
Report To:	Policy & Resources Committee	Date:	21 November 2023
Report By:	Chief Financial Officer	Report No:	FIN/70/23/AP/LA
Contact Officer:	Alan Puckrin	Contact No:	01475 712090
Subject:	Finance Update		

1.0 PURPOSE AND SUMMARY

- 1.1 ☐ For Decision ☒ For Information/Noting
- 1.2 The purpose of this report is to provide updates to Committee on several matters progressing within the Finance Service. The matters covered in more detail in the report are:
- Non-Domestic Rates Empty Property Relief
 - Council tax Collection
 - Discretionary Housing Payments
 - Scottish Welfare Fund Payments
 - Delivering Differently Annual Update
 - Insurance Fund position 30 September 2023
 - Extension to the FMS contract
- 1.3 An amendment to the DHP Policy is proposed and attached at Appendix 1 whilst a request for extra resources for the Scottish Welfare Fund over 2024/26 is included elsewhere on the agenda.

2.0 RECOMMENDATIONS

- 2.1 It is recommended that the Committee note the various Finance Service updates contained in this report.
- 2.2 It is recommended that the Committee approves the temporary amendment to the DHP Policy set out in Appendix 1.
- 2.3 It is recommended that the Committee note the annual Insurance Fund update, the overall insurance premium increase from October 2023 and the increase in insurance recharges relating to the creation of a Risk Management resource both of which will be funded from the non-pay inflation contingency.
- 2.4 It is recommended that the Committee note the annual update on the Delivering Differently programme and that reports will be presented to the relevant Committee at the appropriate time.

Alan Puckrin
Chief Financial Officer

3.0 BACKGROUND AND CONTEXT

- 3.1 The Finance Service delivers a wide range of services, both back office and front line. There are separate reports on the agenda providing updates on the 2024/26 Budget, Treasury Management and Governance of External Organisations. This report provides updates on other matters being progressed within the service.

3.2 Non-Domestic Rates Empty Property Relief – Consultation

The public consultation on proposals to review the Non-Domestic Rates Empty Property Relief policy, agreed by the September Committee was launched and ran as planned until 31 October 2023. The questionnaire proposed a review of the indefinite award of 100% relief from non-domestic rates for empty listed buildings and a standardisation of the differing provision of relief for commercial and industrial premises. In addition, views regarding the type of support which could be offered to encourage occupation of empty properties were captured. Results are being analysed and proposed amendments to the policy will be reported to Committee in February 2024. The estimated financial implications of any proposed changes will be considered at that time.

3.3 Council Tax Collection

There are early signs that cost-of-living pressures are beginning to take effect with Council Tax collected 0.9% lower as at 30 September 2023 than the same point in 2019/20. While total receipts from Direct Debit are increasing, the amount collected by other payment methods such as by phone, online and at the Post Office are disproportionately declining. If this trend continues there may be the requirement to review the level of Council Tax collection to be assumed as part of the 2024/26 Budget. The service continues to focus on ensuring Council Taxpayers are billed correctly and on time and that debt follow-up is progressed timeously. In addition, the team continue to signpost those with debt to Advice Services.

3.4 Discretionary Housing Payments/ Housing Benefits

Discretionary Housing Payment (DHP) mitigates the Social Sector Size Criteria and is fully funded by the Scottish Government. Since January 2023, the Benefit Cap is met in full in the same way. The projected 2023/24 expenditure on the Social Sector Size Criteria of £1.3million will help almost 1650 households, with £103,000 projected to support 39 households affected by the Benefit Cap. Expenditure on DHP for other purposes, based on the applications received up to September 2023 and expected to be paid until 31st March 2024 is projected to be £166,000 against an allocation of £193,000, including an earmarked reserve of £28,000.

3.5 Scottish Welfare Fund

The Scottish Welfare Fund has provided 434 Community Care Grants totalling £298,00 and 880 Crisis Grants totalling £101,000 during the first 6 months of 2023/24. A projected overspend of 5.5% against the Scottish Government core allocation will be contained within an earmarked reserve of £77,000 plus an allocation from the recurring Anti-Poverty fund of £40,000 which permits Crisis Grants to be topped up by 20% above the Scottish Government minimum grant level. Demand on the fund is forecast to continue to exceed core funding so a request has been made in the Anti-Poverty Evaluation Report found elsewhere on the agenda, to supplement Scottish Government funding in 2024/25 by £50,000 and £75,000 in 2025/26 from the Anti-Poverty fund.

