
Report To:	Policy & Resources Committee	Date:	21 March 2023
Report By:	Interim Director, Finance & Corporate Governance	Report No:	FIN/19/23/AP
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 an update to Committee on various matters being progressed within the Finance Service including:

- Cost of Living / Welfare Supports
- Council Tax & Annual Billing
- Accounts Commission Housing Benefit thematic study
- Non-Domestic Rates
- Recent Treasury activity

1.3 The Committee is asked to note that following the approved restructure in October 2022, from 1 April 2023 ICT, Customer Services and Registrars will move under the Head of Legal & Democratic Services with the Interim Director reverting to his Chief Financial Officer duties.

2.0 RECOMMENDATIONS

2.1 It is recommended that the Committee note the contents of the report and the various updates provided.

Alan Puckrin
Interim Director, Finance & Corporate Governance

3.0 BACKGROUND AND CONTEXT

3.1 Cost of Living & Welfare Supports

The Scottish Government announced in the September 2022 Programme for Government, an additional £5million to assist householders affected by increasing energy costs. The funding is being distributed through Scottish Welfare Fund (SWF) and Discretionary Housing (Other) Payments (DHP), topping up funding already allocated. The Council was informed in February 2023 of its shares: £53,000 for SWF taking the total allocation for 2022-23 to £960,000 and £49,000 for DHP taking the total to £281,000.

The DHP policy was amended in January 2023 to mitigate the Benefit Cap from 1 January 2023. At the date of the report being prepared, 18 of the 40 households affected by the cap had applied. The Benefits team and Advice Services continue to promote uptake with those still to apply.

- 3.2 The UK Government is providing two energy support schemes which will be administered by the Revenues & Benefits team. The first scheme is an Alternative Funding Grant of £400 for those who do not have electricity accounts but are liable for energy costs and was launched on 27 February. The second scheme is the Alternative Fuel Payment which provides additional funding of £200 for those who rely on an alternative fuel source for heating such as bottled gas, oil, wood or solid fuel, who did not receive a credit to their electricity account and is due to launch early March. The Department for Energy Security and Net Zero will publicise both funds which will be supported by local promotion. Applications are made online alongside a helpline for those without online access.

3.3 Council Tax

Council Tax Notices for billing year 2023-24 showing instalments starting from April 2023 are scheduled to be with council tax payers from the second week in March. In addition to the 5.3% 2023-24 Council Tax increase and 5.0% Scottish Water uplift, many of the 30,000 council tax payers living in band A-D properties who benefited from a reduction of £150 in 2022-23 from the Scottish Government Cost of Living Award will notice the absence of this one off support in increased monthly payments. A press release timed to coincide with bills being posted will signpost householders to check for entitlement to Council Tax Reduction, discounts and exemptions and to Advice Services for wider welfare benefit and money advice.

- 3.4 Legislation is to be introduced from April 2023 limiting exemption from council tax for persons displaced from Ukraine to those only where it is the sole or main residence of at least one person who has come to the UK under the Homes for Ukraine Sponsorship Scheme, and where the accommodation is being provided by an Approved sponsor under that Scheme. The effect is that persons displaced from Ukraine with their own tenancy agreement will become liable for Council Tax from 1 April 2023. The service with the support of HSCP colleagues will promote Council Tax Reduction with those who are affected.

3.5 Accounts Commission Thematic Study- Housing Benefits

The Accounts Commission's annual thematic study of councils' delivery of Housing Benefit focuses on how resourcing impacts service provision and performance levels. The report "Resourcing the Benefit Service" published 15 February 2023 acknowledges how councils have adapted their services by expanding their remit to retain jobs and expertise in response to reducing caseloads as a result of the transition since 2013 from Housing Benefit to Universal Credit.

