

A meeting of the Policy & Resources Committee will be held on Tuesday 15 August 2023 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 14 August 2023 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.

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IAIN STRACHAN
Head of Legal, Democratic, Digital & Customer Services

BUSINESS

**** Copy to follow**

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PERFORMANCE MANAGEMENT	
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NEW BUSINESS	
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The reports are available publicly on the Council’s website and the minute of the meeting will be submitted to the next standing meeting of the Inverclyde Council. The agenda for the meeting of the Inverclyde Council will be available publicly on the Council’s website.

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Enquiries to – Colin MacDonald – Tel 01475 712113
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Report To:	Policy & Resources Committee	Date:	15 August 2023
Report By:	Chief Financial Officer	Report No:	FIN/41/23/AP/AE
Contact Officer:	Angela Edmiston	Contact No:	01475 712143
Subject:	Revenue Budget Out-Turn 2022/23		

1.0 PURPOSE AND SUMMARY

1.1 For Decision For Information/Noting

1.2 The purpose of this report is to advise Committee of the unaudited outturn of Service Committee Budgets for the year ending 31 March 2023. Furthermore, the report highlights any significant variances between revised budgets, Period 11 Revenue Budget reports and outturn per the 2022/23 Unaudited Accounts.

1.3 The outturn per the Unaudited Accounts shows an underspend for 2022/23 of £1,580,000 (Appendix 1) for all Budget holding Service Committees. This represents an underspend of 1.11% against 2022/23 revised budget of £141,734,000. This excludes Social Care as this now sits with the IJB and the IJB CFO since 2021/22. Social Care have been responsible for setting and monitoring of their own budgets. The main areas of underspend includes:

- Additional turnover savings achieved across the Council of £1,875,000
- Overspend of contingencies of £1,688,000, mainly due to increased pay and utility costs
- Over-recovery of Internal resource Interest of £1,746,000

1.4 Appendix 1 shows an increase in the underspend reported to the last Policy & Resources Committee (Period 11) of £1,338,000. Appendix 2 provides the material variances for individual Committees and further explanations for the significant variances during the year which are also detailed in section three.

2.0 RECOMMENDATIONS

2.1 It is recommended that the Committee note the underspend per the unaudited accounts for 2022/23 of £1,580,000, the reasons for the material variances from budget and the movement of £1,338,000 from Period 11 to the unaudited Outturn.

2.2 It is recommended that the Committee note that officers will identify where there are any matters which will impact on the 2024/26 Budget development.

Alan Puckrin
Chief Financial Officer

3.0 BACKGROUND AND CONTEXT

- 3.1 The outturn per the unaudited accounts for 2022/23 was an underspend of £1,580,000 for all Service Committees. The outturn comprises of underspends of £142,000 within Policy & Resources Committee, £707,000 within the Environment & Regeneration Committee £731,000 within Education & Communities. It should be noted that the underspend within Social Care is not included within this report as all monitoring and reporting is to the IJB and any underspend/overspend is retained by the IJB and does not impact on the Council's reserves.
- 3.2 The main areas of underspend relate to additional turnover savings achieved and an over-recovery of Internal Resource Interest. These are off-set with an overspend within Policy & Resources within the Inflation Contingency budgets. Other main variances are shown in Appendix 1. Appendix 2 provides more details regarding the material variances. .
- 3.3 Further details on the 2022/23 outturn will be submitted to individual Committees as part of the first 2023/24 Revenue Budget Monitoring Reports.
- 3.4 The accuracy of budgeting and projections is an important measure of the Council's Financial Management performance. The percentage variance for 2022/23 was just over 1% and excludes Social Care. Since 2021/22 the IJB have been responsible for setting and monitoring their own budget. In the table below the percentage variance prior to 2021/22 is inclusive of Social Care variance. The following table shows the variance for the last 5 years and the percentage variance against revised revenue budget for the relevant year.

Year	Variance	Percentage Variance
2018/19*	Underspend £3.181m	1.87%
2019/20*	Underspend £2.172m	1.23%
2020/21*	Underspend £2.370m	1.29%
2021/22	Underspend £1.130m	0.85%
2022/23	Underspend £1.580m	1.11%

*Includes Social Care

4.0 PROPOSALS

- 4.1 It is proposed that the Committee notes the main variances between the approved Budget, P11 projections and out-turn and that these will be reported in more detail to the next cycle of Committees.
- 4.2 The Finance Managers and Budget Holders will review each of the areas of material variance and identify areas which will impact in 2023/24 and beyond.

5.0 IMPLICATIONS

- 5.1 The table below shows whether risks and implications apply if the recommendations are agreed:

SUBJECT	YES	NO
Financial	X	
Legal/Risk	X	
Human Resources		X
Strategic (Partnership Plan/Council Plan)	X	
Equalities, Fairer Scotland Duty & Children/Young People's Rights & Wellbeing		X
Environmental & Sustainability		X
Data Protection		X

5.2 Finance

Each material variance will be reviewed as part of the 2023/24 Budget Monitoring and, where applicable, the next Budget round.

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					

5.3 Legal/Risk

This annual report helps identify areas where budgets may not be appropriate and greater financial focus is required. This assists improved budget management.

5.4 Human Resources

There are no HR implications arising from this report.

5.5 Strategic

This report helps with planning of the 2024/26 Budget and Finance Strategy.

6.0 CONSULTATION

6.1 The CMT have reviewed the report.

7.0 BACKGROUND PAPERS

7.1 None

POLICY & RESOURCES**REVENUE BUDGET PROJECTED POSITION AT PERIOD 11 TO FINAL OUTTURN**

OBJECTIVE ANALYSIS	Approved Budget 2022/23 £000	Period 11 Revised Budget 2022/23 £000	Period 11 Projection 2022/23 £000	Period 11 Projected Over/(Under) Spend 2022/23 £000	Final Over/(Under) Spend 2022/23 £000	Movement from P11 £000	Variance as % of Revised Budget
Policy & Resources	21,692	19,478	20,161	683	(142)	(825)	-0.73%
Environment & Regeneration	21,424	23,275	23,078	(197)	(707)	(510)	-3.04%
Education & Communities	99,748	98,981	98,253	(728)	(731)	(3)	-0.74%
COMMITTEE NET EXPENDITURE EXCLUDING EARMARKED RESERVES	142,864	141,734	141,492	(242)	(1,580)	(1,338)	-1.11%
Health & Social Care	65,522	65,767	63,755	(2,012)	(2,407)	(395)	-3.66%
NET EXPENDITURE EXCLUDING EARMARKED RESERVES (Incl HSCP)	208,386	207,501	205,247	(2,254)	(3,987)	(1,733)	-1.92%

Reasons: Final OutturnPOLICY & RESOURCES

Non Pay Inflation Contingency overspend
 Pay Inflation Contingency overspend
 Internal Resource Interest over recovery
 Computer Software Maintenance (ICT)
 Cost of Living Payment Administration Grant
 Various (Underspends)/Overspends all under £50k

Column H

1,061
 627
 (1,746)
 (70)
 (75)
 61

(142)**Reasons: Movement Period 11 to Final Outturn**POLICY & RESOURCES

Non Pay Inflation Contingency
 Pay Inflation
 Internal Resource
 Computer Software Maintenance (ICT)
 Various (Underspends)/Overspends all under £50k

Column I

(189)
 (773)
 54
 (55)
 138

(825)ENVIRONMENT & REGENERATION

Additional Turnover Savings Achieved
 Agency Staff Costs to cover additional workload and vacancies in Env Services, partly offset by reduction in overtime
 Central Repairs overspend
 Trade Waste Income
 Residual Waste
 Income in Roads :- construction consents, grant fees, TROs
 Commercial & Industrial Rental income
 PCN and parking income shortfall
 Planning Income shortfall
 Economic Development Training
 Burials & cremations income shortfall
 Waste - scrap/tipping etc
 Bad debt provision reduction
 Various (Underspends)/Overspends all under £50k

Column H

(944)
 185
 149
 58
 177
 (170)
 (58)
 110
 170
 (73)
 94
 (167)
 (54)
 (184)

(707)ENVIRONMENT & REGENERATION

Additional Turnover Savings Achieved
 Various income in Roads :- construction consents, grant fees, TROs
 Bad debt provision reduction
 Central Repairs - reduction in overspend
 Various (Underspends)/Overspends all under £50k

Column I

(109)
 (124)
 (53)
 (123)
 (101)

(510)

POLICY & RESOURCES**REVENUE BUDGET PROJECTED POSITION AT PERIOD 11 TO FINAL OUTTURN**EDUCATION & COMMUNITIES

Column H

EDUCATION & COMMUNITIES

Additional Turnover Savings Achieved including teacher strike days	(904)
Biomass underspend	(79)
DMR underspend	(107)
Transport overspend	282
Admin Costs underspend	(56)
ASN Placements & Resources overspend	191
Free Swimming overspend	64
Facilities Management Income over recovery	(160)
ASN Income from OLAs over recovery	(83)
School Lets Income over recovery	(80)
Various (Underspends)/Overspends all under £50k	201

(731)

Additional Turnover Savings Achieved	(35)
ED Catering Contract additional costs	70
Catering/Cleaning Additional Income	(91)
Various (Underspends)/Overspends all under £50k	53

(3)

MATERIAL VARIANCES FROM BUDGET (OVER £50,000)**POLICY & RESOURCES COMMITTEE****1. Pay Contingencies – Outturn Overspend £627,000 (21.80%)**

This is due to a shortfall within the allowance budgeted for the 2022/23 Pay Award, and is net of additional Scottish Government funding. This overspend is a decrease in anticipated costs of £773,000 since last reported to committee. Pay Inflation will continue to be a considerable pressure in 2023/24 due to the current economic conditions.

2. Non Pay Contingencies – Outturn Overspend £1,061,000 (47.64%)

Mainly due to increased utility costs of £1,434,000, the Non Pay Contingency budget overspent by £1,061,000. Utility costs are recognised as a key budget risk going forward. This represents a decrease in anticipated costs of £189,000 since the period 10/11 reports to committee. An allowance of £1,000,000 has been made in the 2023/24 budget plus a £3.0 million one-off smoothing reserve

3. Internal Resources Income – Outturn Over Recovery £1,746,000 (868.66%)

Internal Resources Interest received was £1,746,000 more than budgeted in 2022/23 due to the significant sharp rise in interest rates since the budget was agreed. This was a decrease in over recovery of £54,000 since last reported to Committee.

ENVIRONMENT & REGENERATION COMMITTEE**1. Turnover Savings – Outturn Over Recovery £944,000 (5.25%)**

The Environment & Regeneration Committee achieved additional Turnover Savings of £944,000 in 2022/23. This arose due to difficulty in recruiting certain posts and a decrease in overtime and travel. This was an increase in over recovery of £109,000 since last reported to Committee.

2. Agency Costs – Outturn Overspend £185,000

An overspend of £185,000 was experienced in 2022/23 due to agency staff used to cover additional workload and staff vacancies within Environmental Services, partly off-set by reduction in overtime.

3. Central Repairs – Outturn Overspend £149,000 (11.42%)

An overspend of £149,000 occurred in 2022/23 due to the rising prices for construction materials and level of demand. This was in a decrease in projected costs of £123,000 since last reported to Committee.

4. Residual Waste – Outturn Over Spend £177,000 (4.96%)

There was an overspend of £177,000 in 2022/23 due to an increase in waste tonnage.

5. Economic Development Training – Underspend £73,000 (100%)

An underspend of £73,000 was experienced in 2022/23 due to the availability of external grants. £58,000 budget was approved as a saving in the 2023/24 budget process.

6. Environment & Regeneration Overall Total Income – Outturn Under Recovery £37,000 (0.85%)

Environment & Regeneration Overall income under-recovered by £37,000. This included under recoveries within parking, planning, trade waste and burial income off-set with over recoveries within waste, various roads income streams and commercial & industrial rental income. £250,000 was allocated as part of the 2023/24 Budget to reduce income targets.

EDUCATION & COMMUNITIES

1. Turnover Savings – Outturn Over Recovery £904,000 (1.01%)

The Committee achieved additional Turnover Savings of £904,000 which is an increase in savings achieved of £35,000 since reported to Committee. £681,000 of this over recovery relates to teachers strike days.

2. Transport – Outturn Over Spend £282,000 (12.03%)

Transport costs outturned with an overspend of £282,000. This is due to overspends within the following; Gaelic transport £56,000, ASN transport £174,000 and Other Schools transport £52,000. These overspends are due to a combination of historical trends and increased demand. £125,000 was allocated to this budget in recognition of this pressure as part of the 2023/24 Budget.

3. ASN Placements & Resources – Outturn Over Spend £191,000 (44.11%)

ASN placements outturned with an overspend of £191,000 in 2022/23. This overspend is due to a combination of historical trends and increased demand of children placed out with Inverclyde.

4. Biomass – Outturn Underspend £79,000 (94.05%)

Biomass has underspent by £79,000 due to the biomass heating system no longer being used at PGCC as the cost of wooden pellets is now more expensive than gas.

5. DMR – Outturn Underspend £107,000 (10.85%)

The DMR budget outturned with a net underspend of £107,000, after allowable carry forward.

7. Education and Communities Overall Total Income – Outturn Over Recovery £371,000 (4.59%)

Education & Communities Overall income over-recovered by £371,000. This included under recoveries within school lets, ASN and CLD secondment income.

Report To:	Policy & Resources Committee	Date:	15 August 2023
Report By:	Chief Financial Officer	Report No:	FIN/43/23/MT/GS
Contact Officer:	Matt Thomson	Contact No:	01475 712256
Subject:	Capital Programme Out-Turn 2022/23		

1.0 PURPOSE AND SUMMARY

- 1.1 For Decision For Information/Noting
- 1.2 The purpose of this report is to advise Committee of the performance in the delivery of the 2022/23 Capital Programme and to highlight issues which could continue to impact upon the delivery of the 2023/26 Capital Programme.
- 1.3 The Capital Out-turn for the prior financial year and explanations for material variances from the approved Budget is reported annually to the Committee. The detail is included within the body of the report and in the Appendices, namely:
- Appendix 1 – Out-turn over the last 5 year period
 - Appendix 2 – Summary of Slippage by Category and by Directorate
 - Appendix 3 – Capital Slippage Summary by Service/Project
 - Appendix 4 – Reported Slippage by Period
- 1.4 Subject to the audit of the 2022/23 Annual Accounts, the Capital out-turn for 2022/23 is reporting slippage of 26.3% which is materially above the 10% threshold. The difficulties in progressing projects on time and within original budgets has been highlighted to Committee over the last three years and more details on this and action taken by officers are included in the report.

2.0 RECOMMENDATIONS

- 2.1 It is recommended that the Committee notes the 2022/23 Capital Out-Turn position and that officers have factored in these on-going challenges when estimating the planned 2023/24 spend levels approved by the Council in March 2023.

Alan Puckrin
Chief Financial Officer

3.0 BACKGROUND AND CONTEXT

- 3.1 For the last 10 years the August meeting of the Policy & Resources Committee has considered a report detailing the capital expenditure out-turn for the previous year against the budget approved. This has resulted in changes in the way capital spend estimates are arrived at and the creation of more robust internal processes.
- 3.2 Subject to the audit of the Final Accounts, the capital out-turn for 2022/23 shows slippage of 26.3%. Appendix 2 provides an analysis of the main reasons for any slippage whilst Appendix 3 contains a commentary on material variances by the Lead Officer on a project by project basis plus a categorisation of the type of slippage. This latter issue is a subjective assessment, but does give an indication of the main reasons for the slippage
- 3.3 It can be seen that slippage of £6.345 million (70.59% of all slippage) arose from internal slippage and slippage involving 3rd Parties. Overall slippage was partly offset by project acceleration and the addition of new projects of £2.887m.
- 3.4 Directorate performance was as follows:

Environment, Regeneration & Resources – overall slippage of 29.26%/£4.879million (2021/22: 16.2% slippage) this was mainly due to slippage within Roads (SPT & Feasibility Studies), Environmental (Cremator Replacement, Vehicle Replacement and Play Areas) and Town and Village Centre Regeneration offset by advancement across the Roads Asset Management Plan, Park, Cemeteries & Open Spaces AMP and the Property Services projects.

Education, Communities & Organisational Development – overall project advancement of 11.2%/£0.516million (2021/22:19.9% advancement) mainly as a result of advancement across the School Estate and Early Years programme partially offset by slippage arising from the Indoor Tennis Facility, preparation for the P6/7 Free School Meals and the Waterfront Pool Floor.

Health & Social Care – overall slippage of 57.0%/£0.767million (2021/22: 51.7% slippage) mainly because of slippage in the New Learning Disability Facility and SWIFT upgrade offset by increased costs in the Crosshill Childrens Home replacement.

- 3.5 Allied to the early identification of slippage is the potential to identify alternative projects which could be accelerated. Road's investment lends itself to this approach where projects can be developed and delivered in a far shorter timescale than many other capital projects. During 2022/23 a total of £2.887m (2021/22: £5.530m) was advanced, mainly within the School Estate Programme, Roads, and Property Minor Works.

Continuing Challenges in Capital Programme Delivery

- 3.6 Over the past 3 years, supply chain insecurity and associated financial pressures have been a recurring issue, through the initial impact of COVID, the UK exit from the EU, increased global demand for materials and the impact of the invasion of Ukraine by Russia. This has created an unpredictable market position in terms of construction sector activity through a combination of restricted working practices, sharply rising prices for construction materials, disrupted supply chains and labour shortages which have all had an impact on the delivery of the capital programme.
- 3.7 The above plus difficulties in attracting contractors to bid for certain contracts, recruitment challenges within the Council and uncertainty in future funding levels from some of the Council's partners have resulted in a high level of capital slippage in 2022/23.

3.8 Officers have considered these on-going challenges and have progressed the following actions over the last year:

- A supplier event took place to increase the number of medium size contractors tendering for Council contracts. Feedback was positive and officers hope this will increase competition.
- The Committee approved a Recruitment & Retention report plus associated actions in May and an update on progress is due later in the year. Within this are specific actions to make the Council a more attractive employer for professional workers, a number of which are key in the progression of capital projects.
- A £4.0 million contribution from General Fund Reserves to create a contingency within the 2023/26 Capital Programme was approved as part of the March 2023 Budget. This will help reduce delays if project costs increase.
- 2023/24 expenditure estimates were reviewed by the Capital Programme officer group taking these challenges into account prior to approval as part of the March 2023 Budget.

4.0 PROPOSALS

4.1 There are no specific proposals within the report aside from that the Committee note the 2022/23 Capital Programme out-turn, the reasons for the higher than anticipated slippage and the actions taken to improve performance from 2023/24 onwards.

5.0 IMPLICATIONS

5.1 The table below shows whether risks and implications apply if the recommendation is agreed:

SUBJECT	YES	NO
Financial	X	
Legal/Risk	X	
Human Resources		X
Strategic (Partnership Plan/Council Plan)	X	
Equalities, Fairer Scotland Duty & Children/Young People's Rights & Wellbeing		X
Environmental & Sustainability		X
Data Protection		X

5.2 Finance

The Council increased the sums allocated to Property projects, Roads, ICT and Scheme of Assistance as part of the Budget to try and offset some of the financial pressures highlighted above however, there is the risk that the resulting level of spend is unsustainable in the current financial climate. This will be reviewed in more detail as part of the forthcoming budget.