3.6 Delivering Differently- Annual Update

The Committee receives an update on the overall Delivering Differently programme at least annually and Appendix 2 shows the latest update prepared by the CMT. This includes new projects added at the August meeting. A number of these projects link with the approved Savings Workstream programme with targets and delivery being reviewed by the CMT on a regular basis. Progress on the programme is also discussed with the Trades Unions at the Joint Budget Group.

3.7 Insurance Fund – Annual Update to 30 September 2023

The Insurance Fund summary as at 30 September 2023 is attached as Appendix 3 and shows that the number of insurance claims received for 2022/23 as at 30 September 2023 was 12 lower than for 2021/22 at 127. At 30 September 2023 the Insurance Fund had a balance of £5.267 million which is an increase of £199,000 on 2021/22. After accounting for estimated liabilities of £1,038,000 and a provision of £374,000 for Municipal Mutual Insurance (MMI) clawback then the net Fund balance is £3.855 million.

3.8 There are however several known costs to be met by the Fund in coming years. These include the Council contribution to the £100 million Local Authority element of the Child Abuse redress scheme. This will require the Council to contribute around £1.5 million by 2031/32. In addition, there are two “Premium Holidays” totalling £200,000 / year approved by Members as part of prior year budgets. The second “holiday” runs until 2029/30.

3.9 In addition, there are several unquantified potential costs against the Fund, the largest of these being historic Child Abuse claims. The administration of these claims which can date back to the 1960s is very complex and is being co-ordinated by Glasgow City Council. How settlements and associated legal costs are shared is being discussed by the 12 former Strathclyde Councils but indications are that costs could exceed £1million for the Council. It can therefore be seen that there is no realistic scope to reduce the Fund balance at this point in time.

3.10 The Council's insurance and claims handling contracts ended on 30 September 2023 and so a tendering exercise was undertaken with delegated authority being granted by the Policy & Resources Committee on 23 May 2023 to accept tenders. The result of the exercise is an increase in annual costs of £18,300 which will be funded from the Inflation Contingency.

3.11 The Corporate Management Team have approved the creation of a Risk Management post within Legal Services to help support and improve the Council's approach to risk management. This ties in with the revised Risk Management Strategy which is remitted to this meeting from the Audit Committee and appears elsewhere on the agenda. The cost of the post is to be shared equally with the HSCP and the Council contribution will be funded from Insurance Fund via the non-pay inflation contingency.

3.12 Finance Management System (FMS) – Contract Extension

Committee were previously advised that it was intended that the existing contract for the FMS be extended for a further 3 years to March, 2028. A draft contract has been received by the Council and is being reviewed by officers from Finance, Legal and Procurement.

4.0 PROPOSALS

4.1 In respect of the projected underspend in DHP, Officers have reviewed expenditure against each priority category and recommend increasing the excess weekly income threshold to £60 in all circumstances for a temporary period until 31st March 2024, reverting to the current thresholds from 1st April 2024. The proposed change to the threshold would involve returning to applications refused since April 2023 to pay backdated awards. The position will be reviewed again when the 2024/25 DHP allocation is known. The DHP categories including the proposed changes to the policy are attached at Appendix 1

5.0 IMPLICATIONS

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

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

5.2 Finance

One off Costs

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

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (If Applicable)	Other Comments
Insurance	Premium Payments	1.10.23	£18,300		Funded from the Non-pay Inflation Contingency
	Risk Mangement	1.1.24	£30,000		

5.3 Legal/Risk

Legal Services are assisting in the finalising of the FMS extension and discussions with Glasgow City Council regarding sharing of costs in relation to Historic Child Abuse claims.

5.4 Human Resources

There are no HR implications arising from this report.

5.5 Strategic

The proposed changes to the DHP (Other) criteria will positively impact upon the priority to address poverty within Inverclyde.

5.6 Equalities, Fairer Scotland Duty & Children/Young People

(a) Equalities

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

X	YES – Assessed as relevant and an EqlA is required in relation to the proposed temporary change to the DHP (Other) criteria. The EqlA is available to view here: Equality Impact Assessments 2023 - Inverclyde Council .
	NO – This report does not introduce a new policy, function or strategy or recommend a substantive change to an existing policy, function or strategy. Therefore, assessed as not relevant and no EqlA is required. Provide any other relevant reasons why an EqlA is not necessary/screening statement.

