

**A meeting of the Policy & Resources Committee will be held on Tuesday 13 August 2024 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 12 August 2024 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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LYNSEY BROWN  
Head of Legal, Democratic, Digital & Customer Services

**BUSINESS**

**\*\* Copy to follow**

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Enquiries to – **Colin MacDonald** – Tel 01475 712113

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<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b>	<b>13 August 2024</b>
<b>Report By:</b>	<b>Chief Financial Officer</b>	<b>Report No:</b>	<b>FIN/43/24/AE/AB</b>
<b>Contact Officer:</b>	<b>Angela Edmiston</b>	<b>Contact No:</b>	<b>01475 712143</b>
<b>Subject:</b>	<b>Revenue Budget Outturn 2023/24</b>		

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## 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 2024. Furthermore, the report highlights any significant variances between revised budgets, Period 11 Revenue Budget reports and outturn per the 2023/24 Unaudited Accounts.

1.3 The outturn per the Unaudited Accounts shows a net overspend for 2023/24 of £545,000 (Appendix 1) for Budget holding Service Committees. This represents an overspend of 0.36% against 2023/24 revised budget of £151,365,000. This excludes Social Care as budget responsibility sits with the IJB and the IJB CO/CFO. The main areas contributing to the net overspend include:

- Overall unfunded element of the 2023/24 Corporate Pay Award of £250,000, addressed as part of the 2024/26 budget process
- £441,000 overspend combined for Road Emergency works, Winter Maintenance and Agency Costs
- Overspend of £504,000 for Transport Costs within the Education and Communities Committee, mostly ASN
- Education Catering & Kitchen Repairs overspend of £472,000
- Under-recovery of Parking Income of £148,000 which has been addressed as part of the 2024/26 budget process.

These overspends have been partly off-set in part by the following underspends:

- Additional turnover savings achieved across the Council of £261,000
- Underspend of Non-Pay contingencies of £620,000, much of which was reported to the Policy & Resources Committee throughout the financial year. A £500,000 saving in the non-pay inflation budget was agreed as part of the 2024/26 Budget
- Underspend of £134,000 for Residual Waste due to reduced tonnage
- Underspend on utility costs with Education and Communities of £341,000

1.4 Appendix 1 shows that the overspend included in the Unaudited Accounts was £50,000 lower than last reported at the Policy & Resources Committee (Period 11). Appendix 2 provides the material variances for individual Committees and detail behind the significant variances.

## **2.0 RECOMMENDATIONS**

- 2.1 It is recommended that the Committee note the Service Committee overspend per the Unaudited Accounts for 2023/24 of £545,000, the reasons for the material variances from budget and the movement of £50,000 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 delivery of the 2024/26 Budget.
- 2.3 It is recommended that the Committee note that further details on the 2023/24 outturn will be submitted to individual Committees as part of the first 2024/25 Revenue Budget Monitoring Reports.

**Alan Puckrin**  
**Chief Financial Officer**

### 3.0 BACKGROUND AND CONTEXT

- 3.1 The outturn per the unaudited accounts for 2023/24 was a net overspend of £545,000 for the Service Committees. The outturn comprises of a £714,000 underspend within the Policy & Resources Committee offset with overspends of £34,000 within the Environment & Regeneration Committee, £975,000 within Education & Communities and additional unfunded 2023/24 pay award costs of £250,000. It should be noted that 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 as such, does not impact on the Council's reserves.
- 3.2 The main areas of overspend relate to various budget over/underspends within the Environment & Regeneration Committee and the Education & Communities Committee partially off-set with additional turnover savings achieved and an underspend within the Inflation Contingency budget. These main variances are shown in Appendix 1. Appendix 2 provides more details regarding the material variances.
- 3.3 Further details on the 2023/24 outturn will be submitted to individual Committees as part of the first 2024/25 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 2023/24 was an overspend of 0.36% excluding Social Care. This is the first overall Service Committee overspend reported for over 12 years and is demonstrative of the budget pressures facing Services going forward. The Corporate Management Team are currently undertaking a review of the main factors behind the overspend and an initial update on the potential impact on the 2024/26 Budget is included elsewhere on the agenda.

The following table shows the variance from Budget for the last 5 years and the percentage variance against revised revenue budget for the relevant year. From the table it can be seen that overall net spend is very close to budget in percentage terms and reflects the robustness of budget setting/monitoring arrangements.

<b>Year</b>	<b>Variance</b>	<b>Percentage Variance</b>
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%
2023/24	Overspend £0.545m	0.36%

\*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 Council has not had an overall overspend within Service Committees for over 12 years and as such the CMT is reviewing the factors which caused this and the impact on the approved 2024/25 and 2025/26 Budgets. This is reported elsewhere in the papers for this meeting.

## 5.0 IMPLICATIONS

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

<b>SUBJECT</b>	<b>YES</b>	<b>NO</b>
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 first 2024/25 Budget Monitoring and, where applicable, factored into reports relating to the 2024/26 Budget.

One off Costs

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

Annually Recurring Costs/ (Savings)

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

## 5.3 Legal/Risk

This annual report helps identify areas where budgets may not be appropriate and greater financial focus is required which assists improved budget management. The Corporate Risk Register has financial pressures and the impact on future service delivery as the number one risk currently faced by the Council.

## 5.4 Human Resources

There are no HR implications arising from this report.

## 5.5 Strategic

This report helps with planning of the 2025/27 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 2023/24 £000	Period 11 Revised Budget 2023/24 £000	Period 11 Projection 2023/24 £000	Period 11 Projected Over/(Under) Spend 2023/24 £000	Final Over/(Under) Spend 2023/24 £000	Movement from P11 £000	Variance as % of Revised Budget
Policy & Resources	23,129	16,124	15,554	(570)	(714)	(144)	-4.43%
Environment & Regeneration	22,505	24,153	24,322	169	34	(135)	0.14%
Education & Communities	100,759	111,088	111,834	746	975	229	0.88%
2023/24 Pay Award Impact	0	0	250	250	250	0	
<b>COMMITTEE NET EXPENDITURE EXCLUDING EARMARKED RESERVES</b>	<b>146,393</b>	<b>151,365</b>	<b>151,960</b>	<b>595</b>	<b>545</b>	<b>(50)</b>	<b>0.36%</b>

**Reasons: Final Outturn**POLICY & RESOURCES

Additional Turnover Savings Achieved (7)  
Inflation Contingency not used - excluding utilities (620)  
Computer Software/Hardware Maintenance (ICT) - one-off timing of new contracts (96)  
Various (Underspend)/Overspend all under £50k 9

Column H

**(714)**ENVIRONMENT & REGENERATION

Additional Turnover Savings Achieved (462)  
Env Services agency 178  
Roads agency 45  
PCN and parking income 148  
Residual Waste (134)  
Flooding & emergency works 118  
Winter maintenance 100  
Various (Underspend)/Overspend all under £50k 41

Column H

**34****Reasons: Movement Period 11 to Final Outturn**POLICY & RESOURCES

Additional Turnover Savings Achieved (8)  
Inflation Contingency (134)  
Various (Underspend)/Overspend all under £50k (2)

Column I

**(144)**ENVIRONMENT & REGENERATION

PCN movement in bad debt provision (84)  
Reduction in central repairs due to less works carried out (76)  
Increase in BSU income for works recharged to capital (96)  
Transport maintenance costs across directorate due to increase in material costs 53  
Commercial rents rates and other property costs for void properties. 66  
Various (Underspend)/Overspend all under £50k 2

Column I

**(135)**



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

Column H

**EDUCATION & COMMUNITIES**

Employee Costs overspend - Teachers	194	Further increase in Teachers Costs	122
Employee Costs overspend - Non Teachers	14		
Utilities Underspend	(341)	Additional Employee Costs FM and Early Years mostly	96
Biomass underspend	(84)	Additional Utilities Underspend	(115)
Facilities Management Supplies Overspend	314	Cleaning & Janitors additional underspend	(58)
Facilities Management Income Over Recovery	(214)	Liability Insurance overspend	73
Schools- Early Years Catering Contract / Kitchen Repairs Overspend	472	Bad Debt Provision- - Early Years Wrapround	58
Transport Overspend	504	Community Halls additional School Lets Income	(49)
Liability Insurance Overspend	73	Various (Underspends)/Overspends all under £50k	102
CLD Resources Underspend	(92)		
ASN Placements & Resources overspend	141		
Bad Debt Provision - Early Years Wrapround	58		
School Lets Income Over Recovery	(103)		
Various (Underspends)/Overspends all under £50k	39		
	<b>975</b>		<b>229</b>

**MATERIAL VARIANCES FROM BUDGET (OVER £50,000)****POLICY & RESOURCES COMMITTEE****1. Non Pay Contingency – Outturn Underspend £620,000 (17.41%)**

Within 2023/24 there has been a reduced call on this budget of £620,000 due to lower than anticipated calls on the contingency. As part of the 2024/25 budget process the Non-Pay Inflation budget was reduced by £500,000 to take into account the forecast reduction in inflation in the medium term.

**2. Computer Software/Hardware Maintenance – Outturn Underspend £70,000 (9.94%)**

£70,000 combined one-off underspend within ICT computer hardware and software budgets due to the timing of new corporate contracts. No change since reported at P11 Committee.

**ENVIRONMENT & REGENERATION COMMITTEE****1. Turnover Savings – Outturn Over Recovery £462,000**

The Environment & Regeneration Committee achieved additional Turnover Savings of £462,000 in 2022/23. This arose due to delays in recruitment and difficulty in recruiting certain posts plus a decrease in overtime and travel. This partly contributed to the Agency cost overspend below.

**2. Agency Costs – Outturn Overspend £223,000**

An overspend of £223,000 was experienced in 2023/24 due to agency staff used to cover additional workload and staff vacancies within Environmental Services and Roads. This is in line with recent years and the Director is undertaking a review of the use of Agency staff which is due to be reported to CMT in the autumn. Combined overspend; £178,000 Environmental Services and £45,000 Roads.

**3. Residual Waste – Outturn Under Spend £134,000**

There was an underspend of £134,000 in 2023/24 due to a reduction in tonnage compared to budget, no change since reported at P11 Committee.

