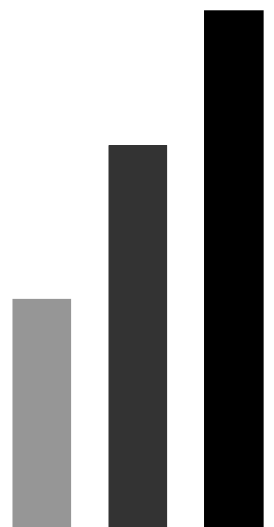


# Agenda 2016

# Policy & Resources Committee

For meeting on:

22	March	2016
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**A meeting of the Policy & Resources Committee will be held on Tuesday 22 March 2016 at 3pm within the Municipal Buildings, Greenock.**

GERARD MALONE  
Head of Legal & Property Services

**BUSINESS**

**\*\*Copy to follow**

1.	<b>Apologies, Substitutions and Declarations of Interest</b>	
<b>PERFORMANCE MANAGEMENT</b>		
2.	<b>Policy &amp; Resources Capital Programme 2015/18 – Progress Report</b> Report by Chief Financial Officer and Corporate Director Environment, Regeneration & Resources	p
3.	<b>Capital Programme 2015/18</b> Report by Chief Financial Officer	p
4.	<b>Policy &amp; Resources Committee 2015/16 Revenue Budget – Period 10 to 31 January 2016</b> Report by Chief Executive, Corporate Director Environment, Regeneration & Resources, Corporate Director Education, Communities & Organisational Development and Chief Financial Officer	p
5.	<b>General Fund Revenue Budget 2015/16 as at 31 January 2016</b> Report by Chief Financial Officer	p
6.	<b>SOLACE Improving Local Government Benchmarking Framework 2014/15</b> Report by Head of Inclusive Education, Culture & Corporate Policy	p
7.	<b>Welfare Reforms Update</b> Report by Chief Financial Officer and Corporate Director (Chief Officer), Inverclyde Health & Social Care Partnership	p

8.	<b>Treasury Management Strategy Statement and Annual Investment Strategy - 2016/17 – 2019/20</b> Report by Chief Financial Officer	p
<b>NEW BUSINESS</b>		
9.	<b>Results from the Citizens' Panel Autumn 2015 Survey</b> Report by Head of Inclusive Education, Culture & Corporate Policy	p
10.	<b>Financial Inclusion Partnership Strategy: 2016 Refresh</b> Report by Corporate Director (Chief Officer), Inverclyde Health & Social Care Partnership	p
11.	<b>Leasing Arrangements – Commercial and Industrial Property Portfolio</b> Report by Corporate Director Environment, Regeneration & Resources	p
12.	<b>Recruitment and Selection Policy – Request by Councillor Jones</b> Report by Head of Legal & Property Services	p
13. **	<b>Post-Project Evaluation Procedure</b> Report by Head of Legal & Property Services	
14. **	<b>Gourock Highland Games</b> Report by Head of Organisational Development, Human Resources & Communications	
<b>REMITTS FROM COMMITTEES</b>		
15.	<b>Kilmacolm Self-Build – Project Update</b> <b>Remit from Environment &amp; Regeneration Committee</b> Report by Corporate Director Environment, Regeneration & Resources	p
<b>The documentation relative to the following item has been treated as exempt information in terms of the Local Government (Scotland) Act 1973 as amended, the nature of the exempt information being that set out in paragraph 1 of Part I of Schedule 7(A) of the Act.</b>		
<b>NEW BUSINESS</b>		
16.	<b>Voluntary Severance Policy Update</b> Report by Head of Organisational Development, Human Resources & Communications on the position of releases made under the Council's Voluntary Severance Scheme over the period 2014/16	p

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

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<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b>	<b>22 March 2016</b>
<b>Report By:</b>	<b>Chief Financial Officer and Corporate Director Environment, Regeneration &amp; Resources</b>	<b>Report No:</b>	<b>FIN/40/16/AP/MT</b>
<b>Contact Officer:</b>	<b>Matt Thomson</b>	<b>Contact No:</b>	<b>01475 712256</b>
<b>Subject:</b>	<b>Policy &amp; Resources Capital Programme 2015/18 - Progress Report</b>		

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## **1.0 PURPOSE**

- 1.1 The purpose of the report is to update the Committee in respect of the status of the projects within the Policy & Resources Capital Programme and to highlight the overall financial position.

## **2.0 SUMMARY**

- 2.1 This report advises Committee in respect of the progress and financial status of the projects within the Policy & Resources Capital Programme.
- 2.2 It can be seen from section 6 that the projected spend over the period to 2017/18 is £6.842m, which means that the total projected spend is on budget.
- 2.3 Expenditure at 17<sup>th</sup> February is 38.0% of 2015/16 projected spend, net advancement of £0.258m (45.83%) relating to the Scottish Wide Area Network is being reported offset by slippage in the Modernisation Fund.

## **3.0 RECOMMENDATIONS**

- 3.1 That Committee note current position of the 2015/18 Capital Programme and the progress on the specific projects detailed in Appendix 1.

## 4.0 BACKGROUND

4.1 On February 19<sup>th</sup> 2015 the Council approved a new 3 year Capital Programme covering the period 2015/18, effectively extending the previously approved 2013/16 Capital Programme to 2017/18. As part of this process the recurring annual allocations for ICT reduced due to revenue savings. In addition the Modernisation Fund budget was reduced by £0.1m as part of the Earmarked Reserve write back exercise.

## 5.0 PROGRESS

5.1 PC Refresh Programme – Planning for the 2016/2017 PC Refresh Programme has now begun. A limited refresh to replace older specialist workstations and monitors will be concluded prior to the end of this financial year.

5.2 Infrastructure Refresh Programme - ICT have completed their programme of upgrading core Network Infrastructure Equipment in support of the migration to the Scottish Wide Area Network (SWAN).

5.3 Scottish Wide Area Network (SWAN) – Transition to SWAN has now begun and associated project and installation works are ongoing, with a scheduled completion date of mid-March.

5.4 During the 2015/16 PSN Accreditation process a number of systems were identified as at, or near, “End of Life” and in need of replacement. £60,000 has been re-allocated from Desktop Replacement programme. Committee approval for this reallocation has been received.

## 6.0 FINANCIAL IMPLICATIONS

### Finance

6.1 The figures below detail the position at 17<sup>th</sup> February 2016. Expenditure to date is £0.312m (38.0% of the 2015/16 projected spend). Phasing and project spend has been reviewed by the budget holder. The Scottish Wide Area Network (SWAN) and Rolling Replacement of PC's projects are well underway and on target for completion by 31<sup>st</sup> March, therefore the majority of the 2015-2016 allocation will be spent this financial year.

6.2 The current budget for the period to 31<sup>st</sup> March 2018 is £6.842m. The current projection is £6.842m which means the total projected spend is on budget.

6.3 The approved budget for 2015/16 is £0.563m. The Committee is projecting to spend £0.821m with advancement from future years of £0.258m (45.83%) relating to the Scottish Wide Area Network.

### One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
N/A					

### Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (If Applicable)	Other Comments
N/A					

## **7.0 CONSULTATION**

### **7.1 Legal**

There are no legal issues arising from the content of this report and as such the Head of Legal and Property Services has not been consulted.

### **7.2 Human Resources**

There are no direct staffing implications in respect of the report and as such the Head of Organisational Development, HR and Communications has not been consulted.

### **7.3 Equalities**

There are no equalities implications in this report.

### **7.4 Repopulation**

There are no repopulation implications in this report.

## **8.0 LIST OF BACKGROUND PAPERS**

### **8.1 None**



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<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b>	<b>22 March 2016</b>
<b>Report By:</b>	<b>Chief Financial Officer</b>	<b>Report No:</b>	<b>FIN/39/16/AP/MT</b>
<b>Contact Officer:</b>	<b>Matt Thomson</b>	<b>Contact No:</b>	<b>01475 712256</b>
<b>Subject:</b>	<b>2015/18 Capital Programme</b>		

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## 1.0 PURPOSE

- 1.1 The purpose of the report is to provide Committee with the latest position of the 2015/18 Capital Programme.

## 2.0 SUMMARY

- 2.1 On February 19<sup>th</sup> 2015 the Council approved a new 3 year Capital Programme covering the period 2015/18, effectively extending the previously approved 2013/16 Capital Programme to 2017/18.
- 2.2 As part of the approved Capital Programme it was agreed to return the existing surplus in Capital Resources to Revenue Reserves, returning the Capital Programme to a break-even position with adjustments made during the year end accounts process bringing the programme to a small deficit. The Scottish Government settlement for 2016/17 included re-profiling of part of the capital grant to future years, this has resulted in a deficit of £0.823m now being reported as can be seen from Appendix 1. This represents 0.91% of projected spend over the 3 year period and is within the recommended level.
- 2.3 It should be noted that the Government have indicated that the Council will receive £1.4m Capital grant at some point over 2017/20 in lieu of the re-profiled grant from 2016/17. This is not reflected in the above figures.
- 2.4 It can be seen from Appendix 2 that as at 31<sup>st</sup> January 2016 expenditure in 2015/16 was 66.96% of projected spend. Phasing and project spend has been reviewed by the budget holders and the relevant Corporate Director.
- 2.5 The position in respect of each individual Committee is reported in Appendix 2 and Section 5 of the report. Overall committees are projecting to outturn on budget. In the current year slippage of 4.33% is being reported, this is an increase in slippage of 2.32% from the previous Committee. This compares with a slippage outturn of 15.3% in 2014/15. In view of high slippage levels in previous years officers have actively sought to advance projects where possible to offset slippage and continue to do so.

## 3.0 RECOMMENDATIONS

- 3.1 It is recommended that Committee note the current position of the 2015/18 Capital Programme.



## 4.0 BACKGROUND

- 4.1 On February 19<sup>th</sup> 2015 the Council approved a new 3 year Capital Programme covering the period 2015/18, effectively extending the previously approved 2013/16 Capital Programme to 2017/18. As part of this process the previously reported surplus, along with minor underspends in 2 projects, returned £1.261m to Revenue Reserves. Subsequent adjustments arising as part of the year end accounts process resulted in a small deficit.
- 4.2 In December 2015 the Scottish Government announced the provisional settlement for 2016/17. The final settlement was approved on 25<sup>th</sup> February 2016. While the settlement itself was £8.035m, £0.735m higher than had been estimated, £1.443m of this has been re-profiled to future years which means it will not be received in 2016/17 but rather will be added to our Capital Grant over the 2017/20 period. It is considered prudent not to reflect this additional grant over the current 2015/18 period at this stage and as a result the deficit on the capital programme has increased to £0.823m.

## 5.0 CURRENT POSITION

- 5.1 Appendix 1 shows that over the 2015/18 period the Capital Programme is in a break-even position.
- 5.2 The position in respect of individual Committees is as follows:

### Social Care

Project slippage of £0.515m (76.75%) with spend being 29.5% of projected spend for the year. This is in line with the position reported to the last Committee and relates to the replacement for Neil St Children's Home.

### Environment & Regeneration

Net slippage of £1.94m (10.00%) is being reported with spend being 62.6% of projected spend for the year. This is a movement of £1.146m (5.91%) from the net advancement reported to the last Committee mainly due to further slippage in Flooding Strategy (£0.618m), District Court Offices (£0.3m) and the AMP Depots – Vehicle Maintenance Shed (£0.1m) as well as others partly offset by accelerated spend in Broomhill Regeneration.

### Education & Communities

Net advancement of £0.919m (10.31%) is being reported with spend being 77.8% of projected spend for the year. Slippage within Inverkip Community Facility and the Watt Complex Refurbishment is being more than offset by advancements including Rankin Park Cycle Track (£0.205m), Ravenscraig Sports Barn (£0.200m), Ardgowan Primary Refurbishment (£0.427m) and St Patrick's Primary (£0.519m).

### Policy & Resources

Net advancement of £0.258m (45.83%) relating to the Scottish Wide Area Network partly offset by slippage in the Modernisation Fund is being reported with spend being 38.00% of projected spend for the year.

- 5.3 Overall in 2015/16 it can be seen that expenditure is 66.96% of the projected spend for the year and that project slippage from the programme agreed in February 2015 is currently £1.278 million (4.33%).

## 6.0 CONCLUSIONS

- 6.1 As can be seen in paragraph 5.3 projected project slippage is currently 4.33%, this compares with slippage of 15.3% in 2014/15. It should be noted that officers have actively sought to advance projects in anticipation of potential slippage and continue to do so.

- 6.2 Following re-profiling of Scottish Government Capital Grant into future years the Council's Capital Programme for 2015/18 is showing a shortfall in resources of £0.823m. This represents 0.91% of projected spend over the 3 year period and is within the recommended level.
- 6.3 Overall Service Committees have spent 66.96% of the 2015/16 projected spend as at 31<sup>st</sup> January 2016.

## 7.0 CONSULTATION

- 7.1 This report has been approved by the Corporate Management Team and reflects the detail reported to Service Committee.

## 8.0 IMPLICATIONS

### Finance

#### 8.1 Financial Implications

All financial implications are shown in detail within the report and in Appendices 1 & 2.

#### One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
N/A					

#### Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (if Applicable)	Other Comments
N/A					

### Legal

- 8.2 There are no legal implications.

### Human Resources

- 8.3 There are no direct staffing implications in respect of this report and as such the Head of Organisational Development, HR & Communications has not been consulted.

### Equalities

- 8.4 The report has no impact on the Council's Equalities policy.

### Repopulation

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

## **9.0 BACKGROUND PAPERS**

9.1 None.

Appendix 1

Capital Programme - 2015/16 - 2017/18

Available Resources

	A	B	C	D	E
	2015/16	2016/17	2017/18	Future	Total
	£000	£000	£000	£000	£000
Government Capital Support	11,180	6,966	7,300	-	25,446
Less: Allocation to School Estate	(5,317)	(4,674)	(4,300)	-	(14,291)
Capital Receipts (Note 1)	1,006	199	385	-	1,590
Capital Grants (Note 2)	519	98	-	-	617
Prudential Funded Projects (Note 3)	7,387	18,784	16,482	6,036	48,689
Balance B/F From 14/15 (Exc School Estate)	2,890	-	-	-	2,890
Capital Funded from Current Revenue (Note 4)	3,662	(59)	5,679	-	9,282
	<u>21,327</u>	<u>21,314</u>	<u>25,546</u>	<u>6,036</u>	<u>74,223</u>

Overall Position 2014/18

	<u>£000</u>
Available Resources (Appendix 1, Column E)	74,223
Projection (Appendix 2, Column B-E)	<u>75,046</u>
(Shortfall)/Under Utilisation of Resources	<u>(823)</u>

Notes to Appendix 1

All notes exclude School Estates

Note 1 (Capital Receipts)

	2015/16	2016/17	2017/18	Future	Total
	£000	£000	£000	£000	£000
Sales	974	149	385	-	1,508
Contributions/Recoveries	32	50	-	-	82
	<u>1,006</u>	<u>199</u>	<u>385</u>	<u>-</u>	<u>1,590</u>

Note 2 (Capital Grants)

	2015/16	2016/17	2017/18	Future	Total
	£000	£000	£000	£000	£000
Cycling, Walking & Safer Streets	121	88	-	-	209
SPT	37	-	-	-	37
Sustrans	36	-	-	-	36
Sports Scotland/SFA	108	-	-	-	108
Electric Vehicle Charging Points	39	-	-	-	39
Big Lottery Fund	178	10	-	-	188
	<u>519</u>	<u>98</u>	<u>-</u>	<u>-</u>	<u>617</u>

## Notes to Appendix 1

Note 3 (Prudentially Funded Projects)

	2015/16	2016/17	2017/18	Future	Total
	£000	£000	£000	£000	£000
Additional ICT - Education Whiteboard & PC Refresh	78	92	66	-	236
Vehicle Replacement Programme	1,250	521	615	1,179	3,565
Greenock Parking Strategy	-	123	150	-	273
Asset Management Plan - Offices	765	3,157	1,321	-	5,243
Asset Management Plan - Depots	1,178	3,250	3,174	250	7,852
Capital Works on Former Tied Houses	20	10	210	360	600
Waterfront Leisure Complex Combined Heat and Power Plant	4	227	-	-	231
Leisure & Pitches Strategy	193	8	106	-	307
Broomhill Community Facility	-	-	800	-	800
Kylemore Childrens Home (return of borrowing in lieu of receipt)	(200)	-	-	-	(200)
Neil Street Childrens Home Replacement	146	1,100	498	-	1,744
Crosshill Childrens Home Replacement	-	57	1,535	90	1,682
Modernisation Fund	42	67	93	-	202
Watt Complex Refurbishment	-	-	921	2,000	2,921
Gourock One Way System	2,000	500	-	-	2,500
Roads Asset Management Plan	1,001	3,862	5,683	2,157	12,703
Surplus Prudential Borrowing due to project savings	60	60	60	-	180
Reduction in Prudential Borrowing, ICT Annual allocation	(150)	(150)	(150)	-	(450)
Additional Prudential Borrowing to Support annual allocations	1,000	1,400	1,400	-	3,800
Additional Prudential Borrowing to allow return of Reserves	-	4,500	-	-	4,500
	<u>7,387</u>	<u>18,784</u>	<u>16,482</u>	<u>6,036</u>	<u>48,689</u>

Note 4 (Capital Funded from Current Revenue)

	2015/16	2016/17	2017/18	Future	Total
	£000	£000	£000	£000	£000
Regeneration of Port Glasgow Town Centre	300	123	319	-	742
Play Areas	311	259	90	-	660
Coronation Park, Port Glasgow	145	10	30	-	185
Contribution to Birkmyre Park Pitch Improvements	-	25	175	-	200
Gourock Walled Garden, Toilet Provision	27	-	-	-	27
Hillend Respite Unit	3	-	-	-	3
Scheme of Assistance	433	333	333	-	1,099
Flooding Strategy	(1,227)	1,364	1,726	-	1,863
Greenock Parking Strategy	58	10	-	-	68
Roads Asset Management Plan	2,190	-	-	-	2,190
Broomhill Community Facility (Community Facility Fund)	-	250	103	-	353
Inverkip Community Facility	686	830	100	-	1,616
Primary School MUGA's - various	768	443	100	-	1,311
Various MUGAs - transfer to SEMP	(283)	(220)	-	-	(503)
Watt Complex Refurbishment	65	515	372	-	952
Community Facilities Investment	30	-	70	-	100
Blaes Football Parks	32	34	-	-	66
Ravenscraig Sports Barn	600	-	-	-	600
Broomhill Regeneration	289	-	461	-	750
Central Gourock	-	150	-	-	150
Scottish Wide Area Network	323	-	-	-	323
Rankin Park Cycle Track	35	115	-	-	150
Asset Management Plan - Depots	137	-	-	-	137
Bakers Brae Re-alignment	-	-	1,000	-	1,000
RCGF Port Glasgow/Broomhill	-	150	350	-	500
King George VI Refurbishment	-	50	450	-	500
Contribution to General Fund Reserves	(1,260)	(4,500)	-	-	(5,760)
	<u>3,662</u>	<u>(59)</u>	<u>5,679</u>	<u>-</u>	<u>9,282</u>

Capital Programme - 2015/16 - 2017/18Agreed Projects

Committee	A Prior Years £000	B 2015/16 £000	C 2016/17 £000	D 2017/18 £000	E Future £000	F Total £000	G Approved Budget £000	H (Under)/ Over £000	I 2015/16 Spend To 31/01/16 £000
Policy & Resources	5,044	821	397	580	-	6,842	6,842	-	312
Environment & Regeneration	25,690	17,454	15,740	19,817	4,021	82,722	82,722	-	10,922
Education & Communities (Exc School Estate)	1,021	2,830	3,476	3,641	2,833	13,801	13,801	-	1,605
CHCP	191	156	1,157	2,033	90	3,627	3,627	-	46
Sub -Total	31,946	21,261	20,770	26,071	6,944	106,992	106,992	-	12,885
School Estate (Note 1)	8,145	7,002	8,035	7,025	2,733	32,940	32,940	-	6,040
Total	40,091	28,263	28,805	33,096	9,677	139,932	139,932	-	18,925

Note 1Summarised SEMP Capital Position - 2014/18

	2015/16	2016/17	2017/18
Capital Allocation	5,317	4,674	4,300
Scottish Government School Grant (estimate)	1,120	1,953	100
Surplus b/fwd	3,762	4,040	3,317
Prudential Borrowing	500	465	-
Prudential Borrowing - In Lieu of Receipts			
Prudential Borrowing - Accelerated Investment			
Contractor Contribution	60		
CFCR	283	220	-
Available Funding	<u>11,042</u>	<u>11,352</u>	<u>7,717</u>
<u>Projects</u>			
Ex-Prudential Borrowing	6,219	7,350	7,025
Prudential Borrowing	500	465	-
CFCR	283	220	-
Total	<u>7,002</u>	<u>8,035</u>	<u>7,025</u>
Surplus c/fwd	4,040	3,317	692

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**Report To:** Policy & Resources Committee      **Date:** 22 March 2016

**Report By:** Chief Executive, Corporate  
Director Environment,  
Regeneration & Resources,  
Corporate Director Education,  
Communities & Organisational  
Development and Chief  
Financial Officer      **Report No:** FIN/35/16/AP/AE

**Contact Officer:** Angela Edmiston      **Contact No:** 01475712143

**Subject:** Policy & Resources Committee 2015/16 Revenue Budget – Period 10  
to 31st January 2016

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## 1.0 PURPOSE

- 1.1 To advise Committee of the 2015/16 projected out-turn for the Policy & Resources Committee as at period 10, 31st January 2016.

## 2.0 SUMMARY

- 2.1 The total revised Committee budget for 2015/16 is £16,191,000. This excludes Earmarked Reserves of £1,613,000.
- 2.2 The latest projection, excluding Earmarked Reserves, is an underspend of £2,828,000 which is an increase in underspend of £353,000 since period 8 report to Committee.
- 2.3 The main reasons for this underspend are:
- a) £2,150,000 projected underspend due to a significant reduction in call on Pay and Non Pay Inflation Contingency which has been factored into the Budget Strategy.
  - b) One-off £200,000 underspend projected due to no significant calls being anticipated on the Pressures Contingency until 2016/17.
  - c) £100,000 over-recovery of Benefit subsidy in line with mid-year estimate.
  - d) £90,000 over-recovery of prior year Council Tax income collection which is in line with 2014/15 out-turn.
  - e) A £121,000 projected underspend within Finance Services employee costs mainly due to additional turnover savings and a delay in filling vacancies within the Customer Service Centre.
  - f) A £100,000 projected over-recovery of Internal Resource Interest income based on previous year out-turn.
- 2.4 The Earmarked Reserves for 2015/16 totals £1,613,000 of which £477,000 is projected to be spent in the current financial year. To date expenditure of £338,000 (70.86%) has been incurred which is £30,000 under the phased budgeted spend to date. It is to be noted that Earmarked Reserves reported in appendix 4 excludes Earmarked Reserves for Asset Plans and Strategic Funds.
- 2.5 The Common Good Fund is projecting a surplus fund balance at 31 March 2016 of £34,750. This is below the minimum level of reserves of £100,000 recommended. Rates costs are being examined to ensure all appropriate relief has been obtained. It is important that the Common Good budget operates on a sustainable basis and proposals to address this were provisionally

approved at the last meeting and will be considered as part of the 2016/18 budget.

### **3.0 RECOMMENDATIONS**

- 3.1 The Committee note the projected underspend of £2,828,000 for the Policy and Resources Committee as at Period 10, 31st January 2016.
- 3.2 The Committee note the projected fund balance of £34,750 for the Common Good Fund and that this will be addressed as part of the 2016/18 budget.

John Mundell  
Chief Executive

Alan Puckrin  
Chief Financial Officer

Wilma Bain  
Corporate Director  
Education, Communities  
& Organisational Development

Aubrey Fawcett  
Corporate Director  
Environment, Regeneration &  
Resources



## 4.0 BACKGROUND

- 4.1 The purpose of this report is to advise Committee of the current position of the 2015/16 budget and to highlight the main issues contributing to the projected underspend of £2,828,000.

## 5.0 2015/16 CURRENT POSITION

- 5.1 The current projection is an underspend of £2,828,000. The following are the material variances:
- 5.2 The following material variances relate to the Environment, Regeneration & Resources Directorate:

### **Finance - £412,000 underspend**

Employee Costs: £121,000 projected underspend which is an increase in underspend of £33,000 since period 8 report to Committee mainly due to additional turnover savings being achieved.

Supplies & Services: £11,000 projected underspend, an increase in spend of £8,000 since last reported to Committee mainly due to a delay in achieving procurement savings target.

Administration Costs: £51,000 projected underspend an increase in underspend of £56,000 since period 8 report to Committee mainly due to one off savings in relation to the new SWAN contract.

Other Expenditure: Current projection is an underspend of £103,000, a decrease in spend of £20,000 since period 8 report to Committee mainly due to a decrease in Bad debt provision offset by a decrease in income.

Payments to Other Bodies: An underspend of £19,000 is being projected which is an increase in underspend of £15,000 since last reported to Committee. The increase in underspend is within Discretionary Relief budget and is based on current expenditure profile to date and projected to year end.

Income: £106,000 projected over-recovery of income which is a £52,000 decrease in income mainly due to a decrease in projected debts raised during the year offset by a decrease in bad debt provision as mentioned above.

### **Legal & Property - £42,000 overspend**

Employee Costs: An overspend of £45,000 is being projected due to turnover target not being met. This is a decrease in spend of £9,000 since last reported to Committee mainly due to maternity leave savings and underspends projected within overtime and travel budgets.

Administration Costs: A £23,000 underspend is being projected, an increase in underspend of £8,000 since last reported to Period 8 Committee mainly due to Service estimating a reduction in spend within External Legal Expenses and Training budgets.

Income: An under-recovery of £18,000 is being projected which is a £7,000 increase in under-recovery since last reported to Committee, due to a reduction in income rechargeable to Capital.

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

### **Organisational Development, H.R. & Communications - £3,000 underspend**

Employee Costs: £29,000 overspend is being projected mainly due to turnover target not being

met. This is an increase in spend of £3,000 since last reported to Committee.

Administration Costs: An overall underspend of £7,000 is being projected which is over various budget lines such as Printing and Stationery, Postages, Legal Expenses etc. This is an increase in spend of £3,000 since period 8 report to Committee.

Other Expenditure: £21,000 underspend projected which is an increase in underspend of £3,000 since last reported to Committee due to Service projecting a decrease in spend for Workforce Development.

5.4 The following material variances relate to the Miscellaneous budget.

#### **Miscellaneous – £2,466,000 underspend**

Inflation Contingency: £2,150,000 underspend is being projected due to projected reduction in calls on non-pay inflation contingency. This is a further increase in underspend of £250,000 since period 8 report to Committee.

Pressures Contingency: As no significant calls are expected, a one off £200,000 underspend is being projected for the pressures contingency until 2016/17. This was reported to Committee in period 8.

Internal Resource Interest: In period 8 an over-recovery of £100,000 was projected. The current projection remains the same.

Audit Fee: An underspend of £16,000 is being projected based on fee confirmation received from Audit Scotland.

## **6.0 VIREMENT**

6.1 There are no virements to report in period 10.

## **7.0 EARMARKED RESERVES**

7.1 Appendix 4 gives a detailed breakdown of the current earmarked reserves position. Total funding is £1,613,000 of which £477,000 is projected to be spent in 2015/16 and the remaining balance of £1,136,000 to be carried forward to 2016/17 and beyond. It can be seen that expenditure of £338,000 has been achieved which is £30,000 under the phased budgeted spend to date and represents 70.86% of the annual projected spend.

## **8.0 COMMON GOOD FUND**

8.1 Appendix 5 shows a projected overspend of £47,060 in the Common Good Fund as at 31st January 2016. This results in a projected available fund balance at 31st March 2016 of £34,750. This is below the minimum level of reserves of £100,000 recommended. Rates costs are being examined to ensure all appropriate relief has been obtained.

8.2 It is important that the Common Good budget operates on a sustainable basis and this is being addressed as part of the 2016/18 budget.

## **9.0 IMPLICATIONS**

9.1 **Finance**

Financial Implications:

## One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
N/A					

## Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (If Applicable)	Other Comments
N/A					

### 9.2 Legal

There are no specific legal implications arising from this report.

### 9.3 Human Resources

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

### 9.4 Equalities

Has an Equality Impact Assessment been carried out?

Yes See attached appendix

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

### 9.5 Repopulation

There are no repopulation issues arising from this report.

## 10.0 CONSULTATIONS

10.1 The Chief Executive, Corporate Director Environment, Regeneration & Resources, Corporate Director Education, Communities & Organisational Development and the Chief Financial Officer have been consulted in the preparation of this report.

## 11.0 CONCLUSIONS

11.1 The Committee note the 2015/16 projected underspend of £2,828,000 for the Policy and Resources Committee as at Period 10, 31st January 2016.

## 12.0 BACKGROUND PAPERS

12.1 There are no background papers for this report.

**Policy & Resources Budget Movement - 2015/16****Period 10: 1st April - 31st January 2016**

Service	Approved Budget		Movements			Revised Budget
	2015/16 £000	Inflation £000	Virement £000	Supplementary Budgets £000	Transferred to EMR £000	2015/16 £000
Finance	7,585	98	(306)			7,377
Legal & Property	1,507	17	(3)			1,521
Organisational Development, HR & Communications	1,669	21	(4)			1,686
Corporate Policy	180	2				182
Chief Exec	398	6				404
Miscellaneous	7,496	(2,469)	(6)			5,021
Totals	<u>18,835</u>	<u>(2,325)</u>	<u>(319)</u>	<u>0</u>	<u>0</u>	<u>16,191</u>

**Supplementary Budget Detail**

£000

External ResourcesInternal ResourcesFinanceLegalOrganisational Development, HR & CommunicationsCorporate PolicyChief ExecMiscSavings/Reductions0

**REVENUE BUDGET MONITORING REPORT**

**CURRENT POSITION**

**PERIOD 10: 1st April 2015- 31st January 2016**

Service	Approved Budget 2015/16 £000	Revised Budget 2015/16 £000	Projected Out-turn 2015/16 £000	Projected Over/(Under) Spend £000
Finance	7,585	7,377	6,965	(412)
Legal & Property Services	1,507	1,521	1,563	42
<b>Total Net Expenditure Environment, Regeneration &amp; Resources</b>	<b>9,092</b>	<b>8,898</b>	<b>8,528</b>	<b>(370)</b>
Organisational Development, Human Resources & Communications	1,669	1,686	1683	(3)
Corporate Policy	180	182	186	4
<b>Total Net Expenditure Education, Communities &amp; Organisational Development</b>	<b>1,849</b>	<b>1,868</b>	<b>1,869</b>	<b>1</b>
Chief Executive	398	404	411	7
Miscellaneous	7,496	5,021	2,555	(2,466)
<b>TOTAL NET EXPENDITURE</b>	<b>18,835</b>	<b>16,191</b>	<b>13,363</b>	<b>(2,828)</b>
Earmarked reserves				
<b>Total Net Expenditure excluding Earmarked Reserves</b>	<b>18,835</b>	<b>16,191</b>	<b>13,363</b>	<b>(2,828)</b>

**POLICY & RESOURCES****REVENUE BUDGET MONITORING REPORT****MATERIAL VARIANCES (EXCLUDING EARMARKED RESERVES)****PERIOD 10: 1st April 2015 - 31st January 2016**

Outturn 2014/15 £000	Budget Heading	Budget 2015/16 £000	Proportion of Budget £000	Actual to 31/01/16 £000	Projection 2015/2016 £000	Over/(Under) Budget £000
	<b><u>Finance/ICT</u></b>					
5,391	Employee Costs	5,404	4,264	4,168	5,283	(121)
733	Supplies & Services	680	567	676	669	(11)
35,720	Benefit Subsidy	36,486	30,405	36,627	36,386	(100)
861	Admin Costs	917	764	594	866	(51)
(299)	Statutory Additions	(260)	(217)	(228)	(275)	(15)
132	Computer Software Upgrade	140	117	126	128	(12)
97	Discretionary Relief-PTOB	113	94	(5)	98	(15)
0	Income - Universal Credit	0	0	(18)	(18)	(18)
(304)	Council tax income Prior Year	(223)	(186)	0	(313)	(90)
(99)	ICT - Income	(65)	(54)	(41)	(50)	15
	<b><u>Organisational Development, HR &amp; Communications &amp; Events</u></b>					
1,525	Employee Costs	1,380	1,088	1,110	1,409	29
36	Workforce Development Fund	48	27	33	37	(11)
91	Consultants costs	100	83	70	90	(10)
	<b><u>Miscellaneous</u></b>					
553	Inflation Contingency	4,678	3,898	2,469	2,528	(2,150)
262	Audit Fee	273	228	167	257	(16)
0	Pressures Contingency	232	155	0	32	(200)
(334)	Internal Resource Interest	(226)	(151)	0	(326)	(100)
	<b><u>Legal &amp; Property Services</u></b>					
1,850	Employee Costs	1,140	900	1,138	1,185	45
31	Postages/Printing/Training -Admin	87	73	63	72	(15)
(17)	Income recharges	(28)	(23)	(15)	(18)	10
<b>46,229</b>	<b>TOTAL MATERIAL VARIANCES</b>	<b>50,876</b>	<b>42,030</b>	<b>46,934</b>	<b>48,040</b>	<b>(2,836)</b>

EARMARKED RESERVES POSITION STATEMENT

Appendix 4

COMMITTEE: Policy & Resources

<u>Project</u>	<u>Lead Officer/ Responsible Manager</u>	<u>Total Funding 2015/16</u>	<u>Phased Budget To Period 10 2015/16</u>	<u>Actual To Period 10 2015/16</u>	<u>Projected Spend 2015/16</u>	<u>Amount to be Earmarked for 2016/17 &amp; Beyond</u>	<u>Lead Officer Update</u>
		£000	£000	£000	£000	£000	
Modernisation Fund	Alan Puckrin	308	130	114	131	177	Various projects being progressed at present.
Procurement Development Fund	Alan Puckrin	4	0	0	0	4	No impact on removing uncommitted funds.
Welfare Reforms - Operational	Alan Puckrin	376	35	36	55	321	Used to fund temp employees to manage workload. Propose £36k write back.
Budget Development	Alan Puckrin	260	80	72	125	135	£50k written back to reserves. Total funding now available for 2015/16 is £260k of which revised commitments for spend is £195k. This includes additional £20k of commitment for Social Transport. Of these commitments £125k is projected to be spent in 2015/16 with the balance of £70k and £65k of un-committed funds being carried forward for spend in future years.
Protection of Vulnerable Groups	S McNab	48	48	37	48	0	Full spend expected to be incurred by year end.
2013/16 Revenue Contingency	Alan Puckrin	212	75	79	94	118	Nepal earthquake, Waverly Enterprise and Kelburn Park and Corlic Farm legal representation now fully spent. Full spend of £9k incurred for Inverclyde Leisure playschemes with £3k balance to be returned to uncommitted reserves. The Event fee for Powerboat Grand Prix is expected to be spent by Mar 2016. Future spend will consist of £5k for Toll Boys, £65k for Powerboat Grand Prix and £48k uncommitted reserves.
Discretionary Housing Payments / Welfare Reform - Policy	Alan Puckrin	405	0	0	24	381	Proposals agreed at P&R in Feb to spend a large part of this budget.
<b>Total Category C to E</b>		<b>1,613</b>	<b>368</b>	<b>338</b>	<b>477</b>	<b>1,136</b>	

REVENUE BUDGET MONITORING REPORT 2015/16PERIOD 10 : 1st April 2015 to 31st January 2016

		Final Outturn 2014/15	Approved Budget 2015/16	Budget to Date 2015/16	Actual to Date 2015/16	Projected Outturn 2015/16
<b><u>PROPERTY COSTS</u></b>		<b>28,400</b>	<b>10,000</b>	<b>8,300</b>	<b>17,710</b>	<b>28,060</b>
Repairs & Maintenance	1	19,650	9,000	7,500	1,360	9,000
Rates	2	11,140		0	18,060	18,060
Property Insurance		(2,390)	1,000	800	(1,710)	1,000
Marketing Costs						
<b><u>ADMINISTRATION COSTS</u></b>		<b>21,670</b>	<b>8,700</b>	<b>3,100</b>	<b>5,390</b>	<b>9,700</b>
Sundries	3	14,470	1,500	1,300	3,190	2,500
Commercial Rent Management Recharge		2,200	2,200	1,800	2,200	2,200
Recharge for Accountancy		5,000	5,000	0		5,000
<b><u>OTHER EXPENDITURE</u></b>		<b>145,650</b>	<b>98,800</b>	<b>97,800</b>	<b>31,580</b>	<b>100,700</b>
Christmas Lights Switch On		10,500	10,500	10,500		10,500
Christmas Dinners/Parcels		18,000	21,600	21,600	21,600	21,600
Christmas Decorations		35,400	0			0
Gourock Highland Games		29,400	29,400	29,400		29,400
Armistice Service		6,930	8,300	8,300	6,230	8,300
Comet Festival		13,300	13,300	13,300		13,300
Fireworks		12,600	12,600	12,600		12,600
Society of the Innocents Rent Rebate		7,620	3,100	2,100	3,750	5,000
World War 1 Centenary	4	600				0
Bad Debt Provision		11,300				0
<b><u>INCOME</u></b>		<b>(145,880)</b>	<b>(149,300)</b>	<b>(124,400)</b>	<b>(89,030)</b>	<b>(123,200)</b>
Property Rental		(164,150)	(181,100)	(150,900)	(88,950)	(183,000)
Void Rents	5	19,340	33,800	28,200		61,800
Internal Resources Interest		(1,070)	(2,000)	(1,700)	(80)	(2,000)
Disposal of Land	6	0				0
<b><u>NET ANNUAL EXPENDITURE</u></b>		<b>49,840</b>	<b>(31,800)</b>	<b>(15,200)</b>	<b>(34,350)</b>	<b>15,260</b>
<b><u>EARMARKED FUNDS</u></b>	7	<b>76,580</b>	<b>49,170</b>	<b>0</b>	<b>36,520</b>	<b>49,170</b>
John Wood St/Bay St Shop Improvemnts		76,576	18,420		18,420	18,420
World War 1 Centenary	4		3,750		3,570	3,750
Port Glasgow Road - Demolition			15,000		8,340	15,000
Repairs & Renewals Fund			12,000		6,190	12,000
<b><u>TOTAL NET EXPENDITURE</u></b>		<b>126,420</b>	<b>17,370</b>	<b>(15,200)</b>	<b>2,170</b>	<b>64,430</b>

Fund Balance as at 31st March 2015

99,180

Projected Fund Balance as at 31st March 2016

34,750

## Notes:

**1 Repairs & Maintenance**

Additional Repairs costs are due to be incurred in respect of 12 Bay St to bring this property to an adequate condition to allow the property to be let out. These costs are estimated to be £16,000 and will be funded from a combination of the ongoing repairs & Maintenance budget and the Repairs & Renewals Fund.

**2 Rates (Empty Properties)**

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

**3 Sundries**

Additional Legal Fees of £12,400 were incurred in 2014/15 in respect of a dispute over unpaid rent. The dispute is ongoing and may result in further additional costs and/or a write-off of bad debt. A provision has previously been made for bad debt which will partly offset any write-off. Should the dispute be resolved in the Common Good's favour these costs may be recoverable.

**4 World War 1 Centenary**

World War 1 Centenary includes purchase of commemorative benches and attendance at Drumhead Service. The benches were not delivered until 2015/16 and as a result the budget was set aside for carry forward and is included in the Earmarked Funds section.



**5 Current Empty Properties are:**

Vacant since:

12 Bay St  
4 John Wood Street  
17 John Wood Street  
74 Port Glasgow Road

April 2015  
May 2010  
March 2014  
September 2012

**6 Land at Port Glasgow Road**

Following a marketing exercise of the site at Port Glasgow Road, Greenock, no satisfactory offers were received. The site will now be re-marketed and the remaining buildings demolished to make the site more marketable.

**7 Approved Projects**

In addition to the annual budget highlighted above committee have previously approved funding for Improvements to Shops in Bay St/John Wood St, Port Glasgow. As noted an allowance for the World War 1 commemorative benches has also now been included here.

In addition allowance has been made for the clearance of the site at 74 Port Glasgow Road and a Repairs & Renewals Fund was set up as part of the 2015/16 budget process.

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<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b> 22 March 2016
<b>Report By:</b>	<b>Chief Financial Officer</b>	<b>Report No:</b> FIN/41/16/AP/AE
<b>Contact Officer:</b>	<b>Alan Puckrin</b>	<b>Contact No:</b> 01475 712223
<b>Subject:</b>	<b>2015/16 General Fund Revenue Budget as at 31 January 2016</b>	

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## 1.0 PURPOSE

- 1.1 The purpose of this report is to advise the Committee of the position of the General Fund Revenue Budget as at 31<sup>st</sup> January 2016 and to update Committee in respect of the position of the General Fund Reserves and Earmarked Reserves.

## 2.0 SUMMARY

- 2.1 The Council approved a two year budget in February 2015. 2015/16 is the first year of this budget and incorporated a planned contribution to the General Fund Reserve of £2.588 million.

- 2.2 It can be seen from Appendix 1 that as at the 31<sup>st</sup> January 2016 the General Fund is projecting a £5.171 million underspend which represents 2.6% of the net Revenue Budget and is a movement of £1,236,000 since the last report. This is mainly due to:

- Projected significant under utilisation of pay and non-pay inflation allowance in line with the approved 2016/18 Budget Strategy.
- A one off underspend within pressures contingency.
- Projected over recovery of housing benefit subsidy in line with the mid-year estimate.
- Projected saving in utility costs in line with prior years outturn.
- One off saving in Council contribution to council tax reduction scheme.
- Projected underspend with the Education Early Years' Service which has been addressed as part of the 2016/18 budget.
- Additional turnover savings achieved across all Directorates.
- Grant Redeterminations from the Scottish Government.
- Partially offset by increased client package costs in homecare.

- 2.3 From Appendix 1 it can be seen that 3 Service Committees are currently projecting underspends. Health and Social Care Committee is projecting a small overspend primarily due to increased client package costs within external homecare and an under occupancy of the temporary furnished flats within the homelessness service. These pressures were being addressed in the 2016/17 Budget.

