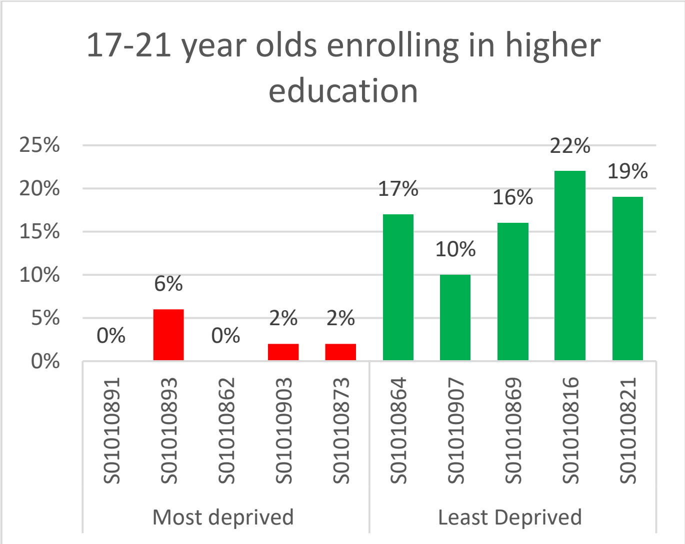
When looking at the Education domain on its own, there are 42 data zones in Inverclyde that fall into the 20% most deprived data zones in Scotland. This is 37% of all Inverclyde data zones. Of these 7, or 6% are in the 5% most deprived in Scotland.

Between 2016 and 2020, the number of data zones in education domain in the 20% most deprived increased by 6 from 36 to 42.

The most deprived Education data zone in Inverclyde falls within the intermediate zone of Lower Bow and Larkfield Fancy Farm and Mallard Bowl. This data zone (S01010862) has an Education domain ranking of 3. The overall SIMD rank for this data zone is 17.

The charts below shows how Inverclyde's top 5 most deprived data zones compare with the 5 least deprived data zones for two of the Education domain measures.





Health Domain

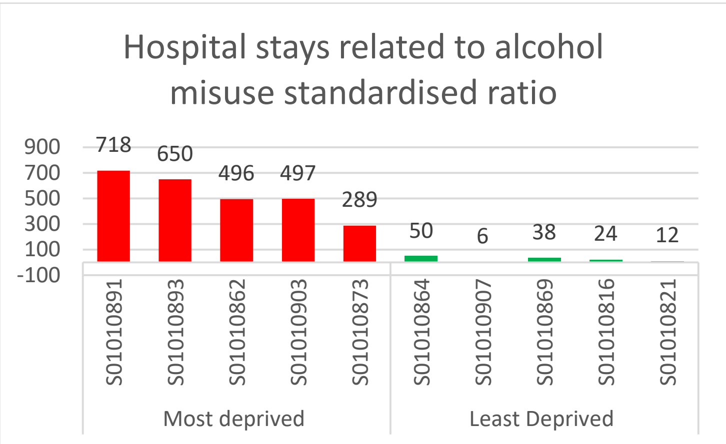
This domain includes indicators which measure:

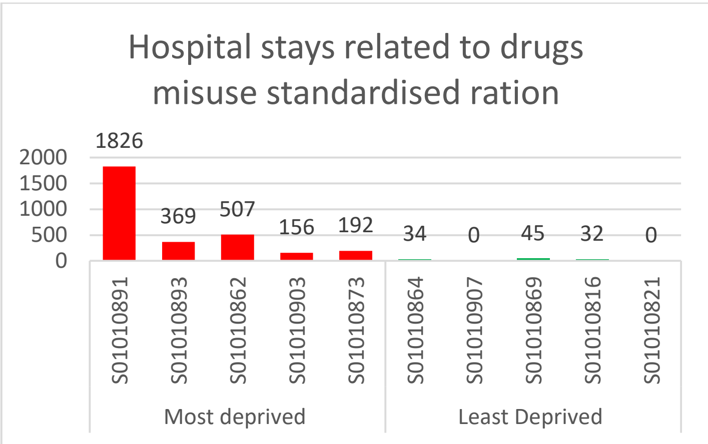
- Comparative illness
- Alcohol and drugs hospital stays
- Mortality
- Number on anxiety / depression medication
- Low birth weight
- Emergency hospital stays

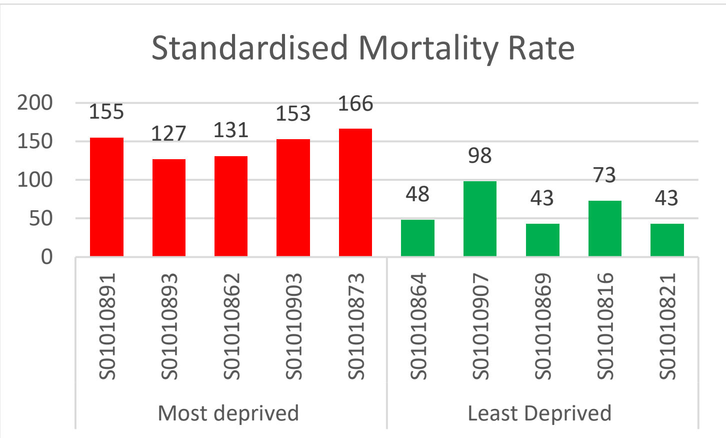
When looking at the Health domain on its own, there are 47 data zones in Inverclyde that fall into the 20% most deprived data zones in Scotland. This is 41.2% of all Inverclyde data zones. Of these 13, or 11.4% are in the 5% most deprived in Scotland.

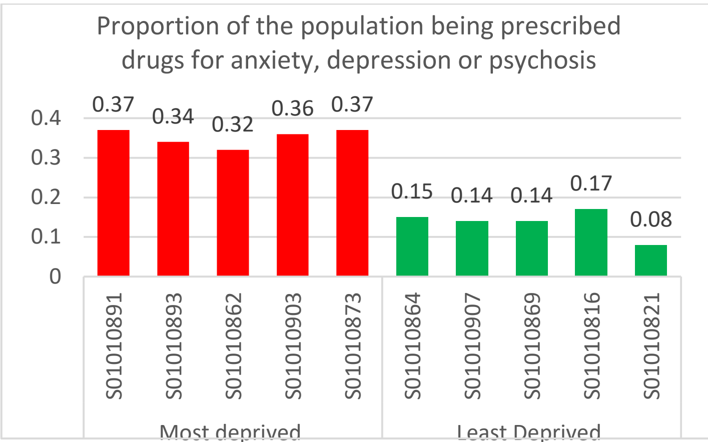
Between 2016 and 2020, the number of data zones in heath domain in the 20% most deprived increased by 3, from 50 to 47.

The most deprived Health data zone in Inverclyde falls within the intermediate zone of Greenock Town Centre and East Central. This data zone (S01010891) has a Health domain ranking of 2. The overall SIMD rank for this data zone is 1.   The charts below shows how Inverclyde's top 5 most deprived data zones compare with the 5 least deprived data zones for four of the Health domain measures.









Geographic Access Domain

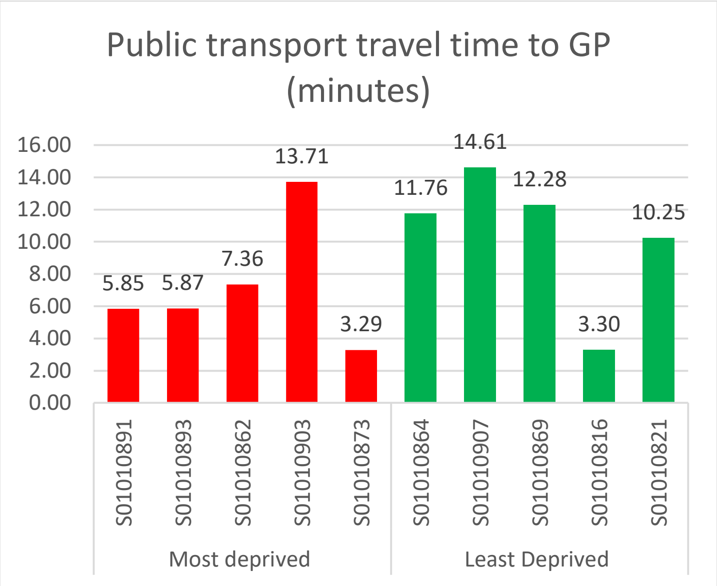
This domain includes indicators which measure average drive time and public transport time to main services such as GP, petrol station, post office, primary and secondary school, retails centre and superfast broadband.

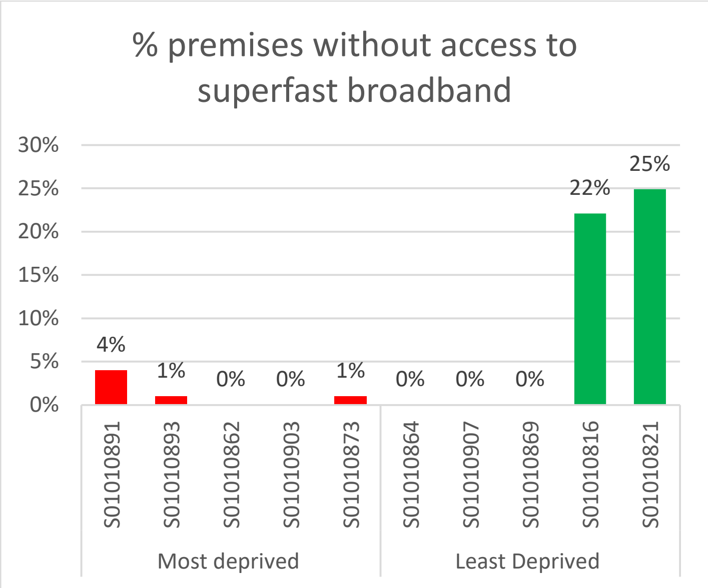
When looking at the Access domain on its own, there are 18 data zones in Inverclyde that fall into the 20% most deprived data zones in Scotland. This is 15.7% of all Inverclyde data zones. Of these 1, or 0.87% falls into the 5% most deprived in Scotland.

Between 2016 and 2020, the number of data zones in geographic access domain in the 20% most deprived increased by 2, from 16 to 18.

The most deprived Access data zone in Inverclyde falls within the intermediate zone of West Braeside, East Inverkip and West Gourock. This data zone (S01010833) has an Access domain ranking of 263. The overall SIMD rank for this data zone is 5513, which places in within the 30% least deprived data zones in Inverclyde.

The charts below shows how Inverclyde's top 5 most deprived data zones compare with the 5 least deprived data zones for two of the Geographic Access domain measures.





Housing Domain

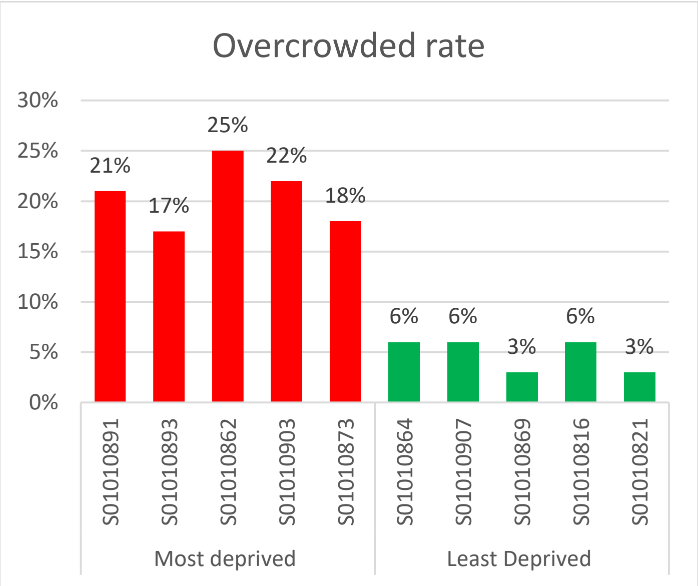
This domain includes indicators which measure the number of households that are overcrowded and without central heating.

