

A meeting of the Policy & Resources Committee will be held on Tuesday 12 August 2025 at 3pm.

Members may attend the meeting in person or via remote online access. Webex joining details will be sent to Members and Officers prior to the meeting. Members are requested to notify Committee Services by 12 noon on Monday 11 August 2025 how they intend to access the meeting.

In the event of connectivity issues, Members are asked to use the *join by phone* number in the Webex invitation and as noted above.

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LYNSEY BROWN
Head of Legal, Democratic, Digital & Customer Services

BUSINESS

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Enquiries to – **Colin MacDonald** – Tel 01475 712113

Report To:	Policy & Resources Committee	Date:	12 August 2025
Report By:	Interim Chief Financial Officer	Report No:	FIN/40/25/AE/AB
Contact Officer:	Angela Edmiston	Contact No:	01475 712143
Subject:	Revenue Budget Outturn 2024/25		

1.0 PURPOSE AND SUMMARY

- 1.1 ☐ For Decision ☒ For Information/Noting

1.2 The purpose of this report is to advise Committee of the unaudited outturn of Service Committee Budgets for the year ending 31 March 2025. Furthermore, the report highlights any significant variances between revised budgets, latest Revenue Budget reports and outturn per the 2024/25 Unaudited Accounts.

1.3 The outturn per the Unaudited Accounts shows an underspend for 2024/25 of £95,000 (Appendix 1) for all Budget holding Service Committees. This represents an underspend of 0.06% against 2024/25 revised budget of £165,822,000. This excludes Social Care as budget responsibility sits with the IJB and the IJB CFO. The main areas of overspend includes:

- ELC Partner Providers overspend of £299,000
- School catering provisions overspend of £262,000
- Overspend of £218,000 for Transport Costs within the Education and Communities Committee
- Bad Debt provision within Environment & Regen Committee of £188,000
- £151,000 overspend for Transport Maintenance costs within the Environment & Regeneration Committee
- Flooding and Emergency Works £141,000 overspend

These overspends have been off-set in part by the following underspends:

- Additional turnover savings achieved across the Council of £923,000
- Underspend of Non-Pay contingencies of £211,000
- Underspend within BSU services of £117,000
- An over recovery of School Meal income of £138,000, part of which is due to one-off grant income
- Underspend of £144,000 for PPP Schools Unitary charge

1.4 Appendix 1 shows that the underspend included in the Unaudited Accounts was £19,000 lower than last reported at the Policy & Resources Committee. Appendix 2 provides the material variances for individual Committees and further explanations for the significant variances during the year which are also detailed in section 3.

2.0 RECOMMENDATIONS

- 2.1 It is recommended that the Committee note the Service Committee underspend per the Unaudited Accounts for 2024/25 of £95,000, the reasons for the material variances from budget and the movement of £19,000 since last Committee reports to the unaudited outturn.
- 2.2 It is recommended that the Committee note that officers will identify where there are any matters which will impact on the delivery of the 2025/26 Budget.
- 2.3 It is recommended that the Committee note that further details on the 2024/25 outturn will be submitted to individual Committees as part of the first 2025/26 Revenue Budget Monitoring Reports.

Angela Edmiston
Interim Chief Financial Officer

3.0 BACKGROUND AND CONTEXT

- 3.1 The outturn per the unaudited accounts for 2024/25 was an underspend of £95,000 for all Service Committees. The outturn comprises of a £422,000 underspend within the Policy & Resources Committee offset with overspends of £306,000 within the Environment & Regeneration Committee and £21,000 within Education & Communities. It should be noted that Social Care is not included within this report as all monitoring and reporting is to the IJB and any underspend/overspend is retained by the IJB and as such, does not impact on the Council's reserves.
- 3.2 The main areas of overspend relate to various budget over/underspends within the Environment & Regeneration Committee and the Education & Communities Committee partially off-set with additional turnover savings achieved and an underspend within the Inflation Contingency budget. These main variances are shown in Appendix 1. Appendix 2 provides more details regarding the material variances.
- 3.3 Further details on the 2024/25 outturn will be submitted to individual Committees as part of the first 2025/26 Revenue Budget Monitoring Reports.
- 3.4 The accuracy of budgeting and projections is an important measure of the Council's Financial Management performance. The percentage variance for 2024/25 was an underspend of 0.06% excluding Social Care.
- 3.5 The following table shows the variance from Budget for the last 5 years and the percentage variance against revised revenue budget for the relevant year. From the table it can be seen that overall net spend is very close to budget in percentage terms and reflects the robustness of budget setting/monitoring arrangements.

Year	Variance	Percentage Variance
2020/21*	Underspend £2.370m	1.29%
2021/22	Underspend £1.130m	0.85%
2022/23	Underspend £1.580m	1.11%
2023/24	Overspend £0.545m	0.36%
2024/25	Underspend £0.095m	0.06%

*Includes Social Care

4.0 PROPOSALS

- 4.1 It is proposed that the Committee notes the main variances between the approved Budget, the last Committees projections and out-turn and that these will be reported in more detail to the next cycle of Committees.
- 4.2 The Finance Managers and Budget Holders will review each of the areas of material variance and identify areas which will impact in 2025/26 and beyond.

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

Each material variance will be reviewed as part of the 2025/26 Budget Monitoring and, where applicable, the next Budget setting process.

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

This annual report helps identify areas where budgets may not be appropriate and greater financial focus is required. This assists improved budget management. The Corporate Risk Register has Financial pressures and the impact on future service delivery as the number one risk currently faced by the Council.

5.4 Human Resources

There are no HR implications arising from this report.

5.5 Strategic

This report helps with planning of the 2026/27 Budget and Finance Strategy.

6.0 CONSULTATION

6.1 The CMT have reviewed the report.

7.0 BACKGROUND PAPERS

7.1 None

POLICY & RESOURCESREVENUE BUDGET PROJECTED POSITION TO FINAL OUTTURN

OBJECTIVE ANALYSIS	Approved Budget 2024/25 £000	Revised Budget 2024/25 £000	Projection 2024/25 £000	Projected Over/(Under) Spend 2024/25 £000	Final Over/(Under) Spend 2024/25 £000	Movement from Probable Outturn £000	Variance as % of Revised Budget
Policy & Resources	25,198	22,490	22,160	(365)	(422)	(57)	-1.88%
Environment & Regeneration	21,394	22,249	22,431	182	306	124	1.38%
Education & Communities	116,384	121,083	121,152	69	21	(48)	0.02%
COMMITTEE NET EXPENDITURE EXCLUDING EARMARKED RESERVES (excl HSCP)	162,976	165,822	165,743	(114)	(95)	19	-0.06%

Reasons: Final OutturnPOLICY & RESOURCES

Additional Turnover Savings Achieved	(219)
Computer Software/Hardware Maintenance (ICT) - Renewal Of Contract Costs	57
Bad Debt	(61)
Pay Inflation Contingency	180
Non Pay Inflation Contingency	(391)
Various expenditure (Underspends)/Overspends all under £50k	(62)
Various income (Under-recoveries)/Over-recoveries all under £50k	74

(422)ENVIRONMENT & REGENERATION

Additional Turnover Savings Achieved	(478)
Agency/external consultants (Environmental Services)	84
Bad debt provision	188
Waste collection & disposal net position	90
Increased transport maintenance costs across directorate	151
Flooding & emergency works	141
Increase in Central Repairs	96
BSU net position	(117)
Under recovery in Property Fees from Capital	61
Pottery Street Depot security	86
Various (Underspends)/Overspends all under £50k	4

306EDUCATION & COMMUNITIES

Additional Turnover Savings Achieved	(233)
Education Cleaning & Janitors Overspend	128
Education Catering Contract Overspend	106
PPP Unitary Charge Underspend	(144)
Education Transport Overspend	218
ELC Partner Providers Overspend	299
FSM Holiday Payments Underspend	(93)
School Meals Income Over Recovery	(138)
ASN Income from OLAs Over Recovery	(113)
FM Catering Provisions Overspend	262
FM Income Over Recovery	(296)
Various (Underspends)/Overspends all under £50k	25

21Reasons: Movement to Final OutturnPOLICY & RESOURCES

Additional Turnover Savings Achieved	(28)
Various expenditure (Underspends)/Overspends all under £50k	49
Various income (Under-recoveries)/Over-recoveries all under £50k	(17)
Bad Debt	(61)

(57)ENVIRONMENT & REGENERATION

Bad debt provision	78
Increase in Central Repairs	96
BSU net position	(112)
Increased transport maintenance costs across directorate	21
Waste collection & disposal net position	30
Various (Underspends)/Overspends all under £50k	11

124EDUCATION & COMMUNITIES

Additional Turnover Savings Achieved	(12)
Schools Lets Bad Debt Provision Movement	(41)
School Lets Income	40
Various (Underspends)/Overspends all under £50k	(35)

(48)

MATERIAL VARIANCES FROM BUDGET (OVER £50,000)

POLICY & RESOURCES COMMITTEE

1. Additional Turnover – Outturn Over Recovery £219,000 (2.41%)

The Chief Executive Directorate achieved additional turnover savings of £219,000. This was mainly due to vacancies with the majority now filled.

2. Computer Software/Hardware Maintenance – Outturn Overspend £57,000 (7.57%)

£57,000 combined budget pressure for software and hardware maintenance. This pressure has been reported to the Policy and Resources Committee within 2024/25 and the Service are currently reviewing the budget to bring back in line for 2025/26.

3. Bad Debt Provision – Outturn Underspend £61,000

Underspend of £61,000 due to reallocation of centrally held 2023/24 BDP to Services.

4. Combined Inflation Contingency – Outturn Underspend £211,000 (18.62%)

Combined Inflation contingency underspend of £211,000; Non Pay inflation underspend of £391,000 off-set with £180,000 overspend for Pay Inflation. Within 2024/25 there had been a reduced call on the Non Pay Inflation contingency due to lower than anticipated calls on the contingency. This has been reflected within 2025/26 budget process.

ENVIRONMENT & REGENERATION COMMITTEE

1. Turnover Savings – Outturn Over Recovery £478,000 (2.78%)

The Environment & Regeneration Committee achieved additional Turnover Savings of £478,000 in 2024/25 This arose due to delays in recruitment and difficulty in recruiting certain posts plus a decrease in overtime and travel. This partly contributed to the Agency cost overspend below. A movement of £10,000 from May Committee.

2. Agency Costs/ Security Costs – Outturn Overspend £170,000 (120%)

An overspend on agency/consultants costs of £84,000 to cover sickness, holidays, and delays in filling vacancies, partly offset by reduced overtime. A further overspend of £86,000 on agency staff to provide security at Pottery Street. A budget pressure of £60,000 to address this matter was approved from 2025/26 in addition to the £50,000 virement previously identified by the service. A movement of (£20,000) from May Committee.

3. Bad Debt Provision – Outturn Overspend £188,000

A movement in the bad debt provision across the Directorate of £188,000. Movement of £78,000 from May Committee.

4. Waste Collection & Disposal – Overspend £90,000 (3.74%)

An overspend in residual and non-contract waste disposal partly offset by an under spend/over recovery on various other waste streams, giving a net projected overspend of £90,000. Due to new legislation, waste upholstered domestic materials and mattresses must be disposed of separately from the general waste. It was agreed in the 2025/26 budget process to fund this pressure from the estimated £1.9million due to be received from the UK Government in 2025/26 arising from the Extended Producer Responsibility for Packaging obligations. A movement of £30,000 from May Committee.

5. Transport Maintenance Costs – Outturn Overspend £151,000 (58.30%)

An overspend of £151,000 across the Directorate on non-routine vehicle maintenance. This is due to an increase in the price of materials and sub-contractors, and a high number of one-off repairs to vehicles that are due for replacement. Movement of £29,000 from May Committee.

6. Flood & Emergency Works – Overspend £141,000 (251.79%)

An overspend in Roads and Grounds Maintenance of £141,000 in emergency works for damage caused by Storm Eowyn. Movement of £37,000 from May Committee.

EDUCATION & COMMUNITIES**1. Turnover Savings – Outturn Under Spend £233,000 (0.25%)**

The Committee out turned at an underspend of £233,000 which is a reduction in costs of £13,000 since last reported to Committee. This is mainly due to an underspend for Teachers of £193,000, due to Additional teacher posts left vacant.

2. FM Catering Provisions – Outturn Over Spend £262,000 (19.4%)

Overspend in Catering Provisions of £262,000. Additional budget was added to Provisions as part of the 2025/26 budget process.

