

**A meeting of the Policy & Resources Committee will be held on Tuesday 22 March 2022 at 3pm.**

**Members may attend the meeting in person or via remote online access. Webex joining details will be sent to Members and Officers prior to the meeting. Members are requested to notify Committee Services by 12 noon on Monday 21 March 2022 how they intend to access the meeting.**

**In the event of connectivity issues, Members are asked to use the *join by phone* number in the Webex invitation and as noted above.**

**Please note that this meeting will be live-streamed via YouTube with the exception of any business which is treated as exempt in terms of the Local Government (Scotland) Act 1973 as amended.**

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IAIN STRACHAN  
Head of Legal & Democratic Services

**BUSINESS**

**\*\* Copy to follow**

1. <b>Apologies, Substitutions and Declarations of Interest</b>	<b>Page</b>
<b>PERFORMANCE MANAGEMENT</b>	
2. <b>COVID-19 Update</b> ** Report by Interim Director Environment & Regeneration	<b>p</b>
3. <b>2021/22 Revenue Budget Update</b> Report by Chief Executive, Interim Director Finance & Corporate Governance and Corporate Director Education, Communities & Organisational Development	<b>p</b>
4. <b>Policy &amp; Resources Capital Budget and 2021/24 Capital Programme</b> Report by Interim Director Finance & Corporate Governance	<b>p</b>
5. <b>Finance Services Update</b> Report by Interim Director Finance & Corporate Governance	<b>p</b>
6. <b>Corporate Policy and Performance Update Report</b> Report by Corporate Director, Education, Communities and Organisational Development	<b>p</b>

<b>NEW BUSINESS</b>		
7.	<b>Capital Strategy 2022/32</b> Report by Interim Director Finance & Corporate Governance	<b>p</b>
8.	<b>Treasury Management Strategy Statement and Annual Investment Strategy 2022/23-2025/26</b> Report by Interim Director Finance & Corporate Governance	<b>p</b>
9.	<b>Procurement Strategy 2022-25</b> Report by Interim Director, Environment & Regeneration	<b>p</b>
10.	<b>Progress and Development of Anti-Poverty Interventions 2021-2023</b> Report by Corporate Director, Education, Communities and Organisational Development	<b>p</b>
11.	<b>Community Asset Transfers – Remit from Inverclyde Council</b> Report by Interim Director Finance & Corporate Governance	<b>p</b>
12.	<b>Tender for a Delivery Partner for 2022/2023 Energy Efficiency Scotland: Area Based Schemes</b> Report by Interim Director Environment & Regeneration	<b>p</b>

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<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b>	<b>22 March 2022</b>
<b>Report By:</b>	<b>Chief Executive, Interim Director of Finance &amp; Corporate Governance, Corporate Director Education, Communities &amp; Organisational Development</b>	<b>Report No:</b>	<b>FIN/21/22/AP/AE</b>
<b>Contact Officer:</b>	<b>Angela Edmiston</b>	<b>Contact No:</b>	<b>01475 712143</b>
<b>Subject:</b>	<b>2021/22 Revenue Budget Update</b>		

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## 1.0 PURPOSE

- 1.1 The purpose of this report is to advise Committee of the 2021/22 projected outturn for the Policy & Resources Committee as at Period 10. The report also details the position of the General Fund Revenue Budget as at Period 10 (31 January 2022).

## 2.0 SUMMARY

- 2.1 The total revised Committee budget for 2021/22 is £18,557,000. This excludes Earmarked Reserves of £2,035,000. The latest projection, excluding Earmarked Reserves, is an underspend of £154,000. The breakdown by Service and detailed material variances are detailed in Appendices 2 & 3. This projection excludes COVID-19 expenditure which is met from the COVID-19 Reserve Fund. The main variances making up this underspend are projected under-recoveries within Internal Resource Interest and Statutory Additions income more than off-set by an underspend within the Non Pay Inflation Contingency.
- 2.2 There is a projected surplus of £48,220 in the 2021/22 Common Good Budget resulting in a projected Fund balance of £149,400 at 31 March 2022 with as set out in Appendix 4. This surplus is largely attributed to the cancellation of 2 events due to lockdown.
- 2.3 The Committee's own Earmarked Reserves for 2021/22 totals £2,035,000 (an increase of £29,000) of which £366,000 is projected to be spent in the current financial year. To date expenditure of £249,000 has been incurred which is £62,000 more than the phased budget. The overall Policy & Resources Committee Reserves reported in Appendix 5 excludes Earmarked Reserves for Asset Plans and Strategic Funds.
- 2.4 It can be seen from Appendix 6 that as at 31 January 2022 the General Fund is projecting a £1,093,000 underspend (excluding Health & Social Care Directorate) which represents 0.70% of the net Revenue Budget. This is an increase in underspend of £879,000 since the last report and is largely due to increased Revenue Grant which is not all required in 2021/22 and only notified to the Council on 2 March, 2022. The position comprises, Education & Communities Committee currently projecting £349,000 underspend, Policy & Resources Committee £154,000 underspend and £116,000 overspend within the Environment & Regeneration Committee. The Health and Social Care Partnership is reporting a £44,000 underspend which will be retained by the IJB. Further details have been reported to the individual Committees. This position is after the 2021/22 pay inflation pressure being contained within the overall inflation allowance.

- 2.5 Appendix 7 shows the latest position in respect of overall Earmarked Reserves, excluding those relating to Asset Plans and Funding Models, it can be seen that as at 31 January 2022 expenditure totalled £2,220,000 which equates to 47.70% of the planned spend in 2021/22. It can also be seen from Appendix 7 that at 31 January 2022 actual expenditure is £128,000 less than phased budget.
- 2.6 Appendix 8 shows the latest position in respect of the General Fund Reserves and shows that the projected balance at 31 January 2022 is £4.881 million which is £881,000 more than the minimum recommended balance of £4 million. This includes approved write backs of £3.05 million approved at Full Council December 2021 and £2.165 million at Full Council February 2022. Decisions on use of £9.175 million reserves were agreed as part of the Budget on 24 February, 2022 and included within Appendix 8.

### **3.0 RECOMMENDATIONS**

- 3.1 It is recommended that the Committee notes the update in respect of the Policy & Resources Committee budget including the 2021/22 projected underspend of £154,000.
- 3.2 It is recommended that the Committee notes the projected 2021/22 surplus of £41,020 for the Common Good Budget.
- 3.3 It is recommended that the Committee notes the overall underspend of £1.093 million projected as at Period 10, 31 January 2022 for the General Fund, its overall Earmarked Reserves position and the position of the Free Reserves.

**Louise Long**  
**Chief Executive**

**Alan Puckrin**  
**Interim Director, Finance & Corporate Governance**

**Ruth Binks**  
**Corporate Director,**  
**Education, Communities**  
**& Organisational Development**

## 4.0 BACKGROUND

4.1 The Council Budget was agreed in March 2021 and approved a budget of £18.902 million for the Policy & Resources Committee. This report provides an update on all matters relating to the Committee budget and the General Fund as at 31 January, 2022.

## 5.0 2021/22 COMMITTEE CURRENT POSITION

5.1 The current projection for 2021/22 is an underspend of £154,000, a reduction in costs of £208,000 from last Committee which mainly relates to a further projected underspend within the Non Pay Inflation Contingency and the Prior Years Council tax under-recovery being funded from Covid monies. The material variances are identified in Appendix 3.

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

### **Finance - £35,000 overspend**

Material Variances are noted below;

Employee Costs: £47,000 projected underspend, a movement of £18,000, mainly due to an over-recovery of turnover savings within Finance and Revenues partly off-setting unachieved turnover target to within ICT.

Supplies & Services: Projecting a £45,000 overspend, which has increased by £11,000 from 30 November 2021. This is primarily due to a £26,000 overspend in Computer Software Maintenance for Finance Services and £20,000 for ICT.

Administration Costs: Projecting a £50,000 underspend, which has increased by £1,000. This underspend is mainly due to £22,000 underspend within Mobile Phone recharges and £38,000 underspend within Line Rental recharges which are off-set with an under-recovery within income.

Other Expenditure: Projecting an underspend of £35,000, this is mainly due to an underspend on Benefits Bad Debt Provision which has increased by £30,000 since last reported at Committee.

Income: An under-recovery of £96,000 is being projected; £22,000 within Mobile Phone recharges, £38,000 under-recovery for Line Rental recharges as off-set within Administration Costs above. In addition there is a projected £67,000 under-recovery within Statutory Additions income in line with 2020/21 and £25,000 off-setting over-recovery within ICT Service Recharges.

### **Legal & Democratic - £18,000 overspend**

All budgets within Legal & Property are projected on target with the exception of the following material variances:

Employee Costs: £35,000 projected underspend, a movement of £26,000, mainly due to the appointment of the new Head of Service and the unachieved turnover target

Income: £49,000 projected under-recovery due to a further decrease in license income, formerly reported a £33,000 under-recovery, a movement of £16,000 at 30 November 2021.

5.3 The following material variances relate to the Education, Communities & Organisational Development Directorate:

## **Organisational Development, Policy & Communications - £28,000 overspend**

Employee Costs: £38,000 projected overspend, mainly due to unachieved turnover target to date, this is a movement of £3,000 from the previously projected £36,000 overspend at 30 November 2021.

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

### **Miscellaneous – £250,000 underspend**

All budgets within Miscellaneous are projected on target with the exception of Internal Resource Interest with a £170,000 projected under-recovery due to extremely low interest levels in 2021/22 and £420,000 projected underspend (previously £350,000 projected underspend) within Non Pay Inflation which was reviewed as part of the 2022/23 budget process.

- 5.5 The following position relates to the Chief Executive budget:

### **Chief Executive – £14,000 overspend**

Projected variances are all below £20,000.

## **6.0 VIREMENT**

- 6.1 No virement to be reported at P10.

## **7.0 COMMON GOOD FUND**

- 7.1 The 2021/22 Common Good budget is projecting a surplus of £48,220, an increase of £4,990 since the last report. This results in projected Fund balance of £149,400 at 31 March 2022..

## **8.0 COMMITTEE EARMARKED RESERVES**

- 8.1 Appendix 5 gives a detailed breakdown of the current earmarked reserves position. Included at 31 January 2022 is an additional earmarked reserve of £29,000 which relates to the funding of HR posts from Community Safety. This was approved at the Education & Communities Council in November 2021. This brings the total funding to £2,035,000 from £2,006,000 at 30 November 2021, of which £366,000 is projected to be spent in 2021/22 and the remaining balance of £1,669,000 to be carried forward to 2022/23 and beyond. It can be seen that expenditure of £249,000 has been achieved which is £62,000 more than the phased budgeted spend to date and represents 68% of the annual projected spend.

## **9.0 GENERAL REVENUE FUND POSITION**

- 9.1 It can be seen from Appendix 6 that as at 31 January 2022 the General Fund is projecting a £1.093 million underspend (excluding Health & Social Care Directorate) which represents 0.70% of the net Revenue Budget. This includes £0.706 million of additional redetermination funding from the Scottish Government that will be written back to reserves and which was notified to the Council on 2 March, 2022.
- 9.2 The underspend consists of the Environment & Regeneration Committee currently projecting an overspend with all other Committees projecting underspends:-

The main issues relating to the four Service Committees are:-

Policy & Resources Committee – Projected underspend of £154,000 (0.83%) which has increases by £208,000 since last Committee mainly due to £420,000 underspend within the

Non Pay inflation Contingency. Overspends are mainly due to under-recoveries within Statutory Additions and £170,000 for internal resource interest.

Environment & Regeneration – Projected overspend of £116,000 (0.53%) increase in overspend since P8 of 43,000. Overspend mainly due to an under-recovery for Cremations and Planning income lines and overspends within Residual and Green Waste mainly due to increased tonnage. These are partly off-set with additional turnover savings and one-off utility credits.

Education & Communities – Projected underspend of £349,000 (0.38%), underspend has increased by £8,000 since last Committee. Underspend mainly due to additional turnover savings achieved.

Health & Social Care – Projected underspend of £44,000 (0.08%), which is a decrease in costs of £110,000 since P8. Overspends within external residential placements within Children & Families and fostering, adoption and kinship. These are off-set in part by additional turnover savings. Any underspend at the year -end will be retained by the IJB.

- 9.3 Appendix 7 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 2022 expenditure totalled £2,220,000 which equates to 47.70% of the planned spend in 2021/22. It can also be seen from Appendix 7 that at 31 January 2022 actual expenditure is £128,000 less than phased budget.
- 9.4 Appendix 8 shows the latest position in respect of the General Fund Reserves and shows that the projected balance at 31 January 2022 is £4.881 million which is £881,000 more than the minimum recommended balance of £4 million. This includes approved write backs of £3.05 million approved at Full Council December 2021 and £2.165 million at Full Council February 2022. Decisions on use of £9.175 million reserves were agreed as part of the Budget on 24 February, 2022 and included within Appendix 8.

## 10.0 IMPLICATIONS

### 10.1 Finance

#### 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) Has an Equality Impact Assessment been carried out?

YES (see attached appendix)

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

(b) Fairer Scotland Duty

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

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

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

NO

(c) Data Protection

Has a Data Protection Impact Assessment been carried out?

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

NO

#### 10.5 Repopulation

There are no repopulation issues arising from this report.

#### 11.0 CONSULTATIONS

11.1 This report reflects the position reported to the Budget holding Committees.

#### 12.0 BACKGROUND PAPERS

12.1 There are no background papers for this report.



**Policy & Resources Budget Movement - 2021/22****Period 10: 1st April 2021 - 31 January 2022**

Service	Approved Budget	Movements			Revised Budget	
	2021/22 £000	Inflation £000	Virement £000	Supplementary Budgets £000	Transferred to EMR £000	2021/22 £000
Finance	7,086	24	(59)			7,051
Legal	1,846		31			1,877
Organisational Development, Policy & Communications	2,073	19	38		(29)	2,101
Chief Exec	323					323
Miscellaneous	7,574	(619)	250			7,205
<b>Totals</b>	<b>18,902</b>	<b>(576)</b>	<b>260</b>	<b>0</b>	<b>(29)</b>	<b>18,557</b>

**Supplementary Budget Detail**

£000

Inflation

Finance/ICT - inflationary uplift

24

OD, Policy &amp; Communications - Brightwave System Upgrade

19

Miscellaneous:

Non Pay Inflation Contingency

(619)

(576)

Virements

Legal - Service Restructure

31

Finance - Service Restructure

(69)

Finance - Post transferred to CSC

10

HSCP - Anti Poverty funding to Miscellaneous

250

Education - Comm Safety Funding HR Posts

38

260

**Total Inflation & Virements****(316)**

**REVENUE BUDGET MONITORING REPORT****CURRENT POSITION****Period 10: 1st April 2021 - 31 January 2022**

2020/21 Actual £000	SUBJECTIVE ANALYSIS	Approved Budget 2021/22 £000	Revised Budget 2021/22 £000	Projected Out-turn 2021/22 £000	Projected Over/(Under) Spend £000	Percentage Over/(Under)
9,235	Employee Costs	8,049	8,059	8,044	(15)	(0.2%)
514	Property Costs	552	552	552	0	-
678	Supplies & Services	968	984	1,039	55	5.6%
2	Transport & Plant	4	4	4	0	-
1,112	Administration Costs	1,319	1,309	1,254	(55)	(4.2%)
30,517	Payments to Other Bodies	37,815	37,173	36,708	(465)	(1.3%)
(26,742)	Income	(29,805)	(29,495)	(29,169)	326	(1.1%)
<b>15,316</b>	<b>TOTAL NET EXPENDITURE</b>	<b>18,902</b>	<b>18,586</b>	<b>18,432</b>	<b>(154)</b>	<b>(0.8%)</b>
	Earmarked reserves		(29)	(29)	0	
<b>15,316</b>	<b>Total Net Expenditure excluding Earmarked Reserves</b>	<b>18,902</b>	<b>18,557</b>	<b>18,403</b>	<b>(154)</b>	

2020/21 Actual £000	OBJECTIVE ANALYSIS	Approved Budget 2021/22 £000	Revised Budget 2021/22 £000	Projected Out-turn 2021/22 £000	Projected Over/(Under) Spend £000	Percentage Over/(Under)
7,517	Finance	7,086	7,051	7,086	35	0.5%
1,883	Legal Services	1,846	1,877	1,895	18	1.0%
<b>9,400</b>	<b>Total Net Expenditure Environment, Regeneration &amp; Resources</b>	<b>8,932</b>	<b>8,928</b>	<b>8,981</b>	<b>53</b>	<b>0.6%</b>
2,093	Organisational Development, Policy & Communications	2,073	2,130	2,159	29	1.4%
<b>2,093</b>	<b>Total Net Expenditure Education, Communities &amp; Organisational Development</b>	<b>2,073</b>	<b>2,130</b>	<b>2,159</b>	<b>29</b>	<b>1.4%</b>
327	Chief Executive	323	323	337	14	4.3%
2,760	Miscellaneous	7,574	7,205	6,955	(250)	(3.5%)
<b>14,580</b>	<b>TOTAL NET EXPENDITURE</b>	<b>18,902</b>	<b>18,586</b>	<b>18,432</b>	<b>(154)</b>	<b>(0.8%)</b>
	Earmarked reserves		(29)	(29)		
<b>14,580</b>	<b>Total Net Expenditure excluding Earmarked Reserves</b>	<b>18,902</b>	<b>18,557</b>	<b>18,403</b>	<b>(154)</b>	

	Approved Reserves £000	Revised Reserves £000	21/22 Budget £000	Projected Spend £000	Projected Carry Forward £000
Earmarked Reserves	2,474	2,035	870	366	1,669
<b>Policy &amp; Resources Overall Expenditure</b>	<b>2,474</b>	<b>2,035</b>	<b>870</b>	<b>366</b>	<b>1,669</b>

## REVENUE BUDGET MONITORING REPORT

## MATERIAL VARIANCES (EXCLUDING EARMARKED RESERVES)

Period 10: 1st April 2021 - 31 January 2022

Outturn 2020/21 £000	Budget Heading	Budget 2021/22 £000	Proportion of Budget £000	Actual to 31/01/22 £000	Projection 2021/22 £000	Over/(Under) Budget £000
	<b>Finance/ICT</b>					
4,579	Employee Costs	3,982	3,055	3,048	3,935	(47)
308	Admin Costs - ICT Line Rental Recharges	333	278	267	295	(38)
55	Admin Costs - Mobile Phone Recharges	59	59	37	37	(22)
55	Supplies & Services - ICT Computer Software Maintenance	684	683	890	704	20
104	Supplies & Services - Finance Computer Software Maintenance	113	111	134	139	26
(48)	Other Expend - Bad Debt Provision	0	0	0	(40)	(40)
(215)	Income - Statutory Additions	(294)	(212)	(176)	(227)	67
(306)	Income - ICT Line Rental Recharges	(333)	(295)	(265)	(295)	38
(55)	Income - Mobile Phone Recharges	(59)	(59)	(37)	(37)	22
(112)	Income - ICT Recharges	0	0	(25)	(25)	(25)
	<b>Organisational Development, Policy &amp; Communications</b>					
1,771	Employee Costs	1,806	1,385	1,313	1,844	38
	<b>Legal &amp; Property</b>					
1,865	Employee Costs	1,293	992	1,427	1,258	(35)
(558)	Income	(598)	(459)	(310)	(549)	49
	<b>Miscellaneous</b>					
(39)	Internal Resource Interest	(200)	(167)	0	(30)	170
(15)	Non Pay Inflation	1,750	1,458	0	1,330	(420)
<b>7,389</b>	<b>TOTAL MATERIAL VARIANCES</b>	<b>8,536</b>	<b>6,829</b>	<b>6,303</b>	<b>8,339</b>	<b>(197)</b>

## REVENUE BUDGET MONITORING REPORT 2021/22

Period 10: 1st April 2021 - 31 January 2022

	Final Outturn 2020/21	Approved Budget 2021/22	Budget to Date 2021/22	Actual to Date 2021/22	Projected Outturn 2021/22
<b>PROPERTY COSTS</b>	<b>24,420</b>	<b>29,000</b>	<b>23,300</b>	<b>22,070</b>	<b>34,500</b>
Repairs & Maintenance	490	9,000	7,500	350	9,000
Rates	1	21,020	19,000	21,720	24,500
Property Insurance	2,910	1,000	0	0	1,000
<b>ADMINISTRATION COSTS</b>	<b>24,190</b>	<b>7,700</b>	<b>1,300</b>	<b>6,440</b>	<b>15,900</b>
Sundries	17,990	1,500	1,300	6,440	9,700
Commercial Rent Management Recharge	2,200	2,200	0	0	2,200
Recharge for Accountancy	4,000	4,000	0	0	4,000
<b>OTHER EXPENDITURE</b>	<b>1,110</b>	<b>61,400</b>	<b>0</b>	<b>7,620</b>	<b>11,600</b>
Christmas Lights Switch On		10,500	0	7,300	7,300
Gourock Highland Games		29,600	0	0	0
Armistice Service	1,670	8,300	0	320	4,300
Comet Festival		13,000	0	0	0
Bad Debt Provision	(560)	0	0	0	0
<b>INCOME</b>	<b>(147,280)</b>	<b>(105,000)</b>	<b>(87,100)</b>	<b>(89,020)</b>	<b>(110,220)</b>
Property Rental	(167,850)	(158,050)	(131,700)	(127,680)	(158,050)
Void Rents	2	55,760	44,600	38,720	47,930
Internal Resources Interest	(90)	(500)	0	(60)	(100)
Disposal of Land	(35,100)	0	0	0	0
<b>NET ANNUAL EXPENDITURE</b>	<b>(97,560)</b>	<b>(6,900)</b>	<b>(62,500)</b>	<b>(52,890)</b>	<b>(48,220)</b>
<b>EARMARKED FUNDS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL NET EXPENDITURE</b>	<b>(97,560)</b>	<b>(6,900)</b>	<b>(62,500)</b>	<b>(52,890)</b>	<b>(48,220)</b>

Fund Balance as at 31st March 2021 101,180

Projected Fund Balance as at 31st March 2022

149,400

## Notes:

**1 Rates (Empty Properties)**

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

**2 Current Empty Properties are:**Vacant since:

12 Bay St  
6 John Wood Street  
10 John Wood Street  
15 John Wood Street  
17 John Wood Street

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

## EARMARKED RESERVES POSITION STATEMENT

COMMITTEE: Policy &amp; Resources

C a t e g o r y	Project	Lead Officer/ Responsible Manager	Total Funding	Phased Budget To Period 10	Actual To Period 10	Projected Spend	Amount to be Earmarked for 2022/23 & Beyond	Lead Officer Update
			2021/22	2021/22	2021/22	2021/22		
			£000	£000	£000	£000		
C	Equal Pay	Steven McNab	200	0	0	0	200	Balance for equal pay which is under review on an annual basis.
C	Digital Strategy	Alan Puckrin	194	20	23	32	162	Project Officer £88k over 2 years starting 01/10/21. £75k uncommitted. All needed for new ways of working project.
C	Welfare Reform - Operational	Alan Puckrin	216	68	53	77	139	Employee costs to 31.3.22. £60k unallocated balance which will be used 22/23 onwards.
C	Revenue Contingency	Alan Puckrin	43	0	30	30	13	£3k currently uncommitted. £20k donation to Afghanistan Appeal. £10k Scottish Jewish Archives Donation. £3k write backs agreed.
C	Anti-Poverty Fund	Ruth Binks	996	0	64	80	916	Projecting £425k is needed to meet cost of Pupil Payments during 2022/23 with £381k remaining unallocated to which the 21/22 unused Anti Poverty Budget will be added.
C	Community Support Fund	Tony McEwan	200	56	50	50	150	Kilblain Street Premises purchased for Tail O The Bank Credit Union. £100k write back agreed as part of Feb 22 Budget.
C	NDR Relief	Alan Puckrin	7	0	0	0	7	£7k NDR relief Tail O The Bank. To be written back 31.3.22
C	HSCP Digital Devices	Craig Given	10	0	0	0	10	£10k HSCP Digital Devices . To be written back 31.3.22
C	Resilience & Insurance Claims - Training	Steven McNab	20	15	6	20	0	£4.4k committed to be spent by Education for training in Feb 2022. £2k for face fit testing training, £1k for moving and handling training, £1k for hand arm vibration meters & £1.5k Training for Noise Assessor. Also additional training for mediation.
C	GDPR	Iain Strachan	50	18	15	19	31	Information governance system contract awarded (2yr+1yr+1yr). Spend committed - £10k per year. Corporate training is being organised, £11k Workpro training December 2021. There is also committed spend for the information governance system for 2022 and 2023 as per the contract with the provider.
C	Promotion and Tourism (ERR)	George Barbour	50	0	0	50	0	Full EMR to be written back to reserves.
C	Recruitment of Chief Executive	Steven McNab	20	10	8	8	12	Recruitment costs to cover recruitment of new Chief Exec which has now taken place. Full costs of £8k. £12k to be written back 31/03/22.
C	Comm Safety funding HR post	Steven McNab	29	0	0	0	29	Cost for senior clerical assistant. Agreed at Communities Council 02/11/21
<b>Total Category C to E</b>			<b>2,035</b>	<b>187</b>	<b>249</b>	<b>366</b>	<b>1,669</b>	

Policy & Resources CommitteeRevenue Budget Monitoring ReportPosition as at 31st January 2022

Committee	Approved Budget 2021/2022	Revised Budget 2021/2022	Projected Out-turn 2021/2022	Projected Over/(Under) Spend	Percentage Variance
	£,000's	£,000's	£,000's	£,000's	
Policy & Resources	18,902	19,006	18,852	(154)	(0.81%)
Environment & Regeneration	22,020	21,856	21,972	116	0.53%
Education & Communities <b>(Note 1)</b>	95,925	91,405	91,056	(349)	(0.38%)
Health & Social Care	54,652	57,593	57,549	(44)	(0.08%)
<b>Committee Sub-Total</b>	<b>191,499</b>	<b>189,860</b>	<b>189,429</b>	<b>(431)</b>	<b>(0.23%)</b>
Loan Charges (Including SEMP)	11,586	16,174	16,174	0	0.00%
Identified Savings <b>(Note 2)</b>	4	4	4	0	0.00%
Covid Expenditure <b>(Note 3)</b>	0	8,886	8,886	0	700.00%
Earmarked Reserves	0	2,079	2,079	0	0.00%
<b>Total Expenditure</b>	<b>203,089</b>	<b>217,003</b>	<b>216,572</b>	<b>(431)</b>	<b>(0.20%)</b>
<b>Financed By:</b>					
General Revenue Grant/Non Domestic Rates	(169,418)	(183,332)	(184,038)	(706)	0.39%
Contribution from General Reserves	(1,049)	(1,049)	(1,049)	0	100.00%
Council Tax	(32,622)	(32,622)	(32,622)	0	0.00%
Integration Joint Board - Contribution to Reserves	0	0	44	44	100.00%
<b>Net Expenditure</b>	<b>0</b>	<b>0</b>	<b>(1,093)</b>	<b>(1,093)</b>	

**Note 1 - Reduction reflects loans charges and earmarked reserves.**

**Note 2 - Identified savings to be allocated**

**Note 3 - COVID Expenditure in 2021/22**

**Earmarked Reserves Position Statement**

**Appendix 7**

**Summary**

<u>Committee</u>	<u>Total Funding</u> <u>2021/22</u>	<u>Phased</u> <u>Budget to</u> <u>P10</u>	<u>Actual Spend</u> <u>To 31 January</u> <u>2022</u>	<u>Variance Actual</u> <u>to Phased</u> <u>Budget</u>	<u>Projected</u> <u>Spend 2021/22</u>	<u>Earmarked</u> <u>2022/23 &amp;</u> <u>Beyond</u>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Education & Communities	4,108	1,176	1,033	(143)	2,261	1,847
Health & Social Care	2,891	529	685	157	1,187	1,704
Regeneration & Environment	5,158	456	253	(203)	840	4,318
Policy & Resources	2,035	187	249	62	366	1,669
	14,192	2,348	2,220	(128)	4,654	9,538

<u>2021/22</u> <u>%age Spend</u> <u>Against</u> <u>Projected</u>	<u>2021/22 %age</u> <u>Over/(Under)</u> <u>Spend Against</u> <u>Phased Budget</u>
45.69%	(12.16%)
57.71%	29.61%
30.12%	(44.52%)
68.03%	33.16%
47.70%	(5.43%)

**Actual Spend v Phased Budget Behind Phasing = (£128k) (5.43%)**

**Last Update (Period P8) Ahead of Phasing = £377k**

**Movement £505k**

**Appendix 8**

**GENERAL FUND RESERVE POSITION**  
**Position as at 31/01/22**

	<u>£000</u>	<u>£000</u>
Balance 31/03/21 per 2020/21 Accounts		4890
Projected Surplus/(Deficit) 2021/22	1093	
Share of Scottish Government one off £120 million in 2022/23	<u>1858</u>	
		2951
<b><u>Proposed Write back of Earmarked Reserves:</u></b>		
<i>Full Council - December 2021:</i>		
Jobs Refresh	1550	
Capital Fund	1000	
Loans Charges	<u>1500</u>	
	4050	
<i>Full Council - January 2022:</i>		
Community Fund	25	
Covid Cleaning/PPE	120	
Employability Initiatives	100	
Anti Poverty Apprenticeship Programme	22	
Early Retiral/Voluntary Severance	(30)	
Revenue Contingency	3	
Community Support Fund	100	
Anti Poverty Fund - Contribution to Energy Bills	500	
Digital Devices	10	
Promotion & Tourism	50	
Covid Training	30	
Recruitment of Chief Executive	12	
Covid Contingency	1200	
Covid - Desks & Equipment	<u>23</u>	
	2165	
		6215
<b><u>Proposed Use of Reserves - Full Council February 2022:</u></b>		
Contribution to IJB Budget 2022/23	550	
Project Resource	150	
Support with Energy/Food Costs -CTR Recipients	3000	
Contribution to the replacement of the Comet replica	500	
Increased roads and footways investments	250	
Reserves to smooth the 2023/24 and beyond budgets	2000	
2022/25 Capital Programme Funding shortfall	1275	
Lady Alice Bowling Club	30	
St Ninians Community Garden	120	
Contribution to Play Areas Strategy	100	
Rankin Park Indoor Tennis Facility	200	
Use of Reserves to reduce Prudential Borrowing	<u>1000</u>	
		9175
Projected Unallocated Balance 31/03/22		<u><u>4881</u></u>

**Minimum Reserve required is £4 million**



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<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b>	<b>22 March 2022</b>
<b>Report By:</b>	<b>Interim Director, Finance &amp; Corporate Governance</b>	<b>Report No:</b>	<b>FIN/20/22/AP/MT</b>
<b>Contact Officer:</b>	<b>Matt Thomson</b>	<b>Contact No:</b>	<b>01475 712256</b>
<b>Subject:</b>	<b>Policy &amp; Resources Capital Budget and 2021/24 Capital Programme</b>		

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## 1.0 PURPOSE

- 1.1 The purpose of the report is to provide Committee with the latest position of the Policy & Resources Capital Programme and the 2021/24 Capital Programme.

