
Report To:	Policy & Resources Committee	Date:	3 June 2025
Report By:	Interim Chief Financial Officer	Report No:	FIN/31/25/AE
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Subject:	Finance Services Update		

1.0 PURPOSE AND SUMMARY

- 1.1 ☐ For Decision ☒ For Information/Noting
- 1.2 The purpose of this report is to provide an update to Committee on several matters relating to the Finance Service.
- 1.3 This update to Committee provides updates in terms of the following:
- Non-Domestic Rate- Empty Property Relief
 - Council Tax Second Homes
 - Council Tax E-Billing
 - Council Tax Collection 2024/25
 - Scottish Welfare Fund
 - Welfare Reforms
 - Citizens Advice – Supporting People with Council Tax Debt
 - Insurance Fund Actuarial Review
 - FMS Replacement System Update
 - 2024/25 Annual Accounts Closure

2.0 RECOMMENDATIONS

- 2.1 It is recommended that the Committee note the various updates from the Finance Service.

Angela Edmiston
Interim Chief Financial Officer

3.0 BACKGROUND AND CONTEXT

- 3.1 The Finance Service covers a wide range of functions ranging from Accountancy, Payables, Treasury/Insurance to Revenues, Benefits Discretionary Payments and from 1 January, Internal Audit. This update covers several areas relating to Revenues, Insurance, Annual Accounts process and the replacement Financial Management System.
- 3.2 **Non-Domestic Rates Empty Property Relief**
The Non-Domestic Rates Empty Property Relief (NDR EPR) policy was agreed by committee in January 2023 with a budget of £500,000. Empty Property Relief expenditure in respect of 2024/25 was £500,152 which related to 241 non-domestic rates accounts. As reported previously, increased expenditure in 2024/25 primarily related to relief provided for the premises formerly occupied by Amazon of £192,000, which if it remains empty throughout 2025/26 will be £54,000.
- 3.3 Amendments to the NDR EPR Policy were agreed by committee in February 2024 and took effect from October 2024. The changes equalise relief for unoccupied industrial premises with the provision for non-industrial premises and limit the level of relief for unoccupied listed buildings.
- 3.4 The NDR EPR Policy is due to be reviewed by February 2026 at which point the effect of the October 2024 amendments to the Policy will be evaluated. Empty property relief expenditure and policies are monitored by the Scottish Government and the quantum for the next funding period and allocations are expected later this year. The Policy review also coincides with the revaluation from April 2026 of every non-domestic property being assigned a new rateable value on which they pay rates.
- 3.5 The NDR EPR Policy will be reported to Committee post the review recommending any amendments for Committee's consideration, taking account of the impact of the October 2024 amendments, the funding allocation for the next funding period and the 2026 revaluation
- 3.6 **Council Tax Second Homes**
The Council Tax Long Term Empty and Second Homes Policy was amended by Committee in February 2024 to introduce a Council tax second homes premium of 100% from 1st April 2024, aligning with the 100% premium on long term empty properties.
- 3.7 In December 2023 there were one hundred and one second homes in Inverclyde, with minimal movement in this number since a second homes council tax discount of 10% was removed in 2017. The introduction of the 100% premium in April 2024 prompted enquiries from Council taxpayers and in eighteen cases, sufficient evidence was provided to determine the second home premium was not due. In eight cases the home was found to be the main residence of the liable party; a family member or friend is resident in five cases; three properties were occupied by people who reside in the property to work in Inverclyde, with their main home being elsewhere; and two owners went on to sell their property. Other second homeowners, no longer liable for the premium did not make an enquiry so the reason for the change in status from being a second home cannot be analysed. There are seventy-six second homes attracting the premium in March 2025.
- 3.8 The additional income from increasing the council tax premium on second homes is available to Councils, to use at their discretion. The policy was agreed based on £120,000 being collected, which allowed for an element of attrition, in line with the main policy aim. An additional £168,000 was billed in respect of the second home premium in 2024/25 with £166,000 being collected by 31st March 2025.

