
Report To:	Policy & Resources Committee	Date:	19 November 2024
Report By:	Chief Financial Officer	Report No:	FIN/71/24/AP/LA
Contact Officer:	Alan Puckrin	Contact No:	01475 712090
Subject:	Finance Services Update		

1.0 PURPOSE AND SUMMARY

1.1 For Decision For Information/Noting

1.2 The purpose of this report is to provide Committee with an update on various matters relating to the Finance Service including:

- Housing Benefits & Pension Credit
- Housing Benefits Performance
- Council tax on-line forms
- Changes to Council tax Reduction Regulations
- Annual Delivering Differently updates
- Annual Insurance Fund report
- Replacement of the Finance Management System

1.3 The Insurance Fund balance has significantly reduced over the last 12 months, due to the fire at Clune Park Primary School and this is projected to continue in the medium term due to the Council's share of liability for a number of ex -SRC Child Abuse claims being settled by Glasgow City Council on behalf of the 12 successor councils. As such it will be proposed as part of the December Finance Strategy, that the sustainability of the two current £100,000/year premium holidays will be reviewed.

2.0 RECOMMENDATIONS

2.1 It is recommended that the Committee note the updates provided in this report and welcomes the recognition by the DWP of Inverclyde Council's consistently high Housing Benefit performance.

2.2 It is recommended that the Committee agree to add the review of Schools Catering as set out in appendix 2 to the Delivering Differently Programme.

2.3 It is recommended that the Committee note that as part of the December Finance Strategy, the sustainability of the two current £100,000 internal insurance premium holidays will be reviewed.

2.4 It is recommended that the Committee note that the triennial actuarial review of the Council's Insurance Fund will be progressed early 2025 and the results reported to Committee thereafter.

Alan Puckrin
Chief Financial Officer

3.0 BACKGROUND AND CONTEXT

3.1 Housing Benefit and Pension Credit

The Department for Work and Pensions has commenced strategic work to bring together the administration of pension credit and housing benefit (HB). There has been no commitment to a specific timeline, but preparatory work has begun in earnest. The programme has two strands; a drive to improve the take-up of pension credit through data sharing and customer contact, and the development of the right sustainable solution for future HB delivery. DWP will be contacting around 120,000 pensioner households in receipt of HB who have been identified as potentially eligible for, but not currently claiming, pension credit. People will be invited to apply before 21st December 2024.

3.2 The interdependency of the delivery of HB for pension age claimants for Councils to continue to provide an HB service for customers living in supported and temporary accommodation is recognised by DWP. A commitment has been made to work in partnership with Councils to properly plan this change and assurance has been provided that they will work towards a sensible and practical timeline for delivery. DWP is engaging with associations and a small number of local authorities to look at the implications of the various strategic options needed to be considered.

3.3 Housing Benefit Performance

The DWP's Local Authority Partnership, Engagement and Delivery Division supports councils who experience performance issues but also look to recognise good performance. The service has been recognised for consistently healthy performance in the speed of processing HB claims; the completion of close to or over 100% of funded activities; and the continued focus on the recovery of HB debt. DWP recognise the challenges over recent years to keep HB work prioritised and has written to the Council to express appreciation of Inverclyde Council's commitment to this vital service.

3.4 Council Tax online services

The Council tax online system for electronic bills (e.bills) and electronic forms (e.forms) will change from January 2025 and for the first time, electronic forms will be provided for non-domestic rates customers. Efforts have been made to encourage the uptake of the current system however only 6% of Council tax payers have signed up to use e.forms and 4% for e.billing. The low uptake until now has meant that postage and administration savings anticipated from high volume uptake have not been realised.

3.5 The principal barrier to the current Council tax solution is understood to be the inconvenience of being required to create an account to register for e.billing and to access the account to complete forms and view bills electronically. The new solution allows forms to be completed without an online account whilst registration for e.bills is straightforward with e.bills being sent to customers embedded within the body of an email. Although access to the new solution is simple, strong security protocols support it and verification of information captured on e.forms will go through the same process as information submitted on paper forms. Council tax payers will receive e.bills to the e.mail account provided by them and they will be required to input their postcode to open the bill.