**4. Emergency Works & Winter Maintenance – Overspend £218,000**

An overspend of £218,000 was experienced in 2023/24 over Property and Roads Services, no change since reported at P11 Committee.

**5. Parking Overall Total Income – Outturn Under Recovery £148,000**

PCN and Parking income has under recovered at £148,000 for 2023/24. £174,000 was allocated as part of the 2024/25 Budget to address the parking income shortfall.

**EDUCATION & COMMUNITIES****1. Turnover Savings (Teachers) – Outturn Over Spend £194,000 (0.34%)**

The Committee out turned at an overspend of £194,000 which is an increase in costs of £122,000 since last reported to Committee. This is mainly due to additional costs for supply teachers. Action has been taken in conjunction with Head Teachers to address the overspend in 2024/25.

**2. Transport – Outturn Over Spend £504,000 (20.75%)**

Transport costs out turned with an overspend of £504,000. These overspends are due to a combination of historical trends and increased demand. Additional temporary funding has been allocated in 2024/25 and 2025/26 as an Earmarked Reserve. Reported in full at P11 Committee.

**3. ASN Placements & Resources – Outturn Over Spend £141,000 (32.05%)**

ASN placements out turned with an overspend of £141,000 in 2023/24. This overspend is due to a combination of historical trends and increased demand of children placed out with Inverclyde. Increase of £14,000 since P11 Committee.

**4. Biomass – Outturn Underspend £84,000 (100%)**

Biomass has underspent by £84,000 due to the biomass heating system no longer being used at Port Glasgow Community Campus as the cost of wooden pellets is now more expensive than gas.

**5. Facilities Management – Outturn Overspend £100,000**

Combined Facilities Management net overspend of £100,000. This is made up of £314,000 overspend within expenditure off-set with a £214,000 over recovery of income. This overspend is mainly due to costs associated with catering.

**6. Schools/ Early Years Catering Contract/Kitchen Repairs – Outturn Overspend £472,000 (9.96%)**

£472,000 overspend within catering mainly due to increased cost of provisions added to a mis-match between Facilities Management catering income and Early Years catering expenditure budget reporting. The adequacy of the 2024/25 Budget is being reviewed and the outcome will be included in the first monitoring report to Committee in September.

**7. CLD (Other Expenditure) – Outturn Underspend £92,000 (28.1%)**

A one-off underspend of £92,000 for CLD youth work resources due to the use of external grants.

**8. School Lets Income – Outturn Over Recovery £103,000 (48.83%)**

Uptake in school, lets income mainly due to uptake in 3G pitch hire at schools. £103,000 over-recovery reported at P11 Committee.

**9. Utilities – Outturn Underspend £341,000 (6.82%)**

The Committee out turned at a combined underspend of £341,000 for gas electricity and water; Inverclyde Leisure £113,000, Libraries £15,000 and £213,000 Education. This underspend is mainly due to lower than expected consumption rates

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<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b>	<b>13 August 2024</b>
<b>Report By:</b>	<b>Chief Financial Officer</b>	<b>Report No:</b>	<b>FIN/46/24/MT/GS</b>
<b>Contact Officer:</b>	<b>Matt Thomson</b>	<b>Contact No:</b>	<b>01475 712256</b>
<b>Subject:</b>	<b>Capital Programme Outturn 2023/2024</b>		

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## **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 2023/24 Capital Programme and to highlight issues which are expected to continue to impact upon the delivery of the 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 compared to approved budget over the last 5 years
- Appendix 2 – Summary of Slippage by Category and by Committee
- Appendix 3 – Capital Slippage Summary by Service/Project
- Appendix 4 – Reported Slippage by Period

1.4 Subject to the audit of the 2023/24 Annual Accounts, the Capital out-turn for 2023/24 is reporting advancement of 2.9% compared to 26% slippage in 2022/23. This represents a good performance albeit the challenges in delivering capital projects on time and within budget largely remain and are set out in section 3 of the report.

## **2.0 RECOMMENDATIONS**

2.1 It is recommended that the Committee notes the improved 2023/24 Capital Out-Turn position and that officers continued to take account of the on-going challenges in delivering capital projects when estimating the planned 2024/25 expenditure levels approved by the Council in March 2024.

**Alan Puckrin**  
**Chief Financial Officer**

### **3.0 BACKGROUND AND CONTEXT**

- 3.1 Since 2012 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. The reporting of performance in this area has resulted in changes in the way capital spend estimates are arrived at and helped with the creation of more robust internal processes.
- 3.2 Subject to the audit of the 2023/24 Accounts, the capital out-turn for 2023/24 shows advancement of 2.9%. 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 at a project level plus a categorisation of the reasons for any 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 £3.987 million (95.8% of all slippage) arose from internal slippage with the largest single item being within the Community Hub new build project. Overall slippage was more than offset by project acceleration and unbudgeted projects of £4.613m.
- 3.4 Committee performance was as follows:

Policy & Resources – overall slippage of 2.3%/£0.014m (2022/23: 18% advancement). This was all minor slippage across the committee.

Environment & Regeneration – overall advancement of 18.9%/£1.940million (2022/23: 29.3% slippage) this was mainly due to advancement within Roads (Sustrans & Flooding Strategy), Environmental (Cremator Replacement, Parks & Open Spaces AMP and Play Areas) and Properties (Greenock Town Hall Roofing, Net Zero and Minor Works) all partially offset by slippage across the directorate (Coastal Change Adaptions, Place Based Funding & the Watt Institute works).

Education & Communities – overall project advancement of 36.2%/£0.982million (2022/23: 11.2% advancement) mainly as a result of advancement across the School Estate and Early Years programme partially offset by slippage arising from the Port Glasgow New Community Hub.

Health & Social Care – overall slippage of 94.3%/£2.454million (2022/23: 57.0% slippage) due to slippage in the New Community Hub Facility and SWIFT upgrade.

#### **Continuing Challenges in Capital Programme Delivery**

- 3.5 Over the past 4 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 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.
- 3.6 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 recent years however Officers have acted positively where possible to mitigate these, including advancement of projects where possible, resulting in a net advancement in 2023/24.

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

- A £4.0 million contribution from General Fund Reserves to create a contingency within the 2024/28 Capital Programme was approved as part of the March 2023 Budget. This is helping to reduce delays where project costs increase.
- Contractor/market engagement: Regular contact with Contractors on forthcoming programmes of work including through 'Meet the Buyer' events and provision of information to SFT Construction Pipeline Forecast Tool. Governance document review and procurement procedures have also assisted in widening the pool of contractors through review of thresholds for quick quote, performance bonds and financial test risk indicators. Tender documents have also been reviewed to improve quality and clarity with tender validity periods adjusted to align with market conditions.
- 2024/25 expenditure estimates were reviewed by the Capital Programme officer group taking these challenges into account prior to approval as part of the March 2024 Budget.

#### 4.0 PROPOSALS

4.1 There are no specific proposals within the report aside from that the Committee note the 2023/24 Capital Programme out-turn, the reasons for the higher than anticipated advancements and the actions taken to improve performance from 2024/25 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 extended the Capital Programme by one year to a 4 year programme to 2027/28 being the last year of the existing Council term. This will help with the medium term planning of Capital Projects funding which should assist in reducing the risk of slippage and improve project planning.

One off Costs

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

Annually Recurring Costs/ (Savings)

<b>Cost Centre</b>	<b>Budget Heading</b>	<b>With Effect from</b>	<b>Annual Net Impact</b>	<b>Virement From (If Applicable)</b>	<b>Other Comments</b>
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>
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%
2023/24	16,165	(467)	(2.9)%
5 year average	19,768	1,315	6.7%

**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	-	-	-	-	14	-	14	2.3%
Environment & Regeneration	-	-	1,342	52	106	(3,440)	(1,940)	(18.9)%
Education & Communities	-	-	191	-	-	(1,173)	(982)	(36.2)%
Health & Social Care	-	-	2,454	-	-	-	2,454	94.3%
<b>Total</b>	<b>0</b>	<b>0</b>	<b>3,987</b>	<b>52</b>	<b>120</b>	<b>(4,613)</b>	<b>(454)</b>	<b>(2.9)%</b>
<u>Movements as %age</u>								
Movement per Category as %age of Capital Programme	0.0%	0.0%	24.7%	0.3%	0.7%	(28.5)%		-2.9%
Movement per Category as %age of total Slippage (Excluding Acceleration)	0.0%	0.0%	96.2%	1.3%	2.9%			100%