3.9 Council Tax online services

The Council tax online system for electronic bills (e.bills) and electronic forms (e.forms) launched in early February 2025. Users of the e.bill system which the new solution replaced were transferred across and following the promotion of the new solution between February and April 2025, the number of e.bill recipients increased from 1,705 to 3,408 (100% increase). The use of e.forms over the same period increased from 309 forms being completed on the previous solution to 1,058 forms (242% increase) on the new system. The use of e.forms and e.bill uptake will continue to be promoted to improve the customer user experience with the Service and to help address increasing postage costs. Electronic forms for non-domestic rates customers are scheduled to be launched in the coming months.

3.10 Council Tax Collection Rate

The level of Council Tax collected “in-year” in 2024/25 was 94.8% of Council tax billed, an improvement of 0.1% against performance in 2023/24. This is a good achievement considering a delay of six weeks in debt recovery action being instigated at the beginning of 2024/25 to allow new Council Tax Notices including the one-off Council tax credit to be issued. Unpaid prior years’ Council tax continues to be pursued with assistance from the Council’s debt recovery partner. The Debt Recovery Annual Report for Year Ended 31 March 2025 will be reported to the Policy and Resources Committee in September 2025.

3.11 Scottish Welfare Fund

The Scottish Welfare Fund provided 857 Community Care Grants totalling £676,078 and 1,514 Crisis Grants totalling £182,129 during 2024/25. The application approval rate was 81%, slightly higher than previous years. Expenditure above core Scottish Government allocation of £756,305, was met by ear marked reserves and Anti-Poverty funding totalling £219,781 plus a government in-year top-up notified in December 2024 of £373,000.

3.12 Committee agreed a supplementary one-off grant payment in February 2025 of £100 from the in-year top up to SWF crisis grant applicants when the applicant is approved for assistance with fuel costs. In total, 90 one-time fuel supplements were paid from 5th February until 31st March, with payments continuing in 2025/26.

3.13 The core allocation for 2025/26 has not changed and while expenditure is projected to exceed this amount, an earmarked reserve of £490,879, together with Anti-Poverty Funding of £75,000 for 2025/26 provides a total budget in 2025/26 of £1,322,184 which will contain costs.

3.14 Welfare Reforms

The Department for Work and Pensions (DWP) has set out plans to complete the move to Universal Credit before the end of March 2026. Migration Notices to inform claimants that their current benefits are ending and to claim UC continue to be issued to households receiving income related Employment and Support Allowance (ESA) (and ESA including housing benefit (HB)). This is the final cohort to migrate, with the last of the Notices scheduled to be issued in September 2025.

3.15 Support will continue to be delivered by DWP for customers moving to UC, including phone calls, and if needed, home visits to support the customer to claim. A complex case team will undertake additional checks where the customer cannot be contacted and aims to prevent any vulnerable customers from having their legacy benefit stopped before they move to UC.

3.16 The latest published statistics show 10,026 households in November 2024 representing 31.9% of Inverclyde’s working age households claim UC. In total there are 11,422 people on UC, and of these, 32.25% are employed.