3.6 Electronic forms will be located on the council website for customers to self-serve. A link to the relevant form will be sent by email when customers contact the service, or they can opt for a customer service agent to complete on their behalf. While e.services will be promoted, with customers being informed that paper forms and paper bills are being phased out, paper will continue to be available for those who require it. Current users of online services will receive an email in December 2024 informing them of the new service, with e.billing being promoted widely from early January 2025.

3.7 **Council Tax Reduction (Scotland) Amendment (no 2) Regulations 2024**

The above came into force on 31 October 2024; the amendment makes changes to the Council Tax Reduction (Scotland) Regulations 2021. The purpose is to enable all children and young people 'looked after' by a local authority who are placed for adoption with a Council tax reduction (CTR) applicant be considered to be part of the applicant's family for the purposes of calculating CTR.

3.8 The second amendment corrects an omission in the legislation which now provides that those who have an enhanced disability premium due to receiving attendance allowance or Scottish pension age disability payment, do not lose this premium if they are in hospital for more than 28 days. The service is not aware of, or able to trace active claims which would be affected by the amendments.

3.9 **Delivering Differently Programme**

The annual update regarding the Delivering Differently Programme, which captures to main service redesign/review projects, is attached at appendix 1. Based on this the CMT are indicating that four of the 13 actions in last year's programme are completed whilst two have been combined under a broader Asset Management action. These six actions will be dropped from future updates

3.10 It is proposed that a new action, Schools Catering Review is added to the programme and short pro-forma explaining the rationale for adding this review is attached as appendix 2. This proposal is also proposed to be added to the savings workstream as part of the Budget Update report elsewhere on the agenda.

3.11 The CMT recognise that in order to meet future funding challenges, the number and scale of projects included within Delivering Differently will need to increase and this is linked to a wider piece of work around Transformation which is being developed by the CMT.

3.12 **Annual Insurance Fund update**

The Insurance Fund summary as at 30 September 2024 is attached as Appendix 3 and shows that the number of insurance claims received for 2023/24 as at 30 September 2024 was 129 which is 8 lower than for 2022/23.

3.13 At 30 September 2024 the Insurance Fund had a balance of £4.812 million which is a reduction of £456,000 on 2022/23. After accounting for estimated liabilities of £958,000 and a provision of £374,000 for Municipal Mutual Insurance (MMI) clawback then the net Fund balance is £3.480 million, a reduction of £376,000 over the last 12 months. The impact of this reduction will form part of the triennial actuarial review due to commence early 2025.

3.14 The increase in charges to the Fund from the previous year was largely due to the costs for the Clune Park Primary School demolition and payments towards historic Child Abuse claims being administered by Glasgow City Council.

3.15 The impact of this reduction will form part of the triennial actuarial review due to commence early 2025. In the interim however, officers are reviewing the sustainability of two £100,000 premium "holidays" for Council services being funded by the Fund. This will be reported as part of the latest Finance Strategy report, due to be considered by the Full Council in December.

3.16 **Replacement of the Finance Management System**

Committee have previously been advised of the need to replace the current 22 year old Finance Management System (FMS) in the next few years, following notification by the supplier that it will no longer support the system in the medium term. Officers have agreed a final contract extension with the current supplier to 31 March 2028.

3.17 Whilst the contract end date is well over 3 years away, preparatory work has already commenced to examine the options available and get an indication of high level costs. Elected members will be asked to make both capital and revenue budget provision for this key corporate system as part of the 2026/27 Budget.

4.0 PROPOSALS

4.1 The Revenues & Benefits team continue to balance day to day service delivery to customers with changes in regulations, the welfare reform agenda whilst developing service improvements. Updates on all these matters will continue to be provided to Committee.

4.2 Committee are asked to note the latest annual update on the Delivering Differently programme and to agree to the addition of the external review of Schools Catering to the programme. This project is also proposed to be added to the Savings Workstreams programme.

4.3 The annual Insurance Fund update shows a significant reduction in the fund balance and allied to anticipated high-cost settlements related to historic child abuse cases requires the current funding model for the fund to be reviewed. This will be progressed as part of the December Finance Strategy and will be externally reviewed as part of the triennial actuarial review during 2025, the results of which will be reported to Committee.