3. PPP Unitary Charge – Outturn Under Spend £144,000 (1.18%)

Underspend of £144,000 due to Credits received for Insurance and Change in Law provisions. No change since last reported to Committee.

4. Transport – Outturn Over Spend £217,000 (9.02%)

Transport costs out turned with an overspend of £217,000 which is a reduction in costs of £2,000 since last reported to Committee. These overspends are due to a combination of historical trends and increased demand.

5. ELC Partner Providers – Outturn Overspend £299,000 (23.09%)

£299,000 overspend within the ELC Partner Providers budget due to the migration of children from Council owned nurseries to private nurseries. No change since last reported to Committee.

6. ASN Income – Outturn Over Recovery £113,000 (24.15%)

Over-recovery of £113,000 for Children placed within Inverclyde ASN Schools by other Local Authorities.

Report To:	Policy & Resources Committee	Date:	12 August 2025
Report By:	Interim Chief Financial Officer	Report No:	FIN/43/25/MT/GS
Contact Officer:	Matt Thomson	Contact No:	01475 712256
Subject:	Capital Programme Out-Turn 2024/2025		

1.0 PURPOSE AND SUMMARY

- 1.1 ☐ For Decision ☒ For Information/Noting
- 1.2 The purpose of this report is to advise Committee of the performance in the delivery of the 2024/25 Capital Programme and to highlight issues which are expected to continue to impact upon the delivery of the Capital Programme.
- 1.3 The Capital Out-turn for the prior financial year and explanations for material variances from the approved Budget is reported annually to the Committee. The detail is included within the body of the report and in the Appendices, namely:
- Appendix 1 – Out-turn compared to approved budget over the last 5 years
 - Appendix 2 – Summary of Slippage by Category and by Committee
 - Appendix 3 – Capital Slippage Summary by Service/Project
 - Appendix 4 – Reported Slippage by Period
- 1.4 Subject to the audit of the 2024/25 Annual Accounts, the Capital out-turn for 2024/25 is reporting advancement of 0.96% compared to 2.9% advancement in 2023/24. This represents a good performance albeit the challenges in delivering capital projects on time and within budget largely remain and are set out in section 3 of the report.

2.0 RECOMMENDATIONS

- 2.1 It is recommended that the Committee notes the improved 2024/25 Capital Out-Turn position and that officers continued to take account of the on-going challenges in delivering capital projects when estimating the planned 2025/26 expenditure levels approved by the Council in March 2025.

Angela Edmiston
Interim Chief Financial Officer

3.0 BACKGROUND AND CONTEXT

- 3.1 Since 2012 the August meeting of the Policy & Resources Committee has considered a report detailing the capital expenditure out-turn for the previous year against the budget approved. The reporting of performance in this area has resulted in changes in the way capital spend estimates are arrived at and helped with the creation of more robust internal processes.
- 3.2 Subject to the audit of the 2024/25 Accounts, the capital out-turn for 2024/25 shows advancement of 0.96%. Appendix 2 provides an analysis of the main reasons for any slippage whilst Appendix 3 contains a commentary on material variances by the Lead Officer at a project level plus a categorisation of the reasons for any slippage. This latter issue is a subjective assessment, but does give an indication of the main reasons for the slippage
- 3.3 It can be seen that slippage of £4.410 million (76.6% of all slippage) arose from internal slippage with the largest single item being within the Community Hub new build project with a further £2.082 million across various projects within the Environment & Regeneration Committee. Overall slippage was more than offset by project acceleration and unbudgeted projects of £5.958m.
- 3.4 Committee performance was as follows:

Policy & Resources – overall slippage of 28.29%/£0.189m (2023/24: 2.3% slippage). This was due to £0.078m unused Capital Contingency with the balance being minor slippage across the rest of the committee

Environment & Regeneration – overall advancement of 5.13%/£0.748million (2023/24: 18.9% advancement) this was mainly due to advancement within Roads (Across the RAMP), Environmental (Parks & Open Spaces AMP and Play Areas) and Properties (Greenock Town Hall Roofing, Net Zero and Minor Works) all partially offset by slippage across the directorate (Coastal Change Adaptions, Waterfront Leisure Centre Lifecycle Works & Estate Condition Surveys).

Education & Communities – overall project advancement of 103.15%/£1.967million (2023/24: 36.2% advancement) mainly as a result of advancement across the School Estate, the Early Years programme, the Port Glasgow New Community Hub and Parklea Branching Out.

Health & Social Care – overall slippage of 67.54%/£2.328million (2023/24: 94.3% slippage) due to slippage in the New Community Hub Facility.

Continuing Challenges in Capital Programme Delivery

- 3.5 Over the past 5 years, supply chain insecurity and associated financial pressures have been a recurring issue, through the initial impact of COVID, increased global demand for materials and the impact of the invasion of Ukraine by Russia. This has created an unpredictable market position in terms of construction sector activity through a combination of sharply rising prices for construction materials, disrupted supply chains and labour shortages which have all had an impact on the delivery of the capital programme.
- 3.6 The above plus difficulties in attracting contractors to bid for certain contracts, recruitment challenges within the Council and uncertainty in future funding levels from some of the Council's partners led to a high level of capital slippage however Officers have acted positively where possible to mitigate these, including advancement of projects where possible, resulting in a net advancement in both 2023/24 and 2024/25.
- 3.7 Officers have considered these on-going challenges and have progressed the following actions over the last year:

- A £4.0 million contribution from General Fund Reserves to create a contingency within the 2024/28 Capital Programme was approved as part of the March 2023 Budget with a further £1.0 million added in March 2025.. This is helping to reduce delays where project costs increase.
- Contractor/market engagement: Regular contact with Contractors on forthcoming programmes of work including through 'Meet the Buyer' events and provision of information to SFT Construction Pipeline Forecast Tool. Governance document review and procurement procedures have also assisted in widening the pool of contractors through review of thresholds for quick quote, performance bonds and financial test risk indicators. Tender documents have also been reviewed to improve quality and clarity with tender validity periods adjusted to align with market conditions.
- 2025/26 expenditure estimates were reviewed by the Capital Programme officer group taking these challenges into account prior to approval as part of the March 2025 Budget.

4.0 PROPOSALS

- 4.1 There are no specific proposals within the report aside from that the Committee note the 2024/25 Capital Programme out-turn, the reasons for the higher than anticipated advancements and the actions taken to improve performance from 2025/26 onwards.

5.0 IMPLICATIONS

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

SUBJECT	YES	NO
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

There is a risk that high levels of slippage will delay the delivery of key Council projects and result in further cost increases and impact upon the delivery of policy objectives.

5.4 Human Resources

There are no HR implications arising from this report.

5.5 Strategic

The Capital Programme plays a key role in the delivery of the Council's policy objectives via the Council Plan and as such it is important that slippage is minimised.

6.0 CONSULTATION

6.1 The CMT have been consulted on the report.

7.0 BACKGROUND PAPERS

7.1 None.

Annual Slippage Summary

Appendix 1

<u>Year</u>	<u>Budget</u> <u>£000's</u>	<u>Slippage /</u> <u>(Advancement)</u> <u>£000's</u>	<u>%age</u>
2020/21	13,059	(4,284)	(32.8)%
2021/22	20,892	1,797	8.6%
2022/23	23,178	6,101	26.3%
2023/24	16,165	(467)	(2.9)%
2024/25	20,611	(198)	(1.0)%
5 year average	18,781	590	3.1%

Classification - No Classification.

Summary of Reported Slippage by Category

	<u>Policy Decision</u>	<u>Project Cost Reduced</u>	<u>Internal Slippage</u>	<u>Slippage involving 3rd Party</u>	<u>Minor Slippage</u>	<u>Accelerated Projects</u>	<u>Total</u>
<u>Committee</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>	<u>£000</u>
Policy & Resources	-	-	-	-	189	-	189
Environment & Regeneration	220	186	2,082	262	468	(3,966)	(748)
Education & Communities	-	-	-	-	25	(1,992)	(1,967)
Health & Social Care	-	-	2,328	-	-	-	2,328
Total	<u>220</u>	<u>186</u>	<u>4,410</u>	<u>262</u>	<u>682</u>	<u>(5,958)</u>	<u>(198)</u>

Movements as %age

Movement per Category as %age of Capital Programme	<u>1.1%</u>	<u>0.9%</u>	<u>21.4%</u>	<u>1.3%</u>	<u>3.3%</u>	<u>(28.9)%</u>
Movement per Category as %age of total Slippage (Excluding Acceleration)	<u>3.8%</u>	<u>3.2%</u>	<u>76.6%</u>	<u>4.5%</u>	<u>11.8%</u>	

	<u>Approved Budget 2024/25 £000's</u>	<u>Draft 2024/25 Final Outturn £000's</u>	<u>Slippage from Approved Budget £000's</u>	<u>Slippage from Approved Budget %age</u>	<u>Variation Category</u>	<u>Additional Comments</u>
<u>Policy & Resources</u>						
<u>Policy & resources - ICT</u>						
Various Projects	590	479	111	18.81%	5 Minor Slippage	Minor Slippage across various projects
<u>Policy & resources - Finance</u>						
Capital Programme Contingency	78	0	78	100.00%	5 Minor Slippage	
TOTAL Policy & Resources	668	479	189	28.29%		
<u>Environment & Regeneration</u>						
<u>Environmental Services - Roads</u>						
Active Travel Infrastructure Fund (ATIF)	296	110	186	62.84%	2 Project Cost Reduced	Due to late Funding allocation.
Flooding Strategy - Future Schemes	146	78	68	46.58%	5 Minor Slippage	
Dunrod Road	500	126	374	74.80%	3 Internal Slippage	Progression of ground investigation impacted by ecological survey requirements.
Various Projects	1,788	1,645	143	8.00%	5 Minor Slippage	Minor Slippage across various projects
<u>Roads Asset Management Plan</u>						
Carriageways	1,509	1,618	(109)	(7.22)%	6 Accelerated Projects	
Footways	115	285	(170)	(147.83)%	6 Accelerated Projects	
Structures	109	127	(18)	(16.51)%	6 Accelerated Projects	
Lighting	174	413	(239)	(137.36)%	6 Accelerated Projects	
Other Assets	0	254	(254)	(254.00)%	6 Accelerated Projects	
Staff Costs	274	324	(50)	(18.25)%	6 Accelerated Projects	
<u>Environmental Services</u>						
Zero Waste Fund	189	52	137	72.49%	3 Internal Slippage	Internal slippage,planning on spending next financial year.
Vehicles Replacement Programme	1,181	1,098	83	7.03%	5 Minor Slippage	Minor Slippage
Play Area Strategy	191	283	(92)	(48.17)%	6 Accelerated Projects	Project completed earlier than programmed.
Park, Cemeteries & Open Spaces AMP	45	96	(51)	(113.33)%	6 Accelerated Projects	Spend earlier than programmed.
Former St Ninians School Site	157	41	116	73.89%	4 Slippage involving 3rd Party	Project ongoing, paymemnt to 3rd party supplier due early 2025/26
<u>Regeneration and Planning</u>						
Port Glasgow Town Centre Regeneration	125	3	122	97.60%	3 Internal Slippage	
T&VC - West Blackhall Street	2,391	3,296	(905)	(37.85)%	6 Accelerated Projects	Project completed earlier than programmed.
T&VC - Other	627	20	607	96.81%	3 Internal Slippage	Variation due to delay in project delivery
Place Based Funding	627	301	326	51.99%	3 Internal Slippage	Variation due to delay in project delivery
Various Projects	82	0	82	100.00%	5 Minor Slippage	Minor Slippage across various projects
<u>Public Protection</u>						
Scheme of Assistance	816	933	(117)	(14.34)%	6 Accelerated Projects	Demand led budget, whilst overall demand has remained steady costs have increased significantly.
Clune Park Regeneration	0	345	(345)	(345.00)%	6 Accelerated Projects	Significantly affected by the service of DBNs which brought spend on acquisitions and demolition forward.
<u>Property Services</u>						
General Provision	224	4	220	98.21%	1 Policy Decision	General provision is allocated to other budget lines throughout the financial year e.g. Minor Works.
Waterfront Leisure Centre Lifecycle Works	268	48	220	82.09%	3 Internal Slippage	Project scope altered requiring additional funding and Committee approval.
Coastal Change Adaptions	100	0	100	100.00%	3 Internal Slippage	Workstream impacted due to inability to fill Flooding Engineer temporary post.
Watt Institute - Risk/DDA Works	156	10	146	93.59%	4 Slippage involving 3rd Party	Project impacted by specialist sub-contract supply chain changes.
Kirn Drive Civic Amenity Site	0	60	(60)	(100.00)%	6 Accelerated Projects	Project taken forward to address staff welfare facility improvements at Craigmuschat.
Greenock Town Hall Roofing, Ventilation & Windows	1,289	1,505	(216)	(16.76)%	6 Accelerated Projects	Project progressed well on site.
Estate Condition Surveys	200	4	196	98.00%	3 Internal Slippage	Procurement delayed linked to resource pressures and collaboration with neighbouring authorities.
Net Zero	380	511	(131)	(34.47)%	6 Accelerated Projects	Peatland restoration phase 2 progressed with additional grant funding provided and reprofiled.
Minor Works	0	899	(899)	(899.00)%	6 Accelerated Projects	See General Provision comments above. Mulple minor works projects taken forward in year.
Statutory Duty Works	0	280	(280)	(280.00)%	6 Accelerated Projects	See General Provision comments above. Muliple statutory duty works taken forward in year.
Complete on Site Allocation	346	254	92	26.59%	5 Minor Slippage	Expenditure linked to ability to conclude and settle final accounts for completed projects.
Various Projects	284	314	(30)	(10.56)%	6 Accelerated Projects	Various projects, minor movements
TOTAL Environment & Regeneration	14,589	15,337	(748)	(5.13)%		