- 2.4 Appendix 2 shows the latest position in respect of Earmarked Reserves, excluding those relating to Asset Plans and Strategic Funds, it can be seen that as at 31<sup>st</sup> January 2016 expenditure totalled £4.327 million which equates to 51.05% of the projected spend in 2015/16. It can also be seen from Appendix 2 that at the 31<sup>st</sup> January 2016 actual expenditure is 4.9% behind phased budget.

- 2.5 Appendix 3 shows the latest position in respect of the General Fund Reserves and shows that the projected balance at 31<sup>st</sup> March 2016 is £7.848 million which is £3.848 million greater than the minimum recommended balance of £4 million. Appendix 3 reflects the decisions on the use of free reserves taken at Policy & Resources Committee on 22<sup>nd</sup> September 2015, 17<sup>th</sup> November 2015 and 2<sup>nd</sup> February 2016.

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2.6 The Scottish Government announced its funding plans for 2016/17 in December 2015. The announcement resulted in a significant funding reduction from that anticipated. The Parliament approved the Local Government Grant settlement on 24<sup>th</sup> February and Councils were issued their formal grant settlement for 2016/17 on 25<sup>th</sup> February 2016.

### **3.0 RECOMMENDATIONS**

3.1 It is recommended that the Committee note the latest position of the 2015/16 Revenue Budget and General Fund Reserves.

3.2 It is recommended that the Committee note the decision of the Council on 10<sup>th</sup> March, 2016 that any remaining Free Reserves remain unallocated and that consideration of potential uses be delayed until after the finalisation of the 2015/16 accounts in September 2016.

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

## 4.0 BACKGROUND

4.1 The Council set a two year General Fund Revenue Budget in February 2015. 2015/16 is the first year of this budget and in the process the Council agreed a contribution to the General Fund Reserve of £2.588 million.

## 5.0 POSITION AS AT 31 JANUARY 2016

5.1 It can be seen from Appendix 1 that as at 31<sup>st</sup> January 2016 the General Fund is projecting an underspend of £5.171 million which equates to 2.6% of the net General Revenue Fund Budget and is an increase of £1,236,000 since the last report.

5.2 It is projected that approximately £2.1 million of pay and non-pay inflation will not be required in 2015/16. This has largely come about due to lower than anticipated inflationary pressures around utilities, fuel, PPP contract indexation, SPT and Waste Contracts. The amount required in 2015/16 has continued to follow the same pattern as 2014/15. It is anticipated that contracts and costs are likely to increase in future years due to global inflationary pressures and the impact of the increase in the living wage.

5.3 A one off underspend of £200,000 is projected in relation to pressures contingency. An underspend of £330,000 within the Council Tax Reduction Scheme is projected due to a reduction in caseload figures within Inverclyde. This is in line with the rest of Scotland and was reported to the May Policy & Resources Committee.

5.4 Additional grant redetermination funding of £697,000 has been received and is being projected to be underspent. Funding is mainly around maintaining teacher numbers and probationer funding.

5.5 It can be seen from Appendix 1 that 3 Service Committees are currently projecting underspends, Health and Social Care Committee is currently projecting a small overspend.

5.6 In summary the main issues relating to the four Service Committees are as follows:-

Policy & Resources Committee – Projected underspend of £2,828,000 (16.81%) mainly due to the significant projected under utilisation of the pay and non-pay inflation contingency, one off saving projected within the pressures contingency, a projected over recovery of benefit subsidy, prior year Council Tax income, over recovery of IRI income and statutory additions income. All these issues were factored into the 2016/18 budget.

Environment & Regeneration – Projected underspend of £117,000 (0.57%) mainly due to excess turnover savings projected due to early achievement of planned savings, an underspend in roads client electrical power, an underspend within residual waste contract due to a reduction in waste tonnage treated offset by a shortfall in property physical assets rental income and an overspend on non-routine vehicle maintenance costs.

Education & Communities - £1,206,000 (1.43%) projected underspend mainly due to an underspend in Education Early Years due to vacancies, additional turnover savings and a projected over recovery of school meal income, income from Other Local Authorities and Wraparound income. This has been partially offset by a projected overspend for Teachers due to increased roll and placing requests. There is a projected underspend within waivers for pitches and hall lets and support to community facilities due to delays within completion of various community halls.

Health & Social Care – Projected overspend of £168,000 (0.34%) mainly due to increased client package costs within external homecare and an overspend within the homelessness service due to under occupancy of temporary furnished accommodation. Costs have been partially offset by vacancies within internal homecare and an underspend within residential and nursing due to a change in client profiles. Extra funding to offset these pressures was built into the 2016/17 Budget.

- 5.7 Appendix 2 shows the latest position in respect of the Earmarked Reserves and provides information on performance against phased budget. The Committee is asked to note that the phasing will not be amended during the year and should provide a useful benchmark for Officers and Members to monitor performance against originally envisaged targets. The Earmarked Reserve statement excludes those funds that relate to Assets Plans or Strategic Funds.
- 5.8 It can be seen that as at 31<sup>st</sup> January 2016 the Council has spent £4.327 million against a phased budget target of £4.550 million. This represents slippage of 4.9% and spend equates to 51.05% of the projected spend for 2015/16. Performance in respect of Earmarked Reserves is reviewed by the Corporate Management Team and reported in detail to each Service Committee.
- 5.9 Appendix 3 shows the projected General Fund Reserves position as at 31<sup>st</sup> March 2016. The projected balance at this date is shown as £7.848 million which is £3.848 million greater than the minimum reserve balance of £4 million recommended and approved via the Reserves Strategy. Appendix 3 reflects decisions taken at Policy & Resources Committee on 22<sup>nd</sup> September 2015, 17<sup>th</sup> November 2015 and 2<sup>nd</sup> February 2016 on use of free reserves.
- 5.10 At the Council meeting on 10<sup>th</sup> March, 2016 it was agreed that any remaining balance of Free Reserves be retained until the conclusion of the 2015/16 Accounts closure exercise.

## 6.0 OTHER FINANCIAL MATTERS

- 6.1 It was approved at the full Council Meeting on 19<sup>th</sup> February 2015 that the Members Budget Working Group will continue to meet throughout 2015/16 to develop proposals to balance the 2016/18 budget with the aim of eliminating the use of reserves in 2016/17. This has been achieved via the recent Budget decision.
- 6.2 The Scottish Government announced its funding plans for 2016/17 in December 2015. The announced resulted in a significant funding reduction which was considerably worse than anticipated. The Council set the 2016/17 Council Tax charge at the meeting on 18<sup>th</sup> February 2016 and 2016/18 Budget on 10<sup>th</sup> March 2016.

## 7.0 CONSULTATION

- 7.1 This report reflects the detailed budget reports to each Committee and has been agreed by the Corporate Management Team.

## 8.0 IMPLICATIONS

### 8.1 Finance

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
N/A	N/A	N/A	N/A	N/A	N/A

## Annually Recurring Costs

<b>Cost Centre</b>	<b>Budget Heading</b>	<b>With Effect from</b>	<b>Annual Net Impact £000</b>	<b>Virement From (if Applicable)</b>	<b>Other Comments</b>
N/A	N/A	N/A	N/A	N/A	N/A

### 8.2 **Legal**

None

### 8.3 **Human Resources**

None

### 8.4 **Equalities**

None

### 8.5 **Repopulation**

None

## 9.0 **BACKGROUND PAPERS**

9.1 None

**Policy & Resources Committee**  
**Revenue Budget Monitoring Report**  
**Position as at 31st January 2016**

Committee	Approved Budget 2015/2016	Revised Budget 2015/2016	Projected Out-turn 2015/2016	Projected Over/(Under) Spend	Percentage Variance
	£,000's	£,000's	£,000's	£,000's	
Policy & Resources	18,835	16,825	13,997	(2,828)	(16.81%)
Environment & Regeneration	22,196	20,629	20,512	(117)	(0.57%)
Education & Communities <b>(Note 1)</b>	89,665	84,226	83,020	(1,206)	(1.43%)
Health & Social Care	48,767	49,810	49,978	168	0.34%
<b>Committee Sub-Total</b>	<b>179,463</b>	<b>171,490</b>	<b>167,507</b>	<b>(3,983)</b>	<b>(2.32%)</b>
Loan Charges (Including SEMP)	13,935	17,825	17,825	0	0.00%
Unallocated Savings	0	0	0	0	0.00%
Contribution to General Fund Reserve	2,588	2,588	2,588	0	0.00%
One off contribution to Reserves <b>(Note 2)</b>	0	298	0	(298)	(100.00%)
Contribution to / (from) Statutory Funds	(240)	(285)	(285)	0	0.00%
Post Budget Adjustments <b>(Note 3)</b>	109	109	109	0	0.00%
Earmarked Reserves	0	4,865	4,865	0	0.00%
<b>Total Expenditure</b>	<b>195,855</b>	<b>196,890</b>	<b>192,609</b>	<b>(4,281)</b>	<b>(2.17%)</b>
<b>Financed By:</b>					
General Revenue Grant/Non Domestic Rates	(169,201)	(170,156)	(170,853)	(697)	0.41%
Council Tax	(33,347)	(33,427)	(33,427)	0	0.00%
Council Tax Reduction Scheme	6,693	6,693	6,500	(193)	(2.88%)
<b>Net Expenditure</b>	<b>0</b>	<b>0</b>	<b>(5,171)</b>	<b>(5,171)</b>	

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

**Note 2 - Council contribution to Council Tax Reduction Scheme offset by Former Tied Houses.**

**Note 3 - Increase in band d equivalent factored into free reserves 2015/16.**

**Earmarked Reserves Position Statement**

**Appendix 2**

**Summary**

<u>Committee</u>	<u>Total Funding 2015/16</u>	<u>Phased Budget to 31 January 16</u>	<u>Actual Spend To 31 January 16</u>	<u>Variance Actual to Phased Budget</u>	<u>Projected Spend 2015/16</u>	<u>Earmarked 2016/17 &amp; Beyond</u>	<u>2015/16 %age Spend Against Projected</u>	<u>2015/16 %age Over/(Under) Spend Against Phased Budget</u>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>		
Education & Communities	6,313	2,304	2,429	125	4,116	2,197	59.01%	5.43%
Health & Social Care	3,068	1,297	1,100	(197)	2,658	410	41.38%	(15.19%)
Regeneration & Environment	2,643	581	460	(121)	1,225	1,418	37.55%	(20.83%)
Policy & Resources	1,613	368	338	(30)	477	1,136	70.86%	(8.15%)
	13,637	4,550	4,327	(223)	8,476	5,161	51.05%	(4.90%)

**Actual Spend v Phased Budget      Underspend = (£223k)      (4.90%)**



**Appendix 3****GENERAL FUND RESERVE POSITION**  
**Position as at 31/01/16**

	<u>£000</u>	<u>£000</u>
Balance 31/03/15		12148
Projected Surplus/(Deficit) 2015/16	5171	
Contribution to General Fund Reserve 2015/16	2588	
CFCR Transfer from Capital Programme 2015/16	1260	
Write back from Earmarked Reserves	724	
Use of Reserves approved February 2014 ( <b>See Undernote</b> )	(5703)	
Use of Reserves approved February 2015 ( <b>See Undernote</b> )	<u>(5305)</u>	(1265)
<i>Use of Reserves Approved P&amp;R September 2015:</i>		
Developing Young Persons Workforce	(87)	
Removal Contaminated Waste former Greenock Academy Site	(420)	
Increased Funding Inverkip Community Facility	(100)	
Bakers Brae Realignment (subject to successful RCGF bid)	(1000)	
Port Glasgow/Broomhill (subject to successful RCGF bid)	(1000)	
Birkmyre Park Drainage (subject to contribution from St Columbas)	<u>(100)</u>	(2707)
<i>Use of Reserves Approved P&amp;R November 2015:</i>		
Former Tied Houses		(248)
<i>Use of Reserves Approved P&amp;R February 2016:</i>		
Corporate Complaints Post 2 Year		(80)
Projected Unallocated Balance 31/03/16		<u><u>7848</u></u>

**Minimum Reserve required is £4million****Excludes approved temporary use of Reserves in 2016/17 of £3.298m.**Approved Usage February 2014:

Increased expenditure on Roads Defects and Drainage over 14/16	(500)	
Increased Funding for Regeneration Projects:		
Lower Port Glasgow	(500)	
East Central Greenock	(500)	
Central Gourock	(150)	
Employability	(400)	
Commonwealth Flotilla Event	(250)	
Play Area Investment	(150)	
Birkmyre Park, Kilmacolm, Rugby Pitch / Drainage improvements	(100)	
Broomberry Drive Walled Gardens - provision of modular toilet	(40)	
Further investment in I Zone (Port Glasgow & Gourock)	(213)	
Ravenscraig Sports Barn	(600)	
SEMP - increase investment in MUGAs within Primary School Estate	(1100)	
Create Loan Charge EMR to meet spike in Loan Charges from 16/17	<u>(1200)</u>	(5703)

Approved Usage February 2015:

Increase to Voluntary Severance/ Early Retiral Reserve	(1250)	
Increased allocation to Birkmyre Park Drainage Project	(150)	
Funding for Equipment - Adults with Learning Difficulties	(40)	
2 Year Extension to 2 x Specialist Posts	(167)	
Scottish Wide Area Network - One off Costs	(323)	
Part Year Costs - Ravenscraig Sports Barn	(40)	
Flooding - Next Phase	(950)	
Rankin Park Cycle Track	(150)	
Substitute Funding - Riverside Inverclyde	(250)	
Substitute Funding - Common Good	(35)	
Beacon Contract and Core Funding	<u>(1950)</u>	(5305)

**Report To:** Policy and Resources Committee      **Date:** 22 March 2016

**Report By:** Head of Inclusive Education, Culture and Corporate Policy      **Report No:** PR/07/16/WB/KB

**Contact Officer:** Karen Barclay, Corporate Policy Officer      **Contact No:** 01475 712065

**Subject:** SOLACE Improving Local Government Benchmarking Framework 2014/15

**1.0 PURPOSE**

1.1 The purpose of this report is to provide the Committee with details of the Local Government Benchmarking Framework (LGBF) 2014/15 data and to highlight Inverclyde’s performance across the range of indicators. Detailed information is provided in the Appendix.

Appendix

**2.0 SUMMARY**

2.1 On 29 January 2016, the Improvement Service released the LGBF 2014/15 data, together with a national report; the information is available for public access here: [Improvement Service - LGBF 2014/15](#) and here: [My Local Council - Inverclyde](#).

2.2 In line with public performance reporting requirements, it is proposed to publish the relevant information on the Council’s website: [Statutory Performance Indicators](#). The LGBF indicators will be displayed on this web page, together with all the indicators the Council is required to report on, per Audit Scotland’s Statutory Performance Indicators Direction 2014.

2.3 The LGBF indicators are grouped across seven service areas. The following table provides an overview of our 2014/15 performance, together with the 2013/14 figures (in brackets):

	2014/15				Total
	1st quartile	2nd quartile	3rd quartile	4th quartile	
Children’s services	1 (2)	2 (3)	2 (0)	2 (2)	7 (7)
Corporate services	2 (3)	3 (2)	4 (1)	0 (2)	9 (8)
Adult social care	2 (2)	1 (1)	1 (1)	1 (1)	5 (5)
Culture and leisure services	3 (2)	0 (2)	3 (3)	2 (1)	8 (8)
Environmental services	6 (6)	2 (0)	3 (3)	6 (5)	17 (14)
Corporate assets	1 (0)	0 (1)	1 (1)	0 (0)	2 (2)
Economic development	1 (1)	0 (0)	0 (0)	0 (0)	1 (1)
<b>Total</b>	<b>16 (16)</b>	<b>8 (9)</b>	<b>14 (9)</b>	<b>11 (11)</b>	<b>49 (45)</b>
<b>Total %</b>	<b>32.7 (35.6)</b>	<b>16.3 (20)</b>	<b>28.6 (20)</b>	<b>22.4 (24.4)</b>	<b>100</b>

In 2014/15, Inverclyde Council ranked in the top two quartiles for just under half (49%) of our indicators, while 28.6% were in the third quartile and less than a quarter (22.4%) were positioned in the fourth quartile.

In 2013/14, we were placed in the top two quartiles for 55.6% of our indicators, while a fifth (20%) were in the third quartile and just under a quarter (24.4%) were in the fourth quartile.

- 2.4 Given the wide-ranging information outlined in this report, it is proposed to facilitate a briefing for Elected Members on the LGBF 2014/15. A suitable date and time will be arranged in due course.

### **3.0 RECOMMENDATIONS**

- 3.1 It is recommended that the Committee:

- a. notes that the LGBF 2014/15 data was published on 29 January 2016;
- b. agrees that the information in the Appendix can be used to form the basis of the Council's public performance reporting on the LGBF 2014/15; and
- c. advises whether a briefing session on the LGBF 2014/15 should be arranged for Elected Members.

**Wilma Bain**

**Corporate Director – Education, Communities and Organisational Development**

## 4.0 BACKGROUND

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

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

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

4.3 At its meeting on 17 November 2015, the Policy and Resources Committee agreed to receive a report on the LGBF 2014/15 when the indicators had been published and analysed and the Council's performance in relation to other Scottish local authorities was known; this report fulfils that remit.

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4.4 Inverclyde Council currently reports on 49 LGBF indicators (excluding housing). The measures are intended to act as a corporate 'can opener' i.e. they should help local authorities identify issues that merit further investigation, share good practice and drive forward improvement. Grouped under the following headings, the indicators' focus is on costs, outputs and customer satisfaction:

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

4.5 When interpreting the data, it is vital to remember that there will be legitimate variations in performance based on local policy choices, demographic profile, social and economic conditions and other local factors. A council's policies and priorities, its structure and business processes, together with service user expectations, will also have an impact. The performance achievements of local authorities may therefore be different, not because they are better or poorer performers, but because they may have different priorities for communities, demands and pressures are different or the local authority may simply operate in a different way.

4.6 Data on costs should be considered alongside outcome and performance data i.e. understanding the spend data in major service areas and the context that those services operate in and how those factors affect spend, for example, levels of deprivation.

4.7 Information on the following Children's services indicators is not available for 2013/14 or 2014/15:

- % of pupils gaining 5+ Awards at Level 5
- % of pupils from deprived areas gaining 5+ Awards at Level 5 (SIMD).

The most up-to-date information on these indicators was included in the 2013/14 version of this report which was considered by the Policy and Resources Committee on 24 March 2015. Given that no new information is available since that report and there is no value in repeating the details which have already been reported, these indicators

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24.3.15  
Para 229

have not been included in the Appendix.

Additionally, information on the following indicators is not currently available but will be updated in the Framework when it is published by the Scottish Government:

- The gross cost of 'children looked after' in residential-based services per child per week
- The gross cost of 'children looked after' in a community setting per child per week
- Balance of care for looked after children: % of children being looked after in the community.

However, comprehensive information on other children's services indicators is available from the Statutory and Key Performance Indicators Annual Report 2014/15 which was considered by the Policy and Resources Committee in November 2015.

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Para 756

4.8 In 2013/14, the Council reported on 45 LGBF indicators while in 2014/15, we are reporting on 49 measures. The reasons for the increased number of indicators are outlined in paragraphs 4.8-4.10.

4.9 The following indicator was not included in the LGBF 2013/14 but has been incorporated into the Framework for 2014/15, together with data from 2011/12 onwards:

- Sickness absence: the average number of working days per employee lost through sickness absence – teachers.

The relevant information is included in the Corporate services section of the Appendix.

4.10 The Improvement Service had previously removed the following indicators and replaced them with 'net cost' measures:

- Gross cost of waste collection per premises
- Gross cost per waste disposal per premises.

However, these two indicators were re-introduced to the 2014/15 Framework while the 'net cost' measures were retained; the relevant information is therefore included in the Environmental services section of the Appendix.

4.11 The Improvement Service had also previously removed the following indicator and replaced it with separate cost measures for trading standards and environmental health:

- Cost of trading standards and environmental health per 1,000 population.

However, the above indicator was re-introduced to the 2014/15 Framework while the separate cost measures for trading standards and environmental health were retained; again, the relevant information is included in the Environmental services section of the Appendix.

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

4.13 Finance Services' colleagues have highlighted the variations in methods that local authorities use to collect the data required for the LFR, given that this has implications for compiling and comparing data. This fact should be borne in mind when considering the data contained in the Appendix. To ensure councils are comparing like with like

regarding cost, further work is ongoing around the definitions of what should be included in each LFR category. Some of this will be addressed through LGBF Family Groups; the Council is participating in a number of these Groups around themes including Street Sweeping, Looked After Children and Museums. However, it should be noted that the Improvement Service has asked that the Family Groups focus more on service improvement rather than how the LFRs are calculated.

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

- % of adults satisfied with local schools
- % of adults satisfied with social care or social work services
- % of adults satisfied with libraries
- % of adults satisfied with parks and open spaces
- % of adults satisfied with museums and galleries
- % of adults satisfied with leisure facilities
- % of adults satisfied with refuse collection
- % of adults satisfied with street cleaning.

SOLACE and the Improvement Service recognise that there are issues with the data for the above indicators in terms of robustness and sample size, particularly for smaller councils like Inverclyde; for example, the sample size in 2014/15 for the above questions ranged between 100 and 250. In contrast, the Council's Citizens' Panel comprises 1,000 local residents, with response rates of around 60% for each questionnaire. Given concerns about the SHS, we include similar questions around satisfaction with Council Services in our Citizens' Panel surveys to allow us to gather comparable information from a source which has larger sample size. Customer satisfaction information from Citizens' Panel questionnaires is included in the Appendix, as appropriate.

It should be noted that the SHS is currently the only source of comparable customer satisfaction information available for all Scottish local authorities. The Improvement Service is investigating alternative sources of customer satisfaction measures that could provide more robust information at local authority level.

## **5.0 LOCAL GOVERNMENT BENCHMARKING FRAMEWORK INDICATORS 2014/15**

5.1 Paragraphs 5.2-5.9 provide details of the national and local performance of the LGBF 2014/15. Further details are included in the Appendix.

5.2 In 2014/15, Inverclyde Council ranked in the top two quartiles for just under half (49%) of our indicators, while 28.6% were in the third quartile and less than a quarter (22.4%) were positioned in the fourth quartile.

In 2013/14, we were in the top two quartiles for 55.6% of our indicators, while a fifth (20%) were in the third quartile and just under a quarter (24.4%) were in the fourth quartile.

Between 2013/14 and 2014/15, the national rankings of our indicators changed as follows:

Performance improved	49%
Performance maintained	16.3%
Performance declined	34.7%.

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

- CORP 5b2: Domestic noise complaints: the average time in hours between the time of the complaint and attendance on site, for those requiring attendance on site

The time taken in Inverclyde to attend on site for a noise complaint, for those complaints that required attendance on site, increased in 2014/15 from 0.7 hours to 2.2 hours. This resulted in our ranking going down seven places between 2013/14 and 2014/15, taking us from the first quartile to the 2nd one. However, our performance is still well below the national average of 58.9 hours. The range for this indicator is 0.4 hours-567.27 hours (West Dunbartonshire and Shetland respectively); the widely differing nature of out of hours services provided by local authorities accounts for this range.

- C&L5c: % of adults satisfied with museums and galleries

Satisfaction with museums and galleries fell slightly from 85% to 81% which is still 6% above the national average. Despite our ranking subsequently changing from 7th place to 8th place, we are still in the first quartile for this measure. Additionally, the results of the Council's Citizens' Panel survey showed that there are high satisfaction rates with the McLean Museum and Art Gallery. In the Spring 2015 questionnaire, the Museum was ranked top of the list of Council services that respondents were either satisfied or very satisfied with, attracting a score of 87%.

- ENV 2: Gross cost per waste disposal per premise

In 2014/15, the gross cost of waste disposal in Inverclyde increased by £6.76 which resulted in our ranking dropping by three places to 8th. However, our cost for this measure is more than £16 below the national average and our ranking keeps us in the first quartile.

### 5.3 Children's services

This section of the 2014/15 Framework comprises seven indicators.

After falling during the previous four years, the costs per pre-school place nationally have increased in the last 12 months by 8.4%. This reflects the additional costs associated with the new entitlement introduced in The Children and Young People (Scotland) Act 2014. However, there has still been an 8.1% reduction in the cost per place since 2010/11. Locally, our cost per pre-school place increased by 7.6% in 2014/15 which means we are the most expensive local authority in Scotland for this measure.

Nationally, in both primary and secondary education, there has been a reduction in real costs per pupil since 2010/11 (10.8% and 4.1% respectively). Our cost per primary school pupil remained fairly steady between 2011/12 and 2013/14, then rose by just under 5% in 2014/15. There is a similar picture for secondary school pupils: very similar costs between 2011/12 and 2013/14, followed by an increase of 5.4% in 2014/15.

Scotland-wide, there has been a 6.3% increase in the number of pupils achieving 5+ Awards at Level 6 since 2010/11; in Inverclyde, we saw an increase of 7.9% in the number of our pupils who achieved 5+ Awards at Level 6 during 2014/15.

In terms of positive destinations for pupils, nationally, there was 4% increase in young people entering positive destinations when leaving school (a rise from 88.9% to 92.9%). We saw a small increase (0.3%) for this measure, which placed us 1.4% above the national average.

Nationally, continued progress is being made in relation to attainment for pupils in the 20% most deprived communities, where attainment of 5+ Awards at Level 6 increased from 12.6% to 12.8% in the last 12 months. In Inverclyde, there was a very small reduction (0.43%) for this measure; however, we are just 1.29% below the national

average.

On a Scotland-wide basis, satisfaction with schools has fallen for the second year in a row, reducing from 81% to 79% in the past 12 months. Locally, however, there was a slight increase (4%) in our scoring for this measure. This improvement resulted in a seven place increase in our national ranking, taking us from the 2nd quartile to the 1st quartile. Inverclyde is also well above the Scottish average for satisfaction with local schools.

#### 5.4 Corporate services

This section of the 2014/15 Framework comprises nine indicators.

In relation to overall council corporate and support costs, these continue to account for only 5% of total gross revenue spend for local government across Scotland. There has been a 14.4% real terms decrease in costs of the democratic core per 1,000 population since 2010/11. Scotland-wide, the cost per dwelling of collecting Council Tax has reduced by 26% over the five year period with the rate of reduction increasing in the past two years. Increased use of new technology underpins the reduction in costs for many councils. Locally, the cost of collecting Council Tax per dwelling reduced in 2014/15 by £2.32, falling to its lowest level since 2011/12.

At the same time as a reduction in unit costs, the national Council Tax collection rate remains high and has shown steady improvement from 94.7% in the base year to 95.5% in 2014/15. We also saw a small increase in our collection rate to 94.8% which resulted in our national ranking improving by three places to 22nd position, taking us from the 3rd quartile to the 2nd one. However, it should be noted that the range for this indicator is very small: 93.29%-98.27% (Dundee City and Perth and Kinross respectively); this indicates that all councils have a similar percentage for this measure with only a 4.98% difference between the best and poorest performing local authorities.

Nationally, there has been continued improvement in relation to ensuring equal pay opportunities across genders, with an increase in the percentage of women in the top 5% earners in councils from 46% to 52% between 2010/11 to 2014/15. In 2014/15, Inverclyde Council also had an increase in the percentage of the highest paid 5% of employees that are women; this improvement resulted in our national ranking improving by two places.

On a national basis, the average number of days lost through sickness for both teachers and all other local government employees has risen and fallen on an alternate basis since 2010/11. In Inverclyde, however, the number of days lost due to sickness absence for teachers reduced year-on-year during the same period, with last year's figure our lowest to date. The improved performance of this measure in 2014/15 resulted in a substantial increase in our national ranking – from 32nd place to 18th place – which took us from the 4th quartile to the 3rd one for the first time.

In 2014/15, the number of days we lost due to sickness for all other employees also fell – by 0.78% - resulting in an improvement of nine places in our national ranking, which changed our placing from the 4th quartile to the 3rd one.

#### 5.5 Adult social care

This section of the 2014/15 Framework comprises five indicators.

Nationally, there has been an increase in the percentage of people with intensive needs who are being cared for at home; this reflects the local picture where we saw an increase of 1.8% for this indicator between 2013/14 and 2014/15 to 34.4%.

On a Scotland-wide basis, home care costs per hour for over 65s have fallen by 7.2% in the past five years. In Inverclyde, our home care costs per hour (for those aged 65 and



over) also fell (by £4.53) in 2014/15. This means that Inverclyde's home care costs per hour are the lowest in Scotland and £7.22 less than the national average. Detailed information on how this indicator is calculated is provided in the Appendix.

Nationally, residential care costs per place for over 65s (net) have decreased by 3.3% since 2012/13, although in the last 12 months they have increased very slightly by 0.3%. Our net cost of residential care for older adults (65+) per week fell - by £35.21 - in 2014/15. This resulted in an improvement of five places in our national ranking, taking us into the first quartile. Inverclyde's cost is also £55.55 lower than the national average.

Councils across the country have continued to succeed in improving the balance of older people with intensive needs being cared for at home i.e. from 32.2% in 2010 to 35.6% in 2014/15, with the rate of improvement increasing during the past 12 months. This growth to a large degree reflects new demand to the system resulting from demographic change rather than a transferral from residential care. In Inverclyde, the percentage of people aged 65+ with intensive needs receiving care at home also increased slightly during 2014/15 to 34.4%. Our national ranking therefore changed from 21st place to 19th out of the 32 Scottish local authorities.

Scotland-wide, in terms of self-directed support, the proportion of spend allocated via Direct Payments and Managed Personalised Budgets has increased year-on-year in the past five years: there has also been an increase of 5.3% from 1.6% in 2010/11 to 6.9% in 2014/15. The majority of this growth occurred in Glasgow which was part of a national project to drive increases in Direct Payments. In Inverclyde, self-directed support spending on adults aged 18+ as a percentage of total social work spend on adults 18+ reduced by 0.11% in 2014/15; our ranking subsequently changed from 29th to 31st. Self-directed support spending in Inverclyde remains quite far below the Scottish average.

On a national basis, the percentage of adults satisfied with social care/social work services has decreased year-on-year since 2010/11; satisfaction dropped from 62% in that year to 51% in 2014/15 which represents the lowest of the satisfaction measures included in the most recent LGBF. While satisfaction with local social care or social work services fell by 15% in 2014/15 to 58%, our figure is still higher than the national average. Additionally, the Council's Spring 2015 Citizens' Panel survey asked respondents to rate how satisfied they were with local social care or social work services; the score was 64%, 6% higher than the figure provided by the LGBF 2014/15.

## 5.6 Culture and leisure services

This section of the 2014/15 Framework comprises eight indicators.

Across culture and leisure services at a Scotland-wide level, costs per visit/attendance have significantly reduced since 2010/11. Nationally, substantial increases in visitor numbers for sports (15.9%), libraries (28.6%) and museums (33.8%) have been achieved against a backdrop of a 15% reduction in gross expenditure, although the growth in visitor numbers for libraries and sports facilities has slowed in the past 12 months.

Inverclyde's cost per attendance at sport facilities decreased in 2014/15, following a year-on-year increase since 2011/12. Our costs for this indicator are around half the Scottish average and we are now in the first quartile in the national rankings, an improvement of eight places.

Our cost per library visit fell slightly in 2014/15 which resulted in our national ranking improving by one place. Inverclyde's cost per visit to the Museum also fell slightly in 2014/15 which meant our national ranking improved by three places.

Customer satisfaction rates for all culture and leisure facilities, except parks, have fallen in the last 12 months nationally. However, the percentage of adults satisfied with leisure facilities in Inverclyde improved during the same period, as did the percentage of adults satisfied with local parks and open spaces. The percentage of adults satisfied with libraries and with museums and galleries in Inverclyde both decreased, a position which reflects the national picture for these measures.

## 5.7 Environmental services

This section of the 2014/15 Framework comprises 17 indicators.

Against an overall 14% reduction in gross expenditure on environmental services, councils have largely succeeded in maintaining or improving performance levels in relation to recycling, street cleanliness, roads condition and satisfaction.

Recycling rates continue to improve across Scotland from 41% in 2011/12 to 42.8% in 2014/15 as efforts are made to achieve Scotland's Zero Waste 60% household waste recycling target by 2020. Inverclyde's recycling performance improved by 1.34% in 2014/15, putting us in first place in the rankings and 14% above the national average.

While the national combined net costs of waste management per premise (collection plus disposal) have reduced by 0.1% since 2012/13, there has been a shift in costs from waste disposal to waste collection. This indicates an increased investment in collection infrastructure which is being largely offset by the savings made through avoiding landfill taxes. Our gross cost of waste collection is among the lowest in the country and well below the Scottish average (by £24.75). Inverclyde's net cost of waste collection is also among the lowest in Scotland and considerably below (by £27.26) the Scottish average. We are therefore in the first quartile for both these indicators.

Nationally, street cleaning costs per 1,000 population have reduced by 25.6% since 2010/11. However, local street cleaning costs rose by £1,759.72 between 2013/14 and 2014/15; this resulted in a drop in our national ranking of four places to 27th which puts us in the 4th quartile. Our street cleaning costs are also £2,676.75 higher than the Scottish average.

Since 2010/11, national satisfaction levels with cleanliness have improved from 73% to 74% indicating effort has been made to protect key areas of public concern even in the context of reducing budgets. In the past 12 months, there has however been a small reduction in the national average cleanliness score, which has dropped from 96.1% to 93.9%. Inverclyde's performance for this indicator reduced by 2.14%; despite this, our ranking improved by one place from 20th to 19th and our score is just 0.24% short of the national average.

Scotland-wide, roads maintenance costs per km have reduced in real terms by 28.1% since 2010/11 and 14.2% since 2011/12 (adjusting for the particularly bad Winter in 2010/11). Inverclyde's cost per kilometre of roads maintenance reduced by £1,723.39 in 2014/15. Despite this improvement, however, there is no change in our national ranking for this indicator (32nd). Our costs are still the most expensive in Scotland and £18,618.28 more than the Scottish average. The primary reason for our high costs is the substantial investment the Council is putting into our roads to bring them back to a steady state condition. Without this investment, our long term investment requirements would be even greater had the Council not taken the action it did.

Since 2010/11, there has been improvement in the Scotland-wide condition of the roads network in terms of Class A and unclassified roads, and only very slight deterioration in Class B and C roads. However, there has been a reduction in the percentage of all classes of Inverclyde's roads (A, B, C and unclassified) which require maintenance treatment; these improvements resulted in a corresponding improvement in our national ranking for all four of these measures. The increased performance of every roads maintenance indicator reflects the investment made via our Roads Asset Management

Plan which allowed us to increase the percentage of carriageways that we reconstructed/resurfaced in 2014/15 by more than one third. These improvements are particularly pleasing given that, as the roads condition indicators are averaged over a two year rolling period (with four years for unclassified roads), it can take time for the effect of investment to feed into the measures. The enhanced performance of these indicators is therefore a considerable achievement for the Council.

## 5.8 Corporate assets

This section of the 2014/15 Framework comprises two indicators.

We have seen a year-on-year improvement in both the proportion of Inverclyde's operational buildings that are suitable for current use and the proportion of the internal floor area of our operational buildings that is in a satisfactory condition.

The proportion of operational buildings that are suitable for their current use has gone up by four places in the national ranking, taking us into the first quartile. Additionally, the difference between Inverclyde's performance and the top performing local authority for this measure is only 6.65%.

For the indicator which measures the proportion of the internal floor area of our operational buildings that are in a satisfactory condition, our performance improved by 1.67% which in turn improved our ranking by four places.

Performance for both corporate assets indicators is also comfortably above the Scottish average.

## 5.9 Economic development

This section of the 2014/15 Framework comprises one indicator.

Since 2012/13, the Scotland average for the percentage of unemployed people assisted into work from council funded/operated employability programmes rose from 9.6% to 14.2% of the total unemployed.

Inverclyde Council is the top performing local authority in Scotland in terms of unemployed people who have been assisted into work from Council operated/funded employability programmes; at 25.18%, our score for this indicator is almost 11% higher than the national average. In 2014/15, our performance for this measure improved by 2.87% which in turn increased our ranking from 3rd place to 1st place.

## 6.0 IMPLICATIONS

### 6.1 Financial Implications - One off Costs

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

Financial Implications - Annually Recurring Costs/(Savings)

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

### 6.2 Human Resources: There are no direct human resources implications arising from this report.

- 6.3 Legal: The Council is required to publish the LGBF Indicators as part of its statutory obligation for public performance reporting.
- 6.4 Equalities: There are no direct equalities implications arising from this report.
- 6.5 Repopulation: Provision of Council Services which are subject to close scrutiny with the aim of delivering continuous improvement for current and potential citizens of Inverclyde support the Council's aim of retaining and enhancing the area's population.

## **7.0 CONSULTATION**

- 7.1 Council Services were asked to verify the LGBF 2014/15 and provide commentaries regarding service performance.

## **8.0 CONCLUSION**

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

## **9.0 LIST OF BACKGROUND PAPERS**

- 9.1 Statutory and Key Performance Indicators Annual Report 2014/15 – report to the Policy and Resources Committee on 17 November 2015

SOLACE Improving Local Government Benchmarking Framework 2013/14 – report to the Policy and Resources Committee on 24 March 2015



## SOLACE Improving Local Government Benchmarking Framework 2014/15

Inverclyde Council has a statutory duty to capture and record how well it performs in relation to a wide range of performance information.

The Council's performance regarding the Society of Local Authority Chief Executives Local Government Benchmarking Framework (LGBF) Indicators 2014/15, as set out in Audit Scotland's Statutory Performance Indicators (SPI) Direction 2014 under SPI 3, is presented in this Appendix.

The LGBF indicators provide details of the Council's performance across a range of areas compared to the Scottish average, together with our ranking in relation to the other 31 Scottish local authorities. Further information on the LGBF Indicators is available here: [🏠 Improvement Service - LGBF 2014/15](#) and here: [🏠 My Local Council - Inverclyde](#).

To find out more about the Council's performance, visit [🏠 Inverclyde Council's Performance](#).

**SOLACE Improving Local Government Benchmarking Framework 2014/15**

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## SOLACE Improving Local Government Benchmarking Framework 2014/15

### Children's services

		Change in rank 2013/14-2014/15	
<b>CHN1</b>	Cost per primary school pupil	●	↓ red - declining
<b>CHN2</b>	Cost per secondary school pupil	●	↓ red - declining
<b>CHN3</b>	Cost per pre-school education registration	●	↓ red - declining
<b>CHN5</b>	% of pupils gaining 5+ Awards at Level 6	●	↑ green - improving
<b>CHN7</b>	% of pupils from deprived areas gaining 5+ Awards at Level 6 (SIMD)	●	↓ red - declining
<b>CHN10</b>	% of adults satisfied with local schools	●	↑ green - improving
<b>CHN11</b>	Proportion of pupils entering positive destinations	●	↓ red - declining

Children's services:  
7 indicators





## SOLACE Improving Local Government Benchmarking Framework 2014/15

There are several indicators regarding education costs that should be considered together:

- CHN1** Cost per primary school pupil
- CHN2** Cost per secondary school pupil
- CHN3** Cost per pre-school education registration

<b>CHN1: Cost per primary school pupil</b>							
<b>Inverclyde 2014/15</b>	<b>Ranking</b>	<b>Scotland</b>	<b>Local authority quartile</b>	<b>Change in rank 2013/14-2014/15</b>	<b>2013/14</b>	<b>2012/13</b>	<b>2011/12</b>
4,453.47	10th	4,653.31	2nd	↓ 5 places (5th)	4,278.44	4,279.48	4,284.05

<b>CHN2: Cost per secondary school pupil</b>							
<b>Inverclyde 2014/15</b>	<b>Ranking</b>	<b>Scotland</b>	<b>Local authority quartile</b>	<b>Change in rank 2013/14-2014/15</b>	<b>2013/14</b>	<b>2012/13</b>	<b>2011/12</b>
6,705.30	19th	6,593.46	3rd	↓ 7 places (12th)	6,357.92	6,252.12	6,386.75

<b>CHN3: Cost per pre-school education registration</b>							
<b>Inverclyde 2014/15</b>	<b>Ranking</b>	<b>Scotland</b>	<b>Local authority quartile</b>	<b>Change in rank 2013/14-2014/15</b>	<b>2013/14</b>	<b>2012/13</b>	<b>2011/12</b>
4,866.86	32nd	3,306.44	4th	↓ 1 place (31st)	4,521.71	4,922.71	4,195.86

## SOLACE Improving Local Government Benchmarking Framework 2014/15

### What the data tells us:

The data shows that our cost per primary school pupil increased slightly in 2014/15 which resulted in our ranking decreasing by five places to 10th, putting us in the second quartile. However, our figure is still below the national average. The range for this indicator is £3,887.43-£8,138.64 (Clackmannanshire and Eilean Siar respectively).

There was also a small increase in the costs per secondary school, putting us slightly higher than the Scottish average. Our ranking subsequently dropped by seven places to 19th. The range for this indicator is £5,577.60-£10,920.73 (Renfrewshire and Orkney Islands respectively).

Our costs per pre-school place rose in 2014/15 by £345.15, meaning we are the most expensive local authority in Scotland for pre-school registration. The range for this indicator is £2,165.97-£4,866.86 (Moray and Inverclyde respectively).

### Contextual information:

In 2011/12, the Council reclassified the costs relating to additional support needs (ASN) staff. All ASN support staff costs were centralised under ASN schools when the structure of Education changed; prior to this, the costs were recorded against primary and secondary schools. Following reclassification, costs per primary school and secondary school fell, whilst there was a corresponding increase in ASN costs of 27%. School amalgamations have also taken place, which would also have an impact on the costs per pupil. At the end of 2013, Inverclyde's entire secondary estate had undergone refurbishment and/or rebuild.