## 2.0 SUMMARY

- 2.1 On March 18 2021 the Council approved the 2021/24 Capital Programme as part of the overall Budget approval. A revised 2022/25 Capital Programme was agreed by the Council on 24 February 2022 and will be the basis for future reports to Committee
- 2.2 The Capital Programme reflects the recently announced 2022/23 capital grant as well as an estimate of capital grant for 2023/24. While the Scottish Government are advising that national grant allocations are likely to remain at the same level until 2026/27, changes to allocation methods are likely to reduce the grant to Inverclyde Council and it is felt prudent at this stage to further reduce the 2023/24 estimated grant to £6.0m per year.
- 2.3 An over provision against estimated resources of up to 5% is considered acceptable to allow for increased resources and/or cost reductions. Currently the Capital Programme is reporting a deficit of £4.222m which represents 6.81% of the 2021/24 resources.
- 2.4 The Council on 24<sup>th</sup> February 2022 approved a revised Capital programme which both addressed the ongoing deficit in excess of the 5% acceptable limit and extended the programme to 2024/25, factoring in additional funding to fund the shortfall in annual capital grant compared to the annual capital allocations. In addition further projects funded from Revenue reserves were approved. Due to the timing of submission dates this report does not reflect the Council decisions, these will be included in future reports.
- 2.5 The Policy & Resources capital budget is £3.161m and the current projection is on budget. The budget for 2021/22 is £1.427m with slippage of £0.898m (62.93%) being reported at this stage. The vast majority of this slippage (£0.8million) relates to the Covid Cost Pressure allowance. This allowance was reduced by £0.8million as part of the approved 2022/25 Capital Programme. Spend to date is £0.307m which is 58.0% of projected spend however significant further spend is committed. Further detail on the Policy & Resources Capital Programme can be found in Appendix 1 and section 5 of the report.
- 2.6 In terms of the overall Capital Programme it can be seen from Appendix 2 that as at 31<sup>st</sup> January 2022 expenditure in 2021/22 was 63.2% of projected spend. Phasing and projected spend has been reviewed by the budget holders and the relevant Director. The position in respect of each individual Committee is reported in Appendix 2 and Section 6 of the report. Overall committees are projecting to outturn on budget.

- 2.7 In the current year net slippage of £3.431m, 16.42% is currently being reported, this is an increase of £0.741m, 3.54%, from the previous Committee. This is due to slippage within the Environment & Regeneration Committee (£2.679m), Policy & Resources Committee (£0.898m), and Health & Social Care (£0.307) offset by advancement within the Education & Communities Committee (£0.453m).
- 2.8 The Council's City Deal projects lie outwith the General Fund Capital Programme and are not included in this report. Progress on the 3 City Deal projects is reported to Environment & Regeneration Committee.

### **3.0 RECOMMENDATIONS**

- 3.1 It is recommended that Committee note the current position of the 2021/24 Policy & Resources Capital Budget.
- 3.2 It is recommended that Committee note the current position of the 2021/24 Capital Programme and that the deficit in excess of the acceptable over commitment was addressed through the 2022/23 Budget process.

**Alan Puckrin**  
**Interim Director, Finance & Corporate Governance**

## **4.0 BACKGROUND**

- 4.1 On March 18 2021 the Council approved the 2021/24 Capital Programme as part of the overall Budget approval.
- 4.2 The Capital Programme reflects the confirmed 2021/22 capital grant and the recently announced 2022/23 capital grant as well as an estimate of capital grant for 2023/24. While the Scottish Government are advising that national grant allocations are likely to remain at the same level until 2026/27, changes to allocation methods are likely to reduce the grant to Inverclyde Council and it is felt prudent at this stage to further reduce the 2023/24 estimated grant to £6.0m per year.
- 4.3 An over provision of projects against estimated resources of up to 5% is considered acceptable to allow for increased resources and/or cost reductions. Currently the Capital Programme is reporting a deficit of £4.222m which represents 6.81% of the 2021/24 resources.
- 4.4 The Council on 24<sup>th</sup> February 2022 approved a revised Capital programme which both addressed the ongoing deficit in excess of the 5% acceptable limit and extended the programme to 2024/25, factoring in additional funding to fund the shortfall in annual capital grant compared to the annual capital allocations. In addition further projects funded from Revenue reserves were approved. Due to the timing of submission dates this report does not reflect the Council decisions, these will be included in future reports.
- 4.5 The Policy & Resources Capital Programme contains the previously reported 2021/24 allocations as well as a £1.6m Cost Pressures allowance added to the Policy & Resources programme to address anticipated price increases in the construction industry as a result of cost increases and project delays arising from material shortages and supply chain issues.

## **5.0 POLICY & RESOURCES CAPITAL BUDGET UPDATE**

- 5.1 The Policy & Resources capital budget is £3.161m and the current projection is on budget. The budget for 2021/22 is £1.427m with slippage of £0.898m (62.93%) being reported at this stage. Spend to date is £0.307m which is 58.0% of projected spend however significant further spend is committed.
- 5.2 PC Refresh Programme – ICT has moved to a laptop refresh strategy to provide flexibility for home and hybrid working. It completed the previous refresh phase in December 2021. ICT identified and advanced an additional 240 devices being refreshed by March 2022, project nearing completion. The next phase of refresh will concentrate on the Education Estate to support the Schools Digital Strategy
- 5.3 Server and Switch Replacement – Refresh of core Firewall and Anti-Virus appliances (£78k) completed and on-site deployment completed.
- 5.4 ICT & Digital Strategies - Business Cases for investment as part of the Council's Digital Strategy in Electronic Document Management to enable home and hybrid working have been developed and approved.

## **6.0 2021/24 CAPITAL PROGRAMME UPDATE**

- 6.1 Appendix 2 shows that over the 2021/24 period the Capital Programme is reporting a £4.222m deficit. This is in excess of an acceptable level of up to 5% over provision however this has been addressed as part of the Council budget set on 24<sup>th</sup> February, decisions made at that budget approval will be included in future reports to Committee.
- 6.2 The position in respect of individual Committees for 2021/22 is as follows:

### Policy & Resources

Expenditure as at 31<sup>st</sup> January 2022 is £0.307m against an approved budget of £1.427m.

Slippage of £0.898m (62.93%) is being reported at this stage due to slippage within the Cost Pressure Contingency (£0.800m) which was removed as part of the 2022/25 Capital Programme and the annual ICT allocation (£0.098m).

### Environment & Regeneration

Expenditure as at 31<sup>st</sup> January 2022 is £5.912m against an approved budget of £12.619m. Net slippage of £2.679m (21.23%) is being reported mainly due to advancement within the Cemetery Development (£0.125m), Vehicle Replacement Programme (£0.175m), SPT projects (£0.111m) and Minor Works/Statutory Duties (£0.272m), offset by slippage in Spaces for People (£0.310m), Flooding Strategy (£0.226m), Cremator Development (£0.252m), Play Area Strategy (£0.300), T&VC Other (£0.316m), Town & Village Centres (£0.180m), Place Based Funding (£0.600), Ivy House Replacement (£0.304m), Waterfront Leisure Centre Lifecycle Works (£0.195m) and Boglestone Community Centre Roof (£0.220m).

### Education & Communities

Expenditure as at 31<sup>st</sup> January is £4.443m against an approved budget of £5.617m. Net advancement of £0.453m (8.06%) is being reported mainly due to advancement of Interactive Whiteboard Replacement (£0.625m), advancement/cost increases in Gourock Primary School Extension (£0.134m) and Lifecycle Fund (£0.263m) offset by slippage in Indoor Tennis Facility (£0.503m) and Waterfront Leisure Centre Moveable Pool Floor (£0.274m).

### Health & Social Care

Expenditure as at 31<sup>st</sup> January is £0.381m against an approved budget of £1.229m. Net Slippage of £0.307m is being reported due to advancement within the Crosshill Children's Home Replacement (£0.499m) offset by slippage in the new Learning Disability Facility (£0.206m) and SWIFT Upgrade (£0.600m).

- 6.3 Overall in 2021/22 expenditure is 63.2% of projected spend for the year and projected net slippage of the programme is £3.431m (16.42%). Officers will continue to examine ways to accelerate spend in order to reduce the level of slippage.

## **7.0 CONSULTATION**

- 7.1 This report reflects the detail reported to Service Committees.

## **8.0 IMPLICATIONS**

### **Finance**

#### 8.1 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**

- 8.2 There are no legal implications.

## Human Resources

8.3 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.

## 8.4 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

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

## 9.0 BACKGROUND PAPERS

9.1 None.

## COMMITTEE: POLICY &amp; RESOURCES

Project Name	1	2	3	4	5	6	7	8
	<u>Est Total Cost</u>	<u>Actual to 31/3/21</u>	<u>Approved Budget 2021/22</u>	<u>Revised Est 2021/22</u>	<u>Actual to 31/1/22</u>	<u>Est 2022/23</u>	<u>Est 2023/24</u>	<u>Future Years</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
<b><u>Environment, Regeneration &amp; Resources</u></b>								
<b><u>ICT</u></b>								
Storage/Backup Devices/Minor Works and Projects	25		25	25	6	0	0	0
Rolling Replacement of PC's	305		305	305	170	0	0	0
Whiteboard/Projector Refresh	30		90	30	0	0	0	0
Server & Switch Replacement Programme	169		169	169	131	0	0	0
Home Working Allocation	25		0	0	0	25	0	0
Annual Allocation	884		38	0	0	350	534	0
<b><u>ICT Total</u></b>	<b>1,438</b>	<b>0</b>	<b>627</b>	<b>529</b>	<b>307</b>	<b>375</b>	<b>534</b>	<b>0</b>
<b><u>Finance</u></b>								
Modernisation Fund	123	112	0	0	0	11	0	0
Cost Pressure Contingency	1,600		800	0	0	200	1,400	
<b><u>Finance Total</u></b>	<b>1,723</b>	<b>112</b>	<b>800</b>	<b>0</b>	<b>0</b>	<b>211</b>	<b>1,400</b>	
<b>TOTAL</b>	<b>3,161</b>	<b>112</b>	<b>1,427</b>	<b>529</b>	<b>307</b>	<b>586</b>	<b>1,934</b>	<b>0</b>

**Appendix 2a**

Capital Programme - 2021/22 - 2023/24

Available Resources

	A	B	C	D	E
	2021/22	2022/23	2023/24	Future	Total
	£000	£000	£000	£000	£000
Government Capital Support	6,405	6,353	6,000	-	18,758
Capital Receipts (Note 1)	835	275	296	-	1,406
Capital Grants (Note 2)	2,567	1,871	2,100		6,538
Prudential Funded Projects (Note 3)	946	1,757	9,346	1,342	13,391
Balance B/F From 20/21	15,105	-	-		15,105
Capital Funded from Current Revenue	5,849	1,388	905	-	8,142
	<u>31,707</u>	<u>11,644</u>	<u>18,647</u>	<u>1,342</u>	<u>63,340</u>

Overall Position 2021/24

	<u>£000</u>
Available Resources (Appendix 2a, Column A-C)	61,998
Projection (Appendix 2b, Column B-D)	66,220
(Shortfall)/Under Utilisation of Resources	<u>(4,222)</u>
(Shortfall)/Under Utilisation of Resources %	<u>(6.81)%</u>

**Notes to Appendix 2a**

**Note 1 (Capital Receipts)**

	2021/22	2022/23	2023/24	Future	Total
	£000	£000	£000	£000	£000
Sales	525	275	296	-	1,096
Contributions/Recoveries	310	-	-	-	310
	835	275	296	-	1,406

**Note 2 (Capital Grants)**

	2021/22	2022/23	2023/24	Future	Total
	£000	£000	£000	£000	£000
Government Grant - Place Based Funding	675	-	-	-	675
Renewal of Play Parks	65	-	-	-	65
Cycling, Walking & Safer Streets	406	337	-	-	743
SPT	900	-	-	-	900
Spaces for People	168	-	2,100	-	168
Nature Restoration Fund	88	-	-	-	88
CO2 Monitors in Schools	95	-	-	-	95
HES - Watt Complex	26	-	-	-	26
Electric Vehicles	19	-	-	-	19
Sustrans	70	-	-	-	70
Watt Complex Creativity Space	55	-	-	-	55
RCGF - King George VI	-	1,534	-	-	1,534
	2,567	1,871	2,100	-	4,438

**Note 3 (Prudentially Funded Projects)**

	2021/22	2022/23	2023/24	Future	Total
	£000	£000	£000	£000	£000
Vehicle Replacement Programme	(245)	42	839	-	636
Asset Management Plan - Offices	-	-	84	-	84
Asset Management Plan - Depots	37	130	175	-	342
Capital Works on Former Tied Houses	7	9	150	207	373
CCTV	15	-	-	-	15
Clune Park Regeneration	120	241	-	-	361
Neil Street Childrens Home Replacement - CoS	2	11	-	-	13
Crosshill Childrens Home Replacement	185	56	50	-	291
New Learning Disability Facility	200	750	5,248	1,135	7,333
SWIFT Upgrade	-	243	-	-	243
Interactive Whiteboard Replacement	625	75	-	-	700
Additional Prudential Borrowing to Fund Capital Programme	-	-	1,400	-	1,400
Additional Prudential Borrowing to meet anticipated Cost Pressures	-	200	1,400	-	1,600
	946	1,757	9,346	1,342	13,391



Capital Programme - 2021/22 - 2023/24

Agreed Projects

Committee	A Prior Years	B 2021/22	C 2022/23	D 2023/24	E Future	F Total	G Approved Budget	H (Under)/ Over	I 2021/22 Spend To 31/1/2022
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Policy & Resources	112	529	586	1,934	-	3,161	3,161	-	307
Environment & Regeneration	6,110	9,940	11,960	16,073	364	44,447	44,447	-	5,912
School Estate	5,488	5,408	2,476	5,050	1,001	19,423	19,423	-	3,977
Education & Communities (Exc School Estate)	360	662	2,371	1,093	-	4,486	4,486	-	466
HSCP	1,556	922	1,718	5,498	1,135	10,829	10,829	-	381
<b>Total</b>	<b>13,626</b>	<b>17,461</b>	<b>19,111</b>	<b>29,648</b>	<b>2,500</b>	<b>82,346</b>	<b>82,346</b>	<b>-</b>	<b>11,043</b>

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<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b>	<b>22 March 2022</b>
<b>Report By:</b>	<b>Interim Director, Finance &amp; Corporate Governance</b>	<b>Report No:</b>	<b>FIN/22/22/AP/LA</b>
<b>Contact Officer:</b>	<b>Alan Puckrin</b>	<b>Contact No:</b>	<b>01475 712223</b>
<b>Subject:</b>	<b>Finance Services Update</b>		

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## 1.0 PURPOSE

- 1.1 The purpose of this report is to update the Committee on various matters being progressed by the Finance Service.

## 2.0 SUMMARY

- 2.1 The level of applications to the Self Isolation Support Grant (SISG) delivered on behalf of the Scottish Government remains high with 20 applications being made on average every day. 930 applications were received during the first 7 weeks of 2022 which compares with 141 during the same period last year.
- 2.2 Two “cost of living awards” are being progressed by the service. The first for £150 relates to the Scottish Government scheme with support to be paid out by the end of April. The second which has the same Council Tax Reduction and Council Tax exempt eligibility criteria as the Scottish Government scheme (plus the addition of student households) is the Council’s own scheme which has a £350 award. A slightly longer delivery timescale has been approved but this is hoped to allow the majority of payments to be made directly to bank accounts.
- 2.3 Section 6 provides an update on the ICT and Digital strategies and reports good initial take up for the 2022 Garden Waste permit scheme. The ICT Service Desk have amended their operating hours to facilitate the Hybrid Working pilot which is scheduled to run for 12 months.
- 2.4 The initial Audit Planning meeting took place with Audit Scotland on 1 March where priorities and scope for this years audit were discussed. This is the last year of Audit Scotland’s appointment and it is hoped that the experience accumulated over the last 4 years will assist officers and auditors achieve a smooth audit.
- 2.5 Following approval of the 2022/23 Budget the Accountancy team are working on finalising the Revenue and Capital Budgets which will begin to be reported to the new Council after the summer recess.

## 3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee note the continued good performance of the Revenues & Benefits plus ICT teams despite the extra workload taken on by both teams as a result of the response to Covid.
- 3.2 It is recommended that the Committee otherwise note the report.

**Alan Puckrin**  
**Interim Director, Finance & Corporate Governance**

## **4.0 BACKGROUND**

- 4.1 The Revenues & Benefits team have had a key role in delivering new services arising from Covid since March 2020 with the payments of thousands of business grants, low income pandemic payments on behalf of the Scottish Government plus local schemes supporting CTR recipients and Self- Isolation Support Grants.
- 4.2 In a similar vein the ICT team have had unprecedented levels of work arising from the initial roll out of extra kit, setting up employees and Members for home working and supporting the on going delivery of remote/hybrid meetings plus remote/hybrid education delivery.
- 4.3 The audit of the 2020/21 Accounts identified a number of matters which required to be addressed as part of the 2021/22 Accounts closure whilst the 2022/23 Budget was approved by Council on 24 February, 2022.

## **5.0 REVENUES & BENEFITS**

### **5.1 Self Isolation Support Grant**

The level of applications to the Self Isolation Support Grant (SIG) delivered on behalf of the Scottish Government remains high with 20 applications being made on average every day. 930 applications were received during the first 7 weeks of 2022 which compares with 141 during the same period last year. An online application form was launched at pace at the end of January in response to the increased demand which has aided access to the grant. Despite the high volume of applications and delays obtaining supporting information and evidence from applicants, more than 90% of applications are routinely processed within 2 weeks of the date of application. The team continues to be supported by colleagues from other Council services.

### **5.2 Cost of Living Awards**

Scottish Ministers announced a Cost of Living Award of £150 which COSLA and Scottish Ministers agreed local authorities would administer for eligible households. Eligibility is based on whether the person is liable for Council Tax on 14 February, 2022 for a dwelling that they live in, and, is either in receipt of a Council Tax Reduction for that dwelling or that dwelling is in Council Tax valuation Bands A-D. In certain circumstances, persons living in dwellings exempt from Council Tax will be eligible. Approximately 30,000 households could be eligible for the award in Inverclyde.

- 5.3 The Scottish Government's overriding objective is for the award to be made to eligible households before the end of April 2022. The Council's administrative systems can facilitate payments made as a credit to the Council Tax account of eligible persons so in line with the majority of councils, the award will be paid to 2022/23 Council Tax accounts. The result will be a reduction in monthly instalments or for those whose accounts are placed into credit, a refund can be requested by contacting the service or through the Customer Service Centre. An insert will be included in Council Tax bills explaining arrangements.
- 5.4 Inverclyde Council agreed on 24<sup>th</sup> February as part of the 2022/23 council budget additional support of £3m to low income households to help tackle the cost of living crisis. This was increased by a further £500,000 at the Policy & Resources Executive Sub-Committee on 10 March. A one-off payment of £350 will be made to all households in receipt of Council Tax Reduction and most households exempt from paying Council Tax. The Council Tax exempt households are the same groups as those who qualify for the Scottish Government Cost of Living Award plus dwellings where all occupants are students. Eligibility for the award is based on whether the person was liable for Council Tax on 24 February.
- 5.5 Eligible householders will be asked to provide bank details for the payment to be made or where details were provided for other Covid related payments in the last year, a letter will be sent advising the intention to credit the same account with the aim of making payments no later than early June with the first payments scheduled for late April.

5.6 The £100 Winter Hardship Support Payment agreed by the Council on 2nd December 2021 was completed in January with 490 households receiving their payment directly to their bank account. 174 others did not respond to the offer however a credit was made to their Council Tax account, reducing their liability. Any resulting credit in Council Tax accounts will be refunded on request.

#### 5.7 Discretionary Housing Payments

The DHP allocation for purposes other than the mitigation of the Social Sector Size Criteria in 2021/22 is £229,000. This includes a one off Covid related grant of £69,000. DHP "other" expenditure is projected to be £210,000. Adjustments to the DHP policy were agreed by Committee in February 2022 reducing the excess income threshold to ensure 2022/23 expenditure is contained within budget, expected to be £160,000. Expenditure against the Social Sector Size criteria is projected as £1.19m and is funded by the Scottish Government

#### 5.8 Scottish Welfare Fund

The Scottish Welfare Fund core allocation of £756,000 is supplemented by £168,000 carried forward from a Covid-19 allocation received during 2020/21 and an additional allocation of £150,000 Winter Hardship Support, approved by the December Council. Expenditure to 31<sup>st</sup> January 2022 was £897,000 of which £673,000 was paid as Community Care Grants and £224,000 as Crisis Grants. The Winter Hardship Support allocation ensures there is sufficient budget to fund approved grants until March 2022.

5.9 Scottish Government funding for Scottish Welfare Fund is frozen for 2022/23. Expenditure will be closely monitored to ensure grants are awarded only in the circumstances where it can be clearly demonstrated that the award will have an immediate and significant impact. The allocation of Winter Support Funding has allowed Crisis Grants to be increased by a further 20% above the established 20% increase on the Scottish Government recommended grant level for the remainder of 2021/22. In addition, at the 10 March Policy & Resources Sub-Committee £60,000 was agreed from the Anti-Poverty Fund to maintain this level of award for 2022/23.

#### 5.10 Tenants Grant Fund

The Scottish Government funded Covid-19 Tenant Grant Fund launched during November 2021. The fund is to assist tenants who have incurred rent arrears as a direct result of the Covid-19 pandemic who are at risk of homelessness. The fund has been promoted directly with registered private rented sector and social sector landlords and by the end of February 2022, £17,000 of Inverclyde's £93,000 share of funding had been paid in respect of 13 tenants, all in the social housing sector. A number of applications made by private rented sector landlords have not been progressed because the landlords cannot comply the Scottish Government's rigorous arrears management requirements. A progress report will be provided to the Scottish Government in March.

### 6.0 ICT UPDATE

6.1 The ICT and Digital Strategies develop and build on the work of the previous strategies and aim to increase and promote the range of digital services available to employees and customers and to exploit the opportunities digital services can achieve by:

- Improving user experience and interaction with Council Services
- Reducing cost to deliver services via channel shift opportunities
- Improving efficiencies and productivity of services

A core requirements was the implementation of Cloud Based tools including migration to Microsoft 365. Appendix 1 provides an update on both the Digital and ICT Strategies.

6.2 Procurement of the Cloud Based tools through the Scottish Government Framework has been completed. Initial "on boarding" to the Microsoft Cloud Platform has been completed. ICT are working with the supplier and Microsoft to implement suitable security and functionality profiles. The first users from the pilot programme within ICT have been enrolled and have accessibility to the full range of Cloud tools including MS Teams. Further work to migrate email to the cloud, and then a full roll out to the wider estate is progressing. A project timeline and roll-out programme has been developed. A number of project sub-groups are being

established to work with Services to communicate the programme.

- 6.3 There is a continued increase in the number of contacts and payments being completed by e-form. The use of the online service for the vast majority of Garden Waste Permit payments indicates the ability of the majority of customers to use the e-form model. The new “season” for payments has seen an increase in the number of payments compared to the same period last year (4000 v 3500 as at late February). There has also been a year on year increase of 219 in the number of households receiving an online Council Tax bill with 1287 using the facility for the 2022/23 Annual Billing run. Customer Services will move back under the remit of Finance Services from April 2022 reporting to ICT Service Manager to enhance and develop digital and other channels of customer interaction.
- 6.4 The Service Desk continues to deliver a high quality service however, there remains a challenge to ensure that this is maintained in light of on-going and increasing resource pressures as a result of COVID-19 Pandemic and recovery. From 28 February the Service Desk hours were amended to facilitate the expanded working envelope for “office based” employees as part of the hybrid working pilot. The Service Desk now opens at 8.00 each morning and by the end of March will be open until 18.00.

## 7.0 ACCOUNTANCY

- 7.1 The audit of the 2020/21 Accounts identified a number of matters which required to be addressed as part of the 2021/22 Accounts closure. Accountancy have created a group which is meeting fortnightly to progress matters and delivery of these actions is being monitored by the Audit Committee.
- 7.2 The initial Audit Planning meeting took place with Audit Scotland on 1 March where priorities and scope of this years audit were discussed. This is the last year of Audit Scotland’s appointment and it is hoped that the experience accumulated over the last 4 years will assist officers and auditors achieve a smooth audit. The deadline for the approval of the accounts by the Council has been advanced one month to the 31 October albeit this remains one month later than pre-Covid timescales.
- 7.3 Following approval of the 2022/23 Budget the Accountancy team are working on finalising the Revenue and Capital Budgets which will begin to be reported to the new Council after the summer recess.

## 8.0 IMPLICATIONS

### 8.1 Finance

#### Financial Implications:

##### One off Costs

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

##### Annually Recurring Costs/ (Savings)

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

## 8.2 Legal

There are no legal issues arising.

## 8.3 Human Resources

There are no HR implications arising from this report.

## 8.4 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

## 8.5 Repopulation

There are no repopulation implications arising from this report.

