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17 February 2025

**Members of the  
Finance and Resources Committee**

**Chief Executive's Office**

Archie Aitken  
Chief Officer (Legal & Democratic)  
Civic Centre, Windmillhill Street,  
Motherwell ML1 1AB  
[www.northlanarkshire.gov.uk](http://www.northlanarkshire.gov.uk)

Notice is given that a Meeting of the **Finance and Resources Committee** is to be held in the Council Chamber, Civic Centre, Windmillhill Street, Motherwell, ML1 1AB on Wednesday, 26 February 2025 at 10:00 AM which you are requested to attend.

The agenda of business is attached.

**Archie Aitken**  
**Chief Officer (Legal & Democratic)**

**Members :**

A Duffy-Lawson, H Dunbar, A Ballinger, M Boyd, G Brennan, A Bustard, T Carragher, S Coyle, D Crichton, G Currie, K Duffy, H Gray, J Hume, D Johnston, T Johnston, P Kelly, J Keltie, K Larson, G Lennon, J Logue, H Loughran, A Masterton, P McDade, R McKendrick, J McLaren, M McPake, J McPhilemy, L Nolan, P Patton, C Quigley, L Roarty, G Robinson, W Shields, A Smith, A Stubbs, L Stubbs, R Sullivan, S Watson, C Williams, G Woods.



## Agenda

- 1      **Declarations of Interest In Terms of the Ethical Standards In Public Life Etc. (Scotland) Act 2000**
- 2      **Minute of Joint Consultative Committee for Local Government Employees of 10 December 2024**      9 - 12  
Submit Minute of Meeting of the Joint Consultative Committee for Local Government Employees of 10 December 2024.
- Operational**
- 3      **Annual Freedom of Information Report Financial Year 2023-24**      13 - 22  
Submit report by the Chief Officer (Legal and Democratic) providing details of Freedom of Information and Environmental Information requests received by the Council during 2023/24
- 4      **Revenues and Benefits Update**      23 - 42  
Submit a report by Chief Officer (Finance) providing an update on the performance within the Revenues and Benefits functions of Finance as at 31 December 2024.
- 5      **Review of Employee Code of Conduct**      43 - 66  
Submit report by the Chief Officer (People Resources) seeking approval of the updated and revised Employee Code of Conduct.
- 6      **Update to Special Leave Policy - Bereavement Leave**      67 - 76  
Submit report by the Chief Officer (People Resources) outlining the current leave provisions available to employees who are dealing with the bereavement of a close relative and seeking approval of the proposed enhancement to bereavement leave for employees.

7	<b>Connectivity Programme – Wide Area Network Project Completion</b> Submit report by Chief Officer (Business and Digital) providing details on the successful completion of the Connectivity Programme Wide Area Network project.	77 - 82
8	<b>Land Reallocation - Former Columba High, Coatbridge</b> Submit report by the Chief Officer (Assets and Procurement) seeking approval to the transfer of land at the former Columba High for inclusion in the new build programme.	83 - 88
9	<b>Land Surplus to Operational Requirements at Ailsa Road, Coatbridge</b> Submit report by the Chief Officer (Assets and Procurement) seek approval to declare and at Ailsa Road, Coatbridge surplus to Council requirements.	89 - 96
10	<b>Property Surplus to Operational Requirements - Rockburn Pavilion and Pitch, Carnoustie Place, Bellshill</b> Submit report by the Chief Officer (Assets and Procurement) seeking approval to declare a pavilion, sports pitch and ancillary ground at Carnoustie Place, Bellshill surplus to Council requirements.	97 - 102
11	<b>Local Government in Scotland - Financial Bulletin 2023-24</b> Submit report by the Chief Officer (Finance) examining a number of areas including Council Funding and Budgets, Financial Performance, Financial Position and outlook at end of 2023/24.	103 - 144
	<b>Performance</b>	
12	<b>Strategic Performance Framework - latest performance results for Legal and Democratic</b> Submit report by the Chief Officer (Legal and Democratic) providing an update on the suite of performance indicators used by Legal and Democratic.	145 - 154



13	<b>Digital North Lanarkshire Programme of Work – Performance Optimisation Innovation Fund</b> Submit report by the Chief Officer (Business and Digital) providing an overview on Services ability to access the Innovation Fund, and the progress of the Performance Optimisation Sub Group.	155 - 162
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14	<b>Senior Information Risk Officer (SIRO) - Information Governance -Assurance and Performance Report 2024</b> Submit report by the Chief Officer (Business and Digital) outlining information governance activity and performance in respect of the period from 1 January to 31 December 2024.	163 - 202
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## **Financial**

15	<b>Revenue Monitoring Report Council Summary 1 April 2024 to 3 January 2025</b> Submit report by the Chief Officer (Finance) (1) providing an update on the overall position for the General Fund Account, Housing Revenue Account and Adult Health and Social Care, for the financial year to 31 March 2025; (2) consolidating the budget monitoring position of all Services, and (3) highlighting and explaining major outturn variances as per the Council's approved Financial Regulations.	203 - 214
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16	<b>Revenue Budget Monitoring Report; Chief Executive's Service 1 April 2024 to 3 January 2025 (Period 10)</b> Submit report by the Chief Officer (Finance) (1) providing a summary of the Chief Executive's financial performance for the period from 1 April to 3 January 2025 (Period 10) and (2) illustrating the provisional outturn as at 31 March 2025, with major outturn variances highlighted and explained as per the Council's approved Financial Regulations.	215 - 226
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17	<b>Capital Programme 2024-25 Monitoring Report</b> Submit report by the Chief Officer (Finance) providing an update on the 2024/25 resources and expenditure for the Council's Strategic Capital Investment Programme; and (2) detailing the 2024/25 projected outturn position and the resultant variances.	227 - 238
18	<b>Chief Executive Service - Capital Monitoring Report 1 April 2024 to 3 January 2025 (Period 10)</b> Submit report by the Chief Officer (Finance) highlighting the financial performance and projected outturn of 2024/25 Chief Executive capital programme for the period ended 3 January 2025.	239 - 246
19	<b>Treasury Management Monitoring Report for Quarter Ended 31 December 2024</b> Submit report by the Chief Officer (Finance) informing on the quarterly Treasury Management activity for the period from 1 October 2024 to 31 December 2024 and compliance with the mandatory treasury and prudential indicators.	247 - 264
20	<b>Treasury Management Strategy 2025-26 - Treasury Management and Prudential Indicators 2025-2026 to 2029-2030</b> Submit report by the Chief Officer (Finance) seeking approval the Treasury Management Strategy 2025/2026 and adopts the Treasury Management and Prudential Indicators for 2025/2026 to 2029/2030.	265 - 310
21	<b>Procurement Strategy 2025-26</b> Submit report by the Chief Officer (Assets and Procurement) outlining the evolution of the Procurement Strategy with the refinements to provide the new "Procurement Strategy 2024/25" to cover the period from 1 April 2025 to 31 March 2026.	311 - 338
22	<b>Review of 2024-25 to 2026-27 Budget Savings</b> Submit report by the Chief Officer (Finance) providing an update on the achievement of the three-year financial savings total of £28.778m approved as part of the 2024/25 budget setting process.	339 - 344

- 23      **Local Taxation Debt Write-Off 2024-25**      345 - 350  
Submit report by the Chief Officer (Finance) providing a summary of outstanding local taxation accounts which are deemed uncollectible following all attempts at recovery.

## **Remit**

- 24      **Remit - Housing Committee - Former Tenant Arrears Write Off to 31 March 2023**      351 - 356  
Submit report by the Chief Officer (Housing) providing a summary of outstanding Housing Rent debts which are deemed uncollectable following all attempts at recovery by the Housing Rents and Court teams or are considered uneconomically viable to continue pursuing.

## **Contracts**

- 25      **Contract award for enabling works at Strathclyde Park Watersports Centre**      357 - 362  
Submit report by Chief Officer (Community Operations) notifying the award of a contract to deliver the design and construction work required for the net zero led redevelopment of the Watersports Centre at Strathclyde Country Park to Linear Design and Construct.
- 26      **Contract Award for Recover NL Programme Pitch Upgrades**      363 - 370  
Submit report by Chief Officer (Assets and Procurement) notifying the award of a contract to upgrade pitches to W H Malcolm Limited.
- 27      **Contract Awards Below Committee Approval Threshold**      371 - 376  
Submit report by the Chief Officer (Assets and Procurement) notifying of the Contracts Awarded since the last meeting of the Committee with a value below the financial threshold requiring approval.