Costs per pre-school registration place can change each year depending on the uptake of pre-school education, whilst the staff costs remain relatively fixed. In 2012, there were three nurseries that were not included in the School Census, therefore the actual number of nursery places in 2012/13 was in fact higher than what is shown below. If these nurseries had been included in the Census, our costs in 2012/13 would have been lower than reported. The table below shows how the expenditure costs and uptake of places has changed over the period 2010/11 to 2014/15:

Year	Expenditure	Places	Cost per place
2010/11	£6,963,000	1,390 places	£5,009
2011/12	£6,084,000	1,450 places	£4,196
2012/13	£6,276,000	1,268 places	£4,949
2013/14	£6,384,000	1,412 places	£4,521
2014/15	£7,000,000	1,432 places	£4,888

## **SOLACE Improving Local Government Benchmarking Framework 2014/15**

Best Value is continually being monitored; for example, the Council has changed some 52-week establishments to term-time establishments to maintain cost effectiveness. The costs relating to additional support needs are recorded against the Early Years budget which is different from Primary and Secondary budgets. Additionally, posts such as Family Support Workers and Bus Escorts are also recorded against the Early Years budget. It should also be noted that, in Inverclyde, Early Years Education and Childcare Officers are paid at a higher rate than neighbouring local authorities. Finally, the historic £400,000 underspend also inflates the cost per place; this underspend relates to the admissions process and is being corrected in 2016/17.

### **Next steps:**

Early Years continues to be a strategic priority within the Early Years Collaborative. The Council is also planning ahead for the significant expansion of hours in August 2020. Policy direction is in investment/early intervention and in resource heavy areas. This will not lower per placement costs.

## SOLACE Improving Local Government Benchmarking Framework 2014/15

**CHN5** % of pupils gaining 5+ Awards at Level 6

<b>CHN5: % of pupils gaining 5+ Awards at Level 6</b>							
<b>Inverclyde 2014/15</b>	<b>Ranking</b>	<b>Scotland</b>	<b>Local authority quartile</b>	<b>Change in rank 2013/14-2014/15</b>	<b>2013/14</b>	<b>2012/13</b>	<b>2011/12</b>
<b>25.84</b>	<b>25th</b>	<b>29.26</b>	<b>4th</b>	<b>↑3 places (28th)</b>	<b>23.95</b>	<b>26.28</b>	<b>24</b>

### What the data tells us:

In 2014/15, there was an increase of 1.89% in the number of S6 pupils that attained five or more Awards at Level 6. This resulted in an improvement of three places in our national ranking, from 28th to 25th. The range for this indicator is 21.08%-57.64% (Glasgow City and East Renfrewshire respectively).

### Contextual information:

In 2013/14, the parameters for sitting Level 5 exams changed compared to previous years so information cannot be readily compared to the previous figures. However, comparisons can meaningfully be made between the 2013/14 and 2014/15 figures.

The attainment of our young people is a fundamental, ongoing priority for Inverclyde Council. Below this high level indicator there are additional priority areas for our local attention in attainment (i.e. attainment of looked after young people). The percentages are broadly similar. Differentiations exist year-on-year with such measures as cohorts differ in ability levels. Detailed local analysis at school/stage level has identified areas and subjects where additional support is required to build on the previous results at Standard Grade. Performance in this area is both monitored and benchmarked and this will continue.

It should be noted that for this measure – and indeed every educational attainment measure - the Council outperforms its 'virtual comparators'. Our virtual comparators comprise pupils from schools in other local authorities who have similar characteristics to the pupils in Inverclyde schools. The virtual comparator is a measure where, for every one pupil in our statistics, information is gathered relating to 10 similarly attaining students from across Scotland. For example, a school subject taken by 35 students would be compared to 350 pupils of similar ability. Therefore, to outperform our virtual comparators is a good measure of how well the Council is performing against a much larger group of students. Further, the process allows us to see how our pupils' performance compares to a similar group of pupils from across the country; it also helps us undertake self-evaluation and improvement activities.

## **SOLACE Improving Local Government Benchmarking Framework 2014/15**

### **Next steps:**

Benchmarking takes place nationally and with our virtual comparators, using the Insight tool.

## SOLACE Improving Local Government Benchmarking Framework 2014/15

**CHN7** % of pupils from deprived areas gaining 5+ Awards at Level 6 (SIMD)

<b>CHN7: % of pupils from deprived areas gaining 5+ Awards at Level 6 (SIMD)</b>							
<b>Inverclyde 2014/15</b>	<b>Ranking</b>	<b>Scotland</b>	<b>Local authority quartile</b>	<b>Change in rank 2013/14-2014/15</b>	<b>2013/14</b>	<b>2012/13</b>	<b>2011/12</b>
<b>11.46</b>	<b>17th</b>	<b>12.75</b>	<b>3rd</b>	<b>↓3 places (14th)</b>	<b>11.89</b>	<b>12.53</b>	<b>11.45</b>

### What the data tells us:

There was a very small reduction (0.43%) in the percentage of pupils from the 20% most deprived areas who gained 5+ Awards at Level 6. Despite this improvement, our ranking dropped by three places which resulted in Inverclyde moving from the 2nd quartile to the 3rd quartile for this performance measure. However, we are just 1.29% below the national average. The range for this indicator is 5.65%-26.05% (Stirling and East Dunbartonshire respectively).

### Contextual information:

Inverclyde consistently performs well in terms of educational attainment, given the socio-economic context of the area. We have a high percentage of children living in Scottish Index of Multiple Deprivation (SIMD) areas, however, Inverclyde continues to perform well in comparison to other local authorities.

Allocation of support staff in schools is now done on the basis of a weighted, multi-variable analysis, to ensure that, across a number of relevant factors, support is placed where there is greatest need. The SIMD is a significantly weighted factor in this exercise.

SIMD analysis is now interrogated via the Council's Insight ICT system, alongside SIMD profiling of school populations.

### Next steps:

Establish benchmarking and measures of attainment/achievement in the context of the Curriculum for Excellence qualifications.

## SOLACE Improving Local Government Benchmarking Framework Indicators 2014/15

**CHN10** % of adults satisfied with local schools

CHN10: % of adults satisfied with local schools							
Inverclyde 2014/15	Ranking	Scotland	Local authority quartile	Change in rank 2013/14-2014/15	2013/14	2012/13	2010/11
88	7th	79	1st	↑7 places (14th)	84	87	79

### What the data tells us:

The data is sourced from the Scottish Household Survey and shows that there has been a slight increase (4%) in the satisfaction level with schools in Inverclyde. This improvement resulted in a seven place increase in our national ranking, taking us from the 2nd quartile to the 1st quartile. Inverclyde is also well above the Scottish average for satisfaction with local schools.

### Contextual information:

Inverclyde Council has a £270 million schools programme which is delivering new and refurbished schools across the entire school estate. Our schools have received praise at a national and international level, for example:

- The Scottish Government included two new build schools on their School Estate Project Case Study material highlighting these as good practice.
- Newark Primary School was shortlisted for the Scottish Design Awards for Best Public Building.
- Inverclyde Academy was the first UK school to have a 50kw wind turbine to help reduce energy costs and CO2 emissions. The Scottish Government praised the school for good practice in consultation and its innovative design.
- The architects of Inverclyde Academy won two prizes in the International Green Apple Awards.
- The Port Glasgow Community Campus received a commendation as part of the 2015 Civic Trust Awards.

## **SOLACE Improving Local Government Benchmarking Framework Indicators 2014/15**

We measure how satisfied Inverclyde citizens are with Council services through our Citizens' Panel surveys. The question about satisfaction with local schools was last asked in the Panel survey carried out in Spring 2015. The results showed that education and schools ranked in the top four of Council services.

### **Next steps:**

The Council has completed the renewal and refurbishment of the entire secondary and additional support needs (ASN) estate with the primary school refurbishment programme ongoing. This programme of works, combined with the closure of a significant number of poor quality buildings, has resulted in a significant improvement in the condition, suitability and sufficiency of the school estate. As this progresses, we would expect satisfaction with the schools estate to continue to increase.



## SOLACE Improving Local Government Benchmarking Framework Indicators 2014/15

**CHN11:** Proportion of pupils entering positive destinations

<b>CHN11: Proportion of pupils entering positive destinations</b>							
<b>Inverclyde 2014/15</b>	<b>Ranking</b>	<b>Scotland</b>	<b>Local authority quartile</b>	<b>Change in rank 2013/14-2014/15</b>	<b>2013/14</b>	<b>2012/13</b>	<b>2011/12</b>
<b>94.3</b>	<b>9th</b>	<b>92.9</b>	<b>2nd</b>	<b>↓3 places (6th)</b>	<b>94</b>	<b>94.9</b>	<b>94.8</b>

### What the data tells us:

In 2014/15, there were 793 school leavers in Inverclyde, three less than in 2013/14. The data shows that there was a small increase (0.3%) in the percentage of Inverclyde pupils who entered a positive destination (for example, further or higher education, employment or training) after leaving school. Inverclyde remains one of the best performing authorities in Scotland; despite this, we dropped three places in the national ranking. However, it should be noted that our figure for this measure remains above the Scottish average which has increased year-on-year as authorities become better at assisting their school leavers into positive destinations. The range for this indicator is 89.4%-96.7% (West Dunbartonshire and East Dunbartonshire respectively).

### Contextual information:

This is a priority improvement area for the Council. In 2003, Inverclyde ranked 31 out of 32 authorities for positive destinations and improvements have been achieved since then. 2014/15 was the sixth consecutive year in which Inverclyde's School Leaver Destination Result (SLDR) statistics once again showed no 'unknown' young people (now referred to as 'not known'). This means that all school leavers are known to Skills Development Scotland (SDS), who will continue to track and provide further support to them. We are the only local authority area in Scotland to have reported no 'unknowns' in all SLDR exercises and in all SLDR follow-up exercises since 2009/10.

## SOLACE Improving Local Government Benchmarking Framework Indicators 2014/15

Inverclyde Council SLDR 2014/15 (Initial destination percentages)											
School	Total Leavers	Higher Education (%)	Further Education (%)	Training (%)	Employment (%)	Voluntary Work (%)	Activity Agreements (%)	Unemployed Seeking (%)	Unemployed Not Seeking (%)	Unknown (%)	Total Positive (%)
<b>Inverclyde Council</b>	<b>793</b>	36.8	30.0	3.8	23.1	0.1	0.5	4.9	0.8	0.0	<b>94.3</b>
<b>Scotland</b>	<b>53,836</b>	38.3	27.8	3.8	21.7	0.4	0.9	5.4	1.1	0.5	<b>92.9</b>
<b>Difference LA to Scotland</b>		-1.5	2.2	0.0	1.4	-0.3	-0.4	-0.5	-0.3	-0.5	1.4

The success and improvement achieved in this measure is rooted firmly in successful partnership working and the establishment, then maintenance, of relationships and processes that facilitate effective working between partners in support of young people. In 2013/14 and 2014/15, support was provided by the Council's street mediators and community warden service which played a significant part in the early identification of young people; they also assisted Skills Development Scotland not only to find everyone, but to draw alongside a number of young people who indicated that they were not yet in positive destinations and provide them with support to help them take up opportunities they were previously unaware of.

In 2014/15, the percentage of leavers who are 'unemployed seeking' is 4.9%, 0.5% lower than in 2013/14, this is still 0.5% lower than the national average.

In September 2013, Inverclyde Council won an Association for Public Service Excellence award for its successful partnership working and the results achieved regarding positive school leaver destinations.

### Next steps:

2014 saw the introduction by the Scottish Government of 'Insight', a new online tool for secondary schools and local authorities to benchmark and improve the performance of pupils in the senior phase. Insight uses the school leaver destinations provided by SDS to the Scottish Government Education Analytical Services Division which uses a slightly different methodology for defining which school leavers Insight includes within its measured school leaver cohort.

For this transitional year in 2014, SDS used the same reporting methodology as previous years. By retaining this, they were able to report in a consistent method, familiar to users of their reports, and to provide year-to-year trend analysis on a like-for-like basis which was then used in the Local Government Benchmarking Framework.

## **SOLACE Improving Local Government Benchmarking Framework Indicators 2014/15**

During the transitional phase, it is important that users of the SLDR are aware that when data about leavers was released on Insight in February 2015, and published by the Scottish Government in June 2015, there were differences in the data, arising from the differences in the methodology used to define who is a school leaver. These changes are anticipated to be minor at a national level, although individual schools may see greater variations depending on the effects of the changes made by Insight to their definition of the leaver cohort.

A new experimental national measure, the Youth Participation Measure, is currently under review following the new development with the first report issued in August 2015 (the measurement date was April 2015). We are awaiting confirmation that the SLDR's current format will be the last and that the new reporting format will be issued in due course.

## SOLACE Improving Local Government Benchmarking Framework Indicators 2014/15

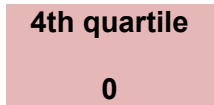
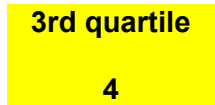
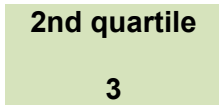
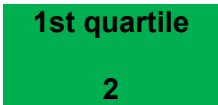
### Corporate services

		<b>Change in rank 2013/14-2014/15</b>	
<b>CORP 1</b>	Support services as a % of total gross expenditure	●	↔ amber - performance maintained
<b>CORP 2</b>	Cost of democratic core per 1,000 population	●	↓ red - declining
<b>CORP 3b</b>	Equal opportunities: % of the highest paid 5% employees that are women	●	↑ green - improving
<b>CORP 4</b>	Council Tax: the cost per dwelling of collecting Council Tax	●	↔ amber - performance maintained
<b>CORP 5b2</b>	Domestic noise complaints: the average time in hours between the time of the complaint and attendance on site, for those requiring attendance on site	●	↓ red - declining
<b>CORP 6a</b>	Sickness absence: the average number of working days per employee lost through sickness absence – teachers	●	↑ green - improving
<b>CORP 6b</b>	Sickness absence: the average number of working days per employee lost through sickness absence – all other employees	●	↑ green - improving
<b>CORP 7</b>	Council Tax: % of income due from Council Tax received by the end of the year	●	↑ green - improving

**SOLACE Improving Local Government Benchmarking Framework Indicators 2014/15**

<b>CORP 8</b>	Payment of invoices: % of invoices sampled that were paid within 30 days	●	↔ amber - performance maintained
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Corporate services:  
9 indicators



## SOLACE Improving Local Government Benchmarking Framework Indicators 2014/15

- CORP 1** Support services as a % of total gross expenditure  
**CORP 2** Cost of democratic core per 1,000 population

CORP 1: Support services as a % of total gross expenditure							
Inverclyde 2014/15	Ranking	Scotland	Local authority quartile	Change in rank 2013/14-2014/15	2013/14	2012/13	2011/12
3.02	2nd	5.07	1st	↔ no change	3.09	2.76	2.68

CORP 2: Cost of democratic core per 1,000 population							
Inverclyde 2014/15	Ranking	Scotland	Local authority quartile	Change in rank 2013/14-2014/15	2013/14	2012/13	2011/12
28,637.62	14th	30,687.79	2nd	↓1 place (13th)	28,003.98	29,995.04	32,062.61

### What the data tells us:

The data shows that Inverclyde has the 2nd lowest central support costs as a percentage of total gross expenditure. Our central support costs reduced very slightly (0.7%) between 2013/14 and 2014/15; this means we are more than 2% below the Scottish average. Our ranking is unchanged. The range for this indicator is 2.46%-8.15% (North Ayrshire and Eilean Siar respectively).

Our core democratic costs per 1,000 population increased in 2014/15 by £633.64 per 1,000 population. Our figure is still well below the Scottish average but our ranking is down by one place; however, we have retained our position in the second quartile. The range for this indicator is £14,839.47-£142,843.91 (North Lanarkshire and Orkney Islands respectively).

## SOLACE Improving Local Government Benchmarking Framework Indicators 2014/15

### Contextual information:

**Central support costs:** Central support costs are classed as overhead costs for services such as ICT, HR, Legal and Finance. An efficient organisation aims to keep overheads to a minimum. Concerns were raised by Finance Services colleagues that the gross expenditure for the years 2010/11 and 2011/12 may not be comparable: 2010/11 possibly included capital charges and International Accounting Standards (IAS) 19 adjustments, whilst from 2011/12 onwards, the gross expenditure figure is from the Local Finance Return and excludes capital charges and IAS 19 adjustments. This makes it difficult to comment when comparing our central support costs with other councils. However, we have been working to clarify how the financial information is captured to provide a consistent approach and enable comparisons to be more meaningful. Benchmarking takes place in support areas such as CIPFA accountancy benchmarking and the Society of IT Managers.

**Core democratic costs:** These costs are viewed as overhead costs for supporting the democratic process within the Council. The costs include the proportion of officers' time spent specifically supporting the democratic process, for example, preparing for and attending meetings, presentations and civic occasions. The costs also include elected members' salaries, allowances and support costs. A lower cost arguably reflects a more efficient democratic process within the organisation. There appears to be a significant increase in the Council's core democratic costs between 2010/11 and 2011/12; however, there was an error in the 2010/11 figure which was understated by approximately £671,000. If the revised figure were to be used, this would give a cost per 1,000 of £31,090, which is comparable to the 2011/12 figure of £32,063 which would have minimised the change in rank.

### Next steps:

We will continue to look for ways to improve efficiency in our support services as part of ongoing self-evaluation and continuous improvement with the aim of reducing overheads overall.

## SOLACE Improving Local Government Benchmarking Framework Indicators 2014/15

**CORP 3b** Equal opportunities policy: % of the highest paid 5% employees that are women

CORP 3b: Equal opportunities policy: % of the highest paid 5% employees that are women							
Inverclyde 2014/15	Ranking	Scotland	Local authority quartile	Change in rank 2013/14-2014/15	2013/14	2012/13	2011/12
50.63	13th	51.66	2nd	↑2 places (15th)	50	46.99	47.59

### What the data tells us:

The data shows that the percentage of employees in the highest 5% of earners that are female increased very slightly (0.63%); our national ranking subsequently increased by two places to 13th in Scotland. The percentage of female employees at Inverclyde Council that are in the highest 5% of earners is only 1.03% below the national average. The range for this indicator is 25%-61.11% (Shetland and Aberdeenshire respectively).

### Contextual information:

In 2014/15, there were 160 employees in the top 5% of earners within Inverclyde Council; of these, 81 were female. This information is drawn directly from the Council's electronic HR/Payroll management system.

The Council has robust equality management procedures in place. In addition, recruitment and selection procedures are equality impact-assessed to ensure that equality standards are met. Recruitment and selection procedures are subject to rigorous re-evaluation at regular intervals to ensure equality standards are maintained.

The gender split of Council employees is 73.88% female to 26.12% male. There is a disproportionate number of women working for the Council compared to the wider population of Inverclyde, which is 52% female and 48% male.



## **SOLACE Improving Local Government Benchmarking Framework Indicators 2014/15**

There continues to be occupational segregation within the Council (as occurs across the country) with more women in primary teaching, caring posts, cleaning and catering posts.

### **Next steps:**

The Council's Equalities Officer works with Council Services to further embed equalities within the day-to-day activities of the Council. The Equalities Officer will deliver face-to-face training across Council Services, focussing initially on impact assessment. Training is currently being developed on religion and belief and recruitment and selection procedures are currently being reviewed. Targeted guidance for Council Services is also being developed to assist particular service areas to respond to changes to legislation etc. Equality training is promoted amongst managers and employees and an on-line e-learning equality module is available.

Further assessment is required by Human Resources and Organisational Development of the split by gender of grades/salary, access to training opportunities and progression within the Council, to help to establish what is happening regarding occupational segregation and identify ways in which to tackle it.

## SOLACE Improving Local Government Benchmarking Framework Indicators 2014/15

There are two indicators regarding Council Tax that should be considered together:

**CORP 4** Council Tax: the cost per dwelling of collecting Council Tax

**CORP 7** Council Tax: % of income due from Council Tax received by the end of the year

<b>CORP 4: Council Tax: the cost per dwelling of collecting Council Tax</b>							
Inverclyde 2014/15	Ranking	Scotland	Local authority quartile	Change in rank 2013/14-2014/15	2013/14	2012/13	2011/12
11.73	22nd	10.94	3rd	↔ no change	14.05	15.47	15.05

<b>CORP 7: Council Tax: % of income due from Council Tax received by the end of the year</b>							
Inverclyde 2014/15	Ranking	Scotland	Local authority quartile	Change in rank 2013/14-2014/15	2013/14	2012/13	2011/12
94.8	22nd	95.46	3rd	↑3 places (25th)	94.51	94.18	94.23

### What the data tells us:

The data shows a further improvement in Council Tax performance in 2014/15.

**Cost per dwelling of collecting council tax:** The cost of collecting Council Tax per dwelling reduced in 2014/15 by £2.32, falling to its lowest level since 2011/12, however our national ranking remained at 22. The decrease in the cost of Council Tax collection is mainly due to a reduction in accommodation costs and an increase in Scottish Water Service Level Agreement income received in the year. The costs for this indicator range from £4.28 in Fife to £24.57

## SOLACE Improving Local Government Benchmarking Framework Indicators 2014/15

in Eilean Siar. The cost is fairly reflective in terms of the level of resource required to collect Council Tax, particularly due to the demographics in the Inverclyde area combined with the high Benefit caseload.

**Percentage Council Tax collected:** The percentage of income from Council Tax received by the end of the year increased very slightly by 0.29% from 2013/14 levels. This resulted in our national ranking improving by three places to 22nd position, taking us from the 3rd quartile to the 2nd one. The range for this indicator is very small: 93.29% in Dundee City to 98.27% in Perth and Kinross. This indicates that all councils have a similar percentage for this indicator, with only a 4.98% difference between the best and poorest performing councils.

### Contextual information:

**Cost per dwelling of collecting Council Tax:** This is a key area for the Council as it involves revenue so we have to measure the collection levels against the cost. The cost of collection represents just 2.2% of the revenue collected. Due to the demographics of the area, officers need to ensure that the Debt Recovery Team is appropriately staffed. Whilst reductions in cost would reduce the cost per dwelling, it would likely have a far greater detrimental effect on revenue.

Cost per dwelling of Council Tax collection is a very small area of cost and savings have already been achieved. It is felt that it is not practical to reduce costs further. The Finance Service is confident that the indicator in relation to Inverclyde is accurate and has shown real term reductions in costs over the last few years.

Inverclyde Council's position in the rankings remains level with last year. As stated in previous years, it remains difficult to see how some councils can have such significantly lower costs. One possible explanation is that not all councils are submitting the same detail of costs. For example, if we did not count management costs and central support allocation then our costs would dramatically reduce. Therefore, there requires to be more inspection of the detail behind each council's calculation in order to ensure that a like-for-like comparison is made.

This is an indicator which is reviewed annually by the Directors of Finance and the consistency of reporting costs has been a matter of concern with the Chief Financial Officer and has been raised, but not resolved, amongst his peers.

## SOLACE Improving Local Government Benchmarking Framework Indicators 2014/15

While there is no formal benchmarking, the Directors of Finance statutory performance indicators are looked at each year and the Finance Service continually looks at best practice and reviews what areas are being charged to this measure. This area is therefore under constant review.

**Percentage of Council Tax income received by end of year:** This is an area that is constantly monitored and has been reported in the Environment, Regeneration and Resources Corporate Directorate Improvement Plan 2013/16 progress reports. Whilst there is no formal benchmarking, the Chief Financial Officer receives monthly briefings on this area of performance which has been benchmarked since 1993. Performance is regularly reviewed with the Council's debt management partner. A good practice guide issued by the Directors of Finance has been reviewed to identify areas of possible improvement. Previous detailed comparison with a number of councils with higher overall collection shows that Inverclyde out-performs these councils on a Band-by-Band basis and that housing tenure/values are a key influence on this measure.

It should also be noted that some councils report Council Tax collection levels using a methodology which inflates collection levels by 1-2% due to the way water and sewerage monies are allocated. While this is a truer way of reporting, if Inverclyde Council was to report in this way, we would show a higher collection figure. The Council's Chief Financial Officer continues not to adopt this approach in order to be consistent with prior years.

Despite the continuing difficult economic climate, in-year Council Tax collections rose by 0.29%. This is testament to the hard work and commitment of the Council's revenue services and effective partnership working with the Council's debt management partner, Alex M and Company.

Inverclyde was involved in the pilot scheme for water deductions with the Department of Work and Pensions. The scheme proved to be successful and is now available for all Scottish councils to participate in.

Performance is consistently under review and fresh initiatives implemented where it is identified that collection levels could be improved. Finally, the current economic climate continues to make the collection of Council Tax a difficult task.

### **Next steps:**

The cost of collecting Council Tax is reviewed annually through Directors of Finance performance indicators. There is also ongoing monitoring to ensure efficiencies in processes are in place to drive costs down.

## **SOLACE Improving Local Government Benchmarking Framework Indicators 2014/15**

With regard to Council Tax collection rates, despite being fairly resource intensive, participation in the Water Direct Scheme with the Department of Work and Pensions will continue. This measure is monitored on a monthly basis. We will also continue to monitor and review performance and look for ways to maximise Council Tax income while keeping costs down.

Both indicators have been monitored and reported through performance reporting on the Environment, Regeneration and Resources Corporate Directorate Improvement Plan 2013/16.

## SOLACE Improving Local Government Benchmarking Framework Indicators 2014/15

**CORP 5b2** Domestic noise complaints: the average time in hours between the time of the complaint and attendance on site, for those requiring attendance on site

<b>CORP 5: Domestic noise complaints: the average time in hours between the time of the complaint and attendance on site, for those requiring attendance on site</b>							
<b>Inverclyde 2014/15</b>	<b>Ranking</b>	<b>Scotland</b>	<b>Local authority quartile</b>	<b>Change in rank 2013/14-2014/15</b>	<b>2013/14</b>	<b>2012/13</b>	<b>2011/12</b>
<b>2.2</b>	<b>14th</b>	<b>58.9</b>	<b>2nd</b>	<b>↓7 places (7th)</b>	<b>0.7</b>	<b>16.6</b>	<b>25.5</b>

### What the data tells us:

The data shows that the time taken to attend on site for a noise complaint, for those complaints that required attendance on site, increased in 2014/15 from 0.7 hours to 2.2 hours. This resulted in our ranking going down seven places between 2013/14 and 2014/15, taking us from the first quartile to the 2nd one. However, our performance is still well below the national average of 58.9 hours and indeed that of the poorest performing council's figure. The range for this indicator is 0.4 hours-567.27 hours (West Dunbartonshire and Shetland respectively); the widely differing nature of out of hours services provided by local authorities accounts for this range.

### Contextual information:

Changes were made to the way this performance indicator was recorded in 2013/14. Previously, the indicator was inflated by our inclusion of appointments made to suit the complainant where an immediate response was not required. We are now only including those where a quick response is required.

It is unlikely that further significant improvements can be made to this indicator without disproportionate expenditure.

## **SOLACE Improving Local Government Benchmarking Framework Indicators 2014/15**

### **Next steps:**

We will work further with the Association for Public Service Excellence to ensure that interpretations of the indicator are as consistent as possible.

## SOLACE Improving Local Government Benchmarking Framework Indicators 2014/15

**CORP 6a** Sickness absence: the average number of working days per employee lost through sickness absence – Inverclyde Council teachers

**CORP 6b** Sickness absence: the average number of working days per employee lost through sickness absence – all other Inverclyde Council employees

CORP 6a: Sickness absence: the average number of working days per employee lost through sickness absence – teachers							
Inverclyde 2014/15	Ranking	Scotland	Local authority quartile	Change in rank 2013/14-2014/15	2013/14	2012/13	2011/12
6.42	18th	6.28	3rd	↑14 places (32nd)	7.56	8.35	8.72

CORP 6b: Sickness absence: the average number of working days per employee lost through sickness absence – all other employees							
Inverclyde 2014/15	Ranking	Scotland	Local authority quartile	Change in rank 2013/14-2014/15	2013/14	2012/13	2011/12
11.11	19th	10.8	3rd	↑9 places (28th)	11.89	10.68	10.92

### What the data tells us:

The data shows an improvement in sickness absence rates for both teachers and all other employees.

The number of days lost due to sickness absence for teachers decreased by 1.14 days between 2013/14 and 2014/15, making last year's figure the lowest for this measure since the Local Government Benchmarking Framework was introduced in 2010/11. This improvement resulted in a substantial increase in our



## SOLACE Improving Local Government Benchmarking Framework Indicators 2014/15

national ranking - from 32nd place to 18th place - taking us from the 4th quartile to the 3rd quartile for the first time. The range for this indicator is 3.64 days-10.14 days (North Ayrshire and Clackmannanshire respectively).

The number of days lost due to sickness for all employees also fell - by 0.78% - resulting in an improvement of nine places in our national ranking, which changes our placing from the 4th quartile to 3rd one. The range for this indicator is 8.8 days-14.46 days (Orkney and West Dunbartonshire respectively).

### **Contextual information:**

Employee costs form a large proportion of the Council's budget and it is recognised that high levels of absence represent a significant cost that the Council must reduce. Through robust absence management procedures, the Council is endeavouring to support employees and reduce the level of absence. Although guidelines are available to all councils as to how data is collected and analysed, we continue to seek information to ensure we are comparing like-for-like as some councils operate manual absence recording systems and others electronic data collection.

The Council's Absence Management Strategy is under constant review to determine patterns of absence and ensure that resources are directed to areas where more support is required.

The Council is pleased with the improvement in both these indicators. Reasons for absence are analysed and, through working with colleagues in Council Services, targeted interventions are in place. In 2013/14, a series of absence 'frequently asked questions' sessions were arranged to assist managers to deal with absence cases more effectively.

The Council is committed to reducing the absence rate. As well as being an external statutory performance indicator, absence is an internal key performance indicator which is analysed quarterly and reported to the Policy and Resources Committee. Absence statistics are also submitted to service committees by all Council Services to allow scrutiny to be undertaken at a service committee level.

The Council works closely with its occupational health provider to ensure that absent employees are given the necessary support to enable them to return to work as soon as possible. Musculoskeletal issues and mental health-related illness represent the largest percentage of absence within the Council.

## **SOLACE Improving Local Government Benchmarking Framework Indicators 2014/15**

Strategies are now in place to have employees with these issues fast-tracked to HR so that support can be provided as quickly as possible. We also now have an on-line attendance management form which has made the escalation of absence cases to HR more efficient and easier for Council Services.

Council Services that have higher than average absence rates are targeted with HR support, as required. In addition, the Absence Management Policy is actively promoted within Services with higher levels of absence.

As a Council, we have moved to electronic data collection and pull all statistics from the Council's HR/Payroll management system. A challenging absence rate of nine work days per full-time equivalent employee has been set and the Council will continue to work to improve absence rates. Council Services have been given access to absence reports which allow them to monitor absence on a continuous basis, ensuring Services take ownership of absence. Directorates are also sent quarterly absence information as part of their quarterly Workforce Information Activity reports.

Collation and reporting of absence data was changed to bring it into line with the SOLACE indicators to enable continuous monitoring against the expected targets.

### **Next steps:**

The Council's Absence Management Policy is being reviewed and a new policy entitled 'Supporting Employee Attendance' is in development in consultation with the trades unions. This new document will also include detailed guidance for managers and employees on the application of the Policy. Appropriate training will be provided.

## SOLACE Improving Local Government Benchmarking Framework Indicators 2014/15

**CORP 8** Payment of invoices: % of invoices sampled that were paid within 30 days

<b>CORP 8: Payment of invoices: % of invoices sampled that were paid within 30 days</b>							
<b>Inverclyde 2014/15</b>	<b>Ranking</b>	<b>Scotland</b>	<b>Local authority quartile</b>	<b>Change in rank 2013/14-2014/15</b>	<b>2013/14</b>	<b>2012/13</b>	<b>2011/12</b>
<b>96.59</b>	<b>3rd</b>	<b>92.52</b>	<b>1st</b>	<b>↔ no change</b>	<b>96.3</b>	<b>96.03</b>	<b>95.59</b>

### What the data tells us:

The performance data shows that Inverclyde remains one of the top performing authorities for this measure. In 2014/15, the percentage of invoices that were paid within 30 days increased slightly by 0.29%. Our national ranking remained unchanged. Performance for this measure is 4.07% above the Scottish average. The range for this indicator is 77.16%-98.8% (Orkney Islands and Aberdeen City respectively).

### Contextual information:

The Council is constantly looking to see where it can improve efficiency and this is an area where the Council has made significant efficiencies in the past. The team has reduced in size as Council Services and Finance work together to maintain performance.

Like all areas within Finance, officers are constantly looking to see where efficiency can be improved.

This information is reviewed annually through the Directors of Finance performance indicators. Performance was also monitored on a monthly basis and reported through the Environment, Regeneration and Resources Corporate Directorate Improvement Plan 2013/16 progress reports.

## **SOLACE Improving Local Government Benchmarking Framework Indicators 2014/15**

### **Next steps:**

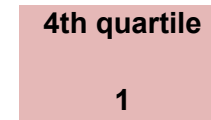
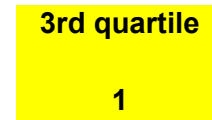
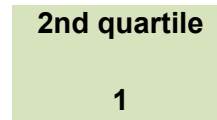
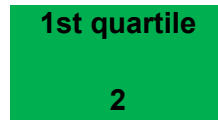
Our focus is to maintain performance and look to see where we can improve payment times to our local suppliers to 20 days rather than the statutory 30 days. Whilst this will not make a difference to this indicator, it will improve cash flow to local businesses.

## SOLACE Improving Local Government Benchmarking Framework Indicators 2014/15

### Adult social care

		Change in rank 2013/14-2014/15	
<b>SW 1</b>	Older persons (over 65) home care costs per hour	●	↑ green - improving
<b>SW 2</b>	Self-directed support spend on adults 18+ as a % of total social work spend on adults 18+	●	↓ red - declining
<b>SW 3</b>	% of people 65+ with intensive needs receiving care at home	●	↑ green - improving
<b>SW 4</b>	% of adults satisfied with social care or social work services	●	↓ red - declining
<b>SW 5</b>	Cost of residential care for older adults (65+) (average weekly cost per resident)	●	↑ green - improving

Adult social care:  
5 indicators



## SOLACE Improving Local Government Benchmarking Framework Indicators 2014/15

### SW 1 Older persons (over 65) home care costs per hour

SW1: Older persons (over 65) home care costs per hour							
Inverclyde 2014/15	Ranking	Scotland	Local authority quartile	Change in rank 2013/14-2014/15	2013/14	2012/13	2011/12
12.79	1st	20.01	1st	↑5 places (6th)	17.32	15.57	16.35

#### What the data tells us:

The data used to report this indicator comes from the annual Social Care Survey. The home care element of the return is based on the number of scheduled home care hours at one week in March each year. Scheduled hours vary from the actual hours delivered for a number of operational reasons (such as cancelled visits). The annual return data is aggregated up for this indicator to show an indicative number of total hours of home care delivered for the year for each local authority area. This means that the data used to calculate the average hourly rate is likely to be inflated. The figures reported here, based on the caveat explained above, show that home care costs per hour (for those aged 65 and over) fell by £4.53 in 2014/15. This would mean that Inverclyde's home care costs per hour are the lowest in Scotland and £7.22 less than the national average, when calculated against the national home care return data. The range for this indicator is £12.79-£31.18 (Inverclyde and Highland respectively). The average hourly rate for home care in Inverclyde, based on actual hours delivered in 2014/15 as measured by local, improved data reporting, is closer to £18.00 per hour which would place us towards the higher rankings when compared to other areas.

#### Contextual information:

Home care is a priority area for the Council to enact a shift in the balance of care and the move to rehabilitation and meeting the intensive needs of the client base. The number of people aged 65+ receiving home care rose from 1,096 in 2012/13 to 1,177 in 2013/14, before falling to 1,071 in 2014/15. In 2013/14, the number of scheduled hours of personal care for people 65+ was 8,636.76; this figure rose to 8,514.59 hours in 2014/15. Figures regarding actual care

## **SOLACE Improving Local Government Benchmarking Framework Indicators 2014/15**

hours are only available from 2014/15, using the Health and Social Care Partnership's (HSCP) new system which produces more routine and robust reports and improved data management of care at home services. We are routinely improving our recording and reporting of care at home so this improvement in data management and new system implementation accounts for the difference from previous reports, as well as the distinctions explained above between scheduled hours reporting and actual hours reporting.

Benchmarking continues to take place via the National Community Care Benchmarking Network and quarterly performance service reviews.

### **Next steps:**

We will continue to monitor performance through quarterly performance service reviews. Improved recording and reporting of home care data is a priority area for the HSCP.

## SOLACE Improving Local Government Benchmarking Framework Indicators 2014/15

**SW 2** Self-directed support spend on adults 18+ as a % of total social work spend on adults 18+

<b>SW 2: Self-directed support spend on adults 18+ as a % of total social work spend on adults 18+</b>							
<b>Inverclyde 2014/15</b>	<b>Ranking</b>	<b>Scotland</b>	<b>Local authority quartile</b>	<b>Change in rank 2013/14-2014/15</b>	<b>2013/14</b>	<b>2012/13</b>	<b>2011/12</b>
<b>1.04</b>	<b>31st</b>	<b>6.86</b>	<b>4th</b>	<b>↓2 places (29th)</b>	<b>1.15</b>	<b>0.95</b>	<b>0.8</b>

### What the data tells us:

The performance data shows self-directed support (SDS) spending on adults aged 18+ as a percentage of total social work spend on adults 18+ reduced by 0.11% in 2014/15; our ranking subsequently changed from 29th to 31st. Self-directed support spending in Inverclyde remains quite far below the Scottish average. The range for this indicator is 0.83%-32.27% (Dundee and Glasgow City respectively). It should be noted, however, that Glasgow was a test site for self-directed support.

### Contextual information:

This is a priority area for the Council in that The Social Care (Self-Directed Support) (Scotland) Act 2013 requires local authorities to offer people four choices on how they can get their social care. There has been a slow uptake in SDS in Inverclyde to date. The focus has been on the development of processes to ensure that people have been made aware of the options and that this is supported with fair and equitable access to services. Staff training is currently being undertaken to tie outcome-based assessments with the options for SDS. Robust resource allocations are being developed along with public information and briefing sessions for providers. Performance is monitored through quarterly performance service reviews and the SDS Implementation Group.



## **SOLACE Improving Local Government Benchmarking Framework Indicators 2014/15**

### **Next steps:**

The next step is further implementation of the legislation. Work will be undertaken to update the contract for option one and to develop an individual service framework for option two. Systems will be developed to capture activity information to track service changes to ensure they form a baseline for developing commission planning.

## SOLACE Improving Local Government Benchmarking Framework Indicators 2014/15

### SW 3 % of people 65+ with intensive needs receiving care at home

SW 3: % of people 65+ with intensive needs receiving care at home							
Inverclyde 2014/15	Ranking	Scotland	Local authority quartile	Change in rank 2013/14-2014/15	2013/14	2012/13	2011/12
34.4	19th	35.56	3rd	↑2 places (21st)	32.6	35.53	34.48

#### What the data tells us:

The performance data shows that the percentage of people aged 65+ with intensive needs receiving care at home increased slightly during 2014/15. Our national ranking has therefore changed from 21st place to 19th out of the 32 Scottish local authorities. The range for this indicator is 20.2%-51.44% (Fife and Dumfries and Galloway respectively).

#### Contextual information:

This is another priority area for the Council, to enact a shift in the balance of care and the move to rehabilitation and meeting the intensive needs of the client base. One concern highlighted in making comparisons with other councils is that the national population-based vulnerable profile is set at age 75+. In Inverclyde, this population is relevant at a lower age compared with the national age of 75+.

The intensive needs of home care clients will cause a shift in the balance of care because of the changes of service at this time. In the annual census of 2014, 1,228 of people aged 65+ were in receipt of 10,507 hours of personal care. This is an increase from 1,181 people from the previous year, however there was a slight increase in the number of hours (10,598 hours of personal care).

Performance is monitored through quarterly performance service reviews. Some benchmarking has been undertaken via the Scottish Community Care Benchmarking Network.

## **SOLACE Improving Local Government Benchmarking Framework Indicators 2014/15**

### **Next steps:**

To continue monitoring through quarterly performance reviews and focus on the action plan measures, as noted above.

## SOLACE Improving Local Government Benchmarking Framework Indicators 2014/15

### SW 4 % of adults satisfied with social care or social work services

SW 4: % of adults satisfied with social care or social work services							
Inverclyde 2014/15	Ranking	Scotland	Local authority quartile	Change in rank 2013/14-2014/15	2013/14	2012/13	2010/11
58	11th	51	2nd	↓6 places (5th)	73	66	67.1

#### What the data tells us:

Satisfaction data is extracted from the Scottish Household Survey (SHS). Satisfaction with social care or social work services fell by 15% in 2014/15 to 58%; however, our figure is still higher than the national average. Our national ranking also dropped, from 5th to 11th position. The range for this indicator is 39%-78% (Glasgow City and Falkirk respectively).

#### Contextual information:

There are concerns about the limitations of the data produced by the SHS, particularly for smaller councils. This has been recognised by SOLACE and the Improvement Service who advise that the use of SHS survey data is a short term measure.

The Council's Spring 2015 Citizens' Panel survey asked respondents to rate how satisfied they were with the services provided by the Council and the satisfaction level for social care or social work services was 64%, 6% higher than the figure provided by the SHS.

#### Next steps:

We will continue to monitor satisfaction with Health and Social Care Partnership services by analysis of feedback from service users and carers and of complaints and compliments.

## SOLACE Improving Local Government Benchmarking Framework Indicators 2014/15

### SW 5 Cost of residential care for older adults (65+) - average weekly cost per resident

SW 5: Cost of residential care for older adults (65+) - average weekly cost per resident							
Inverclyde 2014/15	Ranking	Scotland	Local authority quartile	Change in rank 2013/14-2014/15	2013/14	2012/13	2011/12
316.52	5th	372.07	1st	↑5 places (10th)	351.73	355.67	361.06

#### What the data tells us:

The data shows that our net cost of residential care for older adults (65+) per week fell by £35.21 in 2014/15. This resulted in an improvement of five places in our national ranking, taking us into the first quartile. Our cost is also £55.55 lower than the national average. The range for this indicator is £224.40-£908.46 (East Dunbartonshire and Orkney Islands respectively).

#### Contextual information:

This comes from, and is linked to, the other priority indicators in this set of Adult Social Care measures which is to positively impact and 'shift the balance of care' for this area of the population and to allow them to be cared for at home or in other community-based settings as opposed to permanent residential care settings.

#### Next steps:

Explore this further and conduct further in-depth analysis and benchmarking of the data.