## 9.0 CONSULTATIONS

9.1 None

## 10.0 BACKGROUND PAPERS

10.1 None

ICT Strategy Action Plan 2021 – 2024

Action Area 1	Action	Milestones	Success Criteria	Update	Responsibility
Asset Management Programme & Cloud Migration Strategy	Hardware Refresh Programme reviewed to reflect new ways of working	Sufficient Funding in place March 2022 - Complete	Sustainable refresh programme embedded	Budget uplift agreed as part of 2022/23 Budget setting process.  <b>COMPLETE</b>	Chief Financial Officer/ICT Service Manager
		Staff have the appropriate equipment to work effectively and efficiently from the most appropriate location  From 2023	Staff satisfaction surveys reflect confidence in IT Services.  Line Managers are satisfied that staff have appropriate equipment	Standard specification for equipment agreed by CMT. Hybrid working options being identified by New Ways of Working Group	ICT Service Manager
	Education Services – review services provided to schools to reflect new ways of teaching and delivery	Strategy approved and funding agreed March 2022 - Complete  Students and Staff have the appropriate equipment to learn in a flexible and rewarding way.  From 2023	Sustainable funding model approved  Feedback from Education Services reflect satisfaction in service delivery	Extra funding proposed from 2022/25 Capital budget and Education Budget.  Digital strategy approved at Education & Communities Committee 02/11/21  <b>COMPLETE</b>	ICT Service Manager

	Cloud Migration Strategy	Deliver Office 365 Licensing and implement initial Cloud Migration  From August 2021  Complete August 2022	Cloud services including MS Teams deployed to staff	Contract Awarded August 2021.  Project timeline developed and agreed  First roll-out complete in ICT Server Team	ICT Service Manager
	Cloud Migration Strategy	Agree approach to deliver Telephony and other Communications Systems in the Cloud  March 2022	Contracts awarded for new Telephony approach	Supplier engagement and Options appraisal continuing.	ICT Service Manager

Action Area 2	Action	Milestones	Success Criteria	Update	Responsibility
Service Provision	Maintain Service Levels across Support Services	Meet agreed Service Level Targets for Incident and Service Requests.  Ongoing through life of Strategy	Customer satisfaction with service provided	SLA Statistics reported to P&R  <b>COMPLETE</b>	ICT Service Manager
	Core Systems	Engage with services to ensure that existing systems are being used effectively. Focussing on collaboration and communication tools including the Cisco telephony systems, Customer Management and EDRMS.  March 2022	Services have access to the tools and functions required to provide effective efficient services to customers and staff.	Report to CMT February 2022 on medium term plans for Core Systems  Initial report presented, further exploratory work underway.	ICT Service Manager



Action Area 3	Action	Milestones	Success Criteria	Update	Responsibility
Information Security	Network and System Security	<p>Maintain a Secure Network Infrastructure</p> <p>Support the Information Governance group in dealing with the individual data management responsibilities of each member of staff.</p> <p>Ongoing through life of Strategy</p>	<p>Minimise Cyber Security Incidents,</p> <p>Corporate approach to data handling and electronic document management.</p>	P&R Report to be included as part of Security Accreditation Compliance programme.	ICT Service Manager
	Security Accreditation Compliance	<p>Use of industry partners to provide Security Assurance through the Penetration Test &amp; IT Health check process.</p> <p>Ongoing through life of Strategy</p> <p>Maintain Cyber Essentials Plus and PSN Code of Connection compliance/accreditation</p> <p>Annual Compliance Process</p>	<p>Provision of report and implementation of recommendations</p> <p>PSN Compliance Certificate</p>	<p>PSN Accreditation in place for 2021/22</p> <p>Schedule to be developed for accreditation and penetration testing/Cyber Security Audit for 2022/23</p>	ICT Service Manager

Action Area 4	Action	Milestones	Success Criteria	Update	Responsibility
Procurement Strategy	Use of National Frameworks to deliver value for money services	National frameworks the default approach for available systems and services  Ongoing	Delivery of Value for Money Systems and Services	Two contracts awarded via Scottish Government Frameworks in August 2. Further contract placed via GCloud December 2021  <b>Fully Adopted</b>	ICT Service Manager
	Account Management	Meet with suppliers to review and ensure best value and most efficient levels of delivery and support of systems  Ongoing	Appropriate level of supplier support and best value delivery	Supplier meetings ongoing  <b>Fully Adopted</b>	ICT Service Manager
	Project Management	Use temporary increase in Project Management resources to deliver support to services in planning and deploying projects and services  2021/23	Business Cases are developed and projects are delivered on time and on budget	Candidate appointed August 2021  <b>Complete</b>	ICT Service Manager

**Digital Strategy Action Plan 2021 – 2024 Update**

Action Area 1	Action	Milestones	Success Criteria	Update	Responsibility
Provide Improved online Services	Work with suppliers to fully enable the ability of customers to book and pay for calendared and transactional services such as bulky uplifts.	Allow customers to book & pay for services online. Increase the range of services available via Web Self-Service  Complete - October 2021	Delivery of extended range of services available.	First tranche of Online Forms are live. Integration with new payment engine pending.  <b>COMPLETE</b>	ICT Service Manager with Heads of Service.
	Review and Develop additional services to be digitised or enhance existing online services to provide additional functionality	Additional Services available online  March 2022	Delivery of extended range of services available.  Over Strategy Period	DMTs to be visited to discuss opportunities for migrating services online  Ongoing	ICT Service Manager with Heads of Service

Action Area 2	Action	Milestones	Success Criteria/Target Date	Update	Responsibility
Channel Shift	Open new channels of communication including messaging and Social Media routes  Increase convenience for customers.	The number of ways customers can interact with the council increases reflecting changes in demographics  September 2022	Delivery of extended range of services available.	To be reviewed in 2022	ICT Service Manager with Corporate Communication Manager
	Identify channels which can be closed.	Review of Channels and identify if any can or should be closed  April 2023	Provide only those channels needed by customers  Over Strategy Period	To be reviewed in 2022 following return to more normal levels of service delivery	ICT Service Manager with Heads of Service

Action Area 3	Action	Milestones	Success Criteria	Update	Responsibility
Mobile & Agile Working	As part of New Ways of Working Project following the COVID 19 Pandemic, all Services to review and if necessary develop systems to allow enhanced home and remote working	Opportunities identified as part of the Business Continuity short term Recovery Actions- September 2021  Projects developed to allow greater flexible working – December 2021  Funding agreed – March 2022	Efficiencies achieved and increases in productivity through roll out of mobile / agile working across council workforce	Business Cases developed Dec 2021  Forms part of New Ways of Working Project.	CMT and all Heads of Service
	As part of New Ways of Working Project following the COVID 19 Pandemic , Office layouts to reflect greater flexible/remote working	Develop Proposals for CMT consideration – October 2021 Funding considered- March 2022 Project Delivery – From 2022	Better use of Council office estate	Funding approved 2022/23 Budget  Adjustments delivered from 2022	Head of Property Services/ ICT Service Manager
	As part of New Ways of Working Project, ensure the appropriate policies are in place to support new ways of working	Review Mobile Working and related HR Policies by September 2021	Staff can work safely and securely backed by appropriate policies and support	Hybrid and Home Working policies issued.  COMPLETE	Head of ODHR

Action Area 4	Action	Milestones	Success Criteria	Update	Responsibility
Other Digital Strategies	Education Services Digital Strategy	Coordinate with Education Services to ensure provision of Digital Services to schools meets the requirement of modern learning and teaching.  Over Strategy Period	Delivery of extended range of services in schools	Digital Strategy agreed at Education and Communities Committee November 2021  COMPLETE	ICT Service Manager with Education Services
	Health & Social Care Partnership Digital Strategy	Coordinate with HSCP to ensure provision and delivery of Digital Services to staff, patients and other service users that meet the needs of delivering digital Health and Social Care.  Over Strategy Period	Delivery of extended range of services for staff and service users	Draft policy prepared for consultation.	ICT Service Manager with HSCP

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<b>Report To:</b>	<b>Policy and Resources Committee</b>	<b>Date:</b>	<b>22 March 2022</b>
<b>Report By:</b>	<b>Corporate Director Education, Communities and Organisational Development</b>	<b>Report No:</b>	<b>PR/06/22/AH</b>
<b>Contact Officer:</b>	<b>Andrina Hunter</b>	<b>Contact No:</b>	<b>01475 712042</b>
<b>Subject:</b>	<b>Corporate Policy and Performance Update Report</b>		

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## **1.0 PURPOSE**

- 1.1 The purpose of this report is to provide the Policy and Resources Committee with an update on a number of issues relating to corporate policy and performance.

## **2.0 SUMMARY**

- 2.1 This report provides the Committee with an update on a number of performance and policy issues relating to:

- Local Government Benchmarking Framework (LGBF) 2020/21
- New developments in relation to Best Value
- Inverclyde Council Corporate Equality Outcomes Improvement Plan 2021/22.

## **3.0 RECOMMENDATIONS**

- 3.1 It is recommended that the Committee notes the key update areas in relation to Corporate Policy and Performance.
- 3.2 It is recommended that the Committee approves the Corporate Equality Outcomes Improvement Plan 2021/25.
- 3.3 It is recommended that the Committee agrees to receive annual progress reports on the delivery of the Corporate Equality Outcomes Improvement Plan 2021/25.

**Ruth Binks**  
**Corporate Director**  
**Education, Communities & Organisational Development**

#### 4.0 LOCAL GOVERNMENT BENCHMARKING FRAMEWORK (LGBF) 2020/21

4.1 The Local Government Benchmarking Framework data for reporting year 2020/21 was published by the Improvement Service on 4 March 2022 along with a National Overview Report. An Elected Member Briefing was held on 22<sup>nd</sup> March 2022.

4.2 The LGBF 2020/21 comprises of 95 indicators (excluding housing indicators). New data however is only available for 74 of the 95 indicators. Temporary omissions include satisfaction data that is sourced from the Scottish Household Survey and Health and Care Experience Survey which have been delayed. In addition, four new indicators have been added to the framework:

- CHN 24: % of children living in poverty (After Housing Costs)
- ECON 11: Gross Value Added (GVA) per capita
- ECON 12a: Claimant Count as % of Working Age Population
- ECON 12b: Claimant Count as % of 16-24 Population

As in previous years, a refreshed framework will be published in April / May 2022 and will include Looked After Children and Developmental Milestones data. Members will be provided with details of the new data once the remaining indicators are published.

4.3 It is vital to remember that as the new data covers the first year of the Covid-19 pandemic the core operating and delivery landscapes for Councils is very different to previous years and as a result there is significant variation across Councils in performance and expenditure data. A range of factors will have had an impact on performance in the year, including:

- the ongoing impact of Covid on mainstream budgets, as well as the provision of additional Covid-19 funding streams made available to Councils;
- a shift in many services to deliver an emergency response; service redesign and a greater reliance on virtual service delivery;
- service closures to the customers in response to national restrictions e.g. recycling centres;
- the knock-on effects coming from other sectors creating service pressures in other areas e.g. NHS hospitals;
- increased levels of vulnerability within communities, particularly in council areas already experiencing high levels of deprivation and poorer health outcomes;
- local variability such as local lockdowns; patterns of need and demand and the existing infrastructure.
- Performance will also vary across Councils depending on a variety of factors including deprivation levels, investment and policy decisions and population density.

4.4 Shown below is a summary the number of indicators in each quartile for Inverclyde Council:

	<b>Quartile 1</b>	<b>Quartile 2</b>	<b>Quartile 3</b>	<b>Quartile 4</b>	<b>Total</b>
Children's services	6	9	4	2	21
Corporate services	4	1	1	2	8
Adult social care	2	3	2	0	7
Culture and leisure services	1	2	1	0	4
Environmental services	2	2	4	5	13
Corporate assets	1	-	1	-	2
Economic development	2	2	6	3	13
Financial sustainability	-	1	2	1	4
Tackling climate change	2	-	-	-	2
<b>Total</b>	<b>20</b>	<b>20</b>	<b>21</b>	<b>13</b>	<b>74</b>
<b>Total %</b>	<b>27%</b>	<b>27%</b>	<b>28%</b>	<b>18%</b>	<b>100%</b>

- 4.5 Inverclyde Council ranks in the top two quartiles (i.e. a national ranking between 1 and 16) for 54% of indicators, which is lower than in 2019/20. This places Inverclyde in joint 10<sup>th</sup> position, along with Falkirk and Stirling Councils. East Renfrewshire and West Lothian Council are the top ranking Scottish Councils (52 indicators each) followed by East Dunbartonshire Council (48 indicators).

	<b>2019/20</b>	<b>2020/21</b>
Measures in Quartiles 1 and 2	67% 49/73 indicators	54% 40/74 indicators
Position in the national rankings for the number of measures in Quartiles 1 and 2	1 <sup>st</sup>	Joint 10 <sup>th</sup>

- 4.6 The decrease in the number of indicators in the top 2 quartiles is partly attributable to the non-availability of data for the satisfaction measures (SHS and HACE), which is an area where Inverclyde historically has performed well. In 2019/20, Inverclyde ranked in the top two quartiles for 10 of the 11 satisfaction indicators. The inclusion of new indicators in 2020/21, as well as the publication of data in 2020/21 that was not published in 2019/20 (e.g. attainment in literacy and numeracy and school attendance) means that care should be taken if comparing performance with previous years.
- 4.7 It is more meaningful to compare Inverclyde's performance with Councils of a similar socio-economic profile. The table below shows how LGBF performance in the top two quartiles compares for those Councils with the highest levels of multiple deprivation in Scotland, with Inverclyde ranking first.

	No of measures in quartile 1 and 2 (excluding housing)
Inverclyde	40
North Lanarkshire	37
West Dunbartonshire	36
North Ayrshire	35
Glasgow	32
Dundee City	32

- 4.8 The following paragraphs highlight some of the more significant performance changes in the year. Three year trend information along with ranking and the Scottish average is provided in full in the Appendix 1.

a. Children's services

New data has been published for 21 of the 32 indicators in this section. In relation to attainment data, the Improvement Service has advised that due to the absence of external assessment information and the Ministerial direction to award estimated grades, results for 2020 and 2021 should not be directly compared to those in previous or future years, nor can they be used to directly demonstrate subject, school or authority improvement compared with previous years.

The indicator "The percentage of children living in poverty after housing costs" has been included in the framework for 2020/21, the latest data however relates to 2019/20 (pre-Covid).

15 of the 21 measures rank in the top 2 quartiles, changes in performance of particular note include:

- Our ranking for the percentage of early years provision which is graded good or better has fallen from 1 to 14 due to performance declining from 100% to 93.3%. 50% of Councils saw their quality ratings decrease in the past year
- There has been a decline in performance across all the literacy and numeracy measures. A drop has also been recorded nationally.

- Costs per primary and secondary school pupil decreased in the year, whilst the cost of pre-school education place increased. This reflects the national trend.
- All Scottish Councils reported an increase in child poverty levels.

#### b. Corporate Services

This section of the Framework comprises of eight indicators. Just over half of the eight indicators rank in the two quartiles.

- There was a further improvement in the Council's gender pay gap, which fell by 0.13% to 7.39% in 2020/21, the lowest figure since this measure was introduced to the framework in 2015/16. Almost half of all Councils in Scotland had an increase in the gender pay gap.
- The percentage of women in the highest paid top 5% increased for the fourth consecutive year and is now 62.4%, which is the fourth highest percentage in Scotland.
- The sickness absence rate for both teaching staff and non-teaching staff improved and Inverclyde retained its position in the first quartile for both measures. Nationally, there has been a sharp decrease in local government absence over the last 12 months.
- All Councils saw a reduction in council tax collection rates. Overall, there has been a dip of 1% nationally, in Inverclyde collection rates declined by 0.96%.
- The percentage of invoices paid within 30 days remained above the national average at 95.26%, giving Inverclyde a ranking of 7 relative to other authorities.

#### c. Adult Social Care

New data has been published for 7 of the 11 indicators within this section. Overall performance is good with 5 of the 7 indicators falling into the top 2 quartiles. Areas of note include:

- Inverclyde once again ranks in first position for the number of days spent in hospital for those that are ready to be discharged per 1,000 population. 28 Councils saw delayed discharges fall in the past 12 months, however there was a wide range of movement across Councils - from -71% to +89%.
- Home care costs per hour increased from £25.07 to £34.29, which meant our ranking changed from 13 to 24, whilst the percentage of people aged over 65 with long term needs receiving care at home remained at 66.1%. The national trend shows a 1% increase in older people being supported at home reflecting less people moving into care homes due to Covid-19 and therefore requiring more care at home.
- The rate of readmission to hospital within 28 days increased in Inverclyde from 92.8 to 96.69 (per 1,000 discharges), however our relative ranking improved from 9 to 5. Nationally, there was an increase of 14.7% in hospital readmissions (within 28 days). This is due to a reduction in both the number of readmissions and discharges, however the reduction in discharges has been greater (proportionally) than readmissions, resulting in an increase.

#### d. Culture and leisure services

New data has been published for 4 of the 8 indicators within this section. The remaining 4 indicators relate to satisfaction with services, the data for which is currently unavailable. 3 of the 4 indicators rank in the top 2 quartiles. Of particular note is:

- Covid-19 restrictions have resulted in huge restrictions in culture and leisure visits.
- Costs per leisure attendance in Inverclyde increased from £1.19 to £9.73 and were the third lowest in Scotland. All councils in Scotland had a significant increase in the cost per leisure attendance.



- Costs per library visit increased slightly in 2020/21, increasing by 49p to £2.66, whilst the cost per museum visit decreased by 27p to £5.79.
- There was a decrease of £3,553 in the cost of parks and open spaces per 1,000 population, taking costs to £24,280 and improving our ranking from 29 to 23. There was also a decrease in national costs for this measure.

#### e. Environmental Services

New data has been published for 13 of the 15 indicators within Environmental Services section. 4 of the 13 indicators rank in the top 2 quartiles.

- Inverclyde is one of 26 councils to have had a fall in household recycling levels. Our recycling rate in 2020/21 was 37.1%, which is the lowest level since 2010/11. This has resulted in a drop in Inverclyde's ranking from 11 to 22. Contributory factors to the decrease are an increase in household waste during lockdown and the closure of recycling facilities in response to Covid-19 restrictions.
- The net cost of both waste collection and waste disposal in Inverclyde increased in 2020/21 however there was a decrease in both at a national level. The cost of street cleaning per 1,000 population decreased in both Inverclyde and Scotland.
- Our street cleanliness score increased from 84.3 to 89.6, which improved our ranking from 30 to 22. 11 other Councils also had an improvement in their street cleanliness score.
- The cost of maintenance per kilometre of roads decreased in both Inverclyde and Scotland. There was a small increase in the percentage of 'A' and 'B' class roads requiring maintenance treatment but an improvement in 'C' class and Unclassified roads. It should be noted that this was the first year of a new methodology being applied to the Roads Condition Survey which has had the overall effect of improving road network condition data nationally.

#### f. Corporate Assets

This section of the Framework comprises two indicators:

- The percentage of our operational buildings that are suitable for their current use improved from 90.9% to 92.37%. The comparable national figure is 82.3%.
- The percentage of the internal floor area of our operational buildings that is in a satisfactory condition increased from 86.5% to 87.79%, compared to 89.2% in Scotland.

#### g. Economic Development and Planning

Three new indicators were added to the framework in 2020.21, bringing the total number of indicators to 13.

- Gross Value Added (GVA) per capita (Econ 11) (the latest date for this indicator is 2019/20)
- Claimant Count as % of Working Age Population (Econ 12a)
- Claimant Count as % of 16-24 Population (Econ 12b)

It should be highlighted that the data for the indicators, "Town Centre Vacancy Rates" (Econ 9) and "Immediately available employment land" (Econ 10) have been modelled by the Improvement Service.

4 indicators in this section rank in the top two quartiles. Changes in performance of particular note include:

- Inverclyde ranks first in Scotland for the number of business gateway start-ups per 10,000 population, increasing from 18.6 to 26.86. Only 7 Councils in Scotland had an increase in start-up rates.

- All councils in Scotland reported a decrease in the percentage of unemployed people assisted into work from Council funded employability programmes, however Inverclyde had the largest decrease of all Councils, falling from 25.9% to 2.94%, which resulted in a change in ranking from 2 to 20.
- There has been an improvement in the proportion of people earning less than the real living wage, from 30.9% to 23.8% which improved our ranking by 8 places to 21. There was also a small improvement nationally of 1.7%, taking the overall figure to 15.2%
- Inverclyde remains in the top quartile for immediately available employment land as a percentage of total land allocated for employment purposes in the local development land.
- The town centre vacancy rate is 21.9% (modelled data), which is the highest in Scotland

#### h. Financial Sustainability

This section was introduced to the Framework in 2019/20 and comprises four indicators. One indicator ranks in the top 2 quartiles.

- Our total useable reserves figure, expressed as a percentage of the Council's annual budgeted revenue, was 26.86%, a slight increase (2.65%) from 2019/20. All 32 councils saw an increase, with reserves ranging from 7% to 58% across authorities (excluding islands). This increase nationally has been attributed to Covid monies allocated to Councils.
- There was a decrease in the uncommitted General Fund Balance figure, expressed as a percentage of the Council's annual budgeted net revenue, falling from 2.75% to 2.46% which resulted in a change in ranking from 12 to 20.
- Inverclyde ranked in 32<sup>nd</sup> position for the ratio the proportion of a Council's income that is used to meet financing costs, net of investment income. Our performance in 2020/21 was 12.28%, compared to the Scottish average of 6.24%.
- Actual out-turn as a percentage of budgeted expenditure was 98.7% in the last reporting year, representing an increase of 0.06% on 2019/20. This resulted in a change in ranking from 23 to 17. Nationally, there has been 1.9 % reduction in the last 12 months.

#### i. Tackling Climate Change

There are 2 measures within the Tackling Climate Change section. Inverclyde performs above the Scottish average and ranks in the top quartile for both.

- CO<sub>2</sub> emissions, area wide per capita has fallen for the seventh successive year and is 3.82t compared to a Scottish average of 5.68, placing Inverclyde in 4<sup>th</sup> position. 4 Councils reported an increase in CO<sub>2</sub> area wide emissions.
- CO<sub>2</sub> area wide emissions within the scope of the local authority per capita also fell for the seventh consecutive year and is 3.72t compared to 4.62t in Scotland, placing Inverclyde in 5<sup>th</sup> position. Only 1 Scottish Council reported an increase.

4.9 Each Directorate has considered the performance data for their service area and will use this to inform their self-evaluation and future improvement planning, including the development of the final refresh of the Corporate Directorate Improvement Plans.

### 5.0 New developments in relation to Best Value

5.1 The Accounts Commission published a new "Publication of Information (Standards of Performance) Direction 2021" (referred to as the SPI Direction) on 20 December 2021. The Direction provides guidance to Councils on what they are required to publish as part of their public performance reporting.

5.2 Whilst broadly similar to the 2018 Direction, the refreshed version:

- Underlines the importance of self-assessment of performance;
- Reiterates the Commission's ambitions with regard to integrated audit and o-ordinated scrutiny.

5.3 It is the view of the Commission that Councils should take greater ownership of the public performance reporting and performance benchmarking agendas. Each council is required to report a range of information under the headings of SPI 1 and 2 as described below, however the range of performance data that a Council publishes is left to its own discretion:

- *Statutory Performance Indicator 1: Improving Local Services and Local Outcomes*

Performance in improving local public services, both provided by itself and with partners and communities and progress against the desired outcomes agreed with its partners and communities.

- *Statutory Performance Indicator 2: Demonstrating Best Value*

An assessment of how the Council is performing against its duty of Best Value, including self-assessments and service review activity; audit assessments of its performance against its Best Value duty and assessments from other scrutiny and inspection bodies. Councils should also report on how they have responded to these assessments.

5.4 The Inverclyde Council 2020/21 Annual Audit Report stated that Inverclyde is meeting its statutory performance indicator requirements, however our current public performance reporting arrangements will be reviewed against the new Direction to ensure that the Council continues to provide balanced, timely and accessible performance information to the public.

5.5 The second development relating to Best Value is the publication of further Best Value Assurance Reports. Since the last Best Value update was considered by the Policy and Resources Committee on 14 September 2021, three new Best Value Assurance Reports have been published by the Accounts Commission. These are:

East Dunbartonshire Council (published September 2021)

East Dunbartonshire Council was found to have demonstrated a good pace of improvement since the last BV report in 2017. Service performance is strong and had improved in the majority of services, prior to the Covid-19 pandemic. The Council's priorities are clearly reflected in its financial plans and its Business and Improvement Plans (BIPs) and the Council is well placed to meet future challenges. Housing Services is highlighted as an area requiring improvement.

South Ayrshire Council (published October 2021)

South Ayrshire Council has a clear vision, which reflects local needs and is supported by, and well-aligned to, the plans and work of its partners. It has also responded well to the challenges of the Covid-19 pandemic. Good working relationships exist between officers and elected members, but limited progress has been made on key aspects of Best Value. Progress has been particularly slow in community planning, financial and workforce planning, transformation and some aspects of community empowerment. It was recommended that Council's leadership increase its ambition, pace and focus to deliver improvements in these important areas.

Falkirk Council (published December 2021)

In Falkirk Council's previous Best Value report (2018) it was found that the Council would need strong leadership to make the necessary step change in its pace of improvement. The latest BVA found that elected members and the Corporate Management Team have not demonstrated the collective leadership required to drive the change necessary to deliver the Council's priorities. Insufficient progress was found to have been made on the key aspects

of Best Value, including improving financial sustainability, performance management and reporting, community empowerment and equalities. A further report has been instructed to be brought back to the Commission in 2023.

- 5.6 The next BVARs due to be published in 2022 are Comhairle nan Eilean Siar, Angus and Shetland Islands along with a Moray Council follow-up report. Audit Scotland has advised that Covid-19 will be a cross cutting issue across all Best Value work and reports will include an assessment of how well each Council has responded to the immediate challenges of Covid-19 and how well placed it is to respond to the medium to longer term challenges.
- 5.7 Other local audit work on Best Value, including a follow-up of BVAR improvement actions will be reported in the Annual Audit Report.

## 6.0 Corporate Equality Outcomes Improvement Plan 2021/25

- 6.1 The Corporate Equality Outcomes 2021/25 were approved by the Policy and Resources Committee at its meeting on 23 March 2021. An Improvement Plan 2021/25, attached as Appendix 2, was subsequently devised to support delivery of the Corporate Equality Outcomes during the period 2021/25.

The Improvement Plan 2021/25 comprises five Equality Outcomes:

Outcome 1:	Increase the participation of seldom-heard/under-represented voices in local decision-making processes
Outcome 2:	Improve support for older people in the community
Outcome 3:	Take action to prevent violence against women and girls in Inverclyde
Outcome 4:	Increase the diversity of the Council workforce
Outcome 5:	Improve the economic prospects of people who are furthest from the Labour Market including young people, older people and disabled people.

A number of improvement actions will support the delivery of the Equality Outcomes 2021/25 including those around the themes of the inclusion of the LGBTIQI community; early intervention and prevention of frailty in older people; the identification of safety issues experienced by women and girls in the local community; exploring potential improvement actions around racism; and promoting the Young Person's National Entitlement Cards for local people aged 11-25 years.

The Committee is asked to approve the Improvement Plan 2021/25 and agree to receive annual progress reports on its delivery.

## 7.0 IMPLICATIONS

Financial Implications

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

Financial Implications - Annually Recurring Costs/(Savings)

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

## 7.2 Human Resources

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

## 7.3 Legal

There are no direct legal implications arising from this report.

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

X	YES - An Equality Impact Assessment on the Corporate Equality Outcomes Improvement Plan 2021/25 has been devised and is available to view on the Council's website: <a href="https://www.inverclyde.gov.uk/council-and-government/equality-impact-assessments/equality-impact-assessments-2022">https://www.inverclyde.gov.uk/council-and-government/equality-impact-assessments/equality-impact-assessments-2022</a>
	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?