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

The Insurance Fund funding model is likely to result in a further expenditure pressure in 2025/26 and the replacement of the FMS will require allocation of significant capital and revenue funding in future budgets.

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
Education	Schools Catering	2025/26	(£120k)		Savings target for Delivering Differently Review

5.3 Legal/Risk

There are no legal/risk matters to be raised as part of this report.

5.4 Human Resources

There are no HR matters raised in this report.

5.5 Strategic

The work of the Revenues & Benefits team supports the key policies around reducing poverty and increasing digital access to Council services.

6.0 CONSULTATION

6.1 No consultation was required as part of this report.

7.0 BACKGROUND PAPERS

7.1 None.

	Area to be reviewed	Objective	Saving/Cost Avoidance/ Pressure/ Service Improvement	Lead Officer(s)	Employee Impacts?	Timeline	Position - October 2024
1	Shared Services - Internal Audit	To review the appetite for /benefit of continuing with current arrangements and/or investigating future arrangements.	Cost Avoidance/ Service Improvement	L Long	Yes	Audit Options Report -Autumn 2023 Council December 2023 Council December 2024	December 2023 Council approved continuation of current Internal Audit arrangement plus investigation into wider sharing. SLA to be signed off Discussions on wider sharing on going and proposals being developed for December 2024 Council.
2	Roads Technical Services Restructure	As the RAMP reduces then the level of fee income will reduce and there needs to be a review of the level of technical support	Cost Avoidance	S Jamieson	Yes	E&R Committee February 2024	Review being progressed informed by the decisions taken as part of the March 2023 Budget. Likely to be no change in structure in the medium term due to chargeable income. COMPLETE
3	Trade Waste	To determine whether the Council provision is cost effective or whether an alternative model is needed.	Cost Avoidance	S Jamieson	Not expected	E&R January, 2024	Report approved March 2023 E&R Committee. An in-house service will remain. Charges increased by 10% whilst a further review of costs/ charges takes place as part of the 2024/25 Budget. COMPLETE
4	IL Delivery Model	Due to the significant increases in property costs within the IL estate and reductions in income , a review of the estate and services delivered is required.	Cost Avoidance/ Saving	S Jamieson/ R Binks	Yes (IL)	Refresh previous report – February 2024 All Members Briefing – Spring 2024	Initial review overtaken by 2023/24 Budget savings proposals but post Budget the need to review the sustainability of the IL estate remains. Plan is to refresh the previous report and then provide an All Member Briefing in Spring 2024. Combine with 5 and create Asset Management Workstream project.
5	New Ways of Working- Office Estate Reduction	To reduce the office footprint and generate savings in light of the implementation of hybrid working	Saving	S Jamieson	Yes	Hybrid Working Policy – Sept 2023 Office impact proposals - P&R February 2024	Agreed to continue with hybrid working and a Policy approved by the Policy & Resources Committee in September 2023. Following the Levelling Up Fund award and the impact on the campus, the project focus has moved to making best use of the office space and will be led by the Director, Environment & Regeneration, with meetings being scheduled. Combine with 4 and create Asset Management Workstream project.
6	Attainment Challenge Funding Reduction	Funding for SAC will reduce by 80% by 2025. This will require a reduction of several dozen posts which will require close working with HR and TUs	Cost Avoidance	R Binks	Yes	Fully Implement August, 2026.	Currently implementing agreed SEF plan for 2024/25. Planning for final year of current SEF budget in 205/26 will begin around Dec 24. We will work with the SG and partners to understand the strategic approach beyond Jun 26 and plan accordingly.