## SOLACE Improving Local Government Benchmarking Framework Indicators 2014/15

### Culture and leisure services

		Change in rank 2013/14-2014/15	
<b>C&amp;L1</b>	Cost per attendance at sport facilities	●	↑ green - improving
<b>C&amp;L2</b>	Cost per library visit	●	↑ green - improving
<b>C&amp;L3</b>	Cost of museums per visit	●	↑ green - improving
<b>C&amp;L4</b>	Cost of parks and open spaces per 1,000 population	●	↓ red - declining
<b>C&amp;L5a</b>	% of adults satisfied with libraries	●	↓ red - declining
<b>C&amp;L5b</b>	% of adults satisfied with parks and open spaces	●	↑ green - improving
<b>C&amp;L5c</b>	% of adults satisfied with museums and galleries	●	↓ red - declining
<b>C&amp;L5d</b>	% of adults satisfied with leisure facilities	●	↑ green - improving

Culture and leisure  
services: 8 indicators

1st quartile

3

2nd quartile

0

3rd quartile

3

4th quartile

2

## SOLACE Improving Local Government Benchmarking Framework Indicators 2014/15

There are two indicators that should be considered together regarding sport and leisure facilities:

- C&L1** Cost per attendance at sport facilities  
**C&L5d** % of adults satisfied with leisure facilities

<b>C&amp;L1: Cost per attendance at sport facilities</b>							
Inverclyde 2014/15	Ranking	Scotland	Local authority quartile	Change in rank 2013/14-2014/15	2013/14	2012/13	2011/12
1.89	4th	3.68	1st	↑8 places (12th)	2.66	2.33	2.11

<b>C&amp;L5d: % of adults satisfied with leisure facilities</b>							
Inverclyde 2014/15	Ranking	Scotland	Local authority quartile	Change in rank 2013/14-2014/15	2013/14	2012/13	2010/11
89	3rd	76	1st	↑4 places (7th)	86	93	85

### What the data tells us:

The cost per attendance at sport facilities decreased by £0.77 in 2014/15, following a year-on-year increase since 2011/12. Our costs for this indicator are around half the Scottish average and we are now in the first quartile in the national ranking, an improvement of eight places. The range for this indicator is £0.73-£10.17 (East Ayrshire and South Ayrshire respectively).

## **SOLACE Improving Local Government Benchmarking Framework Indicators 2014/15**

Satisfaction data has been sourced from the Scottish Household Survey. The percentage of adults satisfied with leisure facilities is the third highest in Scotland, an improvement of four places. This reflects the significant investment in facilities in Inverclyde. The range for this indicator is 58%-96% (Dumfries and Galloway and Orkney Islands respectively).

### **Contextual information:**

The costs are largely set in consultation with Inverclyde Leisure and are therefore not solely in the Council's control.

Leisure services in Inverclyde are managed by Inverclyde Leisure on behalf of the Council. Leisure facilities have benefitted from significant investment which may have resulted in the high rates of satisfaction. In 2008, Inverclyde Council pledged £23 million over five years to deliver new and refurbished leisure facilities across Inverclyde which include a £6 million community stadium at Parklea in Port Glasgow and a £1.8 million refurbishment of Ravenscraig Stadium.

### **Next steps:**

The service will continue to look for opportunities to provide better value for money and deliver efficiencies on an ongoing basis.



## SOLACE Improving Local Government Benchmarking Framework Indicators 2014/15

There are two indicators that should be considered together regarding libraries:

**C&L2** Cost per library visit

**C&L5a** % of adults satisfied with libraries

<b>C&amp;L2: Cost per library visit</b>							
Inverclyde 2014/15	Ranking	Scotland	Local authority quartile	Change in rank 2013/14-2014/15	2013/14	2012/13	2011/12
3.50	18th	2.57	3rd	↑1 place (19th)	3.55	3.89	4.13

<b>C&amp;L5a: % of adults satisfied with libraries</b>							
Inverclyde 2014/15	Ranking	Scotland	Local authority quartile	Change in rank 2013/14-2014/15	2013/14	2012/13	2010/11
74	25th	77	4th	↓16 places (9th)	87	82	90.3

### What the data tells us:

The data shows that the cost per library visit fell slightly in 2014/15 which resulted in our national ranking improving by one place. The range for this indicator is £1.26-£7.66 (Edinburgh City and Orkney Islands respectively).

Satisfaction data has been extracted from the Scottish Household Survey. Satisfaction levels with libraries locally fell by 13% in 2014/15 meaning our ranking fell from 9th place to 25th, putting us in the fourth quartile. One reason may be the Central Library's move to smaller premises in January 2015; any possible

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impact on satisfaction levels is being closely monitored. For example, in July 2015, the results of a customer survey regarding the Central Library indicated high levels of satisfaction with key areas of its newly-refurbished site, together with a score of 86.4% regarding satisfaction with staff. The range for this indicator is 56%-94% (Scottish Borders and Orkney Islands respectively).

### **Contextual information:**

While the cost of running Inverclyde libraries compares well to all other authorities, our national ranking does not reflect this because of the relatively low number of visits which can be attributed to a variety of reasons: lower number of libraries than the Scottish average; smaller libraries than the Scottish average; all our libraries are stand-alone (many other authorities have them in schools, sports centres etc); and comparatively low levels of literacy in Inverclyde.

Extensive outreach activity in family centres, nurseries and schools by the Young People's Service Team is not reflected as the relevant data can be difficult to capture and reflect as a 'library visit'. These statistics will therefore not currently be evidenced within the context of the Local Government Benchmarking Framework.

Some costs are static and common to all authorities regardless of the size of the authority or service, for example, economies of scale. All of the councils with high costs per visit are small ones. Visitor figures include 'virtual visits'; however, as there is no standard definition of this, different authorities may be counting different things.

Inverclyde's library service continues to work hard to increase its visits figure and is pleased to see that the 15% increase in visits in 2012/13 continued through to 2013/14 with a 11.2% increase in visits; our visit figure also rose in 2014/15 to 401,807, an increase of 2.21%. This further decreases the costs per person.

The Council's Citizens' Panel survey showed that there are high positive satisfaction rates with Inverclyde libraries. In the Spring 2015 survey, libraries were rated highly on the list of Council services that respondents were either satisfied or very satisfied with, attracting a score of 81%.

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### **Next steps:**

Inverclyde Council's libraries service undertakes robust self-evaluation and each library has a service improvement plan in place. The libraries service also undertakes benchmarking with similar-sized authorities across the central belt of Scotland.

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There are two indicators which should be considered together regarding museums:

**C&L3** Cost of museums per visit

**C&L5c** % of adults satisfied with museums and galleries

<b>C&amp;L3: Cost of museums per visit</b>							
Inverclyde 2014/15	Ranking	Scotland	Local authority quartile	Change in rank 2013/14-2014/15	2013/14	2012/13	2011/12
4.72	17th	3.53	3rd	↑3 places (20th)	5.12	5.44	5.51

<b>C&amp;L5c: % of adults satisfied with museums and galleries</b>							
Inverclyde 2014/15	Ranking	Scotland	Local authority quartile	Change in rank 2013/14-2014/15	2013/14	2012/13	2010/11
81	8th	75	1st	↓1 place (7th)	85	81	75

### What the data tells us:

The data shows that the cost per visit to the Museum fell slightly in 2014/15 which meant our national ranking improved by three places. The range for this indicator is £0.20-£19.58 (Argyll and Bute and South Ayrshire respectively).

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Satisfaction data has been extracted from the Scottish Household Survey. The percentage of adults satisfied with museums and galleries fell slightly from 85% to 81% which is still 6% above the national average. Despite our ranking subsequently changing from 7th place to 8th place, when we are compared to all other Scottish councils, we are still in the first quartile for this measure. Additionally, the Council's Citizens' Panel survey showed that there are high positive satisfaction rates with the McLean Museum and Art Gallery. In the Spring 2015 survey, the Museum was ranked top of the list of Council services that respondents were either satisfied or very satisfied with, attracting a score of 87%.

### **Contextual information:**

The Museum provides a comprehensive service over a number of disciplines including fine art, local history and world cultures to local users and tourists along with providing extensive on-line collections information. The high quality collections include items of national and international importance. The Museum is one of Scotland's largest outwith the cities. Cities have a higher potential visiting population, so costs per visit for the McLean are relatively higher given the smaller local population which it serves directly. Inverclyde is not yet a fully developed tourist destination so the potential number of tourists visiting the area remains low. Given these influencing factors, a ranking of 17th out of 32 authorities for the cost per museum visit is reasonable (and an improvement of three places between 2013/14 and 2014/15). The Museum is a large Victorian standalone building but some other councils' museum services are housed within other Council buildings so the costs of looking after these buildings may not show up in their museum budgets; similarly some budgets used to fund certain museum services will be held centrally in some authorities.

The population in Inverclyde is declining although the rate of decline has slowed. The Museum currently does not have disabled access to the upper floors and this reduces potential audiences; a refurbishment programme is planned to address this issue and other access barriers throughout the building. The project also aims to modernise and improve all aspects of the service by working closely with library and archives colleagues and utilising digital platforms to the maximum. The upgraded facility will also take account of sustainability issues.

More explicit and unambiguous guidance on how to count 'virtual visits' is required. Inverclyde Council counts web sessions for collections pages but some authorities may be counting web hits, which will give an inflated figure.

Although there are very few local authority services of similar size and ambition to the Museum run by Inverclyde Council, an officer from the Museum takes part in a benchmarking group to share expertise and compare the performance of services. Those venues where the comparison is closest are organised,

## **SOLACE Improving Local Government Benchmarking Framework Indicators 2014/15**

managed and funded in different ways from the Museum, particularly those run by trusts. Many authorities have multiple sites as opposed to the McLean where the service is run from a single venue.

The Council's Citizens' Panel survey showed that there are high positive satisfaction rates with the McLean Museum and Art Gallery. In the Spring 2015 survey, the Museum was rated top on the list of Council services that respondents were either satisfied or very satisfied with, attracting a score of 87%.

### **Next steps:**

As part of the McLean's service plan, there has been considerable investment of time and effort in expanding the on-line presence of the Museum's collections, giving access to enquirers worldwide. This effort is ongoing. A new on-line catalogue, developed with funding support from Museums and Galleries Scotland was launched in May 2014 and now contains almost 8,000 illustrated records.

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There are two indicators that should be considered together regarding parks and open spaces:

**C&L4** Cost of parks and open spaces per 1,000 population

**C&L5b** % of adults satisfied with parks and open spaces

C&L4: Cost of parks and open spaces per 1,000 population							
Inverclyde 2014/15	Ranking	Scotland	Local authority quartile	Change in rank 2013/14-2014/15	2013/14	2012/13	2011/12
43,638.87	28th	31,303.95	4th	↓2 places (26th)	40,555.35	45,624.69	46,225.70

C&L5b: % of adults satisfied with parks and open spaces							
Inverclyde 2014/15	Ranking	Scotland	Local authority quartile	Change in rank 2013/14-2014/15	2013/14	2012/13	2010/11
84	23rd	86	3rd	↑1 place (24th)	83	86	78.4

### What the data tells us:

The performance data shows that the cost of parks and open spaces per 1,000 population increased significantly by £3,083.52 between 2013/14 and 2014/15, resulting in a lower national ranking of two places to 28th. Our performance therefore remains in the 4th quartile and our costs are £12,334.92 higher than the Scottish average. The range for this indicator is £1,027.52-£50,442.76 (Eilean Siar and Glasgow City respectively).

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Satisfaction data has been extracted from the Scottish Household Survey. There was a very small increase in satisfaction with parks and open spaces in 2014/15 and our score is now just 2% below the Scottish average. The range for this indicator is 74%-95% (Scottish Borders and West Lothian respectively); our performance for this indicator therefore falls around the mid-point of the range.

### **Contextual information:**

Parks and open spaces is a priority improvement area for the Council, particularly the provision of refurbished play areas. Inverclyde Council's costs for 2014/15 include over £700,000 of investment in projects such as play areas, the Whinhill Golf Course and the Birkmyre Park. Inverclyde also has a declining population whilst the parks establishment remains static, which helps account for increasing costs.

A Citizens' Panel survey in Spring 2015 found that 82% of respondents were either satisfied or very satisfied with parks and open spaces; this is very close to the figure of 84% provided by the Scottish Household Survey.

### **Next steps:**

Service improvement efficiencies will continue to be introduced to further reduce costs.



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### Environmental services

		Change in rank 2013/14-2014/15	
<b>ENV 1</b>	Gross cost of waste collection per premises	●	↑ green - improving
<b>ENV 1a</b>	Net cost per waste collection per premises	●	↔ amber - performance maintained
<b>ENV 2</b>	Gross cost per waste disposal per premises	●	↓ red - declining
<b>ENV 2a</b>	Net cost per waste disposal per premises	●	↓ red - declining
<b>ENV 3a</b>	Net cost of street cleaning per 1,000 population	●	↓ red - declining
<b>ENV 3c</b>	Cleanliness score (% acceptable)	●	↑ green - improving
<b>ENV 4a</b>	Cost of maintenance per kilometre of roads	●	↔ amber - performance maintained
<b>ENV 4b</b>	% of A class roads that should be considered for maintenance treatment	●	↑ green - improving
<b>ENV 4c</b>	% of B class roads that should be considered for maintenance treatment	●	↑ green - improving

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<b>ENV 4d</b>	% of C class roads that should be considered for maintenance treatment	●	↑ green - improving
<b>ENV 4e</b>	% of unclassified roads that should be considered for maintenance treatment	●	↑ green - improving
<b>ENV 5</b>	Cost of trading standards and environmental health per 1,000 population	●	↔ amber - performance maintained
<b>ENV 5a</b>	Cost of trading standards per 1,000 population	●	↔ amber - performance maintained
<b>ENV 5b</b>	Cost of environmental health per 1,000 population	●	↔ amber - performance maintained
<b>ENV 6</b>	% of total waste arising that is recycled	●	↑ green - improving
<b>ENV 7a</b>	% of adults satisfied with refuse collection	●	↓ red - declining
<b>ENV 7b</b>	% of adults satisfied with street cleaning	●	↓ red - declining

## SOLACE Improving Local Government Benchmarking Framework Indicators 2014/15

Environmental services:  
17 indicators



## SOLACE Improving Local Government Benchmarking Framework Indicators 2014/15

There are several indicators that can be considered together regarding waste management:

- ENV 1** Gross cost of waste collection per premises
- ENV 1a** Net cost per waste collection per premises
- ENV 2** Gross cost per waste disposal per premises
- ENV 2a** Net cost per waste disposal per premises
- ENV 6** % of total waste arising that is recycled
- ENV 7a** % of adults satisfied with refuse collection

<b>ENV 1: Gross cost of waste collection per premises</b>							
<b>Inverclyde 2014/15</b>	<b>Ranking</b>	<b>Scotland</b>	<b>Local authority quartile</b>	<b>Change in rank 2013/14-2014/15</b>	<b>2013/14</b>	<b>2012/13</b>	<b>2011/12</b>
58.74	2nd	83.49	1st	↑1 place (3rd)	58.43	67.20	50.18

<b>ENV 1a: Net cost per waste collection per premises</b>							
<b>Inverclyde 2014/15</b>	<b>Ranking</b>	<b>Scotland</b>	<b>Local authority quartile</b>	<b>Change in rank 2013/14-2014/15</b>	<b>2013/14</b>	<b>2012/13</b>	<b>2011/12</b>
37.91	2nd	65.17	1st	↔ no change	37.14	42.97	new indicator for 2012/13

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ENV 2: Gross cost per waste disposal per premises							
Inverclyde 2014/15	Ranking	Scotland	Local authority quartile	Change in rank 2013/14-2014/15	2013/14	2012/13	2011/12
87.90	8th	104.65	1st	↓3 places (5th)	81.14	78.62	81.64

ENV 2a: Net cost per waste disposal per premises							
Inverclyde 2014/15	Ranking	Scotland	Local authority quartile	Change in rank 2013/14-2014/15	2013/14	2012/13	2011/12
80.97	13th	91.46	2nd	↓6 places (7th)	72.81	72.37	new indicator for 2012/13

ENV 6: % of total waste arising that is recycled							
Inverclyde 2014/15	Ranking	Scotland	Local authority quartile	Change in rank 2013/14-2014/15	2013/14	2012/13	2011/12
56.8	1st	42.8	1st	↑4 places (5th)	55.46	54.1	41.95

## SOLACE Improving Local Government Benchmarking Framework Indicators 2014/15

ENV 7: % of adults satisfied with refuse collection							
Inverclyde 2014/15	Ranking	Scotland	Local authority quartile	Change in rank 2013/14-2014/15	2013/14	2012/13	2010/11
91	5th	84	1st	↓4 places (1st)	95	87	85.6

### What the data tells us:

Our gross cost of waste collection increased by a few pence in 2014/15; we are now ranked second in Scotland, an improvement of one place. This means our costs are among the lowest in the country and well below the Scottish average (by £24.75). The range for this indicator is £57.99-£132.03 (West Dunbartonshire and Highland respectively).

Our net cost of waste collection also increased by a very small amount (£0.77); our ranking of 2nd place is unchanged, keeping us in the first quartile. Again, our costs are among the lowest in Scotland and considerably below (£27.26) the Scottish average. The range for this indicator is £29.85-£100.28 (Midlothian and Stirling respectively).

In 2014/15, the gross cost of waste disposal in Inverclyde increased by £6.76 which resulted in our ranking dropping by three places to 8th. However, our cost for this measure is more than £16 below the national average and our ranking keeps us in the first quartile. The range for this indicator is £62.51-£269.54 (Falkirk and Shetland Islands respectively).

Despite the increase in our net cost per waste disposal per premises being fairly small (£8.16), it resulted in our ranking dropping by six places to 13th which takes us into the 2nd quartile. However, our costs are below the Scottish average by £10.49. The increase in the level of service provision for food waste services required under legislation increased our collection costs accordingly. The range for this indicator is £52.10-£1176.67 (Falkirk and Argyll and Bute respectively).

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Our recycling performance improved by 1.34% in 2014/15, putting Inverclyde in first place in the rankings and 14% above the national average. The range for this indicator is 9%-56.8% (Shetland Islands and Inverclyde respectively). Reducing landfill tonnages and increasing recycling tonnages increases performance and also costs less as landfill is charged at a higher rate than other processing.

The data regarding satisfaction with refuse collection was sourced from the Scottish Household Survey. There was a small decrease (4%) in the satisfaction rate with refuse collection which meant our national ranking fell by four places to 5th; however, our score is still very high at 91% and we remain in the first quartile for this measure. Our satisfaction rate is also 7% higher than the Scottish average. The range for this indicator is 70%-95% (Edinburgh City and East Lothian respectively).

### **Contextual performance:**

Inverclyde's waste costs are traditionally low compared to other local authorities. The cost of waste collection is determined by the types of services offered and the geographical spread of households (urban or rural). The population trend in Inverclyde is decreasing which impacts on the number of premises. Waste disposal costs on the other hand are centralised and not subject to the location and proximity of premises.

Following the introduction of the Council's Vehicle Tracking System, we carried out a route optimisation exercise which resulted in the reduction of two front-line collection vehicles: one refuse collection vehicle and one food waste vehicle.

The introduction of new services in 2012/13, for example, our food waste collection service to domestic and commercial premises, had the desired effect of reducing the amount of waste sent to landfill and, in conjunction with that, we experienced a decline in overall waste arisings. In 2013/14, we saw this decline reverse with both residual and recycling tonnages increasing. This has had an adverse effect on the cost of disposal as residual waste rose at a higher rate than recycling.

The Council continues to promote its domestic recycling and waste reduction messages and the response to this has been shown in the year-on-year improvement in our recycling rate. In December 2014, the Council implemented a new segregated glass collection service from the kerbside with the aim of enhancing our performance; initial results have been encouraging with 818 tonnes of glass diverted from landfill since the service was introduced.

## **SOLACE Improving Local Government Benchmarking Framework Indicators 2014/15**

Performance information in relation to waste management is regularly monitored. Trend analysis is carried out internally and reported through the Council's website. Investment in the redevelopment of our recycling centres is underway with our Pottery Street Recycling Centre benefiting from a £1 million refurbishment; the improved facilities at the Recycling Centre include a new access road for cars and vans and a one-way loop providing access to a series of designated recycling bays and bins. It is encouraging to note that, in the Council's Autumn 2015 Citizens' Panel survey, almost two thirds (64%) of respondents said they used the upgraded facilities at the Pottery Street Recycling Centre. Additionally, 100% of the people who had used those facilities rated them as 'good' or 'very good'.

Through intensive communication work and investment in the food waste service, along with the segregated glass collection service and the refurbished Pottery Street Recycling Centre, we enjoy very high levels of customer satisfaction with refuse collection, putting Inverclyde Council in the first quartile for this indicator. The satisfaction rates published by the Scottish Household Survey reflect positively on the service and will be influenced by high levels of service, good quality of communication, responsiveness to customers, helpful staff and consistent services. The Council also measures how satisfied Inverclyde citizens are with Council services through our Citizens' Panel surveys. The question about satisfaction with refuse collection was last asked in the Panel survey carried out in Spring 2015. The results showed that refuse collection ranked in the top two of Council services that people are satisfied or very satisfied with.

In partnership with the Improvement Service, Inverclyde Council is participating in a pilot benchmarking initiative on the subject of waste. The project aims to assess performance and deliver improvements across a number of councils.

### **Next steps:**

The service will re-structure routes and identify improvements in capacity, where possible. In 2015/16, we reviewed our existing residual and Materials Recycling Facility contracts with a view to identifying improvements in service delivery and opportunities to improve our recycling performance accordingly.



## SOLACE Improving Local Government Benchmarking Framework Indicators 2014/15

There are three indicators regarding street cleaning which should be considered together:

**ENV 3a** Net cost of street cleaning per 1,000 population

**ENV 3c** Cleanliness score (% acceptable)

**ENV 7b** % adults satisfied with street cleaning

<b>ENV 3a: Net cost of street cleaning per 1,000 population</b>							
<b>Inverclyde 2014/15</b>	<b>Ranking</b>	<b>Scotland</b>	<b>Local authority quartile</b>	<b>Change in rank 2013/14-2014/15</b>	<b>2013/14</b>	<b>2012/13</b>	<b>2011/12</b>
18,494.87	27th	15,818.12	4th	↓4 places (23rd)	16,735.15	17,030.24	18,098.70

<b>ENV 3c: Cleanliness score (% acceptable)</b>							
<b>Inverclyde 2014/15</b>	<b>Ranking</b>	<b>Scotland</b>	<b>Local authority quartile</b>	<b>Change in rank 2012/13 - 2013/14</b>	<b>2013/14</b>	<b>2012/13</b>	<b>2011/12</b>
93.66	19th	93.9	3rd	↑1 place (20th)	95.8	92.6	93.3

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ENV 7b: % of adults satisfied with street cleaning							
Inverclyde 2014/15	Ranking	Scotland	Local authority quartile	Change in rank 2013/14-2014/15	2013/14	2012/13	2010/11
76	15th	74	2nd	↓11 places (4th)	83	77	73.7

### What the data tells us:

The performance data shows a reduced performance across all street cleaning indicators. The cost of street cleaning rose by £1,759.72 between 2013/14 and 2014/15; this resulted in a drop in our national ranking of four places to 27th which puts us in the fourth quartile. Our street cleaning costs per 1,000 population are also £2,676.75 higher than the Scottish average. The range for this indicator is £6,849.60-£26,415.41 (Moray and Glasgow City respectively).

Our overall cleanliness index score dropped by 2.14% in 2014/15; however our ranking improved by one place from 20th to 19th. The range for this indicator is 81.82%-100% (Aberdeen City and Orkney Islands respectively) and our score is just 0.24% short of the national average of 93.9%. Despite being in the third quartile for this indicator, the impact of significant investment in this area would not affect a major change in performance for Inverclyde.

In 2014/15, Inverclyde's performance for the indicator which measures satisfaction with street cleaning was 76%, a reduction of 7% on the previous year's score. However, our score is 2% higher than the national average. The range for this indicator is 52%-87% (Eilean Siar and West Lothian respectively).

## **SOLACE Improving Local Government Benchmarking Framework Indicators 2014/15**

### **Contextual information:**

Inverclyde suffers from a declining population whilst streets establishment is static or, in some instances, increasing. The efficiencies and operational measures introduced to date have already improved the street cleaning service's performance and these will continue to be developed with the expectation that further improvements will be achieved in future years.

In partnership with the Improvement Service, Inverclyde Council is participating in a pilot benchmarking initiative on the subject of street cleaning. The project aims to assess performance and deliver improvements across a number of councils.

### **Next steps:**

Benchmarking already takes place through the Local Environmental Audit and Management System and service efficiencies are being introduced to further reduce costs.

## SOLACE Improving Local Government Benchmarking Framework Indicators 2014/15

There are several indicators regarding roads maintenance which should be considered together:

- ENV 4a** Cost of maintenance per kilometre of roads
- ENV 4b** % of A class roads that should be considered for maintenance treatment
- ENV 4c** % of B class roads that should be considered for maintenance treatment
- ENV 4d** % of C class roads that should be considered for maintenance treatment
- ENV 4e** % of unclassified class roads that should be considered for maintenance treatment

<b>ENV 4a: Cost of maintenance per kilometre of roads</b>							
<b>Inverclyde 2014/15</b>	<b>Ranking</b>	<b>Scotland</b>	<b>Local authority quartile</b>	<b>Change in rank 2013/14-2014/15</b>	<b>2013/14</b>	<b>2012/13</b>	<b>2011/12</b>
<b>24,236.32</b>	<b>32nd</b>	<b>5,618.04</b>	<b>4th</b>	<b>↔ no change</b>	<b>25,959.71</b>	<b>17,618.79</b>	<b>£11,757.32</b>

<b>ENV 4b: % of A class roads that should be considered for maintenance treatment</b>							
<b>Inverclyde 2013/15</b>	<b>Ranking</b>	<b>Scotland</b>	<b>Local authority quartile</b>	<b>Change in rank 2012/14-2013/15</b>	<b>2012/14</b>	<b>2011/13</b>	<b>2010/12</b>
<b>33.89</b>	<b>26th</b>	<b>29.03</b>	<b>4th</b>	<b>↑4 places (30th)</b>	<b>37.81</b>	<b>32.7</b>	<b>30.74</b>

## SOLACE Improving Local Government Benchmarking Framework Indicators 2014/15

ENV 4c: % of B class roads that should be considered for maintenance treatment							
Inverclyde 2013/15	Ranking	Scotland	Local authority quartile	Change in rank 2012/14-2013/15	2012/14	2011/13	2010/12
37.99	26th	36.1	4th	↑4 places (30th)	43.37	44.3	41.96

ENV 4d: % of C class roads that should be considered for maintenance treatment							
Inverclyde 2013/15	Ranking	Scotland	Local authority quartile	Change in rank 2012/14-2013/15	2012/14	2011/13	2010/12
46.93	27th	37.35	4th	↑3 places (30th)	49.12	47.4	50.67

ENV 4e: % of unclassified roads that should be considered for maintenance treatment							
Inverclyde 2011/15	Ranking	Scotland	Local authority quartile	Change in rank 2010/14-2011/15	Inverclyde 2010/14	2009/13	2008/12
47.94	27th	39.31	4th	↑1 place (28th)	50.77	51.1	48.96%

## SOLACE Improving Local Government Benchmarking Framework Indicators 2014/15

### What the data tells us:

The data shows there was a decrease (£1,723.39) in the cost per kilometre of road maintenance in 2014/15. Despite this improvement, however, there is no change in our national ranking for this indicator. Our costs are still the most expensive in Scotland and £18,618.28 more than the Scottish average. The primary reason for our high costs is the substantial investment the Council is putting into our roads to bring them back to a steady state condition. Without this investment, our long term investment requirements would be even greater had the Council not taken the action it did. The range for this indicator is £2,285.41-£24,236.32 (Dumfries and Galloway and Inverclyde respectively).

There has been a reduction in the percentage of all classes of roads requiring maintenance treatment:

	Reduction in roads requiring maintenance treatment	Change in national ranking
<b>A class roads</b>	↓ 3.92%	↑ 4 places to 26th place
<b>B class roads</b>	↓ 5.38%	↑ 4 places to 26th place
<b>C class roads</b>	↓ 2.19%	↑ 3 places to 27th place
<b>Unclassified roads</b>	↓ 2.83%	↑ 1 place to 27th place.

The increased performance of every roads maintenance indicator reflects the investment made via our Roads Asset Management Plan which allowed us to increase the percentage of carriageways that we reconstructed/resurfaced in 2014/15 by more than one third. These improvements are particularly pleasing given that, as the roads condition indicators are averaged over a two year rolling period (with four years for unclassified roads), it can take time for the effect of investment to feed into the indicators. Taking this into account, the enhanced performance of these measures is therefore a considerable achievement for the Council.

## SOLACE Improving Local Government Benchmarking Framework Indicators 2014/15

### Contextual information:

While there is a relationship between costs and performance, other factors are subject to constraints outwith the direct control of the Council; for example, Winter maintenance costs are affected by Winter weather conditions.

The inclusion of Winter maintenance costs will skew the data according to the severity of the Winter period in question; the costs are also skewed in terms of a comparison to other councils, for example, by the geographical location of each council in Scotland. The Winter of 2011/12 was less severe than that of 2010/11 and this would have had the effect of reducing the Winter element of the cost per km of road for 2011/12.

In addition, the cost indicator was further affected by the severe Winters of 2009/10 and 2010/11 as the conditions resulted in an increased number of defects in the road surface and the costs associated with their repair. The defects may not appear immediately and this can have an effect on subsequent years.

Data relating to roads maintenance treatment is considered robust as it is calculated from machine-based surveys; the vehicles are calibrated to meet a defined specification and all 32 councils' surveys are carried out by the same contractor. Investment levels and costs of maintenance treatments impact on overall roads condition and deterioration rates vary depending on various factors, for example, weather conditions, traffic flows and age profile.

Roads maintenance is a priority for the Council with investment targeted in 2012/13 and further significant three year investment which commenced in 2013/14. The Council prepared and implemented an Asset Investment Strategy and allocated £17 million over three years as the first phase in dealing with the maintenance backlog on the four main asset groups (carriageways, footways, lighting and structures); a strategy and works programme is also being delivered. The Council always seeks to ensure that expenditure is made on a Best Value basis in line with specified service requirements.

## **SOLACE Improving Local Government Benchmarking Framework Indicators 2014/15**

### **Next steps:**

Benchmarking takes place via the Society of Chief Officers of Transportation in Scotland Group and the Association for Public Sector Excellence.



## SOLACE Improving Local Government Benchmarking Framework Indicators 2014/15

The following trading standards and environmental health indicators should be considered together:

**ENV 5** Cost of trading standards and environmental health per 1,000 population

**ENV 5a** Cost of trading standards per 1,000 population

**ENV 5b** Cost of environmental health per 1,000 population

<b>ENV 5: Cost of trading standards and environmental health per 1,000 population</b>							
<b>Inverclyde 2014/15</b>	<b>Ranking</b>	<b>Scotland</b>	<b>Local authority quartile</b>	<b>Change in rank 2013/14-2014/15</b>	<b>2013/14</b>	<b>2012/13</b>	<b>2011/12</b>
21,412.47	20th	23,433.50	3rd	↔ no change	22,400.70	38,225.09	22,380.71

<b>ENV 5a: Cost of trading standards per 1,000 population</b>							
<b>Inverclyde 2014/15</b>	<b>Ranking</b>	<b>Scotland</b>	<b>Local authority quartile</b>	<b>Change in rank 2012/13 - 2013/14</b>	<b>2013/14</b>	<b>2012/13</b>	<b>2011/12</b>
3,067.87	2nd	5,735.84	1st	↔ no change	1,992.28	1,908.78	new indicator for 2012/13

## SOLACE Improving Local Government Benchmarking Framework Indicators 2014/15

ENV 5b: Cost of environmental health per 1,000 population							
Inverclyde 2014/15	Ranking	Scotland	Local authority quartile	Change in rank 2012/13 - 2013/14	2014/15	2012/13	2011/12
18,344.60	22nd	17,697.66	3rd	↔ no change	20,408.42	36,316.31	new indicator for 2012/13

### What the data tells us:

Our combined cost of trading standards and environmental health per 1,000 decreased slightly in 2014/15; our figure is also more than £2,000 lower than the Scottish average. Despite this, we are still in the third quartile for this measure, with a ranking of 20th. The range for this indicator is £15,399.46-£33,908.26 (Scottish Borders and Eilean Siar respectively).

The data shows that, although our figure increased in 2014/15 by £1,075.59, the cost of trading standards in Inverclyde is still amongst the lowest in Scotland and our ranking of 2nd place is unchanged. The range for this indicator is £2,898.74-£11,853.21 (Renfrewshire and Eilean Siar respectively). The main reason for the increase in 2014/15 is the inclusion of costs for the money advice service which is delivered by the Health and Social Care Partnership but included in the Local Finance Return (LFR) for trading standards. There is likely to be a further increase in the Inverclyde figure for this indicator in 2015/16, mainly because of an internal re-profiling of the service which should result in a considerably more resilient trading standards service going forward.

Our environmental health costs put us in the 3rd quartile for the second year in a row, with a ranking of 22nd. However, these costs have reduced by £2,063.82 and are only slightly higher than the national average. The range for this indicator is £7,382.55-£27,660.96 (East Renfrewshire and Edinburgh City respectively).

## SOLACE Improving Local Government Benchmarking Framework Indicators 2014/15

### Contextual information:

**Trading Standards:** The figure is based on the service's estimates of costs for 2014/15 as agreed with Finance Services. These costs include management allocations. Inverclyde's costs for trading standards are very low, reflecting the relatively small staff complement. We are however working to ensure that the service punches well above its weight by joint working initiatives with community safety and the anti-social behaviour/wardens' teams to maximise impact. Costs are likely to increase over the next year as we work to make the service more resilient. These increases will obviously be contained by the service and it is expected that the overall costs will remain in the first quartile.

**Environmental Health:** The Safer and Inclusive Communities Service comprises a number of services in addition to environmental health which are currently reported through the Environment LFR. These services include community safety, public space CCTV, landlord registration and general administration for the Service. The current environmental health LFR submission includes some of those services in addition to what would properly be described as 'environmental health'. The reduction from 2012/13 is a result of the community wardens being reassigned from the environmental health LFR to housing, in line with improved guidance from the Scottish Government.

There remains an issue regarding a number of other services which are still reported through the environmental health LFR. Unfortunately, there is still no natural home for these in the LFR scheme.

Since 2012/13, we have engaged in benchmarking with the Association for Public Service Excellence (APSE) for environmental health. This involved initially reaching agreement on what services we would properly categorise as 'environmental health'. In 2014/15, 24 of the 32 authorities engaged in the second round of benchmarking. Inverclyde's cost per 1,000 population for environmental health under the benchmarking exercise was £11,690. Although this was still in the 3rd quartile in the exercise, the range of costs was fairly tight with the average cost coming in at £11,190 per 1,000.

These average costs are likely to be skewed by some financial under-reporting. For example, Inverclyde's total staff cost as a percentage of the total environmental health expenditure was 83% against an average of 79%. However, the highest in the group reported 99%, suggesting that some authorities may have hidden costs which are not appearing in the benchmarking costs.

## **SOLACE Improving Local Government Benchmarking Framework Indicators 2014/15**

### **Next steps:**

The benchmarking process for environmental health indicators will continue.

## SOLACE Improving Local Government Benchmarking Framework Indicators 2014/15

### Corporate assets

		Change in rank 2013/14-2014/15	
<b>Corporate asset 1</b>	Proportion of operational buildings that are suitable for their current use	●	↑ green - improving
<b>Corporate asset 2</b>	Proportion of internal floor area of operational buildings in satisfactory condition	●	↑ green - improving

Corporate assets:  
2 indicators



## SOLACE Improving Local Government Benchmarking Framework Indicators 2014/15

There are two corporate asset indicators that should be considered together:

- Corporate asset 1** Proportion of operational buildings that are suitable for their current use  
**Corporate asset 2** Proportion of internal floor area of operational buildings in satisfactory condition

Corporate asset 1: Proportion of operational buildings that are suitable for their current use							
Inverclyde 2014/15	Ranking	Scotland	Local authority quartile	Change in rank 2013/14-2014/15	2013/14	2012/13	2011/12
88.72%	8th	79.01	1st	↑4 places (12th)	87.23%	80.26%	78.38%

Corporate asset 2: Proportion of internal floor area of operational buildings in satisfactory condition							
Inverclyde 2014/15	Ranking	Scotland	Local authority quartile	Change in rank 2013/14-2014/15	2013/14	2012/13	2011/12
85.2%	18th	82.92%	3rd	↑4 places (22nd)	83.53%	82.32%	77.13%

### What the data tells us:

The performance data shows that there has been a year-on-year improvement in both the proportion of operational buildings that are suitable for current use and the proportion of the internal floor area of operational buildings that are in a satisfactory condition. Performance is also comfortably above the Scottish average for both indicators.

## SOLACE Improving Local Government Benchmarking Framework Indicators 2014/15

The proportion of operational buildings that are suitable for their current use has gone up four places in the national ranking, taking us into the first quartile. The range for this indicator is 57%-95.37% (Edinburgh City and South Lanarkshire respectively). The difference between Inverclyde's performance and the top performer for this indicator is therefore only 6.65%.

Our performance for the second corporate asset indicator improved by 1.67% which meant our ranking also improved (by four places). The range for this indicator is 32.68%-99.51% (Moray and North Ayrshire respectively).

### **Contextual performance:**

The suitability of operational accommodation is measured through the use of questionnaires. Questionnaires were issued to all occupiers, as they are best placed to advise on the suitability of the property for their Council Service. The questionnaires are broken down into sections which analyse a number of factors and Council Services are asked to grade each question. All properties receiving an overall 'A' or 'B' rating are considered suitable; those with a 'C' or 'D' rating are not. Once all questionnaires are returned from service users, the appropriate overall percentage of properties suitable for use is calculated. New questionnaires are issued every five years, or earlier if there has been a significant change to the property or if the service user changes. The questionnaires were compiled following discussion with other Scottish councils therefore all returns should be on roughly the same basis. Results are benchmarked at the Association of Chief Estates Surveyors' meetings.

Condition surveys on our main properties were carried out in 2008/09. The surveys were broken down into the 11 elements required by Audit Scotland. The surveys and the identified necessary repairs were analysed and each building was given a rating. In the following years, all improvement works or items requiring repair were noted and the grading against each element of each building changed accordingly, as did the overall score. The requirement for condition surveys is that they should be undertaken every five years. New surveys were therefore carried out in 2013/14 by external consultants Watts Limited. Watts' report provided a grading for each property and also included a spreadsheet which detailed all required works, broken down into a traffic light system. Surveys for our smaller properties were carried out by the Council's building surveyors, following the same criteria as Watts. Internal floor areas had already been measured for a number of previous survey reports and these were used to calculate the appropriate percentages for this indicator.

## **SOLACE Improving Local Government Benchmarking Framework Indicators 2014/15**

In 2011/12, two new secondary schools were finished which helped to improve performance in relation to these indicators. Further improvements were achieved in 2012/13 as other properties undergoing refurbishment were completed, such as Whinhill and St Andrew's Primary Schools, Binnie Street Nursery, Gourock Pool and Ravenscraig Stadium. In December 2013, a major new community campus was opened, replacing one secondary and two additional support needs schools, with a fully refurbished secondary school and a fully refurbished additional support needs school.

Obviously being property, changes cannot be made instantly and there is a time element involved, for example, in marketing/acquiring and refurbishing/building new properties. As such, there is a knock on effect to Council Services which may have to remain in unsuitable properties while waiting for new premises to be prepared. The Council is currently progressing its Office Rationalisation Programme. The Programme has two objectives: firstly, to introduce more modern ways of working, including flexible working, home working and electronic document storage which will reduce the requirement for desks and space; and, secondly, to rationalise and refurbish the office accommodation portfolio resulting in a smaller estate which is in good condition and suitable for purpose. As a result, the Council will be able to dispose of unsuitable and uneconomical properties. This is an on-going process as the Council strives to make savings in property costs.

### **Next steps:**

This is a priority area for the Council as we want to ensure that we deliver services to the public from buildings which are fit for purpose. Further improvements are planned through the Office and Depot Rationalisation Programme and the School Estate Strategy. Progress on these is reported to committee on a regular basis.

One major office refurbishment project will also be undertaken during 2015/17.

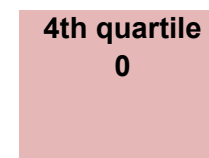
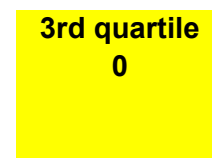
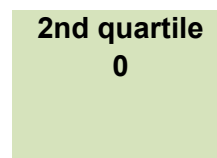
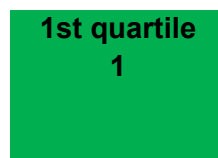


## SOLACE Improving Local Government Benchmarking Framework Indicators 2014/15

### Economic development

		Change in rank 2013/14-2014/15	
<b>ECON 1:</b>	% of Unemployed people assisted into work from Council operated/funded employability programmes	●	↑ green - improving

Economic development:  
1 indicator



## SOLACE Improving Local Government Benchmarking Framework Indicators 2014/15

**ECON 1** % of Unemployed people assisted into work from Council operated/funded employability programmes

ECON 1: % of Unemployed people assisted into work from Council operated/funded employability programmes							
Inverclyde 2014/15	Ranking	Scotland	Local authority quartile	Change in rank 2013/14-2014/15	2013/14	2012/13	2011/12
25.18	1st	14.19	1st	↑2 places (3rd)	22.31	16.3	new indicator for 2012/13

### What the data tells us:

This indicator was introduced to the Local Government Benchmarking Framework in 2012/13. The performance data for 2014/15 shows that Inverclyde Council is the top performing local authority in Scotland in terms of unemployed people who have been assisted into work from Council operated/funded employability programmes; our score is also almost 11% higher than the national average. In 2014/15, our performance for this indicator improved by 2.87% which in turn improved our ranking from 3rd place to first place.