## **EXCLUSION OF PUBLIC**

The Sub-Committee is asked to consider passing the following resolution: "That under Section 50A(4) of the Local Government (Scotland) Act 1973, the public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraphs 6 and 9 of Part 1 of Schedule 7A of the Act".

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### **Cumbernauld Town Centre – Freedom City Church and JD Wetherspoon Property Transactions**

Submit report by Chief Officer (Assets and Procurement) seeking approval to purchase Freedom City Church and the lease of JD Wetherspoons.

**10 December 2024 at 2pm.**

A Meeting of the **JOINT CONSULTATIVE COMMITTEE FOR LOCAL GOVERNMENT EMPLOYEES**

**PRESENT**

Councillor Boyd, Convener; Councillors Brannan-McVey, Cairns, Carragher, Currie, Hume, Jarvie and D. Johnston

A Clark, J Hannigan, M Quigley, J Rooney, V. Thompson, J Watson and D. Whelan.

**CHAIR**

Councillor Boyd (Convener) presided.

**IN ATTENDANCE**

Chief Officer (People Resources), Employment and Policy Manager and Democratic Co-ordinator.

**APOLOGIES**

Councillors M. Coyle, Duffy and Logue and H. Smith, Unison, L Steward, Unison and F. Duddy (Occupational Safety and Wellbeing Manager).

**DECLARATIONS OF INTEREST IN TERMS OF THE ETHICAL STANDARDS IN PUBLIC LIFE ETC. (SCOTLAND) ACT 2000**

1. Councillor Cairns, by virtue of his employment, declared a connection amounting to a declarable interest in respect of Paragraph 4 – Review of the Council's Trade Union Consultative Arrangements for Local Government Employees, and further declared that he considered the item was so sufficiently remote that it did not preclude his participation in consideration of the item.

**CHANGES TO FLEXIBLE RETIREMENT COSTS**

2. There was submitted a report by Chief Officer (People Resources) (1) providing an update on the changes advised by Strathclyde Pension Fund (SPF) and the impact on future applications for flexible retirement; (2) intimating that the costs associated with flexible retirement had increased and the Council would not be able to incur the residual strain on the fund cost; (3) advising that the Council would be unable to pay any costs associated with flexible retirement; and (4) indicating that as a result of the changes fewer employees would be able to take flexible retirement.

J. Watson, Unison inquired whether Council employees who had applied for flexible retirement had been updated on the information received from Strathclyde Pension Fund and whether SPF had been asked if employees could make up the difference to enable to take flexible retirement.

The Employment and Policy Manager advised that the Council's Policy for flexible retirement, which had been approved by Committee, had no enhanced funding from the Council budget to allow employee's flexible retirement and confirmed that the Council had raised the question in respect to an employee paying the difference to allow them to take flexible retirement and were advised it would not be permissible.

## **JOINT CONSULTATIVE COMMITTEE FOR LOCAL GOVERNMENT EMPLOYEES - 10 DECEMBER 2024**

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It was noted that ill health retirement had not been affected.

The Chief Officer (People Resources) confirmed that the Council had, made a number of approaches to (SPF), and the lack of feedback from SPF had impacted on communicating the changes to employees.

It was requested that the Council representative raise the issue with the SPF Board. The Chief Officer (People Resources) advised that she would seek clarity on whether this was permissible.

### **Decided:**

- 1) that the changes notified to all employers by Strathclyde Pension Fund Office around strain costs be noted;
- 2) that the impact that these changes would have on future applications for flexible retirement be recognised;
- 3) that it be noted that the Council would only approve applications for flexible retirement where there was no cost to the Council; and
- 4) that it be noted that the flexible retirement information and guidance available to employees and managers had been updated to manage expectations.

### **SPECIAL LEAVE PROVISION - BEREAVEMENT LEAVE**

3. There was submitted a report by Chief Officer (People Resources) (1) providing details of the current leave provision available to employees who were dealing with bereavement; (2) detailing the impact and benefits of changes to bereavement leave; (3) seeking approval to enhance bereavement leave for employees; and (4) intimating that the changes to the Policy would be required to be approved at Finance and resources Committee.

### **Decided:**

- (1) that the contents of the report be noted;
- (2) that the impact and benefits of the changes to bereavement leave for employees of the Council be acknowledged;
- (3) that the proposed enhancement to bereavement leave for employees be approved; and
- (4) that it be noted any changes to the policy would require to be approved at the Finance and Resources Committee.

### **REVIEW OF THE COUNCIL'S TRADE UNION CONSULTATIVE ARRANGEMENTS FOR LOCAL GOVERNMENT EMPLOYEES**

4. There was submitted a report by Chief Officer (People Resources) (1) providing details on the Joint Consultative Committee (JCC) currently operates; (2) proposing a full review of the JCC be undertaken involving current Members of the Committee and appropriate Council Officers; (3) intimating that the JCC was an integral part of the make-up and operation of the consultative and collective bargaining process for the Council; (4) intimating that a report setting out recommendations, attaching on the updated constitution, and clarifying the business and authority of the committee together with the responsibilities and expected behaviours of all Members of the JCC; and (5) seeking approval of the Facility Time allocated to the relevant trade unions with immediate effect to enable a stronger, more robust form of partnership working.

**Decided:**

- (1) that a review of all current consultative arrangements be undertaken, a Trade Union Recognition Agreement be created and signed by the trade unions and the Council representatives review, be agreed;
- (2) that it be noted that the JCC remains an integral part of the make-up and operation of the consultative and collective bargaining process within North Lanarkshire.
- (3) that the review of the current constitution, operation and business of the JCC be undertaken;
- (4) that a sub-group of the Joint Consultative Committee progress the review;
- (5) that a report would be submitted to the future meeting of the Committee attaching an updated Committee constitution, outlining the business, authority and the responsibilities and expected behaviours of all Members of the Committee, be authorised; and
- (6) that the Facility Time, arrangements as set in the report, be allocated to the relevant trade unions with immediate effect to enable a stronger, more robust form of partnership working, be agreed.

The Convener declared the meeting closed at 2.30pm.





# North Lanarkshire Council Report

## Finance and Resources Committee

Does this report require to be approved?

☐ Yes ☒ No

Ref

AA

Date

26/02/25

## Annual Freedom of Information Report Financial Year 2023/2024

**From** Archie Aitken, Chief Officer (Legal and Democratic)

**E-mail** AitkenA@northlan.gov.uk

**Telephone** 07939 280102

### Executive Summary

This report provides details of Freedom of Information (FOI) and Environmental Information (EIR) requests received by the Council during 2023/24 and provides further comparative and ancillary information.

### Recommendations

It is recommended that the Finance and Resources Committee:

- (1) Acknowledge the contents of the report.

### The Plan for North Lanarkshire

Priority	Enhance participation, capacity, and empowerment across our communities
Ambition statement	(20) Improve the involvement of communities in the decisions, and development of services and supports, that affect them
Programme of Work	Statutory / corporate / service requirement

## **1. Background**

- 1.1 The Freedom of Information (Scotland) Act 2002 and the Environmental Information (Scotland) Regulations 2004, provide rights to the public to ask for and be provided with recorded information held by public authorities. The Environmental Information (Scotland) Regulations 2004, sit alongside the FOI legislation and govern access to environmental information such as planning matters, contaminated land, emissions etc. Once a FOI or EIR request is received, the Council has in most cases, 20 working days to provide the information asked for, or explain why it cannot be provided. If the Council does not respond, or the requester is unhappy with the response, the requester can ask for an internal review. If the requester is still dissatisfied following the internal review, they can then appeal to the Scottish Information Commissioner. This report provides a breakdown of the requests, internal reviews and appeals to the Scottish Information Commissioner processed by the Council in 2023/24.
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## **2. Report**