- 3.6 The study assessed evidence of staff complement, attendance, caseloads, customer interaction and speed of processing performance covering the period from April 2020 until July 2022. The report highlights those councils operating with staff deficits and how additional Covid-19 work resulted in a significant increase in workload, placing extra pressures on the benefit service. It recommends that councils investigate and address shortfalls where services are operating below complement; investigate the reasons for above average sickness absence levels and have sufficient contingency arrangements in place to manage unexpected staff shortages; regularly review flexible working arrangements to determine the impact on claim processing performance. A recommendation to maintain call handling and personal caller data to assess the impact on claims processing performance does not apply to Inverclyde where Housing Benefit customer contact is handled by the Customer Service Centre
- 3.7 Officers conclude that the increase in the length of time taken to process new claims by the end of the first quarter of 2022/23 of 20 days due to additional Covid-19 work being undertaken is in line with the national position. Performance has improved to 14 days by quarter 3 of 2022-23 which is more in line with pre-pandemic levels. The service operated with vacancies being held over to achieve planned budget savings and the level of sickness absence was higher than normal during 2020-2021 for specific reasons but has since returned to normal levels.

3.8 **Non-Domestic Rates (NDR)**

Officers from Finance and Property services have been meeting with the Assessor to review the reasons for the higher than expected increases in rateable values (RV) in the draft Valuation Roll for 1 April 2023. The discussions have been positive and highlighted a significant error in the figures calculated in addition to a number of other matters which officers have asked to be reviewed. To date the reduction totals around £0.5million and it was agreed, as part of the 2023/24 Budget, that the reduced NDR requirement be allocated to the general inflation contingency.

- 3.9 Inverclyde Council administers Non-Domestic Rates on behalf of the Scottish Government and must ensure reliefs are correctly applied. The Small Business Bonus Relief scheme (SBBS) allows ratepayers with properties in Scotland with a rateable value of up to £18,000 or less to claim this rates relief, subject to the cumulative rateable value of all the ratepayer's properties. Legislation was introduced from 2020 restricting SBBS to occupied properties. Covid measures placed restrictions on certain properties from March 2020 and over the following year so a review of compliance with Non-Domestic Rates relief legislation was delayed until 2022. A letter with a rates relief review form was posted to each of the 1,224 properties with SBBS in August 2022. A reminder was sent to those who did not respond in October 2022 either by post or by email where a record of the ratepayer's email address was held. Ratepayers were informed that if there was no response to the reminder that the relief will be withdrawn for 2022-23.
- 3.10 SBBS will be removed from 1 April 2022 from the 340 small business that did not respond, and new bills will be issued for 2022-23. Businesses can apply and relief will be applied retrospectively where satisfactory evidence of occupancy is provided. Examples of evidence includes a utility bill for the property showing consumption, advertisements or an active social media presence.
- 3.11 There are a number of changes to NDR reliefs to be applied from 2023/24. Software changes are being progressed and it is anticipated the changes will be in place prior to issuing the 2023/24 bills.

3.12 Recent Treasury Management Actions

During February the Council undertook a total of £7.5million short-term borrowing from three Scottish Councils due to projected short-term reductions in cashflow. These transactions, in addition to ensuring payments from the Scottish Government and NHS were received timeously addressed the issue but cashflow management will become an increasingly important task as the Council's reserves reduce and the impact of the increased use of non-cash backed reserves is felt. This will be monitored and reported via the regular Treasury Management reports to Committee.

4.0 PROPOSALS

4.1 There are no specific proposals within this report other than to note the latest updates.

5.0 IMPLICATIONS

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

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

5.2 Finance

One off Costs

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

Annually Recurring Costs/ (Savings)

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

5.3 Legal/Risk

All Treasury Management activities are governed by legislation and approved internal policies and practice notes.

5.4 Human Resources

There are no HR matters arising from this report.

5.5 Strategic

The continued delivery of cost of living support by the Revenues and Benefits team aligns with the Council's policies and priorities.

6.0 CONSULTATION

6.1 No consultation was required.

7.0 BACKGROUND PAPERS

7.1 None.