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					

5.3 Legal/Risk

There is a risk that high levels of slippage will delay the delivery of key Council projects and result in further cost increases and impact upon the delivery of policy objectives.

5.4 Human Resources

There are no HR implications arising from this report.

5.5 Strategic

The Capital Programme plays a key role in the delivery of the Council's policy objectives via the Council Plan and as such it is important that slippage is minimised.

6.0 CONSULTATION

6.1 The CMT have been consulted on the report.

7.0 BACKGROUND PAPERS

7.1 None.

Annual Slippage Summary

Appendix 1

<u>Year</u>	<u>Budget</u> <u>£000's</u>	<u>Slippage /</u> <u>(Advancement)</u> <u>£000's</u>	<u>%age</u>
2018/19	27,995	(146)	(0.5)%
2019/20	25,544	3,428	13.4%
2020/21	13,059	(4,284)	(32.8)%
2021/22	20,892	1,797	8.6%
2022/23	23,178	6,101	26.3%
5 year average	22,134	1,379	6.2%

Summary of Reported Slippage by Category**Appendix 2**

<u>Committee</u>	<u>Policy Decision</u> £000	<u>Project Cost Reduced</u> £000	<u>Internal Slippage</u> £000	<u>Slippage involving 3rd Party</u> £000	<u>Minor Slippage</u> £000	<u>Accelerated Projects</u> £000	<u>Total</u> £000 %age	
Policy & Resources	-	-	-	-	21	(117)	(96)	(18.0)%
Environment, Regeneration & Resources	785	595	2,772	1,554	399	(1,226)	4,879	29.3%
Education & Lifelong Learning	503	-	1,067	-	(9)	(340)	1,221	50.5%
School Estate	295	-	67	-	42	(1,074)	(670)	(30.4)%
Health & Social Care	-	-	885	-	12	(130)	767	57.0%
Total	1,583	595	4,791	1,554	465	(2,887)	6,101	26.3%
 <u>Directorate</u>								
Environment, Regeneration & Resources	785	595	2,772	1,554	420	(1,343)	4,783	27.8%
Education, Communities & Organisational Development	798	-	1,134	-	33	(1,414)	551	11.9%
Health & Social Care	-	-	885	-	12	(130)	767	57.0%
Total	1,583	595	4,791	1,554	465	(2,887)	6,101	26.3%
 <u>Movements as %age</u>								
Movement per Category as %age of Capital Programme	6.8%	2.6%	20.7%	6.7%	2.0%	(12.5)%		26.3%
Movement per Category as %age of total Slippage (Excluding Acceleration)	17.6%	6.6%	53.3%	17.3%	5.2%			100.0%

Capital Slippage Summary 2022-23

Appendix 3

	Approved Budget 2022/23 £000's	Draft 2022/23 Final Outturn £000's	Slippage from Approved Budget £000's	Slippage from Approved Budget %age	Variation Category	Additional Comments
Policy & Resources						
Rolling Replacement of PC's	301	418	(117)	(38.87)%	6 Accelerated Projects	
Various Projects	231	210	21	9.09%	5 Minor Slippage	Minor Slippage across several projects
TOTAL Policy & Resources	532	628	(96)	(18.05)%		
Environment & Regeneration						
Environmental Services - Roads						
Cycling, Walking & Safer Streets	493	428	65	13.18%	2 Project Cost Reduced	Scope of project reduced.
Sustrans	420	337	83	19.76%	2 Project Cost Reduced	Scope of project reduced.
SPT	1,275	828	447	35.06%	2 Project Cost Reduced	Change to scope of project and project programme.
Feasibility Studies	90	12	78	86.67%	3 Internal Slippage	Slippage due to the availability of internal resources.
Various Projects	598	539	59	9.87%	3 Internal Slippage	Slippage due to the availability of internal resources.
Roads Asset Management Plan						
Carriageways	1,578	1,922	(344)	(21.80)%	6 Accelerated Projects	
Footways	320	424	(104)	(32.50)%	6 Accelerated Projects	
Structures	136	236	(100)	(73.53)%	6 Accelerated Projects	
Lighting	368	321	47	12.77%	4 Slippage involving 3rd Party	Delays with external contractor programme delivery.
Other Assets	203	188	15	7.39%	5 Minor Slippage	
Staff Costs	318	417	(99)	(31.20)%	6 Accelerated Projects	Requirement for additional external resources to assist with programme delivery.
Environmental Services						
Cremator Replacement	1,161	595	566	48.75%	3 Internal Slippage	Complex phased procurement. Progress impacted by bond agreement and then via unforeseen site conditions.
Zero Waste Fund	100	21	79	79.00%	5 Minor Slippage	Minor Slippage across several projects
Vehicles Replacement Programme	1,015	434	581	57.24%	1 Policy Decision	Decision taken to delay vehicle replacement due to market conditions and subsequently to move replacement programme from 5 years to 7 years. Orders will be made this year. Subject to further report
Play Area Strategy	414	324	90	21.74%	4 Slippage involving 3rd Party	Difficulty in procuring a suitably qualified contractors due to the levels of activity nationally.
Nature Restoration Fund	248	89	159	64.11%	3 Internal Slippage	Contractor now appointed
Park, Cemeteries & Open Spaces AMP	95	163	(68)	(71.58)%	3 Internal Slippage	Internal Slippage
Various Projects	901	723	178	19.76%	5 Minor Slippage	Minor Slippage across several projects
Regeneration and Planning						
Port Glasgow Town Centre Regeneration	528	3	525		3 Internal Slippage	Slippage due to Committee Decision to examine other funding sources to optimise the available funding, options being progressed.
T&VC - West Blackhall Street	487		487	100.00%	4 Slippage involving 3rd Party	Delays in external funding confirmation.
Jamaica St Car Park	94	34	60	63.83%	4 Slippage involving 3rd Party	Scottish Government Grant monies freed up existing budgets
Babylon Purchase & Demolition	314	132	182	57.96%	4 Slippage involving 3rd Party	Scottish Government Grant monies freed up existing budgets
T&VC - Other	601	25	576	95.84%	4 Slippage involving 3rd Party	Scottish Government Grant monies freed up existing budgets and delays to various projects partly impacted by suspension of Town Centre forums.
Place Based Funding	800	216	584	73.00%	3 Internal Slippage	Delays due to difficulties obtaining materials, and suitable contractors.
Various Projects	25		25	100.00%	5 Minor Slippage	Minor slippage across several projects
Public Protection						
Clune Park Regeneration	276	164	112	40.58%	4 Slippage involving 3rd Party	Spend from the Clune Park capital budget is entirely dependent on the willingness of owners to sell. It had been hoped that in 22-23 at least one portfolio owner might have sold their interest but this was not the case.
Various Projects	655	672	(17)	(2.60)%	5 Minor Slippage	Minor Slippage across several projects
Property Services						
General Provision	398	12	386	96.98%	3 Internal Slippage	Expenditure is through other individual project lines, this line is the general allocation and not project specific.
Greenock Municipal Buildings - Air Handling	86	0	86	100.00%	3 Internal Slippage	Single tender returned, unable to be progressed due to access concerns. Alternative design being progressed.
Greenock Cemetery - Ivy House Replacement	295	347	(52)		6 Accelerated Projects	Project cost increased.
Various Garages/Stores Replacement	104	5	99	95.19%	1 Policy Decision	Project on hold pending review of future garages provision.
Watt Institute - Risk/DDA Works	106	26	80	75.47%	3 Internal Slippage	Project involves Category A Listed building.
Net Zero	50	0	50	100.00%	3 Internal Slippage	Progress linked to resource limitations and recruitment for Energy & Climate Change Team.
New Ways of Working	0	140	(140)		6 Accelerated Projects	James Watt building vacated and expenditure linked to alterations for relocated staff.
Inverclyde Leisure Properties	73	277	(204)		6 Accelerated Projects	Multiple projects, linked to general provision allocations (line 51 above).
General Works	111	294	(183)	(164.86)%	6 Accelerated Projects	Multiple projects, linked to general provision allocations (line 51 above).
Kirn Drive Civic Amenity Site / Craigmuschat Recycling Facility	146	41	105	71.92%	1 Policy Decision	Committee decision to delay approved to allow consideration as part of budget process.
Complete on Site Allocation	427	160	267	62.53%	3 Internal Slippage	Delays in agreeing final accounts. Also some project costs reduced.
Various Projects	1,368	1,249	119	8.70%	5 Minor Slippage	Minor Slippage across several projects
TOTAL Environment & Regeneration	16,677	11,798	4,879	29.26%		

Capital Slippage Summary 2022-23

Appendix 3

	Approved Budget 2022/23 £000's	Draft 2022/23 Final Outturn £000's	Slippage from Approved Budget £000's	Slippage from Approved Budget %age	Variation Category	Additional Comments
Education & Lifelong Learning						
Non-SEMP						
Education & Communities (Non-SEMP)						
Safer Communities						
Lady Alice Bowling Club Toilets	92	222	(130)	(141.30)%	6 Accelerated Projects	
Indoor Sports Facility for Tennis	503	0	503	100.00%	1 Policy Decision	Committee decision not to proceed, combination of affordability and limits of external funding contribution.
Leisure Pitches AMP - Lifecycle Fund	384	594	(210)	(54.69)%	6 Accelerated Projects	Multiple projects identified through asset management plan.
Waterfront Leisure Centre Training Pool Moveable Floor	346	26	320	92.49%	3 Internal Slippage	Complex procurement involving specialist supplier and long lead times for manufacture.
PG New Community Hub (King George VI Building)	1072	325	747	69.68%	3 Internal Slippage	Delays encountered due to unforeseen ground conditions involving listed heritage asset.
Complete On Site - Inverclyde Leisure Spend to Save	21	30	(9)	(42.86)%	5 Minor Slippage	
TOTAL Education & Lifelong Learning (excl School Estate)	2,418	1,197	1,221	50.50%		
SEMP						
Lifecycle Fund	805	1335	(530)	(65.84)%	6 Accelerated Projects	Multiple projects progressed associated with lifecycle replacement.
Gourock PS Extension	706	1198	(492)	(69.69)%	6 Accelerated Projects	Project cost increased necessitating additional funding.
Free School Meals grant	350	55	295	84.29%	1 Policy Decision	Funding announcement made at advanced stage of financial year with limited opportunity to progress.
Complete on site	71	123	(52)	(73.24)%	6 Accelerated Projects	Multiple project final accounts progressed to conclusion.
ELC Complete On Site	71	4	67	94.37%	3 Internal Slippage	Delays in agreeing final accounts. Also some project costs reduced.
Various Projects	202	160	42	20.79%	5 Minor Slippage	
TOTAL SEMP	2,205	2,875	(670)	(30.39)%		
Health & Social Care Committee						
Crosshill Childrens Home Replacement	249	379	(130)	(52.21)%	6 Accelerated Projects	Project cost increased necessitating additional funding.
New Learning Disability Facility	884	199	685	77.49%	3 Internal Slippage	Complex project which required review of proposals and approval of additional funding to progress.
Swift Upgrade	200	0	200	100.00%	3 Internal Slippage	Delays in finalising procurement and scope of deliverables as reported to IJB
Complete on Site	13	1	12	92.31%	5 Minor Slippage	
Total Health & Social Care	1,346	579	767	56.98%		
Council Total	23,178	17,077	6,101	26.32%		
Movement per Category as %age of Capital Programme				26.32%		
Movement per Category as %age of total Slippage (Excluding Acceleration)				100.00%		

Summary of Reported Slippage by Period

Appendix 4

	<u>July'22- Period 4</u>		<u>Sept' 22 - Period 6</u>		<u>Nov '22 - Period 8</u>		<u>Jan '23 - Period 10</u>		<u>March'23 - Period 12</u>		<u>Provisional Outturn</u>	
	<u>£000's</u>	<u>%</u>	<u>£000's</u>	<u>%</u>	<u>£000's</u>	<u>%</u>	<u>£000's</u>	<u>%</u>	<u>£000's</u>	<u>%</u>	<u>£000's</u>	<u>%</u>
Policy & Resources	(200)	(36.8)%	(200)	(36.8)%	(200)	(37.6)%	(200)	(37.6)%	(107)	(20.1)%	(96)	(18.0)%
Environment, Regeneration & Resources	133	0.8%	1,468	9.0%	3,428	21.1%	3,621	21.6%	4,232	25.5%	4,822	29.0%
Education & Lifelong Learning	136	5.6%	639	26.4%	1,154	47.7%	441	26.3%	1,259	52.1%	1,221	50.5%
School Estate	(3)	(0.2)%	-	0.0%	(183)	(8.3)%	(231)	(10.5)%	(368)	(16.7)%	(670)	(30.4)%
Health & Social Care	-	0.0%	784	58.2%	784	58.2%	834	62.0%	846	60.3%	824	58.7%
Total	66	0.3%	2,691	12.0%	4,983	21.9%	4,465	19.8%	5,862	25.3%	6,101	26.3%

	<u>Movement Sept'22</u> <u>(Period 6) v Outturn</u>		<u>2Movement Nov'22</u> <u>(Period 8) v Outturn</u>	
	<u>£000's</u>	<u>%</u>	<u>£000's</u>	<u>%</u>
Policy & Resources	104	18.8%	104	19.5%
Environment, Regeneration & Resources	3,354	20.0%	1,394	7.9%
Education & Lifelong Learning	582	24.1%	67	2.8%
School Estate	(670)	(30.4)%	(487)	(22.1)%
Health & Social Care	40	0.5%	40	0.5%
Total	3,410	14.3%	1,118	4.4%

Report To:	Policy & Resources Committee	Date:	15 August 2023
Report By:	Chief Financial Officer	Report No:	FIN/44/23/AP/KJ
Contact Officer:	Alan Puckrin	Contact No:	01475 712223
Subject:	Treasury Management – Annual Report 2022/23		

1.0 PURPOSE AND SUMMARY

1.1 For Decision For Information/Noting

1.2 The purpose of this report is:

- a. To advise the Committee of the operation of the treasury function and its activities for 2022/23 as required under the terms of Treasury Management Practice 6 (“TMP6”) on “Reporting Requirements and Management Information Arrangements”.
- b. To request that the Committee remits the report to the Full Council for their approval.

1.3 As at 31 March 2023 the Council had gross external debt (including PPP) of £239,408,384 and investments of £26,127,010. This compares to gross external debt (including PPP) of £246,163,995 and investments of £34,338,655 at 31 March 2022.

1.4 The Council operated within the required treasury limits and Prudential Indicators for the year set out in the Council’s Treasury Policy Statement, annual Treasury Strategy Statement, and the Treasury Management Practices.

1.5 At its meeting on 16 February 2023 the Policy & Resources Committee agreed to a change in the accounting treatment of the Council’s Service Concession (PPP) contract from 2023/24. This generated a one-off increase in reserves of £14.748m on 1 April 2023 by extending the period over which PPP debt will be charged to the Revenue budget. Decisions on the use of the increase in reserves (which will be funded from further borrowing) were taken by the Council on 2 March 2023.

2.0 RECOMMENDATIONS

2.1 It is recommended that the Committee notes the contents of the annual report on Treasury Management for 2022/23 and the ongoing work to seek to ensure the delivery of financial benefits for the Council during the current uncertainty and beyond.

2.2 It is requested that the Committee remits the report to the Full Council for approval.

Alan Puckrin
Chief Financial Officer

3.0 BACKGROUND AND CONTEXT

- 3.1 The Council is required by regulations issued under the Local Government in Scotland Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2022/23.
- 3.2 Treasury Management in this context is defined as: “The management of the local authority’s 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.”
- 3.3 This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code). Paragraphs 3.16 to 3.18 of the report include information on Loan Fund Advances required by regulations that came into effect on 1 April 2016.
- 3.4 The treasury management issues arising during the year were:
- a. The Council’s debt (including PPP) reduced during the year by £6.756m whilst Council investments reduced by £8.212m. The reduction in debt was due largely to repaying £7m of PWLB debt (and receiving a £62,205 discount), repaying £7.5m of maturing PWLB debt, and subsequently borrowing £5m from the PWLB and £5m of temporary borrowing.
 - b. The Council remained within its Prudential Indicator and Treasury Management limits during 2022/23.
 - c. As at 31 March 2023 the Council had under borrowed against its capital financing requirement by £44.369m. This under borrowing is £5.353m higher than at the end of 2021/22.
 - d. In February 2022 the Treasury Consultants forecast that the Bank Rate would increase from 0.50% to 0.75% in March 2022 then to 1.00% in May 2022 and to 1.25% in November 2022 and stay at that rate until March 2025. Inflation concerns during 2022/23 saw rates rise in March 2022 as forecast and at each meeting of the Bank of England’s Monetary Policy Committee in 2022/23 to end the year at 4.25% (with further increases to 4.50% in May and 5.00% in June 2023 and with increases to 5.50% currently forecast by the Treasury Consultants).
 - e. PWLB rates for new borrowing were expected to increase by up to 0.20% during the year to 2.30% for 5 years, 2.40% for 10 years, 2.60% for 25 years and 2.40% for 50 years. Inflation concerns through the year meant that rates ended the year at around 2% higher than forecast. In addition, there was volatility during the year and PWLB rate spikes in September and October 2022 that resulted in spreads in rates for new loans of over 3% between their lowest and highest levels e.g. 25-year loans were 2.52% on 4 April but 5.88% on 12 October and ended the year at 4.70%.
 - f. Rates for investments increased due to increases in the Bank Rate.
 - g. The Council’s investments earned a rate of return of 2.044% during the year and outperformed the benchmark return of 1.842% resulting in additional income to the Council of £81,900.
 - h. All investments were in accordance with the Council’s investment policy and no institutions with which investments were made had any difficulty in repaying those investments and interest in full during the year.
 - i. The Council’s investment performance is due to undertaking fixed term investments at interest rates that were above the benchmark with counterparties which have high creditworthiness (the Bank of Scotland and NatWest Bank PLC) and in accordance with the Council’s investment strategy.
- 3.5 The main economic uncertainty in the UK and around the world during the year came from inflation concerns, the continuing impact of the conflict in Ukraine, and the likely level of interest rates and impact of those rates on the economy.

The economic situation continues to be closely monitored with inflation and interest rates projected to be well above levels previously experienced in the short/medium term.

3.6 The Council's Year End debt position was as follows:

	At 31 March 2022	At 31 March 2023
	£	£
Total Excluding PPP	188,748,995	184,132,384
PPP Debt	57,415,000	55,276,000
Total Including PPP	246,163,995	239,408,384

Further detail is given in the following table:

	At 31 March 2022		At 31 March 2023		Movement 2022/23
	Principal	Rate	Principal	Rate	Principal
	£000		£000		£000
Fixed Rate Funding:					
- PWLB	89,029		79,414		(9,615)
- Market *	71,000		40,000		(31,000)
- Temporary	0		5,000		5,000
	160,029	3.84%	124,414	3.67%	(35,615)
Variable Rate Funding:					
- PWLB	0		0		0
- Market *	28,400		59,400		31,000
- Temporary #	320		318		(2)
	28,720	4.87%	59,718	4.90%	30,998
Total Debt (Excl PPP)	188,749	4.00%	184,132	4.07%	(4,617)
PPP Debt	57,415		55,276		(2,139)
Total Debt (Incl PPP)	246,164		239,408		(6,756)

* - Market Loans are shown as variable when they have less than 1 year to go until their next call date. The total value of Market Loans has not changed between financial years, just the split between fixed and variable.