X	YES – A written statement showing how this report's recommendations reduce inequalities of outcome caused by socio-economic disadvantage has been completed and is included in the Equality Impact Assessment referred to in paragraph 7.3 (a).
	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

## 8.0 CONSULTATION

8.1 None.

## 9.0 LIST OF BACKGROUND PAPERS

9.1 None.

APPENDIX 1

Children's Services		Data			Ranked position			Scottish average
Ref:	Description	2018/19	2019/20	2020/21	2018/19	2019/20	2020/21	2020/21
CHN1	Cost per primary school pupil	£5,826	£5,791	£5,473	19	10	4	£5,897
CHN2	Cost per secondary school pupil	£7,904	£7,801	£7,089	20	14	5	£7,629
CHN3	Cost per pre-school education place	£7,815	£8,204	£11,147	29	25	27	£9,255
CHN4	% of pupils gaining 5+ awards at level 5	66%	67%	68%	9	11	14	67%
CHN5	% of pupils gaining 5+ awards at level 6	36%	38%	37%	10	11	21	41%
CNH6	% of pupils living in the 20% most deprived areas gaining 5+ awards at level 5	52%	54%	56%	4	5	6	49%
CHN7	% of pupils living in the 20% most deprived areas gaining 5+ awards at level 6	22%	27%	24%	4	4	9	23%
CNH 12a	Overall average total tariff	886	932	954	14	12	16	972
CNH 12b	Average total tariff SIMD quintile 1	699	765	777	5	4	5	688
CHN 12c	Average total tariff SIMD quintile 2	833	844	942	6	6	6	817
CHN 12d	Average total tariff SIMD quintile 3	969	1084	955	7	3	20	975
CHN 12e	Average total tariff SIMD quintile 4	1115	1076	1227	6	12	6	1108
CHN 12f	Average total tariff SIMD quintile 5	1209	1170	1278	11	18	17	1320
CHN 13a	% of P1, P4 and P7 pupils combined achieving expected CFE Level in Literacy	76%	dna	68%	9	n/a	11	67
CHN 13b	% of P1, P4 and P7 pupils combined achieving expected CFE Level in Numeracy	82%	dna	75%	8	n/a	14	75
CNH 14a	Literacy Attainment Gap (P1,4,7 Combined) - percentage point gap between the least deprived and most deprived pupils	21%	dna	28%	12	n/a	19	25
CBH 14b	Numeracy Attainment Gap (P1,4,7 Combined) - percentage point gap between the least deprived and most deprived pupils	18%	dna	29%	15	n/a	25	21
CHN 18	% of funded early years provision which is graded good/better	95.8%	100%	93.3%	9	1	14	90.9%
CNH 19a	School Attendance Rate	92.23%	dna	92.3%	26	n/a	16	92%
CHN 21	Participation Rate	91.77%	92.92%	93.31%	17	14	12	92.18%
CNH 24	Percentage of children living in poverty (after housing costs) <b>New measure</b>	23.26%	23.81%	dna	20	16	-	24.28%

Quartile 1 & 2 (rank 0-16)


Quartile 3 (rank 17-24)

Quartile 4 (rank 25-32)

**APPENDIX 1**

<b>Corporate Services</b>		<b>Data</b>			<b>Ranked position</b>			<b>Scottish average</b>
<b>Ref:</b>	<b>Description</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2020/21</b>
Corp 1	Support services as a % of total gross expenditure	3.18%	3.42%	3.44%	4	8	9	4.06%
Corp 3b	% of the highest paid 5% employees who are women	58.67%	59.88%	62.43%	6	8	4	58.3%
Corp 3c	Gender pay gap	8.18%	7.52%	7.39%	30	30	30	3.66%
Corp 4	The cost per dwelling of collecting council tax	£10.91	£10.76	£9.19	27	27	26	£6.64
Corp 6a	Sickness absence days (per teacher)	4.92 days	4.95 days	3.45 days	4	3	8	4.16 days
Corp 6b	Sickness absence days (non-teacher)	10.36 days	10.48 days	7.96 days	7	7	5	9.71 days
Corp 7	% of income due from council tax received by the end of the year	95.67%	95.35%	94.39%	24	22	22	94.77%
Corp 8	% of invoices sampled that were paid within 30 days	95.86%	96.13%	95.46%	9	5	7	91.76%

<b>Adult Social Care</b>		<b>Data</b>			<b>Ranked position</b>			<b>Scottish average</b>
<b>Ref:</b>	<b>Description</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2020/21</b>
SW 1	Home care costs per hour for people aged 65 or over	£30.96	£25.07	£34.29	25	13	24	£27.65
SW 2	Self-directed support spend on adults 18+ as a % of total social work spend on adults 18+	5.32%	5.05%	5.05%	12	17	17	8.17%
SW 3a	% of people aged 65 and over with long-term care needs who receiving personal care at home	65.16%	66.12%	66.07%	11	9	11	61.71%
SW 5	Residential costs per week per resident for people aged 65 or over	£400	£414	£450	14	14	15	£439
SW 6	Rate of readmission to hospital within 28 days per 1,000 discharges	92.77	92.82	96.69	9	9	5	120.03
SW 7	Proportion of care services graded 'good' (4) or better in Care Inspectorate inspections	86.24%	86.6%	87%	11	11	13	82.5%
SW 8	Number of days people spend in hospital when they are ready to be discharged, per 1,000 population (75+)	86.68	162.23	151.21	1	2	1	484.28


 Quartile 1 & 2 (rank 0-16)


 Quartile 3 (rank 17-24)


 Quartile 4 (rank 25-32)

APPENDIX 1

Culture and Leisure		Data			Ranked position			Scottish average
Ref:	Description	2018/19	2019/20	2020/21	2018/19	2019/20	2020/21	2020/21
C&L 1	Cost per attendance at sports facilities	£1.67	£1.19	£9.73	6	5	3	£40.36
C&L 2	Cost per library visit	£2.12	£2.17	£2.66	13	14	9	£2.88
C&L 3	Cost per visit to Museums & Galleries	£41.80	£6.06	£5.79	28	19	11	£10.14
C&L 4	Cost of parks & open spaces per 1,000 population	£28,778	£27,833	£24,280	25	29	23	£19,112

Environmental Services		Data			Ranked position			Scottish average
Ref:	Description	2018/19	2019/20	2020/21	2018/19	2019/20	2020/21	2020/21
ENV 1a	Net cost per waste collection per premise	£39.41	£43.71	£49.20	1	3	6	£72.35
ENV 2a	Net cost of waste disposal per premise	£108.45	£98.33	£104.26	18	12	16	£104.50
ENV 3a	Net cost of street cleaning per 1,000 population	£20,784	£20,936	£20,413	30	29	30	£14,845
ENV 3c	Street Cleanliness Score	89.6	84.29	89.86	26	30	22	90.1
ENV 4a	Cost of roads per kilometre	£25,413	£24,066	£17,400	31	30	25	£9,667
ENV 4b	% of A class roads that should be considered for maintenance treatment	2017/19 19.03%	2018/20 20.6%	2019/21 20.8%	2017/19 4	2018/20 6	2019/21 7	2019/21 29.8%
ENV 4c	% of B class roads that should be considered for maintenance treatment	2017/19 29.68%	2018/20 30.78%	2019/21 34.7%	2017/19 15	2018/20 17	2019/21 21	2019/21 34%
ENV 4d	% of C class roads that should be considered for maintenance treatment	2017/19 42.67%	2018/20 43.93%	2019/21 38.9%	2017/19 27	2018/20 28	2019/21 25	2019/21 33.6%
ENV 4e	% of unclassified roads that should be considered for maintenance treatment	2015/19 38.69%	2016/20 37.97%	2017/21 35.9%	2015/19 20	2016/20 19	2017/21 17	2017/21 38.3%
ENV 5	Cost of Trading Standards and environmental health per 1,000 population	£27,213	£25,008	£24,124	26	25	27	£18,463
ENV5a	Cost of Trading Standards, Money Advice & Citizen Advice per 1000	£5,032	£4,812	£3,556	11	10	9	£5,857
ENV 5b	Cost of environmental health per 1,000 population	£22,181	£20,196	£20,568	27	27	28	£12,606
ENV 6	% of total household waste arising that is recycled	56%	53.95%	37.1%	6	11	22	42%

Quartile 1 & 2 (rank 0-16)

Quartile 3 (rank 17-24)

Quartile 4 (rank 25-32)



Corporate Assets		Data			Ranked position			Scottish average
Ref:	Description	2018/19	2019/20	2020/21	2018/19	2019/20	2020/21	2020/21
Corp Assets 1	Proportion of operational buildings that are suitable for their current use	92.91%	90.91%	92.37%	6	9	7	82.31%
Corp Assets 2	Proportion of internal floor area of operational buildings in satisfactory condition	92.01%	86.54%	87.79%	13	23	21	89.2%

Economic Development		Data			Ranked position			Scottish average
Ref:	Description	2018/19	2019/20	2020/21	2018/19	2019/20	2020/21	2020/21
ECON 1	% of unemployed people assisted into work from council operated / funded employability programmes	20.32%	25.94%	2.94%	8	2	20	5.98%
ECON 2	Cost of planning & building standards per planning application	£9,632	£7,388	£6,926	32	30	26	£5,044
ECON 3	Average time per business and industry planning application (weeks)	7.79 weeks	NA	10.98 weeks	9	-	19	11.08 weeks
ECON 4	% of procurement spend spent on local enterprises	31.36%	27.49%	25.04%	12	16	16	29.11%
ECON 5	No of business gateway start-ups per 10,000 population	18.30	18.64	26.86	17	13	1	11.19
ECON 6	Investment in Economic Development & Tourism per 1,000 Population	£121,305	£133,378	£84,635	22	24	21	£87,793
ECON 7	Proportion of people earning less than the real living wage	26%	30.9%	23.8%	22	29	21	15.2%
ECON 8	Proportion of properties receiving superfast broadband	97.1%	97.3%	96.8%	6	5	9	93.79%
ECON 9	Town Vacancy Rates: number of vacant units as a % of total units for the LA key town centres	17.72%	20.75%	21.92%	30	32	32	12.41%
ECON 10	Immediately available employment land as a % of total land allocated for employment purposes in the local development plan	77.27%	74.56%	80.08%	7	8	8	38.91%
ECON 11	Gross Value Added (GVA) per capita <i>New measure</i>	£15905.31	£15552.70	dna	29	29	-	£26420.48
ECON 12a	Claimant Count as a % of Working Age Population <i>New measure</i>	5.1%	4.5%	6.2%	31	27	20	6.1%
ECON 12b	Claimant Count as a % of 16-24 Population <i>New measure</i>	6.49%	5.78%	7.68%	30	28	18	7.17%

Quartile 1 & 2 (rank 0-16)

Quartile 3 (rank 17-24)

Quartile 4 (rank 25-32)

Financial Sustainability		Data			Ranked position			Scottish average
Ref:	Description	2018/19	2019/20	2020/21	2018/19	2019/20	2020/21	2020/21
FINSUS 1	Total useable reserves as a % of council annual budgeted revenue	23.55%	24.21%	26.86%	7	6	10	23.6%
FINSUS 2	Uncommitted General Fund Balance as a % of council annual budgeted net revenue	2.67%	2.75%	2.46%	16	12	20	3.52%
FINSUS 3	Ratio of Financing Costs to Net Revenue Stream - General Fund	14.87	12.63	12.28	32	31	32	6.24
FINSUS 5	Actual outturn as a percentage of budgeted expenditure	98.13%	98.77%	98.71%	24	23	17	97.44%

Tackling Climate Change		Data			Ranked position			Scottish average
Ref:	Description	2018/19	2019/20	2020/21	2018/19	2019/20	2020/21	2019/20
CLIM 1	CO2 emissions area wide per capita	3.96	3.82	dna	3	4	-	5.68
CLIM 2	CO2 emissions are wide: emissions within scope of LA per capita	3.86	3.72	dna	4	5	-	4.62

■ Quartile 1 & 2 (rank 0-16)

■ Quartile 3 (rank 17-24)

■ Quartile 4 (rank 25-32)

Corporate Equality Outcomes 2021/25		Outcome 1: Increase the participation of seldom-heard/under-represented voices in local decision-making processes					
Outcome	Development Area	Actions/Milestones	RAG	Who is Responsible	Timescale	Resources Required	Links to Other Plans
1	Inclusion of the LGBTQI community	Achievement of the LGBT Silver Charter Award by LGBT Youth Scotland		Service Manager - Community Learning and Development, Community Safety and Resilience and Sport	December 2022	Costs will be contained within the Education, Communities and Organisational Development Directorate	LOIP 2017/22 Priority 2. Corporate Plan 2018/22 Priorities 2, 5, 9.
1	Implementation of the Community Grants Fund (CGF)	Delivery of the new model of combining all relevant funding streams into one CGF and ensure that applications are furthering the aims of the Council, advancing equality, and ensuring that funding reaches as many organisations as possible			Until 2025	The CGF will be confirmed on an annual basis	
1	Support for New Scots	Further develop learning opportunities around adult literacy and numeracy for the New Scots who have settled in Inverclyde with the aim of increasing their confidence when accessing goods and services			December 2022 (subject to confirmation)	Core funding until March 2022; £87,000 from the New Scots Connect Fund is to be spent by December 2022	
<b>What will success look like?</b>		A successful application to LGBT Youth Scotland for the LGBT Silver Charter Award					
		Awarding of the CGF in response to applications that further the aims of the Council and advance equality					
		Improvement in the 2020/21 performance of the following indicators: How satisfied are you with the way Inverclyde Council takes residents' views into account when making decisions that affect the local area?; I can influence decisions affecting my local area; By working together, local people can influence decisions that affect the local area; and the Council works with local residents to solve problems					

Corporate Equality Outcomes 2021/25		Outcome 2: Improve support for older people in the community					
Outcome	Development Area	Actions/Milestones	RAG	Who is Responsible	Timescale	Resources Required	Links to Other Plans
2	Early intervention and prevention of frailty in older people	Review and develop the use of the Frailty Assessment Tool with the aim of developing multi-disciplinary planning for service users and patients. Scope and explore how Services contribute to the prevention of frailty.		Service Manager - Primary Care, Public Health and Equalities	2021/23	Jointly funded by HSCP and NHSGGC, including the Frailty Advance Nurse Practitioner post from November 2021	LOIP 2017/22 Priority 2. Corporate Plan 2018/22 Priorities 4, 5, 6, 9. HSCP Strategic Plan 2019/24 Big Action Numbers 4 and 5. Active Inverclyde Strategy.
2	Implementation of the new Health and Well-Being Recovery Plan	Delivery of the new Health and Well-Being Recovery Plan with the aim of preventing falls and improving activity and movement in people with long-term conditions			December 2022	Recovery Funding £50,000	
2	Access to Community Connectors, GP Community Link Workers and Welfare Rights Officers	Provide support to enable residents to access services that support their well-being			2021/24	Partly funded by £60,000 Recovery Funding £80,000; HSCP commissioned service; £50,000 regarding access to activity and leisure; and £162,000 (for Welfare Rights Officers)	
2	Promotion of the Access 1st service	Further development of the service to raise awareness of the Access 1st service among local residents as the first point of contact to access services which aim to support them to live a safe, healthy, active and satisfying life; feel respected and included in their local community; and feel they have the same opportunities as other who do not have a long-term condition or disability			2021/23	Well-Being Campaign/Recovery Funding £35,000	
<b>What will success look like?</b>		A reduction in the number of older people who have been assessed as $\leq 6$ on the Clinical Frailty Scale, with 1 = Very Fit and 6 = Moderately Frail					
		A decrease in social isolation experienced by older people as measured by the Community Connectors Project and the Health and Well-Being Plan, with the baseline being the number of older people who said they felt lonely some of the time in the last two weeks: 65-75 year olds (11%) and 75+ year olds (27%) (2017/18, the most recent data available)					
		A reduction in the number of older people in the community who are at risk of falling					

Corporate Equality Outcomes 2021/25		Outcome 3: Take action to prevent violence against women and girls in Inverclyde					
Outcome	Development Area	Actions/Milestones	RAG	Who is Responsible	Timescale	Resources Required	Links to Other Plans
3	Equally Safe at Work	Apply for the next stage of Equally Safe at Work Bronze Accreditation. Identify learning from the first stages of the programme and opportunities for the Council to advance gender equality and prevent violence against women across its workforce.		VAWMAP/Corporate Equalities Group/HR	March 2023	Staff time	Inverclyde Violence Against Women Strategy and Action Plan 2017/22. Corporate Plan 2018/22 Priority 5.
3	Improve housing outcomes for women and children affected by domestic abuse	COSLA is leading on this work and it is included in the National Equally Safe Delivery Plan. COSLA is in discussion with Scottish Government regarding capacity and engaging with services in local areas to identify needs. VAW MAP will be part of this discussion on how to improve housing outcomes in our area.		VAWMAP	March 2025	Staff time	
3	Improve outcomes for women with learning disabilities who have been affected by domestic abuse	Be part of a national advisory group led by NHS Scotland to identify outcomes that affect women who have a learning disability and are experiencing domestic abuse. Consider how improvements can be implemented at a local level and work with local partners to put this into practice.		VAWMAP	March 2023	Staff time	
3	Identify safety issues experienced by women and girls in the local community	Work with community safety colleagues to carry out a consultation to determine if women and girls perceive any safety impediment in using Inverclyde public paths, parks and cycle ways and, if so, how any identified issues may be addressed. The survey is structured to identify gender related concerns, help us understand perceptions and experiences which affect or limit women undertaking activity in public space and assist us in identifying areas of our services, communities and public spaces which could be improved.		Community Safety Partnership	March 2022	Staff time	
<b>What will success look like?</b>		There is an improvement in outcomes for women and girls in Inverclyde affected by violence against women					

Corporate Equality Outcomes 2021/25		Outcome 4: Increase the diversity of the Council workforce					
Outcome	Development Area	Actions/Milestones	RAG	Who is Responsible	Timescale	Resources Required	Links to Other Plans
4	Identify potential improvement actions around racism	Undertake a review of the Council's understanding of racism and the structural barriers that may exist and thereafter incorporate the findings of the review into the devising our Corporate Plan 2022/26.		Service Manager - Corporate Policy, Performance and Partnerships	March 2022-March 2023	Staff time	People & OD Strategy 2020/23. LOIP 2017/22 Priority 4. Corporate Plan 2018/22 Priority 10.
4	Recruitment of employees from minority ethnic communities	Consider how we can implement the use of the Scottish Government's (SG) Minority Ethnic Recruitment Toolkit with the aim of supporting the recruitment of Inverclyde Council employees from minority ethnic communities. This action will be progressed as part of our review into recruitment advertising.		HR and Organisational Development Manager	March 2021-September 2022	Staff time	
4	Improve the equality data held on the composition of our workforce	Recruitment portal has updated its equal opportunity (EO) questions tied to the changes in the next Scottish Census (delayed from 2021 to 2022). The form is ready to be released after the school Summer break 2021 to ask all staff to update their EO statistics.			March 2022-March 2023	Staff time	
<b>What will success look like?</b>		<p>Improved understanding of racism and the related structural barriers; inclusion of the review's findings in the Corporate Plan 2022/26</p> <p>The SG's Minority Ethnic Recruitment Toolkit supports the recruitment of Council staff from minority ethnic communities</p> <p>There will be an improvement in the diversity of, and information on, the Council's workforce from a baseline year of 2019/20, as detailed in the Equalities Mainstreaming Report 2021</p>					

Corporate Equality Outcomes 2021/25		Outcome 5: Improve the economic prospects of people who are furthest from the Labour Market including young people, older people and disabled people					
Outcome	Development Area	Actions/Milestones	RAG	Who is Responsible	Timescale	Resources Required	Links to Other Plans
5	Young Person's National Entitlement Cards for people aged 11-25 years	Publicise the Cards with the aim of promoting engagement with the initiative and the uptake of free travel for all under 22 years olds from 31 January 2022		Service Manager - Community Learning and Development, Community Safety and Resilience and Sport; Regeneration Manager	Ongoing	Funded by the Council and the Improvement Service	LOIP 2017/22 Priority 4. Corporate Plan 2018/22 Priorities 3, 10.
5	Local Employability Partnership (LEP) re-established to ensure LOIP 2017/22 and Scottish Government employability policies and programmes are delivered locally	Regular LEP meetings. A Delivery Plan 2022/23 is created through partnership working outlining employability priorities for the following financial year.		Regeneration Manager	March 2023	Funded by the Council and the Scottish Government	
5	Employability interventions Inverclyde Jobs Pledge	Deliver improvement actions in line with the relevant elements of the individual Covid-19 Recovery Plans which support delivery of Local Outcomes Improvement Plan 2017/22 Priority 3: The local economy		Interim Service Director - Environment and Economic Recovery/Head of OD, Policy and Communications	March 2023		
<b>What will success look like?</b>		Under 22 year olds utilise the free travel provision					
		Increased opportunities for people who are furthest from the Labour Market including young people, older people and disabled people					
		Cost effective service delivery which benefits from sharing best practice					
		Stronger, more targeted collaborative working					

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<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b>	<b>22 March 2022</b>
<b>Report By:</b>	<b>Interim Director, Finance &amp; Corporate Governance</b>	<b>Report No:</b>	<b>FIN/25/22/AP/MT</b>
<b>Contact Officer:</b>	<b>Alan Puckrin</b>	<b>Contact No:</b>	<b>01475 712223</b>
<b>Subject:</b>	<b>Capital Strategy 2022/32</b>		

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## **1.0 PURPOSE**

- 1.1 The purpose of this report is to present an updated Capital Strategy as required by the CIPFA Prudential Code.

## **2.0 SUMMARY**

- 2.1 The Capital Strategy 2022/32 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 one of the highest levels of 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.
- 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 term. However, 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 confirms that current plans and requirements can be contained within the overall Financial Strategy in the medium term but that in the period from the mid/late 2020s, without either increases in the level of Capital Grant or a significant increase in Prudential Borrowing, it will become increasingly difficult to maintain the current asset infrastructure. This is a matter which will require to be considered by the new Council.

### **3.0 RECOMMENDATIONS**

- 3.1 It is recommended that the Committee remits the Capital Strategy for 2022/32 to the Inverclyde Council for approval.
- 3.2 It is recommended that the Committee notes the significant medium term financial challenges which face the Council in terms of maintaining and/or improving the assets which it owns.

**Alan Puckrin**  
**Interim Director, Finance & Corporate Governance**

## **4.0 BACKGROUND**

- 4.1 The Capital Strategy 2022/32 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 CIPFA produced the CIPFA Prudential Code and the CIPFA Code of Practice on Treasury Management and revised both documents in December 2017. Inverclyde Council have adopted the Code of Practice on Treasury Management and comply with the Prudential Code. Both codes were revised in December 2021.
- 4.3 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 2022/25 Capital Programme is built into the recently approved Revenue Budget.

## **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 (AMPs). Therefore the summarised update of the current position of the 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 in the medium term, (next 3-5 years), as the level of Loans Charges levels 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. The next Council will require to consider this matter in the context of the significant revenue pressures reported as part of the Financial Strategy. This matter will be captured in the Financial Strategy and will be kept under review.

## 6.0 IMPLICATIONS

### 6.1 Finance

The Capital Strategy demonstrates that the Council's loan debt is due to reduce considerably over the period to 2029/30. Major decisions will be needed over the next 5 years regarding future investment in new/replacement assets to address those assets which by 2030 will be due for renewal.

#### 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					

### 6.2 Legal

There are no Legal implications arising from this report.

### 6.3 Human Resources

There are no HR implications arising from this report.

### 6.4 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?

X

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

NO

**7.0 CONSULTATIONS**

7.1 The Capital Strategy has been prepared in consultation with relevant officers and is supported by the Corporate Management Team.

**8.0 BACKGROUND PAPERS**

8.1 None

**Capital Strategy**

**2022 – 2032**

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## 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 as well as contributions from Revenue Reserves 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 31<sup>st</sup> March 2021 the Council owned property plant and equipment assets valued at £428million net of accumulated depreciation. Once PPP Assets and Managed Properties are included then the value of this Asset Base increased to £542million. Much of the investment in this Asset Base has been funded by borrowing over preceding decades. The Council's external borrowing as at 16<sup>th</sup> February 2022 was:-

PWLB Debt	£ 89.0 million
Market Debt	<u>£ 99.8 million</u>
	<u>£188.8 million</u>

The bulk of this debt is due to be repaid at the point that the loan matures with some £26.4 million of the PWLB Debt due to be repaid by 31<sup>st</sup> March 2032.

- 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 31<sup>st</sup> March 2022 the expected value of the Council's internal loan debt is £227.9 million. The repayment costs in 2021/22 are projected to be £16.1 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 in 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 £235.0 million in 2024/25 but on the basis of limited prudential borrowing in future years the loan debt will reduce to around £184 million by 2031/32. 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 31<sup>st</sup> 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 Interim Director, Finance & Corporate Governance 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 Interim Director, Finance & Corporate Governance 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 2021.

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.
  - 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 Interim Director, Finance & Corporate Governance 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 Interim Director, Finance & Corporate Governance 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 September 2021.

### **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 & Expansion of Early Learning & Childcare**

The Council has invested in excess of £270m on its school estate over the life of the School Estate Management Plan. The rationalisation of the estate was completed by the end of 2013. Over the period of the programme to date there has 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 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 plan prior to the COVID-19 lockdown would have seen all major projects completed in 2020 reflecting the approval of the acceleration of the School Estate Management Plan agreed as part of the budget setting process in March 2016. The St Mary's Primary School project was completed in October 2020 however completion of the final project at Gourock Primary School has been impacted by the insolvency of the main contractor and COVID-19, with that project now projected to complete by summer 2022. The demolition of the last remaining decant facility, the former Sacred Heart Primary School, is currently underway and projected to be complete by the end of May 2022.

In addition to the projects taken forward and completed in 2014/15 to facilitate the Scottish Government commitment to the provision of 600 hours of Early Learning and Childcare, additional expenditure was 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 now been completed with the final project to refurbish Hillend Children's Centre operational as of October 2021.

The Scottish Government plan to further increase the entitlement of early learning and childcare from 600 hours to 1140 hours has required substantial levels of investment in workforce and infrastructure to support the expansion. Inverclyde Council submitted its initial expansion plan to the Scottish Government in September 2017 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. The original plan was phased from 2017/18 onwards to ensure that the required expanded capacity would be in place by 2020 however as a result of the impact of COVID-19, in April 2020 an order revoked the change to the 2014 Children and Young People's Act that requires education authorities to secure 1140 hours of ELC provision for all eligible children from August 2020. This meant that there would be no statutory duty for Authorities to provide 1140 hours of early learning and childcare (ELC) from August 2020. Given the progress already made within Inverclyde in the implementation of 1140 hours, it was possible to develop contingency plans to ensure that 1140 hours was still implemented across Inverclyde as of August 2020. All core 1140 hours expansion projects have now been completed with the final project for the new Larkfield Early Learning Centre operational as of November 2021.

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 circa £2.5-3m per annum (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 during 4<sup>th</sup> Quarter 2019. 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 Property Services reviews. A full review of all suitability surveys has also been progressed in conjunction with Education Services and Heads of each establishment and this information was reflected in the 2021 Core Facts return. The strategy will also incorporate elements such as the 2021/28 Education Services Digital Learning Strategy approved at the November Education & Communities Committee. Energy efficiency including the implications of the Inverclyde Net Zero Strategy approved by the October 2021 Environment & Regeneration Committee and the emerging National policies around net zero carbon standards for public buildings will also have to be reflected in any future property asset strategies.

### **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 was part of a wider programme to modernise the Council's operations and working practices which included 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 with the final projects within the Offices AMP completed in Autumn/Winter 2017. The Office Rationalisation programme resulted in a reduction of circa 40% of occupied floor space and circa 28% in terms of desk numbers 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 had undertaken studies across the Campus at the end of 2019, 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 challenges posed by COVID-19 necessitated a shift to different agile working delivery models including increased flexible, mobile and homeworking arrangements. As part of the COVID-19 Organisational Recovery Plan the Council has reviewed its agile working and other key policies and has developed a Hybrid Working Strategy with a 12 month pilot agreed involving a phased implementation between February and April 2022. A New Ways of Working project is also being taken forward over the same timeframe as the Hybrid working pilot which will examine the changes to the ways offices are being used within the Campus including changes in the use of technology and the potential for increased use of Electronic Document Management processes. The previously completed space studies will be revisited as part of this work stream to assess any potential property / ICT strategy implications connected with new ways of working.

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 original Depot Asset Management Plan budget was £13m however the development of the masterplan led to refinement of the strategy / proposals with reviews of phasing and scope realising a £2.8m saving. The plan has been progressed to an advanced stage with the majority of projects completed by 2<sup>nd</sup> Quarter 2019 involving the phased works at Pottery Street including the salt barn, civic amenity site, vehicle maintenance facility / offices, fuel and vehicle wash facilities, and the refurbishment of the corner depot building / offices. The final element of the Depot AMP involving the Gourock Civic Amenity facility has commenced with the existing Civic Amenity facility closed at the end of January 2022 and temporarily relocated to Craigmuschat Quarry. Preparation for demolition of the existing Kirn Drive Depot building is on-going with follow-on works to improve the facility programmed to be complete late summer / early autumn 2022.

### **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. Consultation was also undertaken with Sportscotland who allocated £1m in facilities grants, part funding specific projects at Parklea and Ravenscraig. A planned investment profile was presented to Committee in September 2009 with an initial implementation timescale of August 2012.

Following the implementation of the original Leisure Strategy above, a number of further projects were taken forward (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 committed and potential funding from the Transforming Scottish Indoor Tennis fund.

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 formed the basis of a revised asset plan which was approved by the September 2020 Education & Communities Committee. A programme of rejuvenation and carpet replacement works commenced in 4<sup>th</sup> Quarter 2020 with 3 pitches completed to date and 2 further pitches planned for 2022.

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. The Council and Inverclyde Leisure had been working together late 2019 / early 2020 on a review of the leisure estate to inform future asset management planning. This review has recommenced as Inverclyde Leisure progress their post COVID recovery plan and review of their future Business Model.

### 3.9 Roads AMP

The Council approved a comprehensive Roads Asset Management Plan (RAMP) and funding model in August 2012. A total of £29m was proposed for the period April 2013 to March 2018 to improve our roads infrastructure – carriageways, footways, lighting columns and structures, this included road and pavement resurfacing works, an extensive road patching and pothole repairs programme, street lighting replacement works and improvements to bridges and roads structures.

Further to this investment, a second phase of RAMP funding was allocated to the value of £15m for the period April 2018 to March 2023.

Over 97% of the Council's streetlights have now been upgraded to low energy LED types which has halved electrical power consumption, reduced energy and maintenance costs to the Council and has reduced the carbon footprint.

Roads structural projects and programmes have delivered numerous bridge upgrades and improvements including a prioritised programme of inspection and repair.

The RAMP has resulted in a reduction in the number of Inverclyde's roads, footways, street lights and road structures which require ongoing maintenance treatment while providing an increased future lifespan.

Covid 19 lockdown periods and restricted working arrangements have proven difficult to deliver the full capital programme however we are now again progressing with the full Roads Asset Management Plan.

From the implementation of the RAMP in 2013 to present, the Road Condition Indicator (RCI) has continually reduced which demonstrates that the planned investment is resulting in a significant improvement to the condition of Inverclyde's road network.

The Road Condition Indicator (RCI) for carriageways as follows:

SRMCS Survey Results				
Year	Red	Amber	Green	RCI
2011/13	13.55	35.42	51.0	<b>49.0</b>
2012/14	12.69	36.55	50.8	<b>49.2</b>
2013/15	10.80	35.47	53.7	<b>46.3</b>
2014/16	10.11	33.18	56.7	<b>43.1</b>
2015/17	8.57	31.96	59.5	<b>40.5</b>
2016/18	7.09	30.80	62.1	<b>37.9</b>
2017/19	7.44	30.02	62.5	<b>37.5</b>
2018/20	7.41	29.88	62.7	<b>37.3</b>
2019/21	5.73	29.57	64.7	<b>35.3</b>
2020/22	4.51	28.19	67.3	<b>32.7</b>

During this time Inverclyde Council has received awards from The Association for Public Service Excellence (APSE) for the most improved performer in 2016 for Roads, Highways and Winter Maintenance and for Street Lighting in 2017 and again in 2019.

### 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 2020/21 the Council now has 38 pure electric ULEVs accounting for 76%. 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 will explore opportunities to attract external funding where possible.

In addition the Council has allocated 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 has been challenging however the expansion of Knocknairshill Cemetery is now progressing and this, along with the acquisition of additional ground at Kilmacolm Cemetery, addresses the requirements for the medium 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 and flexible a manner as possible and provide teachers and pupils with modern and sustainable learning technologies. The ICT AMP has an annual budget of £0.593m.

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

A lesson learned from the COVID Emergency is the benefit of having a flexible and connected workforce. The Council has now adopted a policy of deploying laptops as the default device for officers, unless there is a technological or configuration requirement that would require a desktop.