6.0 CONSULTATION

6.1 No specific consultation was required in relation to this report.

7.0 BACKGROUND PAPERS

7.1 Equality Impact Assessments - Inverclyde Council:
<https://www.inverclyde.gov.uk/council-and-government/equality-impact-assessments>

DHP Policy – November 2023

Appendix 1

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	Changes from Previous Policy
1a.	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	
1b.	Benefit Cap	Until end of financial year	100%	HB and CTR 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 or from Temporary Accommodation 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	
3a.	Financial Hardship – Less than £60 income over expenditure each week	Until end of financial year	75%	Claimant statement/HB Assessment	Increased from £20 to £60 from 1 st April 2023 until 31 st March 2024
3b.	Financial Hardship – Less than £60 income over expenditure each week – aged less than 35years and housed private rented sector	Until end of financial year	100%	Claimant statement/HB Assessment	Increased from £20 to £60 from 1 st April 2023 until 31 st March 2024
3c.	Financial Hardship – Less than £60 income over expenditure each week – housed in the private rented sector and in exceptional circumstances	Until end of financial year	100%	Claimant statement/HB Assessment	Increased from £50 to £60 from 1 st April 2023 until 31 st March 2024

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
- Those affected by the Benefit Cap– the lower of either the capped amount or the applicant’s housing costs as permitted by regulations.

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, Personal Independence Payment, Attendance Allowance and Scottish Disability Payments are 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 or from temporary accommodation will be monitored closely subject to an upper annual budget of £10k.

Category 3

- Applicants are approved where income is less than £20 more than essential expenditure. Disability Living Allowance, Personal Independence Payment, Attendance Allowance and Scottish Disability Payments are disregarded as income although all other income is taken into consideration. This category will also be monitored closely and 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 or UC Housing costs 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 or UC Housing costs and the rent charge
- Private rented sector claimants subject to Local Housing Allowance restrictions who are in “exceptional circumstances”. Award DHP to meet the difference between HB or UC housing costs and one LHA rate above the rate applicable to the household’s requirements with a limit of the 2 room rate for those aged less than 35 years. Exceptional circumstances being situations that are particularly challenging and for an identifiable and specific reason, normally beyond the applicant’s control and more than the financial pressure experienced by most people who rely on welfare benefits. Exceptional circumstances may be when support is provided by Macmillan Cancer Support or similar organisation; those with terminal medical conditions; unexpected personal or family problems or illness.

Date: November 2023

	Area to be reviewed	Objective	Saving/Cost Avoidance/ Pressure/ Service Improvement	Lead Officer(s)	Employee Impacts?	Timeline	Position - October 2023
1	Shared Services with West Dunbartonshire	To review the appetite for /benefit of continuing with current arrangements and/or investigating future arrangements.	Cost Avoidance/ Service Improvement	L Long	Yes	Audit Options Report -Autumn 2023 Council December 2023	Report due the Joint Committee in autumn 2023 regarding the Internal Audit shared arrangement. Council internal assessment of options completed and preferred option identified by CMT and communicated to employees. Liaison with West Dunbartonshire Council on going to report to Joint Committee and thereafter the December Council
2	Roads Technical Services Restructure	As the RAMP reduces then the level of fee income will reduce and there needs to be a review of the level of technical support	Cost Avoidance	S Jamieson	Yes	E&R Committee February 2024	Review being progressed informed by the decisions taken as part of the March 2023 Budget. Likely to be no change in structure in the medium term due to chargeable income.
3	Trade Waste	To determine whether the Council provision is cost effective or whether an alternative model is needed.	Cost Avoidance	S Jamieson	Not expected	E&R January, 2024	Report approved March 2023 E&R Committee. An in-house service will remain. Charges increased by 10% whilst a further review of costs/ charges takes place as part of the 2024/25 Budget.
4	IL Delivery Model	Due to the significant increases in property costs within the IL estate and reductions in income , a review of the estate and services delivered is required.	Cost Avoidance/ Saving	S Jamieson/ R Binks	Yes (IL)	Refresh previous report – February 2024 All Members Briefing – Spring 2024	Initial review overtaken by 2023/24 Budget savings proposals but post Budget the need to review the sustainability of the IL estate remains. Plan is to refresh the previous report and then provide an All Member Briefing in Spring 2024.
5	New Ways of Working- Office Estate Reduction	To reduce the office footprint and generate savings in light of the implementation of hybrid working	Saving	S Jamieson	Yes	Hybrid Working Policy – Sept 2023 Office impact proposals - P&R February 2024	Agreed to continue with hybrid working and a Policy approved by the Policy & Resources Committee in September 2023. Following the Levelling Up Fund award and the impact on the campus, the project focus has moved to making best use of the office space and will be led by the Director, Environment & Regeneration, with meetings being scheduled.
6	Attainment Challenge Funding Reduction	Funding for SAC will reduce by 80% by 2025. This will require a reduction of several dozen posts which will require close working with HR and TUs	Cost Avoidance	R Binks	Yes	Fully Implement August, 2024 Annual update to E&C Cttee	On 23/11/21 the SG announced their plans for the SAC refresh from April 22. This will see funding reduce from approx £3.4M in 21/22 down to approx £563K in 25/26. Year 2 – Update to September E&C Committee Process will continue the following years in similar fashion. Year 2 SAC plans are in place for 23/24 and work is under way to create the SAC plan for 24/25 from April 2024.