### Contextual performance:

Assisting unemployed people into work is a priority improvement area for the Council. It should be noted that Inverclyde started from a lower base with a less well-developed business base and thereby fewer employment opportunities than many other areas. This makes the positive comparative impact that has been achieved significant. Key to securing the year-on-year improvement since 2012/13 is the collective strength of the community planning partners involved in supporting people to find employment. Additionally, the range of programmes which underpin this indicator are delivered through the third sector potentially resulting in a more streamlined delivery method through engaging with third sector organisations. The majority of Inverclyde jobs created via Council operated/funded employability programmes are in the construction sector and arise from community benefits activity.

## **SOLACE Improving Local Government Benchmarking Framework Indicators 2014/15**

Inverclyde Council has continued to make significant investment in employability services, with resources identified for end-to-end employability, together with an additional resource for specialist activity. Reducing unemployment and increasing achievements are key objectives of the Single Outcome Agreement 2013/18, the Inverclyde Economic Development Strategy 2011/14 and the Environment, Regeneration and Resources Corporate Directorate Improvement Plan 2013/16.

Benchmarking takes place against the national indicators and through the work of the Strategic Employability Group.

### **Next steps:**

Continuous improvement is always sought. Economic Regeneration seeks to deliver continuous improvement, to identify gaps in provision and improve effectiveness, for example, in harnessing good practice from other areas.

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<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b>	<b>22nd March 2016</b>
<b>Report By:</b>	<b>Chief Financial Officer and Corporate Director (Chief Officer) Inverclyde Health and Social Care Partnership</b>	<b>Report No:</b>	<b>FIN/34/16/AP/LA</b>
<b>Contact Officer:</b>	<b>Alan Puckrin</b>	<b>Contact No:</b>	<b>01475 712223</b>
<b>Subject:</b>	<b>Welfare Reforms Update</b>		

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## **1.0 PURPOSE**

- 1.1 The purpose of this report is to provide Committee with an update on the actions being taken by the Council in response to ongoing Welfare Reform changes.

## **2.0 SUMMARY**

- 2.1 Appendix 1 shows the latest position in respect of the Scottish Welfare Fund payments. Spend represents 92% of the annual budget 83% of the way through the year. It is projected that the Scottish Welfare Fund will overspend by between 10% and 15% and this will be contained within the carry forward from 2014/15. The recent Budget Settlement resulted in a 7% cut in Scottish Government Funding from 2016/17 and the Council has allocated £100,000 from its own Welfare Reform budget to meet the reduction in Government Grant/Increased Demand.
- 2.2 DHP applications to offset SSSC (also known as the bedroom tax) have progressed very well with only 0.7% of potential recipients not yet having submitted an application. Expenditure in this area is fully underwritten by the Scottish Government.
- 2.3 Minor changes to DHP policy are proposed in order to utilise the full DHP funding announced by the DWP for 2016/17. The proposals are detailed in the report.
- 2.4 Universal Credit became operational in Inverclyde on the 12<sup>th</sup> October and in line with other Local Authorities a number of operational difficulties have been encountered in terms of errors by the DWP in the calculation of benefit entitlement and the responsiveness of the DWP service centre. Liaison with the local DWP Office is giving some improvement but there remains a large volume of manual work and error.
- 2.5 Migration of existing DLA Claimants to PIP commenced in Inverclyde in October 2015 and recent statistics from the DWP show an award rate of 52% for new applicants and 68% for those being reassessed. It is intended that a detailed report on this issue will be presented to the next Health & Social Care Committee.
- 2.6 Various changes to Welfare Benefits are due to come in from April and October 2016. Section 8 details these changes and the estimated impacts within Inverclyde.

## **3.0 RECOMMENDATIONS**

- 3.1 It is recommended that the Committee note the contents of the report and that a detailed report on the impact of the introduction of Personal Independence Payments will be presented to the next Health & Social Care Committee.

3.2 It is recommended that Committee approve the proposed DHP Policy changes for 2016/17.

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

**Brian Moore**  
**Chief Officer, Inverclyde HSCP**

## **4.0 BACKGROUND**

- 4.1 Committee receive a report each cycle providing updates on the Council's response to the major Welfare Reform changes being rolled out across the UK. The Council set aside £1.3 million on a recurring basis from 2016/17 to meet the significant financial challenges generated by the changes.
- 4.2 Further significant changes were announced by the Chancellor of the Exchequer as part of the autumn statement in November 2015 and the estimated impact of these has been factored into the utilisation of the Welfare Reform recurring budget from 2016/17.
- 4.3 Members received a briefing on the 14<sup>th</sup> January in respect of Universal Credit and the early findings from operations within Inverclyde. Officers have been asked to provide an updated briefing later in 2016.

## **5.0 SCOTTISH WELFARE FUND AND DISCRETIONARY HOUSING PAYMENTS**

- 5.1 Appendix 1 shows the latest position in respect of the Scottish Welfare Fund payments. From this it can be seen that spend represents 92% of the annual budget 83% of the way through the year. It is projected that the Scottish Welfare Fund will overspend by between 10 and 15% and this will be contained within the carry forward from 2014/15. Some of the extra demand is being driven by the implementation of Universal Credit but a large part is due to the fact that the Grant allocated is not enough to meet demand.
- 5.2 The recent Budget Settlement contained a 7% cut in Scottish Government SWF Grant Funding for Inverclyde in 2016/17 due to a redistribution of the funding across Scotland. This will increase further over the period 2017/19. This makes the position in 5.1 significantly worse and causes a funding pressure from 2016/17. The last Committee meeting therefore agreed to allocate £100,000 from the recurring Welfare Reforms budget in 2016/17 and to increase this by a further £50,000 in 2017/18. Officers will endeavour to stay within the approved budgets and bring regular updates to Committee.
- 5.3 It was also agreed at the last Committee that the Convener write to the Minister for Welfare & Housing and a copy of the letter sent is attached as Appendix 2. A response is currently awaited.
- 5.4 The Scottish Welfare Fund has been in place since April 2013 and is an interim scheme based on national guidance. The Scottish Government Welfare Reform Committee approved the draft Welfare Funds (Scotland) Regulations 2016 and has recommended to Parliament that it approves the draft instrument, making the scheme permanent.
- 5.5 Since the last update report and following a further DHP take up exercise for those affected by SSSC (bedroom tax), of the 1351 tenants affected as at the date of the report, 1341 have applied and been awarded DHP (99.3%). The RSL's will continue to chase up applications from the balance but the take up rate achieved is an excellent performance. £944,000 DHP is projected to be awarded for SSSC by the end of the financial year. The Scottish Government is committed to meeting the shortfall in DHP funding to mitigate the SSSC.
- 5.6 The Department for Work and Pensions notified that the 2016/17 DHP allocation will increase from £185,910 to £232,047. This increase is welcomed and will support some of the welfare reforms being introduced in 2016/17 and, in particular, the reduced Benefit Cap.
- 5.7 Two adjustments to the DHP policy are proposed to ensure the Council stays within budget and relate to awards for those other applicants unaffected by the SSSC.
  1. Increase support for the under 35 year olds private rented sector tenants up to the equivalent level of HB awarded to the over 35 year olds
  2. Homeless Universal Credit claimants – meet 100% of the shortfall between the UC housing element and the rent liability.

5.8 Universal Credit housing cost support for homeless claimants is severely limited. The DWP has made it clear that DHP funding is available to help with the shortfall. The number of applications for DHP in these circumstances is expected to be low during 2016/17 making the proposed change affordable however this will be closely monitored and is expected to be reviewed when the UC full service is launched in Inverclyde and many more homelessness service users place demands on the budget.

## **6.0 UNIVERSAL CREDIT**

6.1 The number of people claiming Universal Credit remains relatively low due to the limited eligibility criteria. To date, 229 claims have been made in Greenock and 225 in Port Glasgow Jobcentre Plus Offices. The latest available statistics in respect of the first 2 months of UC in Inverclyde indicate that the percentage of people claiming Universal Credit and working during October and November 2015 was in the region of 30%, exceeding projections. The number of new Universal Credit claims made in January 2016 increased slightly as seasonal temporary employment contracts terminated.

6.2 64 Housing Association tenants are known to be on Universal Credit. Housing Associations have observed a disproportionate increase in rent arrears with this group and that the tenants who engage need intensive support to understand their rent liability and the impact of moving in and out of work has on the level of Universal Credit they will receive. The UC Operational Management Group attended by relevant partner organisations meets regularly and since the last update report, changes have been made to the way the Personal Budgeting Support service is promoted. A few claimants have taken up the offer however findings are that claimants are not inclined to engage despite their apparent need.

6.3 The Council's role in the delivery of Universal Credit is set out within a Delivery Partnership with the Department for Work and Pensions; a new agreement will be in place for the delivery of local support services in 2016/17. Funding for the assessment of Council Tax reduction will reduce due to the planned introduction of automated data sharing between the DWP and the Council however the introduction of this system, due to have been in place by October 2015, has been beset with delays.

6.4 The Local Authority areas included in Phases 1 and 2 of the national expansion of the Universal Credit "Full Service" have been announced. UC Full Service means the eligibility restrictions currently in place are removed and all benefit claimants who would otherwise claim one or more of the legacy benefits, claim Universal Credit. DWP is committed to consulting with each council to agree their position within the national expansion programme. An approach is expected from DWP in the coming months for the specific date to be agreed, with an announcement being made by July or September 2016. As previously reported, Inverclyde's launch will be no sooner than early 2017.

## **7.0 EXTERNAL FUNDING & PIP**

7.1 Formal notification has been received from Big Lottery regarding the delay to the ESF/Lottery Strategic Intervention related to financial inclusion. The delay has been in relation to the full funding agreement with the managing authority and it is hoped that this will be concluded within the first quarter of 2016. Big Lottery have confirmed that they still anticipate working in each of the following local authorities: Argyll and Bute, Dundee City, Glasgow, Inverclyde and North Ayrshire; and the amounts awarded in each area will depend on the population size, level of need and range of existing services.

The contracts in these 5 areas will focus on delivering the following two outcomes.

- An increase in disadvantaged participants with improved money management skills; and
- A decrease in disadvantaged participants affected by debt as a barrier to social inclusion.

7.2 Following approval at last Committee the funding awarded from the Council Earmarked Reserves has been communicated to the organisations and Service Level Agreements are being developed. 6 monthly monitoring reports will be provided by each project/service.

- 7.3 Previous reports have highlighted the introduction of Personal Independence Payment to replace Disability Living Allowance. For any new client requesting financial support in relation to disability, PIP applications have been in place since 2014, with the migration of existing DLA claimants to PIP commenced in Inverclyde in October 2015. Recent DWP statistics for new PIP applications in Inverclyde gives figures of 1,790 registrations, a caseload of 859 and an award rate standing at 52%.
- 7.4 For those undergoing reassessment to be migrated direct from DLA to PIP including those with 'lifetime' or 'indefinite awards' the award rate is 68%. Of the 68% of those successful there is no guarantee of award of PIP matches that previously received by way of DLA and for the remaining 32% who previously received DLA many have had their entire previous award discounted. Loss of previous entitlement to DLA High Rate Care and High Rate Mobility to no entitlement to PIP would be £139.75pw (£7,267 per annum). If migrated from DLA High Rate Care and High Mobility to PIP Daily Living Component only paid at the Standard Rate the loss of £84.65pw (£4,401.8 per annum) (figures may well be greater given the way elements of the benefit system interact with awards of Disability Benefit acting as a passport to other entitlements.) DLA High Rate Mobility to PIP Mobility Components Enhanced Rate, no loss both giving entitlement of £57.45pw. If migrated to PIP Mobility Component at Standard Rate only, however, loss is £35.65pw (£1853.8 per annum) and loss of access to Mobility scheme.
- 7.5 Unsuccessful applications may have grounds for appeal with the latest figures from the Ministry of Justice showing that 60% of PIP appeals are found in the claimant's favour. In Inverclyde with representation from Welfare Rights officers the figure is closer to 70%. As previously noted Advice Services are seeing an increase in workload related to the introduction of, and migration to, PIP. Due to the complexity of the application form, a PIP application takes a double appointment (one hour) reducing availability for other appointments and longer waiting times.
- 7.6 Requests for representation at appeals are also increasing. In the last quarter October 1<sup>st</sup> 2015 – January 31<sup>st</sup> 2016; Welfare Rights officers provided representation at 83 PIP Tribunal Hearings. For January 5<sup>th</sup> 2016 – February 25<sup>th</sup> 2016 Welfare Rights officers are attending 101 Tribunal Hearings of which nearly half (49) are PIP.
- 7.7 The consequences to clients are the very real possibility of reduced independence and increased social isolation, whilst the consequences to the Council are two-fold. Firstly the loss of DLA/PIP reduces the income available to be levied from charges for social care and second it may possibly create a demand for additional social care to be provided as the claimant is unable to replace the support needs previously covered by receipt of DLA/PIP. A report regarding this will be submitted to the Health and Social Care Committee.

## **8.0 APRIL 2016 WELFARE REFORMS**

- 8.1 **Housing Benefit Backdating** - Working age tenants who delay claiming help with housing costs will from April 2016 be limited to a maximum of 4 weeks backdated Housing Benefit, a reduction from the current 6 months. Housing Associations are aware of this change and to prevent new tenants accumulating rent arrears have processes in place to encourage claims at the start of tenancies. Housing Associations are aware however that this could affect existing tenants who have a break in their claim and those who need to claim Housing Benefit for the first time.
- 8.2 **Capping Housing Benefit in the Social Sector** – An announcement was made at the Autumn Statement and spending review that benefit claimants who take up new tenancies from April 2016 will from April 2018 have their Housing Benefit entitlement or Universal Credit housing element capped at the equivalent private rented sector rate. Tenants most likely to be affected are those who live in supported and temporary accommodation and those who are single and aged less than 35 years. In response to concerns raised by supported accommodation providers the DWP informed that they are carrying out a thorough review, working with the sector, to ensure that it works in the best way possible. They responded further by referring to the availability of Discretionary Housing Payments which can be paid to people in supported accommodation. Updates will be provided in future reports.



### 8.3 Reduced Benefits Cap – Autumn 2016

The cumulative amount of welfare benefits most out of work, working age claimants can receive will, subject to parliamentary approval be reduced in autumn 2016. The benefits cap for families reduces to £20,000 (£385 per week) and £13,400 (£258 per week) for single people. DWP notify households expected to be capped in advance of it being applied and advise them of the support available to move into employment. Budgeting and housing support are also discussed. This gives households several months to prepare and take up any support they might need.

8.4 The Government has accepted that following a recent judgement on carers, the benefits cap needs to be revised urgently and will bring forward an amendment and then appropriate regulations exempting all recipients of carer's allowance from the cap.

8.5 Based on analysis of Inverclyde's Housing Benefit records and the criteria before this judgement, approximately 90 households were within the scope of the reduced cap compared with 7 at present. If applied at that time, reductions to Housing Benefit payments ranged from £0.10 to £136.23 per week, the average reduction being £45 per week.

8.6 Discretionary Housing Payment (DHP) is available to those affected by the Benefits Cap and meets 50% of the shortfall between the Housing Benefit award and the rent charge for social housing tenants and for those renting in the private rented sector, the difference between HB and the LHA rate applicable to the household's requirements (subject to an assessment of income and expenditure). The Housing Benefit service posts DHP applications forms to those affected and at the same time informs Housing Associations about their respective tenants.

## 9.0 IMPLICATIONS

### 9.1 Finance

Pressures continue to mount on Council budgets as the various aspects of Welfare Reform are rolled out and it is envisaged that by 2018 all the £1.3million recurring budget will be fully allocated. This creates a further pressure on the Council's budget for the period beyond 2018/19.

#### Financial Implications:

##### One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments

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

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (If Applicable)	Other Comments
DHP		2016/17	33		Estimated impact of proposed changes will be contained in budget.

### 9.2 Legal

There are no legal implications arising from this report.

### 9.3 Human Resources

The impact of the transfer of duties to SFIS has been managed in full consultation with the Trade Union and employees.

#### 9.4 Equalities

Has an Equality Impact Assessment been carried out?

Yes See attached appendix

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

#### 9.5 Repopulation

There are no repopulation implications.

### 10.0 LIST OF BACKGROUND PAPERS

10.1 None.

**Scottish Welfare Fund**  
**31 January 2016**

Calls Answered	8582		
Applications	3461		
Applications Granted	2497	72.15%	
Applications Refused	457	13.20%	Note 3
Applications Withdrawn	457	13.20 %	
In Progress	50	1.45%	
Referrals to DWP	252		Note 2
	<u>Spend</u>	<u>Budget</u>	<u>Spend</u>
	<u>£000</u>	<u>£000</u>	<u>%</u>
Crisis Grant paid (1754)	157.5	198.6	79.31%
Community Care Grants paid (872) (includes 129 applications paying both CCG & CG)	512.1	664.8	77.03%
	<hr/>	<hr/>	
	669.6	863.4	77.55%

**Note 1** 1<sup>st</sup> Tier Reviews = 44 (1.49%)  
1<sup>st</sup> Tier Reviews Upheld in Customer Favour = 25 (56.81%)  
2nd Tier Reviews = 5 (includes 2 against decisions 2014/15) - (15.15%) out of 39 1<sup>st</sup> tier decisions  
2nd Tier Reviews Upheld in Customers Favour = 1 (20%) with 1 withdrawn

**Note 2** Referrals to DWP relates to customers who are awaiting payment of a new claim for JSA / ESA from DWP. In these circumstances a Short Term Benefit Advance (STBA) can be paid by DWP.

**Note 3** The most common reasons for refusal of claims are, applicants not meeting the eligibility criteria, not being in receipt of a qualifying benefit or incomplete evidence provided.

**Note 4** Core Budget is £732,000 to which is added a residual underspend from 2013/14, the first year of operation.

**Discretionary Housing Payments**  
**12 February 2016**

Renewals

Awards considered for renewal	1389		
Renewals - approved	1349	(97.12%)	
Renewals - refused	2	(0.14%)	Applicants no longer meet priority group criteria
Renewals – not eligible	38	(2.74%)	No entitlement to DHP because Housing Benefit has stopped

New Applications

New Applications Received to date	642		
Applications Approved	423	(65.89%)	
Applications Refused	104	(16.20%)	
Applications - No Action	84	(13.08%)	DHP paid as 'Renewal'
Awaiting Supporting Evidence	0	(0%)	
New Applications still to be assessed	31	(4.83%)	30 from RSL tenants

£000

DHP Paid to date	767		Paid to Landlords a month in arrears
DHP Commitments Includes Non-SSSC (£35k)	191		Assumes existing claims run their course
New Applications to be assessed	21		Estimate based on current average weekly award of £13.91 (as at 12.2.16) if paid for full financial year.
Total Projected Spend	<u>979</u>		Assumes no further new applications (Scottish Government SSSC Projection: £964k)

SSSC

Households affected by SSSC at 12.2.16	1351		
Households currently receiving DHP (including applications still to be paid, pending Housing Benefit claim decision)	1341	(99.26%)	
Projected total SSSC spend	£944k		
Reviews requested: 3 (0.14%)			

**Councillor Stephen McCabe**  
**Ward 1 – Inverclyde East**  
 Municipal Buildings  
 Greenock  
 PA15 1LX

**Inverclyde**  
 council

**Leader of the Council**

Margaret Burgess, MSP  
 Minister for Housing and Welfare  
 St. Andrew's House  
 Regent Road  
 EDINBURGH  
 EH1 3DG

Direct Line: 01475 712727  
 Fax: 01475 712976  
 Email: [stephen.mccabe@inverclyde.gov.uk](mailto:stephen.mccabe@inverclyde.gov.uk)  
 Our Ref: SMC/sc  
 Your Ref:  
 Date: 17 February 2016

Dear Ms. Burgess

### **Reduction to Scottish Welfare Fund Budget**

I am writing on behalf of Inverclyde Council in my role as Welfare and Social Inclusion Champion, as well as Leader of the Council, regarding the recently announced reduction in funding coming to Inverclyde from 2016/17 in relation to the Scottish Welfare Fund.

I would wish to highlight to you that the Scottish Welfare Fund is already oversubscribed within Inverclyde with overspends against Government Funding occurring in both 2014/15 and 2015/16. It is only due to a significant underspend occurring the first year of the Scottish Welfare Fund, arising from a lower level of public understanding of the fund, that Inverclyde Council has not had to allocate resources from its own budget to meet increasing demand.

I can advise that as at 31 January 2016 the Grant Award is 10% ahead of available budget. You will appreciate that following the announced 7% cut in the Council's 2016/17 Scottish Welfare Fund budget from the Scottish Government then the Council is in the difficult position of either reviewing its award criteria within the parameters allowed or allocating funding from its own resources at a time that the Council received a £6.5 million cash grant cut from the Scottish Government as part of the 2016/17 Grant Settlement.

I fully understand that the reduction in the Council's Scottish Welfare Fund Grant allocation is a result of decisions taken as part of the 2016/17 Grant Distribution process, but on the basis that this reflects need then it is clear that the amount allocated by the Scottish Government for the Scottish Welfare Fund is simply not enough.

I am advised in a letter from the Deputy First Minister that the reduction experienced by Inverclyde in 2016/17 will be increased further in 2017/18 and again in 2018/19, by which time the Scottish Welfare Fund Grant allocation in Inverclyde will be at least 25% lower in real terms than it is in 2015/16. Given that the Council is already overspending the allocation before this 25% cut I would welcome your comments on how Inverclyde should contain its Scottish Welfare Fund Grant Payments within the resources allocated by the Scottish Government.

/...



2.

17 February 2016

Margaret Burgess, MSP

I intend to press the new Scottish Government elected after the May 2016 Holyrood elections to significantly increase the sums allocated to the Scottish Welfare Fund for Councils, as it is clear that demand for this vital service is only going to increase over coming years.

I look forward to your reply.

Yours sincerely

Stephen McCabe  
Leader of the Council  
Welfare Reform & Social Inclusion Champion

Category	Circumstances	Maximum Duration of Award/ Award to be reviewed	Amount of DHP (up to the stated % of the shortfall between HB and the rent charge – or otherwise stated)	Examples of Supporting Evidence
1	Claimants affected by the Social Sector Size Criteria (Working Age Housing Benefit claimants living in Housing Association tenancies)	For the full financial year	100% of the SSSC reduction	HB records
2a.	Claimants supported by the Homelessness Service in the Private Rented Sector	12 months	100%	Homelessness records
2b.	Claimants supported by the Homelessness Service into Social Sector housing	One- off payment	Up to the equivalent of 1 week's rent charge for the new tenancy	Housing Association notification Lease agreement
2c.	Benefit Cap	Until end of financial year	50%	HB records
2d.	Homeless in receipt of Universal Credit.	The duration of occupancy of Homelessness accommodation	100%	Homelessness records
3a.	Financial Hardship – Less than £20 income over expenditure each week	Until end of financial year	50%	Claimant statement/HB Assessment
3b.	Financial Hardship – Less than £20 income over expenditure each week – aged less than 35years and housed private rented sector	Until end of financial year	100%	Claimant statement/HB Assessment

## Notes

DHP is awarded in order of priority with applications meeting the criteria for Category 1 being the first priority to Category 3 being the lowest priority

### Category 1

- Applicants in category 1 are not subject to a financial assessment

### Category 2

- Applicants in category 2 are subject to a financial assessment. Applicants are approved where income is less than £20 more than essential expenditure. Disability Living Allowance is disregarded as income although all other income is taken into consideration.
- Awards for claimants supported by the Homelessness Service in the Private Rented Sector are limited to the equivalent of the difference between the HB award and one rate above the LHA rate for the household's requirements or the LHA 2 room rate, whichever is higher. Affordability of those supported by the Homelessness service will be monitored closely subject to an upper annual budget of £20k.
- Those affected by the Benefit Cap renting in the private rented sector – DHP is awarded based on the difference between HB and the LHA rate applicable to the household's requirements
- Those affected by the Benefit Cap renting in the social sector – DHP is awarded based on the difference between HB and the rent charge
- Homeless Universal Credit claimants – meet 100% of the shortfall between the UC housing element and the rent liability.

### Category 3

- Applicants are approved where income is less than £20 more than essential expenditure. Disability Living Allowance is disregarded as income although all other income is taken into consideration. This category will also be monitored closely and in line with 2013/14 could be subject to review depending on the level of spend.
- In the private rented sector DHP is awarded based on the difference between HB and the LHA rate applicable to the household's requirements or the 1 room rate for those aged under 35 years
- In the social sector DHP is awarded based on the difference between HB entitlement and the rent charge

Date: 19<sup>th</sup> February 2016



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<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b>	<b>22 March 2016</b>
<b>Report By:</b>	<b>Chief Financial Officer</b>	<b>Report No:</b>	<b>FIN/37/16/AP/KJ</b>
<b>Contact Officer:</b>	<b>Alan Puckrin</b>	<b>Contact No:</b>	<b>01475 712223</b>
<b>Subject:</b>	<b>TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY - 2016/17-2019/20</b>		

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## 1.0 PURPOSE

- 1.1 The purpose of this report is to present to Committee the Treasury Management Strategy Statement and Annual Investment Strategy for 2016/20, Treasury Policy Limits, the Council's Prudential and Treasury Management Indicators for the next 4 years, and the List of Permitted Investments.

## 2.0 SUMMARY

- 2.1 The report sets out the Council's proposed Treasury Management Strategy and Annual Investment Strategy for 2016/20, Treasury Policy Limits, and Prudential and Treasury Management Indicators for the next 4 years including the proposed Authorised Limit for 2016/17.
- 2.2 The report also proposes a List of Permitted Investments listing the types of investments and limits for those investments. There are no changes to the list of permitted investments from that agreed in 2015.
- 2.3 The Treasury Management Strategy, Annual Investment Strategy, Treasury Policy Limits, Prudential Indicators, and Treasury Management Indicators have been set based on the Council's current and projected financial position (including projected capital expenditure) and the latest estimated interest rate levels.
- 2.4 The report also requests the approval of the Council's Treasury Management Policy Statement which was last approved by the Full Council on 15 April 2010.
- 2.5 In line with the Council's Financial Regulations, the proposals in this report require approval by the Full Council.

## 3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee remits to the Inverclyde Council, for their approval, the following, as outlined in this report:
- Treasury Management Strategy and Annual Investment Strategy
  - Authorised Limit for 2016/17
  - Treasury Management Policy Statement set out in paragraph 5.2
  - Treasury Policy Limits
  - Prudential Indicators and Treasury Management Indicators
  - List of Permitted Investments (including those for the Common Good Fund).

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

## **4.0 BACKGROUND**

- 4.1 This report presents, for approval, a Treasury Management Strategy Statement and Annual Investment Strategy, Treasury Policy Limits, and Prudential and Treasury Management Indicators for 2016/20.
- 4.2 CIPFA produced the CIPFA Prudential Code and the CIPFA Code of Practice on Treasury Management. Inverclyde Council have adopted the Code of Practice on Treasury Management and comply with the Prudential Code.
- 4.3 The Local Government in Scotland Act 2003 and supporting regulations (the Act) require the Council to 'have regard to' the CIPFA Prudential Code (the Prudential Code) and the CIPFA Code of Practice on Treasury Management (the Code) to set Prudential and Treasury Indicators for at least the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.
- 4.4 The Act and supporting regulations require the Council to set out its Treasury Strategy for borrowing and to prepare an Annual Investment Strategy (as required by Investment Guidance subsequent to the Act) which sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.
- 4.5 It is a statutory requirement for the Council to produce a balanced budget. In particular, a local authority must calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This, therefore, means that increases in capital expenditure must be limited to a level whereby increases in charges to revenue are affordable within the projected income of the Council for the foreseeable future.
- 4.6 The format and content of the report has been revised following the Audit Scotland report issued in March 2015 on "Borrowing and treasury management in councils" to seek to make the report clearer and more accessible and to provide information for a longer period than in previous years.

As in previous years, a glossary of treasury management terms is attached as Appendix 4.

- 4.7 Members should note that additional regulations are being put before the Scottish Parliament to come into effect from 1 April 2016 and that statutory guidance is also being prepared with which the Council will need to comply, largely governing how the additional regulations are to be applied. One issue of relevance to this report relates to the requirement for the Council to approve an Authorised Limit for 2016/17 before 30 June 2016. This issue is addressed in paragraph 6.5 of this report.

## **5.0 SUMMARY OF ISSUES**

- 5.1 The main issues from this report are:
  - a. The Capital/Treasury Management position, Prudential Indicators, Treasury Management Indicators and Policy Limits are shown in Section 6 below.
  - b. The proposed Treasury Strategy and Investment Strategy are shown in Section 7 below.
  - c. The Full Council is requested to approve the Authorised Limit for 2016/17 as shown in paragraph 6.5.
  - d. This report includes the effect of the SEMP acceleration approved by the Council on 10 March 2016 and the latest information on City Deal projects.
  - e. There remains considerable economic uncertainty affecting forecasts for interest rates.
  - f. There are no proposed changes to Permitted Investments from those approved in 2015 (permitted investment types, limits, risks, controls and objectives) as set out in Appendix 2.
  - g. The variable rate funding included in the Indicators includes Common Good and Trust Fund balances deposited with and managed by the Council and on which the Council pays interest. The inclusion of these balances as Council borrowing is a requirement of the additional regulations at the Scottish Parliament that are due to come into effect from 1 April 2016.

- 5.2 The Council has a formal Treasury Management Policy Statement as follows that is required to be approved by the Full Council:
1. This organisation defines its treasury management activities as: “The management of the authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”.
  2. This organisation regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.
  3. This organisation acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

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

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

### Current Treasury Management Position

- 6.1 The Council’s treasury management position at 17 February 2016 comprised:

	Principal		Average Rate
	£000	£000	
Fixed rate funding	PWLB	110,684	4.05%
	Market	71,000	
Variable rate funding	PWLB	0	4.99%
	Market	32,368	4.19%
		214,052	
Other long term liabilities		67,973	---
<b>TOTAL DEBT</b>		<b>282,025</b>	
<b>TOTAL INVESTMENTS</b>		<b>55,835</b>	<b>0.78%</b>

The variable rate funding above includes Common Good and Trust Fund balances deposited with and managed by the Council and on which the Council pays interest. The inclusion of these balances as Council borrowing is a requirement of the additional regulations at the Scottish Parliament that are due to come into effect from 1 April 2016.

### Capital Expenditure and Borrowing

- 6.2 The Council’s Gross Capital Expenditure is estimated as:

	2015/16	2016/17	2017/18	2018/19	2019/20
	Projected	Estimate	Estimate	Estimate	Estimate
	£000	£000	£000	£000	£000
Capital Programme	28,772	33,632	52,552	21,880	13,537
PPP (accounting adjustments)	(2,084)	(1,908)	(2,039)	(1,591)	(1,723)
Total	26,688	31,724	50,513	20,289	11,814

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

	2015/16	2016/17	2017/18	2018/19	2019/20
	Projected	Estimate	Estimate	Estimate	Estimate
	£000	£000	£000	£000	£000
New borrowing	0	0	20,000	0	0
Alternative financing arrangements	0	0	0	0	0
Replacement borrowing	0	5,000	0	10,000	5,000
<b>TOTAL</b>	<b>0</b>	<b>5,000</b>	<b>20,000</b>	<b>10,000</b>	<b>5,000</b>

- 6.4 The Council's Gross Debt compared to the Capital Financing Requirement (including the effect of the proposed borrowing in paragraph 6.3) from this and previous Capital Expenditure as at each year-end is as follows:

	2015/16	2016/17	2017/18	2018/19	2019/20
	Projected	Estimate	Estimate	Estimate	Estimate
	£000	£000	£000	£000	£000
External Debt (Including PPP)	281,279	278,842	296,362	294,317	282,452
Capital Financing Requirement (CFR)	302,961	314,741	339,927	340,719	332,334
Under/(Over) Against CFR	21,682	35,899	43,565	46,402	49,882

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

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

	2015/16	2016/17	2017/18	2018/19	2019/20
	Limit	Limit	Limit	Limit	Limit
	£000	£000	£000	£000	£000
<b>Authorised limit for external debt</b>					
Borrowing	239,000	229,000	244,000	253,000	248,000
Other long term liabilities	68,000	68,000	66,000	64,000	63,000
<b>TOTAL</b>	<b>307,000</b>	<b>297,000</b>	<b>310,000</b>	<b>317,000</b>	<b>311,000</b>
<b>Operational boundary for external debt</b>					
Borrowing	234,000	219,000	234,000	243,000	238,000
Other long term liabilities	68,000	68,000	66,000	64,000	63,000
<b>TOTAL</b>	<b>302,000</b>	<b>287,000</b>	<b>300,000</b>	<b>307,000</b>	<b>301,000</b>

The additional regulations before the Scottish Parliament require that the Council approves the Authorised Limit for 2016/17 before 30 June 2016. As a result this approval is being sought as part of this report.

The Authorised Limits for 2017/18 to 2019/20 shown above reflect proposed borrowing in each year. Formal approval for the Authorised Limits for each of those years will be sought in forthcoming annual Treasury Strategy reports.

- 6.6 The Council sets limits on the maturity of fixed rate borrowing for the coming financial year. The limits proposed for 2016/17 are:

<b>Maturity Structure</b>	<b>Upper Limit</b>	<b>Lower Limit</b>
Under 12 months	45%	0%
12 months and within 24 months	45%	0%
24 months and within 5 years	45%	0%
5 years and within 10 years	45%	0%
10 years and within 30 years	45%	0%
30 years and within 50 years	45%	0%
50 years and within 70 years	45%	0%

These limits are the same as set in 2015. They reflect the Treasury Management Code requirement that the Council's Market debt is treated based not on when the debt is due to actually mature but on when the lender could request an increase in the interest rate (when the Council could accept the increase or repay the debt).

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

	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2015/16</b>
	<b>Limit</b>	<b>Limit</b>	<b>Limit</b>	<b>Limit</b>	<b>Projected Outturn at Year-End</b>
Upper limit for fixed interest rate exposure	130%	130%	130%	120%	115.2% *
Upper limit for variable rate exposure	40%	40%	40%	40%	-15.2% *
Maximum percentage of debt repayable in any year	25%	25%	25%	25%	18.66%
Maximum proportion of debt at variable rates	45%	45%	45%	45%	31.32%
Maximum percentage of debt restructured in any year	30%	30%	30%	30%	0.00%

The proposed limits are the same as set in 2015 apart from an increase to the 2017/18 upper limit for fixed interest rate exposure to match the proposed limit for 2016/17.

\* The Council's debt is largely at fixed rates (with some debt moving between fixed and variable) whilst its investments are at variable rates. As a result, the percentages produced can be above 100% for one limit and below 0% for the other limit.

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

	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
	<b>Projected</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
Ratio of financing costs (including PPP) to net revenue stream	11.84%	13.38%	14.40%	15.56%	16.43%

The ratio is forecast to increase due to the additional capital expenditure being proposed by the Council (such as the SEMP acceleration) and the projected reductions in the Council's net revenue stream/funding.

6.9 The incremental impact of capital investment decisions is estimated as:

	2016/17	2017/18	2018/19	2019/20
	Estimate	Estimate	Estimate	Estimate
Incremental increase in council tax (band D) per annum	£2.61	£7.75	£3.93	£1.29

This reflects the year-on-year effect of prudential borrowing for capital expenditure (such as the schools acceleration). The costs of these capital investment decisions are budgeted for by the Council as part of the annual budget process and in the Financial Strategy.

### Investments

6.10 The Council's estimated investments position (after the proposed borrowing in paragraph 6.3) is shown in Appendix 3 and includes transactions treated as investments under the Investment Regulations. Included in Appendix 3 (as Cash balances managed in house) are the following estimated Bank Deposits:

	2016/17	2017/18	2018/19	2019/20
	Estimate	Estimate	Estimate	Estimate
	£000	£000	£000	£000
<b>Cash balances managed in house</b>				
1 April	50,124	30,565	20,677	18,073
31 March	30,565	20,677	18,073	14,886
Change in year	(19,559)	(9,888)	(2,604)	(3,187)

6.11 The Council sets upper limits for the total investments invested for over 364 days. The proposed limits are as follows:

	2015/16	2016/17	2017/18	2018/19	2019/20
	Limit	Limit	Limit	Limit	Limit
Upper limit for total principal sums invested for over 364 days	£000 10,000	£000 10,000	£000 10,000	£000 10,000	£000 10,000

The Council have not entered into any investments of more than 364 days during 2015/16 to date and does not expect to do so during the remainder of the year.

## 7.0 PROPOSED TREASURY STRATEGY AND INVESTMENT STRATEGY

### Economic Background

7.1 Appendix 1 explains the Economic Background affecting the proposed Treasury Management Strategy and Annual Investment Strategy.

7.2 The Council has appointed Capita Treasury Solutions Limited as treasury advisers with part of their service being to assist the Council to formulate a view on interest rates. Capita's latest interest rate forecasts (as at 12 February 2016) are:

As At	Bank Rate	Investment (LIBID) Rates			PWLB Borrowing Rates			
		3 month	6 month	1 year	5 year	10 Year	25 year	50 year
	%	%	%	%	%	%	%	%
March 2016	0.50	0.50	0.70	1.00	1.70	2.30	3.20	3.00
June 2016	0.50	0.50	0.70	1.00	1.90	2.40	3.20	3.00
Sept 2016	0.50	0.50	0.70	1.00	2.00	2.50	3.30	3.10
Dec 2016	0.50	0.60	0.80	1.10	2.10	2.60	3.30	3.10
March 2017	0.75	0.80	0.90	1.20	2.20	2.70	3.50	3.30
June 2017	0.75	0.90	1.00	1.30	2.30	2.80	3.50	3.30
Sept 2017	1.00	1.00	1.20	1.50	2.40	2.90	3.60	3.40
Dec 2017	1.00	1.10	1.40	1.70	2.60	3.00	3.60	3.40
March 2018	1.25	1.30	1.60	1.90	2.70	3.10	3.70	3.50
June 2018	1.25	1.30	1.70	2.00	2.80	3.30	3.70	3.60
Sept 2018	1.50	1.60	1.80	2.10	2.90	3.40	3.70	3.60
Dec 2018	1.50	1.80	2.00	2.30	3.00	3.50	3.80	3.70
March 2019	1.75	1.90	2.20	2.40	3.10	3.60	3.80	3.70

- 7.3 As Appendix 1 and the interest rate forecast above indicates, there remains considerable economic uncertainty which suggests that investment returns are likely to continue to be relatively low and there will remain a cost of carry to any new borrowing that would cause an increase in investments (for the difference between borrowing and investment interest rates).

#### **Treasury Strategy - Borrowing**

- 7.4 The proposed borrowing is as shown in paragraph 6.3 whilst the proposed authorised limit for 2016/17 is shown in paragraph 6.5.
- 7.5 The timing and period of that borrowing will depend on an assessment by the Chief Financial Officer based on the Council's requirements and financial position, adopting a cautious but pragmatic approach and after seeking advice and interest rate/economic forecasts from the Council's treasury advisers.

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

#### **7.6 Policy on Borrowing in Advance of Need**

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

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

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

The maximum extent to which borrowing in advance would be undertaken by this Council is the borrowing requirement identified in paragraph 6.3 above for 2016/2019.

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

- 7.7 PWLB-to-PWLB debt restructuring, whilst an option and having been done in the past before changes to PWLB rules in 2007 and 2010, would give rise to large premiums that would be incurred by prematurely repaying existing PWLB loans. It is possible but very unlikely that these could be justified on value for money grounds if using replacement PWLB refinancing.
- 7.8 As short term borrowing rates are expected to be considerably cheaper than longer term rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of their short term nature and the likely cost of refinancing those short term loans, once they mature, compared to the current rates of longer term debt in the existing debt portfolio.
- 7.9 The Council is more likely to look at making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on currently held debt.

- 7.10 The reasons for any rescheduling to take place will include:
- The generation of cash savings and/or discounted cash flow savings but at minimum risk;
  - Helping to fulfil the strategy outlined above; and
  - Enhancing the balance of the portfolio (amending the maturity profile and/or the balance of volatility).
- 7.11 Any debt rescheduling will be reported to the Policy & Resources Committee and the Full Council and will be within the Treasury Policy Limits.

### **Investments – Policies/Strategy**

7.12 Investment Policy

The Council will have regard to the Local Government Investment (Scotland) Regulations 2010 and accompanying finance circular and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross-Sectoral Guidance Notes (“the CIPFA TM Code”). The Council’s investment priorities are:

- (a) The security of capital  
and
- (b) The liquidity of its investments.

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

- 7.13 The borrowing of monies purely to invest or on-lend and make a return is unlawful and this Council will not engage in such activity.
- 7.14 Counterparty limits will be as set through the Council’s Treasury Management Practices.
- 7.15 At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

7.16 Permitted Investment Types

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

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

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

**There are no changes to the proposed list of permitted investments from that agreed in 2015.**

7.17 Creditworthiness Policy

The Council’s proposed Creditworthiness Policy for 2016/17, as follows, is unchanged from that agreed in 2015.

- 7.18 The Council uses the creditworthiness service provided by Capita Treasury Solutions Limited. This service uses a sophisticated modelling approach using credit ratings from the three main rating agencies - Fitch, Moody’s, and Standard and Poor’s. The credit ratings of counterparties are supplemented with the following overlays:
- Credit watches and credit outlooks from credit rating agencies (indicating the likelihood of ratings changes for a counterparty or the expected direction of ratings for a counterparty)
  - Credit Default Swap (“CDS”) spreads to give early warning of likely changes in credit ratings
  - Sovereign ratings to select counterparties from only the most creditworthy countries.



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

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

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

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

The maximum period for individual investments with the Council's own bankers will be as in accordance with the above table whilst the limit for total investments will be £50m or as agreed by Committee.

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

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

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

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

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

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

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

#### 7.24 Investment Strategy

Appendix 3 includes forecasts of investment balances.

7.25 The Bank Rate has been unchanged at 0.50% since March 2009. It is forecast to remain at this level until quarter 1 of 2017 and then to rise gently from thereon. Bank Rate forecasts for financial year ends (March) are as follows:

- 2016/17 0.75%
- 2017/18 1.25%
- 2018/19 1.75%.

There are downside risks to these forecasts (i.e. the start of increases in Bank Rate occurs later) if economic growth weakens. However, should the pace of growth quicken, there could be an upside risk.

7.26 Capita advise that, for 2016/17, clients should budget for an investment return of 0.50% on investments placed during the financial year for periods of up to 100 days.

7.27 The Council will avoid locking into longer term deals while investment rates are down at historically low levels unless attractive rates are available with counterparties of particularly high creditworthiness which make longer term deals worthwhile and within the risk parameters set by this Council.