Currently ICT implements a six year desktop and laptop refresh strategy, however it is accepted that due to the shorter support lifecycle of a laptop device that this will need to be reviewed. Initial plans is to implement a four year refresh policy. The 2021/22 refresh programme is replacing 820 laptop devices and 105 desktops.

ICT have completed a full refresh across the corporate estate to prepare for the introduction of Hybrid working replacing the majority of desktop devices with laptops.

The total number of devices in the programme is 5700

	Desktop PCs	Notebook PCs	Tablet PCs	Total
<b>Schools</b>	2846	1152	61	4059
<b>Corporate</b>	336	1272	33	1641
<b>Total</b>	3182	2424	94	5700

The programme also includes provision for replacement of core ICT equipment such as network storage, servers and infrastructure and the procurement and implementation of other services to support Hybrid working such as videoconferencing equipment.



### 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
19/20	169	1620
20/21	133	582

As can be seen the 2020/21 figures are lower than previous years due to the ongoing effect of the Covid-19 pandemic, while recovery continues to be slow it is anticipated that the service will return to closer to previous years in 2021/22 with approximately 160 Homes Adapted and 1,950 Small Repairs currently being projected.

### 3.14 HSCP Asset Management

In addition to the regular review of HSCP properties to identify opportunities for reconfiguration of services that support co-location, there is an on-going work stream within the NHS Greater Glasgow & Clyde area to develop a Primary Care Property Strategy which seeks to better understand the current utilisation of property and its suitability for existing and future service provision. This strategy will assist with future business cases and inform board infrastructure investment decisions.

A number of shared service offices were addressed as part of the Offices Asset Management plan and consolidation within the Hector McNeil House building completed in 2014. Two further major HSCP projects secured Scottish Government funding support with the new Adult and Older People Complex Care Beds facility (Orchard View) completed in summer 2017 and the new Greenock Health and Care Centre which became operational in March 2021. The completion of the new Health and Care Centre facilitated 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 were not fit for purpose, would be disposed of.

Further asset areas are being addressed via the phased re-provisioning of Inverclyde's Children's Residential Services with one unit (Kylemore) completed in March 2013 and a further unit (Cardross – 'the View') completed in January 2018. The progression of the final unit (Crosshill) has been impacted by the insolvency of the main contractor and COVI-19 with that project now projected to complete at the end of March 2022.

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 Inverclyde Community Learning Disability Hub with business case approved in February 2020 and design proposals currently being developed.

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 Units, funding came from a combination of prudential borrowing funded by service savings, reserves and core capital grant. The new Inverclyde Community Learning Disability Hub will also be funded by prudential borrowing.

### 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 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 February 2022 budget cycle brings the current Capital Programme up to 2024/25.
- 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 £8.973m (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	£0.593m
Roads (RAMP)	£2.500m
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	£8.973m

General Capital Grant in 2022/23 £6.353m

The recent Scottish Government spending review has confirmed the General Capital Grant will remain at the current level until at least 2025/26 however changes in the distribution methodology are likely to reduce Inverclyde's share of the grant to approximately £6m. The General Capital Grant in 2022/23 then is approximately £2.6 million short of the ongoing Asset Maintenance requirement and this shortfall is likely to increase to approximately £3m. The current Financial Strategy assumes that the Council will prudentially fund £1.5 million of capital investment annually from 2023/24 which will partially address this. This shortfall will 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 ongoing prudential borrowing 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 2022/25 Capital Programme is shown below. This was approved by the Council in February 2022.



## 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 £235 million in 2024/25 but on the basis of limited prudential borrowing in future years the loan debt will reduce to around £184 million by 2031/32. Thereafter the debt gradually reduces and by 2042 there is only £111 million of the current debt outstanding. Given the current shortfall between Government Grant and annual capital requirements shown in 4.3, it is likely that Prudential Borrowing and hence debt will need to increase over this period.

### 5.5 External Debt

The Council's external borrowing as at 16<sup>th</sup> February 2022 was:-

PWLB Debt	£ 89.0 million
Market Debt	<u>£ 99.8 million</u>
	<u>£188.8 million</u>

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 £26.4 million of the PWLB Debt due to be repaid by 31<sup>st</sup> March 2032. Thereafter however there is a 25 year period where under £23 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 2037, on the basis of the Capital Expenditure plans outlined in this Strategy, the External Debt will exceed Loans Fund Debt. By 2042 the amount of External Debt would exceed Loan Charges Debt by £40 million if nothing else changes and this over borrowing would continue to grow over subsequent years.

## 5.6 Balance Sheet Fixed Assets

At the 31<sup>st</sup> March 2021 the Council owned property plant and equipment assets valued at £428million net of accumulated depreciation. Once PPP Assets and Managed Properties are included then the value of this Asset Base increased to £542million. 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<sup>st</sup> March 2022 for the different category of assets is shown in the undernoted table. From this it can be seen that for the 3 main non-PPP asset categories, the average remaining life is approximately 24.7 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	58.82	56.76
Community Assets	36.62	30.47
Infrastructure	29.93	18.30
OLB	27.53	25.43
PPP	31.73	29.20
VPE	6.25	2.09

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 £1.5 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 or service reduction. This will require the Council takes a conscious decision to disinvest in certain assets, reduce the number of assets it holds or cut day to day services.
- 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 2041/42. From Appendix C it can be seen that projected Loan Charges would increase by almost £1.2 million between 2022/23 and 2031/32 whilst over the same period the Loan Debt will drop by £43.0million.
- 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 20.2% over the 2022/32 period, whilst the % of the Revenue Budget spent on Loan Charges increases by 0.48% to 7.97%
- 6.5 Looking beyond 2031 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.

**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's 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.

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**Finance Strategy**  
**Loan Charges**

		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance B/fwd</b>		766	368	776	1,078	1,167	1,032	1,343	1,668	1,922	2,448	3,085
Projected Loan Charges	a	11,614	11,608	11,814	12,127	12,451	12,105	12,191	12,362	12,190	12,179	12,177
Available Budget	b	12,716	12,016	12,116	12,216	12,316	12,416	12,516	12,616	12,716	12,816	12,916
Loan Charge Surplus/(Deficit)		1,102	408	302	89	(135)	311	325	254	526	637	739
Other Adjustments:												
Transfer to General Fund Reserves	c	(1,500)	0	0	0	0	0	0	0	0	0	0
		(1,500)	0	0	0	0	0	0	0	0	0	0
<b>Balance at Year End</b>		<b>368</b>	<b>776</b>	<b>1,078</b>	<b>1,167</b>	<b>1,032</b>	<b>1,343</b>	<b>1,668</b>	<b>1,922</b>	<b>2,448</b>	<b>3,085</b>	<b>3,824</b>
Interest Rate (Assumed):		3.35%	3.49%	3.60%	3.54%	3.60%	3.67%	3.72%	3.77%	3.85%	4.00%	4.15%

Notes

Revised projections as at February 2022 and excludes Loan Charges relating to funded models (SEMP, City Deal, Birkmyre Trust).  
Includes the effect of decisions on SEMPA acceleration taken in March 2016 including the £650k annual budget transferred to SEMPA from 2021/22.  
From 2018/19 onwards, general capital grant is applied to core allocations only and not to individually funded models (e.g. SEMPA).

- a Includes loan charges for new LD Centre based on spend between 2021/22, 2022/23, 2023/24 and 2024/25.  
£100k annual cost increase from 2023/24 to reflect increased prudential borrowing of £1.5m.  
Projected principal repayments on new projects from 2021/22 onwards are calculated on annuity basis.
- b Adjustments to Available Budget:  
For 2021/22  
£650k removed from ongoing budget and transferred to SEMPA relating to SEMPA acceleration, as agreed in March 2016.  
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.  
Budget increased by £1,191k annually due to budget and projected AMP loan charges now included above and not separately budgeted for.  
Budget increased by £1,130k annually due to budget and projected VRP loan charges now included above and not separately budgeted for.  
For 2022/23  
£400k reduction in budget.  
For 2023/24  
Budget from 2023/24 onwards increased by £100k annually for annual Prudential Borrowing.
- c Transfer to General Fund Reserves as agreed in December 2021.

**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		
2022/23	226,620	16,339	3.49%	218,230	103.84%	7.49%
2023/24	233,333	16,679	3.60%	215,372	108.34%	7.74%
2024/25	235,073	16,960	3.54%	214,372	109.66%	7.91%
2025/26	223,899	17,347	3.60%	213,372	104.93%	8.13%
2026/27	217,687	17,050	3.67%	214,372	101.55%	7.95%
2027/28	211,216	17,180	3.72%	215,372	98.07%	7.98%
2028/29	204,385	17,395	3.77%	216,372	94.46%	8.04%
2029/30	197,557	17,287	3.85%	217,272	90.93%	7.96%
2030/31	190,651	17,389	4.00%	218,372	87.31%	7.96%
2031/32	183,641	17,494	4.15%	219,472	83.67%	7.97%
2032/33	176,656	17,461	4.31%	220,672	80.05%	7.91%
2033/34	169,489	17,634	4.48%	221,872	76.39%	7.95%
2034/35	161,866	17,962	4.60%	223,072	72.56%	8.05%
2035/36	153,962	18,148	4.76%	224,372	68.62%	8.09%
2036/37	147,101	17,070	4.98%	225,672	65.18%	7.56%
2037/38	140,403	16,832	5.16%	226,972	61.86%	7.42%
2038/39	133,537	16,952	5.37%	228,372	58.47%	7.42%
2039/40	126,431	17,134	5.60%	229,772	55.02%	7.46%
2040/41	118,939	17,427	5.84%	231,172	51.45%	7.54%
2041/42	111,188	17,622	6.15%	232,572	47.81%	7.58%

## Notes:

1. The Revenue Stream is an estimate of GRG/NDRI plus Council Tax.
2. The % of Loan Charges to Revenue Stream above excludes debt charges on PPP assets and so is not comparable with the Ratio of Financing Costs to Net Revenue Stream included in the Treasury Strategy.

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<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b>	<b>22 March 2022</b>
<b>Report By:</b>	<b>Interim Director, Finance &amp; Corporate Governance</b>	<b>Report No:</b>	<b>FIN/24/22/AP/KJ</b>
<b>Contact Officer:</b>	<b>Alan Puckrin</b>	<b>Contact No:</b>	<b>01475 712223</b>
<b>Subject:</b>	<b>Treasury Management Strategy Statement and Annual Investment Strategy 2022/23-2025/26</b>		

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## **1.0 PURPOSE**

- 1.1 The purpose of this report is to seek approval for the Treasury Management Strategy Statement and Annual Investment Strategy for 2022/26, 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 report sets out the Council's proposed Treasury Management Strategy and Annual Investment Strategy for 2022/26, Treasury Policy Limits, and Prudential and Treasury Management Indicators for the next 4 years including the proposed Authorised Limits.
- 2.2 The report also 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 2021.
- 2.3 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 approved 2022/25 Capital Programme) and the latest estimated interest rate levels.
- 2.4 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.
- 2.5 In line with the Council's Financial Regulations, Scottish Local Government Investment Regulations, the Treasury Management Code, and the Prudential Code, 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:
- Treasury Management Strategy and Annual Investment Strategy;
  - Authorised Limits for 2022/26;
  - Treasury Management Policy Statement set out in paragraph 5.2;
  - Policy on repayment of Loans Fund advances set out in paragraph 8.2;
  - Treasury Policy Limits;
  - Prudential Indicators and Treasury Management Indicators;
  - List of Permitted Investments (including those for the Common Good Fund).

**Alan Puckrin**  
**Interim Director, Finance & Corporate Governance**

## **4.0 BACKGROUND**

- 4.1 This report 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 2022/26.
- 4.2 CIPFA produced the CIPFA Prudential Code and the CIPFA Code of Practice on Treasury Management and revised both documents in December 2017. Inverclyde Council have adopted the Code of Practice on Treasury Management and comply with the Prudential Code.

Both codes were revised in December 2021 with an immediate requirement that Councils must not borrow to invest primarily for financial return (which this Council does not do) and additional reporting requirements to be implemented from financial year 2023/24 on types of investments and additional Prudential and Treasury Indicators.

- 4.3 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.
- 4.4 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.
- 4.5 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 2022/25 Capital Programme was built into the approved 2022/23 Revenue Budget.

## **5.0 TREASURY MANAGEMENT ISSUES - SUMMARY**

- 5.1 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 6 below.
  - b. The proposed Treasury Strategy and Investment Strategy are shown in Section 7 below.
  - c. The Full Council is requested to approve the Authorised Limits for 2022/26 as shown in paragraph 6.5.
  - d. As of 31 March 2022, the accounting treatment of operating leases is planned to 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 to comply with the changes to the accounting treatment. Any impact on the indicators and limits in Section 6 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 8.2.
  - f. The UK Bank rate has increased twice in recent months to 0.50% from the historic low of 0.10% set in emergency meetings in March 2020. Further increases are forecast during 2022 although economic uncertainties due to COVID-19, inflation and other issues 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 1) from those agreed in 2021.

5.2 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.

## 6.0 CAPITAL/TREASURY MANAGEMENT POSITION, PRUDENTIAL INDICATORS, TREASURY MANAGEMENT INDICATORS AND POLICY LIMITS

### Current Treasury Management Position

6.1 The Council's treasury management position at 16 February 2022 comprised:

	<b>Principal</b>		<b>Average Rate</b>
	£000	£000	
<b><u>DEBT</u></b>			
Fixed Rate funding	PWLB Market	89,029 <u>71,000</u>	160,029 3.84%
Variable Rate funding	PWLB Market	0 <u>28,796</u>	28,796 4.86%
			188,825 4.00%
Other Long Term Liabilities (PPP)			57,566 ---
<b>TOTAL DEBT</b>		<b><u>246,391</u></b>	
<b><u>INVESTMENTS</u></b>			
Call Accounts			17,812 0.16%
Notice Accounts			14,589 0.45%
Fixed Term Deposits			0 0.00%
<b>TOTAL INVESTMENTS</b>		<b><u>32,401</u></b>	0.29%

The Investments above are for treasury management cash balances only and exclude non-cash balances treated as investments under Investment Regulation 31 (see Appendix 2 for categories).

### Capital Expenditure and Borrowing

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

	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
	<b>Projected</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
	£000	£000	£000	£000	£000
Capital Programme	19,381	18,892	26,281	16,701	3,644

- 6.3 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:

	2021/22	2022/23	2023/24	2024/25	2025/26
	Projected	Estimate	Estimate	Estimate	Estimate
	£000	£000	£000	£000	£000
New borrowing	0	7,400	10,000	5,000	0
Alternative financing arrangements	0	0	0	0	0
Replacement borrowing	0	7,600	7,500	0	0
<b>TOTAL</b>	<b>0</b>	<b>15,000</b>	<b>17,500</b>	<b>5,000</b>	<b>0</b>

- 6.4 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 6.3) is as follows:

	2021/22	2022/23	2023/24	2024/25	2025/26
	Projected	Estimate	Estimate	Estimate	Estimate
	£000	£000	£000	£000	£000
Capital Financing Requirement (CFR)	287,139	283,887	288,392	287,815	273,886
External Debt (Including PPP)	246,200	251,581	259,337	262,020	249,266
Under/(Over) Against CFR	40,939	32,306	29,055	25,795	24,620

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

- 6.5 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:

	2021/22	2022/23	2023/24	2024/25	2025/26
	Limit	Limit	Limit	Limit	Limit
	£000	£000	£000	£000	£000
<b>Authorised limit for external debt</b>					
Borrowing	232,000	230,000	233,000	235,000	237,000
Other Long Term Liabilities (PPP)	61,000	58,000	56,000	54,000	51,000
<b>TOTAL</b>	<b>293,000</b>	<b>288,000</b>	<b>289,000</b>	<b>289,000</b>	<b>288,000</b>
<b>Operational boundary for external debt</b>					
Borrowing	214,000	212,000	220,000	222,000	224,000
Other Long Term Liabilities (PPP)	61,000	58,000	56,000	54,000	51,000
<b>TOTAL</b>	<b>275,000</b>	<b>270,000</b>	<b>276,000</b>	<b>276,000</b>	<b>275,000</b>

Approval is being sought for the Authorised Limits for 2022/23 to 2025/26.

- 6.6 The Council sets limits on the maturity of fixed rate and variable rate borrowing for the coming financial year. The limits proposed for 2022/23 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 2021. 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).

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

	2022/23	2023/24	2024/25	2025/26	2021/22
	Limit	Limit	Limit	Limit	Projected Outturn at Year-End
Maximum percentage of debt repayable in any year	25%	25%	25%	25%	21.19% (Repayable in 2077/78)
Maximum proportion of debt at variable rates	45%	45%	45%	45%	15.25%
Maximum percentage of debt restructured in any year	30%	30%	30%	30%	0.00%

The proposed limits are the same as set in 2021.

- 6.8 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 Interim Director, Finance & Corporate Governance.

### Affordability

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

	2021/22	2022/23	2023/24	2024/25	2025/26
	Projected	Estimate	Estimate	Estimate	Estimate
Ratio of financing costs (including PPP) to net revenue stream	10.29%	10.49%	10.87%	11.09%	11.56%





Sept 2024	↓	↓	↓	↓	↓	↓	↓	↓
Dec 2024	↓	↓	↓	↓	↓	↓	↓	↓
March 2025	↓	↓	↓	↓	↓	↓	↓	↓

- 7.2 The UK Bank rate has increased twice in recent months to 0.50% from the historic low of 0.10% set in emergency meetings in March 2020. Further increases are forecast during 2022. Even at the forecast Bank rate levels, there will continue to be a cost of carry for any new borrowing that would cause an increase in investments (for the difference between borrowing and investment interest rates).

### **Treasury Strategy – Borrowing**

- 7.3 The proposed borrowing is as shown in paragraph 6.3 whilst the proposed authorised limit for 2022/23 is shown in paragraph 6.5.
- 7.4 Any borrowing will depend on an assessment by the Interim Director, Finance & Corporate Governance 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.

### **7.5 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 6.3 above for 2022/2025.

### **Treasury Strategy - Debt Rescheduling**

- 7.6 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.
- 7.7 As short term borrowing rates are expected to be 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 long term debt in the existing debt portfolio.

- 7.8 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 significantly lower than the rates paid on the debt currently held.
- 7.9 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).
- 7.10 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**

#### 7.11 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.

- 7.12 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.
- 7.13 Counterparty limits will be as set through the Council’s Treasury Management Practices.
- 7.14 At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.
- 7.15 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 1 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 2021.**

#### 7.16 Creditworthiness Policy

The Council’s proposed Creditworthiness Policy for 2022/23, as follows, is unchanged from that agreed in 2021.

- 7.17 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.

- 7.18 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.

- 7.19 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.

- 7.20 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.

- 7.21 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 the iTraxx European Financials benchmark 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, market information and information on external support for banks.

- 7.22 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 (as at 9 February 2022) include Australia, Canada, France, Germany, Sweden, the USA, and the UK.

7.23 Investment Strategy

Appendix 2 includes forecasts of investment balances.

- 7.24 The Bank Rate was increased from the historic low of 0.10% to 0.25% in December 2021 and then to 0.50% in February 2022. Link's current forecast is for further increases to 0.75% in March 2022, 1.00% in May 2022 and 1.25% in November 2022 and to remain at that level until at least March 2025. Their Bank Rate forecasts for financial year ends (March) are as follows:

- 2022/23 0.75%
- 2023/24 1.25%
- 2024/25 1.25%.

- 7.25 Link advise that, for 2022/23, clients should budget for an investment return of 1.00% on investments placed during the financial year for periods of up to 100 days.

- 7.26 The Council uses an investment benchmark to assess the performance of its investments. The benchmark now being used is the 3 month SONIA compounded interest rate. This replaced LIBID rates which, for all periods, stopped being produced at the end of 2021.

- 7.27 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**

- 7.28 The Council uses Link Treasury Services Limited as its external treasury management advisers and uses the services of brokers for investment deals as required.
- 7.29 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 regards to all available information including, but not solely, the treasury advisers.
- 7.30 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**

- 7.31 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.
- 7.32 The TMPs are kept under review, with a full revision every 3 years. The latest full revision took place in 2021.
- 7.33 A copy of the TMPs may be obtained from Finance Services.

**Training for Members**

- 7.34 The last training session on Treasury Management was held for Members on 4 August 2017. Further training will be arranged after the Local Government elections in May 2022.

## 8.0 LOANS FUND ADVANCES

- 8.1 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.
- 8.2 The Council is required to set out its policy for the repayment of loans fund advances from options set by the Scottish Government:
- 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.
  - The annuity method is also being used for loans fund advances made after 1 April 2016. 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%.
- 8.3 The outstanding loans fund advances (representing capital expenditure still to be repaid from the Revenue Budget) are:

	2020/21	2021/22	2022/23
	Actual	Projected	Estimated
	£000	£000	£000
Balance As At 1 April	240,871	232,106	227,869
Add: Advances For The Year	3,515	4,038	6,928
Less: Repayments For The Year	12,280	8,275	8,177
Balance As At 31 March	232,106	227,869	226,620

- 8.4 For the projected loans fund advances outstanding as at 31 March 2022, the liability to make future repayments (excluding debt interest and expenses) is as follows:

	£000
Year 1	8,177
Years 2-5	31,608
Years 6-10	40,466
Years 11-15	39,576
Years 16-20	34,998
Years 21-25	34,491
Years 26-30	21,696
Years 31-35	9,651
Years 36-40	3,307
Years 41-45	1,140
Years 46-50	1,088
Years 51-55	999
Years 56-60	156
Years 61-65	36
Years 66-70	43
Years 71-75	52
Years 76-80	62
Years 81-85	74
Years 86-90	88
Years 91-95	106
Years 96-100	55
<b>TOTAL</b>	<b>227,869</b>

## 9.0 IMPLICATIONS

### 9.1 Finance

Adopting the Treasury Strategy and the Investment Strategy for 2022/23 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					

### 9.2 Legal

There are no Legal implications arising from this report.

### 9.3 Human Resources

There are no HR implications arising from this report.

### 9.4 Equalities

#### Equalities

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

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

(b) Fairer Scotland Duty

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

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

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

(c) Data Protection

Has a Data Protection Impact Assessment been carried out?

X

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

NO

**10.0 CONSULTATIONS**

10.1 This report has drawn on advice from the Council's treasury advisers (Link Treasury Services Limited).

**11.0 BACKGROUND PAPERS**

11.1 CIPFA - Treasury Management in the Public Services – Code of Practice and Cross-Sectoral Guidance Notes – 2021 Edition  
CIPFA – The Prudential Code for Capital Finance in Local Authorities – 2021 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



**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
<b>Deposits</b>					
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
<b>Deposits With Counterparties Currently In Receipt of Government Support / Ownership</b>					
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
<b>Securities</b>					
Certificates of Deposit – Banks and Building Societies	Link Colour Category GREEN	See Note 1 Below	See Note 1 Below	80%	2 Years
<b>Collective Investment Schemes structured as Open Ended Investment Companies (OEICs)</b>					
Money Market Funds (CNAV or LVNAV)	AAAmf 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:

	<b>Minimum Credit Criteria</b>	<b>Liquidity Risk</b>	<b>Market Risk</b>	<b>Max % of Total Investments</b>	<b>Max. Maturity Period</b>
<b>Non-Treasury Investments</b>					
(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:

	<b>Minimum Credit Criteria</b>	<b>Liquidity Risk</b>	<b>Market Risk</b>	<b>Max % of Total Investments</b>	<b>Max. Maturity Period</b>
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 the highest, relative, 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 7.16 to 7.22 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 7.16 to 7.22 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) and 1.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 negotiable instruments issued by deposit taking institutions (mainly banks) so they can be sold ahead of maturity 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.

**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:

<b>INVESTMENT FORECASTS</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Cash balances managed in house</b>				
1 April	35,000	32,151	29,889	28,149
31 March	32,151	29,889	28,149	25,456
Change in year	(2,849)	(2,262)	(1,740)	(2,693)
Average daily cash balances	33,576	31,020	29,019	26,803
<b>Holdings of shares, bonds, units (includes authority owned company)</b>				
1 April	2	2	2	2
Purchases	0	0	0	0
Sales	0	0	0	0
31 March	2	2	2	2
<b>Loans to local authority company or other entity to deliver services (Inverclyde Leisure)</b>				
1 April	354	531	470	408
Advances	235	0	0	0
Repayments	58	61	62	64
31 March	531	470	408	344
<b>Loans made to third parties</b>				
1 April	113	89	77	65
Advances	0	0	0	0
Repayments	24	12	12	13
31 March	89	77	65	52
<b>Investment properties</b>				
1 April	0	0	0	0
Purchases	0	0	0	0
Sales	0	0	0	0
31 March	0	0	0	0
<b>TOTAL OF ALL INVESTMENTS</b>				
1 April	35,469	32,773	30,438	28,624
31 March	32,773	30,438	28,624	25,854
Change in year	(2,696)	(2,335)	(1,814)	(2,770)

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.

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<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b>	<b>22 March 2022</b>
<b>Report By:</b>	<b>Interim Director, Environment &amp; Regeneration</b>	<b>Report No:</b>	<b>PR/08/22/DA</b>
<b>Contact Officer:</b>	<b>David Aitken</b>	<b>Contact No:</b>	<b>01475 712964</b>
<b>Subject:</b>	<b>Procurement Strategy 2022-25</b>		

---

## 1.0 PURPOSE

- 1.1 The purpose of this report is to present the Procurement Strategy 2022-25 to Committee for review and approval.

## 2.0 SUMMARY

- 2.1 A key regulatory requirement in the ongoing development of Procurement is that the Council requires to develop and publish a Procurement Strategy and report annually on the success and compliance with that Strategy.
- 2.2 Previous strategies have focused on developing the structure, training and governance of Procurement. This Procurement Strategy aims to improve and build on the success of subsequent strategies by engaging in more Service specific improvements whilst focusing on increasing the social, economic and environmental impact procurement can have.
- 2.3 The proposed Procurement Strategy 2022-25 and associated Action Plan is attached at Appendix 1. The Procurement Strategy identifies the key aims, objectives and outcomes for the 3 year period. Through regular performance management, the Council will identify how well it is meeting the objectives and delivering the outcomes of the Strategy against the Action Plan.
- 2.4 As part of the recently revised Scheme of Administration future reporting of Procurement matters will be to the Environment & Regeneration Committee given the increasing focus on how procurement impacts on the local economy and the Net Zero agenda.

## 3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee:
- Note and approve the Procurement Strategy 2022-25;
  - Note that updates on progress will be provided to the Environment & Regeneration Committee as part of a 6 monthly Procurement update / Annual Procurement Report.

**Stuart Jamieson**  
**Interim Director**  
**Environment & Regeneration**



## **4.0 BACKGROUND**

- 4.1 The Procurement Reform (Scotland) Act 2014 requires any public organisation which has an estimated annual regulated spend of £5 million or more (excluding VAT) to develop and publish a Procurement Strategy with a review of the objectives and outcomes completed annually.
- 4.2 The Procurement Strategy recognises the significant impact that the combined effect of the COVID 19 Pandemic and Brexit has had on the local economy and the way the Council operates. The Strategy will assist in stimulating local economic activity through the Council's procurement activity as it continues to progress through the recovery period. It is also recognised that effective and efficient procurement is essential in the context of the significant financial challenges facing the Council over the period of the Strategy with an estimated £13.4 million funding gap over the period 2023/25.
- 4.3 The Procurement Strategy demonstrates how investment in Procurement can increase compliance whilst supporting and driving local and national economic growth and wellbeing. The Strategy also has a wider focus and illustrates how the use of good procurement can support the Council to continuously improve from a social, environmental and economic perspective whilst ensuring best value.
- 4.4 The five overarching key priority areas of the Procurement Strategy 2022-25 are:
- Leadership, Risk Management, Governance & Compliance
  - Value for Money & Continuous Improvement
  - Sustainability & Social Value
  - Economic Recovery
  - Net Zero & Circular Economy
- 4.5 The Procurement Strategy 2022-25 is attached as Appendix 1 and is supported by an Action Plan detailing key aims, objectives and outcomes. This strategy supports the Council's objectives and Corporate Plan organisational priorities, building upon the previous Procurement Strategy and demonstrating good progress against the previous Strategy Action Plans.

## **5.0 PROCUREMENT STRATEGY 2022-2025**

- 5.1 The sections below summarise some of the key proposals contained within the Procurement Strategy.

### **5.2 Spend Analysis & Compliance**

Spend compliance against procurement regulations and internal governance will continue to be analysed and reported on within the annual procurement report. This approach is already established and allows the council to identify non-compliant spend as well as opportunities to collaborate and ensure best value is being achieved.

### **5.3 Social Value & Community Benefits**

A refresh of the social value & community benefits approach will allow the Council to establish a more targeted local approach to delivering social value benefits by leveraging more of the councils spend with suppliers. This approach will be developed with key internal partners as well as external partners such as Scotland Excel and Glasgow City Region.

### **5.4 Fair Work First**

A key deliverable is to continue with the delivery of the Fair Work First Action Plan. This includes ensuring that Fair Work First Criteria is included within all tenders where proportionate and relevant.

## 5.5 Local Procurement & Supported Business Policy

Changes to the Standing Orders relating to Contracts effective from 1<sup>st</sup> March 2022 were approved to further enable the Council to take a more flexible and targeted approach to supporting local businesses in relation to tendering and potentially securing contracts with the Council. This new approach will be developed with key partners and will result in the delivery of a Local Procurement & Supported Business policy.