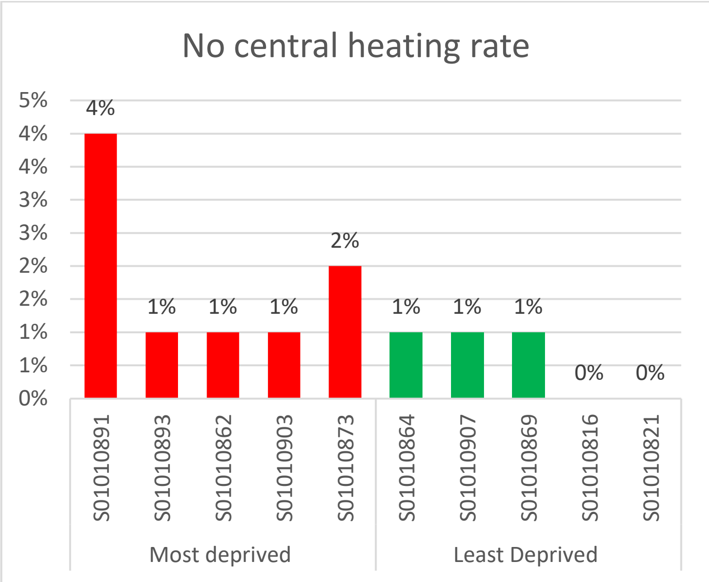
When looking at the Housing domain on its own, there are 42 data zones in Inverclyde that fall into the 20% most deprived data zones in Scotland. This is 36.8% of all Inverclyde data zones. Of these 3, or 3% fall into the 5% most deprived in Scotland.

Between 2016 and 2020, the number of data zones in the housing domain in the 20% most deprived remained at 42.

The most deprived Housing data zone in Inverclyde falls within the intermediate zone of Port Glasgow, Mid East and Central. This data zone (S01010916) has a Housing domain ranking of 171. The overall SIMD rank for this data zone is 300.

The charts below shows how Inverclyde's top 5 most deprived data zones compare with the 5 least deprived data zones for two of the Housing domain measures.





Crime Domain

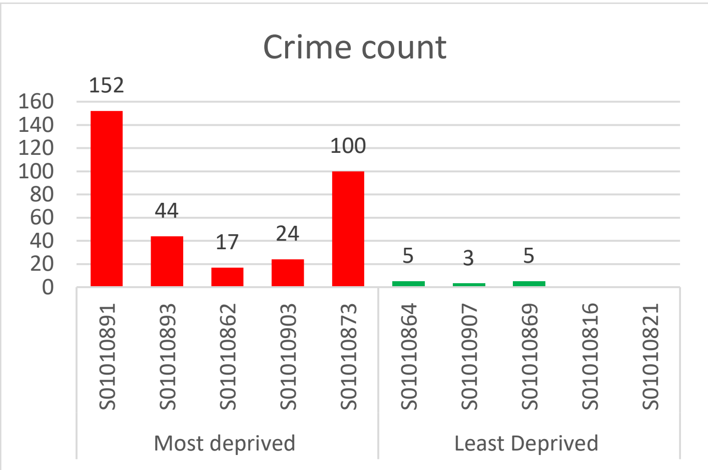
This domain includes indicators which measure recorded crime rate of selected crimes of violence, sexual offences, domestic housebreaking, vandalism, drug offences and common assault.

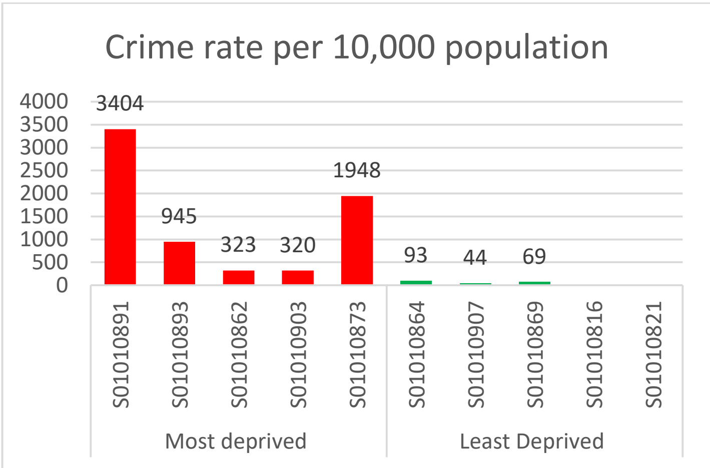
When looking at the Crime domain on its own, there are 24 data zones in Inverclyde that fall into the 20% most deprived data zones in Scotland. This is 36.8% of all Inverclyde data zones. Of these 6, or 5.2% fall into the 5% most deprived in Scotland.

Between 2016 and 2020, the number of data zones in the crime domain in the 20% most decreased by 8 from 32 to 24.

The most deprived Crime data zone in Inverclyde falls within the intermediate zone of Greenock Town Centre and East Central. This data zone (S01010891) has a Crime domain ranking of 17. The overall SIMD rank for this data zone is 1.

The charts below shows how Inverclyde's top 5 most deprived data zones compare with the 5 least deprived data zones for two of the Crime domain measures.





Appendix 1

Data_Zone	Intermediate_Zone	SIMD2020_Rank
5% most deprived		
S01010891	Greenock Town Centre and East Central	**1**
S01010893	Greenock Town Centre and East Central	**15**
S01010862	Lower Bow and Larkfield, Fancy Farm, Mallard Bowl	**17**
S01010903	Greenock East	**35**
S01010873	Greenock West and Central	**54**
S01010904	Greenock East	**75**
S01010890	Greenock Town Centre and East Central	**86**
S01010885	Greenock Upper Central	**130**
S01010901	Greenock East	**158**
S01010910	Port Glasgow Upper, West and Central	**182**
S01010880	Bow Farm, Barrs Cottage, Cowdenknowes and Overton	**213**
S01010895	Greenock Town Centre and East Central	**214**
S01010912	Port Glasgow Upper, West and Central	**219**
S01010889	Greenock Upper Central	**224**
S01010897	Greenock Town Centre and East Central	**266**
S01010892	Greenock Town Centre and East Central	**270**
S01010884	Greenock Upper Central	**273**
S01010911	Port Glasgow Upper, West and Central	**282**
S01010898	Greenock East	**287**
S01010896	Greenock Town Centre and East Central	**292**
S01010916	Port Glasgow Mid, East and Central	**300**
S01010922	Port Glasgow Mid, East and Central	**302**
10% most deprived		
S01010861	Lower Bow and Larkfield, Fancy Farm, Mallard Bowl	**371**
S01010887	Greenock Upper Central	**374**
S01010900	Greenock East	**397**
S01010920	Port Glasgow Mid, East and Central	**430**
S01010842	Gourock Central, Upper East and IRH	**441**
S01010849	Braeside, Branchton, Lower Larkfield and Ravenscraig	**459**
S01010894	Greenock Town Centre and East Central	**474**
S01010859	Lower Bow and Larkfield, Fancy Farm, Mallard Bowl	**503**
S01010850	Braeside, Branchton, Lower Larkfield and Ravenscraig	**618**
S01010848	Braeside, Branchton, Lower Larkfield and Ravenscraig	**631**
S01010851	Braeside, Branchton, Lower Larkfield and Ravenscraig	**649**
S01010929	Port Glasgow Upper East	**665**
S01010926	Port Glasgow Upper East	**670**
S01010854	Braeside, Branchton, Lower Larkfield and Ravenscraig	**689**
15% most deprived		
S01010888	Greenock Upper Central	**741**
S01010856	Lower Bow and Larkfield, Fancy Farm, Mallard Bowl	**771**
S01010928	Port Glasgow Upper East	**775**
S01010921	Port Glasgow Mid, East and Central	**814**

S01010925	Port Glasgow Upper East	**904**
S01010858	Lower Bow and Larkfield, Fancy Farm, Mallard Bowl	**1034**
20% most deprived		
S01010923	Port Glasgow Upper East	**1126**
S01010908	Port Glasgow Upper, West and Central	**1161**
S01010917	Port Glasgow Mid, East and Central	**1166**
S01010902	Greenock East	**1170**
S01010924	Port Glasgow Upper East	**1181**
S01010919	Port Glasgow Mid, East and Central	**1209**
S01010906	Greenock East	**1271**
S01010843	Gourock Central, Upper East and IRH	**1329**
S01010927	Port Glasgow Upper East	**1395**
30% most deprived		
S01010886	Greenock Upper Central	**1405**
S01010918	Port Glasgow Mid, East and Central	**1417**
S01010855	Braeside, Branchton, Lower Larkfield and Ravenscraig	**1425**
S01010876	Greenock West and Central	**1526**
S01010877	Greenock West and Central	**1853**
S01010852	Braeside, Branchton, Lower Larkfield and Ravenscraig	**1976**
S01010860	Lower Bow and Larkfield, Fancy Farm, Mallard Bowl	**1983**
S01010872	Greenock West and Central	**2041**
S01010846	Gourock Central, Upper East and IRH	**2084**
S01010853	Braeside, Branchton, Lower Larkfield and Ravenscraig	**2098**
S01010905	Greenock East	**2382**
S01010899	Greenock East	**2488**
S01010875	Greenock West and Central	**2551**
S01010878	Bow Farm, Barrs Cottage, Cowdenknowes and Overton	**2614**
S01010913	Port Glasgow Upper, West and Central	**2755**
40% most deprived		
S01010915	Port Glasgow Upper, West and Central	**2824**
S01010881	Bow Farm, Barrs Cottage, Cowdenknowes and Overton	**2977**
S01010914	Port Glasgow Upper, West and Central	**2980**
S01010822	Kilmacolm, Quarriers, Greenock Upper East/Central	**3074**
S01010857	Lower Bow and Larkfield, Fancy Farm, Mallard Bowl	**3109**
S01010879	Bow Farm, Barrs Cottage, Cowdenknowes and Overton	**3129**
50% most deprived		
S01010868	Gourock East, Greenock West and Lyle Road	**3566**
S01010883	Bow Farm, Barrs Cottage, Cowdenknowes and Overton	**3577**
S01010866	Gourock East, Greenock West and Lyle Road	**3604**
S01010832	West Braeside, East Inverkip and West Gourock	**3705**
S01010837	Gourock Upper and West Central and Upper Larkfield	**3789**
S01010840	Gourock Upper and West Central and Upper Larkfield	**3818**
S01010820	Kilmacolm, Quarriers, Greenock Upper East/Central	**3945**
S01010829	Inverkip and Wemyss Bay	**3970**
S01010819	Kilmacolm, Quarriers, Greenock Upper East/Central	**4058**
S01010845	Gourock Central, Upper East and IRH	**4184**

40% least deprived		
S01010909	Port Glasgow Upper, West and Central	**4272**
S01010823	Kilmacolm, Quarriers, Greenock Upper East/Central	**4295**
S01010841	Gourock Upper and West Central and Upper Larkfield	**4432**
S01010863	Gourock East, Greenock West and Lyle Road	**4445**
S01010839	Gourock Upper and West Central and Upper Larkfield	**4453**
S01010838	Gourock Upper and West Central and Upper Larkfield	**4485**
S01010830	Inverkip and Wemyss Bay	**4520**
S01010871	Greenock West and Central	**4545**
S01010870	Greenock West and Central	**4626**
S01010882	Bow Farm, Barrs Cottage, Cowdenknowes and Overton	**4721**
30% least deprived		
S01010874	Greenock West and Central	**5131**
S01010826	Inverkip and Wemyss Bay	**5230**
S01010834	West Braeside, East Inverkip and West Gourock	**5377**
S01010833	West Braeside, East Inverkip and West Gourock	**5513**
20% least deprived		
S01010824	Inverkip and Wemyss Bay	**5591**
S01010825	Inverkip and Wemyss Bay	**5628**
S01010867	Gourock East, Greenock West and Lyle Road	**5634**
S01010847	Gourock Central, Upper East and IRH	**5707**
S01010827	Inverkip and Wemyss Bay	**5727**
S01010835	West Braeside, East Inverkip and West Gourock	**5761**
S01010831	Inverkip and Wemyss Bay	**5769**
S01010828	Inverkip and Wemyss Bay	**5827**
S01010865	Gourock East, Greenock West and Lyle Road	**5884**
S01010836	Gourock Upper and West Central and Upper Larkfield	**5897**
S01010817	Kilmacolm Central	**5912**
S01010844	Gourock Central, Upper East and IRH	**5922**
S01010818	Kilmacolm Central	**6020**
S01010864	Gourock East, Greenock West and Lyle Road	**6079**
S01010907	Port Glasgow Upper, West and Central	**6192**
10% least deprived		
S01010869	Gourock East, Greenock West and Lyle Road	**6504**
S01010816	Kilmacolm Central	**6521**
S01010821	Kilmacolm, Quarriers, Greenock Upper East/Central	**6882**

Inverclyde council

AGENDA ITEM NO: 10

Report To:	**Policy and Resources Committee**	**Date:**	**24 March 2020**
Report By:	**Head of Legal and Property Services**	**Report No:**	**LP/036/20/PMcD**
Contact Officer:	**Peter MacDonald**	**Contact No:**	**2618**
Subject:	**Review of Community Council Grant Funding**		

1.0 PURPOSE

1.1 The purpose of this report is to advise the Committee of feedback received from the Community Councils on proposals to change the basis of their grant funding and, having regard to that feedback, to seek the approval of the Committee of a proposed new Scheme of Funding for Community Councils.