## Capital Slippage Summary 2023-24

## Appendix 3

	Approved Budget 2023/24 £000's	Draft 2023/24 Final Outturn £000's	Slippage from Approved Budget £000's	Slippage from Approved Budget %age	Variation Category	Additional Comments
<b>Policy &amp; Resources</b>						
Various Projects	604	590	14	2.32%	5 Minor Slippage	Minor Slippage across several projects
<b>TOTAL Policy &amp; Resources</b>	<b>604</b>	<b>590</b>	<b>14</b>	<b>2.32%</b>		
<b>Environment &amp; Regeneration</b>						
<b>Environmental Services - Roads</b>						
Sustrans	195	445	(250)	(128.21)%	6 Accelerated Projects	
Flooding Strategy - Future Schemes	167	417	(250)	(149.70)%	6 Accelerated Projects	
Various Projects	0	25	(25)		5 Minor Slippage	Minor Slippage across several projects
<b>Roads Asset Management Plan</b>						
Carriageways	1,478	1,733	(255)	(17.25)%	6 Accelerated Projects	
Footways	26	230	(204)	(784.62)%	6 Accelerated Projects	
Lighting	129	179	(50)	(38.76)%	6 Accelerated Projects	
Other Assets	112	174	(62)	(55.36)%	6 Accelerated Projects	
Staff Costs	271	327	(56)	(20.66)%	6 Accelerated Projects	
<b>Environmental Services</b>						
Cremator Replacement	1,125	1,289	(164)	(14.58)%	6 Accelerated Projects	
Vehicles Replacement Programme	695	643	52	7.48%	4 Slippage involving 3rd Party	Fleet items ordered but not delivered until into 2024/25
Play Area Strategy	246	389	(143)	(58.13)%	6 Accelerated Projects	
Park, Cemeteries & Open Spaces AMP	159	314	(155)	(97.48)%	6 Accelerated Projects	
Various Projects	125	56	69	55.20%	5 Minor Slippage	Minor Slippage across several projects
<b>Regeneration and Planning</b>						
Port Glasgow Town Centre Regeneration	97	0	97	100.00%	3 Internal Slippage	Town Centre Action Plan consultation carried out in June which includes PG Lower Quarter
T&VC - West Blackhall Street	1,150	1,850	(700)	(60.87)%	6 Accelerated Projects	External funds now confirmed which will allow project to progress to completion
T&VC - Other	776	327	449	57.86%	3 Internal Slippage	Town Centre Action Plan consultation took place in June. The final draft will set out projects which will utilise funds.
Place Based Funding	991	591	400	40.36%	3 Internal Slippage	Projects at various stages of implementation with many historic projects nearing completion.
Various Projects	20	18	2	10.00%	5 Minor Slippage	Minor Slippage across several projects
<b>Public Protection</b>						
Scheme of Assistance	914	854	60	6.56%	5 Minor Slippage	
<b>Property Services</b>						
Waterfront Leisure Centre Lifecycle Works	20	178	(158)	(790.00)%	6 Accelerated Projects	
Coastal Change Adaptions	150	0	150	100.00%	3 Internal Slippage	No internal resource to progress. Progression is subject to recruitment.
Watt Institute - Risk/DDA Works	114	16	98	85.96%	3 Internal Slippage	Project delayed due to specialist lift contractor.
Whinhill Golf Club - External Fabric Works	77	0	77	100.00%	3 Internal Slippage	Project delayed due to slow contractor progress pushing project into winter and inclement weather.
Greenock Town Hall Roofing, Ventilation & Windows	0	316	(316)		6 Accelerated Projects	
Net Zero	417	608	(191)	(45.80)%	6 Accelerated Projects	
Vehicle Replacement Programme - Ultra Low Emission Vehicles	103	32	71	68.93%	3 Internal Slippage	Vehicle purchases impacted by lead times.
Minor Works	524	680	(156)	(29.77)%	6 Accelerated Projects	
Complete on Site Allocation	76	406	(330)	(434.21)%	6 Accelerated Projects	
Various Projects	90	103	(13)	(14.44)%	5 Minor Slippage	Minor Slippage across several projects
<b>TOTAL Environment &amp; Regeneration</b>	<b>10,247</b>	<b>12,200</b>	<b>(1,953)</b>	<b>(19.06)%</b>		

Capital Slippage Summary 2023-24

	Approved Budget 2023/24 £000's	Draft 2023/24 Final Outturn £000's	Slippage from Approved Budget £000's	Slippage from Approved Budget %age	Variation Category	Additional Comments
<b>Education &amp; Lifelong Learning</b>						
<b>Non-SEMP</b>						
<b>Education &amp; Communities (Non-SEMP)</b>						
<b>Safer Communities</b>						
Waterfront Leisure Centre Training Pool Moveable Floor	280	340	(60)	(21.43)%	6 Accelerated Projects	
PG New Community Hub (King George VI Building)	1075	884	191	17.77%	3 Internal Slippage	Project experiencing delays on site.
Various Projects	21	61	(40)	(190.48)%	6 Accelerated Projects	
<b>TOTAL Education &amp; Lifelong Learning (excl School Estate)</b>	<b>1,376</b>	<b>1,285</b>	<b>91</b>	<b>6.61%</b>		
<b>SEMP</b>						
Lifecycle Fund	1317	2126	(809)	(61.43)%	6 Accelerated Projects	
Free School Meals grant	0	95	(95)	%	6 Accelerated Projects	
Complete on site	20	156	(136)	(680.00)%	6 Accelerated Projects	
Various Projects	0	33	(33)		6 Accelerated Projects	
<b>TOTAL SEMP</b>	<b>1,337</b>	<b>2,410</b>	<b>(1,073)</b>	<b>(80.25)%</b>		
<b>Health &amp; Social Care Committee</b>						
Inverclyde Community Hub	2,401	147	2,254	93.88%	3 Internal Slippage	Project delayed in procurement.
Swift Upgrade	200	0	200	100.00%	3 Internal Slippage	Project delayed in due diligenece stage presently with aim to spend majority in 2024/25.
<b>Total Health &amp; Social Care</b>	<b>2,601</b>	<b>147</b>	<b>2,454</b>	<b>94.35%</b>		
<b>Council Total</b>	<b>16,165</b>	<b>16,632</b>	<b>(467)</b>	<b>(2.89)%</b>		
<b>Movement per Category as %age of Capital Programme</b>				<b>(2.89)%</b>		
<b>Movement per Category as %age of total Slippage (Excluding Acceleration)</b>				<b>100%</b>		

**Summary of Reported Slippage by Period by Committee**

**Appendix 4**

	<u>July'23- Period 4</u>		<u>Sept' 23 - Period 6</u>		<u>Nov '23 - Period 8</u>		<u>Jan '24 - Period 10</u>		<u>March'24 - 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	(131)	(21.7)%	(131)	(21.7)%	-	0.0%	-	0.0%	-	0.0%	14	2.3%
Environment & Regeneration	(372)	(2.8)%	(4)	(0.0)%	69	0.5%	(992)	(7.6)%	(1,524)	(11.6)%	(1,953)	(14.9)%
Education & Communities	55	2.0%	-	0.0%	(12)	(0.4)%	(210)	(7.7)%	(982)	(36.2)%	(982)	(36.2)%
Health & Social Care	-	0.0%	1,641	63.1%	1,741	66.9%	2,281	87.7%	2,278	87.6%	2,454	94.3%
<b>Total</b>	<b>(448)</b>	<b>(2.4)%</b>	<b>1,506</b>	<b>7.9%</b>	<b>1,798</b>	<b>9.4%</b>	<b>1,079</b>	<b>5.7%</b>	<b>(228)</b>	<b>(1.2)%</b>	<b>(467)</b>	<b>(2.5)%</b>

	<u>Movement Sept'23</u>		<u>Movement Nov'23</u>	
	<u>(Period 6) v Outturn</u>		<u>(Period 8) v Outturn</u>	
	<u>£000's</u>	<u>%</u>	<u>£000's</u>	<u>%</u>
Policy & Resources	145	24.0%	14	2.3%
Environment & Regeneration	(1,949)	(14.8)%	(2,022)	(15.4)%
Education & Lifelong Learning	(982)	(36.2)%	(970)	(35.8)%
Health & Social Care	813	31.3%	713	27.4%
<b>Total</b>	<b>(1,973)</b>	<b>(10.3)%</b>	<b>(2,265)</b>	<b>(11.9)%</b>

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<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b>	<b>13 August 2024</b>
<b>Report By:</b>	<b>Chief Financial Officer</b>	<b>Report No:</b>	<b>FIN/42/24/AP/KJ</b>
<b>Contact Officer:</b>	<b>Alan Puckrin</b>	<b>Contact No:</b>	<b>01475 712223</b>
<b>Subject:</b>	<b>Treasury Management – Annual Report 2023/24</b>		

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## **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 2023/24 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 2024 the Council had gross external debt (including PPP) of £234,304,481 and investments of £6,502,107. This compares to gross external debt (including PPP) of £239,408,384 and investments of £26,127,010 at 31 March 2023.

1.4 2023/24 was experienced higher than forecast interest rate levels and this resulted in early repayment of some Market Loans and an associated reduction in cash balances. This added to the PPP Service Concession reprofiling and a one-off loan charge write off period adjustment resulted in greater variation against targets set in the Strategy in March 2023.

1.5 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.

## **2.0 RECOMMENDATIONS**

2.1 It is recommended that the Committee notes the contents of the annual report on Treasury Management for 2023/24 and the impact of higher than forecast interest rates in 2023/24.

2.2 It is recommended 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 2023/24.
- 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 £5.104m whilst Council investments reduced by £19.625m.
  - b. The Council repaid 3 LOBO loans totalling £29.9m between August and October, all without paying any premiums on the loans:
    - i. In August, a £10m loan was repaid after the lender proposed an increase in the rate from 4.88% to 6.35%.
    - ii. In October, a £4.9m loan was repaid after the same lender proposed an increase in the rate from 4.99% to 5.89%.
    - iii. In October, a £15m loan at 4.99% was repaid after a lender asked in September if the Council would be interested in repaying the loan.
  - c. The Council repaid £5m of temporary borrowing from another Local Authority in October and £7.5m of PWLB borrowing that matured in January.
  - d. To fund the above and cash requirements, the Council undertook a total of £39.5m in PWLB borrowing in the year for periods of between 1 year and just over 2 years. PWLB rates are expected to fall during those periods and so the Council expects to be able to refinance the borrowing at lower rates when the loans mature.
  - e. The Council remained within its Prudential Indicator and Treasury Management limits during 2023/24.
  - f. As at 31 March 2024 the Council had under borrowed against its capital financing requirement by £65.951m. This under borrowing is £21.582m higher than at the end of 2022/23 due to the effect of applying the PPP Service Concession Arrangement and of a one-off loan charge write-off period adjustment, both as approved by the Full Council.
  - g. In February 2023, the Treasury Consultants forecast that the Bank Rate would increase from 4.00% to 4.25% in March 2023 then to 4.50% in May 2023 then fall to 4.25% by December 2023 and to 4.00% by March 2024 with gradual falls to 2.50% by September 2025. Inflation concerns during the year resulted in rates rising in March 2023 to 4.25% as forecast then to 4.50% in May, 5.00% in June and 5.25% in August. The latest forecast is for rates to fall to 5.00% by September, 4.50% by December and 4.00% by March with gradual falls to 3.00% by September 2026.
  - h. PWLB rates for new borrowing were expected to fall by between 0.30% and 0.40% but rates increased by 0.36% to 0.62% and ended the year at between 4.61% (6-7 years) and 5.36% (1-1½ years). In addition, there was volatility during the year that resulted in spreads in rates for new loans of up to 1.87% between their lowest and highest levels e.g. 3-year loans were 4.35% on 6 April but 6.22% on 6 July and ended the year at 4.96%.
  - i. Rates for investments increased due to increases in the Bank Rate but have been reflecting anticipated Bank Rate cuts in the rates for Fixed Term Deposits in recent months.