## 5.6 Support the delivery of the Council's Net Zero Strategy

A delivery plan will be developed and actioned to support the delivery of the Council's Net Zero strategy. This will focus on ways to ensure consideration has been given to the Net Zero agenda within Procurement projects. This will further be supported and informed by the use of strategic organisational sustainable procurement tools such as the adoption of the Flexible Framework assessment tool, Prioritisation Tool and Sustainability Test.

## 5.7 Contract & Supplier Management

A review and refresh of the Council's approach to Contract and Supplier Management will allow the Council to develop and agree a policy that delivers for both services and suppliers. The policy will be developed with key partners and suppliers to ensure it is relevant and proportionate to the risk and value of the contract being awarded while ensuring it allows the council to maximise outcomes from the approach.

## 5.8 Training & Development

Procurement will develop and promote procurement awareness training via the Council's eLearn platform to ensure all new employees are trained as well as to refresh all existing employees who have procurement responsibilities. The strategy will also support all responsible officers in attending the climate literacy training while ensuring they are kept informed of any relevant procurement training opportunities.

## 6.0 IMPLICATIONS

### Finance

#### 6.1 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					

### Legal

6.2 As part of the recently revised Scheme of Administration future reporting of Procurement matters will be to the Environment & Regeneration Committee given the increasing focus on how procurement impacts on the local economy and the Net Zero agenda.

## Human Resources

6.3 There are no Human Resource issues arising from this report.

## 6.4 Equalities

### Equalities

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

X	YES – EIA has been completed will be made available on the Council's website: <a href="https://www.inverclyde.gov.uk/council-and-government/equality-impact-assessments">https://www.inverclyde.gov.uk/council-and-government/equality-impact-assessments</a>
	NO

(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

6.5 There are no repopulation issues arising from this report.

## 7.0 CONSULTATIONS

7.1 Consultation has taken place with appropriate officers and the report is supported by the Corporate Management Team.

## 8.0 BACKGROUND PAPERS

8.1 None



## Inverclyde Council Procurement Strategy

2022 - 2025



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# 1 Introduction

Inverclyde Council Procurement Strategy for the period 1 April 2022 to 31 March 2025 sets out the direction for procurement activity, supporting the council's corporate vision and priorities.

This strategy has been developed at a time where the council is facing significant health, legislative, financial and sustainability pressures. Although we are beginning to emerge from the Covid-19 pandemic whilst better understanding the impact of Brexit, this strategy in line with the council's Corporate Plan sets out Inverclyde Council's strategic direction and priorities. This strategy identifies the priorities and outcomes that we strive for procurement activity to deliver on, detailing how and when we are going to do it.

Given the pressures, it is essential that the council's procurement strategy provides a practical framework that supports the delivery of the councils priorities, whilst managing risks in these challenging circumstances. This strategy advocates the positive role that delivering procurement outcomes can have in supporting the council to continue to deliver effective and efficient services.





## 2 Procurement Vision and Mission Statement

Inverclyde Council Procurement Strategy defines the procurement vision, aims and objectives and identifies the key deliverables as well as future challenges.

This strategy advocates the positive role that procurement activity has in enabling the council to maximise and deliver high quality supplies, services and works to our communities in an open, equal, proportionate and transparent way.

The council's vision is:

***Getting it right for every child, citizen and community***

The following Procurement Vision and Mission Statement have been developed to support the council's overall vision, while continuing to maximise procurement opportunities to enable and support continuous improvement and delivery of best value.

Procurement vision:

***To support council services to achieve the highest level of procurement performance while leveraging the power of procurement to maximise outcomes for every child, citizen and community.***

Procurement mission statement:

***The procurement team will strive to deliver best value procurement services to support the councils' strategic vision and aims by maximising the delivery of; social value, sustainability, economic recovery, value for money and continuous improvement, Net Zero and circular economy as well as providing leadership, risk, management, governance and procurement guidance to support and maximise outcomes for all council employees.***



## 3 Strategy Rationale and Context

Procurement is much more than buying what the council needs while balancing cost, quality and time considerations. Recent changes to procurement regulations and statutory duties within public sector means that procurement has a greater focus that ever in supporting the delivery of social, economic and environmental outcomes aligned to Scotland's National Performance Framework.

Progressive and sustainable procurement approaches across the public sector are increasingly seen as important lever to deliver wider policy objectives and support the councils and the Government's ambitions.

This Procurement Strategy is aligned to Scotland's National Performance Framework which sets out the core purpose, values, national outcomes and Indicators:

[National Outcomes | National Performance Framework](#)







## Supporting Inverclyde Council’s Objectives

Inverclyde Council’s vision for Inverclyde, which is shared by all Community Planning partners, is “Getting it right for every child, citizen and community”. This is further supported by wellbeing outcomes that the council wants for all of Inverclyde’s citizens, i.e. to be:

Wellbeing area	Outcomes
Safe	<ul style="list-style-type: none"> <li>• Protected from abuse, neglect or harm and supported when at risk;</li> <li>• Enabled to understand and take responsibility for actions and choices; and</li> <li>• Having access to a safe environment to live and learn in.</li> </ul>
Healthy	<ul style="list-style-type: none"> <li>• Achieve high standards of physical and mental health and equality of access to suitable health care and protection, while being supported and encouraged to make healthy and safe choices.</li> </ul>
Achieving	<ul style="list-style-type: none"> <li>• Being supported and guided in lifelong learning; and</li> <li>• Having opportunities for the development of skills and knowledge to gain the highest standards of achievement in educational establishments, work, leisure or the community.</li> </ul>
Nurtured	<ul style="list-style-type: none"> <li>• Having a nurturing place to live and learn, and the opportunity to build positive relationships within a supporting and supported community.</li> </ul>
Active	<ul style="list-style-type: none"> <li>• Having opportunities to take part in activities and experiences in educational establishments and the community, which contribute to a healthy life, growth and development.</li> </ul>
Respected and Responsible	<ul style="list-style-type: none"> <li>• Respected and share responsibilities. Citizens are involved in decision making and play an active role in improving the community.</li> </ul>
Included	<ul style="list-style-type: none"> <li>• Overcoming social, educational, health and economic inequalities and being valued as part of the community.</li> </ul>

The Inverclyde Outcomes Improvement Plan (IOIP) 2017/22 sets out the outcomes that the community planning partners in Inverclyde, known as the Inverclyde Alliance, will seek to improve, which in turn should improve the wellbeing and quality of life of the residents of Inverclyde, with a particular focus on reducing inequality and poverty.

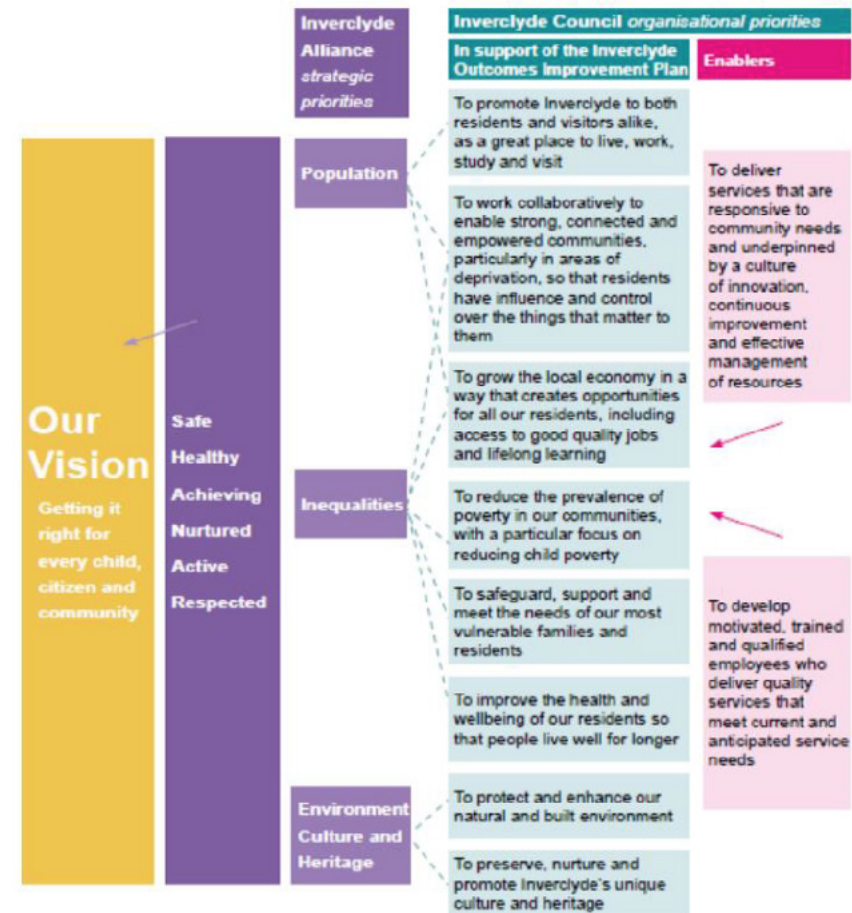




The Inverclyde Council Corporate Plan 2018/22 sets out the organisational priorities that the Council will focus on to support the delivery of the shared Vision, wellbeing outcomes and partnership strategic priorities. The organisational priorities also support the delivery of the Inverclyde Alliance strategic priorities and the National Outcomes.

The actions contained within this Procurement Strategy 2022-2025 are aligned and contribute to the delivery of the Councils priorities above.

The council currently spends circa 91m per annum on supplies, services and works, therefore it is critical that the spending power of the council is maximised to influence and promote positive change. Closer working relationships with key stakeholders is essential to successful delivery and to build on existing networks to improve engagement with communities, businesses, third sector organisations and strategic partners.

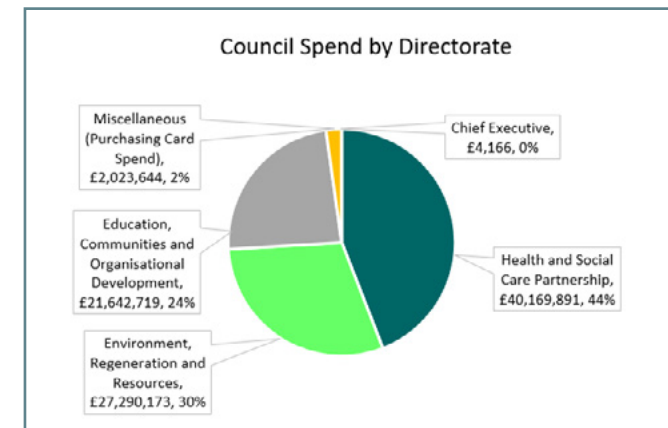




## 4 Spend Profile (Financial Year 2020/21)

The council's spend on supplies, services and works that is influence-able in terms of subjecting spend to procurement activity was £91,130,594. Breakdown of the overall spend by council directorate is as follows:

Commodity area	Spend	Percentage of overall spend
Social Community Care	£ 35,440,688	38.89%
Facilities & Management Services	£ 13,778,946	15.12%
Construction	£ 7,044,395	7.73%
Environmental Services	£ 4,201,120	4.61%
Information Communication Technology	£ 4,128,216	4.53%
Vehicle Management	£ 3,153,119	3.46%
Utilities	£ 3,071,101	3.37%
Miscellaneous	£ 2,952,631	3.24%
Human Resources	£ 2,679,239	2.94%
Housing Management	£ 2,442,300	2.68%
Education	£ 1,795,273	1.97%
Mail Services	£ 1,713,255	1.88%
Construction Materials	£ 1,166,472	1.28%
Financial Services	£ 1,139,132	1.25%
Catering	£ 1,038,889	1.14%
Healthcare	£ 637,914	0.70%
Highway Equipment & Materials	£ 583,236	0.64%
Cleaning & Janitorial	£ 519,444	0.57%
Clothing	£ 473,879	0.52%

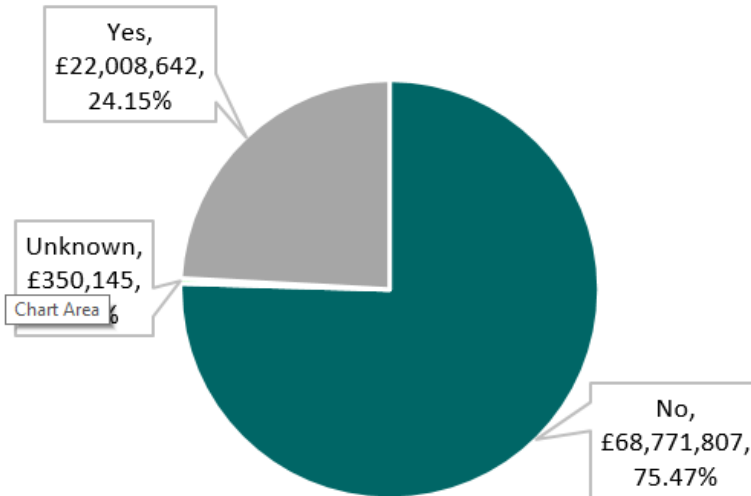


Commodity area	Spend	Percentage of overall spend
Consultancy	£ 428,314	0.47%
Arts & Leisure Services	£ 410,088	0.45%
Legal Services	£ 410,088	0.45%
Horticultural	£ 373,635	0.41%
Furniture & Soft Furnishings	£ 364,522	0.40%
Street & Traffic Management	£ 291,618	0.32%
Health & Safety	£ 236,940	0.26%
Stationery	£ 218,713	0.24%
Public Transport	£ 191,374	0.21%
Sports & Playground Equipment & Maintenance	£ 173,148	0.19%
Domestic Goods	£ 63,791	0.07%
Cemetery & Crematorium	£ 9,113	0.01%
<b>Total</b>	<b>£ 91,130,594</b>	<b>100%</b>



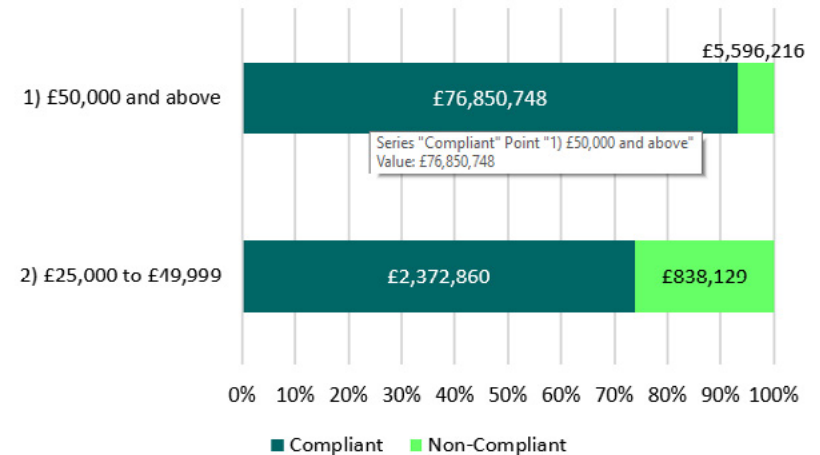
Based on the overall spend above, 24.15% of spend is with organisations based within the Inverclyde area, as further detailed in the chart below.

### Spend in Inverclyde Area



Further analysis of the council's spend compliance with procurement regulations and internal governance focuses on all spend with suppliers above £25,000. Compliance for all spend above £25,000 is 73.9%, increasing for all spend above £50,000 at 93.2%, as further detailed in the chart below.

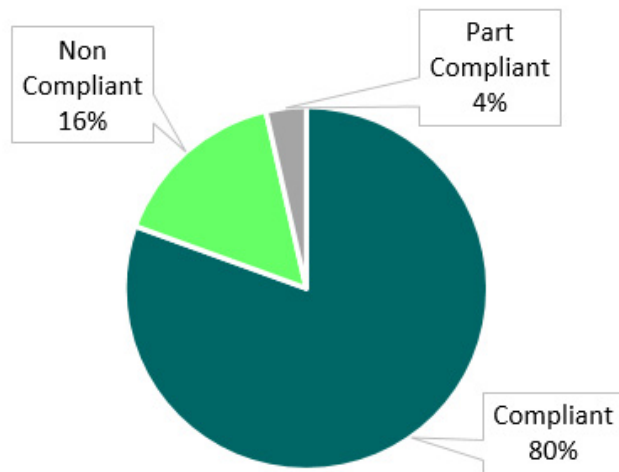
### Compliance by value





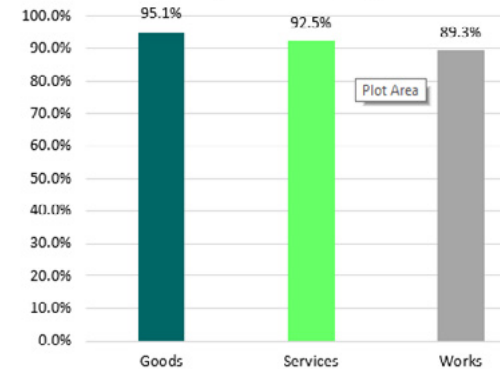
For all suppliers with spend above £25,000, 80% of those suppliers are from procurement activity that is compliant with procurement regulations and internal governance. The chart below provides further detail.

### Suppliers Compliance

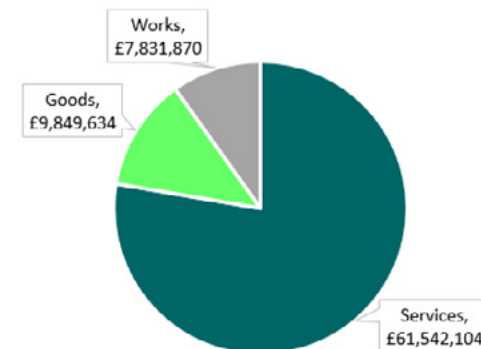


For all spend above £25,000, the charts below show the breakdown of supplies (goods), services and works that are compliant with procurement regulations and internal governance.

### Compliance % by Type



### Compliance Spend by Type





## 5 Strategic Aims, Objectives and Key Priorities

Inverclyde Council Procurement Strategy sets out a framework to support and deliver on the five key priorities areas below:

- a) **Leadership, Risk Management, Governance and Compliance**
- b) **Value for Money and Continuous Improvement**
- c) **Sustainability and Social Value**
- d) **Economic Recovery**
- e) **Net Zero and Circular Economy**

### **Procurement's role in delivering this:**

Procurement will support services across the council by ensuring the requirements for supplies, services and works are procured compliantly in a way that maximises outcomes, mitigates risks and supports the delivery of the councils objectives.

Previous key delivered benefits and procurement improvements include:

- Updated processes and procedures to comply with procurement regulations;
- Implemented a range of actions to improve compliant spend in line with procurement regulations and internal governance;
- Supported the ongoing successful delivery of procurement activity;
- Updated procurement guidance for stakeholders.





## 5a - Leadership, Risk Management, Governance and Compliance

### Leadership and Visibility

#### Aims:

- To engage and influence leaders to achieve outcomes;
- To raise the profile of procurement with improved stakeholder communications internally & externally; and
- To identify and “own” escalated issues.

#### We will do this by:

- Increasing the visibility of procurement, reviewing and refreshing the Council's existing engagement with key stakeholders internally and externally;
- Improving communications;
- Ensuring that all leaders understand their role in driving and enabling impactful procurement;
- Identifying, mitigating and managing risks and issues acting on the outcomes of the various reviews on the impact of the Sustainable Procurement Duty - including feedback from suppliers; and
- Actively supporting cross-functional working and ensuring that this Procurement Strategy is embedded into day to day working.

#### What success looks like:

- Leaders and stakeholders are more engaged with procurement activity; and
- Successful Delivery of the Procurement Action Plan.

### Risk Management

#### Aims:

- To assess, monitor and manage risks within procurement activity in line with the Council's Risk Management Monitoring and Reporting Process.

#### We will do this by:

- Incorporating the Council's Risk Management Monitoring and Reporting Process into the tender process;
- Developing updated documentation to include risk analysis and management; and
- Providing guidance and support to stakeholders to identify, assess and manage risks within procurement activity.

#### What success looks like:

- Risks are regularly monitored, managed and reported on procurement activity; and
- Risks and impacts to the Council are mitigated.

### Spend Analysis and Compliance

#### Aims:

- To understand the Council's overall spend profile;
- To increase and maintain the Council's compliance position in line with Procurement Regulations and internal governance;
- To provide greater transparency of the Council's spend profile; and
- To identify opportunities for efficiencies.

#### We will do this by:

- Regular reviewing and analysing of the Council's overall spend;
- Reviewing the spend compliance by supplier and service area;
- Publishing Contract Award Notices in line with Procurement Regulations;
- Actioning to resolve non-compliance e.g. future Procurement opportunities; and
- Identifying actions to seek efficiencies e.g. rationalising supplier base.

#### What success looks like:

- 100% of the Council's overall spend compliant in line with procurement regulations and internal governance; and
- Regular and timely publication of Contract Award Notices.



## 5b - Value for Money and Continuous Improvement

### Value for Money

#### Aims:

- To support the Council in continuing to achieve value for money; and
- To identify opportunities for efficiencies.

#### We will do this by:

- Benchmarking of contracts and contract management;
- Continuing to carry out market research where relevant and proportionate;
- Continuing to identify collaboration opportunities where it's best value to do so; and
- Adopting a whole life costing model where relevant and proportionate;

#### What success looks like:

- Spend within set Council budgets;
- Regularly participate in collaborative opportunities; and
- Spend that is market tested.

### Continuous Improvement

#### Aims:

- To support the Council budget savings (that procurement can influence) while ensuring value for money and continuous improvement; and
- To continue to participate in the Procurement and Commercial Improvement Programme (PCIP).

#### We will do this by:

- Refreshing and enhancing contract and supplier management approach and guidance;
- Continuing to challenge current delivery models while identifying opportunities to adopt new delivery models; and
- Implementing and reporting on improvements plans that flow from PCIP assessment with a focus on best practice, innovation, savings and sustainability.

#### What success looks like:

- Newly embedded contract and supplier management policy and approach;
- Report on performance and value delivered via the council's contract and supplier management approach.
- Reporting on procurements contribution to identifying, securing and delivering savings / efficiencies; and
- Sustain or Increase PCIP % score.





## 5c - Sustainability and Social Value

### Sustainability

#### Aims:

- To implement and embed Sustainable Procurement tools that maximise the impact and delivery of the sustainable outcomes.

#### We will do this by:

- Using the tools detailed below to support the delivery of prioritised sustainable outcomes:
  - Flexible Framework assessment tool;
  - Prioritisation Tool;
  - Sustainability Test; and
- Capturing, monitoring and reporting on key sustainable priorities.

#### What success looks like:

- Sustainability action plan developed, agreed and implemented; and
- Sustainability test embedded and used in all relevant and proportionate contracts and Frameworks.

### Social Value

#### Aims:

- To refresh the councils approach to social value and build on what has been delivered to date.

#### We will do this by:

- Developing and implementing a new social value policy with a focus on delivering the councils outcomes;
- Increasing and improving monitoring and reporting on community benefits targeted and delivered;
- Increasing awareness of community benefits through tender opportunities; and
- Continuing to work collaboratively with the city region in relation to adopting a regional wide approach to community benefits.

#### What success looks like:

- New social value policy adopted, implemented and embedded; and
- Increasing the number of community benefits secured and delivered through contracts.

### Fair Work First

#### Aims:

- To ensure Fair Work First outcomes are promoted internally and externally and procurement is used to influence and increase positive fair work and socially-responsible outcomes which benefit the council area by addressing poverty and inequality.

#### We will do this by:

- Continuing to deliver the Fair Work First action plan;
- Improving training and awareness for Council staff and bidding organisations;
- Seeking to apply the Fair Work First criteria to every tender where proportionate and relevant;
- Adopting and promoting new Fair Work First guidance and other tools which support raising awareness and delivery of best practice; and
- Capturing, monitoring and reporting on the number of contracts awarded that contain fair work first criteria.

#### What success looks like:

- Successful delivery of the Fair Work First action plan; and
- Fair Work First Criteria included within tenders where proportionate and relevant.



## 5d - Economic Recovery

### Economic Recovery

#### Aims:

- To implement and embed Sustainable Procurement tools that support a sustainable economic recovery;
- To ensure local economy considerations are factored in to all market options at contract strategy stage;
- To support Suppliers & Communities;
- To support to Local SMEs to access public sector opportunities.

#### We will do this by:

- Using the tools detailed below to support the delivery of prioritised sustainable outcomes:
- Flexible Framework assessment tool;
- Prioritisation Tool;
- Sustainability Test;
- Actively participating in collaborative working opportunities that supports the delivery of a sustainable economic recovery;
- Increasing engagement, working with key business and third sector to support “meet the buyer” events, workshops and awareness of contract opportunities;
- Continuing consideration of methods to provide more opportunities for SME's such as:
- Continuing to apply lotting strategies;
- Supporting facilitation of sub-contract opportunities by suppliers;
- Developing and implementing a Local Procurement & Supported Business policy;
- Review current processes and procedures to ensure there are no barriers and are as SME friendly as possible.

#### What success looks like:

- Sustainability test embedded and used in all relevant and proportionate contracts and Frameworks.
- Increase the number of and spend with local, SME's and third sector businesses being awarded council contracts.



## 5e - Net zero and Circular Economy

### Net Zero and Circular Economy

#### Aims:

- Support the council to deliver opportunities that help Net Zero and circular economy agenda;

#### We will do this by:

- Embedding Net Zero considerations within the council process to maximise opportunities in relation to the delivery of our climate ambitions;
- Seeking support and guidance to support awareness raising in educating council staff involved in tendering and managing contracts; all officer to attend climate literacy training via Scottish government learn lessons;
- Considering potential for reuse, repair and recycling of supplies and materials at contract strategy stage; and
- Developing and implementing a procurement specific action plan that supports the overall delivery of the council's Net Zero Strategy

#### What success looks like:

- All delegated procurement officer have attended the climate literacy training;
- Implementation and delivery of procurement specific Net Zero action plan; and
- Annual reporting of procurements influence and contribution that support the delivery of the Net Zero and circular economy agenda.



## 6 Regulations, Policies, Guidance and Tools

The council requires to use UK and Scottish regulations, policies, guidance and tools concerning public procurement activity, in conjunction with the council's own regulations, policies, guidance and tools concerning procurement activity including but not limited to:

UK and Scottish regulations, policies, guidance and tools	Scottish Government's tools	Council's regulations, policies, guidance and tools
<ul style="list-style-type: none"> <li>• Procurement Reform (Scotland) Act 2014</li> <li>• Public Contracts (Scotland) Regulations 2015</li> <li>• Procurement (Scotland) Regulations 2016</li> <li>• Scottish Procurement Policy Notes and Construction Policy Notes</li> <li>• Sustainable procurement duty</li> <li>• Fair Work First</li> </ul>	<ul style="list-style-type: none"> <li>• Public Contracts Scotland</li> <li>• Public Contract Scotland - Tender Portal</li> <li>• Procurement Journey</li> <li>• Supplier Journey</li> <li>• Sustainable Procurement Tools</li> <li>• Climate Literacy For Procurers</li> </ul>	<ul style="list-style-type: none"> <li>• Scheme of Delegation</li> <li>• Standing Orders</li> <li>• Financial Regulations</li> <li>• Code of Conduct*</li> <li>• Net Zero Strategy</li> <li>• Risk Management, Monitoring and Reporting Process</li> </ul> <p>*Document not available on Council Website.</p>

### Procurement and Commercial Improvement Programme (PCIP)

The council's procurement function is subject to regular audit by Scotland Excel on behalf of Scottish Government and endorsed by Audit Scotland.

The PCIP assessment reviews the strength of policies and procedures driving procurement performance in:

- Leadership and governance;
- Development and tender;
- Contract; and
- Key purchasing processes.

The council is in the highest PCIP performance band and above the local authority average in 2019. Our procedures are designed around this programme which identifies best practice in the sector. The council will continue to engage with this programme.





## 7 Supporting Suppliers, Third Sector and Communities

Information is provided on the Council's website (<https://www.inverclyde.gov.uk/business-and-trade/procurement>) to support for those interested in doing business with the council. The website contains key information including:

- Information on how to do business with the council;
- Links to Public Contracts Scotland, the main portal used to advertise contract opportunities;
- Links to Scottish Procurement and Commercial Directorate, Scotland Excel and Crown Commercial Services who are the contract authorities for collaborative framework agreements and dynamic purchasing systems;
- The council contract register which provides details of 'live' contracts along with the dates these are due to end providing insight to future tenderers;
- Details of the regulations that govern procurement activity;
- Details about the council payment terms and how to submit a valid invoice; and
- Details about the standard terms and conditions of contract

External organisations support for those looking to do business with the council can be sought from:

- Business Gateway;
- Supplier Development Programme (SDP);
- The Scottish Government's Supplier Journey; and
- Access to other business support organisations.

In addition to the above external organisations that support those looking to do business with the council, the council's Procurement team will continue to attend future Scotland Excel and SDP Meet the Buyer events; as well as identifying more local events which target support aligned to the delivery of the council's priorities.

The council is also an active participant in hub West Scotland and the Glasgow City Region which governs and funds major infrastructure projects that focus on creating new jobs, assisting unemployed people back to work, improving improve public transport and connectivity and drive business innovation.