2.0 SUMMARY

2.1 At the meeting of 6 August 2019, the Committee approved proposals to enter discussions with the Community Councils on the structure of Community Council grant funding, and a possible review of that structure.

2.2 Officers have contacted and met with the Community Councils with proposals on how the model of grant funding could be changed, and the feedback that has been received from the Community Councils is as detailed in the body of the report.

2.3 Having regard to this feedback, officers have prepared an “Inverclyde Council – Scheme of Funding for Community Councils” (Appendix 2) and a shorter form guide for that scheme (Appendix 3) for consideration by the Committee. Should this be approved by the Committee, recommendations on how any currently unspent balances of Community Council grant funds should then be treated are detailed in the body of the report.

3.0 RECOMMENDATIONS

It is recommended that the Committee:

3.1 notes the responses received from the Community Councils on proposals for changing how they are funded, as set out in the body of this report and at Appendix 1;

3.2 approves and adopts the “Inverclyde Council - Scheme of Funding for Community Councils” set in in Appendix 2, to apply from and including 1 April 2020;

3.3 (continued over)

3.3 approves the terms of the Guide to Community Council Grants set out in Appendix 3; and

3.4 approves the treatment detailed in paragraphs 7.1 to 7.5 of this report of any grant funds released or to be released to the Community Councils in terms of the existing funding model.

Gerard J. Malone
Head of Legal and Property Services

4.0 BACKGROUND

4.1 The current Scheme for the Establishment of Community Councils in Inverclyde (the Scheme) was adopted by the Inverclyde Council on 14 April 2011 and provides that the Council may provide an Administrative Grant to Community Councils, at such level as it may from time to time determine. The current structure of such grant funding was approved at the meeting of the Regeneration Committee on 1 September 2011.

4.2 At the meeting of 6 August 2019, the Committee approved proposals to enter discussions with the Community Councils on the structure of the grant funding, and a possible review of that structure.

4.3 Following completion of the Community Council Election process at the end of September 2019, the Community Council Liaison Officer (CCLO) contacted all the Community Councils advising that a review of the structure of their grant funding was being undertaken, setting out the various options (paragraph 4.5 below) and seeking their views on the same.

4.4 Additionally, visits attended by the Chief Executive, officers from Culture, Communities & Educational Resources and the CCLO have been offered to all the Community Councils, to discuss a variety of matters including the present funding review. As at the date of this report, 4 of the Community Councils have taken up this offer.

4.5 The options highlighted in discussion with the Community Councils are as per the 6 August 2019 report, namely:

1. Leaving the funding structure entirely as is;
2. Retain the existing budget and grant level but remove all restrictions on use;
3. Retain the existing budget but split each grant to have part as constrained administrative grant and part to be spent as the community councils see fit; and
4. Retain the existing budget and reduce the individual grants, leaving the remaining budget as a fund to which Community Councils can apply to fund projects; or
5. Reduce the overall budget and the level of the grant.

4.6 The existing funding model bases part of the grant provided on the population levels of each of the Community Council Areas, based on SIMD data as at 2011. In preparing the funding scheme recommended in this report, officers have updated the population data to be used, basing it on 2018 small area population estimates (2011 data zone based) from National Records of Scotland.

5.0 COMMUNITY COUNCIL FEEDBACK

5.1 The responses received from the Community Councils are included at Appendix 1 and are drawn to the attention of the Committee. They are summarised as follows:

- Greenock West and Cardwell Bay Community Council have indicated a preference for option 1, but with a simplified process to seek consent for activities outwith the administrative grant scheme (see comments below);
- Kilmacolm Community Council indicated a preference for option 3;
- Port Glasgow West Community Council have indicated a preference for option 2;
- Gourock Community Council:
    - did not favour options 1, 4 or 5;
    - expressed support for option 2 (subject to qualifiers); and
    - sought more information on option 3 (see comments below);
- Inverkip and Wemyss Bay Community Council indicated:
    - a preference that their total grant remain the same, which excludes options 4 and 5; and
    - a wish for greater flexibility on their use of their grant, which excludes option 1 but again is support for options 2 or 3.
- Gourock Community Council have provided an extensive response on a number of matters, which although beyond the scope of the current funding review, will be followed up in discussion with them by the CCLO.

5.2 Option 1 was supported by Greenock West and Cardwell Bay Community Council. As this is the current approach, it does not present any issues from a stewardship point of view, but it is the view of officers that it does not provide the added flexibility that this current review is intended to bring. The simplified process this Community Council seeks, for consent to proposals outwith the normal scope of the scheme can effectively be provided by options 2 or 3, in that consent will simply not be required.

5.3 Option 2 would achieve greater flexibility as sought by Inverkip and Wemyss Bay Community Council. Option 2 was also supported by Gourock Community Council and Port Glasgow West Community. It is the view of officers that whilst option 2 as set out above does provide the greatest level of flexibility for the Community Councils, what it does not provide and what should be included in any funding scheme is protection of part of the funding for necessary administrative costs. Officers have discussed this further with both Community Councils at the meetings with them, and in both cases the Community Councils have indicated that they accept a need to restrict the use of some of the grant for administrative purposes to deal with day to day running costs and ensure the sustainability of the Community Councils.

5.4 Option 3 was supported by Kilmacolm Community Council, with Gourock Community Council seeking more information on the model. The wish for greater flexibility sought by Inverkip and Wemyss Bay Community Council would be achieved by this option. It is the view of officers that this option strikes a balance between ensuring that part of the funding provided is constrained for necessary administrative funding, to ensure the sustainability and function of the Community Councils, whilst at the same time releasing the balance of funding for community projects

5.5 Were option 3 to be pursued, a suggestion came from the meeting with Gourock Community Council that each Community Council should submit a business plan for each year, indicating anticipated administrative expenditure and that the level of Administrative Grant in each case be tied to that figure. It is the view of officers however that this would add a further administrative burden on the Community Councils. The preference of officers is therefore not paragraph 6.4 to fix the Administrative Grant level. In meetings with Gourock Community Council and Port Glasgow West Community Council, both indicated a preference that this protected portion be set at as low a level as possible to maintain flexibility with the remainder of their funds.

5.6 It is the view of officers that the lack of support for option 4 reflects the additional administrative burden that would be placed on the Community Councils were they to be required to make specific applications for funding for individual projects. On that basis, option 4 is not favoured by officers.

5.7 Option 5 has received no expression of support. It is the view of officers that the overall savings gained in a reduction in budget would not sufficiently offset the reduced potential community led projects, and so this option is not favoured by officers.

6.0 PROPOSALS - THE FUNDING SCHEME

6.1 Whilst the views of the Community Councils are an extremely important consideration in any approach adopted for their funding, any recommendation made by Officers must balance maintaining robust and proper stewardship of the public pound whilst at the same time afford sufficient flexibility to encourage Community Councils to bring forward community led projects with community benefits.

6.2 Having regard both to the feedback that has been received, which demonstrates an appetite in the Community Councils for this further flexibility, and the need to ensure that at least part of the funds provided are retained for necessary day to day administration of the Community Councils, the proposal set in his report is based on option 3.

6.3 The proposed Scheme of Funding for Community Councils ("the Funding Scheme") recommended by officers is attached at Appendix 2. The approach taken is that the available grant budget (that is the Community Council Budget under deduction of necessary insurance and election costs) is divided per Community Council Area on the basis of: a) an initial fixed sum of £500 (as the Administrative Grant per paragraph 6.4 below); and b) the remaining balance divided according to population (as the Project Grant per paragraph 6.5 below). An example of this calculation is included in the Funding Scheme.

6.4 The Funding Scheme proposes the initial fixed sum of £500 per Community Council be set as an Administrative Grant, constrained for administrative use in the much the same way as the whole of the existing grant. Whilst population sizes change materially, the sizes of the Community Councils themselves are similar, and thus likely administrative costs can for the most part be anticipated as remaining the same. A Community Council can also use sums from the remainder of the grant, the Project Grant as detailed below, for such administrative purposes should additional expenditure be required. The purpose of the constraint on this portion of the grant is to protect a core sum for day to day running costs in the course of a year, to ensure function and sustainability of the Community Councils. If by the end of a financial year, a Community Council has not spent all of the Administrative Grant released to it, the balance carried forward to subsequent years will thereafter be treated and governed as Project Grant. If a Community Council has functioned throughout the year without the need to spend all of these funds, officers do not consider it necessary to carry the restriction to future years.

6.5 The Funding Scheme proposes a further payment to be made to each Community Council of a Project Grant, being the balance of the grant budget following allocation of the Administrative Grant, divided among the Community Council Areas by population. The use of these funds is not constrained in the same manner as the Administrative Grant, and is intended to encourage their undertaking community led projects. Whilst maximum flexibility would be achieved by placing no restriction on the use of these funds, some restriction is required to ensure proper stewardship of the public pound. Officers are recommending that the following broad purpose be adopted for the Project Grant, namely it can be used for projects which the Community Councils feel:

> "…are likely to advance, promote or improve the well-being of any part of its Community Council Area (as defined in the Scheme) and/or any person or persons resident or present within that area".

This wording follows that used in terms of the power to advance well-being conferred on Scottish Local Authorities in terms of the Local Government in Scotland Act 2003.

6.6 Although the grant will now have a dedicated Project Grant element, if requested by the Community Councils, officers will continue to exercise the same flexibility that they currently do on what can be classed as promotional activity in the spending of the Administrative Grant.

6.7 As indicated at paragraph 4.6 above, population figures have been updated for the Community Council Areas, and these are factored in to the example calculation contained in the Scheme. Additionally, the proposed Funding Scheme reduces the initial fixed sum available for all Community Councils from the £700 provided under the current funding model to £500, and treats it as the Administrative Grant per above. This reduction is to reflect the views expressed at the meetings with Community Councils that level of grant restricted for administrative use be kept to a minimum. As a result, comparing the Funding Scheme with the existing model, there are minor variations in total grant for each Community Council. A sample calculation of grant under the existing funding model is included in Appendix 4, and the final column shows how these figures differ from those which appear under the Funding Scheme.

6.8 The current funding model does not contain any provision regarding the accrual of balances by Community Councils. It is however appropriate for the proper stewardship of public funds that some restriction be placed on this. This has to be balanced however with encouraging forward planning in relation to larger projects or expenditure. The Funding Scheme accordingly contains provision allowing unspent balances of grant funds to be carried forward at the end of a financial year, but that only up to a certain limit. The maximum amount that can be carried forward is the total of the Administrative Grant plus 4 x the Project Grant. If the balance carried forward exceeds that figure, there will be a commensurate reduction in the amount of Community Council Grant released. For the reasons stated at paragraph 6.4 and to simplify the accounting procedures the Community Councils will have to follow, any sums released as Administrative Grant but carried forward to subsequent years will, in those subsequent years, be treated and governed as Project Grant.

6.9 Whilst the Council could simply automatically release grants to the Community Councils, it is appropriate that checks are carried out to ensure basic compliance with the requirements on them in terms of the Scheme. The Funding Scheme therefore sets out what these requirements are. These provisions effectively formalise what has been the practice of officers under the existing funding model.

6.10 To ensure the treatment of the funding of Community Councils is consistent with the approach taken towards grant funding provision for other community groups, officers are recommending that explicit provision be made in the Funding Scheme that where all the necessary documentation and information needed to allow the release of a Community Council Grant under this Scheme for a given financial year has not been provided by the end of that financial year, then that grant will no longer be available to them. Whilst this differs from the approach currently taken (this is expanded on at paragraph 7.3), it is the experience of officers that much of the time spent in discussion on this point is clarifying whether expenditure meets with the current restrictions. It is anticipated by officers that as the Funding Scheme has less restriction on it, these discussions will be simplified and the process speeded up.