	<u>Approved Budget 2024/25 £000's</u>	<u>Draft 2024/25 Final Outturn £000's</u>	<u>Slippage from Approved Budget £000's</u>	<u>Slippage from Approved Budget %age</u>	<u>Variation Category</u>	<u>Additional Comments</u>
Education & Lifelong Learning						
<u>Non-SEMP</u>						
<u>Education & Communities (Non-SEMP)</u>						
<u>Safer Communities</u>						
PG New Community Hub (King George VI Building)	344	730	(386)	(112.21)%	6 Accelerated Projects	Project cost increased requiring additonal funding in year.
Parklea Branching Out	72	251	(179)	(248.61)%	6 Accelerated Projects	Project cost increased requiring additional funding in year.
Various Projects	510	485	25	4.90%	5 Minor Slippage	
TOTAL Education & Lifelong Learning (excl School Estate)	926	1,466	(540)	(58.32)%		
<u>SEMP</u>						
Lifecycle Fund	981	2297	(1,316)	(134.15)%	6 Accelerated Projects	Comprehensive lifecycle programme completed inlcuding major 2G pitch carpet replacement.
Complete on site	0	111	(111)	(111.00)%	6 Accelerated Projects	Expenditure linked to ability to conclude and settle final accounts for completed projects.
TOTAL SEMP	981	2,408	(1,427)	(145.46)%		
<u>Health & Social Care Committee</u>						
Inverclyde Community Hub	3,447	1,119	2,328	67.54%	3 Internal Slippage	Project delayed in procurement and start date impacted due to nesting birds on site.
Total Health & Social Care	3,447	1,119	2,328	67.54%		
Council Total	20,611	20,809	(198)	(.96)%		
Movement per Category as %age of Capital Programme				(.96)%		
Movement per Category as %age of total Slippage (Excluding Acceleration)				100%		

Summary of Reported Slippage by Period by Committee**Appendix 4**

	<u>July'24- Period 4</u>		<u>Sept' 24 - Period 6</u>		<u>Nov '24 - Period 8</u>		<u>Jan '25 - Period 10</u>		<u>March'25 - Period 12</u>		<u>Provisional Outturn</u>	
	<u>£000's</u>	<u>%</u>	<u>£000's</u>	<u>%</u>	<u>£000's</u>	<u>%</u>	<u>£000's</u>	<u>%</u>	<u>£000's</u>	<u>%</u>	<u>£000's</u>	<u>%</u>
Policy & Resources	-	0.0%	-	0.0%	-	0.0%	78	11.7%	78	11.7%	189	28.3%
Environment & Regeneration	(327)	(2.6)%	(1,282)	(9.9)%	(962)	(7.3)%	(520)	(3.6)%	(838)	(5.7)%	(748)	(5.1)%
Education & Communities	(853)	(60.6)%	(1,221)	(64.0)%	(1,534)	(79.5)%	(1,776)	(93.1)%	(1,925)	(100.9)%	(1,967)	(103.1)%
Health & Social Care	-	0.0%	-	0.0%	2,347	68.1%	2,347	68.1%	2,287	66.3%	2,328	67.5%
Total	<u>(1,180)</u>	<u>(6.4)%</u>	<u>(2,503)</u>	<u>(13.2)%</u>	<u>(149)</u>	<u>(0.8)%</u>	<u>129</u>	<u>0.6%</u>	<u>(398)</u>	<u>(1.9)%</u>	<u>(198)</u>	<u>(1.0)%</u>

	<u>Movement Sept'24</u>		<u>Movement Nov'24</u>	
	<u>(Period 6) v Outturn</u>		<u>(Period 8) v Outturn</u>	
	<u>£000's</u>	<u>%</u>	<u>£000's</u>	<u>%</u>
Policy & Resources	189	28.3%	189	28.3%
Environment & Regeneration	534	4.7%	214	2.1%
Education & Lifelong Learning	(746)	(39.1)%	(433)	(23.6)%
Health & Social Care	2,328	67.5%	(19)	(0.6)%
Total	<u>2,305</u>	<u>12.2%</u>	<u>(49)</u>	<u>(0.2)%</u>

Report To:	Policy & Resources Committee	Date:	12 August 2025
Report By:	Interim Chief Financial Officer	Report No:	FIN/42/25/AE/KJ
Contact Officer:	Angela Edmiston	Contact No:	01475 712143
Subject:	Treasury Management – Annual Report 2024/25		

1.0 PURPOSE AND SUMMARY

1.1 ☒ For Decision ☐ For Information/Noting

1.2 The purpose of this report is:

- a. To advise the Committee of the operation of the treasury function and its activities for 2024/25 as required under the terms of Treasury Management Practice 6 (“TMP6”) on “Reporting Requirements and Management Information Arrangements”.
- b. To request that the Committee remits the report to the Full Council for their approval.

1.3 As at 31 March 2025 the Council had gross external debt (including PPP and leases) of £246,413,913 and investments of £5,208,007. This compares to gross external debt (including PPP) of £234,304,481 and investments of £6,502,107 at 31 March 2024. The increase in gross external debt is not due to additional borrowing by the Council but to accounting changes for operating leases applied from 1 April 2024 resulting in increased debt levels for PPP and lease debt in the Council’s Annual Accounts.

1.4 The accounting changes for operating leases requires that an update is made to the Limits and Indicators, as included in the Treasury Management Strategy Statement & Annual Investment Strategy 2025/26-2027/28, as considered by the Committee on 25 March 2025. The updated Limits and Indicators are included in this report.

1.5 The Council operated within the required treasury limits and Prudential Indicators for the year, as set out in the Council’s Treasury Policy Statement, annual Treasury Strategy Statement, and the Treasury Management Practices.

2.0 RECOMMENDATIONS

2.1 It is recommended that the Committee considers the contents of the annual report on Treasury Management for 2024/25.

2.2 It is recommended that the Committee remits the report to the Full Council for approval of the report and the revised Authorised Limits in the report.

Angela Edmiston
Interim Chief Financial Officer

3.0 BACKGROUND AND CONTEXT

- 3.1 The Council is required by regulations issued under the Local Government in Scotland Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2024/25.
- 3.2 Treasury Management in this context is defined as: “The management of the local authority’s 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.”
- 3.3 This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code). Paragraphs 3.16 to 3.18 of the report include information on Loan Fund Advances required by regulations that came into effect on 1 April 2016.
- 3.4 The treasury management issues arising during the year were:
- a. The Council’s debt (excluding PPP and leases) reduced during the year by £7.499m but the PPP and leases debt increased by £19.609m due to accounting changes for operating leases applied from 1 April 2024 and not due to additional borrowing. Council investments reduced by £1.294m.
 - b. The Council repaid a £5m LOBO loan at 4.99% in November 2024 without paying any premium on the loan, after the lender asked if the Council would be interested in repaying the loan. The Council also repaid 2 PWLB loans totalling £17.5m on maturity.
 - c. To fund the above and its cash requirements, the Council borrowed a total of £15m in PWLB loans in the year for periods of between 1 year and 2 years. PWLB rates are expected to fall and so the Council expects to be able to refinance the borrowing at lower rates when the loans mature, or after further short-term borrowing.
 - d. The Council remained within its Prudential Indicator and Treasury Management limits during 2024/25.
 - e. As at 31 March 2025 the Council had under borrowed against its capital financing requirement by £71.047m. This under borrowing is £4.656m higher than at the end of 2023/24.
 - f. In February 2024, the Treasury Consultants forecast that the Bank Rate would fall from 5.25% to 4.75% by September 2024, to 4.25% by December 2024, to 3.75% by the end of March 2025 and to 3.00% by September 2025 until March 2027 at least. The actual position saw the Bank Rate cut to 5.00% in August 2024, 4.75% in November 2024 and 4.50% in February 2025. A further cut to 4.25% took place in May and the Consultants forecast that the Bank Rate will fall to 3.75% by March 2026 then to 3.50% by December 2026 and remain there until March 2028 at least.
 - g. PWLB rates for new borrowing were expected to fall by between 0.40% and 0.60%. Rates for 1-3½ years fell by up to 0.54% but other rates increased by up to 0.78%. In addition, there was volatility during the year that resulted in spreads in rates for new loans of up to 1.19% between their lowest and highest levels e.g. 9½ year loans were 4.52% on 17 September but 5.71% on 13 January and ended the year at 5.42%.
 - h. The Council’s investments earned a rate of return of 5.000% during the year which is lower than the benchmark return of 5.026% and is due to the Council having a low level of investments, seeking to defer borrowing and largely keeping its funds in call accounts for liquidity reasons, rather than placing funds in Fixed Term Deposits that normally pay higher rates.
 - i. All investments were in accordance with the Council’s investment policy and no institutions with which investments were made had any difficulty in repaying those investments and interest in full during the year.

- 3.5 The main economic uncertainty in the UK and around the world during the year came from inflation concerns, the continuing impact of the conflicts in Ukraine and in the Middle East, the uncertainty on world trade and tariffs, and the likely level of interest rates and impact of those rates on the economy.

The economic situation continues to be closely monitored.

- 3.6 The Council's Year End debt position was as follows:

	At 31 March 2024	At 31 March 2025
	£	£
Total Excluding PPP/leases	181,234,481	173,735,128
PPP Debt #	53,070,000	72,608,670
Lease Debt #	0	70,115
Total Including PPP/leases	234,304,481	246,413,913

Further detail is given in the following table:

	At 31 March 2024		At 31 March 2025		Movement 2024/25
	Principal	Rate	Principal	Rate	Principal
	£000		£000		£000
Fixed Rate Funding:					
- PWLB	111,378		108,878		(2,500)
- LOBO *	16,000		16,000		0
- Market	40,000		40,000		0
- Temporary	0		0		0
	167,378	4.22%	164,878	4.14%	(2,500)
Variable Rate Funding:					
- PWLB	0		0		0
- LOBO *	13,500		8,500		(5,000)
- Market	0		0		0
- Temporary ##	356		357		1
	13,856	4.93%	8,857	4.86%	(4,999)
Debt Excl PPP/leases	181,234	4.27%	173,735	4.18%	(7,499)
PPP Debt #	53,070		72,609		19,539
Lease Debt #	0		70		70
Total Debt	234,304		246,414		12,110

- The PPP Debt and Lease Debt have been adjusted due to accounting changes applied from 1 April 2024 relating to accounting for operating leases.

- Temporary Loans include funds held by the Council on behalf of the Common Good and Trust Funds and that are to be treated as borrowing for Treasury Management purposes under Scottish Government requirements.

* - LOBO Loans are shown as variable when they have less than 1 year to go until their next call date.