The council attended the Glasgow City Region City Deal Meet the Buyer event held in June 2021 and will continue to attend future events.



## 8 Capacity and Skill

To support the deliver the procurement strategy and to ensure best practice is being achieved through the councils procurement activity, the capacity and skills of procurement professionals and delegated procurement officers will be supported and managed by:

- Providing opportunities for 'grow your own' to develop the skills needed;
- Providing graduate and modern apprentice opportunities where possible;
- Supporting continuing professional development of professionals to ensure expertise are relevant and current;
- Continuing to maximise collaboration opportunities with other organisations when they are shown to add value and/or make commercial sense;
- Continuing to develop and implement training and guidance to support compliance and excellence in procurement (procurement awareness e learn module);
- Continuing to participate in the PCIP to support continuous improvement and identification of areas for improvement;
- Continuing to support the ongoing development of innovative solutions, tools and guidance for key delivery areas such as spend analysis, compliance and tendering (PCS and PCS-T) to ensure best practice is being achieved through the council's procurement activity; and
- Developing processes and templates to support compliance and best practice.





## 9 Implementation, Monitoring, Reviewing and Reporting

The Procurement Strategy will be reviewed on an annual basis to ensure continued alignment with supporting the delivery of the councils priorities and outcomes.

This strategy has been developed in consultation with key internal stakeholders, in relation to the delivery of the strategies and objectives further consultation will be carried out with the Federation for Small Business (FSB), Chamber of Commerce, Supplier Development Programme (SDP) as well as council officers and suppliers.

The refresh of the Procurement Strategy and the associated Action Plan will be reported to and approved by the Policy and Resources Committee. The Annual Procurement Report that records the performance against the Procurement Strategy will be reported and approved by the Environment and Regeneration Committee and will include:

- a summary of the regulated procurements completed during the year;
- a review of regulated procurement compliance;
- a summary of community benefits and Fair Work First performance; and
- a summary of future regulated procurements.

The strategic aims, objectives, priorities and targeted outcomes will be monitored in the form of an Action Plan, as detailed in Appendix 1.

The performance against the Action Plan will be monitored by the Procurement Manager and reported to the Environment and Regeneration Committee every 6 months along with the contracts awarded under delegated authority and the contract standing orders in the given 6 month period. This reporting will include Performance Indicators' linked to the Action Plan and the Performance Indicators' will monitor, track and measure continuous improvement.

The council's procurement performance is also subject to PCIP assessments.

*Please note that due to the impact of covid PCIP assessments have been put on hold, with a view to a recommencement plan being communicated some time in 2022.*

The procurement actions detailed within this strategy and Appendix 1 are aligned to both the national procurement objectives and the PCIP programme which supports continuity and continuous improvement.



# 10 Procurement Strategy Ownership and Contact Details

**David Aitken**

Procurement & Building Services Manger

Inverclyde Council  
107 Dalrymple Street  
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## Appendix 1 - Procurement Strategy Action Plan – 1 April 2022 until 31 March 2023

Strategic Aim(s)		Procurement Objective(s)	Priorities	Target Date	RAG Status	
1	Sustainability & Social Value	Sustainability	Implement and embed sustainable procurement tools	<ul style="list-style-type: none"> <li>• Flexible Framework assessment tool;</li> <li>• Prioritisation Tool;</li> <li>• Sustainability Test.</li> </ul>	December 2022	Not Started
		Social Value	Develop, implement and embed Social Value (Community Benefits) throughout the procurement the processes	<ul style="list-style-type: none"> <li>• Develop the Social Value policy and Community Benefits procedure;</li> <li>• Develop a standard matrix for Community Benefits;</li> <li>• Increased use of Community Benefits clauses and reporting on the benefits realised.</li> </ul>	September 2022	On Track
		Fair Work First	Promote Fair Work First Outcomes	<ul style="list-style-type: none"> <li>• Included Fair Work First criteria in all tenders where proportionate and relevant;</li> <li>• Continue to promote the Fair Working Practices Statement for internal and external stakeholders;</li> <li>• % of tenders/contract that include Fair Work First Criteria.</li> </ul>	April 2022	On Track
2	Leadership, Governance & Compliance	Leadership & Visibility	Support the review internal Governance	<ul style="list-style-type: none"> <li>• Financial Regulations;</li> <li>• Contract Standing Orders;</li> <li>• Procurement Manual (12 monthly);</li> <li>• Direct Award Process.</li> </ul>	March 2022	On Track
		Stakeholder Engagement Plan	Develop and deliver a Stakeholder Engagement Plan for Procurement incorporating key internal strategic and tactical stakeholders.	June 2022	Not Started	
		Review and update templates	<ul style="list-style-type: none"> <li>• Develop and agree new process for approval of all contact strategies in advance of tender publication;</li> <li>• Update procurement manual to reflect sign off change;</li> <li>• Communicate revised process via Delegated Procurement Officer;</li> <li>• Review, develop and agree templates and folder structure for all procurements.</li> </ul>	April 2022	On Track	
		Review, update and maintain internal and external procurement website pages	<ul style="list-style-type: none"> <li>• Review, update and maintain internal and external procurement website pages, to include information on: • How to do business with the Council; • Links to relevant websites and guidance; • Details of the regulations that govern procurement activity; • Details about the Council's contracts, terms and conditions, payment procedures etc.</li> </ul>	April 2022	On Track	



## Inverclyde Council Procurement Strategy 2022 - 2025

Strategic Aim(s)		Procurement Objective(s)	Priorities	Target Date	RAG Status	
		Review, update and issue procurement manual guidance	<ul style="list-style-type: none"> <li>Update procurement manual to reflect changes in Standing Orders and Financial Regulations.</li> </ul>	April 2022	On Track	
		Annual Procurement Report	<ul style="list-style-type: none"> <li>Develop, improve and automate procedure for creation of Annual Procurement Report;</li> <li>Publish Annual procurement Report.</li> </ul>	September 2022	Not Started	
		Risk Management	Incorporating the Council's Risk Management Monitoring and Reporting Process into the tender process;	<ul style="list-style-type: none"> <li>Developing updated documentation to include risk analysis and management; and</li> <li>Providing guidance and support to stakeholders to identify, assess and manage risks within procurement activity.</li> </ul>	September 2022	Not Started
		Spend Analysis & Compliance	Spend Analysis	<ul style="list-style-type: none"> <li>Conduct an 6 monthly spend analysis;</li> <li>Report on spend analysis on a 12 monthly cycle.</li> </ul>	September 2022	On Track
			Improvement of non-compliant spend	<ul style="list-style-type: none"> <li>Develop action plan to support improvements in non-compliant spend;</li> <li>Capture, monitor and report on timely publication of Contract Award Notices.</li> </ul>	September 2022	Not Started
			Supplier rationalisation	<ul style="list-style-type: none"> <li>Identifying opportunities and actions via spend analysis to support strategies for supplier rationalisation.</li> </ul>	March 2022	Not Started
3	Economic Recovery	Economic Recovery	Develop and implement a local procurement policy.	<ul style="list-style-type: none"> <li>Provide a formalised system of monitoring supplier performance against the contract requirements;</li> <li>Potential for the Council to increase economic activity with local, SME and supported businesses;</li> <li>Apply community wealth building principles to develop and support a local supply chain;</li> <li>Utilise reporting tools to support the development and delivery of strategically focused local opportunities;</li> <li>% of spend on local SME and supported businesses.</li> </ul>	December 2022	Not Started
		Increase engagement and working with key business and third sector	<ul style="list-style-type: none"> <li>Attend national meet the buyer events;</li> <li>Host a local meet the buyer event, subject to demand;</li> <li>Through supplier engagement develop and agree a six monthly communications to local SMEs about the Council's forthcoming procurement activity.</li> </ul>	March 2023	Not Started	
		Supporting Local, SME and Supported Business	<ul style="list-style-type: none"> <li>Review current processes, procedures and templates to ensure there are no barriers and are as SME friendly as possible.</li> </ul>	December 2022	Not Started	



## Inverclyde Council Procurement Strategy 2022 - 2025

Strategic Aim(s)		Procurement Objective(s)	Priorities	Target Date	RAG Status	
4	Value for Money & Continuous Improvement	Value for Money	Procurement and Commercial Improvement Programme	<ul style="list-style-type: none"> <li>Participate in Annual assessment (programme subject to impact of Covid-19).</li> </ul>	2022/23	Not Started
			Collaboration opportunities	<ul style="list-style-type: none"> <li>Explore and identify collaboration opportunities with other public sector bodies; and</li> <li>Capture collaborative opportunities within tender work plan</li> </ul>	June 2022	Not Started
			Whole Life Costing	<ul style="list-style-type: none"> <li>Consider the adoption of whole life costing approach were relevant and proportionate;</li> <li>Review pipeline projects and identify opportunities to adopt a whole life costing approach.</li> </ul>	March 2022	Not Started
			Use of Framework Agreements	<ul style="list-style-type: none"> <li>Review Councils use of framework agreements to ensure they are being utilised in a way that represent value for money.</li> </ul>	December 2022	Not Started
		Continuous Improvement	Contract and Supplier Management (CSM)	<ul style="list-style-type: none"> <li>Develop new policy and approach to CSM.</li> </ul>	December 2022	Not Started
			Procurement Performance	<ul style="list-style-type: none"> <li>Survey stakeholders to get feedback on current service and identify areas for improvement;</li> <li>Development of dashboard reports for service directors and managers;</li> <li>Savings;</li> <li>Community benefits.</li> </ul>	September 2022	Not Started
			Develop and implement templates, systems and processes that support PCIP	<ul style="list-style-type: none"> <li>Procurement Request Form;</li> <li>Contract Strategy;</li> <li>Ensure economic, social and environmental outcomes are considered for all procurements;</li> <li>Tender Documentation;</li> <li>Tender completion report;</li> <li>Direct Award flow chart;</li> <li>eAuction.</li> </ul>	September 2022	Not Started
5	Net Zero & Circular Economy	Net Zero & Circular Economy	Promote climate literacy training	<ul style="list-style-type: none"> <li>All Procurement team members to attend climate literacy training;</li> <li>All delegated procurement officers to attend climate literacy training.</li> </ul>	September 2022	Not Started
			Net Zero Procurement Action Plan	<ul style="list-style-type: none"> <li>Develop and implement a procurement specific Net Zero action plan that supports the overall delivery of the Council's Net Zero Strategy;</li> <li>Develop templates that support decision making around reuse, repair and recycling of goods and materials in scoping requirements on a routine basis to prevent waste;</li> <li>Develop contract strategy to include Net Zero considerations.</li> </ul>	April 2022	Not Started



## Appendix 2 - Mandatory Requirements of the Procurement Reform (Scotland) Act 2014 and statutory guidance obligations

How the council intends to make sure that its regulated procurements will:	Procurement strategy response
Contribute to the carrying out of its functions and the achievement of its purposes	<ul style="list-style-type: none"> <li>• Consultation was undertaken with key stakeholders to ensure the Procurement Strategy is aligned to Council's Strategic Priorities, Scotland's National Performance Framework as well as National Outcomes and Indicators;</li> <li>• Effective consultation will continue to deliver the strategy and will also take place during procurement exercises to ensure priorities and Council outcomes continue to be delivered; and</li> <li>• The delivery of regulated procurements against the strategy will be monitored to ensure the delivery</li> </ul>
Deliver value for money	<ul style="list-style-type: none"> <li>• Delivering Value for Money &amp; Continuous Improvement is key objectives of this procurement strategy;</li> <li>• Consider the adoption of whole life costing approach where relevant and proportionate;</li> <li>• Collaborate on procurement activity with other public sector bodies where it represents best value to do so;</li> <li>• Where relevant and proportionate to do so the council will carry out market engagement to support innovation, best practice and informed contract strategies;</li> <li>• Always considers economic, social and environmental outcomes for all regulated procurements; and</li> <li>• Where relevant and proportionate the council will undertake contract and supplier management to ensure compliance and identify additional opportunities to add value.</li> </ul>
Be carried out in compliance with its duty to treat relevant economic operators equally and without discrimination	<ul style="list-style-type: none"> <li>• Procurement activity will be delivered in accordance with the Council Financial Regulations, Standing Orders Relating to Contracts, this Procurement Strategy supported by the Procurement Manual which has the key principles of relevant procurement legislation embedded;</li> <li>• Leadership, Risk Management, Governance &amp; Compliance is one of the key objectives of this procurement strategy;</li> <li>• Delivers support to Suppliers to access public sector opportunities through the Supplier Development Programme by providing training, information, webinars and templates;</li> <li>• Where relevant and proportionate uses early market engagement with emphasis on attracting local SMEs; and</li> <li>• Publishes tender opportunities and award notices on Public Contracts Scotland and Find a Tender Service portals.</li> </ul>



How the council intends to make sure that its regulated procurements will:	Procurement strategy response
Be undertaken in compliance with its duty to act in a transparent and proportionate manner	<ul style="list-style-type: none"> <li>• Procurement activity will be delivered in accordance with the Council Financial Regulations, Standing Orders Relating to Contracts, Risk Management processes, and this Procurement Strategy supported by the Procurement Manual which has the key principles of relevant procurement legislation embedded;</li> <li>• Leadership, Risk Management, Governance &amp; Compliance is key objectives of this procurement strategy;</li> <li>• Delivers support to Suppliers to access public sector opportunities through the Supplier Development Programme by providing training, information, webinars and templates;</li> <li>• Where relevant and proportionate uses early market engagement with emphasis on attracting local SMEs; and</li> <li>• Publishes tender opportunities and award notices on Public Contracts Scotland and Find a Tender Service portals.</li> </ul>
Comply with the sustainable procurement duty	<ul style="list-style-type: none"> <li>• This will be supported by a number of the key objectives detailed in this strategy;</li> <li>• Engage with the Scottish Government and other centres of expertise and where it represents best value and supports continuous improvement adopt the application of new sustainability tools to support prioritisation and identification of opportunities relating to economics, social and environmental outcomes;</li> <li>• Refresh the councils approach to sustainability and community benefits by developing and implementing a new policy; and</li> <li>• Continues to report on sustainable procurement duty requirements and community benefits as part of the annual procurement report.</li> </ul>
The use of community benefit requirements	<ul style="list-style-type: none"> <li>• Sustainability &amp; Social Value is one of the key objectives of this procurement strategy;</li> <li>• Refresh the councils approach to sustainability and community benefits by developing and implementing a new policy;</li> <li>• Improve monitoring and reporting on community benefits targeted and delivered; and</li> <li>• Continue to work collaboratively with the city region in relation to adopting a regional wide approach to community benefits.</li> </ul>
Consulting and engaging with those affected by its procurements	<ul style="list-style-type: none"> <li>• Effective consultation will continue to ensure the procurement strategy remains focussed and aligned to supporting the council's priorities and outcomes; and</li> <li>• Consultation will continue with key stakeholders to ensure lessons learned and improvements are captured and included within the refreshed procurement strategy and supporting action plan.</li> </ul>



How the council intends to make sure that its regulated procurements will:	Procurement strategy response
Payment of a living wage - to persons involved in producing, providing or constructing the subject matter of regulated procurements	<ul style="list-style-type: none"> <li>• Implementation of the Fair Work First action plan.</li> </ul>
Promoting compliance with health and safety at work, including how a supplier/ sub-contractor demonstrates compliance	<ul style="list-style-type: none"> <li>• Health and Safety criteria are included in the assessment of contracts and is embedded in the procurement process and procedures; and</li> <li>• The Council has adopted the Construction Charter, which is promoted and adopted in procurements.</li> </ul>
A statement on the Council's general policy on how it intends its approach to the procurement of food to improve health, wellbeing and education of its communities and promote the highest standards of animal welfare	<ul style="list-style-type: none"> <li>• The council utilises Scotland Excel's framework for food procurements which was developed in conjunction with public bodies to ensure it meets the national nutritional requirements for food.</li> </ul>
The provision of prompt payment – no later than 30 days after invoice by the organisation to a supplier and/or sub-contractor, or by a sub-contractor to a sub-contractor	<ul style="list-style-type: none"> <li>• The Council has adopted a standard payment approach which supports the delivery of payment by no later than 30 days. This performance is captured, monitored and reported as part of the annual procurement report.</li> </ul>



## Appendix 3 - Glossary

<p><b>Best Value</b> An economic assessment by the public sector as to whether a project represents value for money; the optimum combination of cost and quality to provide the required service.</p>	<p><b>Contract</b> An agreement concluded between the Council and the supplier that is legally binding, containing terms of the agreement, any schedules and appendices, the Tender Specification and any other specifications, drawings, official purchase order(s) and other documents which are relevant to the Contract.</p>
<p><b>Circular Economy</b> A circular economy is part of the solution to our global climate emergency - one in which products, services and systems are designed to maximise their value and minimise waste.</p>	<p><b>Contract and Supplier Management</b> The process of monitoring the performance of a contract and supplier.</p>
<p><b>Collaboration</b> When two or more groups of people or organisations engage in procurement work together for mutual benefit.</p>	<p><b>COSLA</b> The Convention of Scottish Local Authorities, is the representative voice of Scottish local government, lobbying on behalf of member Councils. COSLA works directly with the Scottish Government and Parliament to influence public policy and practice, and to ensure that local government has the necessary resources to implement policy on behalf of its communities.</p>
<p><b>Commodity</b> Taxonomy (classification) for the entire Council, to give the Council the ability to accurately describe the primary business activities of its suppliers the commodity approach presently used by the Council was defined back in 2006 and was reviewed and refined as part of the 2016 to 2018 Strategy. Commodity ownership, definitions and scope will continue to be developed as part of the Council's Corporate Procurement and Commercial Improvement Strategy 2022 to 2025.</p>	<p><b>Fair Work First</b> Employment practices that supports investment in skills and training, no inappropriate use of zero hours contracts, action on gender pay, engagement with trade unions, and payment of the real Living Wage.</p>
<p><b>Community Benefits</b> Community benefits are requirements which deliver wider benefits in addition to the core purpose of a contract. These can relate to social, economic and or environmental benefits.</p>	<p><b>Framework Agreement</b> An agreement or other arrangement between one or more contracting authorities and one or more economic operators which establishes the terms (in particular the terms as to price and, where appropriate, quantity) under which the economic operator will enter into one or more contracts with a contracting authority in the period during which the framework agreement applies.</p>
<p><b>Continuous Improvement</b> Continuous improvement is encouraging all employees to look for ways to enhance the business's operations. This includes suggesting ideas to improve efficiencies, evaluating current processes, and finding opportunities to cut unproductive work.</p>	<p><b>National Outcomes</b> What outcomes the Government wants to achieve over the next ten years.</p>
	<p><b>Procurement Strategy</b> A document required as part of Scottish Procurement Regulations that sets out how the Council intends to carry out its regulated procurements i.e. procurements with an estimated value equal to or greater than £50,000 (excluding VAT) for supplies for supplies &amp; services (or £2,000,000 excluding VAT for a public works contract).</p>



<p><b>Public Contracts Scotland</b> The national advertising portal used to tender all Scottish Government supplies, services or works contract opportunities.</p>
<p><b>Public Contracts Scotland Tender</b> The national advertising portal used to tender all Scottish Government supplies, services or works contract opportunities.</p>
<p><b>Real Living Wage</b> A wage rate per hour that is based on the cost of living and is currently voluntarily paid by UK organisations. From 1st April 2022, the rate per hour is £9.90 across the UK and £11.05 in London, for ages 18 and older. The rates are reviewed and updated annually, each April. Organisations can gain accreditation of this with the Living Wage Foundation.</p>
<p><b>Regulated Procurement</b> Contracts above the EU contract threshold values where the relevant EU regulations apply (greater than £50,000 (excluding VAT) for supplies for supplies &amp; services, or £2,000,000 excluding VAT for a public works contract).</p>
<p><b>Regulated Spend</b> Spend above the EU contract threshold values where the relevant EU regulations apply (above 50,000 for supplies and services contracts and above 2,000,000 for works contracts).</p>
<p><b>Stakeholder</b> Any person or group who has a vested interest in the success of the procurement activity, i.e. either provides services to it, or receives services from it.</p>
<p><b>Supplier</b> An entity who provides supplies, services or works; often used synonymously with "vendor".</p>
<p><b>Supply Chain</b> All activities, resources, products and the like involved in creating and moving a product or service from the supplier to the procurer.</p>

<p><b>Supported business</b> An organisation whose main aim is the social and professional integration of disabled or disadvantaged persons.</p>
<p><b>Small and Medium Enterprises (SME's)</b> Enterprises which employ fewer than 250 employees.</p>
<p><b>Third Sector</b> The part of an economy or society comprising non-governmental and non-profit-making organisations or associations.</p>
<p><b>Sustainable procurement</b> A process whereby organisations meet their needs for supplies, services, works and utilities in a way that achieves value for money on a whole life basis and generates benefits, not only for the organisation but also to society, the economy and the environment.</p>
<p><b>Tender Work plan</b> List of upcoming procurement activity including re-tenders, extensions, and new activity.</p>
<p><b>Whole Life Costing</b> Whole life costing takes into account the total cost of a product or service over its lifetime, from concept through to disposal including purchase, hire or lease, maintenance, operation, utilities, training and disposal.</p>





Inverclyde  
council

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<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b>	<b>22 March 2022</b>
<b>Report By:</b>	<b>Corporate Director, Education, Communities and Organisational Development</b>	<b>Report No:</b>	<b>PR/09/22/TM</b>
<b>Contact Officer:</b>	<b>Tony McEwan</b>	<b>Contact No:</b>	<b>01475 712761</b>
<b>Subject:</b>	<b>Progress and Development of Anti-Poverty Interventions 2021-2023</b>		

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## 1.0 PURPOSE

- 1.1 The purpose of this report is to provide the Policy and Resources Committee with progress on the development of the initiatives being funded from the £1.08 million Anti-Poverty Budget and provide an update on the allocation of additional funding from the Council and Scottish Government, including the Winter Support Fund.

## 2.0 SUMMARY

- 2.1 The progress and the development of each initiative and next steps are detailed in section 5 of this report. Some projects have experienced significant delays due to the work required to recruit appropriate staff and also to ensure contracts with providers were put in place and this is reflected in the financial information provided as an appendix to this report. Nevertheless, progress continues to be made across many of the initiatives, to the extent lead officers for each initiative are confident key milestones will be achieved.
- 2.2 In order to progress the employment project (now known as RISE, Routes into Supported Employment) it is being recommended that the upper age limit is extended beyond 30 to 40 to ensure more longer term unemployed individuals in the Greenock town centre are supported.
- 2.3 In addition to the Anti-Poverty Initiatives funded by Inverclyde Council, the Scottish Government has committed additional funding to support people living in poverty and deprivation. The Holiday Meal payments and the Child Payment Bridging Payments continue to support families on low income and who are entitled to free schools meals/school clothing grant with additional cash payments at specific times of the year.
- 2.4 On 29 October 2021, the Scottish Government announced £25m of flexible funding to local authorities to support wellbeing and respond to financial insecurity in their communities. The Scottish Government Winter Support Fund allocated £512,000 to Inverclyde Council with details provided in Paragraph 7.
- 2.5 As part of the 2022/23 Budget the Council agreed to make a payment of £300 to all households in receipt of Council Tax Reduction plus many households exempt from Council Tax, providing support to approximately 10,000 households. Following consideration by the Policy & Resources Executive Sub-Committee on 10 March, this sum was increased to £350 at a total estimated cost of £3.5million. This is in addition to the £150 Cost of Living payment funded by the Scottish Government which has been credited to the 2022/23 Council Tax bill of approximately 32,000 eligible households.

### **3.0 RECOMMENDATIONS**

3.1 It is recommended that the Policy and Resources Committee:

- a) notes the content of this report;
- b) notes the progress made and next steps in the implementation of the initiatives from the Anti-Poverty funding;
- c) approves the extension of the upper age limit to 40 years old in respect of the RISE project;
- d) notes progress in relation to the Winter Support Fund projects ; and
- e) notes the significant level of resources allocated from Council Reserves to support approximately 10,000 households in coming months.

**Ruth Binks**  
**Corporate Director**  
**Education, Communities and Organisational Development**

## 4.0 BACKGROUND

- 4.1 In January 2020, the Scottish Index of Multiple Deprivation (SIMD) report identified Inverclyde as the area with the largest local share of deprived areas, with 45% of data zones among the 20% most deprived in Scotland. Greenock Central was ranked as the most deprived data zone in Scotland.
- 4.2 In May 2021 the Policy and Resources Committee agreed to fund a series of targeted interventions to address poverty and deprivation in populations with the greatest inequalities. The interventions would be funded through an allocation of £1m from the Council and the Integration Joint Board (IJB) and would focus on initiatives to address unemployment and employability; support for people experiencing difficulties with alcohol and drugs, mental health and / or people who are experiencing food insecurity.
- 4.3 The issues faced by people affected by poverty are often complex and require services to work together to try and resolve them. An Anti-Poverty Steering Group was established, comprising of the two Corporate Directors and the two Interim Directors and the Head of OD, Policy & Communication, to provide strategic leadership, monitoring and guidance in relation to the Anti-Poverty funding.
- 4.4 An officer implementation group was also established, chaired by the Head of Culture, Communities and Educational Resources. This group is responsible for the delivery of the agreed projects and initiatives within timescale, within budget and in accordance with procurement guidelines. It also provides a forum for lead officers to share practice and reduce organisational barriers to progress. A part time Anti-Poverty team leader has also been employed to collate, monitor and evaluate progress of the individual initiatives, reporting to both the implementation and steering groups.
- 4.5 In addition to the Anti-Poverty Initiatives funded by Inverclyde Council, the Scottish Government has allocated additional funding to provide further support to people living in poverty and deprivation. The Holiday Meal payments and the Child Payment Bridging Payments continue to support families on low income who are entitled to free schools meals/school clothing grant, by providing additional cash payments at specific times of the year.
- 4.6 On 29 October 2021, the Scottish Government announced £25m of flexible funding to local authorities to support wellbeing and respond to financial insecurity in their communities. The Scottish Government Winter Support Fund allocated £512,000 to Inverclyde Council to reduce the pressure on household finances as a result of cost increases around fuel and food insecurity. The allocation of this funding was approved by Policy and Resources on 2 February 2022.

## 5.0 PROGRESS OF INTERVENTIONS

- 5.1 The progress of each of the interventions funded by the £1.08 million from Inverclyde Council, in addition to the Scottish Government funds to mitigate poverty and deprivation, are detailed in this section and appendix 1 provides a summary of the financial information to date. Now that much of the preliminary work such as recruitment and getting appropriate contracts in place, much of the spend in relation to the projects has only just begun. Nevertheless, lead officers for each initiative are confident that key milestones will be achieved with the majority of spend taking place in 2022/2023. Progress and next steps for each project are detailed below:
- 5.2 **RISE (Routes into Supported Employment): £1,037,000 (Project Start November 2021-Project End 1 November 2023)**

Inverclyde HSCP has employed three community support staff to work directly with 15 male clients who live in the Greenock Town Centre area. This will be followed by 15 male clients from the Port Glasgow area. The team received a range of specialised training to ensure it offers the right support at the right time to these clients from the areas identified as suffering

from the most deprivation. Due to the complex nature of the support required for this cohort of men who are long-term unemployed, are in recovery and /or have been affected by mental health issues, the project relies on local services and organisations working collaboratively to create programmes and activities to support the needs of the clients to keep them engaged in the programme.

While it was anticipated that this project would start delivering support from the summer 2021 there have been numerous delays due to challenges in recruiting the Community Support Workers. All three have now been recruited and have started working on the project. The community support team has already consulted and engaged with people with lived experience of recovery, long term unemployment and mental health services to explain the concept of the project, to establish the name of the project that would encourage uptake. Those with lived experience suggested the project should be called “Routes into Supported Employment (RISE)”.

The dedicated Occupational Therapist (OT) will provide clinical and practical support to the community support team to develop programmes that will help engage and empower the men recruited to the initiative. The OT service facilitates recovery and helps clients overcome the physical barriers which re preventing them from participating in learning, training, volunteering or employment. The OT will immediately review the case files of current recovery service users who may meet the criteria, and to identify others who would be eligible to participate in the employability programme. The Occupational Therapist recruitment has now been successful and the safer recruitment process is underway.

There are now 7 individuals being engaged in the project. The community support team has also identified individual programmes and discussed the anticipated outcomes and planned activities with the men to encourage them to remain engaged. The service has invested in the “Triangle Outcome Star” as a framework to measure individual success and monitor the journey of the men who engage in the programme. The community support team has received training to use this framework which assists tracking and monitoring of individual progress and for outcomes, learning and achievements to be reported and shared. The community support team has highlighted that identifying this particular cohort of individual men who are ready to engage with the project has been challenging and recent data has suggested that by extending the upper age limit beyond 30 will allow the service to engage more people who have been longer-term unemployed.

**Next Steps** - The immediate next steps for the project is for the team to engage with both public and third sector organisations to facilitate further and ongoing training support throughout the next six months of the project.

In addition and if approved by committee, the team will engage and recruit a wider targeted cohort of men to participate in the project with an expectation that the active client will increase by end of April 2022.