- Temporary Loans include funds held by the Council on behalf of the Common Good and Trust Funds and that are to be treated as borrowing for Treasury Management purposes under Scottish Government requirements.

3.7 The Council's cash balances investment position was as follows:

	At 31 March 2022		At 31 March 2023		Movement 2022/23
	Principal	Return	Principal	Return	Principal
	£000		£000		£000
Investments:					
- Fixed Term Deposits	0	0.00%	22,000	3.21%	22,000
- Notice Accounts	14,594	0.55%	50	3.74%	(14,544)
- Deposit Accounts	19,745	0.66%	4,077	4.15%	(15,668)
Totals	34,339	0.61%	26,127	3.36%	(8,212)

Investments as at 31 March 2023: £26,127,010
 Maximum level of investments in 2022/23: £59,173,693 on 15 August 2022
 Minimum level of investments in 2022/23: £22,683,510 on 20 March 2023
 Daily average for the year 2022/23: £40,569,461

The Council's forecast and actual Investment Balances for 2022/23 for "investments" as defined in the Investment Regulations (including loans/holdings not managed under the treasury function) are shown in Appendix 1.

3.8 2022/23 Outturn Compared to Estimates in 2022/23 Strategy

The 2022/23 outturn compared to the estimates in the 2022/23 strategy:

	2022/23 Estimate	2022/23 Outturn
<u>Borrowing Requirement</u>	£000	£000
New borrowing (See Note below)	7,400	5,000
Alternative financing requirements	0	0
Replacement borrowing (See Note below)	7,600	5,000
TOTAL	15,000	10,000
<u>Prudential/Treasury Management Indicators</u>	£000	£000
Gross external debt including PPP (As at 31 March 2023)	251,581	239,408
Capital financing requirement (CFR) (As at 31 March 2023)	283,887	283,777
(Under)/over borrowing against CFR	(32,306)	(44,369)
	£000	£000
Gross capital expenditure	18,892	26,564
Ratio of financing costs (including PPP) to net revenue stream	10.49%	9.65%
Ratio of net debt (debt and PPP less investments) to net revenue stream	100.5%	94.9%

Note:

- The £5 million new borrowing was temporary borrowing from another Council as at 31 March 2023 (with the borrowing starting in March 2023). The Council also undertook 3 other temporary loans from Councils totalling £7.5 million for periods between February and March 2023, all of which were repaid before 31 March 2023.
- The £5m replacement borrowing was from the PWLB in March 2023 and was to partially fund £7m repaid in October 2022 (2 loans, one for £5m and one for £2m, the repayments for which resulted in a £62,205 discount) and £7.5m that matured in January 2023.

3.9 The table in paragraph 3.8 above shows that as at 31 March 2023 the Council had under borrowed against its capital financing requirement by £44.369m. 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 and maturing debt rather than bringing in new funds from borrowing. The level of under borrowing is kept under review in light of Council capital financing and other funding requirements.

3.10 2022/23 Outturn Compared to Limits in 2022/23 Strategy

The 2022/23 outturn compared to limits in the 2022/23 strategy:

Prudential/Treasury Management Indicators

Authorised limit for external debt

- Borrowing
- Other long-term liabilities

Operational boundary for external debt

- Borrowing
- Other long-term liabilities

Upper limit on sums invested for periods longer than 365 days (Actual is maximum in period)

Limits on fixed and variable rate borrowing maturing in each period at 31 March 2023 (LOBOs included based on call dates and not maturity dates)

- Under 12 months
- 12 months and within 24 months
- 24 months and within 5 years
- 5 years and within 10 years
- 10 years and within 30 years
- 30 years and within 50 years
- 50 years and within 70 years

Council Policy Limits

Maximum Percentage of Debt Repayable In Any Year (Actual is as at 31 March 2023 and relates to Financial Year 2077/78)

Maximum Proportion of Debt At Variable Rates (Actual is as at 31 March 2023)

Maximum Percentage of Debt Restructured In Year (Actual is as at 31 March 2023)

2022/23 Limits		2022/23 Outturn	
£000		£000	
230,000		184,132	
58,000		55,276	
288,000		239,408	
£000		£000	
212,000		184,132	
58,000		55,276	
270,000		239,408	
£000		£000	
10,000		0	
Fixed	Var.	Fixed	Var.
45%	35%	9.5%	32.4%
45%	35%	0.0%	0%
45%	35%	0.7%	0%
45%	35%	10.9%	0%
45%	35%	4.1%	0%
45%	35%	20.7%	0%
45%	35%	21.7%	0%
25%		21.7%	
45%		32.4%	
30%		3.7%	

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

The position in 2022/23 was that all of the Council's PWLB debt was at fixed rates. The Market debt contained some debt at fixed rates, some small elements at variable rates and some where the rates could change (but none did), and the temporary borrowing from other Councils was at fixed rates. The Council's investments, which were all for less than 1 year, were all variable or regarded as variable under the treasury management rules.

During 2022/23, these interest rate exposures were managed and monitored by the Council through management reports on treasury management that were received and reviewed by the Chief Financial Officer.

3.12 The forecast from the Treasury Consultants in the Strategy for the Bank Rate as at 31 March and the latest forecast (produced on 27 June 2023) are:

	Forecast Per 2022/23 Strategy	Actual/ Latest Forecast
2022/23	0.75%	4.25% (Actual)
2023/24	1.25%	5.50% (Forecast)
2024/25	1.25%	3.75% (Forecast)
2025/26	---	2.50% (Forecast)

3.13 The Council's Loans Fund Pool Rate for Interest is used to allocate interest charges to the General Fund and reflects the actual cost of the Council's Treasury activities. The rates for the last 5 years (excluding expenses) are as follows:

Year	Loans Fund Pool Rate
2018/19	3.608%
2019/20	3.436%
2020/21	3.362%
2021/22	3.363%
2022/23	3.776%

The Loans Fund pool rate includes an interest charge for using existing Council funds instead of borrowing, with that interest being paid to the Revenue budget as income. This is called Internal Resources Interest (IRI). The increase in the Bank Rate during the year has meant an increase in short-term borrowing rates on which the interest charge is based and resulted in the increase in Loans Fund pool rate between 2021/22 and 2022/23 but also increased IRI for the General Fund.

3.14 The Council's investment policy for the year is governed by Scottish Government Investment Regulations and was implemented in the annual investment strategy approved by the Council on 21 April 2022 (after review by the Policy & Resources Committee on 22 March 2022). The policy sets out the approach for choosing investment categories and counterparties, and is based on credit ratings provided by the three main credit rating agencies supplemented by additional market data such as rating outlooks, credit default swaps, bank share prices etc.

All investments in 2022/23 and 2023/24 to date were in accordance with the policy and no institutions with which investments were made had any difficulty in repaying investments and interest in full.

3.15 The result of the investment strategy undertaken by the Council in 2022/23 is as follows:

Average Investment	Rate of Return (gross of fees)	Benchmark Return (3-month SONIA compounded)
£40,569,461	2.044%	1.842%

The Council has outperformed the benchmark by 0.202% resulting in additional income to the Council of £82,000.

- 3.16 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 repayments of debt along with interest and expenses costs on the borrowing.

The Council is required to set out its policy for the repayment of loans fund advances.

- a. For loans fund advances made before 1 April 2016 the policy will be to maintain the practice of previous years and use the Statutory Method (option 1) with annual principal repayments being calculated using the annuity method.
- b. The same method was used for loans fund advances made after 1 April 2016 for the permitted 5-year transitional period to the end of 2020/21. In applying the annuity method to new advances in any year, the interest rate used in the annuity calculation is the Council's loans fund pool rate for the year (including expenses) as rounded up to the nearest 0.01%.
- c. Of the options available for new capital expenditure from 1 April 2021 onwards, it was approved by the Full Council on 22 April 2021 to maintain the use of the annuity method as set out in option b. above.

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

	2022/23
	Actual
	£000
Balance As At 1 April	227,029
Add: Advances For The Year	9,397
Less: Repayments For The Year	8,184
Balance As At 31 March	228,242

- 3.18 For the loans fund advances outstanding as at 31 March 2023, the liability to make future repayments (excluding debt interest and expenses) is as follows:

	£000
Year 1	8,102
Years 2-5	33,818
Years 6-10	42,959
Years 11-15	40,089
Years 16-20	36,275
Years 21-25	34,191
Years 26-30	18,947
Years 31-35	7,662
Years 36-40	2,333
Years 41-45	1,110
Years 46-50	1,137
Years 51-55	820
Years 56-60	115
Years 61-65	48
Years 66-70	58
Years 71-75	69
Years 76-80	83
Years 81-85	99
Years 86-90	118
Years 91-95	141
Years 96-100	68
TOTAL	228,242

3.19 Service Concession (PPP) Contract

At its meeting on 16 February 2023 the Policy & Resources Committee agreed to a change in the accounting treatment of the Council’s Service Concession (PPP) contract from 2023/24. This generated a one-off increase in reserves of £14.748m on 1 April 2023 by extending the period over which PPP debt will be charged to the Revenue budget. Decisions on the use of the increase in reserves (which will be funded from further borrowing) were taken by the Council on 2 March 2023.

4.0 PROPOSALS

4.1 It is proposed that the Committee consider the contents of Section 3 of the report, seek any assurances from Officers, and thereafter remit the Annual Report to the Council for approval.

5.0 IMPLICATIONS

5.1	SUBJECT	YES	NO
	Financial	X	
	Legal/Risk	X	
	Human Resources		X
	Strategic (Partnership Plan/Council Plan)		X
	Equalities, Fairer Scotland Duty & Children/Young People’s Rights & Wellbeing		X
	Environmental & Sustainability		X
	Data Protection		X

5.2 Finance

Treasury activity represents a significant aspect of the Revenue Budget and over 2022/23 both borrowing costs and investment income varied considerably from that included in the approved Strategy.

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					

5.3 Legal/Risk

The Council has complied with all treasury management statutory requirements over 2022/23. Treasury risks are identified in the Treasury Strategy and officers are supported in this regard by the Council's treasury consultants.

5.4 Human Resources

None.

5.5 Strategic

None

6.0 CONSULTATION

6.1 This report includes the latest advice from the Council's treasury consultants (Link Treasury Services Limited).

7.0 BACKGROUND PAPERS

7.1 CIPFA - Treasury Management in the Public Services – Code of Practice and Cross-Sectoral Guidance Notes – 2021 Edition
Inverclyde Council – Treasury Management Strategy Statement and Annual Investment Strategy 2022/23-2025/26.

**FORECAST OF INVESTMENT BALANCES
ESTIMATE FOR 2022/23 AND ACTUAL AT 31 MARCH 2023**

Investment Regulation 31 requires the Council to provide forecasts for the level of investments. The estimate for 2022/23 and the actual as at 31 March 2023 are:

	2022/23 Estimate	2022/23 Actual At 31 March 2023
	£000	£000
Cash balances managed in-house		
- At 1 April 2022	35,000	34,339
- At 31 March 2023	32,151	26,127
- Change in year	(2,849)	(8,212)
- Average daily cash balances	33,576	40,569
Holdings of shares, bonds, units (includes local authority owned company)		
- At 1 April 2022	2	2
- Purchases	0	0
- Sales	0	0
- At 31 March 2023	2	2
Loans to local authority company or other entity to deliver services		
- At 1 April 2022	354	308
- Advances	235	0
- Repayments	58	56
- At 31 March 2023	531	252
Loans made to third parties		
- At 1 April 2022	113	120
- Advances	0	10
- Repayments	24	22
- At 31 March 2023	89	108
Total of all investments		
- At 1 April 2022	35,469	34,769
- At 31 March 2023	32,773	26,489
- Change in year	(2,696)	(8,280)

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)" are historic and relate to the Common Good.

The Loans made to third parties includes a £50,000 loan to Shared Interest Society Limited ("Shared Interest") as approved by the Policy & Resources Committee in August 2017, Shared Interest being a company that uses funds invested by individuals and organisations to allow it to provide loans to fair trade businesses around the world.

Report To:	Policy & Resources Committee	Date:	15 August 2023
Report By:	Chief Financial Officer	Report No:	FIN/39/23/AP/LA
Contact Officer:	Alan Puckrin	Contact No:	01475 712090
Subject:	Approach to the March 2024 Budget		

1.0 PURPOSE AND SUMMARY

- 1.1 For Decision For Information/Noting
- 1.2 The purpose of this report is to provide the Committee with an initial assessment of the Council's short to medium term budget position and to seek decisions on elements of the approach to be taken in determining the March 2024 Budget.
- 1.3 The June Finance Strategy reported an estimated £18.1 million funding gap over 2024/27, before any increase in Council Tax. The Scottish Government Medium Term Financial Strategy (MTFS) confirmed that the challenging financial environment for local government is likely to continue.
- 1.4 The Verity House Agreement, signed on 30 June 2023 includes several commitments which if delivered, would help in the development of the forthcoming budget via greater focus on outcomes not inputs, less ring fencing and earlier/greater collaboration in the development of policies. The full Agreement is in Appendix 1. Updates on progress will be reported to Committee over coming months.
- 1.5 The Members Budget Working Group (MBWG) have considered several matters regarding the approach to the development of the March 2024 Budget and have recommended the following for Committee to consider:
1. Budget Period – The budget consists of a firm 2 year Revenue Budget covering 2024/26 in addition to the standard 3 year Capital Programme covering 2024/27.
 2. Council Tax – In order to reduce the volume of unnecessary savings developed and consulted upon, the proposal is for Committee to agree an early indication of the quantum of increased Council Tax (in percentage and/or financial terms) it is proposed to raise over 2024/26.
 3. Savings – In addition to the remaining savings not approved from the March 2023 Budget, the Corporate Management Team are developing further options totalling approximately £3.0million. Following consideration by the Committee, savings options and the proposed Council tax increase will form the Budget Consultation later in the financial year.
 4. The 2023/24 Council contribution to the IJB should include an extra £821,000 in relation to the IJB estimated share of the Scottish Government 2023/24 pay award contribution.
- 1.6 To support the budget development the CMT have reviewed the approved Delivering Differently change programme and are recommending the addition of 7 new projects as well as amending the scope of several existing projects. Details are covered in Appendices 2-4.

2.0 RECOMMENDATIONS

- 2.1 It is recommended that the Committee notes the estimated 3 year funding gap faced by the Council, the growing pressures on the Capital Programme and the key messages from the Scottish Government MTFs which confirm that the significant financial challenges facing the Council remain.
- 2.2 It is recommended that the Committee welcomes the contents of the Verity House Agreement and notes the potential flexibilities this could provide to the Council in developing the March 2024 Budget.
- 2.3 It is recommended the Committee approves the proposals in section 4 of the report namely:
- That the Council develops a 2 year Revenue Budget for approval in March 2024 covering the period 2024/26 and a 3 year Capital Programme covering 2024/27,
 - That the Budget Consultation includes an assumed increase in Council tax income of £5.0million by 2025/26,
 - That £821,000 from the Scottish Government contribution to the 2023/24 pay award be added to the Council's contribution to the IJB in 2023/24.
 - That the Delivering Differently project proformas in appendices 3 and 4 be approved,
 - That the Chief Executive be given delegated authority to progress VER trawls associated with the Delivering Differently programme and the new savings options being developed by the CMT on the basis that any proposed releases will require approval by elected members.
- 2.4 It is recommended that the Committee notes that an update report including proposals in respect of savings options and the Budget Consultation will be presented to Committee in September.

Alan Puckrin
Chief Financial Officer

3.0 BACKGROUND AND CONTEXT

3.1 The Council approved the 2023/24 Revenue Budget and 2023/26 Capital Programme on 2 March 2023. The revenue budget was balanced, after adjustments, via the approval of £6.653million of savings, a 5.3% increase in Council Tax and the use of £3.0million from Reserves. The Capital Programme included a further £4.0 million from Reserves and resulted in a £3.037million over provision of projects which was an over provision of 4.7%, within the 5.0% over provision limit set by the Council.

3.2 The unaudited Annual Accounts for 2022/23 were approved for submission by the Audit Committee on 29 June and these included surplus reserves of £3.4million at 31 March 2023 which is £2.2million more than the last figure reported to Policy & Resources Committee in May. In line with previous years, details of the main reasons for the movement are reported elsewhere on this agenda.

3.3 Scottish Government Medium Term Financial Strategy

The Scottish Government issued the Medium Term Financial Strategy (MTFS) for 2023/28 on 25 May with the main messages being:

- There are cash and real terms increases in funding over 2024/28 however this is being outstripped by increases in spending resulting in an estimated funding gap of just over £1 billion in 2024/25.
- In 2024/25 there is a £0.7 billion negative tax reconciliation relating to 2021/22.(Note: Tax adjustment now set at £0.4billion -July 2023)
- Capital resources are expected to decline in cash and real terms with the gap between capital spending plans and resources of almost £1 billion by 2025/26.
- Assumption for pay is 2.0% from 2024/25 but the intention set out in the May 2022 strategy that the pay bill is held at the same level i.e: increased wages paid for by reduced employee numbers, has been relaxed.
- Health spend is assumed to grow by 4% per year putting more pressure on remaining portfolios including Local Government

The MTFS confirms the challenging financial position faced by the Scottish Government and that decisions will be needed in the short/medium term to better align income and expenditure. This indicates the likelihood of another very challenging settlement for local government in 2024/25.

3.4 Verity House Agreement

A new Partnership Agreement between the Scottish Government and COSLA was agreed on 30 June, this is being called the Verity House Agreement and a copy is attached at Appendix 1. There are several commitments within this agreement which if delivered in time for the 2024/25 settlement will assist the Council in managing some of the financial pressure reported above. Specifically, a significant reduction in ring fencing, a focus on outcomes not inputs, a presumption for local flexibility and wherever possible, multi-year certainty are welcome commitments.

Specific short-term milestones have been set out and progress against these and other developments will be reported to Committee.

3.5 There are several areas where early decisions on the approach to the budget to be approved in March 2024 are required and these are listed below :

- **Budget Period-** Cosla and local authorities have been pressing for multi -year settlements for many years with the last 3 year settlement occurring in 2013/16. The Verity House Agreement indicates a commitment to move towards this albeit may be impractical to deliver this at an individual council level by December 2023.

- **Council Tax** - The level of Council Tax plays a key role in any budget. Each 1% increase in Council Tax is now estimated to raise approximately £350,000. An early decision on the potential level of increased income to be raised from Council tax will have a bearing on the level of new savings to be developed and consulted upon. Committee will also be aware that a consultation is in progress regarding potential changes to the Council tax banding multipliers which may give further scope for increases in Council tax income from 2024/25.
- **Savings**- Currently the CMT are assuming that the remaining savings developed but not taken in March 2023 will all be included in the savings options available to elected members. The situation regarding potential teacher and pupil support assistant savings requires to be clarified but the wording in the Verity House Agreement gives an indication that there may be a change in the current approach of imposing significant financial penalties were teacher numbers to be reduced.
- **Integrated Joint Board Pay Award Contribution**- Indications from the IJB Chief Officer are that unlike 2023/24, savings will be required to balance the IJB Budget. The Chief Executive, Chief Officer and the two Chief Financial Officers will be in regular communication during the budget process to ensure that where possible a consistent approach is taken and that there are no unintended consequences in the development of both budgets. However, an early decision is needed regarding whether the estimated social care employee share of the extra £2.408 million Scottish Government funding for the 2023/24 pay award allocated to the Council is passed onto the IJB. This is estimated to be £821,000.