- j. The Council's investments earned a rate of return of 4.785% during the year which is lower than the benchmark return of 5.111% and is due to the Council having a lower level of investments since the first LOBO repayment in August 2023 and keeping its funds in call accounts for liquidity reasons rather than placing funds in Fixed Term Deposits that normally pay higher rates.
- k. 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.

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, the conflict in the Middle East, 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 2023	At 31 March 2024
	£	£
Total Excluding PPP	184,132,384	181,234,481
PPP Debt	55,276,000	53,070,000
Total Including PPP	239,408,384	234,304,481

Further detail is given in the following table:

	At 31 March 2023		At 31 March 2024		Movement 2023/24
	Principal	Rate	Principal	Rate	Principal
	£000		£000		£000
Fixed Rate Funding:					
- PWLB	79,414		111,378		31,964
- LOBO *	0		16,000		16,000
- Market	40,000		40,000		0
- Temporary	5,000		0		(5,000)
	124,414	3.67%	167,378	4.22%	42,964
Variable Rate Funding:					
- PWLB	0		0		0
- LOBO *	59,400		13,500		(45,900)
- Market	0		0		0
- Temporary #	318		356		38
	59,718	4.90%	13,856	4.93%	(45,862)
Total Debt (Excl PPP)	184,132	4.07%	181,234	4.27%	(2,898)
PPP Debt	55,276		53,070		(2,206)
Total Debt (Incl PPP)	239,408		234,304		(5,104)

\* - LOBO Loans are shown as variable when they have less than 1 year to go until their next call date.

# - 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 2023		At 31 March 2024		Movement 2023/24
	Principal	Return	Principal	Return	Principal
	£000		£000		£000
Investments:					
- Fixed Term Deposits	22,000	3.21%	0	0.00%	(22,000)
- Notice Accounts	50	3.74%	53	3.99%	3
- Deposit Accounts	4,077	4.15%	6,449	5.15%	2,372
Totals	26,127	3.36%	6,502	5.14%	(19,625)

Investments as at 31 March 2024: £6,502,107  
 Maximum level of investments in 2023/24: £44,239,096 on 15 August 2023  
 Minimum level of investments in 2023/24: £2,265,574 on 26 January 2024  
 Daily average for the year 2023/24: £23,091,570

The Council's forecast and actual Investment Balances for 2023/24 for "investments" as defined in the Investment Regulations (including loans/holdings not managed under the treasury function) are shown in Appendix 1.

3.8 2023/24 Outturn Compared to Estimates in 2023/24 Strategy

The 2023/24 outturn compared to the estimates in the 2023/24 strategy:

	2023/24 Estimate	2023/24 Outturn
<u>Borrowing Requirement</u>	£000	£000
New borrowing	0	0
Alternative financing requirements	0	0
Replacement borrowing (See Note 1 below)	5,000	39,500
TOTAL	5,000	39,500
<u>Prudential/Treasury Management Indicators</u>	£000	£000
Gross external debt including PPP (As at 31 March 2024)	224,860	234,304
Capital financing requirement (CFR) (As at 31 March 2024)	286,890	300,755
(Under)/over borrowing against CFR	(62,030)	(65,951)
	£000	£000
Gross capital expenditure	21,569	26,924
Ratio of financing costs (including PPP) to net revenue stream (See Note 2 below)	9.54%	0.39%
Ratio of net debt (debt and PPP less investments) to net revenue stream	88.5%	98.1%

Notes:

1. The £39.5 million replacement borrowing was for 3 LOBO loans totalling £29.9m that were repaid between August and October 2023 and £9.6m to partly replace maturing temporary borrowing and PWLB borrowing.
2. The reduction in the ratio of financing costs to net revenue stream in 2023/24 is due to the effect of one-off savings arising from the PPP Service Concession Arrangement (for prior years and first year) and the effect of a one-off loan charge write-off period adjustment.

3.9 The table in paragraph 3.8 above shows that as at 31 March 2024 the Council had under borrowed against its capital financing requirement by £65.951m. 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 2023/24 Outturn Compared to Limits in 2023/24 Strategy

The 2023/24 outturn compared to limits in the 2023/24 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 2024 (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

2023/24 Limits		2023/24 Outturn	
£000		£000	
222,000		181,234	
56,000		53,070	
278,000		234,304	
£000		£000	
207,000		184,234	
56,000		53,070	
263,000		237,304	
£000		£000	
10,000		0	
Fixed	Var.	Fixed	Var.
45%	35%	9.7%	7.6%
45%	35%	12.1%	0%
45%	35%	9.5%	0%
45%	35%	13.8%	0%
45%	35%	4.2%	0%
45%	35%	21.0%	0%
45%	35%	22.1%	0%

Council Policy Limits

Maximum Percentage of Debt Repayable in Any Year (Actual is as at 31 March 2024 and relates to Financial Year 2077/78)

Maximum Proportion of Debt at Variable Rates (Actual is as at 31 March 2024)

Maximum Percentage of Debt Restructured in Year (Actual is as at 31 March 2024 and relates to 3 LOBO loans repaid early without incurring any premiums)

2023/24 Limits	2023/24 Outturn
25%	22.1%
45%	7.6%
30%	16.2%

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

The position in 2023/24 was that all of the Council's PWLB and Market debt was at fixed rates. The remaining debt contained some temporary borrowing at fixed rates, some small amounts at variable rates and LOBO loans where the rates were fixed unless the lenders proposed to change the rates (as happened with 2 LOBO loans that were repaid early). 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 2023/24, 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 29 May 2024) are:

	Forecast Per 2023/24 Strategy	Actual/ Latest Forecast
2023/24	4.00%	5.25% (Actual)
2024/25	2.75%	4.00% (Forecast)
2025/26	2.50%	3.25% (Forecast)
2026/27	---	3.00% (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
2019/20	3.436%
2020/21	3.362%
2021/22	3.363%
2022/23	3.776%
2023/24	4.377%

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 2022/23 and 2023/24 but also increased IRI for the General Fund. In addition, the Council repaid 3 LOBO loans with the repayments funded from short-term PWLB borrowing at higher rates but to be refinanced at lower rates in the next 12-18 months.

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 2023 (after review by the Policy & Resources Committee on 21 March 2023). 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 2023/24 and 2024/25 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 2023/24 is as follows:

Average Investment	Rate of Return (gross of fees)	Benchmark Return (3-month SONIA compounded)
£23,091,570	4.785%	5.111%

The Council under-performed the benchmark by 0.327% which is due to keeping a greater percentage of funds on call to be able to repay LOBO loans from August 2023 onwards and seeking to use investment funds and defer borrowing.

- 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 is 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:

	2023/24
	Actual
	£000
Balance As At 1 April	228,242
Add: Loan Charge Write-Off Period Review 23/24	3,387
Add: Advances For The Year	5,594
Less: Repayments For The Year	7,697
Balance As At 31 March	229,526

- 3.18 For the loans fund advances outstanding as at 31 March 2024, the liability to make future repayments (excluding debt interest and expenses) is as follows:

	£000
Year 1	7,584
Years 2-5	34,380
Years 6-10	42,507
Years 11-15	35,771
Years 16-20	32,358
Years 21-25	29,630
Years 26-30	25,699
Years 31-35	12,896
Years 36-40	4,498
Years 41-45	1,293
Years 46-50	1,183
Years 51-55	643
Years 56-60	77
Years 61-65	67
Years 66-70	81
Years 71-75	98
Years 76-80	119
Years 81-85	143
Years 86-90	174
Years 91-95	210
Years 96-100	115
TOTAL	229,526

### 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 £14.889m 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.

### 3.20 Loan Charge Write-Off Periods – One-Off Adjustment

The Scottish Government proposed accounting changes from 1 April 2024 which prevent any retrospection if in future the Council extends the write off period of any loans charge debt. As a result, as part of the 2024/26 Revenue Budget as approved by Full Council on 29 February 2024, the Council approved a change to the write-off periods for new build schools and Children's Homes that resulted in a one-off saving as at 31 March 2024 along with a recurring saving from 2024/25, as included in the 31 March balances in 3.17 above.

## 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 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

Treasury activity represents a significant aspect of the Revenue Budget and over 2023/24 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)

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

### 5.3 Legal/Risk

The Council has complied with all treasury management statutory requirements over 2023/24. 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.

### 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 2023/24-2026/27.

**FORECAST OF INVESTMENT BALANCES  
ESTIMATE FOR 2023/24 AND ACTUAL AT 31 MARCH 2024**

Investment Regulation 31 requires the Council to provide forecasts for the level of investments. The estimate for 2023/24 and the actual as at 31 March 2024 are:

	<b>Purpose of Investment</b>	<b>2023/24 Estimate</b>	<b>2023/24 Actual At 31 March 2024</b>
		£000	£000
Cash balances managed in-house	Treasury		
- At 1 April 2023		30,000	26,127
- At 31 March 2024		15,355	6,502
- Change in year		(14,645)	(19,625)
- Average daily cash balances		22,678	23,092
Holdings of shares, bonds, units (includes local authority owned company)	Service		
- At 1 April 2023		2	2
- Purchases		0	0
- Sales		0	0
- At 31 March 2024		2	2
Loans to local authority company or other entity to deliver services	Service		
- At 1 April 2023		297	308
- Advances		0	0
- Repayments		47	47
- At 31 March 2024		250	261
Loans made to third parties	Service		
- At 1 April 2023		100	109
- Advances		0	5
- Repayments		23	21
- At 31 March 2024		77	93
Investment properties	Commercial		
- At 1 April 2023		0	0
- Purchases		0	0
- Sales		0	0
- At 31 March 2024		0	0
Total of all investments			
- At 1 April 2023		30,399	26,546
- At 31 March 2024		15,684	6,858
- Change in year		(14,715)	(19,688)

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 is comprised of:

	£000
Birkmyre Trust	27
Housing Advances	4
Small Business Loans	12
Loan to Shared Interest Society Limited	50
	93

The £50,000 loan to Shared Interest Society Limited ("Shared Interest") was 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.