7.28 As part of the process of strengthening banks and the increased regulation of banks following the banking and financial crisis, the banking regulatory authorities in the UK and the EU have been introducing further directives and regulations relating to issues such as bank capital and reserves to be held in case the banks hit financial problems. The regulators also undertake stress tests of individual banks to test the resilience of their financial position if there were to be particular economic scenarios e.g. a significant drop in house prices accompanied by an increase in unemployment at the same time as an increase in interest rates/funding costs.

7.29 Members should note that the some of the changes in banking regulations being implemented in the UK and the EU to further strengthen banks will further reduce the interest rates that they are likely to see on their own bank deposit accounts as individuals (relative to the Bank Rate) and will also impact on the rates receivable by the Council on its investments. It is likely that the Council and private individuals will receive much lower rates for call monies (instant access investments) or very short term investments than it/they will for investments of 32 days and above.

7.30 At the moment the Council receives the Bank Rate of 0.50% on call monies from the Bank of Scotland under the terms of its current banking contract but we have been advised that the regulatory changes mean that the rate is likely to be reduced in the future once the current contract ends. A rate reduction will have an impact, in due course, on Council investment returns and therefore budgets and thereby making it increasingly more attractive for the Council to reduce, as far as practicable, its investment balances.

#### **Policy on Use of External Service Providers**

7.31 The Council uses Capita Treasury Solutions Limited as its external treasury management advisers and uses the services of brokers for investment deals as required. The Council's current contract with Capita finishes on 30 June 2018 with an option for a further one year extension.

7.32 The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon external service providers.

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

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

- 7.34 The Treasury Management Practices (TMPs) of the Council set out the operational policies and procedures in place to implement the treasury management strategy and the principles set out in the treasury management policy statement. They are intended to minimise the risk to the capital sum of investments and for optimising the return on the funds consistent with those risks.
- 7.35 The TMPs are kept under review, with a full revision every 3 years. The last full revision was in 2014.
- 7.36 A copy of the TMPs may be obtained from Finance Services.

### **Training for Members**

- 7.37 A specific training session on Treasury Management was held for Members on 4 November 2015. Further training will be organised as considered necessary.

## **8.0 IMPLICATIONS**

### **Finance**

- 8.1 Adopting the Treasury Strategy and the Investment Strategy for 2016/17 and the following three years will allow a balance to be maintained between opportunities to continue to generate savings for the Council and minimising the risks involved.

### **Legal**

- 8.2 There are no Legal implications arising from this report.

### **Human Resources**

- 8.3 There are no HR implications arising from this report.

### **Equalities**

- 8.4 There are no equalities implications arising from this report

### **Repopulation**

- 8.5 There are no repopulation implications arising from this report.

## **9.0 CONSULTATIONS**

- 9.1 This report has drawn on advice from the Council's treasury advisers (Capita Treasury Solutions Limited).

## **10.0 LIST OF BACKGROUND PAPERS**

- 10.1 CIPFA - Treasury Management in the Public Services – Code of Practice and Cross-Sectoral Guidance Notes – 2011 Edition  
CIPFA – The Prudential Code for Capital Finance in Local Authorities – 2011 Edition  
Scottish Government – The Local Government Investments (Scotland) Regulations 2010 (Scottish Statutory Instrument 2010 No. 122)  
Scottish Government - Finance Circular 5/2010 Investment of Money by Scottish local authorities 1.4.10  
Scottish Government – The Local Government (Capital Finance and Accounting) (Scotland) Regulations 2016 (Draft Scottish Statutory Instrument).

**ECONOMIC BACKGROUND**

The following economic background is a summary based on information from the Council's treasury advisers, Capita Treasury Solutions Limited:

Economic forecasting remains difficult with so many external influences weighing on the UK. There is much volatility in rates and bond yields as news ebbs and flows in negative or positive ways.

The overall trend in the longer term will be for gilt yields and PWLB rates to rise when economic recovery is firmly established accompanied by rising inflation and consequent increases in Bank Rate, and the eventual unwinding of Quantitative Easing. At some future point in time, an increase in investor confidence in eventual world economic recovery is also likely to compound this effect as recovery will encourage investors to switch from bonds to equities (shares).

The overall balance of risks to economic recovery in the UK is currently to the downside, given the number of potential headwinds that could be growing on both the international and UK scene. Only time will tell just how long this current period of strong economic growth will last; it also remains exposed to vulnerabilities in a number of key areas.

However, the overall balance of risks to the Bank Rate forecast is probably to the downside, i.e. the first increase, and subsequent increases, may be delayed further if recovery in GDP growth, and forecasts for inflation increases, are lower than currently expected.

Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- Emerging country economies, currencies and corporates destabilised by falling commodity prices and/or US Federal Reserve rate increases, causing a flight of funds to "safe havens".
- Geopolitical risks in Eastern Europe, the Middle East and Asia, increasing safe haven flows.
- UK economic growth and increases in inflation being weaker than currently anticipated.
- Weak growth or recession in the UK's main trading partners - the EU and US.
- A resurgence of the Eurozone sovereign debt crisis.
- Recapitalisation of European banks requiring more government financial support.
- Monetary policy action failing to stimulate sustainable growth and combat the threat of deflation in western economies, especially the Eurozone and Japan.

The potential for upside risks to current forecasts for UK gilt yields and PWLB rates, especially for longer term PWLB rates include:

- Uncertainty around the risk of a UK exit from the EU.
- The pace and timing of increases in the US Federal Reserve funds rate causing a fundamental reassessment by investors of the relative risks of holding bonds as opposed to equities (shares) and leading to a major flight from bonds to equities.
- UK inflation returning to significantly higher levels than in the wider EU and US, causing an increase in the inflation premium inherent to gilt yields.

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

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

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

**Notes:**

1. The Liquidity Risk on a Certificate of Deposit is for the Term of the Deposit (if the Certificate is held to maturity) or the Next Banking Day (if sold prior to maturity). There is no Market Risk if the Certificate is held to maturity, only if the Certificate is sold prior to maturity (with an implied assumption that markets will not freeze up and so there will be a ready buyer).
2. The objective of Money Market Funds is to maintain the value of assets but such Funds hold assets that can vary in value. The credit ratings agencies, however, require the unit values to vary by almost zero.

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

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

### **Non-Treasury Investments**

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

- “(a) All share holding, unit holding and bond holding, including those in a local authority owned company, is an investment.
- (b) Loans to a local authority company or other entity formed by a local authority to deliver services, is an investment.
- (c) Loans made to third parties are investments.
- (d) Loans made by a local authority to another authority or harbour authority using powers contained in Schedule 3, paragraph 10 or 11 of the Local Government (Scotland) Act 1975 are not investments.
- (e) Investment property is an investment.”

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

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

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

### **Permitted Investments – Common Good**

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

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

## **Treasury Risks Arising From Permitted Instruments**

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

### **1. Credit and counter-party risk**

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

### **2. Liquidity risk**

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

### **3. Market risk**

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

### **4. Interest rate risk**

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

### **5. Legal and regulatory risk**

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

The risk exposure of various types of investment instrument can be summarised as:

- low risk = low rate of return
- higher risk = higher rate of return.

For liquidity, the position can be summarised as:

- high liquidity = low return
- low liquidity = higher returns.

## **Controls on Treasury Risks**

### **1. Credit and counter-party risk**

This Council has set minimum credit criteria to determine which counterparties and countries are of sufficiently high creditworthiness to be considered for investment purposes.

### **2. Liquidity risk**

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

### **3. Market risk**

The only instruments that the Council may purchase which can have market risk are Certificates of Deposit. Although they have a market value that fluctuates, the market risk does not arise if the Certificates are retained until maturity - only if they were traded prior to maturity if the need arose.

#### **4. Interest rate risk**

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

#### **5. Legal and regulatory risk**

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

#### **Unlimited Investments**

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

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

##### **1. Debt Management Agency Deposit Facility (DMADF)**

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

##### **2. High Credit Worthiness Banks and Building Societies**

See paragraphs 7.17 to 7.23 for an explanation of this authority's definition of high credit worthiness. While an unlimited amount of the investment portfolio may be put into banks and building societies with high credit worthiness, the authority will seek to ensure diversification of its portfolio with the following limits:

- Limit for any single institution (except Council's bankers): £15m
- Limit for Council's bankers (Bank of Scotland): £50m (or as approved by the Council or Committee)
- Limit for any one group of counterparties: £30m (£50m or as approved by the Council or Committee for the group including the Council's bankers).

##### **3. Funds Deposited with Inverclyde Council (for Common Good funds)**

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

#### **Objectives of Each Type of Investment Instrument**

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

##### **1. Deposits**

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

###### **a) Debt Management Agency Deposit Facility (DMADF)**

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



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

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

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

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

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

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

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

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

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

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

3. Securities

a) Certificates of Deposit

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

4. Collective Investment Schemes structured as Open Ended Investment Companies (OEICs)

a) Money Market Funds (MMFs)

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

5. Non-Treasury Investments

b) Share holding, unit holding and bond holding, including those in a local authority owned company

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

c) Loans to a local authority company or other entity formed by a local authority to deliver services

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

d) Loans made to third parties

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

e) Investment property

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

**FORECASTS OF INVESTMENT BALANCES**

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

<b>INVESTMENT FORECASTS</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Cash balances managed in house</b>				
1 April	50,124	30,565	20,677	18,073
31 March	30,565	20,677	18,073	14,886
Change in year	(19,559)	(9,888)	(2,604)	(3,187)
Average daily cash balances	40,345	25,621	19,375	16,480
<b>Holdings of shares, bonds, units (includes authority owned company)</b>				
1 April	2	2	2	2
Purchases	0	0	0	0
Sales	0	0	0	0
31 March	2	2	2	2
<b>Loans to local authority company or other entity to deliver services</b>				
1 April	600	565	530	495
Advances	0	0	0	0
Repayments	35	35	35	35
31 March	565	530	495	460
<b>Loans made to third parties</b>				
1 April	2,212	2,187	2,162	2,137
Advances	3	3	3	3
Repayments	28	28	28	29
31 March	2,187	2,162	2,137	2,111
<b>Investment properties</b>				
1 April	0	0	0	0
Purchases	0	0	0	0
Sales	0	0	0	0
31 March	0	0	0	0
<b>TOTAL OF ALL INVESTMENTS</b>				
1 April	52,938	33,319	23,371	20,707
31 March	33,319	23,371	20,707	17,459
Change in year	(19,619)	(9,948)	(2,664)	(3,248)

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 for Common Good whilst the Investment properties includes Council property and Common Good property.

**TREASURY MANAGEMENT**  
**GLOSSARY OF TERMS**

**Affordable Capital Expenditure Limit**

The amount that the Council can afford to allocate to capital expenditure in accordance with the requirements of the Local Government in Scotland Act 2003 and supporting regulations.

**Authorised Limit for External Debt**

This is a limit for total Council external debt as set by the Council based on debt levels and plans.

**Bail In**

The use of funds held by a bank or other financial institution (whether in the form of customer bank deposits or bonds) to help prevent the collapse of a bank and in place of Governments stepping in with funds/support. The introduction of Bail In powers is part of the implementation of the Bank Recovery and Resolution Directive.

**Bank of England**

The central bank for the UK with ultimate responsibility for setting interest rates (which it does through the Monetary Policy Committee or "MPC").

**Bank Rate**

The interest rate for the UK as set each month by the Monetary Policy Committee ("MPC") of the Bank of England. This was previously referred to as the "Base Rate".

**Bank Recovery and Resolution Directive (BRRD)**

The Bank Recovery and Resolution Directive is a European legislative requirement which sets out a common approach within the EU to how countries will deal with any banks and financial institutions that get into financial difficulty. It includes the use of Bail In powers and was implemented in the UK, Germany and Austria on 1<sup>st</sup> January 2015 with other EU countries due to implement the BRRD in 2016.

**Call Date**

A date on which a lender for a LOBO loan can seek to apply an amended interest rate to the loan. The term "call date" is also used in relation to some types of investments with a maturity date where the investments can be redeemed on call dates prior to the maturity date.

**Capita**

Capita Treasury Solutions Limited who are the Council's treasury management advisers who were previously named Sector Treasury Services Limited (and were normally referred to as Sector).

**Capital Expenditure**

Expenditure on or for the creation of fixed assets that meets the definition of Capital Expenditure under the accounting rules as set-out in the Code of Practice on Local Authority Accounting in the United Kingdom and for which the Council are able to borrow.

**Capital Financing Requirement**

The Capital Financing Requirement (sometimes referred to as the "CFR") is a Prudential Indicator that can be derived from the information in the Council's Balance Sheet. It generally represents the underlying need to borrow for capital expenditure (including PPP schemes).

**CDS Spread**

A CDS Spread or "Credit Default Swap" Spread is the cost of insuring against default by a Counterparty. Increases in the CDS Spread for a Counterparty may indicate concerns within the market regarding a Counterparty.

**Certificates of Deposit**

Certificates of Deposit (or CDs) are a form of investment and similar to Fixed Term Deposits in that the investment is with a named Bank or Financial Institution, matures on a set date, and is repaid with interest on the maturity date. Unlike a Fixed Term Deposit, a CD can also be traded in the market prior to maturity.

## CIPFA

CIPFA is the Chartered Institute of Public Finance and Accountancy who produce guidance, codes of practice, and policy documents for Councils.

## Counterparty

Another organisation involved in a deal i.e. if the Council enters a deal with a bank then the bank would be referred to as the "Counterparty".

## Credit Ratings

Credit ratings are indicators produced by a ratings provider (such as Fitch, Moody's or Standard & Poor's) that aim to give an opinion on the relative ability of a financial institution to meet its financial commitments. Credit ratings are not guarantees – they are opinions based on investigations and assessments by the ratings providers and they are regularly reviewed and updated. The Council makes use of credit ratings to determine which counterparties are appropriate or suitable for the Council to make deposits with.

The highest credit rating is AAA.

## European Central Bank

Sometimes referred to as "the ECB", the European Central Bank is the central bank that sets interest rates for the Eurozone. It is the equivalent of the Bank of England.

## Eurozone

This is the name given to the countries in Europe that have the Euro as their currency. Interest rates in the Eurozone are set by the European Central Bank. The Eurozone is comprised of the following 19 countries: Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia, and Spain.

## Federal Reserve

Sometimes referred to as "the Fed", the Federal Reserve is the central bank for the US and is the equivalent of the Bank of England. The Federal Reserve sets interest rates for the US.

## Fixed Rate Funding/Investments

This term refers to funding or investments where the interest rate that applies to payments or receipts of interest on the funding or investments is fixed and does not change.

## Fixed Term Deposit

A Fixed Term Deposit or Fixed Term Investment is an investment with a named bank or financial institution which matures on a set date and which is repaid with interest on the maturity date. Fixed Term Deposits cannot be traded and cannot be terminated before the maturity date without the payment of a penalty (if at all).

## Gilt Yields

A gilt yield is the effective rate of return that someone buying a gilt at the current market price will receive on that gilt. Since the market price of a gilt can vary at any time, the yield will also vary.

## Gilts

Gilts are bonds (i.e. debt certificates) that are issued (i.e. sold) by the UK Government. When they issue gilts the Government sets the interest rate that applies to the gilt, sets when they will repay the value of the gilt, and it agrees to make interest payments at regular intervals until the gilt is repaid or redeemed. Gilts are traded in the financial markets with the price varying depending on the interest rate applicable to the gilt, when the gilt will be repaid (i.e. when it will mature), on Bank Rate expectations, and on market conditions.

## Gross Domestic Product

Gross Domestic Product ("GDP") is a measure of the output of goods and services from an economy.

## Inflation

Inflation is the term used for an increase in prices over time. It can be measured in various ways including using the Consumer Prices Index ("CPI") or the Retail Prices Index ("RPI").

### Investment Regulations

The Local Government in Scotland Act 2003 allows the Scottish Ministers to introduce Regulations to extend and govern the rules under which Scottish Councils may invest funds. The Local Government Investments (Scotland) Regulations 2010 came into effect on 1<sup>st</sup> April 2010.

### LIBID

This is the London Interbank Bid Rate – an interest rate that is used between banks when they wish to attract deposits from each other.

### LIBOR

This is the London Interbank Offering Rate – an interest rate that is used as a base for setting interest rates for deals between banks.

### Liquidity

In relation to investments, liquidity relates to the ability to access invested funds. If funds are in a call account they have high liquidity (because the funds are readily accessible) whilst if funds are invested in bonds the bonds would need to be sold in order to access the funds (lower liquidity).

### LOBO

This is a form of loan that the Council has with some lenders. The term is short for the phrase “Lender Option/Borrower Option”.

### Money Market Fund

A Money Market Fund (or MMF) is a highly regulated investment product into which funds can be invested. An MMF offers the highest possible credit rating (AAA) whilst offering instant access and the diversification of risk (due to the MMF’s balances being investing in selected and regulated types of investment product with a range of different and appropriately credit-rated counterparties).

### MPC

The MPC or Monetary Policy Committee is a committee of the Bank of England that meets each month (in a meeting over 2 days) to set the Bank Rate for the UK.

### Net Borrowing Requirement

This is the difference between the Council's net external borrowing and its capital financing requirement. Under the Prudential Code the Council's net external borrowing should not, except in the short term, exceed its capital financing requirement. The Net Borrowing Requirement should therefore normally be a negative figure.

### Operational Boundary

This is a level of debt set by the Council at lower than the Authorised Limit and which Council debt levels should not normally exceed during normal operations.

### Prudential Code

Councils are required to comply with the CIPFA Prudential Code for Capital Finance in Local Authorities. These requirements include the production of Prudential Indicators. The Prudential Code was last revised in November 2011.

### Prudential Indicators

Indicators set-out in the Prudential Code that will help Councils to meet requirements in relation to borrowing limits or which will help Councils demonstrate affordability and prudence with regard to their prudential capital expenditure.

### PWLB

The Public Works Loan Board is a government agency and part of the Debt Management Office. The PWLB provides loans to local authorities and other specified bodies.

### PWLB Certainty Rates

PWLB rates for new borrowing at a 0.20% discount to standard PWLB rates for local authorities that submit annual information on their long-term borrowing and capital spending plans. The PWLB Certainty Rates came into effect on 1 November 2012.

### PWLB Rates

These are the interest rates chargeable by the Public Works Loan Board for loans. The rates for fixed rate loans are determined by the day on which the loan is agreed. The rates to be charged by the PWLB for loans are set each day based on gilt yields at the start of business each day and then updated at least once during the day.

### Quantitative Easing

This is the creation of money by a central bank (such as the Bank of England) in order to purchase assets from banks and companies and boost the supply of money in an economy.

### Ratings

Ratings are indicators produced by a ratings provider (such as Fitch, Moody's or Standard & Poor's) that aim to give an indication of the financial or operational strength of entities including financial institutions and even countries. Ratings are not guarantees – they are opinions based on investigations and assessments by the ratings providers and they are regularly reviewed and updated. The Council makes use of credit ratings to determine which counterparties are appropriate or suitable for the Council to make deposits with.

### Ring Fencing

In banking terms, the proposal (currently expected by 2019) that those parts of a bank that undertake riskier activities (such as investment banking) be kept legally separate from those parts that undertake less risky/safer activities (such as the accepting of customer deposits).

### Security

In relation to investments, security refers to the likelihood that invested funds will be returned to the investor when due.

### Stress Tests

Reviews of the assets and liabilities of banks and financial institutions carried out by regulators such as the European Banking Authority (EBA) and the Prudential Regulation Authority (PRA) in the UK to identify the impact of potential economic scenarios, assess the strength of those banks/financial institutions, and determine any action required by banks/financial institutions to strengthen their financial positions.

### Treasury Management Code

This is the "Treasury Management in the Public Services: Code of Practice". It is produced by CIPFA and was last revised in November 2011.

### Treasury Management Indicators

These are Prudential Indicators specifically relating to Treasury Management issues.

### Treasury Management Practices (TMPs)

This is a Council document that sets out Council policies and procedures for treasury management as required by the Treasury Management Code. The Council also agrees an annual treasury management strategy that is submitted to Committee in accordance with the Treasury Management Practices.

### Variable Rate Funding/Investments

Funding or investments where the interest rate that applies to payments or receipts of interest on the funding or investments varies on an agreed basis.

### Yield

The yield is the effective rate of return on an investment.

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<b>Report To:</b>	<b>Policy and Resources Committee</b>	<b>Date:</b>	<b>22 March 2016</b>
<b>Report By:</b>	<b>Head of Inclusive Education, Culture and Corporate Policy</b>	<b>Report No:</b>	<b>PR/08/16/WB/KB</b>
<b>Contact Officer:</b>	<b>Karen Barclay, Corporate Policy Officer</b>	<b>Contact No:</b>	<b>01475 712065</b>
<b>Subject:</b>	<b>Results from the Citizens' Panel Autumn 2015 Survey</b>		

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## **1.0 PURPOSE**

- 1.1 The purpose of this report is to inform the Committee of the headline results from the Citizens' Panel Autumn 2015 Survey.

## **2.0 SUMMARY**

- 2.1 The Survey focused on the following topics:

- Inverclyde Council's reputation
- drugs and drugs misuse
- recycling
- dementia and stigma.

- 2.2 Throughout the report, commentaries on the results are included from the appropriate Council Service.

- 2.3 A number of significant points emerged from the Autumn 2015 Survey:

- 70% of respondents agreed or strongly agreed that the Council promotes environmental sustainability;
- less than a third (30%) of respondents said that drug misuse is a major issue in their neighbourhood;
- 93% of Panel members said they are satisfied or very satisfied with the quality and provision of recycling facilities in Inverclyde; and
- a number of positive suggestions were made as to how society could ensure that people with dementia are not stigmatised.

## **3.0 RECOMMENDATIONS**

- 3.1 It is recommended that the Committee:

- a. notes the main findings from the Autumn 2015 Citizens' Panel Survey; and
- b. takes account of the results when reviewing service delivery, as appropriate.

**Wilma Bain, Corporate Director – Education, Communities and Organisational Development**



## 4.0 BACKGROUND

- 4.1 The Citizens' Panel was established in 2007 to enable the Council to regularly consult with Inverclyde residents on a wide range of issues and to obtain feedback to improve and develop services to meet the needs of local people. The Panel comprises 1,000 local residents, with membership refreshed annually by one third.
- 4.2 The return rate of 66% for the Autumn 2015 Survey is one of the highest response rates we have received.

## 5.0 SURVEY TOPICS, FINDINGS AND COMMENTARIES

### 5.1 Inverclyde Council's reputation

The first section of the Survey asked questions about the Council and its reputation.

Panel members were asked to look at a list of statements regarding the Council and to indicate how much they agreed or disagreed with each of them. The top three statements that respondents agreed or strongly agreed with were: the Council promotes environmental sustainability; the Council is helpful; and the Council's staff are professional. It is pleasing to note that the majority of Citizens' Panel members (70%) agreed that the Council promotes environmental sustainability. We are encouraged also to note that more than 60% of respondents agreed both that the Council is helpful (62%) and that our staff are professional (61%).

The top three statements that respondents disagreed or strongly disagreed with were: the Council keeps costs down; our reputation is good; and we communicate well with our customers. However, it should be noted that only 21% of respondents disagreed that the Council keeps costs down. Even smaller numbers disagreed that the Council's reputation is good (19%) and that we communicate well with our customers (17%).

#### **Inverclyde Council's reputation – Service commentary**

This is the first time questions on the Council's reputation have been asked of Panel members. As we do not have any corresponding benchmarking details, we intend to use the information as a starting point in the long term measurement of the Council's reputation. It is important to note that assumptions should not be made at this time on whether the Panel's responses constitute good or poor performance.

The examination of the Council's reputation on a range of factors by Panel members is a key component in delivering a long term comprehensive Communications Strategy for the Council. The information from the Citizens' Panel results highlights areas where the Council and its partners can work together to further enhance the quality of life in Inverclyde and to promote and communicate the activities and policies of the Council and its partners. In addition, the promotion of the area and its benefits is a key element in encouraging repopulation.

### 5.2 Drugs and drugs misuse

The first question in this section of the Survey asked Panel members to what extent they thought drug misuse was an issue in their neighbourhood: less than a third (30%) thought it was a major issue in their area; 35% thought it was a minor issue and just under a quarter (24%) said it was not an issue at all.

The issues that arose from drug misuse in Panel members' neighbourhoods were: crime (30%); noise (23%), violence (21%) and drug-related litter (9%), for example, discarded needles.

When Panel members were asked what drugs they thought were an issue in their area, a variety of responses were given including marijuana, heroin, cannabis and so-called 'legal highs'.

The next question in the drugs section of the Survey asked who Panel members thought had responsibility to tackle drug-related issues. Almost three quarters (72%) of respondents said it was the responsibility of Police Scotland to tackle issues relating to drugs; this was followed by individuals (59%). Inverclyde Council, the National Health Service and communities were all scored fairly equally regarding this question at 45%, 43% and 42% respectively.

The final question asked what key priority actions Panel members thought should be taken to tackle drug misuse. Again, a wide and varied selection of views were provided including:

- More education for primary and secondary pupils
- More severe penalties for drug dealers
- Carry out a review of the Methadone programme
- Additional support for people to come off drugs
- More police on the streets.

#### **Drugs and drugs misuse – Service commentary**

The findings outline several areas of concern regarding drug misuse and its impact on our communities. Panel members' responses provided useful information about the nature of difficulties caused by drug misuse and how they think these issues should be tackled. Further analysis is required of the key priority actions respondents think should be taken forward to tackle drug misuse issues in their communities.

The Inverclyde Alcohol and Drug Partnership (ADP) works with a range of agencies to address alcohol and drug-related harm including prevention strategies. The ADP Delivery Plan 2015/18 outlines the commitment of partners to addressing drug misuse-related harm including prevention.

The ADP partners deliver a range of drug education and prevention work to young people in all schools in Inverclyde. Young people also receive drug-related education from youth services. Our education and prevention programmes place emphasis on developing a better understanding of drug misuse and its impact on 'risk taking behaviour' including the consequences for individuals and communities.

The ADP provides access to drug awareness training for staff across all ADP partner agencies. This work aims to equip staff to better identify needs related to drug misuse and to provide information about where people who misuse drugs can get support. Police Scotland and community safety staff also work in communities to identify areas of concern leading to preventative and enforcement work. These services work closely with housing providers to address specific neighbourhood issues. Information from the Citizens' Panel Survey will help shape our response to the areas of concern reported.

### 5.3 Recycling

Inverclyde Council introduced blue and brown recycling bins in 2005. Thanks to the co-operation of local residents, Inverclyde's recycling rate rose from 7% in 2004/5 to 56% in 2014/15. This section of the Citizens' Panel Survey asked for people's views on the local recycling facilities.

- Food waste recycling

Inverclyde Council introduced a kerbside food waste recycling service to 28,000 households in 2012.

Just over two thirds (67%) of respondents said they used the Council's kerbside food waste recycling service. Reasons that people gave for not using the service include lack of provision in their area and a preference for using food waste for composting purposes.

The majority of people (81%) said they presented their outdoor food waste container for collection on a weekly basis.

Seventy-nine per cent of Panel members said they are now more aware of possible waste when purchasing food while 40% said their awareness of portion sizes when preparing food had increased.

- Glass recycling

In 2014, the Council introduced a kerbside glass collection service in Inverclyde.

Almost two thirds (65%) of Panel members said they use the kerbside glass recycling service. Around the same number (62%) present their glass box for collection on a fortnightly basis, while a third (33%) present it monthly.

Reasons that people gave for not using the kerbside glass recycling service include lack of provision in their neighbourhood as well as choosing to use one of the Council's Neighbourhood Recycling Points instead, with the latter option chosen by 50% of those respondents. Similar numbers chose to recycle their glass at supermarkets or at our Recycling Centres (19% and 18% respectively). A fifth (20%) of Panel members said they do not recycle their glass items.

- Pottery Street Recycling Centre

To complement the kerbside recycling services, the Council recently made significant investments in our Recycling Centre at Pottery Street to expand the range of recycling options available to our customers.

Almost two thirds (64%) of respondents said they had used the new facilities at Pottery Street. Panel members who had used the facilities were then asked to rate them: 78% said they were very good and 22% said they were good. Further, 99% of respondents said they found the facilities at Pottery Street easy to use.

- Textiles recycling

To allow local people to recycle their textiles, the Council has installed more textile recycling banks at convenient locations throughout Inverclyde.

When asked where they recycle their textiles, more than two thirds (67%) of Panel members said they used a charity shop, while just over a quarter (28%) used the facilities at one of our Neighbourhood Recycling Points. Smaller numbers – 19% and 14% respectively – recycle their textiles at our Recycling Centres or at a supermarket.

- Recycling in Inverclyde

The last part of this section of the Survey asked a few general questions about recycling in Inverclyde.

Just under half (46%) of Panel members said they were aware that additional blue bins, food waste containers and glass recycling boxes are available free of charge by calling the Council's Recycling Helpline telephone number.

When asked how satisfied they were with the quality and provision of recycling facilities in Inverclyde, the vast majority (93%) said they were very or fairly satisfied.

### **Recycling – Service commentary**

We are pleased to see the largely positive responses to the questions about recycling which are in line with the levels of feedback Environmental and Commercial Services' staff receive on a regular basis. In particular, we are encouraged to see that respondents are identifying the quantities of waste they are producing (food waste, for example) and that this is informing decisions on waste behaviour which could lead to positive results regarding waste minimisation.

However, it is noted that responses from 16-24 year old Panel members are less positive. Environmental and Commercial Services will therefore drill down into these results to identify potential reasons and thereafter develop targeted intervention campaigns to ensure that this group is catered for. This could perhaps take the form of increased use of social media and technology which is a communication method widely utilised by this age group.

## **5.4 Dementia and stigma**

People with dementia are often isolated or hidden because of stigma or the possibility of negative reactions from neighbours and relatives to their behavioural and psychological symptoms. It is widely acknowledged that there needs to be better public awareness and understanding to reduce the stigma associated with dementia.

In this section of the Survey, the first three questions were for people with dementia i.e. Panel members were asked to respond only if they had dementia. The questions were:

- Has someone ever avoided you or treated you differently because you have dementia? *If Yes, please tell us what happened.*
- Have any of the following people either avoided you or treated you differently because you have dementia? *Please tick all that apply.* (The list included Husband or wife; Other family member; Healthcare professional, for example, a doctor or nurse; Supermarket staff.)
- Have you developed ways to cope with being avoided or treated differently? *Please state.*

Because of the relatively low number of Panel members who replied to these three questions, it would not be appropriate to make the responses publically available, in order to protect the anonymity of respondents.

For the remaining questions about dementia and stigma, Panel members were asked to respond only if they cared for someone who has dementia.

Eight per cent of respondents who stated that they care for someone with dementia said they had concealed or hidden the diagnosis of the person with dementia that they care for.

When asked if they had ever been avoided or treated differently when caring for a person with dementia, 16% of respondents who care for someone with dementia said that they had. Examples of how people had been avoided or treated differently included family and friends distancing themselves and others not realising that the person was ill.

The next question asked Panel members how they coped with being avoided or treated differently; examples of how people managed included staying at home more, as well as discussing the issue.

In terms of including people with dementia in everyday life, the Panel was asked to suggest ways that this could happen. Suggestions included providing opportunities for social interaction, as well as treating people with dementia the same as everyone else.

The final question in the dementia and stigma section of the Survey asked for suggestions about how society can ensure that people with dementia are not stigmatised. A recurring theme in Panel members' responses was information, education and raising awareness about dementia.

### **Dementia and stigma – Service commentary**

'Making Wellbeing Matter in Inverclyde' is the Inverclyde Health and Social Care Partnership's mental health improvement plan and one of the main actions is the re-establishment of the Inverclyde Anti-Stigma Partnership.

To establish background information on trying to understand issues associated with dementia and stigma, the Citizens' Panel members were asked a series of questions to gather their views. Once the responses have been further analysed, they will contribute to the future planning of, and inform the direction of travel for, the Inverclyde Anti-Stigma Partnership. This locally-gathered data will also support other sources of research on this important topic.

## **6.0 IMPLICATIONS**

### 6.1 Financial implications - one-off costs:

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

### Financial implications - annually recurring costs/(savings):

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

6.2 Human Resources: There are no direct human resources implications arising from this report.

6.3 Legal: There are no direct legal implications arising from this report.

6.4 Equalities: There are no direct equalities implications arising from this report.

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

## **7.0 CONSULTATION**

7.1 The appropriate Council Services were consulted on the development of the Autumn 2015 Citizens' Panel Survey. Commentaries on the results of Survey from the respective Council Service are included in this report.

7.2 The Council's Corporate Management Team has been fully briefed on the results of the Citizens' Panel Autumn 2015 Survey. Following the briefing, the Chief Executive asked the Corporate Directors to disseminate the important information outlined in the Panel's responses to their respective Services with the request that the feedback is reviewed and actioned, as appropriate.

## **8.0 CONCLUSION**

8.1 The results of the Citizens' Panel Autumn 2015 questionnaire are presented for the Committee's consideration, with the recommendation that they are taken into account when reviewing service delivery, as appropriate.

## **9.0 BACKGROUND PAPERS**

9.1 The Citizens' Panel Autumn 2015 Survey.

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<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b>	<b>22 March 2016</b>
<b>Report By:</b>	<b>Brian Moore Corporate Director (Chief Officer) Inverclyde Health and Social Care Partnership</b>	<b>Report No:</b>	<b>SW/21/2016/AH</b>
<b>Contact Officer:</b>	<b>Andrina Hunter Service Manager Health Improvement and Inequalities Inverclyde HSCP</b>	<b>Contact No:</b>	<b>715365</b>
<b>Subject:</b>	<b>Financial Inclusion Partnership Strategy: 2016 Refresh</b>		

---

## 1.0 PURPOSE

- 1.1 The purpose of this report is to present the refreshed Inverclyde Financial Inclusion Strategy 2012-17 and to seek Committee approval for its continued implementation.

## 2.0 SUMMARY

- 2.1 The Financial Inclusion Partnership (FIP) Strategy was written in 2012 to cover the period 2012-17. The strategy covered background statistics to the Inverclyde area and the 6 key strategic aims as agreed at the beginning of the strategy period.
- 2.2 The Financial Inclusion Partnership completed a refresh of the strategy to cover the remaining period from 2015-17. This outlines the progress so far, updates the national and local focus points, updates the statistics on the area and incorporates the new agreed 4 strategic aims.
- 2.3 With the ongoing impact of Welfare Reform, it was important to reflect the new challenges faced by Inverclyde residents. New announcements have been made regarding further cuts to the welfare system and potential for new powers for Scotland in relation to welfare. This will change how clients will operate within and navigate the system and will continually change over the coming years.
- 2.4 This updated strategy contains an action plan which will allow the FIP to ensure it meets its strategic aims by 2017. This plan includes an explanation of the current situation, where the partnership wants to be, and the actions required and who will be responsible for each action.

## 3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee approve the attached refreshed strategy and action plan.

## 4.0 BACKGROUND

- 4.1 The Financial Inclusion Partnership was formed in 2010 with the purpose of promoting financial inclusion and capability in the Inverclyde area. The partnership comprises a range of third and public sector organisations with the membership continually growing since the partnership was formed, and is chaired by the Health and Social Care Partnership. The partnership currently meets quarterly to discuss achievements and important issues which will affect financial inclusion and has a specific focus on welfare reform.
- 4.2 A Financial Inclusion Strategy was developed in 2012 with the aim of improving outcomes for financially excluded people living in Inverclyde. This included the formation of 6 strategic aims set for the strategy period of 2012-17.
- 4.3 Through continual review and development it was agreed that the Financial Inclusion Partnership would benefit from a dedicated resource who could conduct tasks related to the aims. River Clyde Homes agreed to fund a part time member of staff for an initial period of 1 year. This post has now continued with funding allocated from the Council to the Partnership and continues to be hosted by River Clyde Homes.
- 4.4 The strategy has recently been refreshed to incorporate a refocusing of the previous 6 strategic aims to 4. The refresh also aimed to update the partnership's achievements to date and mirror the current situation nationally and within Inverclyde. An action plan has been created to ensure the partnership focuses on the required activities for the final 2 years of the strategy to ensure that the 4 strategic aims would be achieved.

## 5.0 IMPLICATIONS

### Finance

#### 5.1 One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
N/A					

#### Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (if Applicable)	Other Comments
N/A					

### Legal

- 5.2 There are no specific legal issues arising from this report.

### Human Resources

- 5.3 There are no specific HR issues arising from this report.

### Equalities

- 5.4 Many people with protected characteristics are affected by low income and suffer financial exclusion. With the support of the strategy aims and outcomes it is hoped these are minimised.



## **Repopulation**

5.5 No impacts arising from this report.

## **6.0 CONSULTATIONS**

6.1 The contents of the FIP strategy refresh have been discussed with the partner organisations.

## **7.0 LIST OF BACKGROUND PAPERS**

7.1 Financial Inclusion Strategy.

7.2 Action Plan.

# Financial Inclusion Strategy

2012-2017



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## 1. Foreword by Chair of the Alliance Board

*Poverty corrodes the civic virtue of an area as does rust to steel. Poverty erodes the community vitality and saps the morale of the population. Poverty impacts upon not just "the poor" but on every resident of the area. Poverty should therefore be everyone's business.*

Inverclyde continues to rank in the top 5 of local authorities in Scotland with the highest levels of income deprivation with 40% of Inverclyde's data zones in the 15% most deprived data zones in Scotland (SIMD, 2012). Further challenges are on the horizon for Inverclyde with the continuation of Welfare Reforms which have already had an impact on the area. Universal Credit has already been introduced to Inverclyde since October 2015 although small numbers are affected at present, it will bring about more changes to the way benefits are processed and issued and will most certainly have a further, significant impact on our residents. The announcement of further budget cuts to welfare will continue to be a major focus in the coming years. The Financial Inclusion Partnership will eagerly await the conclusion of the Smith Commission and Scotland Bill, which will bring new powers to Scotland, to determine the future of welfare provision in Scotland.

Financial exclusion is both a symptom and a cause of poverty and we are required to address the exclusion experienced by the community of Inverclyde who are exposed to low income, unmanageable debt, lack of access to mainstream financial services, difficulty managing money and reliance on expensive credit such as payday loans and illegal money lenders amongst other features of financial exclusion. It is well understood that the income of the poorest people in our communities is spent locally therefore any income effectively removed from the area will make a significant loss of spending power across Inverclyde and a consequential deterioration in retail areas. Thus the effects of financial exclusion not only impact on individuals and households, but also on the character and appearance of local towns which may influence inward migration, business investment and enterprise.

Since the introduction of this strategy in 2012, Inverclyde's Financial Inclusion Partnership have had many successes including securing new funding streams for the area, introducing new services for local people and expansion of the membership of the partnership. This document has refreshed the data from the original strategy in order to represent Inverclyde's current climate and challenges. An action plan has been implemented with the purpose of setting out the agenda for the coming 2 years, ensuring the Financial Inclusion Partnership meet their aims for 2017

**Stephen McCabe**  
**Leader of Inverclyde Council**  
**Chair of Inverclyde Alliance CPP**

## 2. Executive Summary

The vision for the Financial Inclusion Partnership is as follows:

We will work in partnership to ensure that all residents of Inverclyde are:

- Able to maximise their money
- Able to access appropriate financial services and products, enabling them to manage their money on a day to day basis
- Able to plan for the future and deal effectively with unexpected financial pressures
- Better enabled to achieve their potential and make a positive contribution to the social and economic life of the area.

The outcomes agreed to help the partnership to achieve the vision are:

- Local people have access to relevant, local services that support income maximisation and debt prevention
- Local residents have access to resources and organisations to alleviate household poverty
- The financial capability of local people is increased
- The Financial Inclusion Partnership is committed to respond to the impact of welfare reform

### **3. List of Partners**

- Inverclyde HSCP
- Inverclyde Council (various departments)
- Financial Fitness
- Inverclyde Council on Disability (ICOD)
- River Clyde Homes
- Oak Tree Housing Association
- Cloch Housing Association
- Larkfield Housing Association
- Department of Work & Pensions
- Legal Services Agency
- Scottish Prison Service
- Community Learning & Development
- Inverclyde Advice & Employment Rights Centre
- IHEAT
- Starterpacks Inverclyde
- Your Voice
- Tail O the Bank Credit Union
- Inverclyde Foodbank
- MacMillan
- NHS Greater Glasgow & Clyde
- Stepwell

## 4. Context

### 4.1 Defining Financial Inclusion

Inverclyde Financial Inclusion Partnership (FIP) have adapted the Scottish Government's definition and define financial inclusion as:

*Ensuring that everyone's incoming money is maximised; that they have access to appropriate financial services and products which enable them to manage their money on a day to day basis; and that they can plan for the future and deal effectively with unexpected financial pressures.*

### 4.2 Who is most likely to be Financially Excluded?

Households most likely to be affected by financial exclusion include:

- People out of work or who have been on the margins of work long term
- Working poor
- Single parent families
- Older people on low incomes
- People with a long term illness, disability or mental ill health
- Young people who have yet to access financial products
- People who live in energy inefficient homes
- Any other vulnerable group

### 4.3 National Policy

The Scottish Government have published many strategies and frameworks which set out to tackle poverty and build capabilities. Many of the objectives are cross cutting with those of the FIP. Set out below are some of these strategies whose aims are cross-cutting with those of the FIP.

#### 4.3.1 Equally Well (Reviewed 2010)<sup>1</sup>

This strategy, along with Early Years Framework and Achieving Our Potential, sets out the Scottish Government and COSLA's shared approach to tackling the major and intractable social problems that have affected Scotland for generations. Set out below are the key principles of the framework which will relate to the aims of the FIP:

- Recognising the particular importance of children's very early life experiences in shaping future health, social, learning and lifestyle outcomes.
- Prioritising early intervention to break into recurring cycles, including poverty, unemployment, low skills and poor health, and to prevent crises and problems requiring extensive responses from public services.
- Building the capacity of individuals, families and communities to manage better in the longer term, moving from welfare to well-being and from dependency to self-determination.

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<sup>1</sup> <http://www.gov.scot/Resource/Doc/315880/0100454.pdf>

- Providing effective routes for individuals out of poverty and other life circumstances and lifestyles likely to get in the way of positive wellbeing, health and other good outcomes.