3.7 The Council's cash balances investment position was as follows:

	At 31 March 2024		At 31 March 2025		Movement 2024/25
	Principal	Return	Principal	Return	Principal
	£000		£000		£000
Investments:					
- Fixed Term Deposits	0	0.00%	0	0.00%	0
- Notice Accounts	53	3.99%	55	4.49%	2
- Deposit Accounts	6,449	5.15%	5,153	4.34%	(1,296)
Totals	6,502	5.14%	5,208	4.34%	(1,294)

Investments as at 31 March 2025: £5,208,007

Maximum level of investments in 2024/25: £28,388,755 on 30 September 2024

Minimum level of investments in 2024/25: £ 930,537 on 24 December 2024

Daily average for the year 2024/25: £12,349,268

The Council's forecast and actual Investment Balances for 2024/25 for "investments" as defined in the Investment Regulations (including loans/holdings not managed under the treasury function) are shown in Appendix 1.

3.8 2024/25 Outturn Compared to Estimates in 2024/25 Strategy

The 2024/25 outturn compared to the estimates in the 2024/25 strategy:

	2024/25 Estimate	2024/25 Outturn
<u>Borrowing Requirement</u>	£000	£000
New borrowing	10,000	0
Alternative financing requirements	0	0
Replacement borrowing (See Note 1 below)	12,500	15,000
TOTAL	22,500	15,000
<u>Prudential/Treasury Management Indicators</u>	£000	£000
Gross external debt including PPP/leases (As at 31 March 2025) (See Note 2)	236,981	246,414
Capital financing requirement (CFR) (As at 31 March 2025)	292,714	317,461
(Under)/over borrowing against CFR	(55,733)	(71,047)
Gross capital expenditure	£000 23,451	£000 23,013
Ratio of financing costs (including PPP and leases) to net revenue stream	8.19%	8.00%
Ratio of net debt (debt and PPP/leases less investments) to net revenue stream (See Note 2)	91.1%	96.1%

Notes:

1. The £15 million replacement borrowing was for a £5m LOBO loan repaid in November 2024 and £10m to partly fund the repayment of 2 maturing PWLB loans in year.
2. The outturn includes the accounting changes for operating leases as a result of which the PPP and lease debt have increased and there is an increase in the ratio of net debt to net revenue stream.

3.9 The table in paragraph 3.8 above shows that as at 31 March 2025 the Council had under borrowed against its capital financing requirement by £71.047m. 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 and maturing debt rather than bringing in new funds from borrowing. The level of under borrowing is kept under review in light of Council capital financing and other funding requirements.

3.10 2024/25 Outturn Compared to Limits in 2024/25 Strategy

The 2024/25 outturn compared to limits in the 2024/25 strategy:

Prudential/Treasury Management Indicators

Authorised limit for external debt

- Borrowing
- Other long-term liabilities

Operational boundary for external debt

- Borrowing
- Other long-term liabilities

Upper limit on sums invested for periods longer than 365 days (Actual is maximum in period)

Limits on fixed and variable rate borrowing maturing in each period at 31 March 2025 (LOBOs included based on call dates and not maturity dates)

- Under 12 months
- 12 months and within 24 months
- 24 months and within 5 years
- 5 years and within 10 years
- 10 years and within 30 years
- 30 years and within 50 years
- 50 years and within 70 years

Council Policy Limits

Maximum Percentage of Debt Repayable in Any Year (Actual is as at 31 March 2025 and relates to Financial Year 2077/78)

Maximum Proportion of Debt at Variable Rates (Actual is as at 31 March 2025)

Maximum Percentage of Debt Restructured in Year (Actual is as at 31 March 2025 and relates to early repayment of a £5m LOBO)

2024/25 Limits		2024/25 Outturn	
£000		£000	
243,000		173,735	
54,000		72,679	
297,000		246,414	
£000		£000	
228,000		173,735	
54,000		72,679	
282,000		246,414	
£000		£000	
10,000		0	
Fixed	Var.	Fixed	Var.
45%	35%	14.4%	5.1%
45%	35%	14.7%	0%
45%	35%	7.9%	0%
45%	35%	9.0%	0%
45%	35%	4.0%	0%
45%	35%	21.9%	0%
45%	35%	23.0%	0%
2024/25 Limits		2024/25 Outturn	
25%		23.0%	
45%		5.1%	
30%		2.8%	

- 3.11 The Prudential Code requires that the Council states how interest rate exposure is managed and monitored.

The position in 2024/25 was that all of the Council's PWLB and Market debt was at fixed rates. The remaining debt contained some temporary borrowing at fixed rates, some small amounts at variable rates and LOBO loans where the rates were fixed unless the lenders proposed to change the rates. The Council's investments, which were all for less than 1 year, were all variable or regarded as variable under the treasury management rules.

During 2024/25, these interest rate exposures were managed and monitored by the Council through management reports on treasury management that were received and reviewed by the Chief Financial Officer.

- 3.12 The forecast from the Treasury Consultants in the Strategy for the Bank Rate as at 31 March and the latest forecast (produced on 10 February 2025) are:

	Forecast Per 2024/25 Strategy	Actual/ Latest Forecast	
2024/25	3.75%	4.50%	(Actual)
2025/26	3.00%	3.75%	(Forecast)
2026/27	3.00%	3.50%	(Forecast)
2027/28	---	3.50%	(Forecast)

- 3.13 The Council's Loans Fund Pool Rate for Interest is used to allocate interest charges to the General Fund and reflects the actual cost of the Council's Treasury activities. The rates for the last 5 years (excluding expenses) are as follows:

Year	Loans Fund Pool Rate
2020/21	3.362%
2021/22	3.363%
2022/23	3.776%
2023/24	4.377%
2024/25	4.529%

In 2023/24 the Council repaid 3 LOBO loans and a further LOBO loan was repaid in November 2024 when the lender approached the Council to allow repayment without any loan breakage costs. The repayments for these 4 loans was funded from short-term PWLB borrowing at higher rates but are to be refinanced at lower rates forecast for the next 12-18 months.

- 3.14 The Council's investment policy for the year is governed by Scottish Government Investment Regulations and was implemented in the annual investment strategy approved by the Council on 25 April 2024 (after review by the Policy & Resources Committee on 26 March 2024). The policy sets out the approach for choosing investment categories and counterparties, and is based on credit ratings provided by the three main credit rating agencies supplemented by additional market data such as rating outlooks, credit default swaps, bank share prices etc.

All investments in 2024/25 and 2025/26 to date were in accordance with the policy and no institutions with which investments were made had any difficulty in repaying investments and interest in full.

3.15 The result of the investment strategy undertaken by the Council in 2024/25 is as follows:

Average Investment	Rate of Return (gross of fees)	Benchmark Return (3-month SONIA compounded)
£12,349,268	5.000%	5.026%

The Council under-performed the benchmark by 0.026% which is due to the Council having a low level of investments, seeking to defer borrowing and largely keeping its funds in call accounts for liquidity reasons rather than placing funds in Fixed Term Deposits that normally pay higher rates.

3.16 Where capital expenditure is funded by borrowing (referred to as loans fund advances), the debt financing costs are paid from the Revenue Budget as loan charges comprised of the repayments of debt along with interest and expenses costs on the borrowing.

The Council is required to set out its policy for the repayment of loans fund advances.

- a. For loans fund advances made before 1 April 2016 the policy is to maintain the practice of previous years and use the Statutory Method (option 1) with annual principal repayments being calculated using the annuity method.
- b. The same method was used for loans fund advances made after 1 April 2016 for the permitted 5-year transitional period to the end of 2020/21. In applying the annuity method to new advances in any year, the interest rate used in the annuity calculation is the Council's loans fund pool rate for the year (including expenses) as rounded up to the nearest 0.01%.
- c. Of the options available for new capital expenditure from 1 April 2021 onwards, it was approved by the Full Council on 22 April 2021 to maintain the use of the annuity method as set out in option b. above.

3.17 The outstanding loans fund advances (representing capital expenditure still to be repaid from the Revenue Budget) are:

	2023/24	2024/25
	Actual	Actual
	£000	£000
Balance As At 1 April	228,242	229,526
Add: Loan Charge Write-Off Period Review 23/24	3,387	0
Add: Advances For The Year	5,594	2,849
Less: Repayments For The Year	7,697	7,585
Balance As At 31 March	229,526	224,790

- 3.18 For the loans fund advances outstanding as at 31 March 2025, the liability to make future repayments (excluding debt interest and expenses) is as follows:

	£000
Year 1	8,567
Years 2-5	34,432
Years 6-10	42,592
Years 11-15	33,684
Years 16-20	32,382
Years 21-25	29,625
Years 26-30	23,408
Years 31-35	11,767
Years 36-40	4,406
Years 41-45	1,210
Years 46-50	1,245
Years 51-55	408
Years 56-60	69
Years 61-65	70
Years 66-70	84
Years 71-75	102
Years 76-80	123
Years 81-85	149
Years 86-90	180
Years 91-95	198
Years 96-100	89
TOTAL	224,790

3.19 Proposed Amendments to Limits and Indicators

At its meeting on 25 March 2025 the Committee considered the Treasury Management Strategy Statement & Annual Investment Strategy 2025/26-2027/28 and remitted the report to the Inverclyde Council for approval, which was given at a meeting on 10 April 2025.

The report included Limits and Indicators that are now being updated to include the impact of the accounting changes relating to operating leases, as calculated during completion of the Council's unaudited annual accounts for 2024/25. The changes do not arise from additional borrowing by the Council.

The Council's financing costs are affordable and fully funded from the Council's Revenue Budget and reflect the costs of the significant capital programme works and improvements undertaken by the Council on the School Estate and other assets.

3.20 The affected limits and indicators are:

a. Authorised Limit and Operational Boundary

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

	2025/26	2026/27	2027/28
	Limit	Limit	Limit
Authorised limit for external debt	£000	£000	£000
Borrowing	243,000	249,000	257,000
Other Long-Term Liabilities (PPP/leases)	73,000	70,000	67,000
TOTAL	316,000	319,000	324,000
Operational boundary for external debt	£000	£000	£000
Borrowing	228,000	234,000	242,000
Other Long-Term Liabilities (PPP/leases)	73,000	70,000	67,000
TOTAL	301,000	304,000	309,000

The Borrowing limits above are unchanged from those approved in April 2025, the changes are to the Other Long-Term Liabilities and the Totals.

Approval is being sought for the revised Authorised Limits for 2025/26 to 2027/28.

b. Ratio of Net Debt to Net Revenue Stream

The revised ratio of net debt to the Council's net revenue stream is estimated as:

	2025/26	2026/27	2027/28
	Estimate	Estimate	Estimate
Ratio of net external debt (external debt and PPP/leases less investments) to net revenue stream	97.3%	102.0%	103.2%

3.21 IFRS16

The accounting changes from 1 April 2024 affecting the PPP and Leases as above and earlier in this report result from the application of accounting standard IFRS16 to local authority accounts. The accounting standard changes require that leased assets are now included on the balance sheet, including adjustments for the contingent rental element that is part of the monthly payments for PPP schools as charged against the revenue budget. The accounting standard changes do not increase the amount owed by the Council for leased assets or the PPP schools.

4.0 PROPOSALS

- 4.1 It is proposed that the Committee consider the contents of Section 3 of the report, seek any assurances from Officers, and thereafter remit the Annual Report to the Council for approval of the report and the revised Authorised Limits.

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/Corporate 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

The Council has complied with all treasury management statutory requirements in 2024/25. Treasury risks are identified in the Treasury Strategy and officers are supported in this regard by the Council's treasury consultants.

5.4 Human Resources

None.

6.0 CONSULTATION

6.1 This report includes the latest advice from the Council's treasury consultants (MUFG Corporate Markets Treasury Limited, previously known as Link Treasury Services Limited).

7.0 BACKGROUND PAPERS

7.1 CIPFA - Treasury Management in the Public Services – Code of Practice and Cross-Sectoral Guidance Notes – 2021 Edition
Inverclyde Council – Treasury Management Strategy Statement and Annual Investment Strategy 2024/25-2027/28.

Appendix 1

FORECAST OF INVESTMENT BALANCES ESTIMATE FOR 2024/25 AND ACTUAL AT 31 MARCH 2025

Investment Regulation 31 requires the Council to provide forecasts for the level of investments. The estimate for 2024/25 and the actual as at 31 March 2025 are:

	Purpose of Investment	2024/25 Estimate	2024/25 Actual At 31 March 2025
		£000	£000
Cash balances managed in-house	Treasury		
- At 1 April 2024		10,000	6,502
- At 31 March 2025		12,555	5,208
- Change in year		2,555	(1,294)
- Average daily cash balances		11,278	12,349
Holdings of shares, bonds, units (includes local authority owned company)	Service		
- At 1 April 2024		2	2
- Purchases		0	0
- Sales		0	0
- At 31 March 2025		2	2
Loans to local authority company or other entity to deliver services	Service		
- At 1 April 2024		260	260
- Advances		0	0
- Repayments		49	49
- At 31 March 2025		211	211
Loans made to third parties	Service		
- At 1 April 2024		93	93
- Advances		0	5
- Repayments		25	20
- At 31 March 2025		68	78
Investment properties	Commercial		
- At 1 April 2024		0	0
- Purchases		0	0
- Sales		0	0
- At 31 March 2025		0	0
Total of all investments			
- At 1 April 2024		10,355	6,857
- At 31 March 2025		12,836	5,499
- Change in year		2,481	(1,358)

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 historic and relate to the Common Good.