6.11 It is accepted by officers that the Funding Scheme is, by necessity, a complex document. To make this more accessible to the Community Councils, officers have prepared a shorter form "Guide to Community Council Grants" which is included at Appendix 3. Aspects of both this guidance and the Funding Scheme itself in part supersede guidance on Community Council Finances previously approved in 2012. If the recommendations in this report are approved, officers will ensure existing guidance is updated accordingly.

7.0 PROPOSALS – FUNDS RELEASED OR TO BE RELEASED UNDER CURRENT FUNDING MODEL

7.1 If the model of funding is changed, the question then arises as to how to treat any balances of grant under the existing funding model currently held by the Community Councils or yet to be released to them. As the Funding Scheme will make changes to both these elements, officers propose, should it be approved, that the Financial Year 2020/21 is treated as a transitional year in terms of paragraphs 7.2 to 7.5 below to allow the Community Councils to familiarise themselves with the Scheme in general and these changes in particular. In considering this aspect, it is important that the Committee has an understanding of the current balances held by or further payments that may be made to the Community Councils. The table at Appendix 5 shows these figures for each active Community Council, all of whom have been contacted and asked for their current balances. The figures shown in this table are based on the most recent information held by officers.

7.2 The existing funding model does not contain any provision for a reduction in the grant released if balances are being accrued from year to year. The Funding Scheme proposed here, as set out above, does limit such accruals. Officers therefore propose that any balances held by the Community Councils as at 31 March 2020 be disregarded for the purposes of calculating the Community Council Grants for year 2020/21 and from that point be treated and governed as Project Grant. This allows the Community Councils a 12 month period: to familiarise themselves with the new scheme; to progress projects with those funds, free from the constraints of the existing funding model; and to reduce the balances they hold to a level that maximises their grant release in the subsequent financial year, namely 2021/22. Any balances of grant held by the Community Councils as at 31 March 2021 will be factored into the subsequent grant release as provided for the Funding Scheme.

7.3 Under the existing funding model, there are various things officers require the Community Councils to produce (minutes of meetings, accounts, bank statements and possibly further information or clarification) before grant release. Recognising that the Community Councils are run by members of the community quite rightly focused on the day to day business of representing those communities, officers have historically allowed the Community Councils flexibility on this and ensured that grant is not "lost" simply because the necessary documentation has not been produced by the end of financial year. Therefore, currently the grants for financial years 2018/19 and 2019/20 are (if not yet claimed) still available to the

Community Councils when they meet the necessary requirements. The grant for year 2018/19 will (if unclaimed) no longer be available after 31 March 2020.

7.4 The Funding Scheme does however, to ensure the Council approach here is consistent with other grant funding made available by the Council, provide that if all the necessary documentation for the grant to be released is not produced by the end of the financial year, then the grant for that financial year will no longer be available. In this transitional year, officers are proposing that, consistent with the current approach, the 2019/20 grant will still be available for release in the course of 2020/21, and if so released be treated and governed as Project Grant. The terms of the Funding Scheme will apply to the 2020/21 grant, namely that if not released by 31 March 2021, it will no longer be available.

7.5 Officers will, as part of the process for release of the 2020/21 grant, review the accounts produced for financial year 2019/20 to ensure compliance with both the Scheme and the existing funding model. Consistent with the approach to 2020/21 as a transitional year, officers will review that spending in the 2019/20 accounts in terms of less restrictive rules of the Scheme, rather than those under the existing funding model.

8.0 IMPLICATIONS

Finance

8.1 The proposed changes in terms of this report are contained within existing budgets.

Legal

8.2 In terms of the Scheme, the Council may provide an Administrative Grant to community councils, at such level as may from time to time be determined by the Council. This can be varied by the Council **without** formal amendment of the Scheme.

Human Resources

8.3 None.

Equalities

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

Repopulation

8.5 None.

9.0 CONSULTATIONS

9.1 The Chief Financial Officer and the Corporate Management Team have been consulted on the terms of this report. The Community Council Champion has been consulted on the terms of the Scheme of Funding for Community Councils at Appendix 2 and the Guide to Community Council Grants at Appendix 3.

10.0 LIST OF BACKGROUND PAPERS

10.1 None.

Appendix 1 – Responses from Community Councils (in order of receipt)

A. – Greenock West and Cardwell Bay Community Council (Email of 7/1/20)

Hello Peter,
The GW&CBCC have decided that they would wish the Community Council Grant/Funding to be option 1.
Leaving the funding structure entirely as is; ***but with the addition that a more simplified request/application form be available for projects out-with usual scope of the administration grant.***

Please advise if you have received this email.
Many Thanks,
Willie

Willie Stewart
Secretary
Greenock West and Cardwell Bay
Community Council
[redacted]

http://www.gwcbcc.org

Facebook @gwcbcc
Twitter @GWestCBayCC

B. – Kilmacolm Community Council (Email of 15/1/20)

Peter

Below is an extract of the Minute of the KCC Meeting of 26 November of which you have a copy. The minuted agenda item explains the KCC views on the funding options you outlined to us.

Kind regards

David

9.Community Council Scheme and Funding Review
The Secretary had, prior to the meeting, circulated copies of an email from Inverclyde Council Legal and Property Services which requested Community Councils to consider various Community Council funding options.
The option favoured by Kilmacolm Community Council was:
"Retain the existing funding budget but split each grant to have part a constrained administrative grant and part to be spent as the community councils see fit"
If a 'project fund' was to be established the KCC were opposed to it being held centrally by the Council with community councils applying for project specific funding but would support an arrangement whereby each community council would get a fixed proportion of that fund annually.

In a separate email - also circulated to members - it was advised that Inverclyde Council will contact community councils in the new year to elicit their views on the present Scheme - the statutory framework by which community councils are established and operate - and to establish whether the community councils felt such a review was needed or desired. The Inverclyde Council review of the Scheme would, amongst other things, look at the number of community councils within Inverclyde and the areas covered by those community councils,

David Goddard
Secretary
Kilmacolm Community Council
Cargill Centre
Lochwinnoch Road
Kilmacolm PA13 4LE

secretary@kilmacolmcc.co.uk

C. – Port Glasgow West Community Council (Email of 17/1/20)

Hi Peter

Sorry for the delay in getting back to you.

In terms of spending our allocated budget allowance, our Port Glasgow West Community Council would like to have the discretion to spend our allowance on legitimate items/projects, that may not be seen as admin spending perse', but could be a means of promoting our Community Council within our Town.

Regards

Tommy Rodger
(Secretary)

D. Gourock Community Council (Attachment to Email of 21/1/20)

GOUROCK COMMUNITY COUNCIL

Dear Peter McDonald,

Thank you for the information and for taking this response to the Committee for Education and Communities. In addition to The Scheme, Constitution and Standing Orders GCC has initially used the opportunity for some ideas to be shared on business and ideas that have been expressed over time, or recently for this reply because it is being asked.

Please point out to the Committee that towards and over Christmas a lot of people have visitors and such a lot more to do personally as well as Festive Gourock, Singing Carol's and seasonal things. The General Election added more for some of us to find time and direct energy to gather together when so much was happening. The first weeks in January before the first meeting were really to be for a very well deserved break from volunteering.

GCC believe that there could be permanent and regular ways to help CC volunteers to share tasks and ideas through summits or conventions and a formal Forum. This would save having heavy consultations over holiday times, as we have had planning so often over summer as well.

PROPOSAL FOR AN INVERCLYDE COMMUNITY COUNCIL FORUM

Please consider that the Community Councils had been prepared to stay on another year and wait for an election. CC's had a process of change and reforming with new people to get to know, all while there was a General Election on. Its a lot to ask of everyone to then look at changes, no matter how welcome some might turn out to be.

GCC wonder if there could be a way for the Community Councils to review the changes with gatherings from all of the Community Councils in Inverclyde in addition to information from individuals in the Council to help.

Setting up a Forum for the Chairs, the Secretaries and regular opportunities for every member to meet seems to be something that could help, considering new empowerment for communities and the Participatory Budgeting, and how everything ties in with the newly formed six Boards that share areas and carry forward so many of the communities needs and wishes.

AN INVERCLYDE SERVICE OF COMMUNITY COUNCILS

Representatives from each CC sent or convened regularly for single issues or education. Plus there are communities not clearly being represented or meeting that are not geographical, Equalities and also Black and Minority Ethnic people or from other protected characteristics like LGBTQIA+.
Perhaps more members would come forward with a platform for gathering and selecting representatives. There might be less of some characteristics in some areas than others, but information to share with all CC's.
Sharing rota's through all of the CC's would be possible for attending other things like Council Meetings, Regeneration, Chamber of Commerce, Rotary, even some Clubs and groups as well as the Boards from the six areas. A few hours around four times a year to share information, cascade learning to the CC's and develop networks of support and empowerment for communities. This would help with areas that have no CC and a Forum could be held a few times a year, for people to 'Have Your Say' encouraging people to consider membership of a CC, allowing Police and Wardens to report, bring in speakers or help with consulting the community. A time and place for Councillors, Ex Officio Members, Council Legal Services and Community Development Workers to make this work for communities in need of representation.
Having a central fund made up of what would have been allocated for grant funding, Participatory Budgeting and per head of population would help the administration areas with no current CC's to have their allocation. Funds could be released for projects and campaigns and projects.
There would be more awareness of needs and things needing addressed like support for the Lady Alice Bowling Club and the new Tennis initiative at Rankin Park. Some things could be shared through a Forum.
A Forum quarterly, for either Chairs or/and Secretaries then everyone could meet twice a year or for single issues or conferences as a way to help represent the CC areas that have no formal CC and still have notable Former Members, the Ex Officio Members and Associates and volunteers would have a mechanism for funding and support through the Forum. Over time each CC could have an opportunity to host, as a four year administration would be sixteen times over all, plus a few single issues, between eleven CC's. A point could be made of using places in the CC's with no members as well. Something like this needs to be guided by Council Development Workers and Council Legal Services and Council Volunteering Services.
Consensus of GCC members for this reply.

Here are some answers to the questions raised that all of Gourock Community Council have participated in concluding for now. Cardwell Bay & Greenock West CC were also consulted as members had information. A few Gourock Community Councillors stating that they have not been in the role long enough for full involvement in discussions. Everyone has been briefed, encouraged and given opportunities to share intelligence and arrive at their own answers, or express agreement with earlier draft versions.

COUNCIL LEGAL SERVICES QUESTIONS

·If you would you prefer the grant system to remain in present form **or** for the admin element to be reduced and the balance of used as a project fund?
·If a project fund is created,
-- should each community council get a fixed proportion of that fund annually, or
– should that fund be held by the centrally by the Council with community councils applying for project specific funding?

GCC ANSWERS

1. Leaving the funding structure entirely as is;

Negative Response from GCC.

2. Retain the existing funding budget and grant level but remove all restrictions on use;

GCC agree, but only to some extent as questions have been raised. Agree if reset annually taking into account the rate of inflation, provisions also made for extra funds like Participatory Budgeting being added to funds. In addition other amounts yet unforeseen or raised through donations or other means. There may always be fund-raising opportunities for CC's. Sensible restrictions of recording transactions and records of the agreement to spends would also need to continue, in addition to accounts being Audited and submitted to CLS for ratification.

3. **Retain the existing funding budget but split each grant to have part as constrained administrative grant and part to be spent as the community councils see fit; and**

GCC would seek more information about amounts of funds and how funding would be held and also how to secure or apply for reserved funding.

4. **Retain the existing funding budget and reduce the individual grants, leaving the remaining budget as a fund to which Community Councils can apply to fund projects; or**

Negative Response from GCC.

5. **Reduce the overall budget and the level of the grant.**

Negative Response from GCC.

GAPS IN INFORMATION FOR CURRENT REQUIREMENT OR COSTS

More information is required on relation of funding to:
Population capitation
Public Liability Payments & Insurance
Data Control & Regulations Costs
Costs for Disclosure Scotland Protection of Vulnerable Groups (PVG) membership scheme.
Council Grants availability for CC's.

PARCIPITATORY BUDGETTING

New Systems and funding for Participatory Budgeting is welcomed by GCC. Having observed the first round members have deeper understanding and information about this. GCC would lead by preparing applicants to make time for designing their own ways to divide funds fairly through innovative and imaginative challenges. A sharing of time, place and events or activities would be discussed and bring the community together where resources could be realised from sharing practical items to human talents or ability.