#### 4.3.2 Early Years Framework (2009)<sup>2</sup>

The purpose of this framework is to give all children the best start in life and details the steps the Scottish Government, local partners and practitioners in early years services need to take to start on that journey. This framework details 10 elements of transformational change. The following fit with the principles of the FIP:

- Breaking cycles of poverty, inequality and poor outcomes in and through early years
- More effective collaborations
- Using the strength of universal services to deliver prevention and early intervention

#### 4.3.3 Achieving Our Potential (2008)<sup>3</sup>

This framework sets out the ways in which the Scottish Government will tackle poverty and income inequality using the following 4 key outcomes:

- Reduce income inequalities
- Introduce longer-term measures to tackle poverty and the drivers of low income
- Supporting those experiencing poverty or at risk of falling into poverty
- Making tax credits and the benefits system work better for Scotland

#### 4.3.4 Child Poverty Strategy (2014-17)<sup>4</sup>

This strategy sets out what the Scottish Government will do to reduce the levels of child poverty in Scotland and to ensure that as few children as possible experience any type of socio-economic disadvantage. There are two distinctive aims set out within this strategy:

- Reduce the levels of child poverty by reducing income poverty and material deprivation
- Improve children's wellbeing and life chances – with the ultimate aim being to break inter-generational cycles of poverty, inequality and deprivation.

#### 4.3.5 Economic Strategy (2015)<sup>5</sup>

This strategy sets out how the Scottish Government will deliver their vision for Scotland. It looks to bring focus on boosting competitiveness and tackling inequality. The following key principles will overlap with the FIP outcomes:

- Investing in our people and our infrastructure in a sustainable way
- Promoting inclusive growth and creating opportunity through a fair and inclusive jobs market and regional cohesion

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<sup>2</sup> <http://www.gov.scot/Resource/Doc/257007/0076309.pdf>

<sup>3</sup> <http://www.gov.scot/Resource/Doc/246055/0069426.pdf>

<sup>4</sup> <http://www.gov.scot/Resource/0044/00445863.pdf>

<sup>5</sup> <http://www.gov.scot/Resource/0047/00472389.pdf>



### **4.3.6 Fairer Scotland**

The Scottish Government have released a national conversation to discuss how the nation can be a fairer and more equal place to live. People will be invited to set out their vision of a fairer Scotland and suggest practical solutions, based on local and personal experience. From this, an action plan will be published in the new year with milestones to the next Parliament and beyond.

The Scottish Government's vision is for a Scotland where people are healthier, happier and treated with respect and where opportunities, wealth and power are spread more equally.

### **4.3.7 Smith Commission**

On 27<sup>th</sup> November 2014, the Scottish Government published its report detailing Heads of Agreement on further devolution powers to the Scottish Parliament. Some of the key points set out in the report include:

- The Scottish Parliament will have complete power to set income tax rates and bands
- Holyrood will have power to extend the vote to 16 and 17 year olds, allowing them to vote in the 2016 Scottish Parliamentary election.
- It will have control over a number of benefits including Disability Living Allowance, Personal Independence Payments and the housing element of Universal Credit including the Social Sector Size Criteria.
- New powers to make discretionary payments in any area of welfare without the need to obtain prior permission from the Department of Work & Pensions.

The Scotland Bill 2015 will deliver the Smith Commission Agreement having gained all-party agreement in Scotland. The Bill is currently being debated in the House of Commons.

### **4.3.8 Attainment Challenge**

The Attainment Challenge was launched in Scotland in February 2015 by the First Minister. The aim of the Challenge is to drive forward improvements on educational outcomes in Scotland's most disadvantaged communities. There is a focus on improvement in literacy, numeracy and health and wellbeing. The Challenge is also backed by funding of over £100million over 4 years.

Inverclyde was selected as one of the areas where the Attainment Challenge would be focussed. A total of 6 schools were selected to benefit from the funding in its first year with other schools benefitting in coming years.

## 4.4 Local Policy

Inverclyde's Community Plan<sup>6</sup> and Single Outcome Agreement<sup>7</sup> (SOA) have tackling poverty and sustaining growth at their heart. The Local Outcomes outlined in the SOA, delivered together, aim to improve the quality of life and wellbeing of everyone living in Inverclyde, but particularly those who suffer most from poverty and deprivation. See section 5.3 for more information.

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<sup>6</sup> <http://www.inverclyde.gov.uk/community-life-and-leisure/community-planning/inverclyde-alliance-community-plan/>

<sup>7</sup> <http://www.inverclyde.gov.uk/community-life-and-leisure/community-planning/inverclyde-alliance-single-outcome-agreement-2009-2011/>

## 5.0 Key Challenges

Inverclyde residents will face many challenges which may affect their ability to become financially included. As the UK recovers from the recession and international banking crisis, there still exists ongoing issues with employment, debt and sustainability of housing. This coupled with the reforms to the welfare system have resulted in profound effects for the Inverclyde population. All of these challenges have brought about a higher demand on financial inclusion services.

### 5.1 Welfare Reform

The Welfare Reform Act 2012 was introduced with the overarching aim of simplifying the benefits system and making work pay. These reforms have already exacerbated poverty for our most vulnerable individuals and families. It has been estimated that from 2010-2015, a total of £37.6million will have been taken from Inverclyde's most vulnerable citizens who are reliant on welfare benefits. Many of the changes have already been introduced with, arguably the most controversial, Universal Credit to be introduced to Inverclyde in October 2015. Below outlines some of the key benefits and their estimated losses as a direct result of welfare reform.

Benefit	Claimants @ 2012	Claimants @ 2015	Losses 2010-15	Annual losses from April 2013	Annual losses from April 2014	Annual losses from April 2015	Total losses 2010-15
ESA	2290	5410	£38,963	£122,967	£249,869	£380,805	£792,604
JSA	3030	1540	£38,816	£122,505	£248,930	£379,373	£789,624
IS	3260	1450	£55,630	£176,235	£358,109	£545,765	£1,135,739
DLA	6910	6550	£105,956	£3,583,321	£3,556,128	£6,100,361	£13,345,766
AA	3120	2550	£41,800	£86,859	£134,058	£183,473	£446,190
CB (2014)	10095	9185	£1,941,599	£1,652,579	£1,848,092	£2,049,498	£7,491,768
TC (2014)	8500	8100	£708,500	£708,500	£708,500	£708,500	£2,834,000

A Scottish Government study has been tracking the impact of welfare reform. The third sweep study was published in June 2015 and listed the following as concerns:

- Official errors and long delays in awaiting decisions or progress with cases caused substantial financial and emotional upset for affected respondents. Poor communication about benefit decisions and changes also caused stress and uncertainty.
- Respondents (in particular lone parents and ESA Work Related Activity claimants) reported increased pressure to seek work as a result of changes to benefit conditionality.
- Whether in or out of work, participants found it difficult to meet basic household needs with the income provided by benefits.
- More 'official' sources such as Job Centre Plus or government telephone helplines were not always trusted by respondents.
- Respondents were not always aware of advice services or of benefit entitlements and ongoing changes to these.

Latest reports also suggest that welfare reform has had a disproportionately damaging impact on women. A report by Scottish Parliament's Welfare Reform Committee found that certain groups such as disabled women, lone parents, carers, refugee women and those experiencing domestic abuse were most at risk. The reasons for this were that Universal Credit is most likely to be paid to a single earner

who is more often than not a man. Research by the House of Commons states that since 2010 £26billion worth of cuts have been made to benefits and tax credits, pay and pensions, 85% of this has been taken from women's incomes.

## 5.2 Employability

Inverclyde continues to have significant challenges in terms of tackling the levels of unemployment and inactivity within the area. Unemployment rates and working age key benefit claimant figures both sit above the Scottish average. A contributory factor to the area's unemployment and inactivity statistics is the significant proportion of its population living in areas designated as deprived. The indicators used are income, employment, education, health, access, crime and housing. To move our residents into employment we must improve the skills and confidence of a large proportion of our population. Low paid, short-term, cyclical work features heavily within Inverclyde's labour market which results in short periods of employment followed by spells on benefits. In-work poverty remains an issue for Inverclyde with Inverclyde's average earnings below the national average. In 2003 5% of those in low paid employment were educated to degree level or equivalent, by 2013 this had risen to 13%.

- Inverclyde's unemployment rate is 7.6% compared to a Scottish average of 6.0% (Nomis, 2015)
- JSA claimant rate in Inverclyde is 2.3%, compared to a national average of 1.7% (Nomis, 2015)
- Working age key benefit claimant figures for Inverclyde is 16.3%, the third highest in Scotland. The Scottish average stands at 9.4% (Nomis, 2015)
- 12.6% of the working age population have no/low qualifications (Nomis, 2015)

## 5.3 Illness and Disability

The needs of the ill and disabled differ from the majority. Increasing levels of disability and illness requires the need for specialist advice to be available including employment, income maximisation, housing and debt advice. Changes to the welfare system could see disabled claimants disadvantaged as per figures below. The introduction of Universal Credit will see disabled claimants lose money with the removal of some disability premiums. One of the most important being the Severe Disability Premium, payable to disabled claimants who live alone with no-one receiving carers allowance for them. This premium is currently worth £61.85 per week for a single person in 2015/16. Proposed changes to disabled child premiums will half the amount paid from £57 per week to £28 per week.

- 6550 Inverclyde residents are currently claiming DLA (DWP, 2015)
- The reassessment of DLA claimants to migrate them to PIP will begin in Inverclyde from May 2015.
- Inverclyde is set to lose a total of £13.3million in DLA from 2010-15, reducing the caseload by 1400.
- Over 230,000 people in the UK currently receive the Severe Disability Premium.

## 5.4 Income and Debt Management

In the course of the past decade the demographics of the Inverclyde population experiencing problems with debt has changed markedly and significantly. Since the UK went into recession and faced the international banking crisis, the profile of those facing serious debt problems has changed. Although the country is now in recovery, there still exists issues with low pay, zero hours contracts, redundancies and the availability of credit. The number of sub-prime lenders operating in Inverclyde has continued to rise. This coupled with the increase in availability of sub-prime lenders online has seen an increase in the use of high cost, short term credit. As many as 400 payday lending organisations currently operate within the UK with rates as high as 5000% APR. Changes to the payday loan regulations could eradicate almost 99% of the industry with all but 3 or 4 being forced out of business (source: Financial Times).

- The average hourly rate for Inverclyde employees is £13.66 compared to a Scottish average of £13.37 and UK average of £13.33 (Nomis, 2015)
- The average household income in Inverclyde is £22,000 per annum compared to a Scottish average of £24,700 (Nomis, 2014)
- HSCP Money Advisors have supported clients with a total of £2.1million of debt in 2014/15.

## 5.5 Fuel Poverty

Fuel poverty is a real issue for thousands of Inverclyde households who are struggling to pay their fuel bills and keep their home warm. A household is described as living in fuel poverty if they are required to spend more than 10% of the household income on fuel, more than 20% equates to extreme fuel poverty. In the face of continuing high fuel prices, increasing numbers of households are falling into fuel poverty. Living in fuel poverty can have a profound effect on a person's quality of life. Illnesses such as influenza, heart disease and strokes are all exacerbated by cold. Cold homes can also promote the growth of health damaging fungi and mould. Less directly, households that have to spend a high proportion of their income on fuel have to compensate in other parts of their household budget. This can lead to poor diet or reduced participation in social, leisure and community activities, both of which can also impact on health and quality of life.

- 38% of Inverclyde residents are living in fuel poverty (Scottish Government, 2013)
- 4% of Inverclyde residents are living in extreme fuel poverty (Scottish Government, 2013)
- 6% of Inverclyde households are affected by damp

## 5.6 Child Poverty

Growing up in poverty can have a profound and lasting impact on children's health outcomes, educational attainment and later life chances. Inverclyde reflects the national picture of financial exclusion becoming more apparent within the early years target group. This has been as a result of a range of benefits due to parents having been withdrawn such as Health in Pregnancy Grant, restrictions to Sure Start, baby

entitlement of Child Tax Credit and Child Trust Fund, all of which impact low income families. Therefore there must be a focus on early intervention to break cycles of poor outcomes and ensure children and families are at the centre of service design and delivery, as set out in the Scottish Government’s Early Years Framework. By maximising household resources and income we can ensure that fewer children grow up financially excluded. Parent or carer employment and increased skills development remain the best ways for families to escape poverty. Figures from the Child Poverty Action Group (CPAG) suggest that children who are living in poverty are now twice as likely to come from homes with employment as those without. This proves that in-work poverty is prevalent in today’s society and is an issue that must be addressed when discussing child poverty.

Ward	Child Poverty Rate
Inverclyde East	26%
Inverclyde East Central	31%
Inverclyde North	23%
Inverclyde South	26%
Inverclyde West	10%
Inverclyde South West	21%

Source: End Child Poverty

- One fifth of children in Scotland are growing up in poverty (Child Poverty Action Group, 2014)
- Over a quarter of children in Inverclyde are growing up in poverty (Child Poverty Action Group, 2014)
- 2400 families in Inverclyde are receiving both Working Tax Credits and Child Tax Credits to top-up their income

## 5.7 Housing and Homelessness

Readily available access to good quality, affordable, safe and secure housing has a major impact on the wellbeing of individuals and communities. Inverclyde has historically faced significant housing challenges and continues to do so as the demographics of the area change. The issues currently being addressed within the housing strategy for Inverclyde are accessibility of housing, availability of housing, quality of housing and affordability of housing.

Homelessness is also a key challenge in the Inverclyde area. Inverclyde has continued to see a fall in homeless presentations as per the statistics below however the Inverclyde Homeless Service have raised concerns over how Universal Credit will adversely affect these figures.

- The Housing Needs & Demand Assessment indicates that there is an overall shortfall of social and affordable housing across the Inverclyde area
- Scottish Housing Conditions Survey (2011-13) has stated that around 1000 houses in Inverclyde are below the Tolerable Homes Standard
- Homeless presentations over past 3 years:
  - 2012/13: 320
  - 2013/14: 296
  - 2014/15: 264

## 5.8 Older People

Pride and independence often result in a reluctance from older people to discuss their financial situation. This may mean that many vulnerable older people are falling under the radar of organisations that could help them. Bereavement and illness can make it difficult for someone to manage and local statistics show that the number of emergency hospital admissions in Inverclyde for people aged 65 or over is higher than that of the Scottish average. Many older people are facing a retirement of financial uncertainty. The recent recession has seen pension and investment pay-outs reduced. In Scotland the number of pensioners living in poverty has decreased from 2002/03 to 2012/13 from just under 200,000 to 100,000. The Triple Lock introduced by the coalition government in 2010 has guaranteed that the state pension will increase every year by the higher rate of inflation, average earnings or a minimum of 2.5%.

- There are currently 16,490 State Pension customers in Inverclyde (DWP, 2015)
- 2550 older people are in receipt of Attendance Allowance (DWP, 2015)
- There were 4898 emergency hospital admissions for over 65s in 2014/15 – a year on year increase since 2004/05.
- Between 2010-2031 the national number of people aged 60 and over is projected to rise by 51% from 1.1million to 1.66million

## **6. Vision and Outcomes**

### **6.1 Vision**

The Financial Inclusion Partnership's Vision is:

We will work in partnership to ensure that all residents of Inverclyde are:

- Able to maximise their money;
- Able to access appropriate financial services and products, enabling them to manage their money on a day to day basis;
- Able to plan for the future and deal effectively with unexpected financial pressures;
- Encouraged and supported to achieve their full potential and make a positive contribution to the social and economic life of the area.

In order to realise this vision there are a number of outcomes which the partnership aims to achieve. These are closely linked to the national outcomes and the local Single Outcomes Agreement Outcomes agreed by the Community Planning Partnership, Inverclyde Alliance.

### **6.2 National Outcomes**

The Scottish Government's National Performance Framework sets out 15 National Outcomes. The Financial Inclusion strategy contributes to the achievement of the specific outcomes:

- We realise our full economic potential with more and better employment opportunities for our people
- Our young people are successful learners, confident individuals, effective contributors and responsible citizens
- Our children have the best start in life and are ready to succeed
- We have improved the life chances for children young people and families at risk
- We have tackled the significant inequalities in Scottish society
- We have strong, resilient and supportive communities, where people take responsibility for their own actions and how they affect others.

### **6.3 Local SOA Outcomes**

Financial Inclusion is a cross cutting theme across all 8 outcomes of Inverclyde's SOA, however it has specific reference to the following:

- Communities are stronger, responsible and more able to identify, articulate and take action on their needs and aspirations to bring about an improvement in the quality of community life
- The area's economic regeneration is secured, economic activity in Inverclyde is increased, and skills development enables both those in work and those furthest from the labour market to realise their full potential
- The health of local people is improved combating health inequality and promoting healthy lifestyles
- All our young people have the best start in life.



## 6.4 Financial Inclusion Outcomes

The following 4 outcomes for this Financial Inclusion Strategy have been agreed as follows:

- Local people have access to relevant, local services that support income maximisation and debt prevention
- Local residents have access to resources and organisations to alleviate household poverty
- The financial capability and capacity of local people is increased
- The financial inclusion partnership is committed to respond to the impact on welfare reform

## 6.4.1 Outcome 1: Local people have access to relevant, local services that support income maximisation and debt prevention

In the course of the past decade the section of the Inverclyde demographic experiencing problems with debt has changed markedly and significantly. Since the onset of the current recession and international banking crisis the profile of those in problem debt has changed. More people in work than ever before are requesting advice with problem debt. Changes to the administration of formal debt solutions will take place in April 2015 in the form of the Bankruptcy and Debt Advice (Scotland) Bill. Individuals will no longer be able to make themselves bankrupt without having first taken advice from an approved money advisor. More strict definitions on who can be seen as an approved Money Advisor will also form part of the Bill.

The number of high street subprime lenders has continued to rise in Inverclyde. Many organisations offering short term loans are appearing on our high street. Payday loans can typically cost anywhere between 448% and 3752% APR. There are currently 400 payday loan companies operating within the UK. Credit Unions have been hailed as a more suitable alternative to payday lending. Inverclyde is currently host to 2 credit unions whose common bonds cover all residents of Inverclyde.

Income maximisation and protection are of utmost importance as a result of changes to the welfare benefits system. Inverclyde is set to lose a total of £37.6million as a direct result of the Welfare Reform Act 2012. Therefore we must ensure these services are readily available to customers with new and improved services being introduced.

### Successes so far:

- SLAB Making Advice Work funding
  - Advice First: triage advice line offering over the phone advice to customers with access to a range of organisations for referring and appointment booking.
  - LHA Trainee Solicitor
  - RCH Extra Care Plus: new tenancy sustainment support
- Support & Connect Funding:
  - Supporting Inverclyde Future Skills: financial and digital inclusion support to all Inverclyde residents
  - Inverclyde Connections: to provide mentoring support and welfare benefit advice
- Welfare Reform Resilience Funding
  - My Advice Service: a multi agency referral tool for use across the partnership to make and track referrals
  - Smarterbuys franchise: offering Inverclyde residents low interest credit on household goods
- Credit Union development: Tail O the Bank have become FIP member and development is under way to expand services offered

## 6.4.2 Outcome 2: Local residents have access to resources and organisations to alleviate household poverty

Inverclyde is currently 4<sup>th</sup> in the rankings for child poverty in Scotland with 26% of children living in poverty. Figures from the Scottish Index of Multiple Deprivation (SIMD) in 2012 state that 18.7% of Inverclyde residents suffer from income deprivation compared to a national average of 13.4%. A total of 58% of social housing stock in Inverclyde is located in the 15% most deprived data zones.

Fuel poverty is a real issue for thousands of Inverclyde households who are struggling to pay their fuel bills and keep their homes warm. In the face of continuing high fuel prices, more and more households are falling into fuel poverty. The effects of this on quality of life can be profound. As of 2013 a total of 38% of Inverclyde residents are living in fuel poverty, with 4% living in extreme poverty. A household is considered to be living in fuel poverty if, in order to maintain a satisfactory heating regime, it is required to spend more than 10% of its income on all household fuel use. Households spending more than 20% of their income on fuel use are regarded as being in extreme fuel poverty.

Fuel poverty is caused by a combination of four main factors:

- Low income, which is often linked to absolute poverty
- High energy costs, including high tariffs
- Poor energy efficiency of a home, e.g. through low levels of insulation and/or inefficient heating systems
- Under-occupancy.

Food poverty has been described as the inability of individuals and households to obtain an adequate and nutritious diet, often because they cannot afford health food. Food poverty is linked to the growing number of UK residents relying on foodbanks to provide food for themselves and their families. Inverclyde is host to a branch of the Trussell Trust network, Inverclyde Foodbank.

Obtaining basic essentials for households will also have an impact on the level of household poverty. For those residents who are at their most vulnerable when moving into a property, obtaining these items may not be feasible and result in further poverty. These residents may then be unable to sustain their tenancies which may result in homelessness

### Successes so far:

- IHEAT: introduction of Inverclyde Home Energy Advice Team to provide face-to-face energy advice to all Inverclyde residents with savings over £1million for customers to date.
- Inverclyde Foodbank: The Trussell Trusts' local Foodbank being a member of the FIP.
- Starterpacks Inverclyde: continued partnership funding involving Starterpacks has ensured its continuation.
- Successful implementation of the Scottish Welfare Fund by Inverclyde Council.

### 6.4.3 Outcome 3: The financial capability and capacity of local people is increased

Financial Capability and capacity has proven to have strong links to poverty. Improving financial capacity at the early stages will tackle the deep cause of poverty as opposed to only treating the symptoms. Alongside income maximisation, debt advice and measures to ensure access to affordable credit, improving financial capability should help people participate more fully in society and reduce levels of poverty.

At a basic level, a financially capable person will be able to:

- Understand bank statements, bills, payslips and other basic financial records
- Understand the implications of borrowing money and that it must be paid back, usually with interest
- Use cash and non cash methods of payment
- Manage a day to day budget and prioritise essential and non-essential spending
- Understand why we pay tax and national insurance and how this affects salary
- Understand percentages and how interest rates have an impact on the amount of money borrowed or saved
- Seek advice when needed, know where to go to get it and having the confidence to ask
- Plan ahead for retirement, other life transition and unexpected events for example by saving.

Developing financial capability helps to reduce the need for and cost of responding to crises, which divert resources from more productive alternatives. Conversely, financial capability makes a positive contribution to the economy by improving the skills, health and wellbeing of individuals who are more employable and in a better position to contribute.

#### Successes so far:

- Supporting Inverclyde Future Skills: one-to-one and group support for budgeting and digital skills.
- CLD: ongoing commitment of CLD to promote learning through group classes, incorporating digital and financial inclusion wherever possible.
- Pension Wise: introduction of the Pension Wise service to Inverclyde providing pension advice for those over 55.

#### **6.4.4 Outcome 4: The Financial Inclusion Partnership is committed to respond to the impact of welfare reform**

The Welfare Reform Act 2012 was introduced with the aim of 'simplifying the benefits system' and 'making work pay'. This has encompassed a wealth of changes to the welfare system, many of which have already been introduced. The act has proven to have a fundamental impact on the lives of many vulnerable groups living in Inverclyde from disabled children through to adults with long-term conditions, their families and carers. Arguably the most controversial of the changes is still to be introduced in the form of Universal Credit (UC).

##### Changes introduced so far:

- Personal Independence Payment (PIP): the introduction of PIP to replace Disability Living Allowance (DLA) was introduced on 8<sup>th</sup> April 2013. All new claims for disability benefit for adults over 16 are made to PIP. All existing DLA claims will be re-assessed and migrated to PIP.
- Social Sector Size Criteria (SSSC): The SSSC, more commonly known as 'bedroom tax', was introduced as the removal of the spare room subsidy for social housing tenants. This resulted in a reduction of Housing Benefit for tenants who were deemed to be living in a house too large for their needs.
- The Benefit Cap: The Benefit Cap was introduced in April 2013 to limit the amount of benefits people of working age could receive. A claimant who is past this limit will have their Housing Benefit award reduced accordingly.
- Council Tax Reduction (CTR): The CTR Scheme was introduced to replace the existing Council Tax Benefit. Responsibility for administration of this scheme has been devolved to local authorities.
- Scottish Welfare Fund (SWF): The SWF replaced the abolished Social Fund and was devolved to local authorities to administer. This encompasses the use of Crisis Grants and Community Care Grants for those claiming benefits or in receipt of a low income.
- Universal Credit: the introduction of a single benefit to replace 6 existing income-based benefits paid monthly to claimant including housing costs. The benefit was introduced to Inverclyde from 12<sup>th</sup> October 2015 and is currently open to new claims from single job seekers.

##### **Successes so far:**

- Successful introduction of the Scottish Welfare Fund by Inverclyde Council.
- Effective communication with DWP via FIP.
- Representation of the FIP on the DWP Universal Support Delivered Locally (USLD) liaison group to prepare for the introduction of Universal Credit.
- Recruitment of a Welfare Reform Awareness Officer by Inverclyde HSCP
- More than 98% of the cost of the SSSC in 2014/15 was mitigate by Discretionary Housing Payment and processes are in place to maximise take up going forward.

## 7.0 Action Plan

The following action plans have been devised for each of the 4 strategic outcomes, detailing actions to be taken, indicators to measure outcomes, timescales and which partners will be involved.

Strategic Outcome 1: Local People have access to relevant, local services that support income maximisation and debt prevention.

	Where are we now?	Where do we want to be?	How will we get there?	How will we know we are getting there?	Who is responsible?
1	<b>Access is restricted to mainstream banking for those with limited identification and/or poor credit, accounts currently available offer limited bill payment facilities. This is especially important with the introduction of Universal Credit to Inverclyde in September-November 2015.</b>	All Inverclyde residents have access to a banking account (basic or mainstream) that offers bill payment facilities. All residents are then able to access direct debits, securing their tenancies and eliminating the poverty premium.	<ul style="list-style-type: none"> <li>Expansion of Tail O the Bank to offer budgeting facility/jam jar account.</li> <li>Introduction of a credit union budgeting account for tenants of Registered Social Landlords (RSL) for short term support for the introduction of Universal Credit.</li> <li>Liaison with local mainstream banking providers to support residents to open mainstream accounts following the introduction of the Basic Bank Account Agreement</li> </ul>	<ul style="list-style-type: none"> <li>Tail O the Bank offer basic banking accounts</li> <li>Introduction of a credit union for RSL tenants</li> <li>Liaison with mainstream banking providers takes place</li> <li>Number of basic banking credit union accounts in Inverclyde</li> <li>Decrease in RSL rent arrears</li> </ul>	TOTB, HSCP, RCH, OTH, CH, LH, FIPSO
2	<b>Inverclyde residents are using high cost lending to purchase and replace household items. There is no alternative for those with poor credit who are not eligible for a Scottish Welfare Fund payment or a Budgeting Loan via DWP.</b>	All Inverclyde residents have access to affordable, ethical lending streams to furnish their properties. There is a clear referral pathway to this service from all partners.	<ul style="list-style-type: none"> <li>Introduction of the Smarterbuys franchise to offer affordable credit for household items to 2 RSL's in the area.</li> <li>Roll out of the service to all Inverclyde residents.</li> </ul>	<ul style="list-style-type: none"> <li>Number of clients accessing Smarterbuys</li> <li>Decrease in the number of clients accessing Money Advice with high cost debt</li> </ul>	RCH, OTH for first phase All partners after rollout
3	<b>We believe that Inverclyde residents are using high cost lending</b>	Inverclyde FIP has statistics on the number of people accessing	<ul style="list-style-type: none"> <li>Conduct research into the use of high cost lenders</li> <li>Increase awareness of the</li> </ul>	<ul style="list-style-type: none"> <li>Research is completed into the use of high cost lenders</li> </ul>	FIPSO

	<b>for short term living expenses but no definitive proof exists to confirm this. There are limited alternatives to sub-prime lenders for customers who have poor credit ratings.</b>	high cost loans and implement a cost-effective alternative to sub-prime lenders offering short-term loans for living expenses. There is a clear referral pathway to this service from all partners.	dangers of using high cost lending. <ul style="list-style-type: none"> <li>• Scope alternatives to sub-prime lenders.</li> <li>• Introduce an alternative to payday lenders.</li> </ul>	<ul style="list-style-type: none"> <li>• Scoping of alternatives takes place</li> <li>• Awareness raising campaign</li> <li>• Alternative to pay day lenders is introduced</li> </ul>	
4	<b>The Scottish Illegal Money Lending Unit has evidence to suggest that there are illegal money lenders/loan sharks operating within Inverclyde. However organisations are receiving limited information from clients and these clients are reluctant to pass on any information they have on these lenders for fear of repercussion.</b>	No illegal money lenders are operating within Inverclyde.	<ul style="list-style-type: none"> <li>• Raise awareness of issues with staff.</li> <li>• Raise awareness of dangers of using illegal money lenders to clients.</li> <li>• Pass on all available intelligence to the Scottish Illegal Money Lending Unit.</li> <li>• Advise all clients about the anonymity of passing intelligence to this unit.</li> </ul>	<ul style="list-style-type: none"> <li>• Awareness campaign introduced for Inverclyde</li> <li>• Level of intelligence passed to Scottish Illegal Money Lending Unit</li> <li>• Number of illegal money lenders operating in Inverclyde according to Scottish Illegal Money Lending Unit</li> </ul>	All Partners
5	<b>Some services feel that they are receiving limited referrals from partners or inappropriate referrals from partners. This may be as a result of a lack of knowledge around remit and referral pathways. There is no universal method for referrals amongst organisations. Limited feedback is provided from recipient organisations on outcome of referrals. Inverclyde is</b>	All practitioners have an in-depth knowledge of all partner organisations and their remit and can comfortably make referrals for their clients. There is one universal referral pathway for all partner organisations. Feedback is provided on all referrals. The FIP can gather Inverclyde wide statistics on people accessing support	<ul style="list-style-type: none"> <li>• Roll out of FIP Refer-It, online referral system, to all partners.</li> <li>• Advice services practitioners event held to promote inter-organisational referrals and signposting.</li> <li>• Advice First triage line as first point of contact for all clients being referred to FIP organisations.</li> <li>• Promotion of the FIP website to provide further information to both clients and practitioners.</li> </ul>	<ul style="list-style-type: none"> <li>• Successful rollout of FIP ReferIT to all participating organisations</li> <li>• Measured use of FIP ReferIT by number of referrals made</li> <li>• Advice services practitioners event held</li> <li>• Feedback from event</li> <li>• Number of 'hits' on FIP website</li> <li>• Inverclyde wide statistics are being reported</li> </ul>	HSCP, FIPSO

	unable to provide area wide statistics.	services.			
6	<b>Funding bids from individual organisations are potentially duplicating existing services. This may then reduce the likelihood of the bid being successful. If the funded service is then introduced organisations may find it difficult to meet outcomes if services are duplicated.</b>	Partnership approach is taken to all major funding streams to ensure that all bids have the best chance of being successful and all organisations are able to meet the outcomes set.	<ul style="list-style-type: none"> <li>• Create a central file detailing funding streams and their end dates.</li> <li>• Regular updates at FIP meetings detailing what funding streams are available.</li> <li>• All partners note their interest to apply for a stream at the FIP meetings.</li> <li>• Utilising Community Links to support with funding applications.</li> </ul>	<ul style="list-style-type: none"> <li>• Number of consortium funding bids submitted</li> <li>• Success rate of funding applications</li> </ul>	All partners
7	<b>Limited to no outreach or out of hours support available for clients of FIP organisations. Many organisations only offer support during traditional office hours and at their office base or home visits. Some clients may not feel comfortable with advice appointments taking place in their home.</b>	Inverclyde residents can access support at a time and location that suits them.	<ul style="list-style-type: none"> <li>• Scope community venues for potential to hold advice surgeries.</li> <li>• Scope availability of providing advice out of traditional office hours.</li> </ul>	<ul style="list-style-type: none"> <li>• Number of outreach services being provided by FIP partners</li> <li>• Attendance at outreach/out of hours support</li> <li>• Client financial gain recorded from outreach/out of hours</li> </ul>	All partners
8	<b>There is a lack of information on the customer journey through Inverclyde support services therefore no information to base improvements on.</b>	There is a clear pathway of referrals from customers starting point to final outcome to make improvements on the customers journey.	<ul style="list-style-type: none"> <li>• FIP Support Officer (FIPSO) to shadow at local support organisations.</li> <li>• FIPSO to monitor an agreed number of clients and track their journey.</li> <li>• FIPSO to provide a report on findings.</li> </ul>	<ul style="list-style-type: none"> <li>• Feedback from FIPSO on organisational shadowing</li> <li>• Feedback from customers</li> </ul>	FIPSO
9	<b>The implementation of the Bankruptcy and Debt Advice Scotland Act will change the way formal</b>	Inverclyde is fully compliant with the changes made to formal debt advice and can	<ul style="list-style-type: none"> <li>• Consultations with those organisations affected to ensure compliance.</li> <li>• Monitoring of outputs</li> </ul>	<ul style="list-style-type: none"> <li>• Inverclyde continue to offer debt advice</li> <li>• Results of monitoring to make improvements to</li> </ul>	HSCP



	<b>debt advice is provided and who can legally offer this type of advice.</b>	continue to provide crisis intervention support.		service delivery <ul style="list-style-type: none"><li>• Reports identifying how Inverclyde FIP meets the new legislation</li></ul>	
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Strategic Outcome 2: Local people have access to resources and organisations to alleviate household poverty.

	Where are we now?	Where do we want to be?	How will we get there?	How will we know we are getting there?	Who is responsible?
1	<b>Inverclyde residents are suffering from fuel poverty and an increased number of residents are requesting support with energy tariffs. There is a lack of understanding regarding the importance of energy tariffs.</b>	No Inverclyde residents are suffering extreme fuel poverty and a decreased number are facing fuel poverty. Residents have an awareness of energy tariffs and how to make the most of the money they pay for their fuel.	<ul style="list-style-type: none"> <li>Increasing awareness of fuel energy tariffs.</li> <li>Energy awareness/financial capability training for vulnerable customers</li> <li>Continuation funding sourced for IHEAT.</li> </ul>	<ul style="list-style-type: none"> <li>Number of customers engaged through project</li> <li>Number of vulnerable customers participating in training</li> <li>Reporting to FIP through IHEAT Steering Group quarterly meetings</li> </ul>	IHEAT
2	<b>Inverclyde residents are relying on foodbanks to provide food for themselves and their families. Inverclyde's foodbanks rely on donations to allow them to continue to operate their services in this area.</b>	Fewer Inverclyde residents are regularly relying on foodbanks to feed their families. However foodbanks are still available to support those during crisis point for the short term.	<ul style="list-style-type: none"> <li>Continued inclusion of Inverclyde foodbanks in the FIP</li> <li>Implementation of this strategy and action plan to reduce poverty and increase income</li> </ul>	<ul style="list-style-type: none"> <li>Number of Inverclyde residents accessing foodbanks</li> </ul>	All partners
3	<b>Inverclyde residents have limited access to digital equipment, therefore are facing a 'poverty premium'. Residents in receipt of benefits may face sanctions if they cannot access online services such as Universal Job Match. The price of broadband is outwith many residents' budgets.</b>	All Inverclyde residents can access digital equipment. They can access the internet to source better deals. They will not be at risk of sanctions due to not having online access. Residents who have digital equipment will have a connection to the internet at a low cost.	<ul style="list-style-type: none"> <li>Provision of digital equipment loans</li> <li>Communal broadband installed in estates</li> <li>Training residents how to search for best deals on internet</li> </ul>	<ul style="list-style-type: none"> <li>Introduction of digital equipment loans</li> <li>Availability of communal broadband</li> <li>Reduction in Inverclyde poverty level</li> <li>Number of reported sanctions</li> <li>Number of residents accessing Future Skills</li> </ul>	RCH, SIFS
4	<b>It has been suggested that travel costs in the local area are</b>	Inverclyde residents have a cost-effective method of travel for	<ul style="list-style-type: none"> <li>Research into the correlation between poverty and travel</li> <li>Research into how the new</li> </ul>	<ul style="list-style-type: none"> <li>Findings of research and associated action plan</li> </ul>	FIPSO

	<b>contributing to the level of poverty. Only one provider exists for travel throughout Inverclyde. A monopoly on these routes may be driving up prices.</b>	essential journeys such as Job Centre Plus meetings, shopping and appointments for advice services.	Quality Bus Partnership can assist with travel costs		
5	<b>Residents may lack an awareness of how to cook healthy on a low income. This may apply to people who are reliant on welfare benefits or who are working and in receipt of a low income. As a result many people are more susceptible to illness due to their diet.</b>	All Inverclyde residents can provide healthy, nutritious, home-cooked meals on a low budget.	<ul style="list-style-type: none"> <li>• Promotion of Eat Better Feel Better</li> <li>• Increased literature to promote healthy eating on a budget</li> </ul>	<ul style="list-style-type: none"> <li>• Number of CLD referrals made via FIP ReferIT</li> </ul>	CLD, HSCP

Strategic Outcome 3: The financial capability and capacity of local people is increased.

	Where are we now?	Where do we want to be?	How will we get there?	How will we know we are getting there?	Who is responsible?
1	<b>Many Inverclyde residents have low financial capability and capacity. This includes a lack of knowledge of budgeting, banking, borrowing and savings. These skills are especially important with the introduction of Universal Credit where benefit payments including housing costs are made monthly directly to the claimant.</b>	All Inverclyde residents are able to budget their income, use a bank account for paying bills, know the dangers of high cost borrowing and have savings for emergency expenses. The introduction of Universal Credit will have a limited impact on Inverclyde residents.	<ul style="list-style-type: none"> <li>• Introduction of Financial Capability E-Learning Module via Money Advice Scotland.</li> <li>• Continuation of Supporting Inverclyde Future Skills (SIFS) project offering one to one and group financial and digital inclusion skills.</li> <li>• Increased awareness and referrals to CLD with promotion of financial and digital inclusion in all classes.</li> </ul>	<ul style="list-style-type: none"> <li>• Number of clients supported by SIFS project</li> <li>• Number of FIP clients using e-learning module</li> <li>• Increased number of referrals to CLD recorded via FIP ReferIT</li> </ul>	SIFS
2	<b>School children are not receiving in-depth financial inclusion support. Many school children then leave education lacking the skills to be able to manage finances such as a salary and being aware of the importance of saving.</b>	Children receive in-depth financial capability training in order that when they leave education and enter the labour market they are able to budget and plan for the future. They also have an awareness of the dangers of sub-prime lenders.	<ul style="list-style-type: none"> <li>• Liaison with education establishments to promote financial inclusion in curriculum for excellence</li> <li>• Introduction of credit unions in schools</li> </ul>	<ul style="list-style-type: none"> <li>• Level of liaison with Inverclyde schools</li> <li>• Number of schools offering credit union facilities</li> <li>• Evidence of teachers using Financial Inclusion information in schools</li> </ul>	IC, TOTB, FIPSO
3	<b>Many expectant families are not uptaking the support of the Healthier Wealthier Children initiative. This includes support to uptake services available to young and expectant</b>	All new and expectant families receive the support of the scheme, therefore accessing financial and benefit support. This will then allow them to manage the changes to their	<ul style="list-style-type: none"> <li>• Promotion of the service to all expectant families</li> </ul>	<ul style="list-style-type: none"> <li>• Number of HWC referrals received</li> <li>• Total financial gains recorded via HWC</li> </ul>	HSCP

	<b>families such as Healthy Start Vouchers.</b>	finances as a result of having a baby.			
<b>4</b>	<b>Digital inclusion is a barrier to financial capability and capacity. Not having the skills to access online services can inhibit the ability to find better deals online and bank digitally.</b>	All Inverclyde residents are able to use online services to increase their level of financial capability and therefore financial inclusion.	<ul style="list-style-type: none"> <li>Promotion of digital inclusion services such as SIFS, CLD and ICOD's ABC project.</li> </ul>	<ul style="list-style-type: none"> <li>Number of clients accessing digital inclusion services</li> </ul>	SIFS, CLD, ICOD

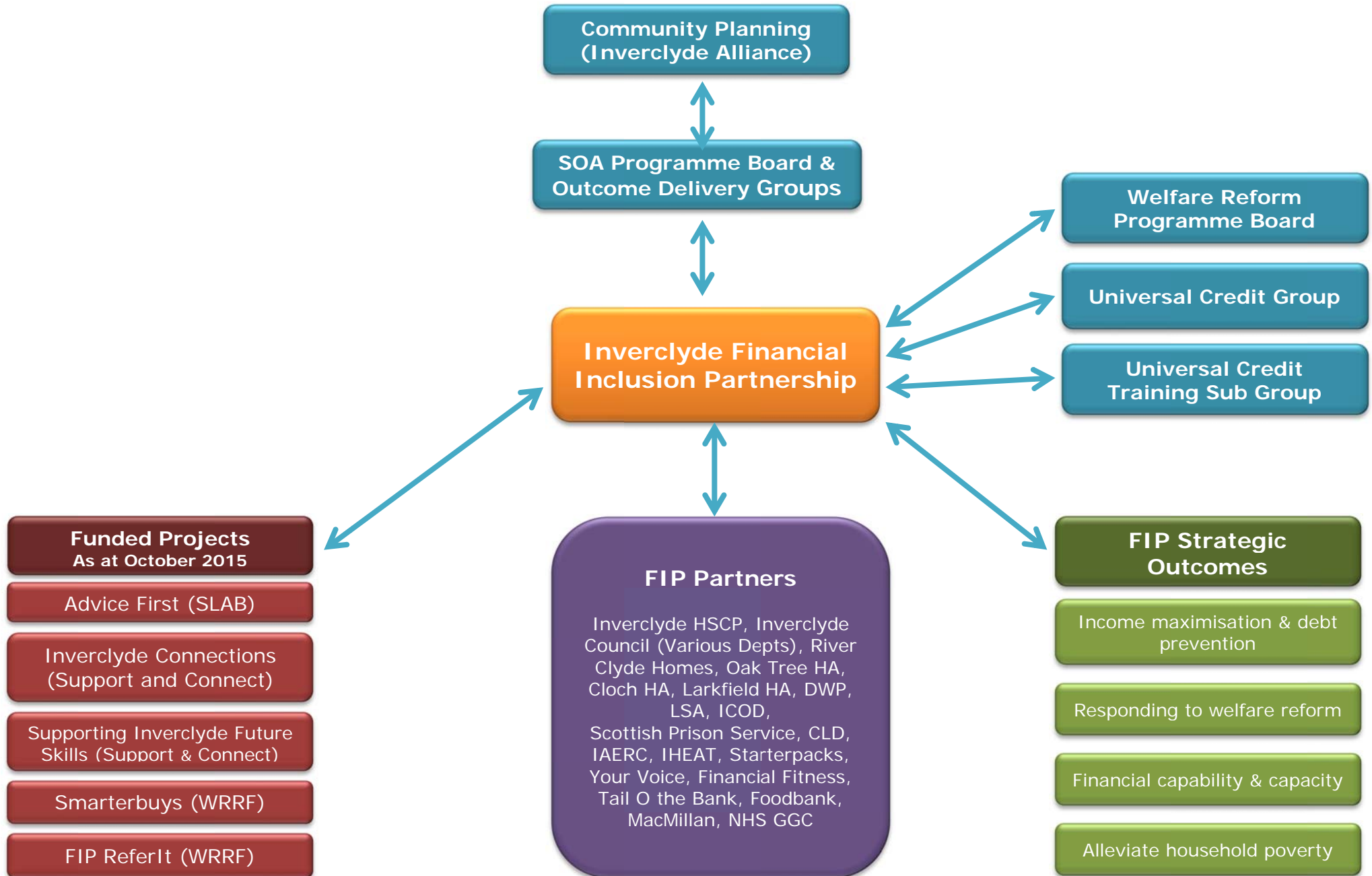
Strategic Outcome 4: The Financial Inclusion Partnership is committed to respond to the impact on welfare reform

	Where are we now?	Where do we want to be?	How will we get there?	How will we know we are getting there?	Who is responsible?
1	<b>Major changes to the welfare benefits system have resulted in a change to how practitioners will support their clients. New benefits being introduced results in an increased need for further training.</b>	All staff supporting residents will have the necessary knowledge and skills to fully support Inverclyde residents through all aspects of welfare reform.	<ul style="list-style-type: none"> <li>• A subgroup of FIP is set up to arrange all Universal Credit training</li> <li>• A partnership approach is taken to all future training to ensure a cohesive approach to advice is provided</li> </ul>	<ul style="list-style-type: none"> <li>• Successful setup of training sub-group</li> <li>• Delivery of UC training</li> </ul>	FIPSO
2	<b>Universal Credit will change the way the partners liaise with the DWP. Open communication and adherence to the data sharing rules are of the upmost importance for partners to support customers. The initial setup of Universal Credit will require agreements and liaison with DWP.</b>	The FIP are able to work effectively with the DWP to support with the introduction and expansion of Universal Credit. This then results in a smooth transition to this new benefit.	<ul style="list-style-type: none"> <li>• Continued presence and participation in the Universal Credit Operational Management Group</li> <li>• Liaison between DWP and Inverclyde Council to agree UC Delivery Partnership, to prepare for the national expansion when the full Universal Support offer is in place and so ensure Universal Support is in place from April 2016.</li> <li>• Monitor the impact of the change UC has on residents and adjust Universal Support provision</li> </ul>	<ul style="list-style-type: none"> <li>• Participation in UC group</li> <li>• Introduction and monitoring of project plan</li> </ul>	IC Universal Credit Project Lead
3	<b>The SIFS project supports residents with budgeting and digital skills – 2 key skills required for those claiming Universal Credit. However funding is not stable for this service.</b>	SIFS obtains sustainable funding to allow the project to continue throughout the introduction of Universal Credit.	<ul style="list-style-type: none"> <li>• Work with Community Links to ensure funding is obtained</li> </ul>	<ul style="list-style-type: none"> <li>• Continuation of service</li> </ul>	SIFS
4	<b>Feedback from practitioners suggests that there is a lack of</b>	All Inverclyde residents in receipt of benefits are fully aware of the	<ul style="list-style-type: none"> <li>• Deliver awareness sessions and campaigns</li> <li>• Use SIFS/FIP website to</li> </ul>	<ul style="list-style-type: none"> <li>• Communication is released to residents</li> <li>• SIFS/FIP website is</li> </ul>	FIPSO, SIFS

	<b>awareness from Inverclyde residents regarding the changes being brought about by welfare reform, particularly Universal Credit.</b>	changes due to take place and receive the necessary information and skills to prepare them for the changes.	provide information <ul style="list-style-type: none"> <li>• Produce information packs to be sent to all households in Inverclyde</li> </ul>	updated with information regarding UC <ul style="list-style-type: none"> <li>• Information packs sent</li> </ul>	
5	<b>Funding for supporting all Inverclyde residents with the charges related to the Social Sector Size Criteria (SSSC) has been ongoing for 2 years now.</b>	Support continues for DHP in line with Scottish Government policy to meet the cost of the Social Sector Size Criteria	<ul style="list-style-type: none"> <li>• Prioritisation of funding to meet the cost of SSSC</li> </ul>	<ul style="list-style-type: none"> <li>• Percentage of clients affected being supported by DHP</li> </ul>	IC

## 7.0 The Role of the Financial Inclusion Partnership

The diagram below sets out the role of the FIP within Inverclyde. This includes where the FIP will report to and which other groups feed into the FIP.