The Loans to local authority company or other entity to deliver services is a loan to Inverclyde Leisure.

The Loans made to third parties is comprised of:

	£000
Birkmyre Trust	15
Housing Advances	4
Small Business Loans	9
Loan to Shared Interest Society Limited	50
	78

The £50,000 loan to Shared Interest Society Limited ("Shared Interest") was approved by the Policy & Resources Committee in August 2017, Shared Interest being a company that uses funds invested by individuals and organisations to allow it to provide loans to fair trade businesses around the world.

Report To:	Policy & Resources Committee	Date:	12 August 2025
Report By:	Head of Legal, Democratic, Digital and Customer Services	Report No:	LS/102/25
Contact Officer:	Peter MacDonald	Contact No:	01475 712618
Subject:	2025 Greenock East Community Council Interim Election		

1.0 PURPOSE AND SUMMARY

- 1.1 ☒ For Decision ☐ For Information/Noting
- 1.2 The purpose of this report is to seek the Committee's approval of a timetable for an interim election for Greenock East Community Council and to appoint the Chief Executive as Returning Officer for those elections.
- 1.3 Greenock East Community Council (GECC) was established in the 2024 Community Council Elections with a membership of 8, leaving 3 vacancies. They have asked that an interim election be carried out for their area to bring on additional members.

2.0 RECOMMENDATIONS

- 2.1 It is recommended that the Committee decides to hold an interim election for the Greenock East Community Council (GECC).
- 2.2 It is recommended that the Committee appoints the Chief Executive to act as Returning Officer for the interim election and delegates authority to the Chief Executive to administer it on the Council's behalf.
- 2.3 It is recommended that the Committee approves the provisional election timetable at Appendix 1 and grants the Chief Executive (as Returning Officer) delegated authority to make such changes to this timetable as are considered appropriate for the effective administration of the election and to take account of the views of GECC.

Lynsey Brown
Head of Legal, Democratic, Digital and Customer Services

3.0 BACKGROUND AND CONTEXT

- 3.1 Prior to the Community Council Elections in 2024, there was no existing community council for the area of Greenock East. At said elections GECC was established with a membership of 8. The minimum membership is 5 for all community councils, and the maximum for this community council is 11.
- 3.2 Officers have worked closely with all the community councils since the 2024 elections and have provided additional support to GECC given that it is newly formed. The group has met regularly since establishment. The group is keen to recruit additional members to fill vacancies to take membership as close to the maximum as possible to promote representative decision-making and officers are supportive of this.
- 3.3 Following the report to Inverclyde Council on 10 April 2025, officers will be progressing the interim elections in September this year for the neighbouring community council areas of:
- Greenock Central; and
 - Holefarm and Cowdenknowes,
- seeking to also establish community councils in these areas.
- 3.4 GECC have asked if interim elections could be held for their area at this time also. Officers are supportive of this as a proposal as it maximises the benefit and efficiency of promotion that was being undertaken in any event. A further community council can be added to the interim election process without a material increase in demand on Council resources.
- 3.5 This group currently has a membership of 8 elected members which would leave 3 vacancies to be filled. Officers are aware however that some members of the community council are uncertain about whether they wish to continue to participate. Officers and the community council are discussing with the members in question, but it is thought likely that the number of vacancies to be filled will be greater than 3 by the time any formal interim election process commences.
- 3.6 It should also be noted that the community council has appointed a co-opted member. That membership will be brought to an end by an interim election process, but the member in question will then have the opportunity to seek nomination and election as an elected community councillor. This will give the community council more flexibility should future vacancies arise as there are limits on the number of co-opted members they can have.
- 3.7 A Provisional Election Timetable has been prepared and is included in this report at Appendix 1 for the Committee's approval. As arrangements proceed it may be necessary for the Returning Officer to vary the terms of this timetable and authority to do so is therefore sought in this report. In particular, there will be further engagement with GECC to seek its views on the timing of the process.
- 3.8 Nomination forms will be made available on the Council's website, from relevant Council libraries, from the Customer Service Centre and directly to the community council. Completed nomination forms (signed by a qualifying nominee and qualifying proposers and seconders) will require to be submitted to the Returning Officer by the Close of Nominations, as per the Election Timetable.
- 3.9 In terms of current Scheme for the Establishment of Community Councils in Inverclyde (the Scheme), to be nominated as a member of a community council, or to act as a proposer or seconder on a Nomination Form, an individual must:
- be resident in the community council area;
 - be named on the Electoral Register for the community council area;
 - be aged 16 or over; and
 - not currently be elected as a Member of Inverclyde Council, or of the Scottish or UK parliaments.
- 3.10 Following the Close of Nominations:

- if there are more validly nominated candidates than there are vacancies, then a poll will be held to determine which of them are elected; and
- if there are not more validly nominated candidates than there are vacancies then there will not be a poll and all such candidates will be duly elected.

3.11 In terms of the Scheme, to vote in a community council election, an individual must:

- be resident in the community council area;
- be named on the Electoral Register for the community council area; and
- be aged 16 or over.

3.12 Any poll will proceed by way of secret ballot and voting in person. The election will proceed on a modified first past the post system, in that:

- voters will be allowed to make a number of votes (up to the maximum number of vacancies for members for that community council) on one ballot paper; and
- each vote will be of equal ranking.

4.0 PROPOSALS

4.1 Should the recommendations in this report be approved, officers will proceed to include the GECC in the interim elections already being planned.

4.2 Greenock East Community Council is keen to move forward with an interim election. The aim is to bring in new members, build on the existing range of skills and experience, and help ensure the Community Council remains active and sustainable in the long term.

4.3 A request has been made to Corporate Communications for marketing support, and early conversations have taken place around the design of graphics and materials to help promote the election.

4.4 In the meantime, Council officers from Inclusive Communities have started engaging with residents at a grassroots level to raise awareness and encourage involvement. The Community Council will also play an active role in supporting this engagement, particularly through their upcoming public meetings.

5.0 IMPLICATIONS

5.1 The table below shows whether risks and implications apply if the recommendation(s) is(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

Advertising costs may be incurred as part of the election process, but will be contained within existing budgets for community council funding. Similarly, any staffing requirements for a ballot will be met from existing Council resources.

5.3 Legal/Risk

The Council is required to administer community council elections in terms of the Scheme. The Council may in terms of the Scheme make arrangements for an interim election for a community council where the Community Council has requested one to fill vacancies.

5.4 Human Resources

None

5.5 Strategic

None

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.
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.

(b) Fairer Scotland Duty

If this report affects or proposes any major strategic decision:-

Has there been active consideration of how this report's recommendations reduce inequalities of outcome?

	YES – A written statement showing how this report's recommendations reduce inequalities of outcome caused by socio-economic disadvantage has been completed.
X	NO – Assessed as not relevant under the Fairer Scotland Duty for the following reasons: Provide reasons why the report has been assessed as not relevant.

(c) Children and Young People

Has a Children's Rights and Wellbeing Impact Assessment been carried out?

	YES – Assessed as relevant and a CRWIA is required.
X	NO – Assessed as not relevant as this report does not involve a new policy, function or strategy or recommends a substantive change to an existing policy, function or strategy which will have an impact on children's rights.

5.7 Environmental/Sustainability

Summarise any environmental / climate change impacts which relate to this report.

Has a Strategic Environmental Assessment been carried out?

	YES – assessed as relevant and a Strategic Environmental Assessment is required.
X	NO – This report does not propose or seek approval for a plan, policy, programme, strategy or document which is like to have significant environmental effects, if implemented.

5.8 Data Protection

Has a Data Protection Impact Assessment been carried out?

	YES – This report involves data processing which may result in a high risk to the rights and freedoms of individuals.
X	NO – Assessed as not relevant as this report does not involve data processing which may result in a high risk to the rights and freedoms of individuals.

6.0 CONSULTATION

- 6.1 The Head of Culture, Communities & Educational Resources, the Community Council Champion and GECC have been consulted on the proposals set out in this report.

7.0 BACKGROUND PAPERS

- 7.1 None

Appendix 1

Provisional Election Timetable – 2025 Greenock East Community Council Interim Election.

No	Task	Comment	Date
1	Appoint a Returning Officer and start the formal election process.		12/8/25
2	Make nomination forms available at libraries, online and directly to community council.		not later than 15/9/25
3	Notice of Election.	<p>Public notice online, in libraries and in the Customer Contact Centre and inviting nominations.</p> <p>This will include:</p> <ul style="list-style-type: none"> • details on how to obtain nomination forms; • the date and time of close of nominations; and • the dates of any polls that may be held. 	per 2
4	CLOSE OF NOMINATIONS	Nominations received later than the date and time of close will not be accepted.	4.00pm on 8/10/25
5	Notice of Validly Nominated Candidates.	Public notice online, in libraries and in the Customer Contact Centre.	As soon as practicable following 4.
6	Declaration of Result for if uncontested.	Where the number of validly nominated candidates is between the maximum number and half the maximum number of members (inclusive), public notice online, in libraries and in the Customer Contact Centre will confirm the formation and membership of the community council. This will include details of the first meeting to be held and, if practicable, will be combined with the notice at item 5 above.	Per 5.

7	If contested, last date for withdrawal of a nomination.		4pm on 11/10/2025
8	Notice of Poll if contested.	Where the number of validly nominated candidates exceeds the maximum number of members, public notice online, in libraries and in the Customer Contact Centre will confirm the place date and time at which a poll will be held, and a time and place in each case for a count. If practicable, this notice will be incorporated in the notice at item 5 above.	As soon as practicable following following 7.
9	Polling date if contested.	Officers are liaising with the community council to link in with the normal cycle and venue for their meetings.	27/10/25
10	First meeting following election if uncontested.	Officers are liaising with the community council to link in with the normal cycle and venue for their meetings.	Per 9
11	Count if contested community.	These will be held as soon as practicable following any poll, however where polls are held in close succession, the counts for more than one community council may be held on the same day.	As soon as practicable following 9.
12	Declaration of Result if contested election.	Public notice online, in libraries and in the Customer Contact Centre. If practicable, this will include details of the first meeting to be held.	As soon as practicable following 11.
13	First meeting following election if contested.	Officers are liaising with the community council to link in with the normal cycle and venue for their meetings.	24/11/25

Report To:	Policy & Resources Committee	Date:	12 August 2025
Report By:	Interim Director - Environment	Report No:	PR/17/25/EM
Contact Officer:	Eddie Montgomery	Contact No:	01475 712472
Subject:	External Condition Surveys – Property Assets		

1.0 PURPOSE AND SUMMARY

- 1.1 ☒ For Decision ☐ For Information/Noting
- 1.2 The purpose of this report is to provide the Committee with an update on the tender return position in respect of the procurement of external conditions surveys of the Council's property assets.
- 1.3 The Policy & Resources Committee of 4 June 2024 approved the allocation of funding for the condition surveys, this report seeks a further allocation to reflect the tender return position.

2.0 RECOMMENDATIONS

- 2.1 That the Committee:
- notes the tender return position;
 - approve the allocation of a further £0.050m from the 2025/28 Capital Programme contingency to allow the most economically advantageous tender to be accepted.