FUTURE

In general GCC would prefer not to be bound to this initial focus on change as a one off exercise, but prefer more conversations, input from Council Workers and time to discuss with other CC's.
A more organic and nurturing approach to the process for change is required as some of the members with the most life experience and new enthusiasm have not been in the role for long enough or are younger and working and had the least time to consider this wonderful opportunity for change.
More time and some energy is needed to ensure that the changes have a high probability of being good ones. Built in defaults for problems, dates for reviews and how long before change can be considered or enacted could also be considered as GCC are full of dedicated people who do a lot for the community in addition to GCC.
GCC will dedicate some time at each Business Meeting on visionary tasks for input to the Council and hope that the Council will be prepared to bridge the design gaps on how to reach the ideal ends.

The Constitution & Standing Orders.

PART 2

Name, Gourock Community Council are very happy with its name and the reputation build over years associated with the name.

Part 2 Review of areas. While Gourock is fairly logical, a lot of boundary mostly sticking out into the River Clyde there are some constituents on 'cusp areas' who gravitate to a preferred CC. Geographical lines do not account for infringement from one place to another with things like sound and shared problems. If this could be noted as a formal agreement to work between CC's towards good outcomes for the community, whether sharing or passing on issues or concerns. This has been going on anyway as Inverclyde is compact for a Council area and many things happening in one part have a huge effect on another. People want their geographical community logically tied in to their schools and shops or other things. A sensible approach towards individuals is required.

PART 9 (a)

Elections of Office Bearers are meant to occur in May, following an AGM and GCC has been having the AGM in June and would like this to continue and therefore Part 9 (a) should be changed to June.

PART 11 (b)

Meetings of the CC also state that the AGM is May under 11 (b) and this should also be changed to June, as AGM's have been convened for many years now on the third Monday of June.

PART 13

GCC aspire to the high standard of record keeping and information exchange outlined in the Constitution number 13 and are setting up systems for compliance with apologies for falling short of the requirements. Records are being compiled for submission.

PART 14 (a)

Control of Finance 14 (a) by consensus it is agreed that the words 'only as prescribed' should be changed with something to the effect of (but not expected to be used as they stand) 'with clear intention for the advancement and aims or projects that are agreed to by GCC, evidenced and after a clear decision making process, including allocation of funding to a Committee of GCC members and appointees who will in turn keep ordered and evidenced clear processes for decisions and spending'.

PART 14 (c)

The Signatories could be the Treasurer plus any one of two members, not necessary being Office Bearers, named for being signatories by GCC for signing cheques, voted at a meeting.

PART 16

Alterations to the Constitution should include perhaps at the end of the first paragraph something like 'and mechanisms to change these shall be designed and reviewed at a Single Issue Meeting prior to the AGM approval and adoption of the Constitution & Standing Orders'.

STANDING ORDERS

GCC have no changes to raise regarding Standing Orders at this time.

E. Inverkip and Wemyss Bay Community Council (Email of 1/3/20)

Hi Peter,
I am hoping that we already replied on this.
But we have a meeting this Thursday and I can chase our Treasurer for the amounts then.

Our opinion was that we would like to retain control of our grant but for more flexibility on what we can utilise it for.
We are very frugal in general for our admin budget, but would like to be able to contribute to local projects more easily if we have
balance of funds available. (eg Eco Projects, Supporting initiatives for School and Scouts/Guides , Hub groups etc)

We would prefer it not be a separate project fund held centrally by the Council - as we feel Inverkip & Wemyss Bay could lose out in "winning " funding for any projects we want it for.....as these things are usually weighted to areas of perceived deprivation?(that's not the correct term - apologies I cannot think of it just now). And as our villages rarely get classified as deprived areas - we can be last to get considered for project funding.

Thanks
Eileen
(Secretary Inverkip & Wemyss Bay CC)

Appendix 2 – Proposed Scheme of Funding for Community Councils

Inverclyde Council

Scheme of Funding for Community Councils

Table of Contents

Part 1 – Introduction

Community Councils were established in Scotland by the Local Government (Scotland) Act 1973 (referred to in this document as **"the 1973 Act"**).

Section 51 (2) of the 1973 Act provides that:

> ''In addition to any other purpose which a community council may pursue, the general purpose of a community council shall be to ascertain, coordinate and express to the local authorities for its area, and to public authorities, the views of the community which it represents, in relation to matters for which those authorities are responsible, and to take such action in the interests of that community as appears to it to be expedient and practicable''

Inverclyde Council (referred to in this document as the **"Council"**) has adopted a Scheme for the Establishment of Community Councils in the Inverclyde Area[1] in terms of the 1973 Act, and this scheme (or such variation or substitution of this scheme as may be in effect from time to time) is referred to in this document the **"the Scheme"**.

A community council or community councils established under the Scheme is/are referred to in this document as a **"Community Council"** and **"Community Councils"**.

The Council makes available annual operational grant funding for Community Councils. This document details the scheme under which Inverclyde Council will provide such funding from 1 April 2020. The operational grant provided in terms of this document is referred to as the **"Community Council Grant"**.

The funding scheme set out in this document was approved by the Council's Policy and Resources Committee on [ ] and is referred to in this document as the **"Funding Scheme"**.

References in this document to the **"Head of Service"** are to the head of the Council's service from time to time with operational control of the community council budget.

The Council has appointed a **Community Council Liaison Officer** who can be contacted on community.councils@inverclyde.gov.uk or using the contact details shown on the Council website at www.inverclyde.gov.uk/communitycouncils **.**

Any questions about this document, or more generally about Community Councils, should be directed to this officer.

Community Councils should note this document deals only with the annual Community Council Grant, and that they may be able to apply for other forms of grant funding both from the Inverclyde Council and from other sources of grant funding.

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[1] As at the date of this document, the current Scheme is the Scheme approved by the Inverclyde Council on 14 April 2011.

Part 2 - The Community Council Grant

The Council approves a budget annually for the funding of Community Councils. This budget applies in a Financial Year, being the period from and including 1st April in a given year to 31st March in a subsequent year.

The Council meets various initial costs from this budget, such as
- public liability insurance arranged for the Community Councils; and
- election costs (in years where the regular 4 yearly elections for Community Councils are held).

The remaining budget is then allocated to the provision of the Community Council Grant. The Community Council Grant is made up of two parts:
- the Administrative Grant (a sum of £500.00 per Community Council); and
- the Project Grant (the remaining grant budget for that year split amongst the Community Council Areas, as defined in the Scheme, according to population[2]).

Table 1 – Community Council Grant – Basis of Calculation (using a previous year's budget figure as an example).

Community Council Budget	**£17,310.00**
LESS deductions	**£637.78**
Total budget for Community Council Grants	**£16,672.22**
LESS total Administrative Grants	**£5,500.00**
Total budget for Project Grants	**£11,172.22**

	Community Council	Population	Administrative Grant	Project Grant	Total Community Council Grant
1	Gourock	**8690**	£500.00	£1,242.31	**£1,742.31**
2	Greenock Central	**10045**	£500.00	£1,436.02	**£1,936.02**
3	Greenock East	**9051**	£500.00	£1,293.92	**£1,793.92**
4	Greenock Southwest	**5870**	£500.00	£839.17	**£1,339.17**
5	Greenock West & Cardwell Bay	**9166**	£500.00	£1,310.36	**£1,810.36**
6	Holefarm & Cowdenknowes	**2193**	£500.00	£313.51	**£813.51**
7	Inverkip & Wemyss Bay	**6239**	£500.00	£891.92	**£1,391.92**
8	Kilmacolm	**5284**	£500.00	£755.39	**£1,255.39**
9	Larkfield, Braeside & Branchton	**7000**	£500.00	£1,000.71	**£1,500.71**
10	Port Glasgow East	**7668**	£500.00	£1,096.21	**£1,596.21**
11	Port Glasgow West	**6944**	£500.00	£992.70	**£1,492.70**
	Total	**78150**	**£5,500.00**	**£11,172.22**	**£16,672.22**

[2] The population figures used for the purposes of this document based on the 2018 small area population estimates from NRS.

Table 1 above is an illustration of how the total Community Council Grant is calculated under the Funding Scheme based on budget, election and insurance figures from the 2018/19 Financial Year. This shows the split between Administrative Grant and Project Grant, and among the Community Council Areas. The amount of the Community Council Grant available will vary from year to year according to the available budget and the insurance and election costs.

There is more detail on the Administrative Grant at Part 3 of this document, and on the Project Grant at Part 4 of this document.

Where a Community Council is established in an election outwith the 4 yearly cycle and in an area where, immediately prior to that, there had been no Community Council, then any costs of that election will be deducted from the Community Council grant made available to that Community Council in the Financial Year in which it is established.

Community Councils are not required to spend all of their Administrative Grant or Project Grant in the Grant Year in question, and can carry forward balances from one financial year to the next of up to 1 year’s worth of Administrative Grant and 4 year’s worth of Project Grant. There is more detail on this at Part 6 of this document.

Part 3 – Use of the Administrative Grant

Community Councils are expected use their Administrative Grant for the purpose of meeting reasonable and appropriate operational and administration costs, incurred by them in operating as a Community Council.

Examples of such costs are detailed below:

- Insurance
- Auditors' fees
- Production and circulation of minutes, agendas and annual reports
- Maintaining a website
- Stationery
- Photocopying
- Postage
- Travel costs
- Telephone costs
- Accommodation lets
- Affiliation fees
- Subscriptions
- Bank charges
- Advertising
- General Publicity and promotional activities.
- Consultation with the community.

As is explained below, Community Councils can, **if they so wish**, also use funds from their Project Grant to meet costs of the type detailed above.

Any unspent Administrative Grant can be carried forward at the Year End subject to the limits detailed at Part 6 of this document, and from the point it is so carried forward will be treated and governed as Project Grant.

Part 4 – Use of the Project Grant

A Community Council is entitled to use its Project Grant to fund such project or projects as it wishes within its Community Council Area which it is reasonably satisfied is or are likely to advance, promote or improve the well-being of any part of its Community Council Area and/or any person or persons resident or present within that area.

Community Councils must have regard to such guidance as the Council or the Head of Service may from time to time produce on how a Community Council should select projects to progress and assess the benefits of such projects for its community.

Community Councils may use their Project Grant for the purposes of meeting reasonable and appropriate operational and administration costs as detailed at Part 3 above, should they so wish.

Community Councils **may not** use sums released to them as Project Grant for purposes other than those set out at Part 3 above or at this Part 4.

Community Councils are not required to spend all of their Project Grant in the Financial Year in question and any unspent sum can be carried forward subject to the limits outlined at Part 6 of this document.

Community Councils should note this document deals only with the Community Council Grant, and that they may be able to apply for other forms of grant funding both from the Inverclyde Council and from other sources of grant funding.

Part 5 – Getting the Community Council Grant

A Community Council may request release of its Community Council Grant for a given Financial Year, referred to in the Scheme as the **"Grant Year",** at any point in the Grant Year. In the Scheme **"Previous Year"** means the Financial Year immediately prior to the Grant Year.

The request should be sent to the Community Council Liaison Officer on community.councils@inverclyde.gov.uk or the using the contact details shown on the Council website at www.inverclyde.gov.uk/communitycouncils .

Following such a request, the Community Council Grant for the Grant Year will not be released until such time as the Community Council Liaison Officer has been provided with:

1. the finalised Annual Accounts of the Community Council for the Previous Year (see comments below);
2. copies of the approved minutes of at least 6 quorate ordinary meetings of the Community Council (or such other minimum number of as the Scheme may from time to time require) which took place in the course of the Previous Year;
3. a copy of the approved minute of the Annual General Meeting of the Community Council which took place in the Previous Year, and which shows that meeting as quorate;
4. a copy of the minute of the Annual General Meeting of the Community Council which took place in the Grant Year showing the Annual Accounts as being approved by the Community Council, and which shows that meeting as quorate;
5. a copy of a bank statement in respect of the Community Council's bank account showing the balance held at the end of the Previous Year; and
6. satisfactory responses to any queries raised by the Community Council Liaison Officer in respect of any of items 1 to 5 above.

The Annual Accounts in terms of item 1 will require to comply with the terms of the Scheme and with the guidance issued by the Council from time to time as regards the form and content of such accounts[3], and in particular to be counter signed and verified by two independent examiners unconnected with the particular Community Council.

In light of the funding scheme introduced by this document, it would assist the Council's staff if Community Councils indicated against individual items or headings of expenditure on their Annual Accounts if they consider them to be Project Grant spending or Administrative Grant spending.