- 2.1 In financial year 2023/24 the Council received 1,780 requests for information. This consisted of 1,408 FOI requests and 372 EIR requests.
- 2.2 The 2023/24 request total of 1780 is the highest number of requests received by the Council in a single year. It also represents a 10.5% increase on the 2022/23 total of 1,611 and a 26% increase on the 2021/22 total of 1412. This high number of requests is reflected nationally. The Scottish Information Commissioner states in his annual report that 95,361 requests were received by Scottish public authorities in 2023/24 and this is the highest reported yearly total since they began collecting statistics.
- 2.3 Following the 2022/23 Scottish Government consultation on access to information rights. The Scottish Government has set out its FOI policy objectives for 2024 - 2026. The objectives are to be taken forward in the following 3 workstreams: -
- Workstream 1 - consideration and use of Scottish Ministers' powers to extend coverage of the Freedom of Information (Scotland) Act.  
Workstream 2 - updating statutory guidance for Scottish public authorities.  
Workstream 3 - maintaining full FOI coverage of public sector in Scotland.
- 2.4 Any changes to FOI legislation or statutory guidance resulting from these workstreams will be reported to future meetings of the Finance and Resources Committee.
- 2.5 Of the FOI and EIR requests received in 2023/24 most were recorded as being received from "Public and Other" (39%). These are requests from members of the public and requests that have no identifiable affiliation to a particular organisation, group or company. The next largest category of requests was those received from elected representatives ie. Councillors, MPs, MSPs and parliamentary researchers acting on their behalf (15%). 14% of requests were from businesses and commercial enterprises, 14% came from the media and 7% came from solicitors acting on behalf of a client. These figures broadly reflect the distribution and proportion of requests recorded under these categories in 2022/23.
- 2.6 In 2023/24, 24 requests for internal review of the original decision were received. Despite the increase in requests this year, this total is only slightly higher than the 22 requests for review received in 2022/23. The 24 requests received for internal review represents 1.3% of the total number of requests received by the Council. This proportion is consistent with that seen last year and is lower than the national figure reported by the Scottish Information Commissioner of 3% of requests resulting in an internal review.

- 2.7 Of the 24 internal reviews, in 21 cases the original decision was either wholly or partially upheld or deemed compliant. In 1 case the original decision was overturned and received a fresh decision at review. 1 review was undertaken because there was no response to the original request and 1 internal review was withdrawn.
- 2.8 One request received in 2023/24 was appealed by the requester to the Scottish Information Commissioner. This appeal is still being considered by the Commissioner and the outcome will be reported in next year's report.
- 2.9 Of the 1,780 requests received in 2023/24, 25 were not fully progressed due to factors such as clarification required to progress the request not being received or the requester withdrawing their request. Of the remaining 1,755 requests that were fully progressed, 1,732 (98.7%) were responded to within the statutory 20 working day deadline. This compares with a compliance rate of 98.7% in 2022/23 and 98.5% in 2021/22. The 2023/24 compliance rate broken down by quarter is as follows: -
- Quarter 1 - 98.3%  
Quarter 2 - 98.6%  
Quarter 3 - 99%  
Quarter 4 - 98.8%

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### **3. Measures of success**

- 3.1 The Scottish Information Commissioner's self-assessment toolkit for public authorities on responding to requests on time considers a response rate to requests of 96-100% as excellent, 85-95% as good, 80-84% as adequate and less than 80% as unsatisfactory.

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### **4. Supporting documentation**

Appendix 1 – total number of requests received under either the Freedom of Information (Scotland) Act 2002 or the Environmental Information (Scotland) Regulations 2004 broken down by month.

Appendix 2 – an indication of the category of applicant.

Appendix 3 – details of cases submitted for internal review.



**Archie Aitken**  
**Chief Officer (Legal and Democratic)**

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## 5. Impacts

<b>5.1 Public Sector Equality Duty and Fairer Scotland Duty</b> Does the report contain information that has an impact as a result of the Public Sector Equality Duty and/or Fairer Scotland Duty? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?  If Yes, has an assessment been carried out and published on the council's website? <a href="https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments">https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments</a> Yes <input type="checkbox"/> No <input type="checkbox"/>
<b>5.2 Financial impact</b> Does the report contain any financial impacts? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant financial impacts been discussed and agreed with Finance? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?
<b>5.3 HR policy impact</b> Does the report contain any HR policy or procedure impacts? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant HR impacts been discussed and agreed with People Resources? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?
<b>5.4 Legal impact</b> Does the report contain any legal impacts (such as general legal matters, statutory considerations (including employment law considerations), or new legislation)? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant legal impacts been discussed and agreed with Legal and Democratic? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?
<b>5.5 Data protection impact</b> Does the report / project / practice contain or involve the processing of personal data? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, is the processing of this personal data likely to result in a high risk to the data subject? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, has a Data Protection Impact Assessment (DPIA) been carried out and e-mailed to <a href="mailto:dataprotection@northlan.gov.uk">dataprotection@northlan.gov.uk</a> Yes <input type="checkbox"/> No <input type="checkbox"/>

<b>5.6</b>	<b>Technology / Digital impact</b> Does the report contain information that has an impact on either technology, digital transformation, service redesign / business change processes, data management, or connectivity / broadband / Wi-Fi? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact? Where the impact identifies a requirement for significant technology change, has an assessment been carried out (or is scheduled to be carried out) by the Enterprise Architecture Governance Group (EAGG)?  Yes <input type="checkbox"/> No <input type="checkbox"/>
<b>5.7</b>	<b>Environmental / Carbon impact</b> Does the report / project / practice contain information that has an impact on any environmental or carbon matters? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?
<b>5.8</b>	<b>Communications impact</b> Does the report contain any information that has an impact on the council's communications activities? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?
<b>5.9</b>	<b>Risk impact</b> Is there a risk impact? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the key risks and potential impacts, highlighting where the risk(s) are assessed and recorded (e.g. Corporate or Service or Project Risk Registers), and how they are managed?
<b>5.10</b>	<b>Armed Forces Covenant Duty</b> Does the report require to take due regard of the Armed Forces Covenant Duty (i.e. does it relate to healthcare, housing, or education services for in-Service or ex-Service personnel, or their families, or widow(er)s)? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the provision which has been made to ensure there has been appropriate consideration of the particular needs of the Armed Forces community to make sure that they do not face disadvantage compared to other citizens in the provision of public services.
<b>5.11</b>	<b>Children's rights and wellbeing impact</b> Does the report contain any information regarding any council activity, service delivery, policy, or plan that has an impact on children and young people up to the age of 18, or on a specific group of these? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact and the provision that has been made to ensure there has been appropriate consideration of the relevant Articles from the United Nations Convention on the Rights of the Child (UNCRC).  If Yes, has a Children's Rights and Wellbeing Impact Assessment (CRWIA) been carried out? Yes <input type="checkbox"/> No <input type="checkbox"/>

**REQUESTS RECEIVED UNDER THE FREEDOM OF INFORMATION (SCOTLAND) ACT 2002/ENVIRONMENTAL  
INFORMATION (SCOTLAND) REGULATIONS 2004**

**Applications Received 2023/2024**

Month Ending 31 March 2024

	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec 2023</b>	<b>Jan 2024</b>	<b>Feb</b>	<b>Mar</b>	<b>Total</b>
<b>FOI Requests</b>	95	122	94	112	107	127	141	139	83	159	114	115	1408
<b>EIR Requests</b>	30	33	31	29	18	32	20	28	22	58	36	35	372
<b>TOTAL – 2023/2024</b>	125	155	125	141	125	159	161	167	105	217	150	150	1780

**Applications Received 2011/2012 – 2022/2023**

	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Total</b>
<b>TOTAL – 2022/2023</b>	129	137	116	110	133	111	128	162	93	168	175	149	1611
<b>TOTAL – 2021/2022</b>	91	138	131	121	120	105	129	166	67	107	121	116	1412
<b>TOTAL – 2020/2021</b>	66	74	117	143	107	108	107	154	90	86	102	91	1245
<b>TOTAL – 2019/2020</b>	146	141	126	150	138	116	127	146	83	138	131	94	1536
<b>TOTAL – 2018/2019</b>	125	109	132	154	133	138	170	143	91	195	125	137	1652
<b>TOTAL – 2017/2018</b>	111	101	122	128	145	92	163	167	79	137	155	134	1534
<b>TOTAL – 2016/2017</b>	119	127	105	128	113	120	110	142	99	148	131	151	1493
<b>TOTAL – 2015/2016</b>	111	94	124	109	102	107	133	127	58	119	135	126	1345
<b>TOTAL – 2014/2015</b>	117	112	93	150	120	91	125	113	93	145	103	126	1388
<b>TOTAL – 2013/2014</b>	86	87	88	125	97	79	91	77	71	159	101	108	1169
<b>TOTAL – 2012/2013</b>	84	96	85	114	86	89	167	113	74	124	105	103	1240
<b>TOTAL – 2011/2012</b>	66	75	100	127	89	96	98	107	79	132	139	118	1226