	Area to be reviewed	Objective	Saving/Cost Avoidance/ Pressure/ Service Improvement	Lead Officer(s)	Employee Impacts?	Timeline	Position - October 2023
							The process of the requisite staffing structure is now well established and the resultant budget reduction will be less in 2024/25 that it has been.
7	Homelessness	Longer term approach to the delivery of the Homelessness Service to be developed and agreed	Pressure (for the IJB as well as Council)/ Service Improvement	K Rocks	Yes	CMT report – November 2023 Work plan to be implemented by July 2024	Paper approved at ADP, IJB and HSCC for investment in Homeless Service. The proposal seeks to create a Rapid Rehousing Support Service to specifically target intensive support to those who present as repeatedly homeless or entrenched in temporary accommodation for significantly lengthy periods of time. This transitional work will determine future accommodation requirements as replacement for Inverclyde Centre. Funding agreed from IJB and ADP for Programme/Change Manager, Wellbeing Co-ordinator, 8 x Rapid Rehousing Support Officers for fixed term 23 months. Workforce Subgroup up and running to identify future staffing implications on new model. Next Steps - Options appraisal underway to determine future accommodation needs. Housing options hub -desktop exercise to find suitable premises, Temp Furnished Flats - increase numbers to depopulate centre; Housing First Model - Collaboration with Oaktree to secure properties and Property Services to upgrade shopfront to deliver housing first for 9 tenants. Collaborate with Glasgow City mission to find pre rehab premises. Progress update to IJB November 23 Staffing model, Rent Management and Rates finalised for CMT and paper in draft - on track for submission
8	Digital Modernisation	To maximise the opportunities of digital modernisation, improve business processes and information governance whilst improving on line access for citizens to council services	Cost Avoidance/ Service Improvement	L Long/ I Strachan	May arise in specific proposals	Updates to P&R Committee every 2 nd cycle	Council allocated a further £1 million to Digital Modernisation in March 2023 and approved the delivery structure through a Programme Board chaired by the Chief Executive. EMR now £1.25 million, through consolidation with other EMR. Digital Modernisation Workshop, facilitated by Improvement Service been held. Number of inflight projects progressing, and upgrade of Customer Service System approved at August P&R Committee. Programme Board has also established Microsoft 365 Development Sub-Group. Will support delivery of Digital & Customer Service 24/26 Budget Workstream. Update to November P&R Committee and every 2nd meeting thereafter.
9	Energy Management	Review how to reduce the Council/IL energy use via the implementation of efficiency measures and appropriate technical solutions	Saving	E Montgomery	No	Report to E&R Committee March 2024	One post in Energy team remains unfilled. A series of interventions are in progress including seeking to maximise external funding sources. Progress will be reported to Committee.

	Area to be reviewed	Objective	Saving/Cost Avoidance/ Pressure/ Service Improvement	Lead Officer(s)	Employee Impacts?	Timeline	Position - October 2023
10	Recruitment & Retention Initiatives	Improve employee retention and make the Council a more attractive employer	Cost avoidance/ Service Improvement	M Rae	Yes	Initial report to P&R Committee May 2023. Update report September 2023 Follow up November 2023	Various initiatives being progressed/investigated including a new Flexible Working Policy, reduction in the standard working week, development of trainees and payment of university fees, employee benefits and a review of professional fees. The updated Flexible Working Policy and new approach to performance appraisals (Positive Conversations) approved at Policy and Resources Committee in September. A Working Group has been considering the potential implications of a reduction in the standard working week from 37 to 35 hours. Employees have been nominated to undertake further professional qualifications to help with “difficult to fill” posts funded from a central earmarked reserve. 2023 Leadership course underway to help with retention and potential promotion.
11	HR & OD Review	Undertake a high-level health check of the service and thereafter review recommendations and take actions as appropriate	Pressure reduction/ Service Improvement	M Rae	Yes	Initial report to P&R Committee August 2023 Future reporting to Committee via CDIP	Review focussed on resources/capacity, use of technology, efficiency of processes and user needs/demands. Executive summary reported to August P&R Committee. SMART action plan developed. Actions progressed in relation to efficiencies in the appointment process for new employees, issuing of contracts and upgrading IT systems. Additional permanent Service Manager post in HR+OD part of the Service agreed. A Budget pressure identified and to be progressed via MBWG in October 2023 for additional employee resource.
12	Review of CLD	Due to various incremental savings over the last few years the review will ensure demands and resources are appropriately spread to meet the needs of the Council and communities.	Saving/ Service Improvement	R Binks	Yes	Conclude prior to March 2024 Budget	Audit of workforce completed. High level aims and direction being developed during October/November 2023.
13	Lomond View Academy	To reduce out of authority education placements and provide better enhanced support to pupils within mainstream education and reduce exclusions	Pressure reduction	R Binks	Yes	Report to March 2024 E&C Committee.	A revised staffing structure has been put in place from Aug 2023 with the Headteacher of the Virtual school now leading LVA as well. To protect capacity, an acting DHT post has been created for the coming year. This, alongside the appointment of a new permanent PT post at LVA and maintaining the additional staffing from the recovery teacher allocation, as well as the creation of a primary enhanced nurture provision based at St Michael's PS and overseen by the Head of LVA, has created a more enhanced offer. This offer is now better meeting the needs of existing pupils at LVA, as well as more pupils who attend