Where a Community Council is established in an area which previously had no Community Council, then:

- that Community Council will be entitled to release of the Community Council Grant for the Grant Year in which they are established without providing the information detailed at items 1 to 5 above; and

[3] At the time of this document, the guidance in force was approved by the Council at the meeting of the Regeneration Committee on 19th January 2012

- as regards the Grant Year immediately subsequent to the first Financial Year in which they are so established, the Head of Service shall have discretion to make an appropriate reduction in the number of minutes of meetings in that First Financial Year the Community Council is required to exhibit, to take account of the fact that the Community Council was not established for the whole of that first Financial Year.

If a Community Council, for a given Grant Year, has not by the end of the Grant Year:

- requested its Grant for that Grant Year; **and**
- provided the information detailed at items 1 to 6 above to the Community Council Liaison Officer,

then the Grant for that Grant Year will no longer be available.

Where the Head of Service has reasonable grounds for believing that the a Community Council has breached either or both of the terms of the Scheme or this Scheme of Funding for Community Councils, then said Head of Service will be entitled to withhold payment of a Community Council Grant to that Community Council until such times as the Head of Service is satisfied **either:**

- that there has been no such breach; **or**
- having received an explanation as to the facts and circumstances surrounding a breach, that it is reasonable and appropriate that the Community Council Grant be paid.

Part 6 – Carrying Balances Forward

It is recognised that Community Councils may wish to carry forward surplus funds of Community Council Grant from one Financial Year to another. This is permitted as so doing encourages forward planning for larger projects or administrative outlays. Any funds so carried forward will from that point be treated as and subject to the restrictions on Project Grant, whether or not at the point of release they were Project Grant or Administrative Grant.

The Council is however obliged to ensure appropriate stewardship of public funds, and it would not be appropriate for the funding scheme set out here to permit an indefinite accumulation of grant funds.

There will therefore, in a given Financial Year, be a reduction in the available grant on the following basis.

With reference to a given Grant Year, where the balance of Community Council Grant funds (**"the Previous Balance"**) held by the Community Council at the end of the Previous Year exceeds the Permitted Balance set out below, then the amount of Community Council Grant available for that Community Council in the Grant Year shall be reduced by the difference between the Previous Balance and the Permitted Balance.

For the purposes of the last paragraph, **"the Permitted Balance"** shall be the sum of:

a) Administrative Grant that would otherwise have been made available in the Grant Year; plus
b) Four times the Project Grant that would otherwise have been made available for the Grant Year.

Appendix 3 – Proposed Guide to Community Council Grants

Inverclyde Council - Guide to Community Council Grants

Introduction

Each Community Council has an annual Community Council Grant available to it, calculated on the basis of:

- an Administrative Grant of £500; and
- a Project Grant, which varies from year to year and according to the population of a Community Council Area.

This is set out in the Inverclyde Council Scheme of Funding for Community Councils (the Funding Scheme) approved on [ ] and this guide is a summary of that Funding Scheme.

The table below has an example of how the Community Council Grant is calculated, and the Council's Community Council Liaison Officer (CCLO) can also provide information and guidance.

The CCLO can be emailed on community.councils@inverclyde.gov.uk or contacted on using the details shown at www.inverclyde.gov.uk/communitycouncils .

Community Councils should note they may also be able to apply for other forms of grant funding both from the Council and from other funding providers.

Administrative Grant

Administrative Grant can **only** be used to meet reasonable and appropriate operational and administration costs, examples of which are:

- Insurance
- Auditors' fees
- Production and circulation of Minutes, agenda and annual reports
- Maintaining a website
- Stationery
- Photocopying
- Postage
- Travel costs
- Telephone costs
- Accommodation lets
- Affiliation fees
- Subscriptions
- Bank charges
- Advertising
- General Publicity and promotional activities.
- Consultation with the community.

A Community Council can carry forward unspent sums at the Year End as explained further at the end of this guide.

Project Grant

The Project Grant enables a Community Council to fund projects within its community which, having regard to any guidance issued by the Council, it feels are likely to advance, promote or improve the well-being of any part of its Community Council Area or anyone living in that area.

There are a wide range of possible projects that could be undertaken, examples of which include:

- Funding installation of a community defibrillator;
- Organising a community "litter pick";
- Organising seasonal community events; or
- Pursuing or participating in a community asset transfer.

These are only examples however, and the Project Grant could be used for a wide variety and scale of imaginative community led projects.

Depending on the nature of the project, Community Councils should take into account any future funding it might need, for example ongoing maintenance and running costs, as well as the any initial costs of setting up the project.

A Community Council can, if it wishes, use the Project Grant for operational and administrative costs in the same way as their Administrative Grant.

A Community Council can carry forward unspent balances at the Year End as explained further at the end of this guide.

Example Grant Calculation

As stated above, the Community Council Grant varies from year. The following table sets out an example of the grant calculation under the Funding Scheme and based on the 2018/19 budget.

	Community Council Budget		**£17,310.00**		
	LESS deductions		**£637.78**		
	Total budget for Community Council Grants		**£16,672.22**		
			Community Council Grant		
	Community Council	**Population**	**Administrative**	**Project**	**Total**
1	Gourock	**8690**	£500.00	£1,242.31	**£1,742.31**
2	Greenock Central	**10045**	£500.00	£1,436.02	**£1,936.02**
3	Greenock East	**9051**	£500.00	£1,293.92	**£1,793.92**
4	Greenock Southwest	**5870**	£500.00	£839.17	**£1,339.17**
5	Greenock West & Cardwell Bay	**9166**	£500.00	£1,310.36	**£1,810.36**
6	Holefarm & Cowdenknowes	**2193**	£500.00	£313.51	**£813.51**
7	Inverkip & Wemyss Bay	**6239**	£500.00	£891.92	**£1,391.92**
8	Kilmacolm	**5284**	£500.00	£755.39	**£1,255.39**
9	Larkfield, Braeside & Branchton	**7000**	£500.00	£1,000.71	**£1,500.71**
10	Port Glasgow East	**7668**	£500.00	£1,096.21	**£1,596.21**
11	Port Glasgow West	**6944**	£500.00	£992.70	**£1,492.70**
	Total	**78150**	**£5,500.00**	**£11,172.22**	**£16,672.22**

Getting the Grant

A Community Council should send a request for release of the Community Council Grant for a given Grant Year to CCLO, and provide the following:

1. the Community Council's finalised Annual Accounts for the previous Grant Year (complying with the Scheme and any guidance in force at the time);
2. minutes for at least 6 ordinary meetings of the Community Council in the Previous Grant Year;
3. the minute of the Annual General Meeting of the Community Council in the Previous Grant Year;
4. the minute of the Annual General Meeting of the Community Council in the Grant Year showing the Annual Accounts as being approved;
5. a copy of a current bank statement for the Community Council's bank account tying in with the year end balance in terms of the Annual Accounts; and
6. satisfactory responses to any queries raised by the CCLO in respect of any of items 1 to 5 above.

If a Community Council has not provided all of the above by the end of the Grant Year, then that Community Council will no longer be entitled to the Community Council Grant for that Grant Year. Unclaimed Grant will not be carried forward from one Financial Year to the next.

If the balance of Community Council Grant funding held by a Community Council as at 31 March is more that the total the following figure:

Administrative Grant + (4 x Project Grant)

the Community Council Grant available to the Community Council in the following Grant Year will be reduced accordingly.

Any Administrative Grant carried forward to subsequent years will thereafter be treated as Project Grant.

The CCLO can be contacted for information and guidance on the above.

Appendix 4 – Example of Grant Calculation under Existing Funding Model

	Community Council	Population (2011 SIMD)	% of Grant	Basic Grant	Enhanced Grant	Total Grant	Variation in proposed scheme
1	Gourock	8600	10.61%	£700.00	£951.67	**£1,651.67**	£90.64
2	Greenock Central	11838	14.60%	£700.00	£1,309.98	**£2,009.98**	-£73.96
3	Greenock East	8217	10.13%	£700.00	£909.28	**£1,609.28**	£184.64
4	Greenock Southwest	6135	7.57%	£700.00	£678.89	**£1,378.89**	-£39.72
5	Greenock West & Cardwell Bay	11263	13.89%	£700.00	£1,246.35	**£1,946.35**	-£135.99
6	Holefarm & Cowdenknowes	2351	2.90%	£700.00	£260.16	**£960.16**	-£146.65
7	Inverkip & Wemyss Bay	5314	6.55%	£700.00	£588.04	**£1,288.04**	£103.88
8	Kilmacolm	5107	6.30%	£700.00	£565.13	**£1,265.13**	-£9.74
9	Larkfield, Braeside & Branchton	7050	8.70%	£700.00	£780.14	**£1,480.14**	£20.57
10	Port Glasgow East	8215	10.13%	£700.00	£909.06	**£1,609.06**	-£12.86
11	Port Glasgow West	6990	8.62%	£700.00	£773.51	**£1,473.51**	£19.20
	Total	**81080**	**100.00%**	**£7,700.00**	**£8,972.22**	**£16,672.22**	£0.00

Total Population (per above)	**81080**
Enhanced Grant per capita (Remaining Budget ÷ Total Population)	**£0.11**

Appendix 5 – Balances of Grant presently held by or available to Community Councils

Community Council	Avail 18/19 Grant	Avail 19/20 Grant	Current Bal (See Notes)	TOTAL (if avail grants paid)	Notes (where based on annual accounts, actual current balance expected to be less)
Gourock Community Council	£1,688.79	£1,651.67	**£422.15**	£3,762.61	Based on accounts for year 2018/19 and further figures.
Greenock South West Community Council	£1,405.35	£1,378.89	£2,457.80	£5,242.04	Current Bal as confirmed by CC at Mar '20. This figure assumes separate external funding received by them is unspent.
Greenock West and Cardwell Bay Community Council	Paid	Paid	£3,524.46	£5,470.81	Current Bal as confirmed by CC at Feb '20 plus 19/20 grant subsequently released. All admin grant funds.
Inverkip and Wemyss Bay Community Council	Paid	£1,288.04	£4,908.17	£6,196.21	Based on accounts for year 2018/19 plus 18/19 grant subsequently released.
Kilmacolm Community Council	Paid	Paid	£4,253.09	£4,253.09	Current Bal is as at Jan '20 provided by CC. They hold additional balances by way of fund raising and grant funding provided through RI for Village Centre Improvements.
Larkfield, Braeside and Branchton Community Council	£1,510.58	£1,480.14	£1,277.24	£4,267.96	Current Bal as confirmed by CC at Mar '20.
Port Glasgow West Community Council	£1,503.68	£1,473.51	£2,500.00	£5,477.19	Current Bal estimate provided by CC as at Jan '20 - expenses to be reimbursed being finalised and accounted for.
TOTAL				**£34,669.91**	

Inverclyde council

AGENDA ITEM NO: 11

Report To:	**Policy & Resources Committee**	**Date:**	**24 March 2020**
Report By:	**Corporate Director Environment, Regeneration and Resources**	**Report No:**	**PR/08/20/MM**
Contact Officer:	**Martin McNab**	**Contact No:**	**01475 714246**
Subject:	**COVID-19 (Coronavirus)**		

1.0 PURPOSE

1.1 The purpose of this report is to update the Committee on actions taken to mitigate the risks around the COVID-19 outbreak.

2.0 SUMMARY

2.1 At the time of writing the situation around the COVID-19 outbreak is developing rapidly. In order to ensure that the update given to Committee is as up to date as possible an Appendix will be circulated as a late paper prior to the Committee and a further verbal update will be provided.

3.0 RECOMMENDATION

3.1 That Members approve the actions taken to mitigate the impact of COVID-19 in Inverclyde.

Martin McNab
Head of Environmental & Public Protection

4.0 BACKGROUND

4.1 Members will be aware of the rapidly developing situation around COVID-19 both nationally and internationally. An update will be provided to committee on actions taken and proposed to mitigate the impact of the outbreak in Inverclyde.

5.0 IMPLICATIONS

5.1 **Finance**

The Chief Financial Officer has been consulted on this report.

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**	**Other Comments**
N/A					

5.2 **Legal**

The Head of Legal and Property has been consulted on the legal implications of the appendix.

5.3 **Human Resources**

The Head of Organisational Development, Policy and Communications has been consulted on the legal implications of the appendix.

5.4 **Equalities**

There are no equality implications arising from this report.

Equalities

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

	YES (see attached appendix)
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

5.5 **Repopulation**

There are no impacts on repopulation arising from this report.