Eddie Montgomery
Interim Director - Environment

3.0 BACKGROUND AND CONTEXT

- 3.1 The Council implemented Asset Management Planning and published its first Corporate Asset Management Strategy in March 2009 which set out the Council's Strategy for managing and modernising its Assets. The fourth Corporate Asset Management Strategy covers the period 2024 to 2028 and was approved by the May 2024 Environment & Regeneration Committee.
- 3.2 The report noted above also confirmed that all asset plans would require to be refreshed in the medium, term and that, as far as possible, should include fully costed 5-10 year plans to support the asset infrastructure elected members wish to maintain. It was also highlighted that this would require investment in both external and internal resources and thereafter the strong likelihood of a request to consider a significant increase in capital investment levels with the resultant prioritisation within the overall Council Budget.
- 3.3 It was also confirmed that as a starting point for this activity there was a need to refresh the 5 yearly externally procured Property Asset condition surveys which were last completed in 4th Quarter 2019. The assessment of asset condition is fundamental to assessing risks / liabilities to the Council and establishing investment needs and priorities. Externally procured elemental condition surveys for property (based on Scottish Government Guidance) are undertaken on a 5-year rolling programme with an annual review carried out by Property Services. The surveys also provide an indication of the backlog maintenance and priorities for investment over a ten-year projection.
- 3.4 The June 2024 Policy & Resources Committee approved the allocation of £0.200m from the 2023/26 Capital Programme contingency to progress the external condition surveys. The procurement of the surveys has now been concluded with tenders recently received and evaluated and with the most economically advantageous tender in the amount of £249,165.

4.0 PROPOSALS

- 4.1 The Committee is requested to note the conclusion of the tender exercise.
- 4.2 The Committee is requested to approve the allocation of a further £0.050m from the Capital Programme Contingency held by this Committee to allow the most economically advantageous tender to be accepted and progression of the surveys.

5.0 IMPLICATIONS

- 5.1 The table below shows whether risks and implications apply if the recommendation(s) is(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

The Environment and Regeneration capital programme contains £0.200m for the refresh of the 5 yearly external condition surveys of the Council's property assets.

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
Capital Programme	Contingency	2025/26	50		External Condition Surveys – Capital contingency, requires P&R Committee approval.

Annually Recurring Costs/ (Savings)

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

5.3 Legal/Risk

The assessment of asset condition is fundamental to assessing risks / liabilities to the Council and establishing investment needs and priorities to address the risk of asset failure that could lead to a loss of service.

5.4 Human Resources

None.

5.5 Strategic

The Council's Corporate Asset Management Strategy and activity associated with the various asset plans contributes to and aligns with the Council Plan and strategic objectives.

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.
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.

(b) Fairer Scotland Duty

If this report affects or proposes any major strategic decision:-

Has there been active consideration of how this report's recommendations reduce inequalities of outcome?

	YES – A written statement showing how this report's recommendations reduce inequalities of outcome caused by socio-economic disadvantage has been completed.
x	NO – Assessed as not relevant under the Fairer Scotland Duty for the following reasons: View that no specific implications for socio-economic disadvantage although it is recognised that climate change can have a disproportionate impact on those considered socio-economically disadvantaged.

(c) Children and Young People

Has a Children's Rights and Wellbeing Impact Assessment been carried out?

	YES – Assessed as relevant and a CRWIA is required.
x	NO – Assessed as not relevant as this report does not involve a new policy, function or strategy or recommends a substantive change to an existing policy, function or strategy which will have an impact on children's rights.

5.7 **Environmental/Sustainability**

None.

Has a Strategic Environmental Assessment been carried out?

	YES – assessed as relevant and a Strategic Environmental Assessment is required.
x	NO – This report does not propose or seek approval for a plan, policy, programme, strategy or document which is likely to have significant environmental effects, if implemented.

5.8 **Data Protection**

Has a Data Protection Impact Assessment been carried out?

	YES – This report involves data processing which may result in a high risk to the rights and freedoms of individuals.
x	NO – Assessed as not relevant as this report does not involve data processing which may result in a high risk to the rights and freedoms of individuals.

6.0 CONSULTATION

6.1 The Finance service has been consulted.

7.0 BACKGROUND PAPERS

7.1 Policy & Resources Committee 4 June 2024 – Item 12: External Condition Surveys – Remit from Environment & Regeneration Committee.

Environment & Regeneration Committee 16 May 2025 – Item 6: Corporate Asset Management Strategy 2020-2028.

Report To:	Policy & Resources Committee	Date:	12 August 2025
Report By:	Head of Legal, Democratic, Digital & Customer Services	Report No:	DCS/02/25
Contact Officer:	Allan MacDonald	Contact No:	01475 712098
Subject:	Update on the Digital Modernisation Programme, Delivery of the Interim Digital & Customer Service Strategy & Service Performance		

1.0 PURPOSE AND SUMMARY

- 1.1 ☐ For Decision ☒ For Information/Noting
- 1.2 The purpose of this report is to update the Committee on the work of the Council's Digital Modernisation Programme and Phase 1 of the Interim Digital and Customer Service Strategy.
- 1.3 The report also describes the progress of the Digital Modernisation Programme including a review of the terms of reference and membership of the Digital Modernisation and Transformation Project Board.
- 1.4 The report further provides updates on the activity and performance of the Council's ICT and Customer Services teams.

2.0 RECOMMENDATIONS

It is recommended that the Committee:

- 2.1 notes the update on the work of the Digital Modernisation Programme, and the projects within it;
- 2.2 notes the progress made in respect of Phase 1 of the Interim Digital and Customer Services Strategy;
- 2.3 notes the update on the work of the Digital Modernisation and Transformation Project Board; and
- 2.4 note the update on the activity and performance of the Council's ICT and Customer Services teams.

Lynsey Brown
Head of Legal, Democratic, Digital & Customer Services

3.0 BACKGROUND AND CONTEXT

Digital Modernisation Programme

- 3.1 At its meeting on 21 March 2023, the Committee noted the creation of a Digital Modernisation Project Board (now referred to as the Digital Modernisation and Transformation Board (DMTPB), chaired by the Chief Executive, to oversee delivery of the Council's Digital Modernisation Programme. The DMTPB meets bi-monthly, and includes representation from the 3 Directorates plus ICT, Legal, Finance and HR. Its purpose is to provide support and challenge and ensure that momentum is maintained in the delivery of individual digital modernisation projects. The Digital Modernisation Programme is intended to comprise projects of a more tactical nature that seek to implement digital improvements aligned to specific service requirements but also aligned to wider strategic objectives.
- 3.2 Linked to this, and as part of the approval of the Council's Revenue Budget for 2023/24, on 2 March 2023 it was agreed that £1M of reserves be utilised towards digital modernisation. This was added to an existing £250,000 reserve. Specifically, it was agreed that these reserves should fund investment in digital modernisation within the Council, including increased officer capacity, to improve both internal service processes/efficiency and access to services for the public, with any use of the reserves over £100,000 to be agreed by Committee.
- 3.3 **Phase 1 of the Interim Digital and Customer Services Strategy**

At its meeting on 19 November 2024 Committee approved a phased approach to creating a Digital and Customer Services Strategy and approved Phase 1 of the strategy and associated action plan and noted that updates on progress would be part of the regular digital updates to Committee.

4.0 PROGRESS UPDATES AND PROPOSALS

Digital Modernisation Programme Project Updates

- 4.1 There are several projects currently being taken forward by the Digital Modernisation Programme, and others for which business cases are being prepared. Some of these are set out below with associated updates:
- **Online Forms.** Online forms replacing paper-based ones have successfully been rolled-out throughout the Council in areas such as Revenues & Benefits, Education HQ and HR and Payroll. Given, its level of use, the Council now qualifies for an Enterprise Licence meaning new Services can use the product without additional license costs. Service proposals to be considered by the board.
 - **Schools Catering System.** The system is now operational across all schools, and the project is complete.
 - **Customer Service System Upgrade.** This project refreshed the council's main Customer Relationship Management System used by the Customer Service Centre. The final data load has been completed. The service continues with snagging and reviewing current operations. An improved booking and reporting system will need to be considered going forward.
 - **CLD Tracking Module.** Used to follow participants in CLD modules and record progress and achievements. System went live on 1 April 2025.

- **HR System Upgrade.** A refreshed HR and Payroll system is being implemented. The project is progressing and a test system has been deployed and user training has begun.
- **Revenue Digital Forms** – The Service has recorded an Increase in the number of forms being completed online – e-billing users has increased to 3,408 from approximately 1,000. Further forms will also go live in the next few weeks. On track to complete by July 2025.
- **Engage Process.** A business process mapping tool is now in use across the council. This system, widely used across many Scottish Local Authorities, allows services to map, review and identify processes, highlight issues. Services have given positive feedback on the functionality of the product.
- **Physical Assets.** Used to map and review Community Benefits from procurement projects. The system has been implemented, and the service is beginning to populate the system with live data.
- **Publications Library Website.** A public facing document library. Being progressed with our web partners. Initially to be used to store Council policies but aim is for all documents to be available via this system.
- **HR EDRMS Project Proposal.** Implementing a functional Document management System for HR and Payroll. Key officers identified and anticipated start date is Spring 2026
- **Finance Management System Upgrade.** Upgrade to current Finance management System to allow support and maintenance to continue until replacement FMS is in place. Supplier is engaging with the service to agree implementation dates

4.2 Digital and Modernisation EMR Budget Update

The current position is:

• Total Fund	£1,254,000
• Balance committed to date	£817,884
• Balance still to be committed	£436,116

Members should also note that officers have considered that the Council's FMS update should be included in the Digital Modernisation Programme as well as its accompanying approved budget of £1.2m and this amount will be added to the Programme's budget and included in forthcoming budget updates.

4.3 Progress against Phase 1 of the Interim Digital and Customer Services Strategy

The Interim Digital and Customer Service Strategy identified 6 key actions to be completed. A full update is shown at Appendix 1 and a summary of progress against the key actions is shown below:

- **A full internal systems and Infrastructure review** – scoping review of server estate in conjunction with IT Health Check to review operating systems is now complete.
- **Engage with an external supplier to provide an externally led Digital Maturity Assessment (DMA).** The DMA process is now well underway. Leadership and Service workshops were completed in June 2025. DMA Survey took place during June and July

2025. Review to be published and presented to CMT August 2025 with a further update being brought to this Committee thereafter.

- **Internally led review of the future of Customer Service provision and the future of the Customer Service Centre. Corporate agreement on the range and scope of CS to internal and external customers.** Scoping of workplan to be agreed August 2025. Initial Meeting with CSC Team Leader & Digital Project Lead completed to discuss initial range and outcomes and workshops to be arranged Autumn 2025
- **Delivery of the Annual Audit Report action around benefits of Digital Investment.** The ECMT met with the Improvement Service to feed into response drafted by HD of ODHR on behalf of CE. Completed June 25
- **Review of the Digital Modernisation Project board and refreshed terms of reference.** The board reviewed and agreed a membership structure and agreed that new Terms of Reference to be developed and presented to the board for review. This is to ensure an appropriate approach is in place to support Modernisation and Transformation and ensure that the process for agreeing, funding, and implementing digital programmes meets the needs of the services.

4.4 Updates on Performance

The ICT Team has been taking forward a number of initiatives in implementation of these strategies with progress noted below:

- Phase 1 of the reorganisation and restructure of the ICT Service has been completed.
- The next phase of Microsoft 365 development will focus on collaboration and developing apps and tools from the wide range available within the Microsoft 365 environment, overseen by the Microsoft 365 Development Sub-Group.
- The new Servicedesk tool has now been fully implemented.
- The PC 2025/26 refresh programme is currently in the planning stage. In FY 24/25 over 1600 devices replaced across the various services. A number of devices released from this programme have been reused in the school estate to replace some desktop devices that had reached the end of their useful production life.
- The Council is currently going through the Cyber Security accreditation process.
- Plans are being developed to migrate to Windows 11 this financial year in response to the withdrawal of support for Windows 10.
- The current Scottish Wide Area Network (SWAN) contract is concluding and the contract for SWAN2 has been awarded. ICT evaluated the new contract and have migrated the Council to the new framework.

4.5 The Customer Service Centre and Registrars have taken on additional duties, roles and responsibilities:

- Registrars are responsible for births/deaths/marriages. Additionally, they carry out Citizenship Ceremonies. The demand for these has increased over the years, with the Provost and Lord Lieutenant in attendance at the ceremony.

- Customer Service Team now have responsibility for handling all of Registrars inbound calls and for issuing copy extracts. This allows the Registrars to have more availability for registering B/D/M and carrying out their other statutory duties.
- CRM System upgrade took place November 2024, service is now responsible for updates and new service implementation.
- Customer Service team took on additional duties from the Council Tax processing team. The CTX processing team have seen an increase in their email correspondence. The CSC team now index these emails to accounts within 24 hours of receipt to allow for a more efficient service.
- Although the garden waste service is online the CSC team do still have a high level of telephone enquiries from these customers. This has evidenced that some Inverclyde residents still require considerable assistance with self-service/online functionality.