	Area to be reviewed	Objective	Saving/Cost Avoidance/ Pressure/ Service Improvement	Lead Officer(s)	Employee Impacts?	Timeline	Position - October 2024
						Annual update to E&C Cttee	The process of the requisite staffing structure is now well established and the resultant budget reduction is factored in on a yearly basis.
7	Homelessness	Longer term approach to the delivery of the Homelessness Service to be developed and agreed	Pressure / Service Improvement	K Rocks	Yes	IJB report – November 2024 Models to be developed - January 2025	<p>The Independent review has been completed with recommendations. However, further 3rd sector collaborative opportunities and Best Value options have been identified and will be presented as an options appraisal package alongside the Independent Review for consideration at the November IJB.</p> <p>A high level overview of anticipated financial package will be presented in November however, detailed analysis will follow in January to enable the complexities of the staffing model to be worked through.</p> <p>Further consultation with staff and unions is an absolute necessity therefore the staffing model aligned to the preferred collaborative option will be presented as phase 2 in January with intended implementation, pending approval, from March 2025.</p>
8	Digital Modernisation	To maximise the opportunities of digital modernisation, improve business processes and information governance whilst improving on line access for citizens to council services	Cost Avoidance/ Service Improvement	L Long	May arise in specific proposals	Updates to P&R Committee every 2 nd cycle	<p>Council allocated a further £1 million to Digital Modernisation in March 2023 and approved the delivery structure through a Programme Board chaired by the Chief Executive. EMR now £1.25 million, through consolidation with other EMR.</p> <p>A number of projects are now completed or ongoing:</p> <ul style="list-style-type: none"> • The Schools Cashless Catering is largely complete. • Freshdesk (servicedesk replacement) – phase 1 completed May 2024. Phase 2 – introduction of self-service portal scheduled October 2024.scheduled for introduction end May. Will give option to expand SD functionality to other areas such as Facilities, HR, etc. • Verint (Customer relationship management) – project scheduled for completion November 2024. • Workpro Development (Add complaints) – Project scheduled for implementation October 2024 • CHRIS/HR21 Upgrade – approved at P&R, project board convened and regular meetings initiated. Replacement server hardware ordered. • Engage Process Mapping tool, project initiated, and ordered placed with supplier September 2024 • Presence and Instant Messaging. All presence and instant messaging migrated from Cisco Jabber to Microsoft Teams August 2024. <p>Will support delivery of Digital & Customer Service 24/26 Budget Workstream.</p>

	Area to be reviewed	Objective	Saving/Cost Avoidance/ Pressure/ Service Improvement	Lead Officer(s)	Employee Impacts?	Timeline	Position - October 2024
							Next update to November 2024 P&R Committee and every 2 nd meeting thereafter.
9	Energy Management	Review how to reduce the Council/IL energy use via the implementation of efficiency measures and appropriate technical solutions	Saving	E Montgomery	No	On-going updates to E&R Committee	<p>The Projects Officer post within the Energy and Climate Change Team remains to be filled (3 attempts) but there is a graduate in the team which is assisting. The new energy monitoring and targeting software 'systemlink' (NZAP item 2.12) has been operational for just over 12 months months and the data collected through this will allow the team to interrogate the energy use position across the estate to identify which facilities to target via energy audits (NZAP item 2.13).</p> <p>There are on-going actions which involve revisiting the individual Building Energy Management Systems we have at most larger facilities to have them connected to a central system which can be accessed to control set points and timings of plant. Whilst NZAP items 2.11 and 2.10 involve increasing Automatic Meter Reading provision across the estate and this is progressing with a focus on the largest users and targeting at least 95% of sites having smart meters by the end of the current financial year.</p> <p>Project work (interventions) are at various stages of progression e.g. LED lighting at Watt Institute (external grant funded) is commencing Nov 24; LED Floodlighting (50% external grant funded) at 10nr facilities is progressing on site; Waterfront Chiller Plant Replacement (which will re-use heat for pool) is progressing to tender; Multiple PV projects at various stages with 2nr complete and 6nr in design. This workstream is covered in regular reports to E&R Committee either via the Capital report or Energy & Climate Change Updates.</p>
10	Recruitment & Retention Initiatives	Improve employee retention and make the Council a more attractive employer	Cost avoidance/ Service Improvement	M Rae	Yes	<p>Initial report to P&R Committee May 2023.</p> <p>Update report September 2023</p> <p>Follow up November 2023</p> <p>Updates within 6 monthly CDIP reports</p>	<p>Various initiatives have been progressed including implementation of an updated Flexible Working policy. A new approach to performance management (Positive Conversations) has been adopted with positive feedback. Two cohorts of employees are undertaking professional qualifications supported from a central earmarked reserve with a round of further expressions of interest planned. The new People and Organisational Development Strategy for 2024-27 was approved. The annual Employee Awards event was held in June 2024. The Mentoring Programme was launched, and a corporate induction approach has been implemented.</p> <p>A number of policies have been updated in 2024 in consultation with trade unions to ensure that up to date working practices are in place. These include:</p> <ul style="list-style-type: none"> • Overpayment of Wages and Deductions from Salaries, • Recruitment, Selection, Redeployment and Relocation, and • Supporting Employee Attendance • Whistleblowing (Confidential Reporting), • Code of Conduct (Employees), • Grievance, Dignity and Respect at Work, • Violence Against Women, • Equality and Diversity, • Sexual Harassment, and