- 3.17 Previous updates reported the Department for Work and Pensions has commenced strategic work to bring together the administration of pension credit and HB. The latest communication advises the earliest possible date for a first phase of reform for pension age benefits would be in late 2026. Officers will continue to monitor developments and report the impact on the delivery of HB for people of pension age.
- 3.18 **Citizens Advice – Supporting People with Council Tax Debt**
The Scottish Government recently announced £2.2 million funding until March 2026 for the Citizens Advice Bureau network to engage with Local Authorities across Scotland to support good practice in Council Tax debt collection through expansion of a new project – Supporting People with Council Tax Debt. The service was originally piloted across 9 Local Authorities in Scotland. Officers evaluated a proposal and agreed to collaborate with the East Renfrewshire Citizens Advice Bureau (CAB) which will bring additional Money Advice capacity to Inverclyde through engagement with the Council and the CAB's partnership with the third sector. The project objectives are to prevent individuals from falling into Council Tax (CT) debt; provide support to those currently in CT debt; CT debt advice in more complex cases including Debt Arrangement Schemes (DAS), bankruptcy, and repossession. The project will commence on 2 June 2025.
- 3.19 **Insurance Fund Actuarial Review**
The Insurance Fund is the subject of an actuarial review every 3 years. The purpose of the review is to assess the financial position of the Fund and advise on the level of the annual contribution required to be made into the Fund based on current and projected claims and on any specific Local Authority or general issues that will or may affect the Fund.
- 3.20 The draft results of the Insurance Fund actuarial review have been received from the Council's broker. The report recommends a balance at 31 March 25 of approximately £1.9million compared to the projected closing balance of £3.774 million per the unaudited 2024/25 accounts. Council Services currently contribute £350,000 per year to the Fund to meet any "self insurance" costs. The contribution increases to £450,000 from 2025/26, rising to £550,000 from 2028/29. The report recommends future contributions of around £700,000.
- 3.21 At the December 2024 Financial Strategy, the Council agreed to end one of the insurance premium holidays from 1 April 2025. The latest Financial Strategy projects that the Fund balance will remain approximately £3.8million by 2033 after the second holiday ends in 2028. Officers propose that the second holiday payment of £100,000 is ended early at 31 March 2026 funded from the unallocated non pay inflation contingency resulting in contributions from services rising to £550,000 from 2026/27. This will result in a fund balance of approximately £4 million by 2033. As the Fund balance is slightly higher than the recommended level, but contributions are below the recommended level, then the level of contributions be reviewed again at the next actuarial review.
- 3.22 The Insurance Fund reflects the Council's estimated contribution to the Child Abuse Redress Scheme of £1.5 million and a contribution of £0.5 million from the HSCP in 2026/27 towards the Scottish Government managed Scheme.
- 3.23 **FMS Replacement System**
As part of the budget setting process 6 March 2025, the Council approved £1.2 million earmarked reserve to assist with the replacement of the current Financial Management System. During 2024, a 3 year extension was negotiated to March 2028 on the SLA allowing time to scope, procure and implement a replacement system.
- 3.24 Finance Services are currently exploring system availability and developing a strategy of implementation. Work is commencing on recruiting and developing the implementation team. A business case will be developed post summer period and updates provided to future Committees.

3.25 **2024/25 Annual Accounts Closure**

The draft annual accounts for 2024/25 are due for completion by the end of June and will be considered by the Audit Committee on 26th June.

3.26 Progress against External Audit Action Plans is reported regularly to the Audit Committee and where appropriate any actions will be reflected in the draft accounts. Specific actions which could impact on the accounts closure include:

- Heritage Asset Valuations – the valuer has been re-appointed for 2024/25 and is progressing the valuation of the 3rd and final tranche of the collections.
- IFRS16 – changes to reporting of leased assets has been implemented from April 2024. Work has been ongoing throughout the year to identify all relevant leases and these will be included in the 2024/25 annual accounts.
- Infrastructure Assets – changes to reporting of Infrastructure Assets (mainly Road Assets) have been delayed nationally and will not be reflected in the 2024/25 accounts.

Work is progressing well with the bulk of the internal processing having been completed during April/early May with further work being undertaken to allow the accounts to be drafted by mid-June and it is anticipated that the accounts will be complete by the deadline.

3.27 The External Audit Plan was presented to Audit Committee on 6th May and highlights the anticipated audit risks and the audit approach taken to examine those risks as well as further work to be undertaken around the wider scope and best value. Early planning work for the audit is underway however the bulk of the audit work will take place from July with the aim of completion by early September allowing the Annual Report and Audited Accounts to be presented to Full Council by the end of September.

4.0 PROPOSALS

4.1 There are no specific proposals arising from this update.

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
N/A					

5.3 Legal/Risk

There are no issues arising from this report.

5.4 Human Resources

There are no HR issues arising from this report.

5.5 Strategic

There are no strategic issues.

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:

	YES – Assessed as relevant and an EqIA is required and will be completed prior to the Committee
X	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 EqIA is required. Provide any other relevant reasons why an EqIA is not necessary/screening statement.

6.0 CONSULTATION

6.1 None.

7.0 BACKGROUND PAPERS

7.1 None.