**FREEDOM OF INFORMATION (SCOTLAND) ACT 2002  
ENVIRONMENTAL INFORMATION (SCOTLAND) REGULATIONS 2004**

**Requests by type of Requestor - 2023/2024**

	Media	Solicitor (on behalf of client)	Commercial /Private Enterprise	Voluntary / Campaign Organisation	Elected Representative (MP, MSP, Councillor)	Trade Union	Academic / Student	Public & Other	Total
April	14	7	9	4	17	1	2	71	125
May	20	10	32	8	29	4	4	48	155
June	16	9	17	10	20	1	2	50	125
July	34	11	22	10	32	0	1	31	141
August	17	11	13	6	18	2	2	56	125
September	20	8	16	10	34	3	1	67	159
October	20	11	21	10	25	5	0	69	161
November	23	16	23	8	41	1	2	53	167
Dec – 23	13	6	25	7	10	2	0	42	105
Jan – 24	24	16	37	10	23	2	1	104	217
February	24	11	21	2	12	0	3	77	150
March	21	10	20	11	7	2	3	76	150
Total	246	126	256	96	268	23	21	744	1780

**Requests by type of Requestor - 2014/2015 – 2022/2023**

	<b>Media</b>	<b>Solicitor (on behalf of client)</b>	<b>Commercial /Private Enterprise</b>	<b>Voluntary / Campaign Organisation</b>	<b>Elected Representative (MP, MSP, Councillor)</b>	<b>Trade Union</b>	<b>Academic / Student</b>	<b>Public &amp; Other</b>	<b>Total</b>
2022/2023	217	97	247	93	277	17	29	634	1611
2021/2022	169	117	246	79	138	15	35	613	1412
2020/2021	119	143	212	62	165	8	19	517	1245
2019/2020	277	110	278	75	149	29	42	576	1536
2018/2019	334	137	277	93	147	34	27	603	1652
2017/2018	260	131	268	86	192	36	25	536	1534
2016/2017	227	181	223	68	187	24	19	564	1493
2015/2016	217	193	192	54	168	14	19	488	1345
2014/2015	264	164	211	56	115	17	28	533	1388



**Appendix 3****Freedom Of Information (Scotland) Act 2002****Environmental Information (Scotland) Regulations****2023/24 - Requests for Review of Original Decision.**

<b>Received</b>	<b>Expiry</b>	<b>Response</b>	<b>Subject</b>	<b>Decision</b>
16/5/23	14/6/23	14/6/23	Car park at School	Overturned
17/5/23	15/6/23	15/6/23	Home Working	Withdrawn
19/5/23	19/6/23	16/6/23	Parking Tickets and Fines	Upheld (Wholly)
13/6/23	11/7/23	11/7/23	Family Member	Upheld (Wholly)
19/6/23	17/7/23	21/7/23	Education Provision	Upheld (Partial)
24/7/23	22/8/23	22/8/23	Nursing Home	Upheld (Partial)
17/8/23	14/9/23	14/9/23	Drumpellier Av, Coatbridge	Upheld (Wholly)
23/8/23	20/9/23	28/9/23	Probationary Teachers	Upheld (Partial)
23/8/23	20/9/23	28/9/23	Probationary Teachers	Upheld (Partial)
23/8/23	20/9/23	28/9/23	Probationary Teachers	Upheld (Partial)
18/9/23	16/10/23	16/10/23	Phased Retirement	Upheld (Partial)
5/10/23	2/11/23	2/11/23	EL and Childcare	Upheld (Wholly)
3/11/23	4/12/23	14/12/23	School Deferral	Upheld (Partial)
11/12/23	12/1/24	12/1/24	Council Staff	Upheld (Wholly)
11/12/23	12/1/24	11/1/24	Appraisal Exercise	Upheld (Wholly)
11/12/23	12/1/24	12/1/24	Council Staff	Upheld (Partial)
12/12/23	15/1/24	15/1/24	Morningside Road	Compliant with EIR
21/12/23	24/1/24	24/1/24	Reading Test	Upheld (Wholly)
9/1/24	6/2/24	7/2/24	Primary Education	Upheld (Wholly)
19/2/24	18/3/24	13/3/24	Pavement Parking	Upheld (Partial)
28/2/24	27/3/24	27/3/24	Employment Tribunals	Upheld (Wholly)
5/3/24	3/4/24	3/4/24	School Walking Route	1 <sup>st</sup> time decision
21/3/24	19/4/24	16/4/24	Broomknoll Street, Airdrie	Upheld (Wholly)
26/3/24	24/4/24	24/4/24	School	Compliant with EIR



# North Lanarkshire Council Report

## Finance and Resources Committee

Does this report require to be approved?

☐ Yes ☒ No

Ref EK / GT

Date

26/02/25

## Revenues and Benefits Update

**From** Elaine Kemp, Chief Officer (Finance)

**E-mail** KempE@northlan.gov.uk

**Telephone**

01698 302408

### Executive Summary

This report provides an update on the performance within the Revenues and Benefits functions of Finance as at 31 December 2024.

Key points to note include:

- As at 31 December 2024, 81.74% of Council Tax due for 2024/25 had been collected. This is a marginal reduction from the same period last financial year (0.07%).
- Non-Domestic Rates collection at 31 December 2024 is 81.00% of the total annual charge. This is an increase of 16.74% from the same period last financial year.
- The service continues to meet statutory timescales for administering benefits applications and changes of circumstance.

### Recommendations

It is recommended that the Finance and Resources Committee:

- (1) Acknowledge the content of the report.

### The Plan for North Lanarkshire

Priority	Improve North Lanarkshire's resource base
Ambition statement	(21) Continue to identify and access opportunities to leverage additional resources to support our ambitions
Programme of Work	Statutory / corporate / service requirement

## 1. Background

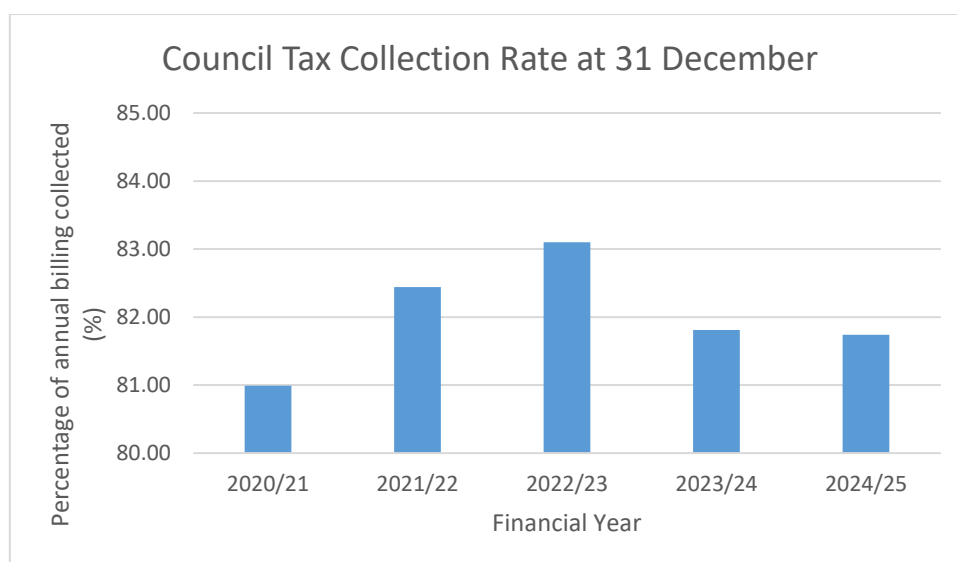
- 1.1 The Finance service is responsible for the administration and collection of all local taxation in North Lanarkshire in the form of Council Tax and Non Domestic Rates.
- 1.2 In addition, the service administers a number of benefits for residents of North Lanarkshire including Housing Benefit, Council Tax Reduction, Scottish Welfare Fund, Discretionary Housing Payment, Free School Meals, Clothing Grants and Blue Badges.