3.6 **Capital Programme**- The capital programme usually represents a less contentious aspect of the overall budget with funding pressures largely being addressed by either use of reserves or increases in prudential borrowing. However, given the assessment of capital resources in the Scottish Government MTFs, pressures on the Revenue Budget /Reserves and the significant investment requirements identified in the Net Zero Strategy and Asset Management Plans, then there is a need to start addressing the growing medium- term pressure on the Council's capital budgets. As part of the June Financial Strategy the Council agreed to allocate an extra £100,000 annually to 2030/31 to fund £1.5million of prudential borrowing however, this will still leave around £2.0million shortfall in available resources each year simply to maintain existing general allocations in cash terms.

3.7 **Delivering Differently Programme**-The Policy & Resources Committee oversees the Council's Delivering Differently change programme and receives reports on progress no less frequently than annually. The latest summary position is shown in Appendix 2. As part of the 2023/24 Budget, several projects were completed and as such the CMT has developed potential new projects. As was the case last year, a short pro-forma has been completed for each for consideration by Committee and are included in Appendix 3 (existing projects) and Appendix 4 (proposed projects). Most of the proposals are not expected to result in material savings but rather focus on reducing pressures and making better use of current resources.

4.0 PROPOSALS

4.1 Following discussions with the MBWG the following paragraphs provide the CMT recommended approach to each of the matters raised in paragraph 3.5 along with the associated rationale.

4.2 **Budget Period** - Given the position outlined in both the Scottish Government MTFs and the Council's Financial Strategy, a medium-term approach to the development and approval of savings and increases in Council tax would be the most effective and efficient way to approach the Budget. Mindful of officer capacity and the time available, the CMT would recommend setting a 2024/26 Revenue Budget and 2024/27 Capital Budget by March 2024. In an ideal world the

CMT would propose a 3 year revenue budget but do not believe there is the capacity at officer level to develop and consult upon the significant volume of new savings which would be required to be developed.

- 4.3 **Council Tax/Savings-** Council tax is often viewed as being one of the last decisions taken to ensure a balanced budget. This can often lead to the development of and consultation on many superfluous savings which in turn can cause unnecessary worry in the workforce and community as well as impacting on officer capacity. Given the challenge faced in developing a further £10 million of deliverable savings options, (which would give £15.4 million of options against a £12.6million estimated funding gap over 2024/26), the CMT would recommend members giving an earlier indicative level of increased income from Council tax over 2024/26. This then would help better size the volume of new savings to be developed. The Council tax proposal could then form part of the Public Consultation alongside savings options and demonstrate to the public the inter-dependency between the two.
- 4.4 The CMT recognise that decisions on increases in Council tax are a matter for elected members and as such this matter has been discussed within the MBWG. The MBWG would recommend to Committee that, between any increases generated from changes to the banding multipliers and general increases in Council tax and after considering the £2.0million reduction in the use of Reserves to fund the Revenue Budget between 2023/24 and 2025/26, then an increase in Council Tax income of £5.0million by 2025/26 should form part of the Public Consultation options. If following the current national consultation, the banding multipliers were unchanged, then to raise this sum would require an approximate 14% increase in Council tax over the two years.
- 4.5 If this proposal is agreed in principle, then a further £3.0million of savings options would provide sufficient choice for elected members to consider based on the latest estimated funding gap. An update on the development of savings and proposals for the Public Consultation would thereafter be presented to the next meeting of the Committee.
- 4.6 **Council Contribution to the IJB for the 2023/24 pay award-** The Scottish Government has indicated an expectation that a proportion of the £2.408 million 2023/24 pay award contribution grant is passported to the IJB in relation to the pay uplift for social care employees. This however has not been mandated. Understandably, the IJB would welcome early confirmation from the Council that this funding will be passported to the IJB. The CMT would recommend passing over the IJB share of the allocation which is estimated to be £821,000 on the basis that the IJB thereafter will address any budget pressures over 2024/26 without any further general increase in the Council contribution to the IJB.
- 4.7 **Capital Programme-** The CMT propose that given the existing and growing pressures on the capital programme there is the need to review the physical asset base as part of the coming budget. It is proposed that an all-member workshop takes place to highlight the challenges in more detail and to commence a review process which will feed into the 2024/27 Capital Programme.
- 4.8 **Delivering Differently-** The CMT would recommend the approval of the pro-formas included in Appendix 3 and 4 on the basis that updates will be reported on individual projects to the relevant committee with the annual update on the progress of the overall programme coming to this Committee in November.

5.0 IMPLICATIONS

- 5.1 The table below shows whether risks and implications apply if the recommendations are agreed:

SUBJECT	YES	NO
Financial	x	
Legal/Risk	x	
Human Resources	x	
Strategic (Partnership Plan/Council Plan)	x	
Equalities, Fairer Scotland Duty & Children/Young People's Rights & Wellbeing		x
Environmental & Sustainability		x
Data Protection		x

5.2 Finance

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
HSCP	Employee Costs	2023/24	£0.821m		Funded from the Scottish Government contribution to the 2023/24 pay award.

5.3 Legal/Risk

There are no specific legal implications arising from the proposals in the report but the need for appropriate consultation and assessment of the impact of savings is an important part of the development of budget proposals and will be overseen by the CMT.

There are several areas of risk in determining the budget gap over 2024/26 namely around inflation (pay and non-pay), Scottish Government Grant settlements and the impact of any unfunded legislative changes such as Fair Work First becoming a funding condition. There is however an "upside" risk relating to the potential impact of implementing the actions from the Verity House Agreement and the potential for a reduction in employer's pension contributions. As these matters are anticipated to become clearer in the autumn it is proposed that the Public Consultation is delayed until later in the year.

5.4 Human Resources

Authority is sought from Committee for the Chief Executive to undertake VER trawls to inform the development of proposals relating to projects within Delivering Differently and the new savings options being developed by the CMT on the understanding that any releases will require Committee approval.

5.5 Strategic

With the continuing pressure on Council resources, it is critical that the budget proposals reflect the strategic priorities set out in the Council Plan.

6.0 CONSULTATION

6.1 The MBWG and Trades Unions via the Joint Budget Group have been consulted on the proposals within this report.

7.0 BACKGROUND PAPERS

7.1 None.

New Deal with Local Government

Verity House Agreement

NEW DEAL WITH LOCAL GOVERNMENT PARTNERSHIP AGREEMENT

The Convention of Scottish Local Authorities (COSLA) and the Scottish Government have today agreed a new Partnership Agreement, setting out our vision for a more collaborative approach to delivering our shared priorities for the people of Scotland.

This agreement – to be known as the ‘Verity House Agreement’ - sets out the way we will work together, how we will approach our shared priorities, and how we will engage.

We have agreed three shared priorities – tackling poverty, just transition to net zero and sustainable public services - and recognise that each of these encompasses a breadth of existing activity and potential programmes of joint work, and that local flexibility will be required to maximise impact. This agreement is a high-level statement of intent upon which we will build.

By end September 2023:

- Improved engagement on budgetary matters will be well underway, in preparation for the Scottish Budget in December.
- We will conclude a Fiscal Framework between Scottish Government and Local Government, of which regular budget engagement will be a key part.
- We will develop and agree a shared programme of activity underneath each of the three priorities, which will focus on the period between now and the next Scottish Council Elections in 2027.

By end October 2023:

- A first joint review of Specific Grants and In-Year Transfers to Local Government will be undertaken with a view to identifying those which can be baselined into the General Revenue Grant or General Capital Grant from financial year 2024-25, creating more freedom and flexibility for Councils to address our shared priorities in locally appropriate ways.

By end August 2024:

- We will have jointly considered the first year of implementation of the Verity House Agreement and the Fiscal Framework as a whole, and agree any alterations or addendums required to ensure the ongoing effectiveness of these two key documents.

Partnership Agreement between Scottish and Local Government 2023

Scottish and Local Government will work together to:

1. **tackle poverty**, particularly child poverty, in recognition of the joint national mission to tackle child poverty
2. **transform our economy through a just transition to deliver net zero**, recognising climate change as one of the biggest threats to communities across Scotland, and
3. **deliver sustainable person-centred public services** recognising the fiscal challenges, ageing demography and opportunities to innovate.

To address these shared priorities, we have jointly accepted that changes are required to our relationship - *the way we work together, how we will approach our shared priorities, and how we engage with each other in a positive and proactive manner.*

This agreement is a statement of our intent from this point forward and provides a high-level framework for our partnership – it does not create legal obligations but it is Scottish and Local Governments' clear starting point and public commitment to the principle of regular and meaningful engagement, and respect for each other's democratic mandate, in order that we can work together more effectively to improve the lives of the people of Scotland.

A: The way we will work together

1. A positive working relationship should be based on **mutual trust and respect**, recognising the need for effective and responsible joint leadership as we work on our shared priorities.
2. We will **focus on the achievement of better outcomes** locally for individuals and communities, and jointly develop simple structures for assurance and accountability that recognise local difference but reduce burdensome reporting.
3. Scottish Government and Local Government, through COSLA and its network of professional networks including SOLACE, will work together to **consult and collaborate as early as possible in all policy areas** where Local Government has a key interest, has a significant place-based leadership locus and/or is the key delivery mechanism.
4. **Powers and funding** for Local Government will be reviewed regularly to ensure adequacy and alignment with effective delivery of outcomes. *The powers held by local authorities shall normally be full and exclusive. They may not be undermined or limited by another, central or regional, authority except as provided for by the law.*
5. From this point onwards, the default position will be **no ring-fencing or direction of funding**, unless there is a clear joint understanding for a rationale for such arrangements for example where quantum needs to be assessed over a transitional period to ensure the costs are accurately understood. Additionally, current funding lines and in-year transfers will be reviewed ahead of the draft 2024-25 Budget Bill, with a view to merging into General Revenue Grant funding (more details will be set out in the Fiscal Framework).
6. **Community Planning Partnerships** will be recognised as a critical mechanism for the alignment of resource locally, focussed on prevention and early

intervention, and delivering our shared priorities. Scottish Government will ensure that those public bodies that can contribute to community planning, play their part, including in involving local third sector and community bodies in promoting and improving wellbeing.

7. **Where we disagree**, we will seek to deal with these matters constructively in the spirit of cooperation, through the engagement mechanisms described in Section D of this agreement
8. Established negotiating arrangements for pay will be recognised and respected, **and we will work jointly to ensure better strategic alignment on workforce issues across the public sector, including fair work.**

B: How we will approach our shared priorities

9. At the heart of the decisions we take nationally and locally will be a commitment to the **realisation of human rights for all.**
10. Scottish Government will recognise and value the roles and responsibilities of Local Government and as such, will work to incorporate into Scots Law the **European Charter of Local Self-Government** as soon as possible.
11. In keeping with the Charter, both parties agree the maxim “**local by default, national by agreement**”. This recognises that public responsibilities shall generally be exercised, in preference, by those authorities which are closest to the citizen. Allocation of responsibility to another authority should weigh up the extent and nature of the task and requirements of efficiency and economy.
12. Where Ministers seek to explore **national delivery models** for matters which directly concern Local Authorities, Local Authorities should be fully involved in the policy development process from the outset and appropriately involved in the decision making, and the rationale for considering national delivery be clearly evidenced and outcomes focussed.
13. Where national approaches are being progressed, insofar as is possible and effective, there will be a **presumption in favour of local flexibility**, unless evidence of meeting outcomes dictates otherwise.
14. Local Government will respect and value the roles and responsibilities of the Scottish Government and Scottish Parliament, and all parties will act in **good faith in discussions where there is clear rationale for national approaches**, recognising the benefits these can bring for people and communities.
15. Scottish and Local Government will work together to **conclude the Local Governance Review** by the end of this parliamentary term, with an equal focus on the fiscal, functional and community empowerment that will enable public service reform, innovation and collective, whole system improvement.
16. Scottish and Local Government will work together strategically to advance **public service reform**, building on the joint work under the Covid Recovery Strategy. This will include working constructively and quickly **to remove barriers** which hinder flexibility focusing initially on those common challengesⁱ identified through the Covid Recovery Strategy, and to enable the design and delivery of services for and around people.
17. Scottish Government and Local Government commit to **evidence-based policy making**, using data to understand issues and to then identify the most appropriate means of tackling them.

18. Any required **reporting and data collection** will be proportionate, fit-for-purpose and will support transparency, accountability and future decision-making at both a local and national level.
19. Through the development of a robust Fiscal Framework, which will include meaningful early budget engagement, the **Local Government Settlement will be simplified and consolidated**, clear routes to explore local revenue raising and sources of funding will be established, and wherever possible multi-year certainty will be provided to support strategic planning and investment.

C: Accountability and Assurance

20. Scottish Government and Local Government will jointly agree a **monitoring and accountability framework**, drawing on proportionate reporting and data collection, to provide evidence and visibility over progress towards agreed outcomes.
21. Audit Scotland and the Accounts Commission Scotland will be invited to support and provide independent evaluation of progress.
22. Existing **strategic and service level plans and associated reporting will be streamlined and refined** to be utilised within this assurance process without creating duplication. This will include but not be limited to Local Outcome Improvement Plans, Children's Services Plans, Child Poverty Plans and Climate Change Plans.

D: Engagement

23. The **First Minister and COSLA President** will meet twice a year to discuss progress towards shared priorities, achievement of better outcomes for people and communities, and other key issues.
24. **COSLA's Leadership Sounding Board and a group of key Cabinet Members** led by the Deputy First Minister will meet quarterly - at least two of these meetings will be informal.
25. A robust and regular process for **early budget engagement** will be embedded in the Fiscal Framework, with an underlying principle of "no surprises".
26. Through a refreshed role and remit, Scottish Government's **Place Directors will act as ambassadors** for Local Government and Community Planning Partnerships across portfolios and programmes and will build a strong understanding about place-based leadership and the local plans that focus on our shared priorities.
27. The **Strategic Review Group (SRG)ⁱⁱ** will provide assurance that Scottish and Local Government are maintaining all commitments set out in this agreement.
28. **Portfolio and programme level engagement** (both official and political e.g. COSLA Spokespeople and Cabinet Secretaries/Ministers) will support this overarching governance through regular and meaningful joint oversight, reporting to the SRG.

ENDNOTES

ⁱ Challenges identified through the COVID Recovery Strategy were:

- Number of Competing Priorities
- Reporting Requirements
- Collaborative Working across Scottish Government
- Crisis Response to “Hot Topics”/World Events
- Data & Intelligence Sharing
- Funding Flexibility
- Resources (including inconsistencies of resource support from national partners across CPP areas)

ⁱⁱ Established in 2021 as part of the Local Government Engagement Plan, the **Strategic Review Group’s** (SRG) main purpose is to facilitate regular strategic level political engagement, led on behalf the Scottish Government by the Cabinet Secretary with overall responsibility for the Local Government relationship (and extended to other Cabinet Secretaries and Ministers where relevant) and COSLA senior politicians.

The SRG provides a regular forum to agree delivery priorities, outcomes to be achieved and acts as a mechanism to resolve issues and barriers. The SRG meets five times each year to set direction and priorities and aims to align decision making processes with those that are required by the internal governance arrangements within COSLA, ensuring that key decisions are planned in partnership with built in opportunity and processes to address unforeseen issues or areas of disagreement. The outputs of SRG, which should be agreed at the end of each meeting, assist the Cabinet Secretary to develop a wide overview of the interests of Local Government and represent these in Cabinet discussions.

In May 2023 the membership of the SRG is as follows:

Scottish Government : Deputy First Minister and Cabinet Secretary for Finance ; Minister for Local Government Empowerment and Planning.

Local Government : COSLA President and COSLA Vice President.



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W W W . g o v . s c o t

	Area to be reviewed	Objective	Saving/Cost Avoidance/ Pressure	Lead Officer(s)	Employee Impacts?	Timeline	Position as at 7 July 2023
1	IJB Budget process	To review and agree the process to determine the 2022/23 and future Council contributions to the IJB.	N/A	A Puckrin/ C Given/ K Rocks	No	September 2022 P&R	COMPLETE
2	Participatory Budgeting	To embed a participatory budget process within the Council to achieve the 1% minimum budget allocation requirement	N/A	R Binks	No	2021/22 update September, 2022 P&R Committee	Now operational business. COMPLETE
3	Shared Services with West Dunbartonshire	To review the appetite for /benefit of continuing with current arrangements and/or investigating future arrangements.	Saving/ Cost Avoidance	L Long	Yes	Council – May 2023 Audit Options Report -Autumn 2023	Council agreed to end the Environmental & Roads Shared Service from 31.5.23. Report due the Joint Committee regarding the Internal Audit shared arrangement in the autumn. Council progressing an internal assessment of options to feed into the review.
4	Roads Technical Services Restructure	As the RAMP reduces then the level of fee income will reduce and there needs to be a review of the level of technical support	Cost Avoidance	S Jamieson	Yes	December, 2023	Review being progressed informed by the decisions taken as part of the March 2023 Budget.
5	Trade Waste	To determine whether the Council provision is cost effective or whether an alternative model is needed.	Cost Avoidance	S Jamieson	Yes	E&R January, 2024	Report approved March 2023 E&R Committee. An in-house service will remain. Charges increased by 10% whilst a further review of costs/ charges takes place as part of the 2024/25 Budget.
6	IL Delivery Model	Due to the significant increases in property costs within the IL estate and reductions in income , a review of the estate and services delivered is required.	Cost Avoidance/ Saving	S Jamieson/ R Binks	Yes (IL)	TBC	Initial review overtaken by 2023/24 Budget savings proposals but post Budget the need to review the sustainability of the IL estate remains and how to progress this matter is to be discussed at the MBWG over the summer.
7	New Ways of Working	To reduce the office footprint and generate savings in light of the implementation of hybrid working	Saving	S Jamieson/ M Rae	Yes	Hybrid Working Policy – Sept 2023	The one year pilot period of the hybrid working strategy commenced in June 22. Post pilot it has been agreed to continue with hybrid working and a Policy is due to be presented to the Policy & Resources Committee in September 2023. Following the Levelling Up Fund award and the impact on the campus, the project focus has moved to making best use of the office space and will be led by the Director, Environment & Regeneration.