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<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b>	<b>13 August 2024</b>
<b>Report By:</b>	<b>Corporate Director Education, Communities &amp; Organisational Development</b>	<b>Report No:</b>	<b>PR/27/24/RB</b>
<b>Contact Officer:</b>	<b>Ruth Binks</b>	<b>Contact No:</b>	
<b>Subject:</b>	<b>Allocation of funding for events and projects to celebrate the 250<sup>th</sup> anniversary of Port Glasgow becoming a burgh</b>		

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## 1.0 PURPOSE AND SUMMARY

1.1  For Decision  For Information/Noting

1.2 The purpose of this paper is to seek authority to allocate £40,000 from the Common Good fund to create a number of events to mark the 250<sup>th</sup> anniversary of Port Glasgow. The Port Glasgow (Improvement) Act 1775 was passed on 22 May 1775, establishing Port Glasgow as a burgh, or town. In 2025 it is the 250<sup>th</sup> anniversary of this event.

1.3 The corporate communications team will work in partnership with the community to help co-ordinate events already planned and to develop ideas for specific projects. The newly appointed Connecting Inverclyde Heritage Co-ordinator will play a key role in helping to shape the programme. The Council already provide financial support of £13,300 for the annual Comet Festival and the requested funding is in addition to this sum.

## 2.0 RECOMMENDATIONS

2.1 The Policy and Resources Committee is asked to:

- Approve the use of £40,000 from the Common Good fund to develop a number of events to celebrate the 250<sup>th</sup> anniversary of Port Glasgow becoming a burgh.

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

### 3.0 BACKGROUND AND CONTEXT

3.1 In the late sixteenth century, the authorities in Glasgow purchased land by the village of Newark to establish a port for the city. In 1710 the principal custom-house on the River Clyde was constituted at the Port of Glasgow. The settlement around the port grew quickly and soon absorbed the fishing village of Newark.

Newark was a burgh of barony belonging to Hamilton of Wishaw, while Port Glasgow remained under the municipal authority of the City of Glasgow. Recognising the complexities of this arrangement, an act of parliament was passed in 1775 establishing Port Glasgow as a burgh in its own right. The Port Glasgow (Improvement) Act 1775 defined the burgh's municipal responsibilities and its authority to raise duty. The Act was passed on 22 May 1775.

3.2 2025 marks the 250<sup>th</sup> anniversary of Port Glasgow becoming a burgh and this event should be marked by the Council, local Members have requested consideration of financial support to mark this significant milestone. The Port Glasgow Regeneration Forum is keen to promote and support this occasion.

### 4.0 PROPOSALS

4.1 2025 marks the 250<sup>th</sup> Anniversary of Port Glasgow becoming a burgh and there is the opportunity for the council to mark this milestone.

4.2 The proposal in this paper is for the council to allocate £40,000 from the Common Good fund to help to organise events or projects over 2025 linked to the celebration of the 250<sup>th</sup> anniversary of Port Glasgow.

4.3 The corporate communications team will work in partnership to help co-ordinate events already planned and to develop ideas for specific projects. The newly appointed Connecting Inverclyde Heritage Co-ordinator will play a key role in helping to shape the programme. The Council already provide £13,300 financial support to the annual Comet Festival held in Port Glasgow.

### 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 approved policy is that the Common Good Fund balance should not fall below £100,000. As at 31 March 2024 the balance was £158,000 and therefore the balance will remain above £100,000 if the £40,000 allocation is approved.

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report	Virement From	Other Comments
Common Good	Events	2024/25	£40,000		Funded from Fund Balance

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**

N/A.

5.4 **Human Resources**

This project will require support from the corporate communications and culture teams in the council.

5.5 **Strategic**

This links with the Inverclyde Partnership Plan.

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

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.
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**

Has a Strategic Environmental Assessment been carried out?

	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?

	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 This proposal will be progressed in partnership with the community.

**7.0 BACKGROUND PAPERS**

7.1 N/A.

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<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b>	<b>13 August 2024</b>
<b>Report By:</b>	<b>Head of OD, Policy and Communications</b>	<b>Report No:</b>	<b>PR/28/24/MR/RB</b>
<b>Contact Officer:</b>	<b>Rhoda Braddick</b>	<b>Contact No:</b>	<b>01475 712146</b>
<b>Subject:</b>	<b>Corporate Self-Assessment of Best Value Performance</b>		

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## **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 update on the recent corporate self-assessment, which focused on the Council's Best Value performance. Full details are provided within the self-assessment report, which is attached as appendix 1.

1.3 As a result of the self-assessment, a Best Value Improvement Plan has been developed. The Committee will be kept apprised of the progress made in delivering the Improvement Plan as part of the standard six-monthly updates that are provided on national and local developments relating to Best Value.

## **2.0 RECOMMENDATIONS**

2.1 It is recommended that the Committee note:

- The development of a 'Corporate Self-Assessment of Best Value Performance' report; and
- That six monthly progress reports on the delivery of the Improvement Plan will be brought to the Committee.

**Morna Rae**  
**Head of OD, Policy and Communications**

### **3.0 BACKGROUND AND CONTEXT**

- 3.1 A review of Inverclyde Council's self-evaluation arrangements was included in the 'Wider Scope and Best Value' element of the Inverclyde Council Annual Audit Report (AAR) 2022/23. A recommendation within the AAR was the implementation of a process to report on overall Best Value achievement and delivery.
- 3.2 To address this, the CMT agreed to conduct a corporate self-assessment focusing on Best Value performance. The assessment comprised of two strands:
1. A 'Best Value Checklist', designed by the Improvement Service, which was distributed as an online survey to all Council and HSCP team leaders, service managers and the Extended Corporate Management Team (ECMT). The survey asked for views on performance across the seven Best Value themes. Overall, the survey results were very positive and showed a high level of consensus among respondents that the Council is achieving Best Value.
  2. An Improvement Workshop, held on 16<sup>th</sup> April 2024, attended by service managers and members of the ECMT. The session provided an opportunity for a focused discussion in groups on organisational strengths and potential areas for development. Each group was also asked to reach an overall evaluation of the Council's performance in relation to the seven Best Value thematic areas.
- 3.3 Both the survey results and the feedback from the Improvement Workshop have been reviewed by the CMT and a summary of the findings presented in a 'Corporate Self-Assessment of Best Value Performance' report, which is attached in appendix 1. The report is structured in three parts:
- Section 1 – the background to the self-assessment and details of the approach taken.
  - Section 2 – a summary of the key learning gathered for each Best Value theme, along with the next improvement steps.
  - Section 3 – an Improvement Plan which brings together the cross-cutting improvement areas, along with timescales and lead officers.
- 3.4 The Committee currently receives an update on local and national developments in relation to Best Value every six months within the Corporate Policy and Performance update report. The Committee will be kept apprised of the progress that is made in delivering the new Best Value Improvement Plan as part of these updates.

### **4.0 PROPOSALS**

- 4.1 The Committee is asked to note that a corporate self-assessment on Best Value performance has been carried out and an Improvement Plan has been developed and approved by the CMT in response to the assessment findings.
- 4.2 The Council has a statutory duty to publish information to citizens and communities on how it is performing, including its assessment of performance against the duty of Best Value. To fulfil the requirements of this public performance reporting duty, it is proposed that the 'Corporate Self-Assessment of Best Value performance' report be published on the Council website to ensure that is accessible to the public.

## 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

There are no financial implications associated with this report.

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 delivery of Best Value is a statutory requirement introduced in the Local Government in Scotland Act 2003, supported by Best Value: revised statutory guidance 2020.

## 5.4 Human Resources

There are no human resources implications associated with this report.

## 5.5 Strategic

The self-assessment contributes to the delivery of the Council Plan as follows:

**Theme 3, Performance:** High quality and innovative services are provided, giving value for money.



## **6.0 CONSULTATION**

6.1 The Best Value survey was issued to all team leaders, service managers and the ECMT. All the feedback received from the survey and the workshop is valuable and will help to inform wider working practices going forward.

## **7.0 BACKGROUND PAPERS**

7.1 None.

# Inverclyde Council

## Self-Assessment of Best Value Performance



## Section 1: Background to our Best Value self-assessment

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Self-assessment is an integral part of Inverclyde Council’s strategic planning and performance management framework. By reviewing organisational strengths and areas for development, it helps to identify where improvement is required to deliver the Council Plan 2023/28 and ensure that the statutory duty of Best Value is being met, which in turn supports the delivery of positive outcomes for our residents.

Self-assessment as an improvement tool is well embedded within the Council, with corporate, service and thematic assessments having previously been carried out. Following the introduction of a new approach to the audit of Best Value in 2023, it was considered timely that Best Value should be the focus of a Council wide self-assessment to enable the Council to report more fully on its performance in this area to the public.

### Our approach

With the support of the Improvement Service, a ‘Corporate Best Value Checklist’, was developed to provide a framework for the assessment. The ‘Checklist’ is a survey that reflects the Best Value Statutory Guidance, to capture views on the Council’s performance across the seven Best Value themes:

- |   |                             |
|---|-----------------------------|
| 1. Vision and Leadership                  | 5. Working with Communities |
| 2. Governance and Accountability          | 6. Sustainable Development  |
| 3. Effective use of resources             | 7. Fairness and Equality    |
| 4. Partnerships and collaborative working |                             |

The ‘Checklist’ was issued to all employees at team leader grade and above within Inverclyde Council and Inverclyde HSPC. Participants were asked to assess whether the right plans and objectives are in place for each Best Value theme. A comment box was included to capture views on organisational strengths and where current practice could potentially be strengthened. The second stage of the assessment was a dedicated Improvement Planning workshop attended by the Council’s Senior Management Team to review and discuss the survey results in more detail and agree the key areas for improvement. A judgement of the Council’s performance in each thematic area was agreed, using the following scale:



Excellent



Good



Satisfactory



Below Satisfactory

This report summarises the key learning from the self-assessment. This has been considered by the CMT and the areas for improvement that are within the scope of the Council agreed. This can be found in section 3 of this report. The delivery of this improvement activity will be overseen by the Corporate Management Team, with six monthly progress reports being prepared and published on the Inverclyde Council website.

## Section 2: Self-Assessment Summary Findings

### BEST VALUE THEME 1: Vision and Leadership

Vision and Leadership is concerned with effective political and managerial leadership. Leaders should demonstrate behaviours and working relationships that foster a culture of cooperation, and a commitment to continuous improvement and innovation.