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## 2. Report

### Council Tax

- 2.1 The graph below shows the cash collected at 31 December for each financial year. It is worth noting that cash is allocated to specific Council Tax years so the graph represents cash received against the initial billing year (i.e. billed and received in 2024/25) and does not include cash collected in subsequent years (i.e. billed in 2023/24 but received in 2024/25). This ensures a like for like comparison.

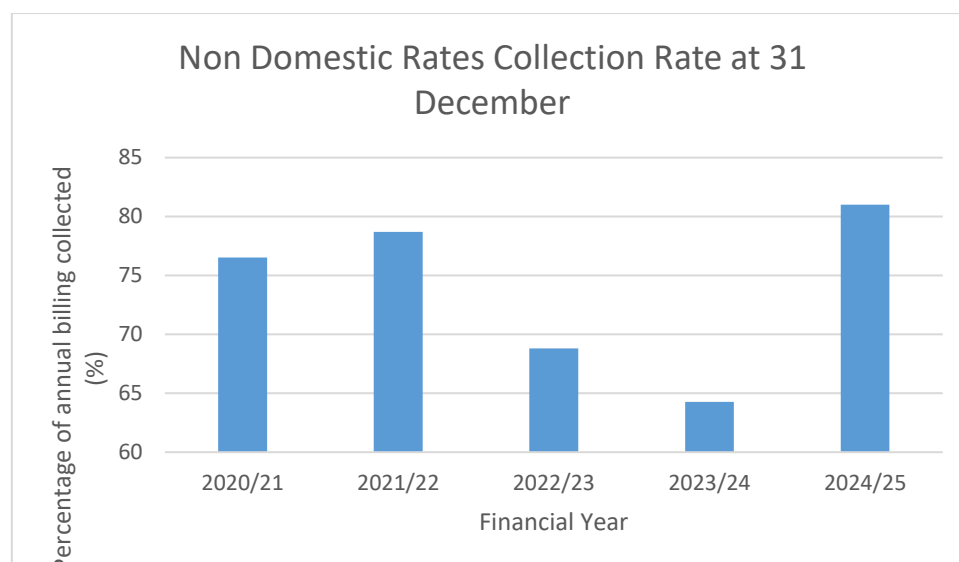


- 2.2 The collection figure to 31 December in the 2024/25 financial year of 81.74% is 0.07% lower than the same period last financial year.
- 2.3 It should be noted that in-year collection of Council Tax is a Statutory Performance Indicator. However, it does not reflect the overall collection rate of Council Tax which includes collection of prior year arrears. This latter measure has a greater bearing on the Council's finances and is reflected in the regular budget monitoring reports to Committee.
- 2.4 Members of the Committee may aware of the recent Accounts Commission report highlighting their findings following a significant Council Tax fraud experienced at Aberdeen City Council. The Accounts Commission has since written to location authority Chief Executives and Directors of Finance highlighting the case as a 'cautionary tale' and reminding key officers of the need to ensure fundamental internal controls are operating effectively. The Council's response to review internal controls within the Council Tax system is outlined in the briefing note attached at Appendix 1 . The briefing note should provide assurance to the Finance and Resources Committee

that necessary controls are in place and that improvement recommendations proposed by Internal Audit have been actioned.

## Non-Domestic Rates

2.5 The following graph shows the cash collected at 31 December for each financial year:



2.6 The collection figure to 31 December in the 2024/25 financial year is 81.00%. This represents an increase of 16.74% compared to the same time period in 2023/24.

## Housing Benefits

2.7 The data below highlights the Statutory Performance Indicators measuring the speed of processing for new Housing Benefit claims and for changes in circumstances. The table below shows the cumulative figures for the 2024/25 financial year.

Days to Process	2023/24	2024/25	Latest available Scottish average
New Claims	15	14	17
Change of Circumstances	8	11	3

2.8 The service continues to perform well in the speed of processing for new claims compared to the most recent Scottish average. The speed and accuracy of processing has been commented on positively by the Department for Work and Pensions during recent liaison discussions.

2.9 The service also continues to meet statutory requirements for the speed of processing changes of circumstance. To further improve efficiency the service is progressing a number of digital related improvements such as development of the Landlord Portal and robotic process automation for a number of high-volume tasks.

## **Council Tax Reduction Scheme**

- 2.10 As at 31 December 2024 a total of £26.237m in Council Tax Reduction has been awarded for the 2024/25 financial year. This compares to £26.036m to the same period during 2023/24, representing an increase of £0.201m (0.77%).
- 2.11 The service received 5,057 applications between 1 April and 31 December 2024 compared with 5,653 during 2023/24, representing an decrease of 11.8%
- 2.12 The service received an increased number of notifications for changes in circumstances. From 1 April to 31 December 2024 a total of 107,385 changes were processed compared to 81,561 for the previous financial year; an increase of 31.7%.

## **Discretionary Housing Payments (DHP)**

- 2.13 From 1 April 2017 funding for DHP has been devolved to Scottish Government. This funding supports both the Scottish Government's commitment to fully fund the implications of the Bedroom Tax and an additional sum available for other reasons such as the Benefit cap and the restrictions on Local Housing Allowance rates.
- 2.14 From 1 January 2023 the Scottish Government is fully funding the implications of mitigating the benefit cap. This was announced as part of the tackling child poverty delivery plan 'Best Start, Bright Futures' in March 2022. Local authority Leaders have agreed to fuller benefit cap mitigation through the DHP scheme from 1st January 2023. For 2024/25 the Scottish Government has provided ring-fenced funding of £0.436m to mitigate the benefit cap. As at 31 December, the amount paid and committed in respect of the benefit cap was £0.057m (13%).
- 2.15 As at 31 December 2024 the total paid and committed in respect of Bedroom Tax was £5.955m. In comparison, this sum was £5.715m at the same point during 2023/24.
- 2.16 In addition the Council also receives £0.459m in respect of non-bedroom tax related issues. An additional £0.051m has been received for 2024/25 due to a redistribution of collective unused funds for 2023/24 bringing the total budget to £0.511m. As at 31 December 2024 £0.365m (72%) has been paid or committed from the fund.
- 2.17 As in previous years, the service continues to liaise with colleagues in Housing and Housing Associations to encourage applications to the fund. In addition, the service will also liaise with Universal Credit claimants affected by the benefit cap who could possibly be eligible for the mitigation.

## **Scottish Welfare Fund**

- 2.18 The Council has administered the Scottish Government's Scottish Welfare Fund (SWF) since 1 April 2016.
- 2.19 The Scottish Government provides an annual award budget of £2.760m to North Lanarkshire Council. In December, the Scottish Government confirmed additional one-off funding for the SWF. North Lanarkshire's share of that additionality is £1.361m with a further £0.194m to support increased administration costs. It is anticipated that this additional funding will eliminate the risk of overspend previously highlighted given the ongoing high demand and the ongoing intent of the Council to avoid assessing applications at the high and most compelling priority.

- 2.20 However, despite the additional funding, the Council will be required to continue assessing applications at High priority. This means that applications will only be considered where there is immediate and severe need, applicants are highly vulnerable, where there will be significantly adverse impacts to health and wellbeing with a no grant award and where the effect of the grant is immediate and substantial. Staff assessing Scottish Welfare Fund applications are highly trained in making these judgements in accordance with the statutory guidance and where an application is unsuccessful they will signpost the applicant to other community based supports.
- 2.21 There are two grant schemes and their relative performance during 2024/25 and prior year comparison is as follows:

**2024/25**

	Applications Assessed	Awards	Unsuccessful Applications	Acceptance Rate
Crisis Grants	14,667	10,463	4,204	71.3%
Community Care Grants	4,064	2,798	1,266	68.8%
<b>Total</b>	<b>18,731</b>	<b>13,261</b>	<b>5,470</b>	<b>70.7%</b>

**2023/24**

	Applications Assessed	Awards	Unsuccessful Applications	Acceptance Rate
Crisis Grants	15,050	11,285	3,735	75.1%
Community Care Grants	4,179	3,416	763	81.7%
<b>Total</b>	<b>19,199</b>	<b>14,701</b>	<b>4,498</b>	<b>76.6%</b>

- 2.22 As at 31 December 2024, the total financial value of grants paid from the Scottish Welfare Fund amounted to £2.755m which represents 66.9% of the total revised budget for the current financial year.
- 2.23 During 2024/25, the Scottish Welfare Fund has seen an decrease in demand for Crisis applications of 2.5% and an decrease in demand for Community Care Grant applications of 2.8%. These reductions in demand should be considered in the context of historically high applications numbers experienced during 2023/24. The lower acceptance rates are reflective of the move to High priority levels for the current financial year meaning a number of residents have not been eligible for support.
- 2.24 The Service strives to assess applications within the timescales outlined within Scottish Government guidance. Throughout the period the service has largely continued to assess Crisis applications within the two working day time limit. It has been more challenging to meet the 15 working day time limit for Community Care Grants with the service currently assessing applications outwith that timeframe, however, the service fastracks applications linked to homelessness to support the wider Rapid Rehousing and Homes First strategies.

