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<b>Report To:</b>	<b>Policy &amp; Resources Committee</b>	<b>Date:</b>	<b>23 May 2023</b>
<b>Report By:</b>	<b>Chief Financial Officer</b>	<b>Report No:</b>	<b>FIN/30/23/AP</b>
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<b>Subject:</b>	<b>Finance Services Update</b>		

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## **1.0 PURPOSE AND SUMMARY**

1.1  For Decision  For Information/Noting

1.2 The purpose of this report is to provide updates to Committee on a number of matters relating to the Finance Service and seek delegated authority for the award of the Council's Insurance and Claims Handling Service tender prior to the next scheduled meeting of the Committee.

1.3 The report contains updates in relation to the following:

- Discretionary Payments
- Energy Support Payments
- Non-Domestic Rates matters
- War Pensions discretion
- Revenues & Benefits Performance
- Treasury Management
- 2024/25 Budget development
- Insurance & Claims Handling Tender

## **2.0 RECOMMENDATIONS**

2.1 It is recommended that the Committee notes the updates contained in the report and the continued efforts by officers to improve uptake of the UK Government Energy Support Payments.

2.2 It is recommended that the Committee approve the continuation of the application of a 100% disregard to war disablement and bereavement pensions when assessing Housing Benefit and Council Tax Reduction claims.

2.3 It is recommended that the Committee grants delegated authority to the Head of Legal, Democratic, Digital & Customer Services to approve the award the Insurance and Claims Handling Service tender in accordance with Contract Standing Order 20.3 (ii).

2.4 It is recommended that the Committee notes that an initial report on the 2024/25 Budget will be presented to the August Policy & Resources Committee.

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

## **3.0 BACKGROUND AND CONTEXT**

### **3.1 Discretionary Payments**

The Scottish Government announced in December 2022 mitigation of the Benefit Cap from 1 January 2023. The Benefits team worked with Advice Services and Housing Associations to support applications. Forty two of the forty three households affected by the cap engaged with the service and received the payment. DHP expenditure to help with the Benefit Cap increased to £40,300 in 2022-23. Social Sector Size expenditure in 2022-23 was £1.28 million and will be fully funded by the Scottish Government. Expenditure of core DHP allocation to help with other welfare reforms and general financial pressures, excluding Benefit Cap expenditure was £164,000. The allocation for 2023-24 is £165,000 and is supplemented by £44,500, earmarked from a late allocation in 2022/23. Expenditure will be monitored and if required officers will develop a proposal to adjust the DHP policy to disburse residual funding.

3.2 Scottish Welfare Fund expenditure of £882,000 provided almost 1,000 Community Care Grants and 2,300 Crisis Grants in 2022-23 with expenditure of £611,000 and £271,000 respectively. The core allocation of £756,000 was boosted by earmarked and anti-poverty funding of £150,000 and a top-up government allocation of £53,000. The 2023-24 budget of £873,500 comprises core Scottish Government allocation which remains unchanged, earmarked funding from 2022/23 and £40,000 anti-poverty recurring funding, which funds a 20% uplift in Crisis Grants above the Scottish Government minimum.

3.3 Inverclyde Council was one of six case study areas that contributed to an independent review of the Scottish Welfare Fund, commissioned by the Scottish Government. The final report was published in March with key findings and key questions to be addressed to ensure the fund can meet need effectively and sustainably in the future. Over and above the adequacy of the quantum, the emerging themes were around delivery of the fund, the application process, how grants are fulfilled, opportunities for improved data collection that might help Scottish Government and councils better understand the reasons for differences in spending and outcomes, and help support improvement in consistency of practice, whilst retaining appropriate local discretion.

A Policy Advisory Group will deliver an Action Plan to ministers by the summer of 2023. The objectives are to develop policy improvements in collaboration with stakeholders and support the sharing of best practice and communicate positive outcomes driven by the Scottish Welfare Fund in the longer-term. A copy of the full report can be accessed via the [link](#) in the background papers.

### **3.4 Energy Support Payments**

Committee were previously advised on the launch of two UK Government energy support schemes. The UK Government estimated that there were 1100 eligible applicants within Inverclyde, however as at the end of April less than 100 applications have been received. The availability of the grants has been promoted by Council social media, Housing Associations and by HSCP with care home residents and therefore the low take up is a concern. However, the position in Inverclyde appears to be replicated elsewhere in Scotland. Applications are made online alongside a helpline for those without online access. Both schemes close to new applications on 31 May 2023 and officers are continuing to liaise with relevant partners to encourage increased take up.

### **3.5 Non-Domestic Rates**

Non-Domestic Rate bills for 2023-24 were issued to rate payers during April 2023 based on the Scottish Assessors' revaluation of each subject. A review of the Small Business Bonus Scheme Relief (SBBS) was carried out during 2022 which advised ratepayers that failure to respond to requests for information would result in relief being terminated from April 2022. 250 businesses

which did not respond have been written to advising that they have been billed on the basis that they are not entitled to the relief during 2023-24 and have been re-billed withdrawing relief for 2022-23.

Relief will be reinstated if the business responds and qualifies. Work is underway on a further 80 accounts highlighted from the exercise to verify the current occupiers of the respective premises.