In our assessment of **Vision and Leadership** we considered how well Inverclyde Council demonstrates the following:

1. Members and senior managers have a clear vision for their area that is shared with citizens, key partners and other stakeholders.
2. Members set strategic priorities that reflect the needs of communities and individual citizens, and that are aligned with the priorities of partners.
3. Effective leadership drives continuous improvement and supports the achievement of strategic objectives.
4. Members and senior managers are clear about how local strategic plans and priorities are linked to the National Performance Framework outcomes.
5. Members and senior managers drive transformational change, are clear about transformation projects within the council and how they are aligned with organisational priorities and plans.

#### Evaluation results:



**82.5%** of respondents to the Best Value Checklist agreed, or strongly agreed, that the Council meets the Best Value Vision and Leadership criteria.



#### **Improvement workshop assessment: Good**

This was the evaluation reached at the Improvement Planning workshop. This judgement is based on evidence of very strong, sustained performance with strengths outweighing areas for development.

## Section 2: Self-Assessment Summary Findings

### Vision and Leadership: Key Learning

The key learning from the self-assessment is summarised below:

- The Council Plan 2023/28 sets a clear vision for the area, underpinned by outcomes for the organisation. A strong golden thread is evident between the aspirations within the Alliance Partnership Plan 2023/33 and the Council Plan 2023/28, with the outcomes rooted in a strong evidence base, following extensive statistical analysis and consultation.
- The Council has a robust strategic planning framework in place. Evidence of this includes the Committee Delivery and Improvement Plans; Service Plans; Annual Performance Reports; Budget consultation and engagement; the Financial Strategy (including Capital and Treasury Strategies); the Corporate Asset Management Strategy; the Delivering Differently Change Programme, a Local Housing Strategy; Local Heat and Energy Efficiency Strategy and a Net Zero Strategy.
- Strong collaborative working exists between Elected Members and senior managers to achieve key strategic targets. The Members Budget Working Group is a positive example of leaders working together to achieve the Council's vision and working together to support effective decision-making regarding priorities for Council spend. Across the wider Council and Services, strong relationships are in place, built on a solid foundation and shared values.
- Robust community engagement processes are in place, examples of which include engagement with service users/residents feeding into locality and strategic plans; annual Budget consultation, with effective feedback processes in place to gather the views of stakeholders to support decision making in the short, medium and long term; the Citizens; Panel, with 2 surveys conducted each year; the recent development and refresh of Inverclyde's Community Councils and the involvement of young people in the development of the Children's Services Plan.
- Continuous improvement is ensured by a commitment to self-assessment at a corporate and service level. It is also supported via support for the workforce through initiatives such as the mentoring Leadership programme and workforce planning arrangements, with support for promotion in critical areas of service delivery. A new approach to having regular, focused discussions on performance and opportunities has been introduced via Positive Conversations.

#### How could we strengthen our current practice?

- Continue to promote the Council Plan 2023/28 at all levels.
- Utilise and develop technology, including website development, to support improved communication across the workforce and, in particular, to reach employees that are non-office based.
- Build on existing relationships within management teams and strengthen our succession planning arrangements.
- Explore opportunities to increase joined-up working across Services to deliver an improved customer service.

#### **Our next steps for improvement**

<b>V&amp;L1:</b>	Continue to develop employee communications, including increased face-to-face meetings, to build the support available to employees.
<b>V&amp;L2:</b>	Further improve the customer experience by continuing to upskill employees; explore new opportunities to integrate knowledge across services and move more services online to support channel shift.
<b>V&amp;L3:</b>	Explore different ways to deliver Council services to those communities that are harder to reach.

## Section 2: Self-Assessment Summary Findings

### BEST VALUE THEME 2: Governance and Accountability

Governance and accountability are concerned with openness and transparency in decision-making, schemes of delegation and effective reporting of performance. This is essential for informed decision-making, effective scrutiny of performance and stewardship of resources.

In our assessment of **Governance and Accountability** we considered how well Inverclyde Council demonstrates the following:

1. The Council can demonstrate clear understanding and the application of the principles of good governance and transparency of decision-making at strategic, partnership and operational levels.
2. The Council can demonstrate the existence of strategic service delivery and financial plans that align the allocation of resources with desired outcomes for the short, medium and long terms.
3. Members and senior managers have established strong governance arrangements with clear lines of accountability for the council.
4. Performance is reported to the public, to ensure that citizens are well informed about the quality of services being delivered and what they can expect in future.
5. There is a responsible attitude to managing risk, and business continuity plans (including civil contingencies and emergency plans) are in place to allow an effective and appropriate response to planned and unplanned events and circumstances.

#### Evaluation results:



**82.5%** of respondents to the Best Value Checklist agreed, or strongly agreed, that the Council meets the Best Value Governance and Accountability criteria.



#### **Improvement workshop assessment: Good**

This was the evaluation reached at the Improvement Planning workshop. This judgement is based on evidence of good performance with strengths outweighing areas for development.

## Section 2: Self-Assessment Summary Findings

### Governance and Accountability: Key Learning

The key learning from the self-assessment is summarised below:

- The Council has implemented a range of key strategic plans that support effective governance and accountability, examples of which include the Committee Plans, Financial Strategy, Annual Accounts, Annual Audit, Annual Governance Statement and Asset Management Plan. Progress in the delivery of these plans is continually reviewed in relation to short, medium-and long-term outcomes.
- There are regular meetings of the Crisis Resilience Management Team (CRMT) and there are clear and defined roles for the CMT, CRMT and Council Incident Officer in an emergency situation. Additionally, Business Continuity Plans are regularly updated to ensure that the Council responds effectively to any planned/unplanned events. Regular civil contingencies training and workshops are also held, and guidance and resources are available.
- Effective processes are in place to monitor budgets closely at a service level, whilst capital projects are identified and progressed via careful governance, dialogue, consultation and debate.
- Governance and decision-making processes are carried out transparently, demonstrated by the recording of Council Committees. Committee reports and minutes are fully accessible to both employees and the public via the Council website.
- Robust information governance procedures are in place, including appropriate retention schedules and regular updating of Council documents.
- A review of the Policy Framework was carried out recently and a comprehensive register of policies and strategies, along with a review schedule has been developed and incorporated within the refreshed Committee Plans.

- A new Risk Management approach has been implemented, alongside a Risk Strategy. A Risk Governance group meets to ensure a corporate approach to the management of risk. In addition, each Directorate and Service has its own risk register, detailing operational risks. An appropriate escalation process is in place to report risk and mitigation, whilst the Health and Safety Committee ensures appropriate management of risks and support.
- Performance at a corporate and service level is regularly reported to the appropriate Committee, including performance against targets and benchmarking information. The Council has a dedicated performance page for reporting performance to the public, with links to external audit evaluations as well as reports to the Council's own Committees.

#### How could we strengthen our current practice?

- Review the current use of social media to establish whether it could support improved communication and information flow.
- Continue to deliver awareness raising sessions, training and wider communication of key areas critical to effective governance and accountability.

#### Our next steps for improvement

<b>G&amp;A1:</b>	Continue to raise employee, public and partner awareness of the positive work of the Council via increased promotion and communication.
<b>G&amp;A2:</b>	Deliver refresher training to senior staff on key Governance areas, alongside organisational policy.

## Section 2: Self-Assessment Summary Findings

### BEST VALUE THEME 3: Effective Use of Resources

Effective use of resources is concerned with having clear plans and strategies in place, with sound governance and strong leadership. All resources are deployed to achieve its strategic priorities, meet the needs of its communities and deliver continuous improvement.

**In our assessment of Effective Use of Resources we considered how well Inverclyde Council demonstrates the following:**

1. The Council makes best use of its financial and other resources in all of its activities.
2. The Council has robust procedures and controls in place to ensure that resources are used appropriately and effectively.
3. The Council works with its partners to maximise the use of their respective resources to achieve shared priorities and outcomes.
4. A workforce strategy is in place that sets out expectations on how the Council's staff will deliver its vision, priorities and values.
5. There is a corporate approach to asset management that is reflected in asset management strategies and plans, which are subject to regular review.
6. The Council ensures that its data is collected, managed and analysed so that people have access to the information they require to make decisions and deliver efficient, improving services.
7. The Council has a robust performance management framework supporting effective decision making, service improvement and risk assessment with clear linkages to strategic plans.

#### Evaluation results:



**75%** of respondents to the Best Value Checklist agreed, or strongly agreed, that the Council meets the Best Value Effective Use of Resources criteria.



#### **Improvement workshop assessment: Good**

This was the evaluation reached at the Improvement Planning workshop. This judgement is based on evidence of good performance with strengths outweighing areas for development.



## Section 2: Self-Assessment Summary Findings

### Effective Use of Resources: Key Learning

The key learning from the self-assessment is summarised below:

- The Council has highly effective financial management procedures and controls in place. The Financial Strategy, which provides direction, is well embedded and updated twice a year.
- A balanced budget has been delivered in successive years, whilst budget monitoring processes ensure spend is controlled and the Committee Delivery and Improvement plans ensure objectives are achieved.
- The Council has a refreshed People and Organisational Development (POD) Strategy in place, which sets out a corporate approach to supporting and developing the Council's workforce and expectations on how the Council's staff will deliver its vision, priorities and outcomes. Progress in delivering the POD is monitored and reported to the Policy and Resources Committee, highlighting how employees are delivering on key outcomes.
- The Council was awarded 'Best workforce initiative winner' at the APSE awards 2023, providing national, external recognition that the Council uses resources effectively to support improvements in service provision.
- There is a corporate approach to asset management with a new Asset Management Strategy and Net Zero Strategy and Action Plan in place. The rationalisation of assets is also a workstream saving and subject to reports to Committee.
- The Council has robust procurement practices in plan which are subject to close monitoring with an Annual Procurement Report presented to Committee for scrutiny.
- Data is used effectively to support decision making and identifying strategic priorities for the Council and the Inverclyde Alliance.
- Partnership working is a strength in Inverclyde. The Council works with its partners to delivery shared priorities and improved local and national outcomes e.g. the Socio-Economic Taskforce, Levelling Up and City Region projects.