### **Clothing Grants and Free School Meals**

- 2.25 The Finance service administers Clothing Grant payments and applications for Free School Meals on behalf of the Council for families meeting low-income eligibility criteria.
- 2.26 Up to 31 December 2024 the service administered and paid out 11,711 Clothing Grants compared to 11,657 by the end of December 2023.

- 2.27 The Service awarded 10,167 Free School Meal applications to 31 December 2024 compared to 10,217 to the same period in 2023.
- 2.28 From 20 February 2025, Free School Meal eligibility has been expanded to include P6 and P7 pupils eligible for the Scottish Child Payment. The Council's online form has been updated to reflect the updated eligibility criteria and a social media campaign has been ongoing to ensure parents and carers are aware of the expansion of the scheme.

### **Blue Badges**

- 2.29 The Finance service administers the Blue Badge scheme in accordance with Scottish Government guidance. The eligibility criteria means that some are automatically entitled to a Blue Badge. In other cases, the Council assesses an individual's eligibility which may include the requirement for a mobility assessment and meeting a healthcare professional.
- 2.30 As at 31 December 2024, the service administered 8,690 Blue Badge applications with 7,793 awarded (89.7% award rate). Over the same period in the 2023/24 financial year the service administered 7,327 applications with 6,236 awarded (85.1% award rate).
- 2.31 Scottish Government guidance states that applicants should receive a decision on their application in around 12 weeks. The Council is currently reaching a decision within 4 weeks.

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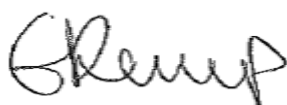
### **3. Measures of success**

- 3.1 Continuous improvement in processing and collection rates.

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### **4. Supporting documentation**

Appendix 1 – Briefing Note - Accounts Commission – Aberdeen City Council fraud findings



**Elaine Kemp**  
**Chief Officer (Finance)**

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## 5. Impacts

<b>5.1 Public Sector Equality Duty and Fairer Scotland Duty</b> Does the report contain information that has an impact as a result of the Public Sector Equality Duty and/or Fairer Scotland Duty? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?  If Yes, has an assessment been carried out and published on the council's website? <a href="https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments">https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments</a> Yes <input type="checkbox"/> No <input type="checkbox"/>
<b>5.2 Financial impact</b> Does the report contain any financial impacts? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant financial impacts been discussed and agreed with Finance? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?
<b>5.3 HR policy impact</b> Does the report contain any HR policy or procedure impacts? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant HR impacts been discussed and agreed with People Resources? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?
<b>5.4 Legal impact</b> Does the report contain any legal impacts (such as general legal matters, statutory considerations (including employment law considerations), or new legislation)? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant legal impacts been discussed and agreed with Legal and Democratic? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?
<b>5.5 Data protection impact</b> Does the report / project / practice contain or involve the processing of personal data? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, is the processing of this personal data likely to result in a high risk to the data subject? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, has a Data Protection Impact Assessment (DPIA) been carried out and e-mailed to <a href="mailto:dataprotection@northlan.gov.uk">dataprotection@northlan.gov.uk</a> Yes <input type="checkbox"/> No <input type="checkbox"/>

<b>5.6</b>	<b>Technology / Digital impact</b>
Does the report contain information that has an impact on either technology, digital transformation, service redesign / business change processes, data management, or connectivity / broadband / Wi-Fi?	
Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
If Yes, please provide a brief summary of the impact?	
The Service has been liaising with Business and Digital on the Landlord Portal and RPA developments and these will be managed in line with Business and Digital's available resources.	
Where the impact identifies a requirement for significant technology change, has an assessment been carried out (or is scheduled to be carried out) by the Enterprise Architecture Governance Group (EAGG)?	
Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
<b>5.7</b>	<b>Environmental / Carbon impact</b>
Does the report / project / practice contain information that has an impact on any environmental or carbon matters?	
Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
If Yes, please provide a brief summary of the impact?	
<b>5.8</b>	<b>Communications impact</b>
Does the report contain any information that has an impact on the council's communications activities?	
Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
If Yes, please provide a brief summary of the impact?	
<b>5.9</b>	<b>Risk impact</b>
Is there a risk impact?	
Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
If Yes, please provide a brief summary of the key risks and potential impacts, highlighting where the risk(s) are assessed and recorded (e.g. Corporate or Service or Project Risk Registers), and how they are managed?	
<b>5.10</b>	<b>Armed Forces Covenant Duty</b>
Does the report require to take due regard of the Armed Forces Covenant Duty (i.e. does it relate to healthcare, housing, or education services for in-Service or ex-Service personnel, or their families, or widow(er)s)?	
Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
If Yes, please provide a brief summary of the provision which has been made to ensure there has been appropriate consideration of the particular needs of the Armed Forces community to make sure that they do not face disadvantage compared to other citizens in the provision of public services.	
<b>5.11</b>	<b>Children's rights and wellbeing impact</b>
Does the report contain any information regarding any council activity, service delivery, policy, or plan that has an impact on children and young people up to the age of 18, or on a specific group of these?	
Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
If Yes, please provide a brief summary of the impact and the provision that has been made to ensure there has been appropriate consideration of the relevant Articles from the United Nations Convention on the Rights of the Child (UNCRC).	
If Yes, has a Children's Rights and Wellbeing Impact Assessment (CRWIA) been carried out?	
Yes <input type="checkbox"/> No <input type="checkbox"/>	

## BRIEFING NOTE

**From:** Finance  
**Subject:** Accounts Commission – Aberdeen City Council fraud findings  
**Date:** January 2025

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**Background**

On 9 January 2025, the Accounts Commission published its findings following audit work on a significant Council Tax refund fraud at Aberdeen City Council.

Over a 17 year period an employee transferred 655 Council Tax refund payments totalling £1.109m into his own bank account. The Accounts Commission has highlighted that while this particular fraud was complex, there were weaknesses in Aberdeen City Council's internal controls allowing the fraud to continue over a prolonged period. The perpetrator essentially had unsupervised authority to issue Council Tax refunds of up to £3,000. The internal control failures identified included lack of segregation of duties and monitoring in relation to Council Tax refunds.

Following publication of their report, the Accounts Commission has now written to Chief Executives and Directors of Finance highlighting this case as a 'cautionary tale' and reminding local authorities to consider whether fundamental internal controls are operating effectively (Appendix A).

**Internal Audit Response**

Following press interest in the Aberdeen City Council in June 2024, the Council's Internal Audit function engaged with the Finance service immediately and agreed that Internal Audit would conduct a review of the Council's controls around Council Tax refunds for a future report to the Audit and Scrutiny Panel.

Work on the review commenced in July 2024 with the audit report finalised in October 2024 (see Appendix B).

The audit review sought to gain assurance that the financial controls and processes in place for making refunds to council tax payers were sufficiently robust and considered a number of areas of potential risk including:

- How, and by whom, bank details on council tax payers accounts can be amended and updated;
- Whether amendments to council tax payers bank details need to be authorised or verified by a second officer;
- How, and by whom, overpayments are flagged for refund, and any limitations on the value of refunds permitted; and
- Whether there are any second officer checks on proposed refunds, including adding or deleting approved refunds, and the extent to which this process ensures bank details are correct prior to the refund being made.