Local people have access to relevant, local services that support income maximisation and debt prevention

Action No	Action	Task No	Tasks	Lead	Baseline Q3 2015	Q1 2016 Update	Q3 2016 Update	Q1 2017 Update	Final (Q2 2017) Update
1	All Inverclyde residents have access to a banking accounts (basic or mainstream) that offers bill payment facilities.	1	Expansion of Tail O the Bank to offer budgeting facility/jam jar accounts	Tail O the Bank	Tail O the Bank currently offer savings and loan products. There is no facility for receipt of income to accounts and no facility for bill payment. TOTB is led by volunteers and therefore there is limited capacity for development of services. A meeting has been held so far with another Credit Union to discuss development and it was made clear that a new system would be required				
2		2	Introduction of a credit union budgeting account for tenants of RSL	River Clyde Homes	RCH have scoped the availability of credit unions who could support their tenants. Due to restrictions in common bonds, the only credit union who could support Inverclyde residents, excluding the local established credit unions, was Poltek. Conversations have been held and Poltek will offer a Universal Credit account to customers whose rent payments will be sent directly to RCH. This will be offered from the hub at Clyde Square. This product should launch early next year.				
3		3	Liaison with local mainstream banking providers to support residents to open mainstream accounts	FIPSO	No liaison currently takes place between the FIP and local mainstream banking providers. This has issues for customers who wish to open bank accounts and who are refused due to ID issues. With the change in the legislation for banks, liaison would support more customers to open accounts.				
2	Inverclyde residents have access to affordable, ethical lending streams to furnish their properties. There is a clear referral pathway to this service.	1	Introduction of Smarterbuys franchise in 2 RSL in Inverclyde	Oak Tree/River Clyde Homes	Smarterbuys launched in Q4 2015 for Oak Tree and RCH tenants.				
2		2	Roll out of service to all Inverclyde residents	FIP	Smarterbuys is currently only available to tenants of Oak Tree or RCH. It is intended that the roll-out to all Inverclyde residents will be a slow process over the term of this strategy.				
1		1	Conduct research into the use of high cost lenders	FIPSO	Some small scale research was completed prior to the launch of Smarterbuys between 2 RSLs and their tenants. Larger scale research will be completed which will determine which services are required in the area.				
2	Inverclyde have statistics on the number of people accessing high cost loans and implement a cost-effective alternative to sub-prime lenders.	2	Increase awareness of the dangers of using high cost lending	FIP	No campaigns have been undertaken by the FIP to date. The FIP have recently established a communications sub-group who will work to raise awareness of financial inclusion related issues Inverclyde residents are currently facing. Raising awareness of high cost lending will feature within this group.				
3		3	Scope alternative to sub-prime lenders	FIPSO	No scoping exercise has taken place to date. This will feature in the planning work for ESF/Big Lottery funding which the FIP will apply for early in 2016.				
4		4	Introduce an alternative to payday lenders	FIP	This task will take place after 1.3.3 above and will also form part of the ESF/Big Lottery bid.				
1		1	Raise awareness of issues with staff	FIP	Some providers have previously received training from the Scottish Illegal Money Lending Unit regarding the use of illegal lenders. It is unknown how many partners received this training.				
2	No illegal money lenders are operating in Inverclyde	2	Raise awareness of dangers of using illegal money lenders to clients	FIP	Unknown if this info is given to clients				
3		3	Pass on all available intelligence to the Scottish Illegal Money Lending Unit	FIP	Unknown if this info is passed on.				
4		4	Advise all clients about the anonymity of passing intelligence to unit	FIP	Unknown if this is passed on				
1		1	Roll out of FIP Referral	HSCP	LAUREN				
2	All practitioners have an in-depth knowledge of all partner organisations and their remit and can comfortably make referrals for their clients. Feedback is provided on all referrals. FIP can gather Inverclyde wide stats on people accessing support services.	2	Advice services practitioners event held	FIPSO	No event has been organised or held				
3		3	Advice First Traige line as first point of contact for all clients	HSCP	LAUREN				
4		4	Promotion of FIP website to provide further information to both clients and practitioners	FIP	The SIF/FIP website was launched in February 2015 and provides information about the FIP partners and their remit in the area. Contact details for the organisations are also provided with a link to their own individual websites. The website has received 6948 hits to date.				
1		1	Create centralised file detailing funding streams & their end dates	FIPSO	Several updates have been provided by partners about their current funding streams and the end dates of these. However, an ongoing, working document does not exist at present.				
2	Partnership approach is taken to all major funding streams to ensure that all bids have the best change of succeeding.	2	Regular updates at FIP meetings detailing what funding streams are available	FIP	Ongoing task. Updates are provided at quarterly FIP meetings re funding streams.				
3		3	All partners note their interest to apply for a stream at the FIP meetings	FIP	Inverclyde have had previous success with consortium applications for funding streams. The FIP will look to build on this success and continue to note interest.				
4		4	Utilising Community Links to support with funding applications	FIP	Community Links have been commissioned to complete funding applications on behalf of the FIP.				
1	Inverclyde residents can access support at a time and location that suits them.	1	Scope community venues for potential to hold advice surgeries	FIPSO	Multi-agency advice surgeries do not currently take place.				
2		2	Scope availability of providing advice outside of traditional office hours.	FIPSO	Out of hours advice support is limited.				
1	There is a clear pathway of referrals from customers starting point to final outcome to make improvements on customer journey	1	FIPSO to shadow at local support organisations	FIPSO	Shadowing at support agencies will allow the FIP to gain a better understanding of how the partners provide advice and the customer journey through other services. This will begin in 2016.				
2		2	FIPSO to monitor an agreed number of clients and track their journey	FIPSO	This task will begin in 2016.				
3		3	FIPSO to provide a report on findings	FIPSO	Will be completed when shadowing is complete.				
1	Inverclyde is fully compliant with the changes made to formal debt advice and can continue to provide crisis intervention support	1	Consultations with those organisations affected to ensure compliance	FIPSO	Not started				
2		2	Monitoring of outputs	HSCP	Not started				

Local people have access to resources and organisations to alleviate household poverty

Action No	Action	Task No	Task	Lead	Baseline 2015	Q1 2016 Update	Q3 2016 Update	Q1 2017 Update	Final (Q2 2017) Update
1	No inverclyde residents are suffering extreme fuel poverty & a decreased number are facing fuel poverty. Residents have an awareness of energy tariffs and how to make the most of the money they pay for fuel.	1	Increasing awareness of fuel energy tariffs	IHEAT	2933 households have received an initial visits from Feb 14 to Dec 15				
		2	Energy awareness/financial capability training for vulnerable customers	IHEAT	A small amount of funding has been received to facilitate this service from Jan 16 to Mar 16.				
		3	Continuation of funding sourced for IHEAT	IHEAT	Continuation funding is currently being sourced however funding has yet to be secured				
2	Less inverclyde residents are regularly relying on foodbanks to feed their families. However foodbanks are still available to support those during crisis point for the short term.	1	Continued inclusion of inverclyde foodbanks in the FIP	FIP	Communication and attendance from IF is minimal				
		2	Implementation of this strategy and action plan to reduce poverty and increase income	FIP	Strategy and action plan agreed with FIP				
3	All inverclyde residents can access digital equipment. They can access the internet to source better deals. They will not be at risk of sanctions as a result of not having online access. Residents who have digital equipment will have a connection to the internet at a low cost.	1	Provision of digital equipment loans	ICOD	Limited digital equipment loans available throughout inverclyde				
		2	Communal broadband installed in estates	RCH	Communal Wi-Fi currently being piloted in John Street area				
		3	Training residents how to search for best deals online	SIFS	Free Wi-F- and computer access is available at all Libraries throughout inverclyde for all residents. SIFS have assisted 903 residents to date with basic ICT & using internet				
4	Inverclyde residents have a cost effective method of travel for essential journeys such as Job Centre Plus meetings, shopping and appointments for advice services	1	Research into the correlation between poverty and travel	FIPSO	No current local research exists				
		2	Research into how the new Quality Bus Partnership can assist with travel costs	FIPSO	Not started				
5	All inverclyde residents can provide healthy, nutritious, home cooked meals on a low budget	1	Promotion of Eat Better Feel Better	CLD, HSCP					
		2	Increased literature to promote healthy eating on a budget	CLD, HSCP					

The financial capability and capacity of local people is increased								
Action No	Action	Task No	Task	Lead	Q1 2016 Update	Q3 2016 Update	Q1 2017 Update	Final (Q2 2017) Update
1	All Inverclyde residents are able to budget their income, use a bank account for paying bills, know the dangers of high cost borrowing and have savings for emergency expenses.	1	Introduction of Financial Capability E-Learning Module	Future Skills	All SIFS staff have been trained to offer modules either 1:1 or in classes			
		2	Continuation of SIFS project	Future Skills	The SIFS project has been offered funding from Inverclyde Council and IHAF for a further 2 years, however, only for the one-one service. This offer has been agreed by IHAF members but has still to be agreed by Inverclyde Councils Policy and Resources Committee in February 2016.			
		3	Increased awareness and referrals to CLD with promotion of financial and digital inclusion in all classes	CLD				
2	Children receive in-depth financial capability training in order that when they leave education and enter the labour market they are able to budget and plan for the future. They also have an awareness of the dangers of sub-prime lenders	1	Liaison with education establishments to promote financial inclusion in curriculum for excellence	FIPSO	Not yet started			
		2	Introduction of credit unions in schools	Tail O the Bank, IC, FIPSO	No credit union facilities offered in schools			
3	All new and expectant families receive the support of the Healthier Wealthier Children Scheme.	1	Promotion of the service to all expectant families	HSCP				
4	All Inverclyde residents are able to use online services to increase their level of financial capability and therefore digital inclusion	1	Promotion of digital inclusion services such as SIFS, CLD and ICOD's ABC Project	Future Skills, CLD, ICOD				

The Financial Inclusion Partnership is committed to respond to the impact of welfare reform

Action No		Action	Task No	Task	Lead	Baseline 2015	Q1 2016 Update	Q3 2016 Update	Q1 2017 Update	Final (Q2 2017) Update
1	All staff supporting residents will have the necessary knowledge and skills to fully support Inverclyde residents through all aspects of welfare reform.	1	A subgroup of the FIP has been convened to arrange all Universal Credit Training	FIPSO	Training sub-group has been created and had early meetings					
		2	A partnership approach is taken to all future training	FIPSO	Training sub-group will continue to organise training for future welfare reforms					
2	The FIP are able to work effectively with the DWP to support with the introduction and expansion of Universal Credit. This then results in a smooth transition to this new benefit.	1	Continued presence and participation in the Universal Credit Operational Management group	IC Universal Credit Project Lead	Universal Credit Operational Management Group meetings are convened by the UC Project Lead and are held every 6 weeks. The time between meetings is subject to review as the new benefit is bedded in.					
		2	DWP and Inverclyde Council agree and deliver on the UC Delivery Partnership.	IC Universal Credit Project Lead	The Delivery Partnership is reviewed quarterly with any issues or disputes being resolved within the terms of the agreement					
		3	Monitor the impact of the change Universal Credit has on residents and adjust Universal Support Provision	IC Universal Credit Project Lead	Understand the impact of UC on residents from the findings of the UC Operational Management Group and the Financial Inclusion Partnership. Adjustments to the Universal Support provision are made within the terms of the Delivery Partnership.					
3	SIFS obtain sustainable funding to allow the project to continue throughout the introduction of Universal Credit	1	Work with Community Links to ensure funding is obtained.	SIFS	Community Links have been commissioned to submit a new 3 year funding application via Big Lottery. Application process opened on 28th November 2015.					
4	All Inverclyde residents in receipt of benefits are fully aware of the changes due to take place and receive the necessary information and skills to prepare them for the changes	1	Deliver awareness sessions and campaigns	FIP						
		2	Use SIFS/FIP website to provide information	SIFS/FIPSO						
		3	Produce information packs to be sent to all households in Inverclyde	FIP						
5	Support continues for DHP in line with Scottish Government policy to meet the cost of the Social Sector Size Criteria	1	Prioritisation of funding and the promotion of DHP to mitigate the SSSC	IC	The Council carries out regular reviews of the Housing Benefit caseload to identify those effected by SSSC who have not applied for DHP. Application forms are posted to customers and Housing Associations are notified. Housing Associations are able to take DHP applications from their tenants by phone.					

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<b>Report To:</b>	<b>Policy and Resources Committee</b>	<b>Date:</b>	<b>22nd March 2016</b>
<b>Report By:</b>	<b>Corporate Director Environment, Regeneration and Resources</b>	<b>Report No:</b>	<b>P+R/16/03/01/SJ</b>
<b>Contact Officer:</b>	<b>Stuart W Jamieson</b>	<b>Contact No:</b>	<b>01475 712402</b>
<b>Subject:</b>	<b>Leasing Arrangements – Commercial and Industrial Property Portfolio</b>		

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## **1.0 PURPOSE**

- 1.1 The purpose of this report is to seek Members' endorsement of the current criteria applied when considering a new lease or a lease renewal.

## **2.0 SUMMARY**

- 2.1 The Commercial and Industrial Property portfolio is made up of one hundred and thirty two properties or sites which include the cinema, the boat club, industrial units and one hundred and five shops. The majority of these properties are covered by leases on a full repairing and insuring basis.
- 2.2 The occupancy levels within the portfolio have tended to remain consistently high and are currently eighty eight percent. Moves and changes within the portfolio are generally low at an average of under ten per annum and a number of void premises fall into the difficult to let category. The movement in the portfolio is reported to the Environment and Regeneration Committee on an annual basis.
- 2.3 The Management of the Commercial and Industrial Property Portfolio - Policy and Procedures Manual was created in 2007 and the management of the portfolio is based on that document. When considering a new lease or lease renewal, officers from the Economic Development Service consider the existing approved use of the premises; the likelihood of change of use if required; the mix of offer immediately adjacent to the premises or in the terrace; the length of lease and any potential redevelopment considerations.
- 2.4 The Policy and Resources Committee remitted to Officers to bring forward a report on a policy for ethical letting, however following consideration it is felt that the existing management arrangements available to Officers ensure appropriate control of the mix of Council tenants in the Commercial and Industrial Property portfolio and an additional policy document is not required.

## **3.0 RECOMMENDATIONS**

- 3.1 It is recommended that Committee endorse the existing arrangement for new leases or lease renewals within the Commercial and Industrial Property portfolio.

**Aubrey Fawcett**  
**Corporate Director, Environment, Regeneration and Resources**

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## **4.0 BACKGROUND**

- 4.1 The management of the Council's Commercial and Industrial Property portfolio (Non Operational Property) is carried out by the Regeneration and Planning Service.
- 4.2 The portfolio contains a total of one hundred and thirty two properties or sites which include the cinema, the boat club, industrial units and one hundred and five shops. The majority of these properties are covered by leases on a full repairing and insuring basis.
- 4.3 The occupancy levels within the portfolio have tended to remain consistently high and are currently eighty eight percent. Moves and changes within the portfolio are generally low at an average of under ten per annum and a number of void premises fall into the difficult to let category. The movement in the portfolio is reported to the Environment and Regeneration Committee on an annual basis.
- 4.4 In Port Glasgow the Council has fifty one shop premises in Bay Street, Bridgend Avenue, Church Street, Dubbs Road, Fore Street, John Wood Street, King Street and Moss Road. Of the fifty one properties forty four are let with the majority to retail clients in Classes 1 and 3 use, there are two chip shops (sui generis) and one bookmaker (Class 2).
- 4.5 In Greenock the Council has forty seven shop premises of which thirty nine are let and are located in Angus Road, Belville Street, Bow Road, Brigend Road, Broomhill Way, Cathcart Street, Cumberland Walk, East Hamilton Street, Fancy Farm Road, Grieve Road, Inverkip Street, Lynedoch Street, Nairn Road and Sir Michael Street. The majority are let to retail clients in Classes 1 and 3 use, there are six takeaways and one chip shop (sui generis) and one bookmaker (Class 2).
- 4.6 In Gourock the Council has seven shop premises of which five are let. All of the premises are Class 1 use.
- 4.7 It is clear that the types of use and the distribution of Council premises across the three town centres offers shoppers appropriate variety and does not give cause for concern,
- 4.8 Both Council and the Policy and Resources Committee have considered questions on ethical letting and this report addresses the outstanding remit from the Policy and Resources Committee. Any new policy in this subject area would be subject of an equalities assessment which would be rigorously scrutinised by any sector which may feel aggrieved. The adoption of such a policy would be at risk of challenge – no doubt by way of a judicial review and possibly on the grounds that the policy is unreasonable, irrational and unfair.
- 4.9 When considering a new lease or lease renewal, officers from the Economic Development Service consider the existing approved use of the premises; the likelihood of change of use if required; the mix of offer immediately adjacent to the premises or in the terrace; the length of lease and any potential redevelopment considerations. It is felt that the existing management arrangements provide appropriate control over the mix of offer of Council premises and any additional policy or amendment to the existing policy is not required. In respect of non Council owned premises, the vehicle to address ethical use of land/premises should be covered in the emerging planning legislation.

## **5.0 PROPOSALS**

- 5.1 The Council as property owner is free to deal with its property as it sees fit.
- 5.2 Any new policy or amendment to the existing policy would be subject to an equalities impact assessment which would be rigorously scrutinised by any sector and could be the subject of legal challenge.
- 5.3 It is clear from the existing mix of retail offer that the existing policy is fit for purpose.
- 5.4 It is proposed not to introduce an ethical letting policy for the reasons highlighted above.

## 6.0 IMPLICATIONS

### Finance

6.1 There are no direct financial implications arising from this report.

#### Financial Implications

##### One-off Costs

Cost Centre	Budget Heading	Budget Year	Proposed Spend this Report	Virement From	Other Comments
n/a	n/a	n/a	n/a	n/a	n/a

##### Annually Recurring Costs/Savings

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From	Other Comments
n/a	n/a	n/a	n/a	n/a	n/a

### Legal

6.2 There are no direct legal implications arising from this report.

An equalities assessment would be required for the introduction of any new policy together with relevant, substantive evidence and a process of thorough consultation with any relevant sectors.

### Human Resources

6.3 There are no direct human resource implications arising from this report.

### Equalities

6.4 There are no direct equalities implications arising from this report.

### Repopulation

6.5 There are no direct repopulation implications arising from this report.

## 7.0 CONSULTATION

7.1 **Chief Financial Officer:** no requirement to comment.

7.2 **Head of Legal and Property Services:** has commented on the report.

## 8.0 BACKGROUND PAPERS

8.1 None.

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<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b>	<b>22 March 2016</b>
<b>Report By:</b>	<b>Head of Legal &amp; Property Services</b>	<b>Report No:</b>	<b>RMcG/LP/038/16</b>
<b>Contact Officer:</b>	<b>Rona McGhee</b>	<b>Contact No:</b>	<b>01475 712113</b>
<b>Subject:</b>	<b>Recruitment and Selection Policy – Request by Councillor Jones</b>		

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## 1.0 PURPOSE

- 1.1 The purpose of this report is to ask the Policy & Resources Committee to consider a request from Councillor Jones.

## 2.0 SUMMARY

- 2.1 Councillor Jones has requested that a report be prepared by the Head of Organisational Development, HR & Communications in relation to gender balance in all appointment panels. A copy of the letter from Councillor Jones is attached (**APPENDIX**).

## 3.0 RECOMMENDATION

- 3.1 That the Committee consider the request from Councillor Jones.

**Rona McGhee**  
**Legal & Property Services**



**Councillor Vaughan Jones**  
**Ward 4 – Inverclyde South**  
Municipal Buildings  
Greenock  
PA15 1LX

Mr. G Malone  
Head of Legal & Property Services

Direct Line: 01475 712727  
Fax: 01475 712976  
Email: vaughan.jones@inverclyde.gov.uk  
Our Ref: vj/sc  
Your Ref:  
Date: 29 February 2016

Dear Gerard

**Recruitment & Selection Policy  
Policy & Resources Committee**

Please find attached a copy of my response to Wilma Bain's letter in respect of the above.

I shall be grateful if you would now arrange for a report on this matter to be placed before the next Policy & Resources Committee for discussion.

Yours sincerely

Vaughan Jones  
Councillor

Enc.



**Healthy  
Working  
Lives**



**Councillor Vaughan Jones**  
**Ward 4 - Inverclyde South**  
Municipal Buildings  
Greenock  
PA15 1LX

Mrs. W Bain  
Corporate Director  
Education, Communities & Organisational Development

Direct Line: 01475 712727  
Fax: 01475 712976  
Email: vaughan.jones@inverclyde.gov.uk  
Our Ref: vj/sc  
Your Ref:  
Date: 29 February 2016

Dear Wilma

### **Recruitment & Selection Policy**

Thank you for your letter dated 24 February in respect of the above subject. Although I appreciate your response, I am not satisfied with the terms of your reply.

I am writing separately to the Head of Legal & Property Services to request that this item be placed with its relevant background correspondence on the agenda of the Policy and Resources Committee for its meeting on 22 March.

My request is, in the interest of equalities in the critical area of recruitment and selection of staff, that the Council should strive for gender balance as the priority element in all appointment panels, and for that purpose, a report should be prepared by Steven McNab as Head of Organisational Development and Human Resources to ensure that this can be given effect to in the future.

Yours sincerely

Vaughan Jones  
Councillor

Our ref: WB/SMcN

Your ref:

Date: 24 February 2016

**Education, Communities &  
Organisational Development**

Corporate Director: Wilma Bain

Municipal Buildings  
Clyde Square  
Greenock  
PA15 1LY

Tel: 01475 712748

Fax: 01475 712731

Wilma.Bain@inverclyde.gov.uk

Councillor Vaughan Jones  
Ward 4 Inverclyde South  
Municipal Buildings  
Greenock  
PA15 1LX

Dear Vaughan,

**Recruitment and Selection Policy**

Thank you for your letter dated 23 February 2016 in respect of above subject.

Firstly, I would like to confirm the current position in relation to the Council's existing Recruitment and Selection Policy and Procedures which apply to all employee groups, including Chief Officers. The current policy states that in respect of equal opportunities; "every effort should be made to have an appropriate panel composition in relation to the gender of the candidates to be interviewed. It is the Council's policy to make every effort to ensure that interview panels are balanced with at least one male and one female member." This policy assists the Council in meeting its equality objectives and also the requirements set out in the ACAS good practice guides on Recruitment and Equality.

In relation to the composition of the short listing and interview panels selected to appoint the Corporate Director of Education, Communities & Organisational Development, I can confirm that consideration was given to attaining a gender balance of this panel through the potential co-option of a female Chief Officer from a neighbouring authority. However it was not possible to finalise arrangements in respect of this for the agreed interview date.

As part of the Chief Officers recruitment process, candidates are asked to deliver a presentation and respond to questions from a group of approximately 20 of their peers. In respect of the recruitment to the Directors post which you have highlighted I can confirm that 11 members (58%) of the peer panel were female and 8 members (42%) were male. All candidates are evaluated by individual members of the peer group as part of the recruitment process and this information is used to inform the selection of the successful candidate.

The Council's Recruitment and Selection Policy and Procedures are currently under review and discussions are being progressed with the recognised trade unions to ensure our policy continues to meet all legislative requirements and reflects best practice. As part of this review I would be happy to ensure that your proposal to consider female officers and elected members, internally or from an outside resource, as panel members is appropriately considered. This would emphasise the Council's commitment to strive to achieve a gender balance on all interview panels.

I trust this is helpful in clarifying the current position and identifying a suitable way forward but would be happy to discuss this further with you if you wish.

Yours sincerely,

**Wilma Bain**  
**Corporate Director**  
**Education, Communities & Organisational Development**

**Councillor Vaughan Jones**  
**Ward 4 – Inverclyde South**  
Municipal Buildings  
Greenock  
PA15 1LX

**Inverclyde**  
council

Mr. G Malone  
Head of Legal & Property Services

Direct Line: 01475 712727  
Fax: 01475 712976  
Email: vaughan.jones@inverclyde.gov.uk  
Our Ref: vj/sc  
Your Ref:  
Date: 23 February 2016

Dear Gerard

It recently came to my attention that the composition of the short-listing and interview panels selected to appoint the current Director of Education and Communities for Inverclyde Council was entirely male. I found this surprising and disappointing, as it is my understanding that Inverclyde Council would strive to ensure that recruitment is perceived as a gender-neutral process, thereby removing the possibility of any unintended gender bias.

It is my concern that this practice, if repeated, could lead to the Council's recruitment process being exposed to accusations of gender bias. Unconscious bias is understood to affect the decision of interview panels and this can be addressed through diversifying the profile of interview panels. A gender balance is good for governance and leads to better decision-making. At present does the composition of short-listing and interview panels within Inverclyde Council meet equality objectives?

In the light of this, I would like a proposal to go to Policy and Resources Committee to request that a report be developed to ensure that in future, Inverclyde Council would strive to achieve a gender balance on the short-listing and interview panels for the appointment of all Chief Officers, whenever possible, by the co-option of female Officers and Elected Members selected internally or from an outside resource where necessary in order to promote equality of opportunity within the Council and remove any possibility of unintended gender bias.

I am aware that at present, men outnumber women within the Corporate Management Team and that this is also the case with Elected Members. I wish to stress that I hope that this policy would be applied in the reverse should it ever be the case that the number of females outnumber males.

Thus, the focus of my proposal is the composition of a gender balanced interview panel in the recruitment of Chief Officers. This is important because although the number of female employees within the Council far exceeds those of male employees, the top five percent of earners within the Council do not correspond to the gender balance across the Council. However, in the interests of fairness it would be my expectation that this policy be also applied in the recruitment process throughout the Council and a gender balance sought on panels at every level whenever possible.

Yours sincerely

Vaughan Jones  
Councillor



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<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b>	<b>22 March 2016</b>
<b>Report By:</b>	<b>Corporate Director Environment, Regeneration &amp; Resources</b>	<b>Report No:</b>	<b>RMcG/LP/041/16</b>
<b>Contact Officer:</b>	<b>Rona McGhee</b>	<b>Contact No:</b>	<b>01475 712113</b>
<b>Subject:</b>	<b>Kilmacolm Self-Build – Project Update: Remit from Environment &amp; Regeneration Committee</b>		

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## 1.0 PURPOSE

1.1 The purpose of this report is to request the Committee to consider a remit from the Environment & Regeneration Committee.

## 2.0 SUMMARY

2.1 The Environment & Regeneration Committee at the meeting on 3 March 2016 considered a report by the Corporate Director Environment, Regeneration & Resources (1) providing an update on progress in relation to the development of self-build housing plots at Leperstone Avenue, Kilmacolm, an initiative contained within the Repopulation Action Plan and (2) seeking agreement that, in the unlikely event of the development costs exceeding the current allocation plus receipts from the sale of plots, the Council will cover the financial shortfall.

2.2 A copy of the report to the Environment & Regeneration Committee is attached as Appendix 1. This provides background information and information on the implications.

2.3 The Committee decided:

- (1) that the Committee note progress to date and that further progress reports will be submitted for Members' information and consideration in due course;
- (2) that it be noted Riverside Inverclyde (ri) will appoint solicitors to draft a Development Agreement between ri and Inverclyde Council;
- (3) that assurances be granted to ri that Inverclyde Council will cover any financial shortfall that ri may be exposed to in delivering this project for the Council;
- (4) that it be remitted to the Policy & Resources Committee to agree to the Council's underwriting of the project and to note the potential future funding requirement in the event of any shortfall; and
- (5) that it be noted that ri will award the contract for the works following approval of (4) above by the Policy & Resources Committee.

## 3.0 RECOMMENDATION

3.1 The Committee is asked to consider the remit from the Environment & Regeneration Committee.

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<b>Report To:</b>	<b>Environment and Regeneration Committee</b>	<b>Date:</b>	<b>3 March 2016</b>
<b>Report By:</b>	<b>Corporate Director Environment, Regeneration &amp; Resources</b>	<b>Report No:</b>	<b>ENV/007/16/AF/FM</b>
<b>Contact Officer:</b>	<b>Aubrey Fawcett</b>	<b>Contact No:</b>	<b>01475 712762</b>
<b>Subject:</b>	<b>Kilmacolm Self Build – Project Update</b>		

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## **1.0 PURPOSE**

1.1 The purpose of this report is to provide Members with an update on progress in relation to the development of self-build housing plots at Leperstone Avenue, Kilmacolm, which is an initiative contained within the Repopulation Action Plan. Furthermore, confirmation is sought from the Council to agree that in the unlikely event of the development costs exceeding the current allocation plus receipts from the sale of plots, the Council will cover any financial shortfall.

## **2.0 SUMMARY**

2.1 Members decided at the Policy and Resources Committee on 25<sup>th</sup> March 2014 that the site at Leperstone Avenue in Kilmacolm would be developed for 8 self-build housing units, subject to the planning process and other legal requirements.

2.2 The Corporate Director Environment, Regeneration and Resources was authorised to:

- Engage Riverside Inverclyde to develop a scheme that focused on the objective of increasing Inverclyde's population; and
- Enter into a development agreement to transfer the Leperstone Road site to ri with income generated retained and reused under the direction of the Council to bring forward other self-build sites for interested parties who live outwith and within the Inverclyde boundary.

2.3 It is anticipated that any receipts from the project should, after reimbursement of ri development costs be re-invested in further self build projects. In the event of receipts being less than ri's contribution, then any shortfall will require to be met by the Council. Should this be the case, a further report will be brought to this Committee and also to the Policy & Resources Committee which will determine the funding route.

## **3.0 RECOMMENDATIONS**

3.1 It is recommended that Committee:

- a. Note progress to date and that further progress reports will be brought back for Members' information and consideration in due course;
- b. Note that ri will appoint solicitors to draft a Development Agreement between ri and Inverclyde Council;
- c. Grant assurances to ri that Inverclyde Council will cover any financial shortfall that ri may be exposed to in delivering this project for IC;
- d. Remit to the Policy & Resources Committee to agree to the Council underwriting of the project and to note potential future funding requirement in the event of any shortfall; and
- e. Note that ri will award the contract for the works following approval of 3.1d above by the Policy & Resources Committee.

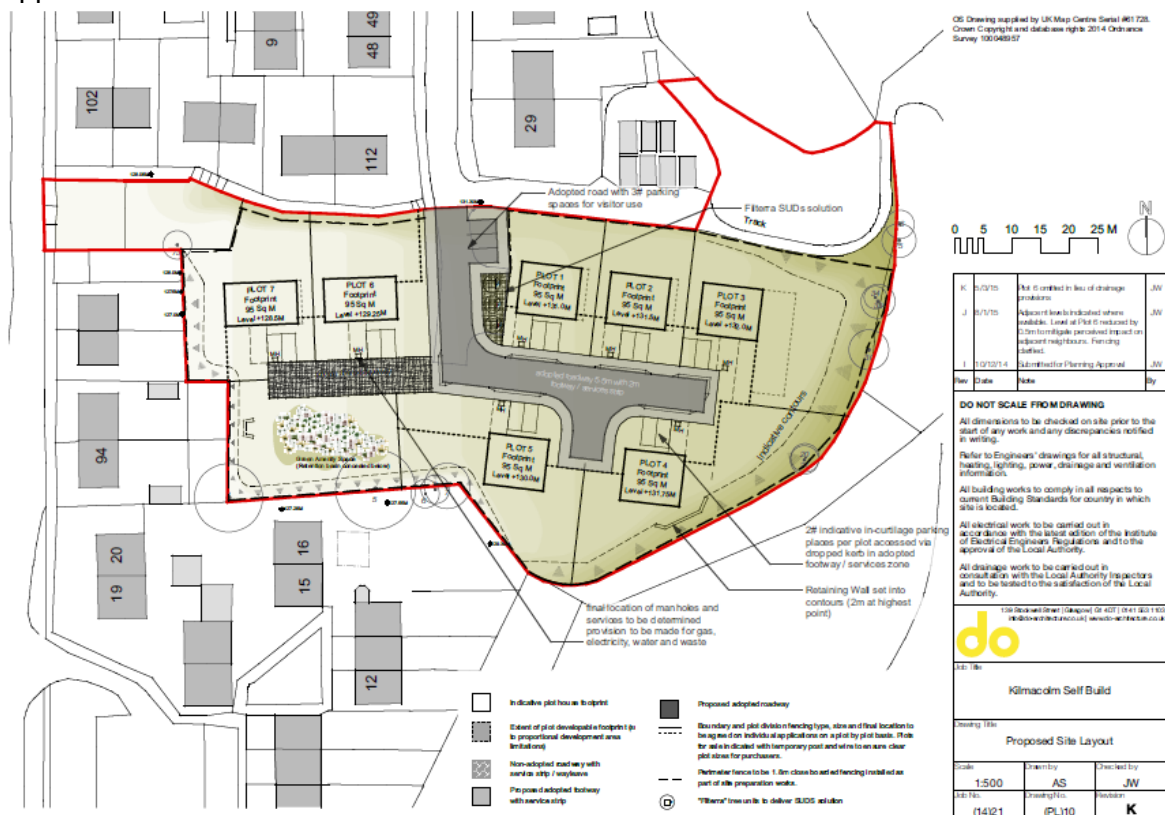
**Aubrey Fawcett**  
**Corporate Director, Environment, Regeneration and Resources**

## 4.0 BACKGROUND

4.1 Members will be aware that Repopulation has been identified as a key priority for the Council and as such was afforded a specific Outcome within the Single Outcome Agreement. A budget of £1m was allocated by the Policy & Resources Committee to this initiative and the funding was spread over nine work streams on which regular updates are provided by Lead Officers. From the £1m fund an allocation of £250,000 was identified to bring forward a self-build development. £50,000 of this budget has already been committed previously by others.

4.2 The initial outline masterplan indicated approximately 9 self-build plots which was in turn reduced to 8 in the Hypostyle Masterplan. Following ri's appointment as IC's Development Agent, a robust procurement exercise was undertaken and ri appointed a Design Team in August 2014. A detailed site investigation was undertaken and it became apparent that the masterplan for eight plots could not achieve the minimum standards required for planning permission and this resulted in the final design reducing to 7 plots. Planning permission was granted in October 2015.

### 4.3 Approved Site Plan



4.4 Since October 2015, the Design Team has been working towards discharging the conditions of the planning consent and tendering the job on the Public Contract Scotland Portal.

4.5 The contract involves site clearance, including removal of existing site vegetation and topsoil, repair of the existing culvert on Finlaystone Road, grubbing up and removal of existing defective concrete culvert, modifying existing site levels, construction of new tarmac roads and footpaths, a new block paviour shared vehicle/pedestrian surface, new concrete drainage culvert, new surface and foul water sewer, attenuation basin, retaining walls, diversion of existing live site services, new site services adopted and non-adopted street lighting.

## 5.0 TOTAL DEVELOPMENT COSTS

5.1 Tenders have now been received and the total projected development costs are estimated to be in the region of £800,000. Inverclyde Council is contributing £200,000 from the Repopulation Group Budget towards the site development costs, with Riverside Inverclyde financing the balance of the development costs.



- 5.2 Members should be aware that the total projected income is estimated to be in the region of £875,000. The valuations of the individual plots will be assessed further by the selling agents nearer the time of sale.
- 5.3 If ri achieves the total projected income of £875,000, the balance following ri's repayment in full, will stand at £275,000 which will be used to facilitate the development of other self-build projects within Inverclyde.
- 5.4 In the unlikely event that the sales of all of the plots do not achieve £600,000, the sum required for this project to break even, ri seeks assurances that Inverclyde Council will cover any shortfall that ri may be exposed to.
- 5.5 A Development Agreement will be drafted between ri and the Council to allow ri to negotiate missives with proposed purchasers. It is intended that ri's missive will include a nomination clause that states that the purchaser will receive title from the Council and not ri.

## 6.0 IMPLICATIONS

### 6.1 Financial Implications

The Council has committed £250,000 to this project with ri committing the remaining funds. On completion and sale of the plots any surplus after repayment of ri funding will be used to facilitate further self-build projects. Should the sales receipts fail to achieve £600,000 the Council will be required to reimburse ri for any shortfall. This funding would be identified by the Policy & Resources Committee at that time.

One off Costs

Cost Centre	Budget Heading	Budget Year	Proposed Spend this Report	Virement From	Other Comments
Kilmacolm Self Build	Development Costs - IC	2014/16	£50,000		ri Contribution  £275,000 remains for further self-build fund
		2016/17	£200,000		
	2016/17	£600,000			
	2016/19	£(875,000)			
	Development Costs – ri				
	Sale of Plots				

Annually Recurring Costs / Savings

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (if applicable)	Other Comments
n/a					

### Legal

- 6.2 The Head of Legal and Property Services has been consulted on this report.

### **Human Resources**

6.3 There are no human resource issues arising from this report.

### **Equalities**

6.4 There are no equalities issues arising from this report.

YES (see attached appendix)

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

### **Repopulation**

6.5 The regeneration works undertaken within Kilmacolm should contribute to retaining and increasing the population within the area.

## **7.0 CONSULTATIONS**

7.1 The Head of Regeneration and Planning has been consulted on this report.

7.2 The Chief Financial Officer has been consulted on this report.

7.3 The Head of Environmental and Commercial Services has been consulted on this report.

7.4 The Head of Legal and Property Services has been consulted on this report.