#### How could we strengthen our current practice?

- Enhance our people management processes, for example, via increased access to data from HR21, attendance management and additional training.
- Refresh the Asset Management Plan to clarify the resources required to sustain the portfolio (people, money, time).
- Carry out a strategic systems review and further develop our use of data, recognising that this requires investment in time and systems.
- Build on current financial processes by carrying out forecasting / prioritisation, reflecting available resources.
- Achieve clarity from Elected Members regarding service delivery expectations.
- Achievement of longer-term financial certainty to support more effective service planning.

#### **Our next steps for improvement**

<b>UoR1:</b>	Further develop our use of data and systems to increase the effectiveness of current resources.
<b>UoR2:</b>	Seek to align our assets and resources in tandem with a shared understanding of service delivery expectations.
<b>UoR3:</b>	Refresh the Council's Asset Management Plan, setting out a commitment of the resources required to sustain the portfolio (people, money, time).

## Section 2: Self-Assessment Summary Findings

### BEST VALUE THEME 4: Partnerships and Collaborative Working

Partnerships and Collaborative Working is concerned with the Council demonstrating how it, in partnership with all relevant stakeholders, provides effective leadership to meet local needs and deliver desired outcomes, whilst demonstrating a commitment to, and understanding of, the benefits of effective collaborative working and how this supports the achievement of strategic objectives.

In our assessment of **Partnerships and Collaborative Working** we considered how well Inverclyde Council demonstrates the following:

1. Members and senior managers have established and developed a culture that encourages collaborative working and service provision that will contribute to better and customer-focused outcomes.
2. The Council can demonstrate effective governance arrangements for Community Planning Partnerships and other partnerships.
3. The CPP and other partnerships have collaborative arrangements in place including structures with clear lines of responsibility and accountability.
4. The Council and partners have agreement around targets and milestones they are aiming to achieve through partnership working.
5. The Council can provide evidence that partnership/ cross-service working delivers more benefits than would be achieved by working in silos.

#### Evaluation results:



**80%** of respondents to the Best Value Checklist agreed, or strongly agreed, that the Council meets the Best Value Partnerships and Collaborative Working criteria.



#### **Improvement workshop assessment: Good**

This was the evaluation reached at the Improvement Planning workshop. This judgement is based on evidence of good performance with strengths outweighing areas for development.

## Section 2: Self-Assessment Summary Findings

### Partnerships & Collaborative Working: Key Learning

The key learning from the self-assessment is summarised below:

- The Council Plan 2023/28 supports the delivery of the Inverclyde Alliance Partnership Plan 2023/33, with both Plans sharing a vision and a clear golden thread across Partnership and Council outcomes.
- Partnership working has been highlighted as a strength in Inverclyde with external inspections recognising the effective working arrangements that are in place across many parts of the Council, examples of which include the Inverclyde Poverty Action Group working with partners to support the most vulnerable and delivers cross-service approaches; the Financial Inclusion Partnership working collaboratively with partners pooling resources for joint projects; the delivery of improved outcomes through working in partnership with RI, Inverclyde Leisure, Hub West Scotland, Glasgow City Region and the Inverclyde Cultural Partnership, which has facilitated the creation of the Heritage and Arts Strategy and associated action plans.
- Services seek innovative ways to work in partnership to add value, for example Inverclyde Libraries and the Collective Force for Health and Wellbeing is a national commitment to working together across libraries, health and social care, and the third sector to transform Scotland's approach to health and wellbeing and the work between Education, HSCP, Police and the third sector on the launch of the Missing Persons Protocol.
- Governance structures, with clear lines of accountability and reporting, have been embedded to support the focused work of the Alliance in tackling local inequalities.

- In addition to external partnerships, there are strong relationships across teams within services, where resources and expertise is shared. An example of this is the relationship between Education Services and the HSCP in developing the Inverclyde Children's Services Plan.

#### How could we strengthen our current practice?

- Build on our collaborative working relationships by seeking to increase data sharing across partners, where it is permitted.
- Promote a more consistent and early approach to community engagement across the organisation and HSCP to improve community understanding and support.
- Highlight the benefits that partnership working across the Council and HSCP and its importance to service delivery.

#### **Our next steps for improvement**

<b>P&amp;CW1:</b>	Raise greater awareness of community engagement opportunities that are in place across the Council and HSCP.
<b>P&amp;CW2:</b>	Increase the number of engagement and collaborative opportunities available to the extended CMT.
<b>P&amp;CW3:</b>	Promote the sharing of research and analysis across teams, to minimise duplication and reduce consultation fatigue.

## Section 2: Self-Assessment Summary Findings

### BEST VALUE THEME 5: Working with Communities

Working with Communities is concerned with Councils, both individually and with their community planning partners, ensuring that people and communities are able to be fully involved in the decisions that affect their everyday lives.

In our assessment of **Working with Communities** we considered how well Inverclyde Council demonstrates the following:

1. The Council undertakes meaningful engagement and effective collaboration with communities to identify and understand local needs.
2. The Council undertakes early engagement and effective collaboration with communities when making decisions that affect the planning and delivery of services.
3. The Council is committed to reducing inequalities and empowering communities to effect change and deliver better local outcomes.
4. Council engagement with communities has influenced strategic planning processes, the setting of priorities and the development of locality plans.
5. Active steps are taken to encourage the participation of hard-to-reach communities.
6. The Council measures community data and feedback to drive improvements in service delivery that link to organisational priorities and can evidence this.

#### Evaluation results:



**82.5%** of respondents to the Best Value Checklist agreed, or strongly agreed, that the Council meets the Best Value Working with Communities criteria.



#### **Improvement workshop assessment: Good**

This was the evaluation reached at the Improvement Planning workshop. This judgement is based on evidence of good performance with strengths outweighing areas for development.

## Section 2: Self-Assessment Summary Findings

### Working with Communities: Key Learning

The key learning from the self-assessment is summarised below:

- Tackling poverty and reducing inequalities is a long standing priority for the Council and the Inverclyde Alliance. Reducing inequalities is a thread that runs through the work of both the Council and Partnership Plans. The significant number of anti-poverty initiatives that the Council has invested in to support individuals and families demonstrates the Council's commitment in this area.
- Community engagement and consultation was at the heart of the development of both the Council Plan and the Partnership Plan and again in the development of the Locality Plans. A report on the consultation and the outcome was published on the Council website.
- A Strategic Needs Assessment (SNA), which identified areas of local need, was developed and inform the development of priorities for the Partnership Plan and the Council Plan. The SNA is published on the Council website. In addition to this, there is evidence of a large volume of quantitative and qualitative research across the Council and HSCP.
- Early engagement and collaboration with communities has been built into the decision-making process where the planning and delivery of services is affected, e.g. budget consultation. Listening Events have also taken place which focus on a single issue of importance to the community.
- The Council has had a Citizens' Panel in place for a significant period number of years, which provides a more robust survey sample than many national surveys.
- Significant improvements have been made in engaging the community at various levels of democracy e.g. different forms of engagement and communication have been used to suit the needs of the individuals. The improved process for Community Councils and the creation of the Association of Community Councils is a positive step towards more closely working with communities.
- It can be demonstrated that school priorities have been informed by the community / pupil voice.

#### How could we strengthen our current practice?

- Review the potential to develop a more strategic approach to gathering and sharing engagement results across services.
- Seek to increase the level of influence on partners at a national level to support positive outcomes.
- Further support for 'digital communities'.
- Explore the potential to use CONSUL more widely across services.

#### **Our next steps for improvement**

<b>COMM1:</b>	Enhance the level of support for 'digitally enabled' communities to improve access to services and reduce inequalities.
<b>COMM2:</b>	Continue to develop our approach to gathering community opinion and the sharing of results across services and partners, including developing a platform for engagement.

## Section 2: Self-Assessment Summary Findings

### BEST VALUE THEME 6: Sustainable Development

Sustainable development is concerned with securing a balance of social, economic and environmental wellbeing in the impact of activities and decisions. Sustainable development is a fundamental part of Best Value and should be reflected in a local authority's vision and strategic priorities, highlighted in all plans at corporate and service level, and a guiding principle for all of its activities.

In our assessment of **Sustainable Development** we considered how well Inverclyde Council demonstrates the following:

1. Sustainable development is reflected in the Council's vision and strategic priorities.
2. Sustainable development considerations are embedded in the Council's governance arrangements.
3. Council resources are planned and used in a way that contributes to sustainable development.
4. Sustainable development is effectively promoted through partnership working.
5. The Council's procurement strategy ensures that resources are used efficiently and effectively with due consideration given to environmental sustainability and local economic development.
6. Performance in relation to sustainable development is evaluated, publicly reported and scrutinised.

#### Evaluation results:



**60%** of respondents to the Best Value Checklist agreed, or strongly agreed, that the Council meets the Best Value Sustainable Development criteria.



#### **Improvement workshop assessment: Satisfactory**

This was the evaluation reached at the Improvement Planning workshop. This judgement is based on evidence of strengths but recognising that more could be done to highlight the work that is being carried out.

## Section 2: Self-Assessment Summary Findings

### Sustainable Development: Key Learning

The key learning from the self-assessment is summarised below:

- The Council Plan 2023/28 is clear in its commitment to delivering sustainable development, establishing it as a strategic priority, whilst at a partnership level, the Inverclyde Alliance hosted two sustainability sessions this year.
- A Net Zero Strategy 2021/45 and associated Action Plan has been implemented, setting out outcomes and targets to be delivered in the short, medium and longer term.
- Communities have helped to shape new projects and initiatives, examples of this include the development of a Food Growing Strategy and the establishment of two Zero Waste Food Pantries.
- A new initiative, ‘Invergrow’, has been launched to provide Community Groups with financial support to develop small and large growing spaces.
- There is regular scrutiny of sustainability performance by the Environment & Regeneration Committee.
- Peatland Restoration Projects have been implemented to bring a damaged natural resource back to performing an essential role in carbon capture. In addition, over 10,000 trees were planted in 2023/24 through Nature Restoration Funding.
- Studies have been commissioned to identify opportunities for alternative heating via heat networks and the retrofit approach to existing buildings, including options to address increased building fabric performance and thermal efficiency. Studies have also addressed options for heat decarbonisation and energy efficiency measures through LED upgrades and appropriate renewable technology.
- The Council’s Procurement Strategy 2022/25 demonstrates due consideration of sustainability and local economic development.
- Investment in digital services has been prioritised.
- There is a strong focus on sustainable development in the school curriculum. 38 schools / early years facilities are registered with the Eco-Schools programme, with 9 in receipt of a Green Flag Award.
- Capital projects promote sustainability, e.g. identifying the need for a sustainable approach to construction, implementation of LED lighting throughout the School Estate buildings, sports pitches and office space. Sustainability was also at the forefront of the School Estate Management Plan.