The audit review concluded that 'reasonable assurance' was in place. The sample of refunds paid reviewed were made to the correct council tax payers and for the correct amount with no indication of any fraudulent activity. Internal Audit made one medium category recommendation. This recommendation highlighted that processes in relation to council tax refunds and requests for creditors references could be strengthened to further enhance the controls in place.

## BRIEFING NOTE

**Finance Response**

The Finance service's management response to the audit review agreed to review current processes and the availability of exception reporting by January 2025.

The service has since updated its procedures to restrict access to requests for creditors references, created and documented an authorisation process for requesting significant refunds, reviewed the process for second officer checks (including assessing management screens to ascertain whether bank account details have been changed) and updated existing procedure manuals.

System limitations prevent complete segregation of duties across each part of the process but additional checks have been introduced prior to the creation of a creditors reference and prior to the authorisation of a refund payment run to ensure payment requests are accurate and appropriate. At no point can a North Lanarkshire Council officer have unsupervised authority to issue Council Tax refunds in the way previously experienced in Aberdeen City Council.

The agreed implementation date for Management action was January 2025 and as such has not yet been subject to Internal Audit's formal follow up process. This will be undertaken in line with Internal Audit's established timeline for follow up at which time they will consider if management action has sufficiently mitigated the risk identified.

**Accounts Commission Recommendation**

The Accounts Commission's letter of 10 January (see Appendix A) urges councils to consider whether the following fundamental internal controls are operating effectively:

1. **Segregation of duties:** ensuring access to systems are restricted to appropriate levels (to negate the possibility of individuals processing transactions all the way through the payments process).
2. **Reconciliations:** ensuring feeder systems are effectively reconciled to other systems (e.g. general ledger); using third party information (suppliers' statements) and reconciling with payment systems.
3. **System documentation:** system documentation should be maintained which details key controls to be carried out by staff to prevent fraud or error.
4. **Monitoring:** scrutiny should be at a level that would allow managers to identify anomalous payments at an early stage.
5. **Counter-fraud arrangements:** refresh and promote the counter-fraud policy with staff.

Items 1 to 4 above were covered by the audit review completed in October 2024 and reported to the Audit and Scrutiny Panel on 31 October 2024, ensuring elected member oversight.

In relation to Item 5, counter fraud is a Council-wide policy owned by Audit and Risk. The policy was updated in September 2023 and most recently promoted to staff through an email staff announcement on 4 October 2024 (see Appendix C).

**Conclusion**

Prior to the Accounts Commission publishing its findings on the significant council tax fraud in Aberdeen City Council, North Lanarkshire had already concluded its own audit review highlighting 'reasonable assurance' and implemented recommendations aimed at strengthening the Council's own processes, albeit the implementation is still subject to final review by Internal Audit. This internal review and promotion of the existing counter fraud policy has ensured the Council has covered points raised by the Accounts Commission.

To All Chief Executives

10 January 2025

Copied to: Directors of Finance; External auditors

Dear Chief Executive,

You may be aware that, on 12 December, the Accounts Commission considered a report from the Controller of Audit (under powers in s102 (1) of the Local Government (Scotland) Act 1973) in relation to a significant council tax refund fraud perpetrated against Aberdeen City Council. In her remarks to the Commission, the Controller made the point that this case should act as a “cautionary tale”. In response, the Commission decided that, in addition to publishing findings (which can be found [here](#)), it would be important to share with all Chief Executives, copying in relevant local government professional networks, the lessons the sector as a whole can learn from Aberdeen City’s experience.

As finances get tighter and decisions are taken to rationalise back-office functions to protect front line services for our communities, it is critical that your staff across all functions have and implement effective financial controls, which safeguard public assets, irrespective of the level of income and expenditure involved.

While this particular fraud was complex, weaknesses in the council's internal controls allowed the fraud to continue over a prolonged period. Controls exist to safeguard both the employees and the employer. In this case, failure to implement controls and a lack of monitoring enabled an abuse of authority which, when combined with a detailed operational knowledge, provided the opportunity to withdraw funds inappropriately.

This should serve as a timely reminder for all councils to consider whether the following fundamental internal controls are operating effectively:

- **segregation of duties:** ensuring access to systems are restricted to appropriate levels (to negate the possibility of individuals processing transactions all the way through the payments process).
- **reconciliations:** ensuring feeder systems are effectively reconciled to other systems (e.g. general ledger); using third party information (suppliers’ statements) and reconciling with payment systems.
- **system documentation:** system documentation should be maintained which details key controls to be carried out by staff to prevent fraud or error.
- **monitoring:** scrutiny monitoring should be at a level that would allow managers to identify anomalous payments at an early stage.
- **counter-fraud arrangements:** refresh and promote the counter-fraud policy with staff.

It is your responsibility to ensure that such arrangements are in place to help assure elected members and the public that risks are being identified and managed effectively. I would encourage you all to use the annual governance statement as an opportunity to take stock of the key controls and processes and whether self-assessment procedures are sufficient to provide elected members and officers with the required assurances. Internal and external auditors have an important role to play in helping public bodies assess their control environment and evaluating the effectiveness of controls, but they are not responsible for identifying all instances of fraud.

If you have any questions or queries in relation to the report on the Aberdeen City Council case specifically or on any other aspect of the Commission's work, please do not hesitate to email [acsupport@audit-scotland.gov.uk](mailto:acsupport@audit-scotland.gov.uk)

I look forward to engaging with you during 2025.

Yours sincerely,

A handwritten signature in cursive script, appearing to read 'Jo Armstrong'.

**Jo Armstrong**  
**Chair, Accounts Commission**

## COUNCIL TAX REFUNDS

### Contents

1. Executive Summary                      2. Findings and Recommendations                      3. Action Plan

Appendix 1: Audit grading

Issued to: Chief Officer (Finance) and Business Finance Manager    Copied to: Chief Executive

### Headlines

This review was a short, focussed exercise designed to provide assurance that the Council's financial controls and processes in place for making refunds to council tax ratepayers are sufficiently robust to ensure that refunds are correctly raised, authorised and paid. This exercise has been carried out in response to an incident at Aberdeen City Council whereby a Team Leader within the council tax team was identified, and convicted, of embezzling more than £1m from council tax refunds.

In the period January to June 2024, the Council has processed over 5,000 council tax refunds across many liability years amounting to over £900,000. All refunds are paid via the creditors system with 55% of these paid by bank transfer and 45% by cheque sent to the ratepayer's address. Established processes are in place within the council tax team to identify, review and process refunds to council tax ratepayers.

We have categorised this audit as offering '**reasonable assurance**' as we are generally satisfied that the arrangements in place for processing council tax refunds are generally robust. From our review of a sample of requests for Cedar references and refunds paid, we were pleased to note that the processes in place are consistent with the expected procedures, and we consider that all refunds reviewed were made to the correct ratepayers for the correct amount. Although there is no indication of any fraudulent activity in relation to council tax refunds, we identified a gap within the current control environment that could lead to the potential for a fraudulent payment to be made. As such, we have identified some areas where the processes in relation to council tax refunds and requests for creditors references could be strengthened to further enhance the controls in place. These are detailed in the action plan at section 3 of this report for management consideration.

**Internal Audit Opinion** (see definition at Appendix 1)

**Reasonable Assurance (Green-Amber)**

**Organisational impact** (see definition at Appendix 1)

**Moderate**

<b>Report Status</b>	<b>FINAL</b>	<b>Audit Ref</b>	<b>0200/2025/004</b>	<b>Date issued</b>	<b>02/10/2024</b>
<b>Audit Team</b>	<b>Elaine MacDonald and Lesley Armstrong</b>				

## 1. Executive Summary

### Objectives

The purpose of this exercise was to gain assurance that the Council's financial controls and processes in place for making refunds to council tax ratepayers are sufficiently robust, and considered the following key areas of potential risk:

- how, and by whom, bank details on council tax ratepayers' accounts can be amended and updated;
- whether amendments/updates to ratepayers' bank details need to be authorised or verified by a second officer;
- how, and by whom, overpayments are flagged for refund, and any limitations on the value of refunds permitted; and
- whether there are any second officer checks on proposed refunds, including adding or deleting approved refunds, and the extent to which this process ensures bank details are correct prior to the refund being made.