	Area to be reviewed	Objective	Saving/Cost Avoidance/ Pressure/ Service Improvement	Lead Officer(s)	Employee Impacts?	Timeline	Position - October 2024
							<ul style="list-style-type: none"> Violence, Managing Aggression and Lone Working in the Workplace.
11	HR & OD Review	Undertake a high-level health check of the service and thereafter review recommendations and take actions as appropriate	Pressure reduction/ Service Improvement	M Rae	Yes	Initial report to P&R Committee August 2023 Future reporting to Committee via CDIP	<p>Review focussed on resources/capacity, use of technology, efficiency of processes and user needs/demands. Executive summary reported to August P&R Committee and actions progressed.</p> <p>Additional employee resource agreed and Service Manager restructure completed.</p> <p>Agreement to finance an upgrade to the HR and Payroll system via the Digital Modernisation Fund with associated project management support.</p> <p>Review of systems and processes undertaken. Associated improvements made in employee/manager self service options</p> <p>COMPLETE</p>
12	Review of CLD	Due to various incremental savings over the last few years the review will ensure demands and resources are appropriately spread to meet the needs of the Council and communities.	Saving/ Service Improvement	R Binks	Yes	Conclude prior to March 2025 Budget	Review of service areas has taken place and trawl undertaken. Once the outcome of the trawl (expected November) is known this information will be used to help inform the future working and strategic direction and a paper taken to the Education and Communities Committee.
13	Lomond View Academy	To reduce out of authority education placements and provide better enhanced support to pupils within mainstream education and reduce exclusions	Pressure reduction	R Binks	Yes	Report to March 2024 E&C Committee.	<p>A revised staffing structure has been put in place from Aug 2023 with the Headteacher of the Virtual school now leading LVA as well. To protect capacity, an acting DHT post has been created for the coming year. This, alongside the appointment of a new permanent PT post at LVA and maintaining the additional staffing from the recovery teacher allocation, as well as the creation of a primary enhanced nurture provision based at St Michael's PS and overseen by the Head of LVA, has created a more enhanced offer. This offer is now better meeting the needs of existing pupils at LVA, as well as more pupils who attend either on a full time or split placement / part time basis allowing them to remain within a mainstream setting longer term. The models developed are ensuring that there is more ability to meet a wider range of need within the authority and less likelihood to have to then seek external placements out of authority, thus in time reducing this spend.</p> <p>COMPLETE</p>
14	ASN Transport	To reduce the current overspend in ASN transport.	Pressure Reduction	R Binks	Yes	Report to E&C Committee late 2024.	<p>Budget pressure reported to MBWG and now, Committee.</p> <p>Review of options to reduce demand/spend commenced.</p>

	Area to be reviewed	Objective	Saving/Cost Avoidance/ Pressure/ Service Improvement	Lead Officer(s)	Employee Impacts?	Timeline	Position - October 2024
							Project team set up to look at options.
15	Asset Management	To increase the efficiency in the use of Council assets and to ensure those which are retained are maintained to the appropriate standard.	Cost Avoidance/ Saving	S Jamieson	Yes	Closure of HM House- Spring 2025 Finalisation of Asset Plans – March 2026	Initial work centres on the Greenock Campus with the relocation of employees from Hector McNeil House and consolidation in the GMB James Watt Building and Banking Hall. Phase 2 will look at other assets and requires the progression of condition surveys and the preparation of costed asset plans.
16	Catering Review (NEW)	External review of catering delivery model in line with best practice in light of changes to meal ordering/payments etc in recent years	Cost Avoidance/ Sharing	R Binks	Yes	Report to Programme Board March 2024	Initial meeting arranged with APSE to scope out requirements for the review.