4.6 Appendix 2 shows the latest performance statistics for the ICT service. Performance Statistics for the Customer Service Centre are shown but are being reviewed following the introduction of the new CRM System and as other channels are introduced

5.0 IMPLICATIONS

5.1 The table below shows whether risks and implications apply if the recommendation(s) is(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

The undernoted are the approvals delegated to the DMPB which have been agreed since the last update.

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report	Virement From	Other Comments
DM EMR		25/26	£251k		

Annually Recurring Costs/ (Savings)

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

As part of the 2024/26 Budget strategy the Council approved a savings workstream relating to Digital Modernisation. The savings target is £100,000 phased £20,000 2024/25 and £80,000

2025/26. Progress against these targets will be monitored via the DPMB and reported to Committee where appropriate

5.3 Legal/Risk

The adoption of new digital ways of working, such as referred to in this report, will help the Council ensure compliance with its regulatory duties, in particular around information governance and records management and help mitigate the risk to operational delivery that is posed by some current working practices. There are, naturally, risks associated with the adoption of new systems. These risks would need reviewed, and suitable mitigations put in place. However, the Council also needs to consider the risks of not progressing such initiatives, including with information governance compliance and Council service delivery but also staff retention. The DMTPB has a risk register which is reviewed at every meeting.

5.4 Human Resources

The development and implementation of modernisation and digitalisation will help the Council maximise the potential of its staffing capacity. To facilitate this, there is a need to increase understanding and awareness of these opportunities and thereafter ensure that appropriate resources are available to allow these opportunities to be grasped. The funding and governance approved for the Digital Modernisation Programme will help address this.

5.5 Strategic

Increasing investment in the development and roll out of modernisation and digitalisation projects will support a number of key strategic and policy directions of the Council. The refreshed Digital & Customer Service Strategy and the Digital Modernisation Programme will help support delivery of the Council Plan (2023-28), and in particular Theme 3 (Performance), by helping the Council achieve the provision of high quality and innovative services, giving value for money.

5.6 Data Protection

Has a Data Protection Impact Assessment (DPIA) been carried out?

	YES – This report involves data processing which may result in a high risk to the rights and freedoms of individuals.
X	NO – Assessed as not relevant as this report does not involve data processing which may result in a high risk to the rights and freedoms of individuals.

Although a DPIA was not required for this report, adoption of certain digital solutions will assist the Council in ensuring it is meeting its obligations around the storage and use of personal data. A DPIA would also be required prior to adoption of certain solutions, to ensure that any personal data was suitably protected, such as employee records.

6.0 CONSULTATION

6.1 The Corporate Management Team and the DMTPB have been consulted on this report.

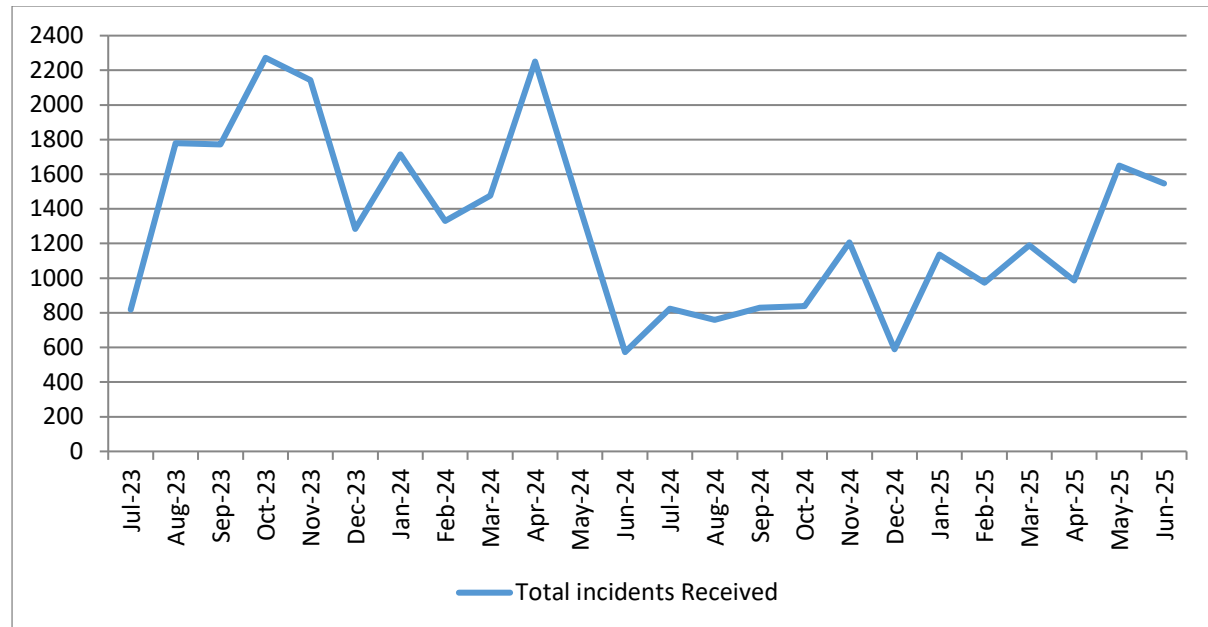
7.0 BACKGROUND PAPERS

7.1 N/a

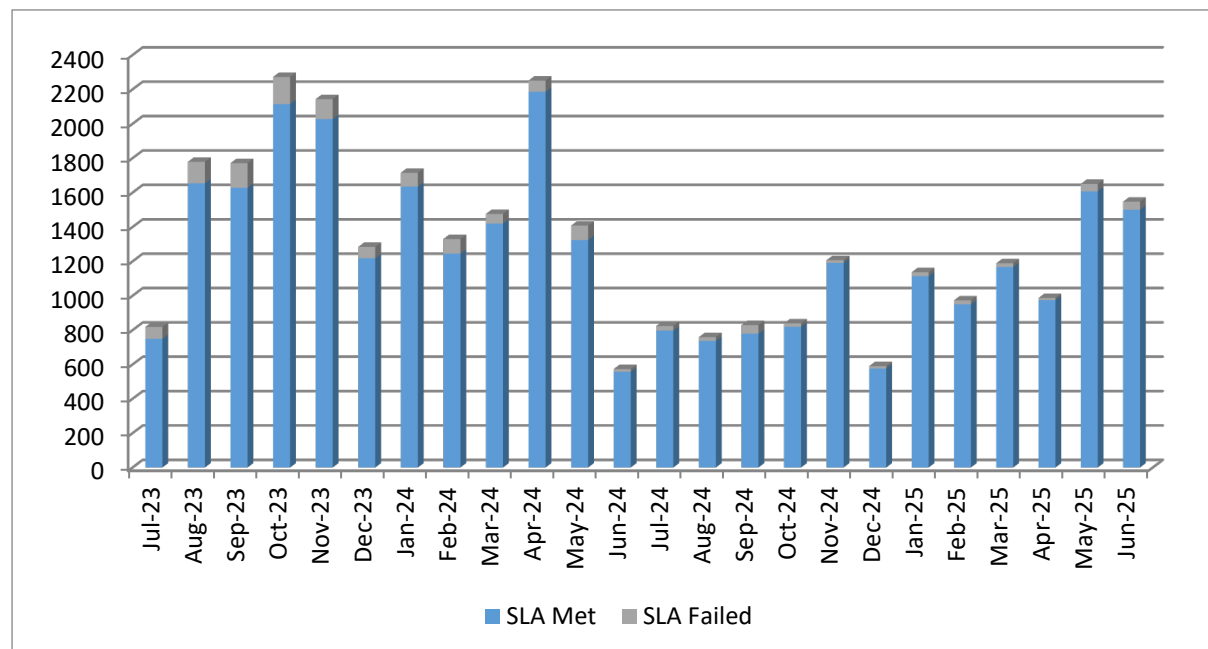
Action	Outcome	Who	When	Update
A full internal systems and Infrastructure review to ensure Systems and Infrastructure meets the need to support the customers and staff of the Council.	Awareness of weaknesses and opportunities to develop and enhance systems to support Transformation programmes. Identify future investment programme to support transition.	Digital & Customer Service Manager	November 2025 November 2025	Scoping review of server estate in conjunction with IT Health Check to review operating systems now complete.
Engage with an external supplier to provide an externally led Digital Maturity Assessment This will deliver a full understanding on where the Council lies on digital readiness and its ability to develop and transform its services.	A comprehensive understanding of the Council's digital readiness to support future transformation. Procurement of a readiness assessment, gap analysis & roadmap with funding and implementation options.	Chief Executive Head of LDDCS Digital & Customer Service Manager	November 2025 February 2025	Agreed to reengage with Local Government Digital Office. DMA process underway. Leadership and Service completed June 2025. DMA Survey took place in June and July 2025. Review to be published and presented to CMT August 2025
Internally led review of the future of Customer Service provision and the future of the Customer Service Centre. Corporate agreement on the range and scope of CS to internal and external customers.	A decision on the services to be delivered by CSC and identifying the best approach to delivering for our customers.	Digital & Customer Service Manager	December 2025	Scoping of workplan to be agreed August 2025. Initial Meeting with CSC Team Leader & Digital Project Lead completed to discuss initial range and outcomes. Workshops to be arranged Autumn 2025
Delivery of the Annual Audit Report action around benefits of Digital Investment	Digital transformation is positioned to support further Council transformation plans.	Chief Executive Head of LDDCS Head of ODHR	November 2025	ECMT Meeting with Improvement service held January 25, Response drafted by HD of ODHR on behalf of CE June 25
Review of the Digital Modernisation Project board and refreshed terms of reference	Refreshed approach Modernisation and Transformation. Ensure that the process for agreeing, funding, and implementing digital programmes meets the needs of the services.	Chief Executive	March 2025	Originally scheduled for March 2025 (postponed until new CE in place) Board agreed to review of ToRs to be presented for agreement.

1.1 Incidents

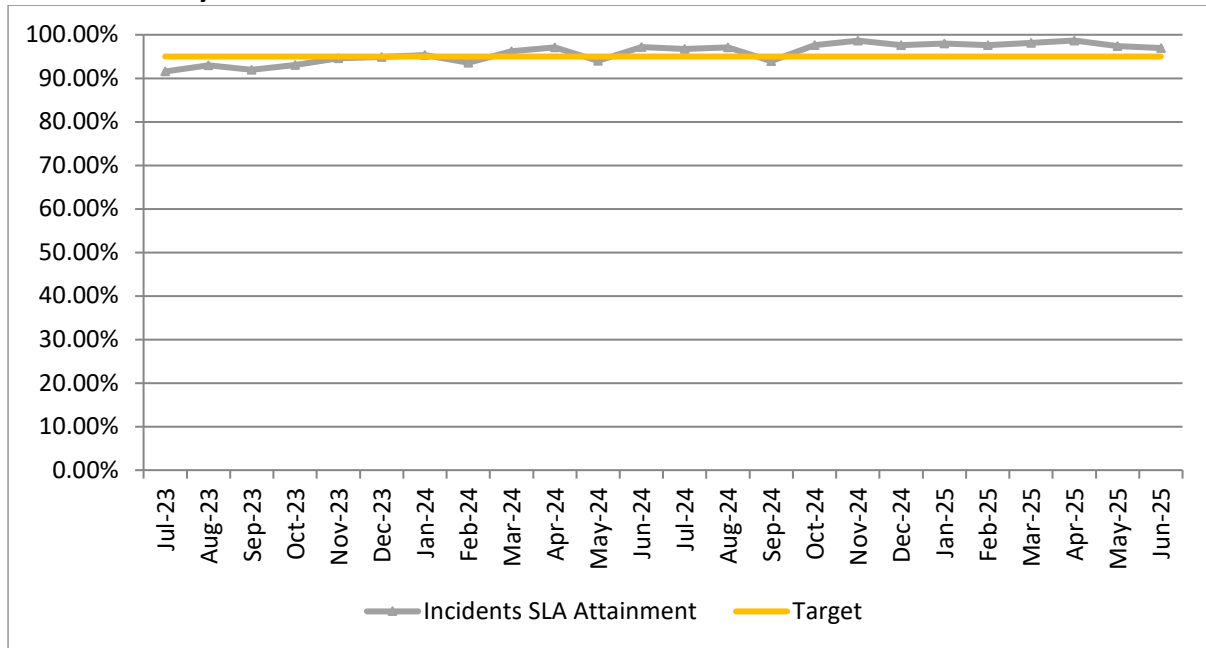
Incidents Received



1.1.1 - Incidents Met/Failed within SLA



1.1.2 - Monthly Service Level Attainment - Incidents



SLA Details

VIP Users

Priority	Target Resolution Time
Critical	3 hours
High	4 hours
Normal	7 hours
Low	21 hours
Long Term	No target