#### How could we strengthen our current practice?

- Review opportunities to expand digital services.
- Raise awareness that sustainable development is everyone’s responsibility and build capacity to support this agenda.
- Ongoing implementation of the Net Zero Action Plan.

Our next steps for improvement	
<b>SD1:</b>	Support the delivery of sustainable development education and awareness raising within the Council and our communities.
<b>SD2:</b>	Work towards national guidance on Net Zero Public Building Standards and with partners, define the challenges and opportunities associated with Net Zero and the retrofit of the operational estate.
<b>SD3:</b>	Ongoing implementation of an Ultra-Low Emissions Vehicles (ULEV) Strategy for our Council fleet.
<b>SD4:</b>	Build community capacity to ensure the skills and knowledge are in place to support sustainable development initiatives.

## Section 2: Self-Assessment Summary Findings

### BEST VALUE THEME 7: Fairness and Equality

Fairness and Equality is concerned with tackling poverty, reducing inequality and promoting fairness, respect and dignity for all citizens. This should be key priorities for local authorities and all of their partners, including local communities.

In our assessment of **Fairness and Equality** we considered how well Inverclyde Council demonstrates the following:

1. The Council can demonstrate that equality and equity considerations lie at the heart of strategic planning and service delivery.
2. The Council is committed to tackling discrimination, advancing equality of opportunity and promoting good relations both within its own organisation and the wider community.
3. The Council can demonstrate that equality, diversity and human rights are embedded in its vision and strategic direction and throughout all of its work.
4. The Council can evidence that it considers equality impact assessments at an early stage as part of policy development.
5. The Council and its partners have an agreed action plan aimed at tackling inequality, poverty and addressing fairness issues identified in local communities.

#### Evaluation results:



**82.5%** of respondents to the Best Value Checklist agreed, or strongly agreed, that the Council meets the Best Value Fairness and Equality criteria.



#### **Improvement workshop assessment: Good**

This was the evaluation reached at the Improvement Planning workshop. This judgement is based on evidence of good performance with strengths outweighing areas for development.



## Section 2: Self-Assessment Summary Findings

### Fairness and Equality: Key Learning

The key learning from the self-assessment is summarised below:

- The promotion and achievement of equality and diversity is embedded in the Council vision and strategic direction. This is evident in key documents such as the Council and Partnership Plans, which aim to reduce poverty and inequalities prevalent in local communities. This is a golden thread through the strategic planning framework.
- A Corporate Equality group meets regularly chaired by a Corporate Director. This group takes a strategic overview of all equality issues across the organisation to ensure equality issues are being addressed.
- The Council can evidence the implementation of a range of HR policies & processes which support employee rights with regard to equality and fairness, as well as fair and just recruitment procedures. Examples of this include the Inverclyde Dignity and Respect at Work Policy and the Access to Work Scheme.
- National recognition has been achieved for the Councils practice in this area, including Equally Safe at Work accreditation and Disability Confident Leader status.
- All Council and HSCP Services are required to complete an Equality Impact Assessment (EIA) for every new policy/ strategy or change in policy/ strategy. Consideration is given to the impact that the policy will have on everyone in the community, both positive and negative. EIAs are integral to the budget process as well. All EIAs are published on the Council website.
- A Staff Disability Forum, comprising of employees from Inverclyde Council and HSCP, has been in place for a number of years. The Forum meets regularly and is well attended.
- Poverty impact statements are also considered as part of any new developments.
- Dedicated equalities training has been delivered to employees to support them in preparation of EIAs. Online training via Brightwave is also promoted to employees.
- The Corporate Health and Safety team carry out assessment to ensure work adjustments are made to support employees in the workplace.

#### How could we strengthen our current practice?

- Enhance the range and level of information for employees to increase awareness of the range of support that is available.
- Review the feasibility of establishing group(s) of employees with protected characteristics to support the development of policies.
- Continue to embed equalities across the organisation.

#### **Our next steps for improvement**

- F&E1:** Scope the appetite for new forums / groups for employees with protected characteristics to ensure that their voice is heard.

## Section 3: Inverclyde Council Best Value Improvement Plan

### SECTION 3: BEST VALUE IMPROVEMENT PLAN

### Section 3: Inverclyde Council Best Value Improvement Plan

As some areas of improvement cut across the Best Value themes, improvement activity has been grouped where it is appropriate.

No.	Improvement area	How will this be delivered?	What difference will it make?	Due Date	Lead owner	Link to BV action
1.	<b>Strengthen Employee Communication &amp; Engagement</b>	<p>Explore the most effective means of communication with employees, particularly employees with a protected characteristic(s).</p> <p>Establish a schedule of meetings with managers (3<sup>rd</sup> tier) to discuss key issues; promote the work of the Council and highlight opportunities for collaborative working.</p> <p>Explore the introduction of a Chief Executive Employee Briefing.</p>	<p>There is an increase in the awareness of wider projects / initiatives being delivered by the Council. Working relationships are strengthened.</p> <p>There is an improvement in the number of employees that report that they feel engaged.</p>	<p>Sept 2024</p> <p>Dec 2024</p> <p>Sept 2025</p>	<p>Chief Executive</p> <p>Corporate Director, Education, Communities and Organisational Development</p>	<p>V&amp;L1 G&amp;A1 P&amp;CW2 F&amp;E1</p>
2.	<b>Improve the Customer Experience</b>	<p>Develop and implement a Digital and Customer Service Strategy.</p> <p>Explore opportunities to integrate current systems via the work of the Digital Modernisation Group.</p> <p>Continue to upskill our employees, with particular regard to digital skills.</p>	<p>Further efficiencies in service delivery are achieved.</p> <p>Services are delivered in a way that meets customer preference.</p> <p>Increased customer satisfaction.</p>	<p>Oct 2024</p> <p>March 2025</p>	<p>Chief Executive / Head of Legal, Democratic, Digital and Customer Service.</p> <p>Corporate Director Education, Communities and</p>	<p>V&amp;L2 V&amp;L3 P&amp;CW1 P&amp;CW3 COMM1 COMM2</p>

### Section 3: Inverclyde Council Best Value Improvement Plan

No.	Improvement area	How will this be delivered?	What difference will it make?	Due Date	Lead owner	Link to BV action
		<p>Assess the potential to use the CONSUL digital platform as a single community engagement platform across all Services.</p> <p>Develop our use of social media / communications for customers, informed by customer preferences.</p>	<p>Reduced duplication of resources will increase level of efficiencies. Reduced risk of consultation fatigue.</p>	<p>March 2025</p>	<p>Organisational Development</p>	
3.	<p><b>Enhance the use of systems, data and research</b></p>	<p>Establish a network of data analysts to support improvements in use of systems, data and research.</p> <p>Dissemination of research and best practice across the Council and HSCP.</p> <p>Increase usage of Ideagen Risk (formerly Pentana) to support performance management.</p>	<p>Increased sharing of data will lead to improved efficiency.</p> <p>Shared learning supports service improvements. Research capacity is increased.</p>	<p>Dec 2024</p> <p>Ongoing</p>	<p>DPMB/CQIG/ Data Officer network</p>	<p>UoR1 V&amp;L2</p>
4.	<p><b>Strengthen our Governance processes</b></p>	<p>Deliver refresher training to senior officers on key Governance areas such as Finance, Legal and Procurement.</p>	<p>Robust governance arrangements continue to be in place which support decision making and planning, Employee understanding of these matters is reinforced.</p>	<p>March 2025</p>	<p>Head of Legal, Democratic, Digital &amp; Customer Services / Chief Financial Officer/ Procurement Manager</p>	<p>G&amp;A2</p>

### Section 3: Inverclyde Council Best Value Improvement Plan

No.	Improvement area	How will this be delivered?	What difference will it make?	Due Date	Lead owner	Link to BV action
5.	<b>Development of costed Asset Plans</b>	<p>Assess asset condition and establish realistic costs to meet investment needs.</p> <p>Identification of potential funding models.</p> <p>Develop Options for Elected Members, followed by the prioritisation of resources / projects.</p> <p>Quantify risks / volatility of costs and funding sources.</p>	<p>Approved asset strategies and associated funding is in place, providing greater certainty.</p> <p>A commitment to investment is in place.</p>	Dec 2026	Director, Environment & Regeneration	UoR3
6.	<b>Alignment of assets and resources with service delivery expectations</b>	<p>Proposals to be developed alongside refreshed Asset Management Plans.</p> <p>Elected Members are aware of how budget reductions align with service delivery and performance.</p>	<p>Clear service level expectations are reflected within Committee Planning and Budget processes.</p> <p>Improved customer engagement and understanding.</p>	FY 2026/27	CMT	UoR2
7.	<b>Increased promotion of the sustainability agenda</b>	Continue to implement, monitor and publicly report on the progress made in the delivery of the Net Zero Strategy and Action Plan.	There is a greater understanding of how employees and communities can contribute towards sustainability goals.	31 Mar 2025	Director, Environment and Regeneration	SD1 SD2 SD3 SD4

### Section 3: Inverclyde Council Best Value Improvement Plan

No.	Improvement area	How will this be delivered?	What difference will it make?	Due Date	Lead owner	Link to BV action
		<p>Continue to ensure that new builds are energy efficient.</p> <p>Delivery of sustainability training for Council employees.</p> <p>Awareness raising on sustainability issues carried out within local communities.</p> <p>Build capacity within communities to support sustainable development initiatives.</p>	<p>Energy efficiencies are achieved in support of Net Zero targets.</p> <p>Community skills and knowledge are increased.</p>	Ongoing	Head of OD, Policy & Communication / Director, Environment and Regeneration	