### **5.3 Social Workers in School (SWIS) project: £202,000 (November 2021 – June 2023)**

Based on the findings of the CELSUS work around early intervention and child neglect and the links to poverty, the Social Workers in School (SWIS) project has recruited two full time social workers who are working with Aileymill Nursery, Aileymill Primary School, Larkfield Children’s Centre and St Andrew’s Primary School; all based in South/South West of Inverclyde, since January 2022. These establishments were selected following an analysis of the SIMD profiles of pupil populations and assessments of need. The social workers are working alongside the Request for Assistance Team in order to maintain their professional standards of practice and maintain access to professional supervision.

The expected outcomes of the project is to enhance the wellbeing assessments of children and support the intervention process to facilitate change in children’s lives. The impact of this project should be a reduction in referrals to statutory services through targeting children on the cusp of social work involvement, rather than working with those children already known to social work, who are on Statutory Supervision Orders or the Child Protection Register. After initial discussion and assessment with the family, the Social Workers in

schools is developing multi-agency wellbeing assessments and plans to be shared with the Joint Support Team. Other partners also have the opportunity to bring their assessments to this group. This model of practice will ensure that a greater level of time is spent planning input and interventions for the child.

It was intended that this project would be operational in August 2021, however, there were significant delays due to wider challenges around the employment of social workers. There is now a member of the social work team seconded to this project and a second social worker has been employed from out with the authority area which pushed back the starting date for the project to January 2022.

While the recruitment process delayed the recruitment of staff the project team established the Inverclyde Joint Support Team and put in place the systems required to support the Social Workers in School project, and the Joint Support Team meet on an eight weekly basis. This Joint Support Team has engaged with local stakeholders, and is building on the strengths of community-based networks to establish plans to address the link between poverty and other vulnerabilities (e.g. parental physical and mental health and substance misuse). This initiative is in line with the UNCRC and The Promise, 'help me, help my family'.

The Educational Psychology Service, Social Work Service Manager, the designated establishments and workers held an information sharing event in December 2021. This event introduced the rationale behind the Joint Support Team processes and the operational structures and how the Social Work in Schools project will enhance the wellbeing assessment of children.

**Next Steps** – An evaluation and review of the referral process to identify families who will benefit from working with the school based social work team will take place in early March 2022.

By the end of March/April 2022 the SWIS project will establish a database to monitor the number of children and families who receive the support from the project, length of involvement and the family/child outcome. The Joint Support Team will also report on the number of Team Around the Child meetings that take place and outcome from those meetings.

#### 5.4 **Business Start Up: £167,000 (December 2021-March 2023)**

It was anticipated a business development officer would be employed to implement and develop this project in 2021. However, there have been challenges recruiting to this project, therefore the Business Development Agency (BDA) will now include the Business Start Up initiative within its existing contract to encourage local entrepreneurialism and self-employment and to support local businesses to sustain success and grow. Due the issues around the recruitment at the earlier stages of this programme, the programme will not begin until the end of March 2022.

The contract agreed with the BDA aims to create 30 new business start-up opportunities in the most deprived localities based on the SIMD 2020 data in the first year of the initiative. A tailored programme of support, communication and marketing has been modified to ensure the BDA contract targets the identified communities. The support grants for the start-up businesses have been identified and are being progressed.

**Next Steps** – The BDA along with Inverclyde Council will publicise the project through social media and local engagement, potentially creating an event to encourage people with business ideas and to take forward new business in the area.

By April 2022 the BDS will engage local entrepreneurs to discuss establishing businesses in the Port Glasgow or Greenock Town Centre area of Inverclyde.

#### 5.5 **Food Insecurity: £124,000 for two years (October 2021 to 24 October 2023)**

### The Zero Waste Food Pantry Total Allocated - £60,000 (2021/22 – 2022/23)

The first Inverclyde Zero Waste Food Pantry opened in early December 2020 in Grieve Road, Greenock and the membership has steadily increased to almost reach its maximum capacity of 700 members. Inverclyde Council committed £30,000 per year for two years to support the Grieve Road Pantry from 25 October 2021 until 24 October 2023. The Grieve Road Zero Waste Pantry is managed and supported by Inverclyde Community Development Trust (ICDT), a one year plus one year contract has been signed by ICDT for this funding.

Due to the funding being allocated by Inverclyde Council, the ICDT successfully applied for funding from Development Trusts Association Scotland (DTAS) to pay for ongoing additional volunteering costs, shop maintenance and buying additional goods to stock the Grieve Road Zero Waste pantry.

The Zero Waste Pantry in Grieve Road supplies 39 tonnes of surplus food per year from Glasgow Fare Share and works collaboratively with local organisations such as the Inverclyde Shed to provide free locally grown vegetables to supplement a weekly shop. The Pantry provides surplus food to help reduce the pressure on households who are financially insecure, facing food and/or fuel insecurity, with dignity and respect without the need to be referred to foodbanks. The Pantry provides access to affordable nutritious food at £2.50 per shop which can lead to a saving of £10-£15 per household per week.

A “Pay it Forward” scheme has been established to support people who are struggling to pay for goods. The local registered social landlords are also supporting the Pantry by buying membership for their tenants. The Grieve Road Zero Waste Food Pantry has also recruited three new volunteers who are developing skills in retail in the community. One of the volunteers is currently engaged in training and is participating in SVQ level 3 qualifications.

Currently there are more than 200 members of the pantry who live in the Port Glasgow or East/Central locality, however, access and the cost of transport has been reported as a challenge for some of the families who live there. Therefore the ICDT successfully applied for National Lottery Community Fund to establish a Pantry in the Port Glasgow locality. A premises in John Wood Street Port Glasgow has been identified and the public is currently being consulted on the use of this property.

**Next Steps:** Depending on the outcome of the public consultation ending 14 March 2022 a Port Glasgow Pantry will open in late March 2022 and it is anticipated that 200 + members of Grieve Road Pantry will transfer their membership.

The Pantry will continue to engage with the wider community to encourage local volunteer and training opportunities along with providing surplus food to its members.

### 5.6 **Fare Share Glasgow Membership (£64,000) 2 memberships for 2 year period (November 2021 – Year 1 - November 2022 – Year 2)**

Inverclyde Council has purchased two annual memberships from Glasgow FareShare to supply surplus food to the Inverclyde Zero Waste Food Pantry and to Parklea Branching Out in Port Glasgow. Parklea Branching Out has supplied and distributed the surplus food to local community organisations, local schools and family support service users as a short term support to individuals and families identified as most vulnerable. The cost of the two Fare Share memberships is £32,000 per year.

**Next Steps** - Once the pantry in Port Glasgow is open to the community, the Fare Share membership will transfer from Parklea Branching Out to the Port Glasgow Pantry until the membership ends in November 2023. Parklea Branching Out will continue to work in partnership with the Pantry, referring vulnerable clients or those who are financially insecure to take up membership. HSCP will also support those families who have been consistently receiving surplus food direct from Parklea Branching Out by assisting with purchasing memberships from the Pantry.

## 5.7 **Fuel Insecurity: £200,000**

IHeat has received a direct award to continue with the allocation £100,000 of funding for 2022/23.

IHeat already supports older people over 75 years to prevent them falling into debt due to utility costs. IHeat currently offers advice, information and funding of £75 for utilities. For 2020/21 this was increased to £150 to account for older people shielding or self-isolating and the likelihood they will be using more gas and electricity.

Throughout the Winter 2021/22 to 25 February 2022 IHeat has engaged 960 people in the 70 years plus age group and has already provided 754 with £75 of fuel funding. IHeat has confirmed that it expects to process the remaining 206 by the end of the financial year 2021/22. The total cost of this provision is £72,000. At the Policy & Resources Executive Sub-Committee on 10 March, 2022 it was agreed to increase the support for applications between December 2021 and April, 2022 to £150 to allow support to around 1200 households.

In addition, other Inverclyde households will receive support through the Wise Group Energy Crisis Fund (IHeat) to ensure that their energy supply is sustained. IHeat employees will work with households to equip them with the tools, skills and knowledge to manage their energy usage in future. Households with prepaid meters will receive a £49 top up fund if they are in danger of disconnection. These households will also receive support and advocacy from IHeat to ensure the best utility deal is offered. Households who pay quarterly credit or monthly will receive support and advocacy and a one off charitable grant of £50 will be allocated to the customer energy billing account. However, due to capacity challenges within IHeat, it has indicated that this part of the project is not yet complete and the spend for the full £20,000 allocated for fuel crisis grants (£49 top up) for those younger than 70 years will be carried forward into next financial year.

**Next Steps** – Post April 2022 IHeat will continue to engage with people who are aged 70 years and older to ensure they receive the £75 top up grant if they are facing fuel insecurity.

By the end of the direct award in 2023, IHeat will have engaged with more than 800 vulnerable households in danger of disconnection, to offer fuel advice, advocacy and financial support. (This is the £50.00 for people under 70 years who would get the one off charitable grant – which would be 800 households)

## 5.8 **Financial Fitness Team: £30,000 per year 2021/23**

A direct award has been provided to the Financial Fitness Team for the continuation of service delivery for one further financial year 2022/23, this funding will end in March 2023.

Inverclyde Council provides Financial Fitness with £30,000 per year to provide support, benefits advice and financial management. This service provides people across the community with a choice of services for them to seek support and assistance regarding their finances.

## 5.9 **Starter Packs: £74,000 to March 2023**

Starter Packs is a small community organisation who provides those on the lowest income with a range of household products to assist with their first tenancy.

Inverclyde Council has provided a direct award to Starter Packs for one further year to March 2023. The award from the Anti-poverty funding ensures continuation of the service and to provide 315 new vulnerable tenants with a range of small essential household goods with packs for their new home per year.

In past nine months 2,637 individual packs includes bedding, dishes, pots, utilities etc. were distributed. In total the initiative has supported 353 households This is an increase from 2020/21 when a total of 304 households were supported.



#### 5.10 **Early Intervention Support and Mentoring for Families: £104,000 to October 2023**

The Homestart Inverclyde project aims to provide support to mitigate the impact of poverty due to parental mental health. It offers wellbeing support and helps build resilience by providing a confidential, preventative service which supports parents who are or have been isolated, helping to prevent family stress and breakdown. Homestart Inverclyde will provide specific early intervention, friendship, practical help and mentoring support for 20-25 new families with children under 5 years within the first year of the project. Homestart will engage, recruit and train 15 new local volunteers as peer support volunteers to work with the families identified. This will impact on increasing volunteer skills, knowledge experience and capacity, which will increase their employment opportunities.

Homestart Inverclyde was awarded £50,000 for one year from October 2021, with an option to continue in year 2, with the remaining £54,000 allocated being paid in October 2022. This funding has been awarded to provide increased staff capacity, recruit and train new volunteers and to enhance early intervention family support, the project will end in October 2023.

Since the project in started in October, Homestart Inverclyde has been successful in recruiting a Family Support Coordinator and Family Support Worker to engage and encourage families to participate in the programme. Homestart Inverclyde has also recruited its first 10 new peer support volunteers and delivered training in December 2021. The volunteers are offering confidence-building and nurturing support, budgeting and advocacy, and providing pathways into other services depending on the needs of the parents. Homestart Inverclyde has also engaged with Stepwell to provide cooking, meal preparation and food management opportunities for parents engaging in the service.

Homestart Inverclyde advised that the majority of the clients engaged in its programmes are lone parent families, predominately women who are living in poverty with many requiring post or perinatal support.

**Next Steps** - The next stage for this project is to establish a matching support service for the 10 new volunteers to offer specific peer support to individual families within their homes and communities. It is anticipated that all 10 volunteers will be matched with families by the end of May 2022.

#### 5.11 **Tail o'the Bank Credit Union: £8,000**

Tail o'the Bank Credit Union will benefit from non-domestic rates relief for the period 2021/23.

### **6.0 HOLIDAY MEAL & CHILD PAYMENT BRIDGING PAYMENTS: 2022/23**

6.1 In addition to the Anti-Poverty Initiatives funded by Inverclyde Council, the Scottish Government has also provided additional funding to support people living in poverty and deprivation. Child Payment Bridging Payments will continue to support families on low income who are entitled to free schools meals/school clothing grant, with additional cash payments at specific times of the year until the end of 2022. The Child Payment Bridging Payment will cease once the new Scottish Child Payment is rolled out to Under 16s in early 2023.

6.2 In September 2021 Committee approved the maintaining of the enhanced eligibility to Holiday Meals and the extra £0.50/day payment for remainder of 2021/22 and to maintain the Bridging Payments for the remainder of 2021/22. This annual cost of £218,000 is funded from the Anti-Poverty Earmarked reserve in 2022/23 and then from the Anti-Poverty recurring Budget from 2023/24.

## 7.0 WINTER HARDSHIP SUPPORT FUNDING 2021/22

7.1 On 29 October 2021, the Scottish Government announced £25m of flexible funding to local authorities to support wellbeing and allow them to increase their response to financial insecurity in their communities. The Scottish Government Winter Support Fund allocated £512,000 to Inverclyde Council with the aim of reducing the pressure on household finances as a result of cost increases around fuel and food insecurity during Winter 2021/22. Appendix 2 provides a summary of the spend to date.

Inverclyde Council is allocating this additional funding for the following initiatives:

- Crisis grant awards (£40,000)  
Provide a further 20% increase in the level of Crisis grant awards for the remainder of 2021/22 plus allowance for increase in demand experienced in the last 2 months. This funding will be fully allocated by 31 March 2022.
- Community Care Grants (£110,000)  
Increase funding to meet the significant increase in Community Care Grants administered via the Scottish Welfare Fund in 2021/22. This additional support will help individuals with the costs of essential goods when moving into new tenancies/homes, and reduces the risk of homelessness. This grant will be fully allocated by 31 March 2022.
- Starter Packs (£10,000)  
Increase funding to Starter Packs to provide essential support to individuals /families settling into a new home during Winter 2021/22. This will support new tenants with small electrical items and winter bedding packs.
- Winter Child Payment Bridging Payment (£154,000);  
Further support families on low incomes who are entitled to the Winter Child Payment Bridging Payment by £50 to £210/eligible child. This payment was made by the Council in February 2022 in respect of three thousand children living in the lowest income households.
- Council Tax Reduction (£70,000)  
Provide £100 to approximately 700 Council Tax Reduction recipients with no children within their household not covered by earlier scheme.  
By the end of February 2022, 664 households received the Winter Support Payment (£66.4k) directly into their accounts or by Council Tax account credits.
- iHeat (£100,000).  
Increase funding to iHeat to increase the amount of financial support offered to people over 70 years as part of the Elderly Heating Project. This has funded the approved increase of the payment from £75-£150 in 2021/22.
- Inverclyde foodbanks (£28,000)  
Support to Inverclyde foodbanks so they can support the most marginalised households with both food and fuel vouchers when necessary. A Direct Award has been made to local foodbanks to supply people who are referred with both food and fuel vouchers.

Winter Hardship Support Payments will be made through existing service provision to organisations within the first three months of 2022 with any unallocated sum at 31 March 2022 added to the Anti-Poverty Fund.

## 8.0 IMPLICATIONS

### 8.1 Finance

As part of the 2022/23 Budget the Council set aside £3.0million to provide a Cost of Living Payment to around 10,000 households. On the 10 March this was increased by a further £500,000 to allow a £350 payment to be made in coming months.

Financial Implications:

One off Costs

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

Annually Recurring Costs/ (Savings)

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

**8.2 Legal**

There are no legal implications other than those highlighted in the report.

**8.3 Human Resources**

Any HR implications are highlighted in the report.

**8.4 Equalities**

Equalities

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

X

YES

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?

X

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

NO

(c) Data Protection

Has a Data Protection Impact Assessment been carried out?

X

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

NO

## 8.5 Repopulation

Tackling the deep seated inequalities in Inverclyde will have a positive impact of the area's population.

## 9.0 CONSULTATIONS

9.1 None.

## 10.0 BACKGROUND PAPERS

10.1 None.

Recurring Anti Poverty Funding						Appendix 1	
Intervention	Original Estimated Total Cost	Revised Estimated Total Cost	Approved Budget 2021/22	Revised Estimate 2021/22	Actual to 21/02/22	Estimate 2022/23	Estimate 2023/24
Dedicated Team Leader	£72,000	£72,000	£36,000	£27,000	£21,231	£36,000	£9,000
Employment	£1,037,000	£1,037,000	£518,500	£44,000	£13,458	£518,500	£474,500
School Linked Social Workers	£202,000	£151,500	£101,000	£31,000	£14,917	£101,000	£19,500
Business Start Up	£167,000	£167,000	£83,500	£33,400	£0	£133,600	£0
Food Insecurity	£124,000	£124,000	£62,000	£25,300	£17,784	£62,000	£36,700
Fuel Insecurity	£200,000	£200,000	£100,000	£100,000	£50,000	£100,000	£0
Financial Fitness	£60,000	£60,000	£30,000	£30,000	£22,500	£30,000	£0
Starter Packs	£74,000	£74,000	£37,000	£37,000	£27,750	£37,000	£0
Early Intervention Support & Mentoring for Families	£104,000	£104,000	£52,000	£26,000	£13,000	£52,000	£26,000
Tail o' the Bank Credit Union	£8,000	£8,000	£4,000	£4,000	£4,000	£4,000	£0
Contingency	£112,000	£162,500	£56,000	£0	£0	£162,500	£0
	£2,160,000	£2,160,000	£1,080,000	£357,700	£184,640	£1,236,600	£565,700

Note: Contingency balance will be added to the Anti Poverty EMR at 31/03/22.

Winter Support Fund 2021/22

**Appendix 2**

<u>Intervention</u>	Approved Budget	Revised Estimate	Actual to 21/02/22
iHeat Funding	£100,000	£100,000	£0
20% Increase in Crisis Grant awards	£40,000	£40,000	£40,000
Increase in Community Care Grants under SWF	£110,000	£110,000	£110,000
Starter Packs - Increased Funding	£10,000	£10,000	£0
Winter Child Bridging Payments £50 additional	£154,000	£154,300	£154,300
CTR for individuals with no children £100 Payment	£70,000	£66,400	£66,400
Foodbank payments	£28,000	£28,000	£0
Contingency	£0	£3,300	£0
	<u>£512,000</u>	<u>£512,000</u>	<u>£370,700</u>

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<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b>	<b>22 March 2022</b>
<b>Report By:</b>	<b>Interim Director, Finance &amp; Corporate Governance</b>	<b>Report No:</b>	<b>FIN/18/22/AP/LA</b>
<b>Contact Officer:</b>	<b>Alan Puckrin</b>	<b>Contact No:</b>	<b>01475 712223</b>
<b>Subject:</b>	<b>Community Asset Transfers – Remit from Inverclyde Council</b>		

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## 1.0 PURPOSE

- 1.1 The purpose of this report is to seek Committee approval for a number of proposed actions following a remit from the September meeting of Inverclyde Council for officers to review ways to address a number of issues being experienced in relation to community leases and asset transfers

## 2.0 SUMMARY

- 2.1 On the 23 September, 2021 the Council agreed to a request from Councillors Ahlfeld and Quinn for officers to bring back a report addressing the concerns raised by the Councillors regarding delays and communication issues being experienced by community groups in relation to entering leases and concluding transfer arrangements with the Council.
- 2.2 A group of senior officers with representation from Community Services, Legal, Property, Finance and Policy have met to identify areas where improvements can be made and the proposals are captured in an Action Plan in appendix 1.
- 2.3 It is intended that the Action Plan will be fully delivered by the summer. The recently approved Scheme of Delegation has confirmed that the statutory annual reporting in relation to Asset Transfers in term of the Community Empowerment Act will now be under taken by the Head of Culture, Communities and Educational Resources and as such, progress against the Action Plan will be reported to the Education & Communities Committee.

## 3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee approve the Action Plan in appendix 1 and note that future reports on this matter will be presented to the Education & Communities Committee.

**Alan Puckrin**  
**Interim Director, Finance & Corporate Governance**

## **4.0 BACKGROUND**

- 4.1 On the 23 September, 2021 the Council agreed to a request from Councillors Ahlfeld and Quinn for officers to bring back a report addressing the concerns raised by the Councillors regarding delays and communication issues being experienced by community groups in relation to entering leases and concluding transfer arrangements with the Council.
- 4.2 The concerns raised included the following:
- Lengthy delays in the process
  - Poor communications
  - Confusing processes
  - Burdensome costs
- 4.3 A group of senior officers with representation from Community Services, Legal, Property, Finance and Policy have met to identify areas where improvements can be made and the Interim Director Finance & Corporate Governance met with two of the community groups to hear their concerns first hand.

## **5.0 PROPOSALS**

- 5.1 Officers recognise the concerns raised by both the Councillors and community groups and whilst there will always need to be adherence to regulation, governance and Best Value, improvements for the process have been identified.
- 5.2 Officers have developed an Action Plan shown in appendix 1 and believe these proposals have the potential to make improvements in the experience of groups in the community when dealing with the Council on these matters.
- 5.3 In addition, the recently approved Scheme of Delegation has confirmed that the statutory annual reporting in relation to Asset Transfers in term of the Community Empowerment Act will now be undertaken by the Head of Culture, Communities and Educational Resources rather than property services and as such progress against the Action Plan will now be reported to the Education & Communities Committee rather than the Environment and Regeneration Committee.

## **6.0 IMPLICATIONS**

### **6.1 Finance**

Officers acknowledge that achieving Best Value for the Council in the transfer/leasing of assets to community groups needs to take into account overall community benefits as well as financial considerations and it is believed that the revised processes will allow Committees to be able to assess the benefits in totality to the Council when considering such requests.

- 6.2 Any proposals will clearly set out the financial costs/income and associated risks.



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					

**6.3 Legal**

Legal Services have been consulted in respect of the Action Plan and will form part of the new Asset Transfer/Lease officer group.

**6.4 Human Resources**

There are no HR issues arising from this report.

**6.5 Equalities**

Equalities

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

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

(b) Fairer Scotland Duty

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

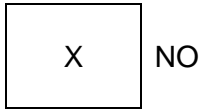
Has there been active consideration of how this report's recommendations reduce inequalities of outcome?

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

(c) Data Protection

Has a Data Protection Impact Assessment been carried out?

<input type="checkbox"/>	YES – This report involves data processing which may result in a high risk to the rights and freedoms of individuals.
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## 6.6 **Repopulation**

A vibrant community sector will help in the Council's efforts to reverse population decline.

## 7.0 **CONSULTATIONS**

7.1 The contents of the report and Action Plan are supported by the CMT

## 8.0 **BACKGROUND PAPERS**

8.1 Councillor Request- 23.9.21 Inverclyde Council

Asset Leases/Transfers – Action Plan

## Improving Community Access/Advice

Item	Issue	Action	Who By?	When?
1.	<b>Identify single point of contact for enquiries.</b>	CMT to confirm lead officer and ensure capacity exists to support community requests.	Ruth Binks	April 2022
		Create dedicated email address for enquiries and place on web site.	Tony McEwan	April 2022
2.	<b>Multi-disciplinary officer group required to regularly track progress on requests.</b>	Identify leads in Community, Legal, Property, Finance and Policy. Commence regular meetings to track progress and drive forward requests.	Tony McEwan	April 2022
3.	<b>Update Council Web pages to make them user friendly and easier to understand.</b>	Review and consolidate information on Council website.	Tony McEwan	April 2022
		Create check list for use by Community Groups identifying information required and examples of good practice.	Tony McEwan	April 2022
4.	<b>Provide training to Community Groups.</b>	Develop materials, identify facilitators and potential attendees.	Tony McEwan	From May 2022

## Governance

Item	Issue	Action	Who By?	When?
1.	<b>Review current format of leases.</b>	Develop options for consideration by CMT then Committee taking account of the differences between commercial and community organisations whilst adhering to Best Value requirements when the Council is granting leases in a Community Empowerment Asset Transfer situation.	Iain Strachan/Eddie Montgomery.	July 2022
2.	<b>Clarify if/when legal advice is mandatory for Community Groups</b>	Include examples and advice within the relevant website pages.	Iain Strachan	May 2022
3.	<b>Transparent assessment and scoring mechanism required to assist Member and officer consideration of requests.</b>	Develop proposals and report thereon to Education & Communities Committee.	Tony McEwan	June 2022
4.	<b>Develop approach to reporting to Scottish Government/ Council and CMT.</b>	Develop a reporting schedule for consideration by CMT/Committee.	Tony McEwan	June 2022

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<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b>	<b>22 March 2022</b>
<b>Report By:</b>	<b>Interim Director Environment &amp; Regeneration</b>	<b>Report No:</b>	<b>PR/07/22/MM</b>
<b>Contact Officer:</b>	<b>Martin McNab</b>	<b>Contact No:</b>	<b>01475 714246</b>
<b>Subject:</b>	<b>Tender for a Delivery Partner for 2022/2023 Energy Efficiency Scotland: Area Based Schemes</b>		

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## 1.0 PURPOSE

- 1.1 The purpose of this report is to seek Committee approval to grant delegated authority to the Head of Legal & Democratic Services to accept a tender for a Delivery Partner for the 2022/23 Energy Efficiency Scotland, Area Based Schemes (ABS) Programme as per the Standing Orders for Contracts 20.3 (ii).

## 2.0 SUMMARY

- 2.1 The current Contract for the Delivery Partner for the 2020/2021 ABS Programme is now in the optional extension period and this will expire on 30 June 2022
- 2.2 The tender for the 2022/2023 ABS programme Delivery Partner is currently being prepared for advertising mid-April 2022. The Standing Orders relating to Contracts 20.3 (ii) stipulates that the Committee must approve acceptance of tenders that exceed £1M in value.
- 2.3 The Scottish Government has yet to confirm the exact value of the funding award for the 2022/23 ABS programme however it is expected to be approximately £1.4m in line with previous years. The funding award is expected to be announced by the 1<sup>st</sup> April 2022.
- 2.4 The current anticipated date of the award of contract is estimated to be 1<sup>st</sup> July 2022. It is requested that the Committee grants delegated approval to the Head of Legal and Democratic Services to accept the most economically advantageous tender on behalf of the Council owing to the timescales around this tender.

## 3.0 RECOMMENDATIONS

- 3.1 That the Committee grants delegated authority to the Head of Legal & Democratic Services to accept the most economically advantageous tender for a Delivery Partner for the 2022/2023 ABS Programme, and also subject to further funding from the Scottish Government, accept the optional year extension to the Contract, as per the Standing Orders relating to Contracts 20.3 (ii).

**Martin McNab**  
**Interim Head of Covid Recovery & Public Protection**

## 4.0 BACKGROUND

- 4.1 Local Councils, COSLA and the Scottish Government are working hard to deal with fuel poverty, and to reduce greenhouse gas emissions in order to tackle the threat of climate change. As part of a range of programmes aimed at achieving these objectives, the Scottish Government has developed and funded Energy Efficient Scotland: Area Based Scheme (ABS).
- 4.2 Scottish Ministers have approved the following key objectives for the area-based schemes – reduce fuel poverty; reduce carbon emissions; lever Energy Company Obligation (ECO) funding and support the local economy and sustainable local economic development.
- 4.3 The Scottish Government’s two aims for the design of the schemes are to achieve the maximum impact across Scotland in terms of meeting ABS objectives, and within this to make it as fair, speedy and straightforward as it can be.
- 4.4 To achieve the above aims Local Authorities, in line with their Local Housing Strategy, should develop collaborative area based schemes which target the most fuel poor areas beginning with those in most need of assistance. The ABS programme should deliver annual fuel savings, reduce annual CO2 emissions and leverage utility company funding where possible.
- 4.5 From 2013 to date a total of £13,224,495 ABS funding has been awarded to Inverclyde from the Scottish Government, this includes £1,991,983 additional funding awarded due to timeous completion of programmes and ability to achieve spend.

During this time the Council have worked successfully on the following collaborative area based programmes, providing External Wall insulation to 2,381 properties in Inverclyde:

River Clyde Homes - Roxburgh/Wellington Street Greenock, John Street Greenock, Broomhill Greenock, Bardrainey Port Glasgow, Cowdenknowes Greenock and currently Park Farm Port Glasgow

Link Housing Association – Balfour Street Port Glasgow and Bardrainey Port Glasgow

Larkfield Housing Association – Larkfield, Greenock

Oak Tree Housing – Bow Road Greenock, Overton Greenock

## 5.0 PROPOSALS

- 5.1 The tender for the Delivery Partner for the ABS 2022/2023 Programme will be advertised by April 2022.
- 5.2 It is proposed that, to proceed to award the Contract with an anticipated date of 1<sup>st</sup> July 2022 delegated authority for this is granted to the Head of Legal and Democratic Services.

## 6.0 IMPLICATIONS

### 6.1 Financial

Effective, full and timely use of Scottish Government Funding is likely to be impacted if the Contract Award is delayed. Funding is external with a minimum of £20K per annum coming to the Council as admin fees.

#### One off Costs

Cost Centre	Budget Heading	Budget Year	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 Human Resources

There are no HR implications related to this proposal

### 6.3 Legal

There are no legal implications related to this proposal

### 6.4 Equalities

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

Yes See attached appendix

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.

Services to our customers, full cognisance is taken of equality and diversity processes and procedures, including

- The provision of free and easily accessible advice and information.
- Ensuring awareness of the availability of services.
- Regularly reviewing delivery methods to ensure inclusion.

(b) Fairer Scotland Duty

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

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

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

NO

(c) Has a Data Protection Impact Assessment been carried out?

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

NO

## **7.0 Consultations**

7.1 None

## **8.0 Background Papers**

8.1 None