Standard Users

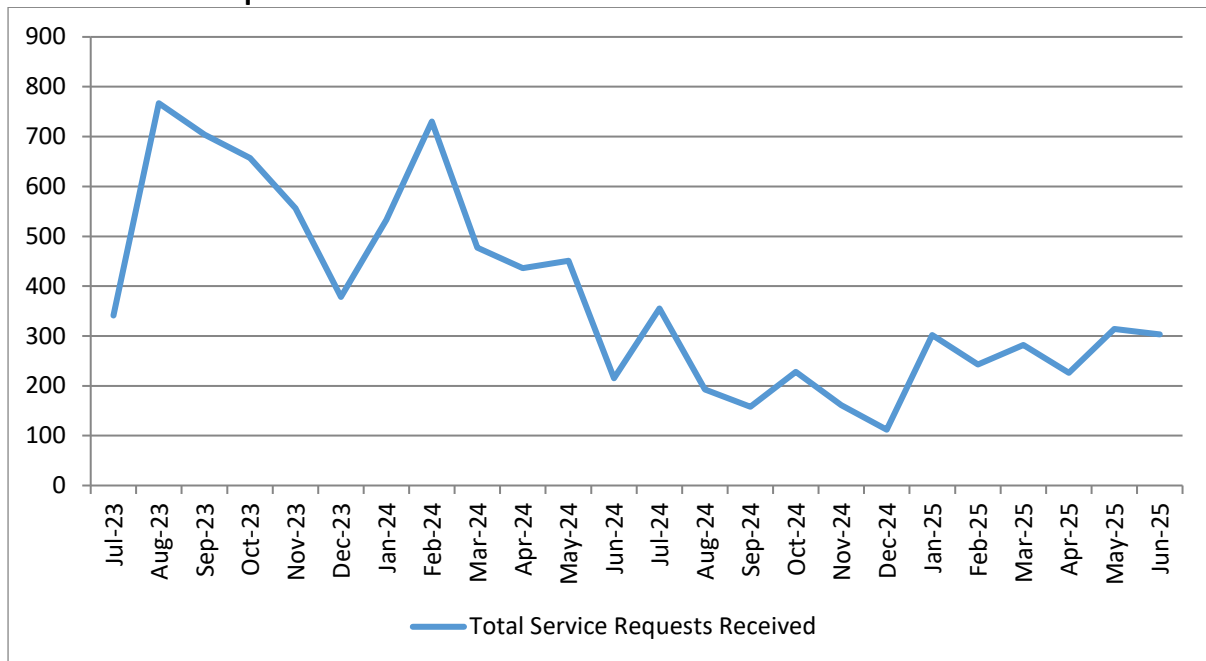
Priority	Target Resolution Time
Critical	4 hours
High	7 hours
Normal	21 hours
Low	35 hours
Long Term	No target

SLA Attainment is 95% of incidents resolved within Target Resolution Time.

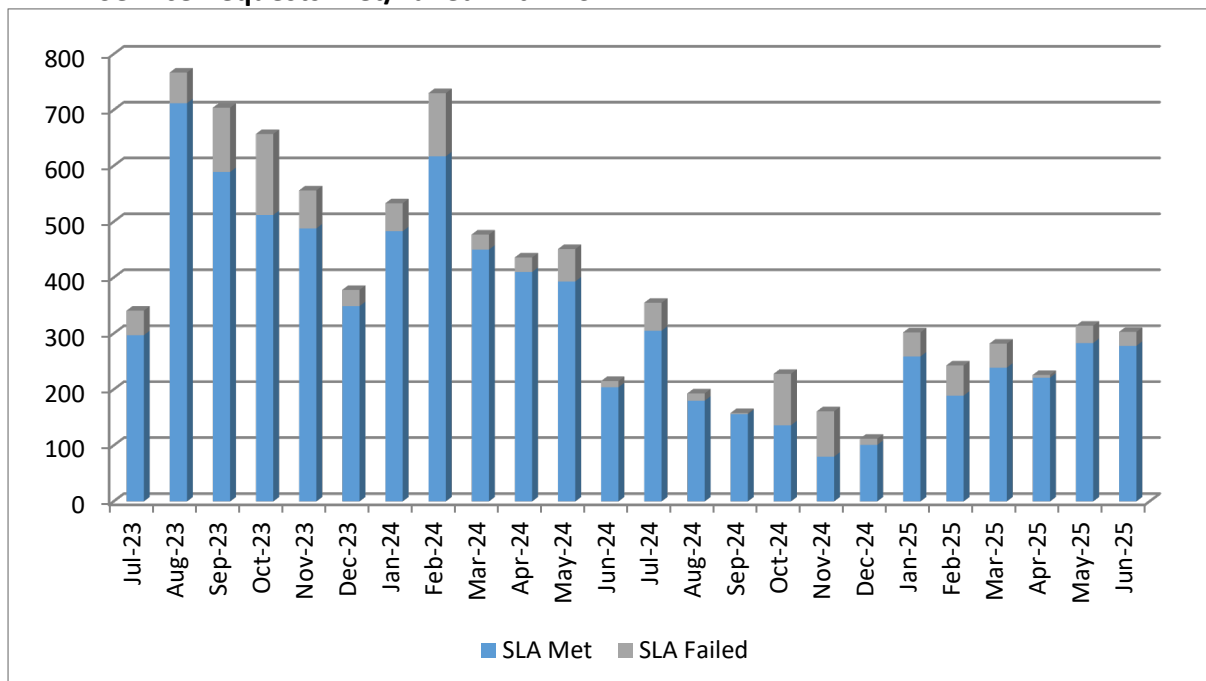
A typical Incident is unlocking a user account or password, software errors, PC/Laptop faults, Printer, Phone, classroom display equipment issues.

1.2 - Service Requests

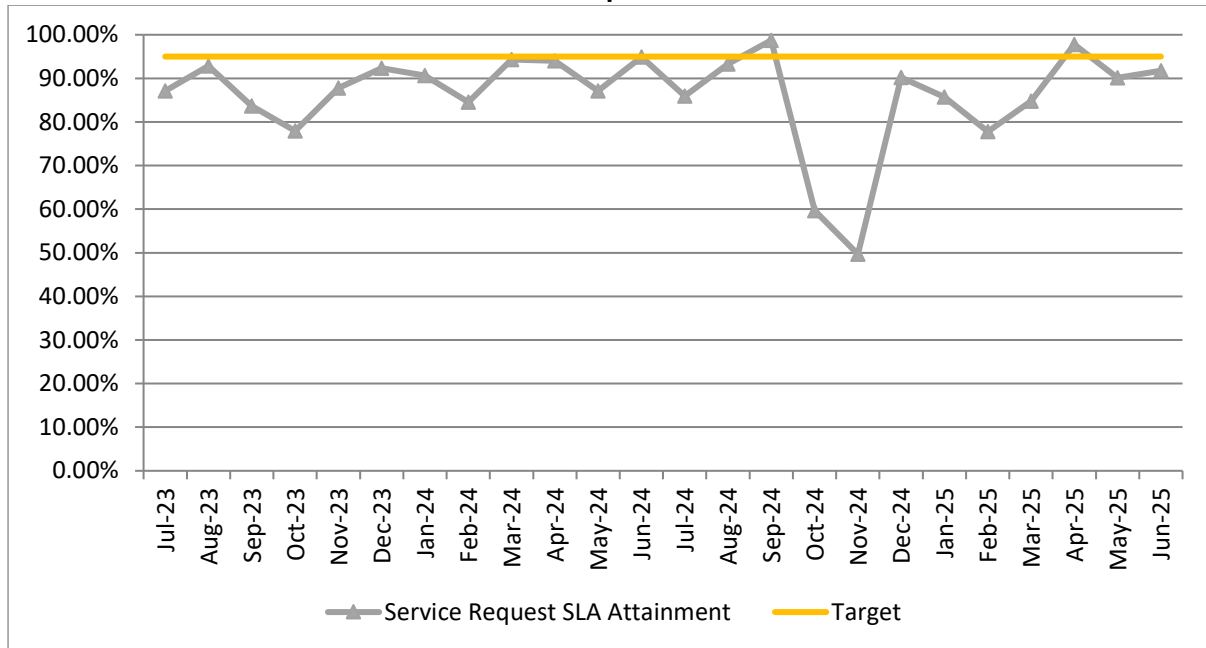
1.2.1 - Service Requests Received



1.2.2 - Service Requests Met/Failed within SLA



1.2.3 - Service Level Attainment – Service Requests

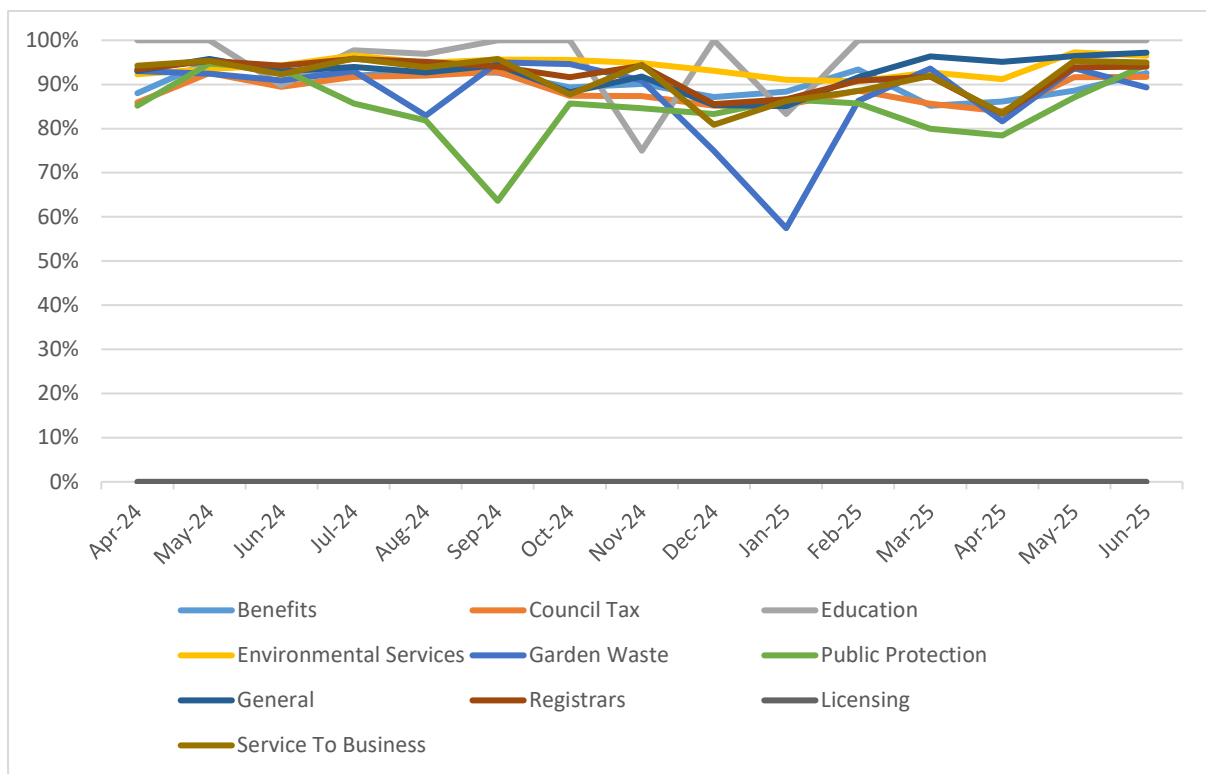


SLA Attainment is 95% of incidents resolved within Target Resolution Time

A typical Service request is provision of a new user account, a new Phone or Laptop, relocation of existing services.

Month	Average Number of New Cases
Apr-24	10,500
May-24	9,200
Jun-24	8,100
Jul-24	9,200
Aug-24	9,000
Sep-24	7,800
Oct-24	8,700
Nov-24	7,500
Dec-24	5,600
Jan-25	9,100
Feb-25	7,500
Mar-25	10,400
Apr-25	12,400
May-25	10,800
Jun-25	10,400

2.3 – % Calls Answered



Calls can be abandoned for a variety of reasons – length of wait, information sourced during call (from messages presented to the caller), redirection to online resources etc.