6.0 CONSULTATIONS

6.1 The Corporate Management Team has been consulted on the actions detailed in the appendix.

7.0 BACKGROUND PAPERS

7.1 None

Inverclyde council

AGENDA ITEM NO: 12

Report To:	**Policy and Resources Committee**	**Date:**	**24 March 2019**
Report By:	**The Head of Legal and Property Services**	**Report No:**	**LP/038/20**
Contact Officer:	**Peter MacDonald**	**Contact No:**	**2618**
Subject:	**Proposed Re-appropriation of the Site of the Former Hector McNeil Baths**		

1.0 PURPOSE

1.1 The purpose of this report is to seek authority to progress both the public consultation and the action for consent of the Court detailed in the body of the report, relating to proposals to appropriate the site of the former Hector McNeil Baths for use as a Learning Disability Hub.

2.0 SUMMARY

2.1 The Health & Social Care Committee its meeting of 27 February 2020 supported the former site of the Hector McNeil Baths as the preferred site for the construction of a new Learning Disability Hub.

2.2 As this site is inalienable common good land, it is necessary that a consultation be progressed under Section 104 of the Community Empowerment (Scotland) Act 2015 and to obtain the consent of the Court under Section 75 of the Local Government (Scotland) Act 1973, in relation to the proposed change of use of the site.

2.3 A further report will be brought to the Environment and Regeneration Committee to allow consideration of responses to the Consultation.

3.0 RECOMMENDATIONS

It is recommended that the Committee:

3.1 authorises the Head of Legal and Property Services to carry out a public consultation in terms of Section 104 of the Community Empowerment (Scotland) Act 2015 on the proposals set out in this report;

3.2 notes that a further report will be brought to the Environment and Regeneration Committee on the outcome of that consultation; and

3.3 authorises the Head of Legal and Property Services to progress an action at Greenock Sheriff Court in terms of Section 75 of the Local Government (Scotland) Act 1973 for consent to the proposals set out in this report.

Gerard Malone
Head of Legal & Property Services

4.0 BACKGROUND

4.1 The Health & Social Care Committee considered a detailed report at its meeting of 27 February 2020 on possible sites for the construction of a new Learning Disability Hub, and supported the selection of the former site of the Hector McNeil Baths as the preferred location.

4.2 The project involves the development of a new Inverclyde Community Learning Disability Hub. The new hub will support and consolidate development of the new service model and integration of learning disability services with the wider Inverclyde community in line with national and local policy. Delivering a new build Learning Disability Community Hub will ensure that people with a learning disability are fully supported to achieve their ambitions to be as independent as possible and included in their own community. Delivering the service model will support people to develop and maintain relationships and live healthy, safe and valued lives. The approximate net build cost for the hub at this location is circa £7.4M.

4.3 Following selection of the preferred location, officers are now progressing the initial design elements. It is necessary for the Council to carry out the steps detailed in this report before a final commitment to this site or any contract award in respect of construction is made, and so it is appropriate that such steps be undertaken at this time.

4.4 The site of the Hector McNeil Baths originally formed part of the Lady Alice Park. The title to this was acquired, along with a number of other park sites, by the Corporation of Greenock in terms of a Deed of Gift granted in 1928. In terms of the wording of deed of gift the site:

- forms part of the common good estate; and
- is also inalienable common good.

4.5 As this site is inalienable common good, it cannot be disposed of or appropriated to another purpose by the Council unless the consent of the Court is obtained in terms of Section 75 of the Local Government (Scotland) Act 1973.

4.6 As this site is part of the common good estate in general, before reaching a decision on disposing of or changing the use of the site, it is necessary for the Council to:

- carry out a public consultation on its proposals in terms of Section 104 of the Community Empowerment (Scotland) Act 2015; and
- in reaching a decision to change the use, have regard to the responses to that consultation.

4.7 Part of the site is occupied by a local pollinator group in terms of a short term licence arrangement, and officers are keeping them advised as to the proposals for the site and progress. If the project proceeds on this site, it will be necessary to alter significantly or end that occupation. The proposed Learning Disability Hub will incorporate as much of the landscaping improvements implemented by the group in the Hub's outside space requirements as is practical, and engage with them to see if their work can be continued in a complementary manner.

5.0 PROPOSALS

5.1 A notice of the consultation, detailing the site, the proposals, and how and by when responses should be sent to the Council, will be:

- published on the Council website;
- placed at the site;
- sent directly to all active Community Councils; and
- sent directly to any community group known by officers to have an interest in the site (including the pollinator group referred to above).

In this instance, given the nature and scale of the proposals, officers will also arrange for the notice to be published in the Greenock Telegraph on two occasions. The consultation process must run for a minimum period of 8 weeks.

5.2 Once the 8 week consultation period has ended, a further report will be brought to the Environment and Regeneration Committee, to advise as to the terms of responses received and allowing consideration of the same in the reaching of a decision on whether or not to approve proposed change of use/appropriation of the site.

5.3 Officers will also raise a petition at Greenock Sheriff Court for consent to the change of use. The above consultation feedback will feed into that process, and the Community Councils and the community groups referred to above will be advised of the action. The Court will have regard to all the facts and circumstances surrounding the proposal in reaching its decision, and may or may not grant such consent. The Court may also impose conditions if it deems that appropriate. It is anticipated that the Court process may take up to a year to complete, however both this timeline and the possible costs of the action can vary dramatically depending upon the nature and extent of feedback both to the above consultation and the court process itself.

5.4 Although consideration of the responses to the consultation has still to be undertaken, taking into account:

- the budget in relation to the proposed project;
- the likelihood of time criticality in that process; and
- the uncertainty around the time the action for consent could take,

it is appropriate that the Court process be commenced at this stage.

6.0 IMPLICATIONS

6.1 Finance

Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report	Virement From	Other Comments
Learning Disability Hub	Site Assembly	2020/21	5-10K (indicative only)		The actual costs of a court action will depend on the nature and extent of the response to the consultation and the action itself.

Annually Recurring Costs/ (Savings)

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

6.2 Legal

As the site is part of the common good estate, before deciding to change the use of the site, it is necessary for the Council to carry out public consultation process in terms of the Section 104 of the Community Empowerment (Scotland) Act 2015 and, in reaching a decision on whether or not to change the use, have regard to any responses to that consultation. As the site is inalienable common good, consent of the Court is necessary in terms of Section 75 of the Local Government (Scotland) Act 1973 to appropriate it to a new purpose.

6.3 Human Resources

None.

6.4 **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

7.0 CONSULTATIONS

7.1 None.

8.0 BACKGROUND PAPERS

8.1 None.

Inverclyde council

AGENDA ITEM NO: 13

Report To:	**Policy & Resources Committee**	**Date:**	**24 March 2020**
Report By:	**Corporate Director Environment, Regeneration & Resources**	**Report No:**	**SL/LP/040/20**
Contact Officer:	**Sharon Lang**	**Contact No:**	**01475 712112**
Subject:	**Creation of Earmarked Reserves – Remit from Education & Communities Committee**		

1.0 PURPOSE

1.1 The purpose of this report is to request the Committee to consider a remit from the Education & Communities Committee relative to the creation Earmarked Reserves.

2.0 SUMMARY

2.1 The Education & Communities Committee on 10 March 2020 considered a report by the Chief Financial Officer and Corporate Director Education, Communities & Organisational Development (Appendix 1) on the 2019/20 Education Revenue Position as at Period 9 and agreed the following:

(1) that the current projected overspend of £49,000 in the 2019/20 Education Revenue Budget as at Period 9 be noted;
(2) that the ongoing actions to bring the budget back to a break-even position be noted; and
(3) that support be given to the creation of the following Earmarked Reserves and that this decision be remitted to the Policy & Resources Committee for approval:

- Early Learning and Child Care Expansion;
- Support for Additional Support for Learning Implementation.

3.0 RECOMMENDATION

3.1 The Committee is asked to consider the remit from the Education & Communities Committee in respect of the proposed creation of Earmarked Reserves.

Gerard Malone
Head of Legal & Property Services

Inverclyde council

APPENDIX

AGENDA ITEM NO.

Report To:	**Education & Communities Committee**	**Date:**	**10 March 2020**
Report By:	**Chief Financial Officer and Corporate Director Education, Communities and Organisational Development**	**Report No:**	**FIN/22/20/AP/IC**
Contact Officer:	**Iain Cameron**	**Contact No:**	**01475 712832**
Subject:	**Education 2019/20 Revenue Budget- Period 9 to 31 December 2019**		

1.0 PURPOSE

1.1 The purpose of this report is to advise the Committee of the 2019/20 Revenue Budget position as at Period 9 to 31 December 2019.

2.0 SUMMARY

2.1 The total Education budget for 2019/20, excluding planned carry forward for Earmarked Reserves is £82,434,110. The School Estate Management Plan accounts for £14,797,000 of the total Education budget. The latest projection is an overspend of £49,000, an increase in expenditure of £22,000 since the last Committee.

2.2 The main reasons for the 2019/20 projected over spend are –

(a) Projected underspend of £1,000 for Teachers Employee Costs. This is a decrease in projected expenditure of £30,000 since the last Committee and equivalent to 0.02% of the Teachers budget.

(b) Projected overspend of £51,000 for Education Non-Teachers Employee Costs, an increase in projected expenditure of £61,000 since the last Committee, mostly within ASN Education.

(c) Projected underspend of £52,000 for Facilities Management Employee Costs, an increase in expenditure of £6,000 since the last Committee.

(d) Projected underspend of £87,000 for Non Domestic Rates (NDR.) the same as previously reported to Committee.

(e) Projected overspend of £29,000 for Water, the same as previously reported to Committee.

(f) Projected underspend of £50,000 for Education Contract Cleaning, the same as previously reported to Committee.

(g) Projected overspend of £19,000 for Contract Janitors, the same as previously reported to Committee

(h) Projected overspend of £14,000 for Facilities Management Catering Provisions, the same as previously reported to Committee.

(i) Projected overspend of £24,000 for Internal Transport Maintenance, the same as previously reported to Committee.

(j) Projected overspend of £49,000 for Pupil Consortium Travel, the same as previously reported to Committee.

(k) Projected overspend of £38,000 for SPT School Buses Contract, an increase of £18,000 since the last Committee.

(l) Projected overspend of £21,000 for SPT Gaelic Transport, the same as previously reported to Committee.

(m) Projected overspend of £15,000 for ASN Transport, the same as previously reported to Committee.

(n) Projected underspend of £30,000 for Early Years Framework, the same as previously reported to Committee.

(o) Projected shortfall in Facilities Management Income of £34,000, a reduction of £6,000 since the last Committee.

(p) Projected over-recovery of income of £20,000 for ASN Income from Other Local Authorities, the same as previously reported to Committee.

2.3 Work is currently continuing to try and bring the overall budget back to a break-even position although the projected overspend has increased by £22,000 since the last Committee, mainly due to increased Transport costs from SPT.

2.4 Earmarked Reserves for 2019/20, excluding those for Asset Plans and Strategic Funds, total £645,000 of which £260,000 is projected to be spent in the current financial year. To date, expenditure of £189,000 (73%) has been incurred. Spend to date per profiling was expected to be £223,000, therefore slippage is currently £34,000 or 15.2%.

3.0 RECOMMENDATION

3.1 It is recommended that the Committee notes the current projected overspend of £49,000 for the 2019/20 Education Revenue Budget as at Period 9 to 31 December 2019.

3.2 It is recommended that the Committee notes that there are ongoing actions to bring the budget back to a break-even position.

3.3 It is recommended that the Committee supports the creation of the following earmarked reserves and agree to remit these requests to the Policy & Resources Committee for approval – Early Learning & Childcare Expansion, Support for Additional Support for Learning Implementation.

Alan Puckrin	**Ruth Binks**
Chief Financial Officer	**Corporate Director Education,**

4.0 BACKGROUND

4.1 The purpose of this report is to advise the Committee of the current position of the 2019/20 Revenue Budget as at Period 9 to 31 December 2019 and highlight the main issues contributing to the projected overspend of £49,000 which is an increase in expenditure of £22,000 since the last Committee.

5.0 2019/20 PROJECTION

5.1 The total Education Revenue Budget for 2019/20, excluding planned carry forward for Earmarked Reserves, is currently £82,434,110. This is an increase of £5,295,190 from the approved budget. Appendix 1 gives details of the budget movements responsible for this increase.