	Area to be reviewed	Objective	Saving/Cost Avoidance/ Pressure/ Service Improvement	Lead Officer(s)	Employee Impacts?	Timeline	Position - October 2023
							either on a full time or split placement / part time basis allowing them to remain within a mainstream setting longer term. The models developed are ensuring that there is more ability to meet a wider range of need within the authority and less likelihood to have to then seek external placements out of authority, thus in time reducing this spend.
14	ASN Transport	To reduce the current overspend in ASN transport.	Pressure Reduction	R Binks	Yes	Report to E&C Committee late 2024.	Budget pressure reported to MBWG and now, Committee. Review of options to reduce demand/spend commenced. Project team set up and desktop exercise of provision underway.

Appendix 3**Insurance Fund Financial Summary - Insurance Years 2021/22 - 2022/23**

	Insurance Years		
	2021/2022 (1 Oct 2021 - 30 Sept 2022) £	2022/2023 (1 Oct 2022 - 30 Sept 2023) £	
Fund Income in Year			
Total Contributed to the Fund	450,000.00	400,000.00	
Internal Resources Interest	14,592.61	127,090.05	
	<u>464,592.61</u>	<u>527,090.05</u>	A
Fund Expenditure in Year			
Risk Management	5,000.00	5,000.00	
Actuarial/Property Revaluation Costs	0.00	12,600.00	
Scottish Government Child Abuse Redress Scheme	0.00	77,000.00	
	<u>5,000.00</u>	<u>94,600.00</u>	
Incurred Charges to the Fund in Year	98,766.92	232,958.81	
	<u>103,766.92</u>	<u>327,558.81</u>	B
Net Surplus/(Deficit) on Fund in Year	<u>360,825.69</u>	<u>199,531.24</u>	C=A-B
Fund Balance	£	£	
Balance As At Start of Year	4,707,088.55	5,067,914.24	D
Add:			
Net Surplus/(Deficit) on Fund in Year	360,825.69	199,531.24	C
Actual Fund Balance At End of Year	<u>5,067,914.24</u>	<u>5,267,445.48</u>	E=D+C
Less:			
Estimated Outstanding Charges on Fund	676,020.14	1,038,010.62	F
Provision for Abuse Claims and Clawback for MMI Claims	271,041.00	374,243.00	G
Balance for Future Years Claims At End of Year	<u>4,120,853.10</u>	<u>3,855,191.86</u>	H=E-F-G

Claims Information For Last 5 Insurance Years

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

	No. of Claims Received For Year	No. of Claims Settled/Resolved	No. of Claims Outstanding	Estimated Outstanding Charges On Insurance Fund £
2018/19	152	151	1	6,685.90
2019/20	140	132	8	177,894.00
2020/21	108	99	9	106,588.75
2021/22	149	123	26	157,671.50
2022/23	127	61	66	529,893.10
	<u>676</u>	<u>566</u>	<u>110</u>	<u>978,733.25</u>
Claims Pre-2018/19			10	59,277.37
TOTALS			<u>120</u>	<u>1,038,010.62</u>

Of the claims outstanding:

- a) 36 are Motor Vehicle claims, none of which are payable by the Insurance Fund.
- b) 5 are Employer's Liability claims relating to Pleural Plaques and are included net of amounts payable by Municipal Mutual Insurance (MMI).