	Area to be reviewed	Objective	Saving/Cost Avoidance/ Pressure	Lead Officer(s)	Employee Impacts?	Timeline	Position as at 7 July 2023
8	Secondary School Catering	Secondary School catering income has reduced considerably and as such a review is needed to increase uptake and/or reduce the cost base.	Cost Avoidance	R Binks	Yes	E&C January 2023	A review of catering provision in schools has now concluded. Business Case to replace the aged CRB system approved by CMT (15.3.23) Digital Modernisation Group. Tender being progressed. COMPLETE.
9	Revised Property Services Structure	To offset the expected reduction in fee income the CMT approved a new structure in February, 2022. This requires a VER trawl in order for the new structure to be in place by April, 2023	Cost Avoidance	S Jamieson	Yes	Implement - March, 2023	COMPLETE
10	Attainment Challenge Funding Reduction	Funding for SAC will reduce by 80% by 2025. This will require a reduction of several dozen posts which will require close working with HR and TUs	Cost Avoidance	R Binks	Yes	Fully Implement August, 2024 Annual update to E&C Cttee	On 23/11/21 the SG announced their plans for the SAC refresh from April 22. This will see funding reduce from approx £3.4M in 21/22 down to approx £563K in 25/26. Year 2 – Update to CMT March 2023 re 2023/24 implications and a follow up reported June 2023/ Up date due to September E&C Committee Process will continue the following years in similar fashion.
11	Community Wardens	The scope of service delivered requires to be reviewed per MBWG request as part of the 2022/23 Budget	Saving	S Jamieson	Yes	MBWG October 2022 E&R October, 2022	Options appraisals reported to E&R October Saving options developed and saving approved to reduce team by 8FTE. COMPLETE
12	Family Support Services	Identified by MBWG as an area for review as part of the 2022/23 Budget (Homelink/ Family Support/SAC)	Saving	R Binks/ K Rocks	Yes	E&C Comm - Jan 2023	The review is complete. Saving approved March 2023. COMPLETE
13	Home Care Review	HSCP have been reviewing the Care at Home service which could have significant financial implications	Pressure (for IJB)	K Rocks	Yes	CMT May 2023 IJB June 2023	Creation of new post at higher grade supported by CMT and approved by the IJB 26 June, 2023. Costs to be contained by IJB. New external provider tender to be in place by April 2024. Review complete but on going work will ensure sustainability of service provision and funding. COMPLETE
14	Homelessness	Longer term approach to the delivery of the Homelessness Service to be developed and agreed	Pressure (for the IJB)	K Rocks	Yes	Work plan to be implemented by September 2023	A Programme Board and six sub-groups are now well established with six corresponding action plans and an overarching risk register. Current risks revolve around accessing data on the private rented sector to maximise the potential for a wide variety of housing options in Inverclyde and developing pathways to settled accommodation for vulnerable groups. A full compliment of Assessment and Support Officers is now in place and referrals to the in-house Rapid Rehousing Support Team are gaining momentum.

	Area to be reviewed	Objective	Saving/Cost Avoidance/ Pressure	Lead Officer(s)	Employee Impacts?	Timeline	Position as at 7 July 2023
							Continued demand on temporary accommodation is slowing momentum on decommissioning the Inverclyde Centre however work continues through the sub-groups to improve communication, information and data collation and a timeframe for a complete service re-design.
15	New Social Work Information System	Procurement & implementation of a replacement for SWIFT	One off cost & potential saving	K Rocks	Yes	Update report to IJB- September 2022 Full implementation date of early 2024	Contract has been awarded the for the new SWIFT system. Officers are satisfied that the new system will meet the HSCP requirement for full implementation early 2024. The new system has cost less than expected and the HSCP have return £400k to the Councils capital programme. Implementation being reported to IJB COMPLETE
16	EDRMS	To meet Information Governance requirements and support hybrid working within a modern Council, a comprehensive and corporate approach to EDRM is needed	Pressure/ Cost Avoidance	I Strachan	No	Business Plan to CMT November, 2022	Members approved an approach which is led by service areas and supported by ICT, to focus on service specific improvement projects, rather than a single multi-service EDRMS project. P&R Cttee approved the allocation of £1.0million as part of the 2023/24 Budget and the creation of a Digital Modernisation Board chaired by the Chief Executive. Project to be combined with Migration to Office 365
17	Migration to Office 365/ Cloud	Migration to the Cloud/O365 in line with the ICT Strategy. Will include move to the use of MS Teams	Cost Avoidance	I Strachan	No	Main roll-out – Complete May 2023 Telephony implement by late 2024	MS Teams fully rolled out although Committees will remain WEX for the time being. Training availability cascaded but Digital Modernisation Group to consider how best to deliver. Next phase is to replace telephony. Meetings with vendors on going CMT approved procurement approach in April 2023. Combine with Digital Modernisation project above.
18	Library provision	In light of the overall financial position of the Council and potential new ways of service delivery, a comprehensive review of the library service is needed	Saving	R Binks	Yes	MBWG – November E&C Comm - January 2023	Proposal achieving efficiencies/economies saving £114,000 approved, March 2023 COMPLETE
19	Employability Services	Given the estimated funding gap and the increase in ring fenced funding from the Scottish Government , a review of funding sources and delivery models is required	Saving	S Jamieson	Yes	MBWG October 2022 E&R October 2022	Paving developed and £400k saving approved , December, 2022. COMPLETE

Review Title:	Shared Services- Internal Audit
Directorate:	Chief Executive Services
Service:	Chief Executive
Target (Saving/ Pressure Reduction):	Pressure Reduction
Review Detail:	<p>The Council agreed in May 2023 that a review of options relating to the future of the current Internal Audit Shared Service be undertaken with West Dunbartonshire Council and reported to the Joint Committee in the autumn.</p> <p>To inform this an internal assessment of options will be progressed over the summer and reported to CMT and thereafter the relevant Committee by early autumn. The review will also address the need to improve capacity in the delivery of risk management within the Council.</p>
Options being considered:	Report to consider all options ranging from the status quo, returning to a standalone service within the Council to a lead authority model.
Authorisation:	
Head of Service:	Alan Puckrin / Iain Strachan
Director:	Louise Long
Finance Manager:	Angela Edmiston
Date:	31/05/23

Delivering Differently - Scoping Paper

Review Title:	Roads Technical Services
Directorate:	Environment and Regeneration
Service:	Physical Assets
Target (Saving/ Pressure Reduction):	Cost Avoidance
Review Detail:	<p>The Roads Technical Services Team is substantially funded through income charged to the Roads Asset Management Plan (RAMP) The complement of the Team was increased as the RAMP increased however in recent years the available RAMP budget has been reduced. External grant funding has however increased in recent years although this is not always recurring so there is less certainty with regards to future funding.</p> <p>The review will consider whether the Technical Team is likely to achieve full cost recovery in light of the reduction in RAMP budgets and considering the impact of external funding with a view to amend budgets from 2024/25 onwards accordingly.</p>
Options being considered:	The review will consider how best to match the Technical Team resources to available income which could result in reduction, status quo or increase of the current team as well as the option for external support.
Authorisation:	
Head of Service:	Eddie Montgomery
Director:	Stuart Jamieson
Finance Manager:	Matt Thomson
Date:	26th May 2023

Delivering Differently - Scoping Paper

Review Title:	Trade Waste Services
Directorate:	Environment and Regeneration
Service:	Regeneration Planning and Public Protection
Target (Saving/ Pressure Reduction):	Pressure Reduction
Review Detail:	Review of charges and application of policy on the Trade Waste function delivered by the Council following the interim changes applied during the 2023/24 budget setting process to ensure the Council provides a non-subsidised Service going forward.
Options being considered:	Current levels of charging are insufficient to meet the cost of providing the Service, the review will consider options for cost reduction where possible as well as an increase to charges to bring the service to a non subsidised, sustainable position.
Authorisation:	
Head of Service:	
Director:	Stuart Jamieson
Finance Manager:	Matt Thomson
Date:	26th May 2023

Delivering Differently - Scoping Paper

Review Title:	IL estate
Directorate:	Environment and Regeneration
Service:	Physical Assets
Target (Saving/ Pressure Reduction):	Cost Avoidance/Saving
Review Detail:	In light of reduced income, increased utility costs, rates, changing demands and the need to implement a carbon reduction across the IL Estate (Indoor & Outdoor Leisure Facilities, Community Facilities). The review will focus on making recommendations on the extent of the IL estate as part of the March 2024 budget.
Options being considered:	The review will focus on the cost, statutory performance indicators, social value and usage of the estate and the potential for either Building closure or if appropriate asset transfer.
Authorisation:	
Head of Service:	Eddie Montgomery/Tony McEwan
Director:	Stuart Jamieson / Ruth Binks
Finance Manager:	Matt Thomson
Date:	26th May 2023

Delivering Differently - Scoping Paper

Review Title:	New ways of working
Directorate:	Environment and Regeneration
Service:	Physical Assets
Target (Saving/ Pressure Reduction):	Saving / Pressure reduction
Review Detail:	Considering increased utility costs, rates, hybrid working and the need to implement a carbon reduction across the Council Estate the review will focus on making recommendations on the utilisation of the Council estate.
Options being considered:	The review will consider the efficient use of the office footprint considering hybrid working and reduced capacity requirements. It is likely that a reduction in the office estate will be required involving building closure, building disposal and/or demolition. Asset transfer will also be considered.
Authorisation:	
Head of Service:	Eddie Montgomery
Director:	Stuart Jamieson
Finance Manager:	Matt Thomson
Date:	26th May 2023

Delivering Differently - Scoping Paper

Review Title:	Transition from the Scottish Attainment Challenge to the Scottish Equity Funding
Directorate:	Education, Communities and Organisational Development
Service:	Education
Target (Saving/ Pressure Reduction):	Manage the 4 year (2022 – 2026) phased reduction of funding given to the Council in respect of the Scottish Attainment Challenge
Review Detail:	This is a 4 year phased plan for the reduction in funding. This will include a planned reduction in Human Resources employed by the fund as well as a diminution of projects and resources supported.
Options being considered:	<ul style="list-style-type: none">• A plan is in place for the phased reduction of funding.• Any member of staff who has a right to return or who is on a temporary backfill contract is considered as part of the annual staffing exercise.• Contracts in place with external organisations have been timed to take into account the reduction in funding.• An annual return is made to the Scottish Government which clearly outlines the project plan and the aims and objectives of the remaining Scottish Equity Funding.• Annual update to Education & Communities Committee
Authorisation:	
Head of Service:	Michael Roach
Director:	Ruth Binks
Finance Manager:	Mary McCabe
Date:	01/06/23

Delivering Differently - Scoping Paper

Review Title:	Homelessness
Directorate:	HSCP
Service:	
Target (Saving/ Pressure Reduction):	Pressure for the IJB
Review Detail:	<p>To move away from the current traditional hostel-based model based within the Inverclyde Centre as it is not fit for purpose. For the council to deliver on its statutory homeless duties, new emergency accommodation will be required which is trauma informed, person centred and promotes healing rather than stigmatises and retraumatizes individuals</p>
Options being considered:	<p>A four-tiered model of accommodation is being considered to take account of the range of tenancy and support needs, rather than a lift and lay of the current hostel and staff model on a new site.</p> <p>Development of model for addressing homelessness with a focus on those with more complex needs.</p> <p>This may create budget pressures through the potential loss of income received through management charges attributed to the Inverclyde Centre. A new rent and charging policy is being developed to mitigate against this.</p> <p>Developing a community-based Housing Options and Homelessness Advice Service operated by the current Assessment and Support Team will ensure a focus is on homeless prevention. Early indications show a reduction in the number of cases becoming full homeless applications.</p>
Authorisation:	
Head of Service:	Gail Kilbane
Director:	Kate Rocks
Finance Manager:	Marie Keirs
Date:	19/07/23

Delivering Differently - Scoping Paper

Review Title:	Digital Modernisation
Directorate:	Chief Executive
Service:	Legal, Democratic, Digital & Customer Services
Target (Saving/ Pressure Reduction):	Saving/Pressure Reduction
Review Detail:	<p>Through its Digital Strategy (2021 – 2024) the Council has agreed the need to increase and promote the range of digital services available to employees and customers, and to exploit the opportunities that digital services can achieve by:-</p> <ul style="list-style-type: none">• improving user experience and interaction with Council services;• reducing cost to deliver services via channel shift opportunities; and• improving efficiencies and productivity of services. <p>By maximising the adoption of digital modernisation opportunities the Council can enhance its business processes, decision making and service delivery, for the benefit of both employees and citizens, including also service transformation and new ways of working.</p> <p>Digital opportunities can also assist the Council in managing its information effectively, including managing related risks, for instance around records management and information governance compliance.</p> <p>With this context, the Council has established the Digital Modernisation Programme Board (DMPB) to</p> <ul style="list-style-type: none">• support and drive delivery of the Digital Modernisation Programme;• support and drive the wider progression of digital modernisation across the Council;• ensure the effective management and use of the £1M Digital Modernisation Ear Marked Reserve (see below); and• ensure the effective management of risks to progression of digital modernisation across the Council.

	<p>The DMPB (or CMT, at the request of the DMPB) must approve a project's business case for it to be accepted into the Programme. In addition, the Policy & Resources Committee must approve the use of these Reserves for any specific projects.</p> <p>As a group, the DMPB will ensure there is clear direction, visible ownership, coordination and management support for the progression of digital modernisation across the Council.</p> <p>Progress on the delivery of those digital modernisation projects will be reported to the DMPB by the relevant service area.</p> <p>Updates on progression of the Programme will be reported to P&R Committee every other cycle.</p>
<p>Options being considered:</p>	<p>Options in respect of individual digital modernisation proposals will be considered at the DMPB.</p> <p>The Policy & Resources Committee approved this approach in March 2023.</p>
<p>Authorisation:</p>	
<p>Head of Service:</p>	<p>Iain Strachan</p>
<p>Director:</p>	<p>Louise Long</p>
<p>Finance Manager:</p>	<p>Angela Edmiston</p>
<p>Date:</p>	<p>26 May 2023</p>

Review Title:	Energy
Directorate:	Environment and Regeneration
Service:	Physical Assets
Target (Saving/ Pressure Reduction):	Cost Avoidance/Saving
Review Detail:	Considering increased utility costs and the need to reduce our carbon footprint a review of the Council and IL's utility costs will be carried out. Recommendations to make the estate more energy efficient, including setting of high level future targets, will be made by 31 st March 2024.
Options being considered:	The review will consider both the usage and operation of the estate as well the installation of energy/utilities efficiency measures. Where appropriate procurement of energy solutions will also be considered.
Authorisation:	
Head of Service:	Eddie Montgomery
Director:	Stuart Jamieson
Finance Manager:	Matt Thomson
Date:	26th May 2023

Delivering Differently - Scoping Paper

Review Title:	Recruitment & Retention Initiatives
Directorate:	ECOD
Service:	Organisational Development, Policy & Communications
Target (Saving/ Pressure Reduction):	Pressure Reduction
Review Detail:	To consider how the Council can better support the retention of existing employees and attract new employees. A report was considered at P&R Committee on 23 rd May 2023 which noted several projects / initiatives being progressed to support employee recruitment and retention. An update report is scheduled to go back to P&R Committee later this year.
Options being considered:	Options being considered and progressed include: <ol style="list-style-type: none">1. New Flexible Working Policy,2. Reduction in Standard Working week (37 to 35 hrs)3. Further development of trainee grades and the payment of university fees for students,4. Explore further employee benefits and salary sacrifice schemes,5. Review of Professional Fees
Authorisation:	
Head of Service:	Morna Rae
Director:	Ruth Binks
Finance Manager:	Angela Edmiston
Date:	7th June 2023

Delivering Differently - Scoping Paper

Review Title:	Review of HR & OD Team
Directorate:	ECOD
Service:	Organisational Development, Policy & Communications
Target (Saving/ Pressure Reduction):	Pressure Reduction
Review Detail:	To undertake a high-level health check of the team and make recommendations for improvements. The key focus will be around the resilience of the team and ensuring that the team continues to add value and is able to meet future demands.
Options being considered:	<ol style="list-style-type: none">1. Are team resources in the right place for the tasks that need to be completed?2. Are tasks undertaken as efficiently as possible?3. Does the team meet service user needs and demands? Where are the gaps and what can the team do more effectively?4. Is there an option for better use of technology/systems?
Authorisation:	
Head of Service:	Morna Rae
Director:	Ruth Binks
Finance Manager:	Angela Edmiston
Date:	7th June 2023

Delivering Differently - Scoping Paper

Review Title:	Review of Community Learning and Development
Directorate:	Education, Communities and Organisational Development
Service:	Community Learning and Development
Target (Saving/ Pressure Reduction):	Saving
Review Detail:	Reconfiguration of Community Learning and Development Service to ensure all areas of work across CLD are supported.
Options being considered:	This review aims to reconfigure the Community Learning and Development Service following a reduction in FTE as part of the 2023/25 budget process. The Service currently has one service manager with responsibility for: Youthwork and Sport; Adult learning and literacies; Communities; and Community Safety. In recent years, the service has taken on additional responsibilities such as community asset transfer support, locality planning and PB, and the CLD workforce needs to be spread more equitably across the disciplines in order to meet the needs of the Council and communities.
Authorisation:	
Head of Service:	Tony McEwan
Director:	Ruth Binks
Finance Manager:	Mary McCabe
Date:	01/06/23

Delivering Differently - Scoping Paper

Review Title:	Lomond View Academy
Directorate:	Education, Communities and Organisational Development
Service:	Education
Target (Saving/ Pressure Reduction):	Pressure Reduction
Review Detail:	Aim is to reduce spend in out of authority education placements and provide better and enhanced support to pressures of behaviour of pupils within mainstream schools to avoid exclusion.
Options being considered:	<ul style="list-style-type: none"> • Reorganise existing staffing to create a more bespoke package of pathways that better meets the needs of existing pupil cohort across the secondary sector. A particular focus will be on creating pathways that ensure we do not have to consider out of authority placements as well as develop pathways that allow us to bring pupils back into the LA from existing out of authority placements. • Introduce a primary outreach and support model that ensures a more effective early intervention model and relieves pressure on existing ASN provision who on occasion have taken pupils where their profile may not be the best fit but there have been no other options to date, again with a focus on avoiding out of authority placements. • Merging the current virtual school to support Looked After and Care Experienced Young People with LVA to create an overall and more joined up service model and allowing for a more synergised and targeted use of the staffing resource and expertise we have at our disposal.
Authorisation:	
Head of Service:	Michael Roach
Director:	Ruth Binks
Finance Manager:	Mary McCabe
Date:	01/06/23

Delivering Differently - Scoping Paper

Review Title:	Review of ASN Transport Provision
Directorate:	Education, Communities and Organisational Development
Service:	Educational Resources
Target (Saving/ Pressure Reduction):	Pressure Reduction
Review Detail:	Review to identify what has led to the increased costs associated with the transport of pupils with additional support needs and to identify potential ways to mitigate the costs. Budget is demand-led and an increasing number of pupils are requiring transport. Work will also look at ASN provision across Inverclyde.
Options being considered:	It is difficult to predict the future costs of ASN transport due to it being demand-led and that contracts are subject to fluctuations in transport costs. It is also managed in large part in partnership with SPT, who will have to contribute to the review. The review aims to look at a range of options which could be around types of transport used, whether internal transport would be an option and whether there is a facility to support parents to make their own arrangements for their children and young people to travel.
Authorisation:	
Head of Service:	Tony McEwan
Director:	Ruth Binks
Finance Manager:	Mary McCabe
Date:	01/06/23

Report To:	Policy & Resources Committee	Date:	15 August 2023
Report By:	Chief Executive	Report No:	PR/18/23/MR
Contact Officer:	Ruth Binks	Contact No:	01475 712748
Subject:	Review of Human Resources and Organisational Development		

1.0 PURPOSE AND SUMMARY

1.1 For Decision For Information/Noting

1.2 This report is to provide the Policy and Resources Committee with the findings and recommendations of a review into the Human Resources and Organisational Development Team along with information on actions to address the issues identified.

1.2 The external review was undertaken after the Chief Executive, prompted by an external audit action and internal concerns about the challenges faced by the service, commissioned a review of Human Resources. The review was informed by research, interviews and surveys. It identified a number of areas for improvement across the themes of technology and systems; transactional activity and processes; recruitment and appointment; policy and communications; resources and capacity; and learning and development.