Delivering Differently - Scoping Paper

Appendix 2

Review Title:	Review of Education Catering Provision
Directorate:	Education, Communities and Organisational Development
Service:	Communities, Cultural & Education Resources
Target (Saving/ Pressure Reduction):	Saving- (£120,000 Target - £100k 25/26, £20k 26/27)
Review Detail:	Review to identify potential efficiencies within schools and early years catering following recent changes in service provision and investment in new technologies.
Options being considered:	<p>The Catering Service delivery model has not been the subject of a review for many years and during that time there have been national changes in terms of policy in both schools and early years plus the Council’s recent investment in the move towards cashless catering and pre-ordering.</p> <p>Education catering reported a significant overspend in 2023/24 with a smaller overspend continuing to be projected in 2024/25.</p> <p>It is proposed to procure an external assessment of the options available including the identification of potential efficiencies drawing on best practice elsewhere in the UK.</p>
Authorisation:	
Head of Service:	Tony McEwan
Director:	Ruth Binks
Finance Manager:	Mary McCabe
Date:	

Insurance Fund Financial Summary - Insurance Years 2022/23 - 2023/24

	Insurance Years		
	2022/2023 (1 Oct 2022 - 30 Sept 2023) £	2023/2024 (1 Oct 2023 - 30 Sept 2024) £	
Fund Income in Year			
Total Contributed to the Fund	400,000.00	350,000.00	
Internal Resources Interest	127,090.05	251,896.47	
	<u>527,090.05</u>	<u>601,896.47</u>	A
Fund Expenditure in Year			
Risk Management	5,000.00	5,000.00	
Actuarial/Property Revaluation Costs	12,600.00	21,839.50	
Scottish Government Child Abuse Redress Scheme	77,000.00	87,000.00	
	<u>94,600.00</u>	<u>113,839.50</u>	
Incurred Charges to the Fund in Year	232,958.81	943,818.54	
	<u>327,558.81</u>	<u>1,057,658.04</u>	B
Net Surplus/(Deficit) on Fund in Year	<u>199,531.24</u>	<u>(455,761.57)</u>	C=A-B
Fund Balance			
Balance As At Start of Year	5,067,914.24	5,267,445.48	D
Add:			
Net Surplus/(Deficit) on Fund in Year	199,531.24	(455,761.57)	C
Actual Fund Balance At End of Year	<u>5,267,445.48</u>	<u>4,811,683.91</u>	E=D+C
Less:			
Estimated Outstanding Charges on Fund	1,038,010.62	957,774.79	F
Provision for Abuse Claims and Clawback for MMI Claims	374,243.00	374,243.00	G
Balance for Future Years Claims At End of Year	<u>3,855,191.86</u>	<u>3,479,666.12</u>	H=E-F-G

Claims Information For Last 5 Insurance Years

(This information is for the number of claims received analysed by the year to which the claim relates)

	No. of Claims Received For Year	No. of Claims Settled/Resolved	No. of Claims Outstanding	Estimated Outstanding Charges On Insurance Fund £
2019/20	140	138	2	27,957.50
2020/21	108	105	3	94,144.00
2021/22	151	142	9	108,060.39
2022/23	137	112	25	306,355.34
2023/24	129	67	62	372,700.10
	<u>665</u>	<u>564</u>	<u>101</u>	<u>909,217.33</u>
Claims Pre-2019/20			9	48,557.46
TOTALS			<u>110</u>	<u>957,774.79</u>

Of the claims outstanding:

- 22 are Motor Vehicle claims, none of which are payable by the Insurance Fund.
- 4 are Employer's Liability claims relating to Pleural Plaques and are included net of amounts payable by Municipal Mutual Insurance (MMI).