5.2 The main issues to highlight in relation to the 2019/20 projected overspend of £49,000 (0.06%) are:

<u>Education Employee Costs – Teachers (£1,000 Under)</u>

The total budget for Teachers Employee Costs is £46,410,000 and the latest projection is an underspend of £1,000, a decrease in expenditure of £30,000 since the last Committee. Overall, Teacher numbers in schools are projected to exceed budget by 1.5fte for this financial year but this is offset by a 1fte Psychological Services post being vacant for part of the year. The number of Teachers employed fluctuates throughout the year and the overall numbers are managed to stay within budget. Teacher staffing numbers were fully reviewed at the start of the new academic year in August 2019 and will continue to be reviewed on a regular basis throughout the year.

<u>Education Employee Costs – Non-Teachers (£51,000 Over)</u>

The total budget for Education Non-Teacher Employee Costs is £17,453,000 and the latest projection is an overspend of £51,000, an increase in projected expenditure of £61,000 since the last Committee. The increased expenditure relates mainly to ASN Employees.

<u>Employee Costs – Facilities Management (£52,000 Under)</u>

The total budget for Facilities Management Employee Costs is £5,087,000 and the latest projection is an underspend of £52,000, an increase in expenditure of £6,000 since last Committee. A £19,000 overspend for Janitors due to under- achievement of Turnover Savings is offset by underspends for Cleaning Staff (£50,000), Catering Staff (£17,000) and Public Conveniences (£4,000) due to vacant posts. There is a corresponding shortfall in Facilities Management Income of £34,000 (Shortfall of £48,000 for Employee Costs partially offset by £14,000 over recovery for Supplies.)

<u>Non-Domestic Rates (NDR) (£87,000 Under)</u>

The total budget for Non-Domestic Rates (NDR) is £3,393,000 and the latest projection is an underspend of £87,000, the same as previously reported to Committee. The underspend is due to credits received following successful Rateable Values appeals.

<u>Water (£29,000 Over)</u>

The total budget for Water is £255,000 and the latest projection is an overspend of £29,000, the same as previously reported to Committee.
It should be noted that final invoices for 2018/19 and 2019/20 are still being reviewed by officers and could increase this projected overspend.

Education Cleaning Contract (£50,000 Under)

The total budget for the Education Cleaning Contract is £1,203,000 and the latest projection is an underspend of £50,000, the same as previously reported to Committee. This underspend is a result of the Facilities Management Employee Costs underspend reported above.

Facilities Management – Catering Provisions (£14,000 Over)

The budget for Catering Provisions is £980,000 and the latest projection is an overspend of £14,000, the same as reported to last Committee. A review of product pricing was carried out by Scotland Excel and Facilities Management. The review highlighted substantial price increases for a number of key provisions such as fish, beef mince, and cooked ham. The majority of the increases can be attributed to changing to better quality products as a result of Food For Life Accreditation. As previously reported to Committee, the budget was increased by £30,000 as a result of this inflation. Facilities Management are continuing to look at ways of decreasing this expenditure to bring the budget back in line.

Internal Transport – Maintenance (£24,000 Over)

The budget for Internal Transport Maintenance is £14,000 and the latest projection is an over spend of £24,000, the same as previously reported to Committee. The majority of these costs relate to vehicles used by ASN Education.

Pupil Consortium Transport (£49,000 Over)

The current budget for Pupil Consortium Transport is £42,000 and the latest projection is an overspend of £49,000, the same as reported to the last Committee.

SPT School Buses (£38,000 Over)

The budget for SPT School Bus Contracts is £1,001,000 and the latest projection is an overspend of £38,000, an increase in expenditure of £18,000 since the last Committee. A number of contracts have increased in price although the projected outcome is still in line with the final outturn for the previous year. It should be noted that this projected overspend relates to buses funded from the Core Education budget and not those funded by SEMP.

SPT Gaelic Transport (£21,000 Over)

The current budget for SPT Gaelic Transport is £19,000 and the latest projection is an overspend of £21,000, the same as reported to last Committee. These costs relate to the transportation of Secondary School pupils to the Glasgow Gaelic School. The cost of the contract has increased by approximately 41% since last year.

Early Learning & Childcare Expansion Programme (On Budget)

As previously reported to Committee in September 2019, the budget for Early Learning & Childcare Expansion is £4,885,000 for 2019/20. It is currently projected that £600,000 of this funding will be unallocated at year-end due mainly to delays in recruitment of new staff and the roll out of resources. This will not have an impact on the delivery of the Expansion Programme.
The Policy & Resources Committee will be asked to approve the creation of an Earmarked Reserve of £600,000 which will be used to fund capital work required as part of the expansion in 2020/21.

Support for Additional Support for Learning Implementation (On Budget)

The Scottish Government confirmed in January 2020 that Inverclyde Council would receive funding of £211,000 for Support for Additional Support for Learning Implementation in 2019/20.
The Committee is asked to approve the creation of an Earmarked Reserve of £211,000 at year- end to allow this funding to be used in 2020/21. This will also require approval by the Policy & Resources Committee.

Early Years Framework Resources (£30,000 Under)

The budget for Early Years Framework expenditure is currently £36,690 and the latest projection is an underspend of £30,000. This is the same as previously reported to Committee.

ASN Income From Other Local Authorities (£20,000 Over Recovery)

The budget for ASN Income from Other Local Authorities is £416,000 and the latest projection is an over-recovery of £20,000, the same as reported to the last Committee.

Appendices 2 and 3 provide more details on the projected variances.

6.0 EARMARKED RESERVES

6.1 Earmarked Reserves for 2019/20, excluding those for Asset Plans and Strategic Funds, total £645,000 of which £260,000 is projected to be spent in the current financial year. To date, expenditure of £189,000 (73%) has been incurred. Spend to date per profiling was expected to be £223,000, therefore slippage is currently £34,000 or 15.2%.

7.0 VIREMENTS

7.1 There are no virements this Committee cycle.

8.0 IMPLICATIONS

8.1 **Finance**

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

Work is ongoing to review the current spend to bring the overall budget back to a break-even position. These initiatives include awaiting the outcome of the NDR appeals process, reviewing the current catering provision, delaying the filling of non-business critical posts and stopping discretionary spend.

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	Budget Years	Proposed Spend This Report £000	Virement From	Other Comments
N/A					

8.2 **Legal**

There are no specific legal implications arising from this report

8.3 **Human Resources**

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

8.4 **Equalities**

There are no equalities issues with 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

8.5 **Repopulation**

There are no repopulation issues with this report.

9.0 CONSULTATION

9.1 The paper has been jointly prepared by the Chief Financial Officer and the Corporate Director Education, Communities and Organisational Development.

10.0 BACKGROUND PAPERS

10.1 There are no background papers for this report.

Appendix 1

Education Budget Movement - 2018/19

Period 9 - 1st April 2019 to 31st December 2019

Service	Approved Budget 2019/20 £000	Inflation £000	Virement £000	Supplementary Budgets £000	Transferred to EMR £000	Revised Budget 2019/20 £000
		Movements				
Corporate Director	143	4				147
Education	70,848	1,155	(81)	3,549	(6,503)	68,968
Inclusive Education	12,755	260		408	(211)	13,212
Facilities Management	107					107
Totals	83,853	1,419	(81)	3,957	(6,714)	82,434

Movement Detail	£000
External Resources	
Probationer Teachers	600
Teachers Pay Award	2,048
Teachers Superannuation	1,042
Additional Support for Learning (ASL)	211
Early Learning & Childcare	56
	3,957
Virements	
RHI & FIT From E&R Committee	(55)
MCMC Team to E&R Committee	(26)
	(81)
Inflation	
SEMP	168
Teachers Pay Award	851
NDR	68
Biomass	9
Electricity	143
Gas	64
HSCP Speech & Language	7
Microsoft Licences	18
Clothing Grant	30
Catering Provisions	30
Transport	31
	1,419
	5,295

APPENDIX 2

EDUCATION

REVENUE BUDGET MONITORING REPORT

MATERIAL VARIANCES

Period 9 - 1st April 2019 to 31st December 2019

Out Turn 2018/19 £000	Budget Heading	Budget 2019/20 £000	Proportion of Budget	Actual to 31-Dec-19 £000	Projection 2019/20 £000	(Under)/Over Budget £000	Percentage Over / (Under)
3,320	Non Domestic Rates (NDR)	3,393	3,393	3,452	3,306	(87)	(2.6%)
251	Water	255	255	268	284	29	11.4%
1,318	Education Cleaning Contract	1,203	902	838	1,153	(50)	(4.2%)
34	Internal Transport - Maintenance	14	11	21	38	24	171.4%
86	Pupil Consortium Travel	42	32	21	91	49	116.7%
34	SPT Gaelic Transport	19	0	0	40	21	110.5%
998	SPT School Buses	1,001	995	989	1,039	38	3.8%
17	Early Years Framework	37	28	2	7	(30)	(81.1%)
(6,498)	Facilities Management Income	(6,327)	(4,745)	(4,598)	(6,293)	34	(0.5%)
Total Material Variances						**28**	

APPENDIX 3

EDUCATION

REVENUE BUDGET MONITORING REPORT

CURRENT POSITION

Period 9 - 1st April 2019 to 31st December 2019

2018/19 Actual £000	Subjective Heading	Approved Budget 2019/20 £000	Revised Budget 2019/20 £000	Projected Out-turn 2019/20 £000	Projected Over/(Under) Spend £000	Percentage Over/(Under)
41,472	Employee Costs - Teachers	40,683	46,410	46,409	(1)	(0.0%)
23,822	Employee Costs - Non Teachers	21,764	22,540	22,539	(1)	(0.0%)
14,956	Property Costs	7,693	7,989	7,875	(114)	(1.4%)
5,557	Supplies & Services	5,101	5,241	5,255	14	0.3%
2,573	Transport Costs	1,947	2,004	2,155	151	7.5%
691	Administration Costs	717	689	689	0	-
5,333	Other Expenditure	17,985	21,375	21,356	(19)	(0.1%)
(16,550)	Income	(12,037)	(17,100)	(17,081)	19	(0.1%)
77,854	TOTAL NET EXPENDITURE	83,853	89,148	89,197	49	0.1%
	Earmarked Reserves	0	(1,782)	(1,782)	0	
	Loan Charges / DMR	0	(4,932)	(4,932)	0	
	TOTAL NET EXPENDITURE excluding Earmarked Reserves	83,853	82,434	82,483	49	

2018/19 Actual £000	Objective Heading	Approved Budget 2019/20 £000	Revised Budget 2019/20 £000	Projected Out-turn 2019/20 £000	Projected Over/(Under) Spend £000	Percentage Over/(Under)
118	Corporate Director	143	147	161	14	9.5%
57,537	Education	56,219	60,674	60,803	129	0.2%
111	Facilities Management	107	107	103	(4)	(3.7%)
7,726	School Estate Management Plan	14,629	14,797	14,797	0	-
65,374	TOTAL EDUCATION SERVICES	70,955	75,578	75,703	125	0.2%
8,867	ASN	9,055	9,693	9,625	(68)	(0.7%)
1,572	Community Learning & Development	1,638	1,639	1,635	(4)	(0.2%)
1,923	Other Inclusive Education	2,062	2,091	2,073	(18)	(0.9%)
12,362	TOTAL INCLUSIVE EDUCATION	12,755	13,423	13,333	(90)	(0.7%)
77,854	TOTAL EDUCATION COMMITTEE	83,853	89,148	89,197	49	0.1%
	Earmarked Reserves	0	(1,782)	(1,782)	0	

Appendix 4

EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Education & Lifelong Learning

Project	Lead Officer/ Responsible Manager	Total Funding 2019/20 £000	Phased Budget To Period 9 2019/20 £000	Actual To Period 9 2019/20 £000	Projected Spend 2019/20 £000	Amount to be Earmarked for 2020/21 & Beyond £000	Lead Officer Update
Beacon Arts	Tony McEwan	205	175	103	103	102	New Funding is £120k from Incerclyde Council and £30k from Creative Scotland. £102k of funding has not been released yet.
Autism Friendly	Tony McEwan	224	0	24	55	169	CVS Employee funded to Sept 2020 at £8k per quarter. £23k of payments to groups will also be made 19/20. £80k of the £169k c/f is currently committed and £89k uncommitted.
I-Youth Zones	Tony McEwan	11	11	6	7	4	Legacy costs for Gourock I-Youth Zone closure. Water bill still to be paid.
Year of Young People Legacy	Tony McEwan	100	15	8	20	80	Funding is £20k per year for 5 years. First event took place in Summer 2019.
Free Sanitary Products	Tony McEwan	105	22	48	75	30	£30k will be c/f at year end
Total		**645**	**223**	**189**	**260**	**385**	