3.6 As part of the budget elected members were advised of the significant increase in rateable values following the 2023 Revaluation. Whilst an error identified by the assessor reduced the increase by 50%, the increase in bills for the Council remains around £500,000. Following discussions between Cosla, Directors of Finance and Mr Tom Arthur (Minister for Public Finance, Planning & Community Wealth), it has now been agreed that appropriate appeals can be lodged up to a deadline of 31 July and councils will not be penalised if the appeal is successful. Officers in Finance and Property are engaging with external advisors to agree areas where appeals could be made.

### 3.7 War Disablement & Bereavement Pensions Discretion

Councils have the discretion to disregard income from war disablement and bereavement pensions when calculating entitlement to Housing Benefit. The UK Government's rules are that £10 per week of income from war disablement and bereavement pensions is disregarded. Inverclyde, like most councils, operates a locally modified scheme and disregards these pensions in full. The net annual cost to the Council to support the Housing Benefit local scheme is under £5,000. War disablement and bereavement pensions are disregarded for the assessment of Council Tax Reduction in the same way as the Housing Benefit modified scheme.

Audit Scotland require evidence of committee approval to utilise this discretionary power to support the Housing Benefit Subsidy Claim.

### 3.8 Council Tax collection & Housing Benefits verification performance in 2022/23

The Department for Work and Pensions (DWP) supports councils' efforts to maintain an accurate Housing Benefit caseload through the Housing Benefit Award Accuracy Initiative (HBAAI) and the Verify Earnings and Pensions Alerts service (VEP). Councils are required to complete review activities on an allocated number claims each year where the DWP have determined there is a high risk of changes of circumstances or where there is known to be a change in earnings or occupational pension. Inverclyde completed all HBAAI activities and VEP alerts resulting in performance in the top quartile of all UK councils throughout 2022-23

3.9 The level of Council Tax collected in 2022-23 was the highest ever collection "in-year" at 95.9%. Collection was assisted by credits of the Scottish Government £150 and the Inverclyde Council Cost £350 Cost of Living Award 15% of households that did not opt for the sum to be paid into a bank account. For comparison, in-year Council Tax collection in 2021-22 was 95.4% and 94.4% in 2020-21. Collection levels are expected to dip in 2023/24 due to the continuing pressures on household finances.

### 3.10 Treasury Activity

The last meeting of the Committee was advised that the Council had undertaken temporary borrowing from other Scottish Local Authorities rather than enter into longer term borrowing from the PWLB due to the level of interest rates which are expected to reduce over 2023/24. The Council currently has £5million of temporary borrowing until mid-June 2023 and has £5million returned from investments on 6 June leaving £10million in fixed term investments which is due to come back to the Council on 10 August this year. In line with the approved Treasury Strategy officers intend to undertake longer term borrowing later in 2023/24. More detailed updates on Treasury matters will be presented to Committee in August and September.

### 3.11 2024/25 Budget – Initial considerations

The Corporate Management Team began consideration of the proposed approach towards the 2024/25 Budget at a specific session on 5 May. Matters considered included the current medium term financial position, possible budget period, emerging pressures, the approach to developing savings, change projects and interface with the IJB Budget. The output from this session will form an initial report to the MBWG later in June and thereafter the Policy & Resources Committee in August.

### 3.12 Insurance & Claims Handling Tender

The current contract for the Insurance and Claims Handling Service is due to expire on 30 September 2023 and requires to be re-tendered. The total estimated total value of this contract is £4.0-4.5 m over a 5 year contract period. The tender will be divided into a number of lots and will include cover for insurances required by the Council, including Employers Liability, Public Liability, Motor, Officials Indemnity, Property and Museums/Fine Art.

3.13 The tender will be advertised in late June through Public Contracts Scotland with a 4 week submission deadline for responses. As the estimated value of this tender exercise exceeds 1 million pounds then delegated approval to award is required in accordance with Contract Standing Order 20.3 (ii).

## 4.0 PROPOSALS

- 4.1 Officers will continue to work with Council services to maximise the uptake of the UK Government Energy Support Schemes prior to the cut off for applications at the end of May.
- 4.2 The Chief Financial Officer will continue to monitor the Council's cashflow and borrowing requirements and provide updates to each meeting of the Committee in line with the approved Treasury Strategy.
- 4.3 The Committee is asked to approve the continuation of 100% disregard of war disablement and bereavement pensions from the assessment of Housing Benefit and Council Tax Reduction.
- 4.4 Following the initial CMT 2024/25 Budget discussion, an initial meeting of the Members Budget Working Group will take place prior to the summer recess and an update presented to the August Policy & Resources Committee.
- 4.5 Officers are requesting delegated authority for the Head of Legal, Democratic, Digital & Customer Services to award the contract for the Insurance and Claims Handling Service in accordance with Contract Standing Order 20.3 (ii).

## 5.0 IMPLICATIONS

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

There are no financial Implications arising from the recommendations in this report. If there are increased costs relating to the Council's Insurance tender, these will be contained in the non-pay inflation allowance and reported to the September meeting of the Committee

### 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 Borrowing by officers is carried out in line with the legislative framework and the Council's approved Treasury Strategy and Policies.

## 5.4 Human Resources

There are no HR implications arising from this report.

## 5.5 Strategic

The development of a 2024/26 Budget is a key action within the Committee's Improvement Plan.

## 6.0 CONSULTATION

6.1 Consultation with colleagues in Corporate Procurement was undertaken as part of the preparation of the report.

## 7.0 BACKGROUND PAPERS

7.1 Scottish Welfare Fund review: final report - <https://www.gov.scot/publications/review-scottish-welfare-fund-final-report/>