1.3 The Service has recognised the significance of the review and, supported by the Corporate Management Team, action to address the priority recommendations has been implemented and approaches to tackle the remaining recommendations developed.

2.0 RECOMMENDATIONS

2.1 It is recommended that the Committee:

- note the findings and recommendations of the external review;
- note the actions in para 3.21, and
- agree to the inclusion of relevant actions in the Committee Delivery and Improvement Plan.

Louise Long
Chief Executive

3.0 BACKGROUND AND CONTEXT

- 3.1 The purpose of the review of the Human Resources and Organisational Development Service (HR+OD) was to undertake a high-level health check of the service and make recommendations for improvements. This was prompted by a request by the Chief Executive following an action arising in the 2021/22 External Audit Report and feedback from services. It also allied to the internal recognition of the challenges caused by single person dependencies within the Service. The key focus was to be around the resilience of the team and to ensure the team continues to add value and meet future demands.
- 3.2 There was agreement in February 2023 that the Chief Executive would use powers under The Scheme of Delegation (Officers) to approve a budget of up to £20 000 from the Council's Capacity Earmarked Reserve to fund an external review of the Council's HR and OD Service. This was approved following consultation with Cllrs McCabe, McCluskey and Robertson, and reported to the Committee on 21 March 2023. An external review was proposed to secure an independent external perspective on the current arrangements, and from someone who would be able to bring knowledge of how other similar organisations operate. In addition, limited staff resources would be a barrier to having such a review conducted internally, especially for it to be concluded swiftly and before the retiral date of the Head of OD, Policy and Communications. The review work was undertaken by a representative of Solace beginning in April with interviews taking place over May and June 2023.
- 3.3 The review was undertaken through a mix of desktop reviews, data gathering, benchmarking, stakeholder surveys and face to face interviews. The findings and recommendations were discussed with the Head of OD, Policy and Communications, Corporate Director and Chief Executive. They were also presented to the Corporate Management Team and the HR+OD employees by the consultant.
- 3.4 The review highlights some immediate, medium and long term actions required to ensure a robust HR+OD service that meets the needs of customers. The issues highlighted through the review mainly arise from lack of capacity leading to inefficiencies in processes and reduced capacity within the Service. In comparison to other councils, there are 30% fewer resources within the team at Inverclyde. The prioritisation of key areas, such as payment of salaries, has meant that other areas of business have suffered against a context of very challenging circumstances, including the pandemic, long term sickness absence and strikes.
- 3.5 Whilst the review highlighted a number of areas in which action requires to be taken it should be noted that the positive culture within Inverclyde Council was evident throughout the surveys and interviews. There was a 'Team Inverclyde' approach to the challenges the Council faces resulting in great collaborative working across services.
- 3.6 The recommendations can be considered under the themes of:
 - technology and systems;
 - transactional activity and processes;
 - recruitment and appointment;
 - policy and communications;
 - resources and capacity, and
 - learning and development.

These are summarised below, along with information on the actions underway or planned.

The review highlighted a range of areas which could benefit from individual thematic reviews. It was noted that this would place additional demands on an already stretched service. Additional

temporary resources will be required to undertake this work in order to improve service delivery and tackle some of the long-term issues. Addressing a number of the recommendations will require additional funding for investment in systems and staffing resource. The best ways to support these, including potential applications to the Digital Modernisation Fund, are being considered by the Corporate Management Team.

TECHNOLOGY AND SYSTEMS

- 3.7 The review notes that the IT systems used by HR and OD should be modernised, with options appraisals for upgrades or transitioning to new systems undertaken. Increased streamlining of processes, including workflow package management, automation and self-service options should be undertaken. At time backlogs in other processes have been caused by having to implement manual workarounds for older systems, especially in Payroll.
- 3.8 In response to the recommendations, research into the contract status and options for the current IT systems used is underway. Options appraisals and costings will follow. Related discussion with other local authority areas is scheduled. There is ongoing consideration of the fit of any new investment in HR + OD systems within the wider Council digital modernisation approach. Pilot approaches to widen access to HR systems to other teams to support self-service is underway.

TRANSACTIONAL ACTIVITY AND PROCESSES

- 3.9 It is recommended that processes are reviewed to make them more efficient and options for automation are explored. Administrative backlogs should be addressed, with improved processes implemented for monitoring. The issue of a backlog in contracts being issued has been highlighted in particular. Whilst employees will have started in their new contracted post, salary payment arrangements are up to date, and new employees would have received an offer letter with details of their hours, salary etc, there has been an issue with the updated contracts being issued to employees. This is in relation not only to people initially starting employment with the Council but also where there have been any changes in circumstances to a contract e.g. a change of hours worked. The backlog in contracts being issued has not affected employees being paid the correct salary.
- 3.10 Addressing the contract backlog has been a priority following the review. Work within the Service has been reprioritised and support given from other Services to assist with this task. This work has included improving the worklog to better understand the scale of the issue. As this had become out of date it was not accurate and the estimates of the backlog have therefore varied as this has developed. The current backlog figures can fluctuate significantly, between 300 – 700. This changes on a weekly basis due to various factors. Over the summer period, extensions to existing contracts and changing temporary contracts to permanent contracts can create a significant number of new contract requirements in a very short timescale. This number will include all contractual changes ranging from contracts for new appointments to changes in circumstances such as an increase in hours for an existing post holder. Over the first three weeks in July 445 contracts have been issued. This work continues at pace. A debrief is scheduled for August to capture learning and identify any further measures required to prevent reoccurrence.
- 3.11 In terms of automation of processes the implementation of Victoria Forms, an electronic forms workflow system, will be further progressed (this creates online forms that users can fill, sign and submit). It is also anticipated that further IT system investment will assist in the automation of processes and this will be progressed through bids to the Digital Modernisation Fund.
- 3.12 Work to improve the consistency of the data held across different Council Services and the consequent minimisation of reconciliation processes is also underway.

RECRUITMENT AND APPOINTMENT

- 3.13 The review recommends that the recruitment and appointment process should be made more efficient and notes delays in some new postholders starting in post. This includes the process for approving posts, pursuing references and induction to the Council.
- 3.14 In response to the recommendations a change in arrangements for following up references has been implemented, with Services pursuing verbal references (which are then recorded) in the first instance. It is anticipated that this will expedite the appointment process. The Corporate Management Team has also agreed to the establishment of new corporate induction sessions which will commence in August. These will be provided face to face, with online participation as an alternative option, and open to all new employees. A more detailed review of the recruitment and appointment process will follow.

POLICY AND COMMUNICATIONS

- 3.15 On policies it was recommended that a policy review schedule is created, as well as increased engagement with Services to promote key policies. Alongside this the best mechanisms for staff communication should continue to be reviewed.
- 3.16 In terms of actions to address these recommendations a review of the register of policies the Service is responsible for is underway, with prioritisation of policy updates to follow. Wider employee communication ties into the move away from Icon as an intranet system and making more information available on the external website as appropriate. The implementation of a helpdesk model as the primary means to contact the HR+OD team will be explored.

RESOURCES AND CAPACITY

- 3.17 In relation to the Service staffing the creation of additional posts was recommended, along with a review of areas of single person dependencies, strengthening the management structure and reviewing roles and remits. Further investment in training and succession planning for the HR & OD Team should be considered.
- 3.18 Actions to address these recommendations are being progressed. These include consideration of role profiles for new posts to be created within HR+OD; analysis of the HR + OD Service structure and the range of temporary arrangements in place; and identifying employees who would like to undertake further professional qualifications and researching appropriate courses.

LEARNING AND DEVELOPMENT

- 3.19 In terms of learning and development areas for further work include updating e-learning materials, increased investment in corporate knowledge and skills development and an improved corporate training records system.
- 3.20 The Service is responding to these recommendations by resolving IT issues in relation to the e-learning platform followed by a programme of updates. Options to increase investment in corporate knowledge and skills development are being considered, including ensuring capacity of the HR+OD team to support this. Improving the corporate training records system aligns to exploring the further functionality of our existing HR IT systems and potential investment in new systems.

ACTION PLAN

- 3.21 As can be seen above a wide range of actions are underway and planned for future implementation. These will be consolidated under the thematic headings and it is proposed that

high level actions are added to the Committee Delivery and Improvement Plan to support scrutiny of performance. These strategic actions will be:

- Review of the Human Resources, Organisational Development and Payroll IT systems and transactional processes;
- Improvements to the recruitment and appointment processes;
- Development of a framework for policy review, update of policies as required and improvement in employee communications on policies;
- Review of the provision of learning and development activity; and
- Review of the capacity and resilience within the Service.

4.0 PROPOSALS

4.1 It is proposed that the Policy and Resources Committee note the findings and recommendations of the review; note the actions, and agree to the inclusion of strategic actions in the Committee Delivery and Improvement Plan.

5.0 IMPLICATIONS

5.1 The table below shows whether risks and implications apply if the recommendation(s) is(are) agreed:

SUBJECT	YES	NO
Financial	X	
Legal/Risk	X	
Human Resources	X	
Strategic (Partnership Plan/Council Plan)	X	
Equalities, Fairer Scotland Duty & Children/Young People's Rights & Wellbeing		X
Environmental & Sustainability		X
Data Protection		X

5.2 Finance

Resources have been reallocated throughout the Council and underspends have been utilised to put immediate actions into place. Options for funding work to address the recommendations will be subject to future appropriate reporting. It is highly likely that additional resource will be required to respond to the recommendations of the review. This will be dealt with through the budget process.

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					
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5.3 Legal/Risk

The review identified a number of legal and other risks. The action which is being taken to address the issues, and future planned actions, will help mitigate these risks, and appropriate prioritisation has been undertaken.

5.4 Human Resources

The human resources implications of this report relate to improving processes for the recruitment and appointment of new employees, as well as improved processes for the development of existing employees. There will be future human resources implications arising from the action plan.

5.5 Strategic

The improvements arising from this review and action plan support delivery against the Council Plan outcomes “High quality and innovative services are provided, giving value for money” and “Our employees are supported and developed”.

The HR systems modernisation will be considered by the September Digital Modernisation Board.

6.0 CONSULTATION

6.1 There has been consultation as outlined in the report with the Corporate Management Team, Service employees, wider Services and other local authority areas. Unions have been informed of the review process and review recommendations.

7.0 BACKGROUND PAPERS

7.1 None.

Report To:	Policy & Resources Committee	Date:	15 August 2023
Report By:	Head of Legal, Democratic, Digital & Customer Services	Report No:	LS/070/023/IS
Contact Officer:	Iain Strachan	Contact No:	01475 712710
Subject:	Digital Modernisation Programme Update		

1.0 PURPOSE AND SUMMARY

1.1 For Decision For Information/Noting

1.2 The purpose of this report is to update the Committee on the work of the Council's Digital Modernisation Programme. This report also seeks Committee's approval of the proposed upgrade of the Verint customer service system, and associated funding from the Digital Modernisation Earmarked Reserve, and the granting of delegated authority to the Chief Executive to approve the use of funds from the Digital Modernisation Earmarked Reserve up to a level of £100k for each such use, subject to regular updates on progress and deliverables.

1.3 The Council allocated a further £1.0million to support Digital Modernisation as part of the March 2023 Budget. This created a £1.25 million fund which is being managed by the Digital Modernisation Programme Board, chaired by the Chief Executive.

1.4 Work is ongoing to identify and prioritise projects and this exercise will include a session for senior officers facilitated by the Improvement Service. Projects are expected to be a mix of upgrades and replacement of existing systems plus expansion of online service delivery and digitisation. Updates will be provided no less frequently than every second Committee.

2.0 RECOMMENDATIONS

2.1 It is recommended that the Committee note the update on the work of the Digital Modernisation Programme, and the projects within it.

2.2 It is recommended that the Committee approve the upgrade of the Verint customer service system, and the use of £101,450 from the Digital Modernisation Earmarked Reserve for the delivery of this, as detailed at paragraphs 4.4 to 4.7 of this report.

2.3 It is recommended that the Committee note that work is underway to scope out the Council's requirements for an HR & Payroll System(s), and what the options for that might be, in both the short and longer-term, and once this work has been completed an update will be provided in a future report to the Committee.

2.4 It is recommended that the Committee note the consolidation of earmarked reserves, as set out at paragraph 4.10 of this report.

- 2.5 It is recommended that the Committee agree for delegated authority to be granted to the Chief Executive to approve the use of funds from the Digital Modernisation Earmarked Reserve up to a level of £100k for each such use, and subject to the same being reported back to the Committee for noting.
- 2.6 It is recommended that the Committee note the update on the work of the Council's ICT Team.
- 2.7 It is recommended that the Committee note that updates on the progress of the Digital Modernisation Programme will continue to be reported to the Committee at least every second cycle.

Iain Strachan
Head of Legal, Democratic, Digital & Customer Services

3.0 BACKGROUND AND CONTEXT

- 3.1 At its meeting on 21 March 2023, the Committee noted the creation of a Digital Modernisation Project Board (DMPB), chaired by the Chief Executive, to oversee delivery of the Council's Digital Modernisation Programme. The DMPB meets bi-monthly, and includes representation from the 3 Directorates plus ICT, Legal, Finance and HR, its purpose being to provide support and challenge and ensure that momentum is maintained in the delivery of individual digital modernisation projects.
- 3.2 As reported to the Committee and following consultation with the Corporate Management Team (CMT) and the Members Budget Working Group, it was agreed that the Digital Modernisation Programme would comprise projects of a more tactical nature that sought to implement digital improvements aligned to specific service requirements, but also aligned to wider strategic objectives.
- 3.3 Linked to this, as part of the approval of the Council's Revenue Budget for 2023/24, on 2 March 2023, it was agreed that £1M of reserves be utilised towards digital modernisation. Specifically, it was agreed that these reserves are to fund investment in digital modernisation within the Council, including increased officer capacity, to improve both internal service processes/efficiency and access to services for the public, with the use of the reserves to be as agreed by the Committee.
- 3.4 In considering the projects that might be included in the Digital Modernisation Programme, relevant service areas will need to prepare business cases, supported by the ICT Team, which would then require approval from the DPMB/Corporate Management Team, and it will also be a requirement that the business cases can demonstrate the following:-
- That there is full service area support for the project, with a commitment to make suitable officer resources available;
 - That the project will support delivery of the Council's wider strategic objectives, including the Council Plan, the Council's Digital Strategy, the Council's ICT strategy and the New Ways of Working Programme;
 - That the project will improve regulatory compliance in respect of information governance;
 - That the project has a clear timescale for delivery;
 - That any anticipated efficiency savings are identified; and
 - That the project will help deliver improvements in service delivery for the benefit of citizens and other service users.

4.0 PROPOSALS

Digital Modernisation Project Updates

- 4.1 There are a number of projects already being taken forward by the Digital Modernisation Programme. As previously reported to the Committee, these include the replacement of the Secondary School ICT Catering System, the adoption of electronic forms by HR and Payroll (which is funded from the New Ways of Working project) and the replacement of the system used for the handling of corporate complaints. A summary of the projects currently overseen by the DMPB, and their current status is included in Appendix 1 to this report. A Digital Modernisation Workshop has been set up for late August, to be facilitated by the Improvement Service, which will be attended by a cross-service group of service managers and team leaders, to help identify potential new projects, using ideas that are already in practice in other local authorities.
- 4.2 In connection with the replacement of the Secondary School ICT catering system, the business case for this was approved by the DMPB and CMT. The project requires one-off funding of

approximately £80,000, however this is being funded from the pre-existing Modernisation Earmarked Reserve, and so there was no requirement to seek the approval of the Committee to access the separate £1M Earmarked Reserve approved by the Council in March and referred to above. The anticipated revenue cost of the new system will be broadly the same as for the existing and contained within the service's budget. The one-off costs for replacement of the system used for the handling of corporate complaints, approximately £12,000, has likewise been approved by the DMPB and CMT, with ongoing costs being funded from the New Ways of Working revenue budget within Legal, Democratic, Digital & Customer Services.

- 4.3 As the Committee will be aware, the Council has now completed the initial roll out of Microsoft 365. This offers the Council access to Office 365, MS Teams, SharePoint and Onedrive as well as access to a wider range of tools and applications. The DMPB has approved the creation of a Microsoft 365 Development Sub-Group, which will work across service areas to support the Council in optimising the opportunities afforded by Microsoft 365, and in a way which still ensures the Council is meeting its duties around information governance. As matters stand, it is anticipated this work will be contained within existing service area resources. ICT will also arrange some virtual drop-in sessions for officers and members, to sign post the Microsoft training materials which are available, and demonstrate some of the additional functionality which can be used.

Customer Service System

- 4.4 A business case for the upgrade of the system currently used by the Customer Services Team has been approved by the DMPB and also CMT. By way of a brief summary, the Council currently uses the Verint system. This has worked well for the Council, but the version used now needs upgraded. This means that if continued to be used the Council would face risks around operational delivery and regulatory compliance, with the resultant impact on service delivery.
- 4.5 In accordance with the Council's Digital Strategy, the proposed upgrade will increase the range of online services that can be made available to customers and exploit the opportunities digital services can achieve by (i) improving customer user experience and interaction with Council Services, (ii) reducing cost to deliver services via channel shift opportunities and (iii) improving efficiencies and productivity of services. Examples of improvements that could be delivered by the upgrade include streamlining the application process for certain permits by using an online form rather than the manual system in place now, providing map-based services allowing customers to use live maps to pinpoint the location of issues or faults, providing interactive responses to requests and allowing customers to provide updates and further information to ongoing issues. It will also align with the aim of the Council's Communications and Engagement Strategy to allow residents to use social media to report issues or request services, with social media posts automatically generating an inquiry into the Customer Services Team.
- 4.6 Upgrading to the latest version of the Verint EM Pro system is necessary, with the preferred option being a move to cloud hosting. A cloud hosted option is slightly more expensive than an on premise option. However, the cloud option aligns with the work of the Digital Modernisation Programme and supports the 'Cloud First' approach as outlined in the Digital Strategy, together with vision set out in the Scottish Government's 'Transforming Public Services', which aims to 'encourage and support public sector to make efficient and secure use of cloud technology'. There is the option of undertaking a competitive procurement exercise to appoint a new provider for a customer service system. However, given the time and resource implications of such an exercise, the need to maintain momentum on channel shift opportunities, the operational risks associated with a potential move to a new system and the current good working relationship with the incumbent, it is believed by the DMPB and CMT that Best Value will be achieved by upgrading to the latest version of the Verint EM Pro system. If approved by Committee, the upgrade would be contracted through a suitable framework agreement.

- 4.7 The anticipated cost of the upgrade is a one-off cost of £101,450, with an ongoing annual revenue cost of £53k, the current annual revenue cost being £47k. Subject to the required budget being made available, it has been assessed that the upgrade could be delivered within 6 months, with the increased revenue costs contained within the New Ways of Working revenue budget.

HR & Payroll System

- 4.8 The recent review of the HR Team is reported separately on the agenda for this meeting. Coming out of that review, it has been identified that there is a need to review the systems currently used by the Council's HR Team, and service areas, for both general HR activity, but also payroll administration. Committee is asked to note that work is underway to scope out the Council's requirements, and what the options for that might be, in both the short and longer-term. Once this work has been completed an update will be provided in a future report to the Committee.

Digital Modernisation Earmarked Reserve

- 4.9 In addition to the £1M Digital Modernisation Earmarked Reserve, and as noted above, the Council separately had Earmarked Reserves for Modernisation (£254k) and ICT Technicians to Support Digital School Inclusion/Covid Recovery & Hybrid Working (£70k). Under delegated authority of the Chief Financial Officer, the Modernisation reserve has been combined with the additional £1M reserve approved at the March 2023 Budget setting, and referred to at paragraph 3.3 above. It has, however, been noted that the need for any use of the Earmarked Reserve to first be approved by the Committee creates potential delays to project implementation. As such, it is recommended that the Committee agrees for delegated authority to be granted to the Chief Executive to approve the use of funds from the Digital Modernisation Earmarked Reserve up to a level of £100k for each such use, and subject to the same being reported back to the Committee for noting.

Updates on Delivery of the Council's ICT and Digital Strategies

- 4.10 As previously reported to the Committee, the Council's ICT Team leads on delivery of the Council's ICT and Digital Strategies. As the Committee will be aware, these strategies 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; and
 - Improving efficiencies and productivity of services.
- 4.11 The ICT Team has been taking forward a number of initiatives in implementation of these strategies, as follows:-
- Implementation of Microsoft 365 for Corporate Services and Schools is complete. The next phase will focus on collaboration and developing apps and tools from the wide range available within the Microsoft 365 environment;
 - Migration to a new corporate data storage solution is nearing completion providing additional capacity and security and improved performance;
 - The PC refresh programme is now focussing on the School Estate, a full hardware refresh having been completed for the Corporate Estate in 2021/22. 270 PCs have been refreshed over the summer break to finalise the refresh of all of the high school computer suites. The next phase will address senior manager and office staff equipment and classroom based PCs;
 - Replacement of the current schools Bring Your Own Device (BYOD) network is being developed and trialled;

- The current Scottish Wide Area Network (SWAN) contract is concluding and the contract for SWAN2 has been awarded to BT. ICT are currently evaluating the new contract with a view to continuing as members of this group. Committee will receive a report on the potential adoption of SWAN2 once this evaluation has completed.

5.0 IMPLICATIONS

5.1 The table below shows whether risks and implications apply if the recommendation(s) is(are) agreed:

SUBJECT	YES	NO
Financial	X	
Legal/Risk	X	
Human Resources	X	
Strategic (Partnership Plan/Council Plan)	X	
Equalities, Fairer Scotland Duty & Children/Young People's Rights & Wellbeing		X
Environmental & Sustainability		X
Data Protection		X

5.2 Finance

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report	Virement From	Other Comments
Digital Modernisation Reserve	Education Catering	From 2023/24	£80k		Funded from Digital Modernisation EMR £1.254m
	Customer Services Centre		£101k		Funded from Digital Modernisation EMR £1.254m
	Workpro		£12k		Funded from Digital Modernisation EMR £1.254m

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (If Applicable)	Other Comments
Schools	Computer Maintenance		£1k		Additional Revenue Cost Catering System
CSC	Computer Maintenance		£6k		Verint System - Fund from NWoW revenue budget.
	Computer Maintenance		£9k		WorkPro/Complaints - Fund from NWoW revenue budget.

5.3 Legal/Risk

The adoption of new digital ways of working, such as referred to in this report, will help the Council ensure compliance with its regulatory duties, in particular around information governance and records management and help mitigate the risk to operational delivery that is posed by some current working practices. There are, naturally, risks associated with the adoption of new systems. These risks would need reviewed, and suitable mitigations put in place. However, the Council also needs to consider the risks of not progressing such initiatives, including with information governance compliance and Council service delivery but also staff retention.

5.4 Human Resources

The development and implementation of modernisation and digitalisation will help the Council maximise the potential of its staffing capacity. To facilitate this, there is a need to increase understanding and awareness of these opportunities and thereafter ensure that appropriate resources are available to allow these opportunities to be grasped. The funding and governance approved for the Digital Modernisation Programme will help address this.

5.5 Strategic

Increasing investment in the development and roll out of modernisation and digitalisation projects will support a number of key strategic and policy directions of the Council. This includes supporting delivery of the Council's Digital Strategy (2021 – 2024), which recognises the need to increase and promote the range of digital services available to employees and customers, and to exploit the opportunities that digital services can achieve by (i) improving user experience and interaction with Council services; (ii) reducing cost to deliver services via channel shift opportunities; and (iii) improving efficiencies and productivity of services. In addition, the Digital Modernisation Programme will help support delivery of the Council Plan (2023-28), and in particular Theme 3 (Performance), by helping the Council achieve the provision of high quality and innovative services, giving value for money.

5.6 Data Protection

Has a Data Protection Impact Assessment (DPIA) 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 – Assessed as not relevant as this report does not involve data processing which may result in a high risk to the rights and freedoms of individuals.

Although a DPIA was not required for this report, adoption of certain digital solutions will assist the Council in ensuring it is meeting its obligations around the storage and use of personal data. A DPIA would also be required prior to adoption of certain solutions, to ensure that any personal data was suitably protected, such as employee records.

6.0 CONSULTATION

6.1 The Corporate Management Team and the DMPB have been consulted on this report.

7.0 BACKGROUND PAPERS

7.1 N/a

APPENDIX 1 – DIGITAL MODERNISATION PROGRAMME PROGRESS SUMMARY UPDATE

Project	Service	Purpose	Progress Update	Anticipated Completion Date	Comments
Secondary School ICT Catering System	Culture, Communities & Educational Resources	Replacement of existing catering system which is at end of contract. Provide wider functionality for students, parents and staff. Reduce waste.	Procurement of new contract being progressed	March 2024	-
Complaints System	Legal, Democratic, Digital & Customer Services	Replacement of existing complaints handling system	Amendment to existing contract with supplier being taken forward, to include Complaints Handling into system currently used for FOI Handling	December 2023	-
Microsoft 365	Legal, Democratic, Digital & Customer Services	Optimisation of opportunities afforded by Microsoft 365	Cross-service development group established, reporting into DMPB	March 2024	-
HR& Payroll E-Forms	HR, OD, Policy & Communications	Transfer of existing manual processes to electronic forms	Number of forms been developed and being tested prior to roll out	December 2023	-
Customer Service System	Legal, Democratic, Digital & Customer Services	Improve processes within Customer Service Centre and Services. Expand availability of processes for “self” service	Business Case been approved by DMPB and CMT, and now presented to Committee for approval.	February 2024 (subject to Committee approval)	-

		by members of the public.			
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*It is to be noted that the HR system project was already underway prior to the creation of the Digital Modernisation Programme and the E-Forms project is not being funded from the Digital Modernisation Reserves.

Report To:	Policy & Resources Committee	Date:	15 August 2023
Report By:	Head of Legal, Democratic, Digital & Customer Services	Report No:	LS/067/23
Contact Officer:	Martin Hughes	Contact No:	01475 712498
Subject:	Records Management Policy		

1.0 PURPOSE AND SUMMARY

1.1 For Decision For Information/Noting

1.2 The purpose of this report is to seek the views and approval of the Committee for an updated version of the Council's Records Management Policy ("the Policy").

1.3 The Council has had the Policy in place for some years. The purpose of the Policy is to have an overarching policy statement to assist Services with the management of records which meets the requirement of relevant legislation, enhances business efficiency and serves as a key public asset. In line with good practice the Policy has been the subject of a recent review by the Council's Information Governance Steering Group ("the IGSG") to ensure it remains up to date and appropriate.

2.0 RECOMMENDATIONS

2.1 It is recommended that the Committee approves the updated Records Management Policy for the Council.

2.2 It is recommended that the Committee notes the update in respect of the approval of the Council's Records Management Plan.

Iain Strachan
Head of Legal, Democratic, Digital & Customer Services

3.0 BACKGROUND AND CONTEXT

- 3.1 The Council has a statutory requirement to 'make proper provision for the preservation and management' of its records; to be publicly accountable for and able to justify its decisions and actions; and to enable compliance with the requirement of the Public Records (Scotland) Act 2011; the Data Protection Act 2018, the UK General Data Protection Regulation, the Freedom of Information (Scotland) Act 2002 and the Environmental Information (Scotland) Regulations 2004. The Policy is one of the ways in which the Council seeks to do this, the Policy providing an overarching policy statement to guide and support Council service areas in meeting these and other related duties. The Policy was last reviewed in 2015.
- 3.2 The Council has chosen to update its Policy, due to the passage of time since the last review, which have seen changes in the relevant regulatory and notable changes in the Council's operational environment, most notably as a consequence of the Covid-19 pandemic and result move to hybrid working across much of the Council. Good records management is essential for the Council to function effectively, and there is a need to ensure its policy framework reflects the needs of service areas. The Council's records are essential to provide evidence of its own decision making, to protect historically important records and to also destroy any redundant information.
- 3.3 The Council currently has two policies for Records Management; (i) the Records Management Policy and (ii) the Policy for the Retention and Disposal of Documents and Records Paper and Electronic ("the Retention Policy"). The Policy sets out the Council's overall objectives and responsibilities within the Council for managing records.
- 3.4 The Retention Policy outlines retention periods within the Council and relates to practical guidance for Council officers to retain and destroy records. Please note that a separate report will be made to CMT on updating the Retention Policy with work being carried out and overseen by the cross-service Information Governance Steering Group (IGSG). The Retention Policy is due for review in September 2023. CMT has recently approved a review of the IGSG Terms of Reference and membership and have been consulted on the updated version of the Policy.

4.0 PROPOSALS

- 4.1 The Policy covers the management of all records of the Council. It is applicable to all Council officers as well as Elected Members, volunteers, consultants and partner organisations. Representatives on the IGSG act as points of contact for Services and are responsible for cascading to their service area any updates or changes on record management practices. It is proposed that the updated Policy, as included in Appendix 1 to this report, is approved. The main proposed changes to the Policy are summarised at Appendix 2. The proposed changes to the Policy are relatively minor.
- 4.2 A record is defined as recorded information which is created, received or maintained by an organisation or individual in pursuance of its legal obligations or in the transaction of its business (section 1). The Policy outlines that good records management will help the Council achieve the objectives set out in section 4 by managing its records effectively.
- 4.3 At section 5, the Records Management Standards and Responsibilities provides guidance on:
 - information to be defined as records including records paper and electronic
 - the role of the Council's Business Classification Scheme in setting out how Services will organise and manage their information
 - the use of any Records Management system to help access electronic documents, such as SWIFT and CIVICA

- how records should be stored and maintained
- directing Services towards the Retention Policy for guidance on how records should be retained or destroyed.

4.4 The Policy also applies to all Council records and any records created as a result of partnership working. Appropriate clauses for records management are contained within the Council's Standard Terms and Conditions. Any external suppliers should co-operate and assist the Council to meet its obligations in relation to records management under the Public Records (Scotland) Act 2011.

4.5 By way of update, the Council previously submitted its Records Management Plan in August 2022 to the National Records of Scotland (the NRS). The Council's Information Governance Solicitor has been contacted by the NRS. They have advised that they have been experiencing a backlog and our RMP is still to be assessed. However, it is understood that the NRS will be shortly addressing our RMP and a further report will be brought to CMT to advise on their comments once received.

5.0 IMPLICATIONS

5.1 The table below shows whether risks and implications apply if the recommendation(s) is(are) agreed:

SUBJECT	YES	NO
Financial		X
Legal/Risk	X	
Human Resources	X	
Strategic (Partnership Plan/Council Plan)		X
Equalities, Fairer Scotland Duty & Children/Young People's Rights & Wellbeing		X
Environmental & Sustainability		X
Data Protection		X

5.2 Finance

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					

5.3 Legal/Risk

The adoption of the updated Records Management Policy will assist the Council in mitigating legal and other risks related to the Council failing in its information governance and records management duties.

5.4 Human Resources

The updated Policy will continue to place responsibilities on staff in compliance with records management, information governance, data protection and cyber security guidelines. If approved the updated Policy will be cascaded to staff. Training modules are available on Inverclyde Learns, and regular training is also made available.

5.5 Strategic

There are no strategic implications directly arising from this report.

5.6 Equalities, Fairer Scotland Duty & Children/Young People

(a) Equalities

This report has been considered under the Corporate Equalities Impact Assessment (EqIA) process with the following outcome:

	YES – Assessed as relevant and an EqIA is required.
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, assessed as not relevant and no EqIA 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 – Assessed as not relevant under the Fairer Scotland Duty.

(c) Children and Young People

Has a Children's Rights and Wellbeing Impact Assessment been carried out?

	YES – Assessed as relevant and a CRWIA is required.
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X

NO – Assessed as not relevant as this report does not involve a new policy, function or strategy or recommends a substantive change to an existing policy, function or strategy which will have an impact on children’s rights.

5.7 Environmental/Sustainability

Summarise any environmental / climate change impacts which relate to this report.

Has a Strategic Environmental Assessment been carried out?

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YES – assessed as relevant and a Strategic Environmental Assessment is required.

X

NO – This report does not propose or seek approval for a plan, policy, programme, strategy or document which is like to have significant environmental effects, if implemented.

5.8 Data Protection

Has a Data Protection Impact Assessment been carried out?

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

X

NO – Assessed as not relevant as this report does not involve data processing which may result in a high risk to the rights and freedoms of individuals.

6.0 CONSULTATION

6.1 The Information Governance Steering Group and the Corporate Management Team have been consulted on the updated Records Management Policy.

7.0 BACKGROUND PAPERS

7.1 None

Records Management Policy

Version 2.1

Produced by:
Information Governance Steering Group
Inverclyde Council
Municipal Buildings
GREENOCK
PA15 1LX



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DOCUMENT CONTROL

Document Responsibility		
Name	Title	Service
Chief Officer, HSCP	Records Management Policy	Information Governance and Management
Information Governance Steering Group	Records Management Policy (revised)	Information Governance Steering Group
Change History		
Version	Date	Comments
1.0	March 2015	Created
1.0	September 2015	Minor Updates
2.0	February 2023	Revisions made by Information Governance (Solicitor)
2.1	July 2023	Minor amendment made by Information Governance (Solicitor)
Distribution		
Name/ Title	Date	Comments
Information Governance Steering Group	February 2023	Minor amendments

Distribution may be made to others on request

Policy Review			
Updating Frequency	Review Date	Person Responsible	Service
3 years unless required earlier	April 2026	Information Governance Steering Group	Legal & Democratic Services

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1 Introduction

Records management is the adoption of procedures and systems that allow the most efficient control of the information resources of the Council. Records management ensures that records are kept only as long as they are needed for commercial, legislative or administrative purposes. Any records of historical importance should be identified and stored in the most cost-effective way.

The Council has a statutory requirement to ‘make proper provision for the preservation and management of its records to be publicly accountable for and able to justify its decisions and actions’ and to enable compliance with the requirements of the Public Records (Scotland) Act 2011, the Data Protection Act 2018, the UK General Data Protection Regulation, the Freedom of Information (Scotland) Act 2002 and the Environmental Information (Scotland) Regulations 2004.

A record can be defined as recorded information which is created, received or maintained by an organisation or individual in pursuance of its legal obligations or in the transaction of its business. Records are a means of providing evidence of activities which support the business and operating decisions of the Council.

2 Overview and Purpose

The Council recognises that having up to date and relevant information is essential to effective decision making and quality customer service. As an important public asset, records require careful management and accordingly the management of records has to be considered by all Services.

Records management is a service function responsible for the systematic and comprehensive control of the creation, capture, maintenance, filing, use and disposal of records.

Good records management is essential to ensure that the Council can comply with its legislative responsibilities and can act as a driver for business efficiency. Effective management of records and information brings the following benefits:

- increases efficiency by enabling better use of resources
- improves openness and accountability
- helps achieve and demonstrate compliance with legislative and regulatory requirements
- enables the protection of the rights and interests of the Council, its employees and citizens
- supports joint working with partners and the exchange of information across the Council
- provides institutional memory.

Poor records management create risks for the Council, such as:

- poor decisions based on inaccurate or incomplete information inconsistent or poor levels of service
- financial or legal loss if information required as evidence is not available or cannot be relied upon
- non-compliance with statutory or other regulatory requirements
- failure to handle confidential information with an appropriate level of security and the possibility of unauthorised access or disposal taking place
- failure to adequately locate information that is vital to the continued functioning of the Council, leading to inadequate business continuity planning
- unnecessary costs caused by storing records and other information for longer than they are needed
- staff time wasted searching for records
- staff time wasted considering issues that have previously been addressed and resolved

- loss of reputation as a result of all of the above, with damaging effects on public trust.

3 The Policy

This Policy covers the management of all records of the Council and it is applicable to all Council officers as well as Elected Members, volunteers, consultants and partner organisations.

The purpose of this Policy is to assist with the management of records across the Council which meets the requirements of relevant legislation, codes of practice and policies, and acts as a driver for business efficiency.

Any records shared or received from other organisations or third parties should be managed in accordance with this Policy, unless any records relate to partnership working which is discussed further at section 7 of this Policy.

Currently, the Council relies on two main policies for record management:

- **The Records Management Policy**, being this Policy, which sets out the Council's commitment to managing records and high level objectives and responsibilities within the Council for managing records.
- **The Policy for The Retention and Disposal of Documents and Records Paper and Electronic** which outlines the minimum retention periods for all records within the Council, and a tool to assist in determining whether a record should be archived or securely destroyed once the record is no longer in active use. It is the responsibility of Services to inform their records management representatives on the cross-service Information Governance Steering Group (IGSG) of any records which are not covered on the retention schedule.

4 The Objectives

Records management at the Council will achieve the following objectives:

- records necessary for business, regulatory, legislative and administrative purposes will be identified and retained
- records will be managed in a cost effective manner that ensures value for money for the Council
- records will be captured into systems, manual or electronic which enable them to be stored, retrieved and destroyed as necessary
- records potentially required as evidence in a legislative or regulatory process will be subject to controls to ensure that their evidential value can be demonstrated if required
- business continuity plans will identify and safeguard vital records of the Council and make provision for records and records management processes which are essential to the continued function and protection of the Council in the event of a disaster
- records will be stored in an appropriate, safe and secure physical or electronic environment which protects against accidental loss or destruction
- inactive records, which cannot be held in a safe and secure format, will be transferred to the Council's record storage facility once it has been upgraded
- access to records will be controlled and monitored in accordance with the nature and sensitivity of the records and with regard to relevant legislation
- records will be accessible to staff who are authorised to use them
- records will be arranged and described in a manner which facilitates fast, accurate and comprehensive retrieval
- provision will be made for the preservation of records to ensure they are complete, available and usable for as long as they are required

- time expired records will be destroyed consistently in accordance with the Policy for the Retention and Disposal of Documents and Records Paper and Electronic
- records will be destroyed in a secure manner as is necessary for the level of confidentiality
- records of historical and administrative importance will be identified as archives and transferred to the Archives section for permanent retention
- records will be shared/processed in accordance with relevant laws and policies
- records will be classified
- records will be kept accurate and up to date
- records will be kept safe at all times including when they are taken off site.

5 Records Management Roles

Corporate

The Council has a corporate responsibility for maintaining its records and record-keeping systems. Representatives on the Information Governance Steering Group act as points of contacts for Services and are responsible for providing updates on records management progress to the IGSG.

The purpose of the IGSG is to

- support and drive the broader information governance agenda across the Council;
- ensure the effective management of all information governance risks; and
- provide assurance to the Council’s Corporate Management Team that appropriate frameworks, work-streams and initiatives are in place to support, co-ordinate, promote, monitor and assure the development and delivery of effective information governance.

In respect of records management, the IGSG will support Services in meeting their records management duties and oversee the Council’s delivery of its Records Management Plan. The IGSG’s terms of reference and membership is reviewed by the Council’s Corporate Management Team annually.

Individuals

All Council staff including Elected Members, contractors, consultants and volunteers employed to undertake Council business have a responsibility to document actions and decisions by creating and filing appropriate records and subsequently to maintain and dispose of records in accordance with the Council’s records management policies and procedures.

The Records Management Policy will be available to all staff.

Directors, Heads of Service, Interim Heads of Service and the Chief of Social Work will be responsible for ensuring the existence and operation of appropriate records management systems and their use. This includes ensuring that all line managers know their responsibilities and those procedures which comply with corporate policy and standards are in place.

All staff will be aware of their responsibilities for the management of records. Line managers will have responsibility for ensuring staff have the knowledge and skills required to fulfil their records management duties.

Agreements and contracts relating to service provision on behalf of the Council and/or where the Council is working in partnership will clearly define and document responsibilities for the management of records.

6 Records Management Standards and Responsibilities

The following information below relates to standards and responsibilities in how records should be handled. For information on how individual Services should implement record management practices then please consult the Policy for the Retention and Disposal of Documents and Records Paper and Electronic.

(i) Records Creation

As stated in section 1 of this Policy, a record can be defined as recorded information (irrespective of medium or format) which is created, received or maintained by an organisation or individual in pursuance of its legal obligations or in the transaction of its business.

This relates to any records paper and electronic used by Council Services needed for business, legal, regulatory and accountability purposes.

Records will be complete, accurate and created at the time of the matter to which they relate or as soon as possible afterwards. Information contained within records must accurately reflect the action, communication or decision being recorded.

(ii) Business Classification Scheme

The Council has implemented a Business Classification Scheme (BCS) to help its Services classify and manage its information and records based on key functions. This includes both records paper and electronic.

Every Council Service will manage the information and records created, used and managed by their teams, regardless of the technical or physical format or age of the information in accordance with their own individual Business Classification Scheme.

More information can be found here in relation to the Council's [Business Classification Scheme](#).

(iii) Records Management Systems

Individual Council Services use records management systems such as SWIFT and CIVICA to help store electronic records. Heads of Service and line managers for these relevant services should ensure these systems are used properly and appropriately. Any new use of records management system will be considered for record management functions by the IGSG.

Please note that the email system should not be used to store records.

(iv) Arrangement and description

Sufficient information will be created and linked to the record to enable the record to be interpreted, retrieved and managed.

(v) Storage and Maintenance

Paper records will be kept in clean, dry and secure storage environments which minimise loss or damage. Strategies will be developed by individual Services which ensure electronic records will remain easily accessible, readable, usable and reliable for as long as they are required.

Vital records and measures for their protection will be considered as part of business continuity planning in conjunction with Civil Contingencies Service. Records containing personal information must comply with the Data Protection Act 2018 and UK General Data Protection Regulation.

Records particularly those that contain personal, confidential and sensitive information will be securely maintained to prevent unauthorised access, destruction, alteration or removal. It will be possible for any member of staff authorised to access the record to retrieve them within an acceptable time frame. It will be possible to track the location of a record and where required an audit trail will be available to log activities.

Where Council officers are working from home, they must ensure an appropriate level of security for any Council records which they are handling. Further guidance can be found in the Acceptable Use of Information Systems Policy.

(vi) Retention & Disposal

Records will be retained in line with periods stipulated in the Policy for the Retention and Disposal of Documents and Records Paper and Electronic. Destruction of records will be carried out in a manner consistent with the security classification and sensitivity of the information content. Records identified as having historical significance as archives will be transferred to the Council's Archivist.

7 Permanent Preservation

Services will be responsible for the management of records no longer required for business purposes, but which have been identified as being of historical significance. All services are required to nominate a departmental officer or officers to supervise this process, but the final decision on which records should be preserved, where legislation does not apply, will lie with the Council's Archivist.

8 Partnership Working

Where records are created as a result of partnership working there needs to be clearly defined responsibilities between the Council and the partner organisation for the creation and management of records. Where the Council is the lead partner:

- the Council's Records Management Policy will be applicable
- the Council will be responsible for the custody and ownership of the records
- the Council's records management procedures including retention policy will be followed.

Where another organisation is the lead partner:

- the records management policy and procedures of the lead organisation are applicable
- the lead partner organisation will be responsible for custody and ownership of records. This should be included within the Minute of Agreement and the Information Sharing Agreement with the partner
- the Council should identify and retain records relating to its role in partnership required for its own business purposes. They should be retained in line with the Council's records management policy.

Where there is no identified lead partner the Council should ensure that provisions are made for one of the partners to assume responsibility for the management of the records. The partner assuming responsibility for the management of the records should be included within the Minute of Agreement and the Information Sharing Agreement with the partner.

Where required, Service areas should seek advice on such matters from the Council's Information Governance Team.

9 Commissioned Services and Suppliers

Where Services have been commissioned from external suppliers the contractor shall co-operate with and assist the Council to meet its obligations in relations to records management under the Public Records (Scotland) Act 2011 together with any guidance issued and will, where requested and notified by the Council, comply with this Policy.

Appropriate clauses for records management are contained within the Council’s Standard Terms and Conditions. Contractual terms for records management should be incorporated into any contract with external party including suppliers and consultants.

10 Project Records

Where records such, as project records, are created as a result of an activity of a temporary nature the senior manager with responsibility for the activity is responsible for:

- ensuring appropriate records are created and managed in accordance with the records management policy
- ensuring there are appropriate resources assigned to fulfil the responsibility for managing records
- ensuring ownership for the records transfer to the Council once the activity has ended.

11 Related Documents

The following may be relevant to Service area use, retention and destruction of records.

Legal and Regulatory Requirements

- Public Records (Scotland) Act 2011
- Local Government (Scotland) Act 1994
- Freedom of Information (Scotland) Act 2002
- Environmental Information (Scotland) Regulations 2004
- Data Protection Act 2018
- UK General Data Protection Regulation
- The National Archives Records Management Code
- Privacy and Electronic Communications (EC Directive) Regulations 2003.

Related Council Policies and Codes of Practice

- Policy for the Retention and Disposal of Documents and Records Paper and Electronic
- Data Protection Policy
- Acceptable Use of Information Systems Policy
- Data Protection Breach Management Protocol
- Information Classification Policy
- Business Classification Scheme.

Key Codes of Practice which affect the general management of the Council’s records

- Code of Practice on Records Management by Scottish Public Authorities under the Freedom of Information (Scotland) Act 2002 (section 61).

Examples of British and International Standards related to Records Management

- ISO15489 standard on best practice in records management
- ISO 176699 standard on information security management

- BS 1008:2008 addresses issues around evidential weight and the legal admissibility of electronic information
- DIS PD 0010:1997 the principles of good practice for information management.

12 Performance Management

Performance in relation to the management of records will be monitored by Internal Audit through completion of the Annual Governance Statement, as below.

13 Implementation of the Policy

The IGSG will continue to monitor this Policy as well as records management issues and practices more generally.

Compliance with the Records Management Policy and procedures will be built into the Head of Service self-assessment for the Annual Governance Statement. Failure to comply will be reported to the Corporate Management Team and any thematic issues shared with the IGSG.

The approved Policy will be made available via ICON.

14 Review of the Policy

This Records Management Policy will be reviewed at regular intervals and, if appropriate, it will then be amended to maintain its relevance.

Further reviews will be carried out to reflect changes in legislation or new records management standards or practices.

SUMMARY OF PROPOSED REVISIONS TO RECORDS MANAGEMENT POLICY – JUNE 2023

PAGE	TITLE	SECTION	PROPOSED CHANGE
3	Introduction	1	Minor change amended to include updated data protection legislation, from GDPR to UK GDPR.
3	Overview and Purpose	2	Minor amendment from Inverclyde Council to the Council.
4	The Policy	3	Minor insertions in the two bullet points.
5	Records Management Roles	5	New paragraph covering off the role and responsibility of the Information Governance Steering Group.
5	Records Management Roles	5	Minor revision to roles of Directors
6	Records Management Roles	5	Minor amendment from Inverclyde Council to the Council.
6	Records Management Standards and Responsibilities	6	Minor amendment re description of Information Governance Steering Group (IGSG).
7	Records Management Standards and Responsibilities	6	Minor addition re inclusion of updated data protection legislation.
7	Partnership Working	8	Minor amendment from Inverclyde Council to the Council.
8	Partnership Working	8	Minor insertion re Service reps seeking advice from Information Governance.
8	Project Records	10	Minor amendment from the Inverclyde Council to the Council.
8	Related Documents	11	Updated legislative references.
9	Performance Management	12	Minor insertion re Internal Audit using Annual Governance for performance management.
9	Implementation of the Policy	13	Minor amendments re monitoring of records management issues from CMT and IGSG.
9	Review of the Policy	14	Minor amendment re Records Management Policy.

Report To:	Policy & Resources Committee	Date:	15 August 2023
Report By:	Chief Officer Inverclyde Health & Social Care Partnership	Report No:	PR/17/23/KB/AB
Contact Officer:	Alan Best	Contact No:	01475 715381
Subject:	Update on HSCP Contracts		

1.0 PURPOSE AND SUMMARY

- 1.1 For Decision For Information/Noting
- 1.2 The purpose of this report is to seek approval to change the Council's standard tender weightings, as noted in Contract Standing Order 16.2, in respect of the forthcoming tender for the provision of Carers Advice, Information and Support Service in Inverclyde. In addition, an update is provided regarding the Electronic Care Monitoring system tender last reported to Committee in January 2023.
- 1.3 The tender for the provision of a Carers Advice, Information and Support Service in Inverclyde is being prepared. As in all cases with Social Care service provision, the quality of this support service is of paramount importance. The Council's standard tender weightings are 60% Cost / 40% Quality. It is recommended that the Carers Advice, Information and Support Service contract is awarded on a 60% Quality and 40% Cost of Service weighting split to help ensure the required quality of service and best value cost of service can be procured. The proposed weighting split requires Committee approval in terms of Contract Standing Order 16.3.
- 1.4 In January 2023 the Policy & Resources Committee agreed that a tender on Electronic Care Monitoring System for Care at Home Service be advertised and delegated authority to the Head of Legal, Democratic, Digital and Customer Service to accept in accordance with contract Standing Orders 20.3(ii). However, following a tender exercise none of the tenderers could meet the Council's specified essential requirements. The tender exercise has been halted and a further year Direct Award from 1 August 2023 was made to the current supplier whilst officers review the specification prior to undertaking a new tender exercise later this year.

2.0 RECOMMENDATIONS

- 2.1 It is recommended that the Policy & Resources Committee:
- Approve the use of a 60% Quality and 40% Cost of Service weighting in the forthcoming tender for the Carers Advice, Information and Support Service in terms of Contract Standing Order 16.3.

- Note the further 12 month Direct Award to the current Electronic Monitoring System provider whilst a revised tender exercise is progressed.

Kate Rocks
Chief Officer
Inverclyde HSCP

3.0 BACKGROUND AND CONTEXT

Carers Service

- 3.1 Inverclyde Council operating through a Health and Social Care Partnership has a statutory duty to provide an advice and information service to Carers in Inverclyde under the Carers (Scotland) Act 2016 & Scotland's Carers Charter published in 2018.
- 3.2 The service to be commissioned is to ensure that all Carers in Inverclyde have access to advice, information and support to assist them in their caring role.
- 3.3 A 5 year contract is being progressed which will have a value of approximately £1,515,000. The annual cost will be funded by the Council through Inverclyde HSCP IJB from the recurring Carers funding from the Scottish Government to support informal carers.
- 3.4 A tender process is about to commence for the procurement of this service which will be in place for May 2024. The weighting change will ensure a quality service provision in a cost effective manner and the Contract length will allow to ensure that Inverclyde Council fulfils its statutory duty and provides consistency to carers within Inverclyde.

Care at Home Electronic Monitoring System

- 3.5 The latest annual contract for the Electronic Monitoring System was awarded on 1st August 2022 for a period of 12 months, via the Crown Commercial Services (CCS) Cloud 12 Framework Agreement.
- 3.6 The system required to manage the delivery of care with a range of easy to use, mix and match solutions including real time care monitoring, mobile monitoring, scheduling of visits. The system allow the HSCP, and external providers to maximise the usages of available resources and support the delivery of people's care plans.
- 3.7 In January 2023, the HSCP reported that the service would go out to tender, however following a tender exercise officer in the HSCP advised that none of the tenderers met the essential requirements and therefore the tender exercise was stopped. The HSCP advised that to reduce the risk, minimise disruption and ensure continuity of care that an extension to the current award was put in place from 1st August 2023 for 12 months whilst the specification is reviewed and a new tender exercise is progressed in the coming months. This further Direct Award was dealt with under delegated authority, under the Council's Standing Orders relating to Contracts.

4.0 PROPOSALS

- 4.1 The tender for the provision of the Carers Advice, Information and Support Service is due to be published in October 2023. As in all cases with social care services, the quality of the service is of paramount importance.
- 4.2 As the provision of a local Advice and Information Service is a statutory duty of Inverclyde Council the award of a 5 year contract will ensure a sustainable service and consistency for Carers within the area and allow the successful provider to apply for further external funding which requires the security of a longer term contract. This additional funding will enhance the service that can be provided to Carers within Inverclyde.

- 4.3 It is recommended that the Carers Advice, Information and Support Service contract is awarded on a 60% Quality and 40% Cost of Service weighting split. This will help to ensure the required quality of service and best value cost of service can be procured.

5.0 IMPLICATIONS

- 5.1 The table below shows whether risks and implications apply if the recommendation(s) is(are) agreed:

SUBJECT	YES	NO
Financial		X
Legal/Risk		X
Human Resources		X
Strategic (Partnership Plan/Council Plan)		X
Equalities, Fairer Scotland Duty & Children/Young People's Rights & Wellbeing		X
Environmental & Sustainability		X
Data Protection	X	

5.2 Finance

The tender for the Carers Advice service will be structured and managed in a way which ensure that the costs included in and the overall value of any contract award resulting from the tender will be met within the overall contract budget. The costs for the Electronic Care Management Service will be contained within existing resources.

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
	Carers Budget		303		

5.3 Legal/Risk

In terms of the Council Standing Orders for Contracts, approval of the Committee is required to change the tender weightings.

5.4 Human Resources

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

5.5 Strategic

There are no strategic implications from the information contained within the report.

5.6 Data Protection

Has a Data Protection Impact Assessment been carried out?

Yes – DPIA identified the requirement for a Data Sharing Agreement to be put in place with the successful bidder.

X	YES – This report involves data processing which may result in a high risk to the rights and freedoms of individuals.
	NO – Assessed as not relevant as this report does not involve data processing which may result in a high risk to the rights and freedoms of individuals.

6.0 CONSULTATION

6.1 The report has been prepared by the Chief Officer of Inverclyde Health and Social Care Partnership (HSCP) after due consideration with relevant senior officers in the HSCP. There is further consultation planned with carers and young carers as detailed in this report. The Corporate Management Team support the proposals in this report.

7.0 BACKGROUND PAPERS

7.1 None.

3.0 BACKGROUND AND CONTEXT

- 3.1 At the 20 September 2022 meeting of the Policy & Resources Committee it was agreed that the Council should apply to become a member of the Co-operative Councils' Innovation Network (the Network), for an initial period of 3 years. This application was approved in October, and all councillors advised on 2 November. The Committee's approval of Network membership in September 2022 required officers to bring back annual reports highlighting the benefits which have arisen during the period of membership.
<https://www.inverclyde.gov.uk/meetings/meeting/2487>
- 3.2 The Network, established in 2012, describes itself as "the fastest-growing network in local government", having over 100 councils, organisations and supporters from across the UK. The Network states that member councils are committed to reforming the way they work by building an equal partnership with local people based on the values and principles of the International Co-operative Alliance. In particular, the Network promotes the transformation of communities through community action, community engagement and civic empowerment.
- 3.3 More information on the Network can be found on its website:
<https://www.councils.coop/about-us/>.
- 3.4 In addition, at its meeting on 1 December 2022, the Council approved Cllr Cassidy's appointment to the Network's Executive Oversight Committee.

4.0 PROPOSALS

- 4.1 As reported to the Committee previously, all members of the Network benefit from the following:-
- Access for Elected Members and officers to a wide network of local authorities who share a common purpose;
 - Access to the Network's on-line resources, including case studies, <https://www.councils.coop/case-studies/>
 - The potential to bid for funding to work on a case study, alone or in conjunction with other members;
 - Access to conferences and training events to meet peers from other members;
 - The ability to access a framework of specialist suppliers established by the Network for its members; and
 - The opportunity to raise the Council's profile nationally across the UK.
- 4.2 The Council has taken advantage of these benefits in a variety of ways, including the following:-
- Officers' attendance at the monthly virtual officers meeting;
 - Cllr Cassidy's involvement in the Network's Executive Oversight Committee, and attendance at the Network's annual conference in November 2022, there being no fee for this given the Council's membership;
 - A councillor officer is booked to attend an upcoming free training event on co-operative alternative business models;
 - Sharing of local best practice through the inclusion of two Inverclyde Council case studies in the national publication [CCIN Case Studies Pack - 2023 - Co-operative Councils Innovation Network](#)
 - A successful application by the Council to be a "Policy Prototype", receiving £2,000 funding from the Network, along with advice and experience from other areas. This is to raise the profile of the Council Plan and Partnership Plan, make these documents more accessible and to stimulate public engagement.

4.3 Over the course of 2023/24, and building upon the previous 12 months, officers will endeavour to ascertain if more benefits of Network membership can be realised. However, the first year of membership has been beneficial, especially when the relatively low cost of annual membership and project funding are taken into account. With the notable challenges facing local government and the communities we serve, the ability to access a new network such as this provides the Council with some valuable insights on the work others are taking forward.

5.0 IMPLICATIONS

5.1 The table below shows whether risks and implications apply if the recommendation(s) is(are) agreed:

SUBJECT	YES	NO
Financial	x	
Legal/Risk		x
Human Resources		x
Strategic (Partnership Plan/Council Plan)		x
Equalities, Fairer Scotland Duty & Children/Young People's Rights & Wellbeing		x
Environmental & Sustainability		x
Data Protection		x

5.2 Finance

Annual membership within 2022/23 was £5,400 with further proposed spend of £12,000 until September 2025, allowing for a small inflationary increase. In September 2023, the Policy & Resources Committee agreed to meet the initial three-year cost through the Project Capacity Earmarked reserve.

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report	Virement From	Other Comments
Earmarked Reserve	Projects-Officer Capacity	2023/25	£12k	EMR budget	

Annually Recurring Costs/ (Savings)

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

5.3 Legal/Risk

There are no legal risks/implications arising from this report.

5.4 Human Resources

There are no human resources implications arising from this report.

5.5 Strategic

There are no legal risks/implications arising from this report.

6.0 CONSULTATION

6.1 N/A.

7.0 BACKGROUND PAPERS

7.1 N/A.