Testing involved establishing the processes and procedures in place for identifying, raising, authorising and paying refunds on council tax accounts and sample checking to confirm whether these processes were operating as expected.

This engagement has been conducted in accordance with the '*Public Sector Internal Audit Standards*'. The Internal Audit section reports formally on conformance with these standards to the Audit and Scrutiny Panel.

## 2. Findings and Recommendations

### Number and category of recommendations raised

(see definition of priority at Appendix 1)

High

Medium

Low

0

1

0

### Key areas requiring management action (High)

No areas requiring urgent management action were identified.

### Good practice identified

We noted the following areas of good practice during the audit:

- Refunds are only made where an overpayment on a taxpayer's account has been verified as properly due and that there are no other outstanding balances in the taxpayer's name against which to offset the overpayment;
- All refunds are processed via the creditors system in eFinancials and a Cedar reference must be created for each council tax ratepayer to enable these payments to be made;
- All users flagging council tax accounts for refund were recognised council tax staff with suitable authority to do so; and
- Prior to each refund payment run being made, a prelist report of refunds due is run and reviewed for accuracy, and any adjustments to delete proposed refunds are made. A final revised extract is then produced and sent to the Creditors team, together with an email from an authorised signatory, for payments to be processed.

### Other areas for improvement (Medium)

Other areas for improvement were identified:

- processes in relation to council tax refunds and requests for creditors references could be strengthened to further enhance the controls in place.



Ref	Finding
1	<p><b>Processes in relation to council tax refunds and requests for creditors references could be strengthened to further enhance the controls in place.</b></p> <p>Refunds on council tax accounts with credit balances are generally raised as a result of a change in the circumstances which has resulted in a reduction in their council tax liability or where the account has a credit balance and the ratepayer has requested a refund. In cases where a refund is properly due, council tax staff 'flag' the ratepayer's account as being due a refund, and as refunds are processed through the creditors system, checks whether the ratepayer has a creditors (Cedar) reference. Where the ratepayer does not have an existing Cedar reference, council tax staff record the personal details of the ratepayer (including bank details) on a spreadsheet. On a weekly basis, the Team Leader checks the details on this spreadsheet to Civica and passes it to Creditors, who subsequently create and advise on the Cedar reference allocated. Upon confirmation of the Cedar reference, the council tax team records the Cedar reference on Civica. Twice weekly, a list of refunds flagged on the council tax system is generated and reviewed by a council tax officer. Once this check is confirmed a payment file is generated and a feeder authorisation is sent to Creditors to process the refunds flagged as being due for payment.</p> <p>From our review of a sample of requests for Cedar references and refunds paid, we were pleased to note that the processes in place are consistent with the expected procedures and that we consider that all refunds were made to the correct ratepayers for the correct amount. However, we identified some areas where we consider that the processes could be strengthened to further enhance the controls in place. These include:</p> <ul style="list-style-type: none"> <li>although the council tax procedures manual includes a section on refunds, it could be enhanced by more fully detailing all aspects of the refund process and the expected checks required at key stages;</li> <li>the spreadsheet used for requesting Cedar references (which records name, address and bank details) is accessible to, and can be amended by, a significant number of council tax staff;</li> <li>there is a lack of separation of duties in the refund process as council tax staff are involved in each step and have the ability to update a ratepayer's bank details on Civica, flag a ratepayer's account for refund on Civica and populate the spreadsheet for requesting Cedar references;</li> <li>although a list of ratepayers' accounts flagged for refund are subject to review by a second officer before they are passed to Creditors for payment, there is no threshold applied to the refund value above which additional management checks or 'authorisation' by management is specifically required;</li> <li>we understand that a Team Leader undertakes checks on the details entered on the spreadsheet used for creating Cedar references to the details held on Civica prior to passing the spreadsheet to Creditors, but no documentation regarding this is retained; and</li> <li>when an overpayment is identified on a ratepayer's account, no checks to ascertain whether there have been any recent changes to the bank account details are undertaken prior to marking the account for refund nor is a check on bank detail amendments made when the Team Leader reviews the Cedar references spreadsheet.</li> </ul> <p><i>(continued overpage)</i></p>

Implication	Recommendation	Priority	Management response	Implementation Month/Year
<p>Payment details passed to Creditors to create new cedar references and creditor accounts could be changed with the purpose of diverting refunds to another party.</p> <p>System users having access to multiple aspects of the refund process increases the risk of fraudulent refunds being made.</p>	<p>The Chief Officer (Finance) should ensure that:</p> <p>(1) a review of the process for council tax refunds is undertaken and thereafter the council tax procedures amended and communicated to council tax staff. This review should include, but not be limited to:</p> <ul style="list-style-type: none"> <li>restricting access to the spreadsheet for recording requests for creditor's references;</li> <li>identification of the stages involved and consideration of where adequate separation of duties could be introduced;</li> <li>consideration of the introduction of a documented authorisation process for requesting refunds where the value of the refund is significant;</li> <li>the checks which should be undertaken prior to flagging a ratepayer's account for refund, including outstanding debt and whether the ratepayer's bank details have recently been changed; and</li> <li>the process for undertaking second officer checks on the creditor reference request spreadsheet prior to passing to Creditors for actioning, including retention of documentation confirming the checks undertaken, by whom and when.</li> </ul> <p>(2) explore if any exception reports regarding relevant areas, such as bank detail changes, can be generated and thereafter reviewed by management to ensure that any changes made are legitimate and supported by appropriate documentation.</p>	Medium	<p><b>Agree</b></p> <p><b>Greg Telfer, Business Finance Manager</b></p> <p>(1) The Service will conduct a review of the current refund process giving due consideration to issues raised by Internal Audit, with amendments made as appropriate/necessary.</p> <p>(2) In conjunction with the Business Development and Performance team, the Service will review the availability of exception reporting through Civica for the relevant areas and assess whether these be used to support additional checks.</p>	January 2025

## Appendix 1 - Audit Grading

Audit reports are graded with an overall assurance opinion, and any issues and associated recommendations are classified individually to denote their relative importance, in accordance with the definitions in the tables below.

Definition of audit assurance and recommendation categories	
<b>Assurance</b>	Confidence based on sufficient evidence that internal controls are in place, operating effectively and objectives are being achieved.

Assurance opinion		
<b>Green</b>	<b>Substantial Assurance</b>	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
<b>Green - Amber</b>	<b>Reasonable Assurance</b>	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
<b>Amber - Red</b>	<b>Limited Assurance</b>	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
<b>Red</b>	<b>No Assurance</b>	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

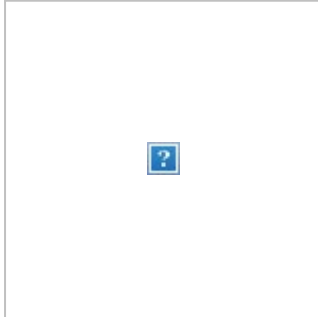
Organisational impact	
<b>Major</b>	The weaknesses identified during the review have left the Council open to significant risk. If the risk materialises it would have a major impact upon the organisation as a whole.
<b>Moderate</b>	The weaknesses identified during the review have left the Council open to medium risk. If the risk materialises it would have a moderate impact upon the organisation as a whole.
<b>Minor</b>	The weaknesses identified during the review have left the Council open to low risk. If the risk materialises it would have a minor impact upon the organisation as a whole.

Recommendation priority	
<b>High</b>	Significant control failure or weakness that, if not addressed, may lead to a major financial, operational or reputational risk to the organisation <b>and/or</b> significantly impact the successful delivery and achievement of the objectives of the area under review. Urgent/Immediate action is required.
<b>Medium</b>	Control failure or weakness that, if not addressed, may lead to a moderate financial, operational or reputational risk to the organisation. Weakness may be individually significant but is unlikely to affect the successful delivery and achievement of the overall objectives of the area under review. The risk of error would, however, be significantly reduced if corrective action was taken. Prompt action is required.
<b>Low</b>	Control failure or weakness that may lead to a minor financial, operational or reputational risk to the organisation. Weakness does not appear to significantly affect the ability to meet objectives. Minor issue raised to improve the efficiency and effectiveness of controls.

**From:** [NLC Announcements](#)  
**To:** [NLC - All Email Users](#)  
**Subject:** Staff announcement: 24/125 Prevent Fraud in North Lanarkshire  
**Date:** 04 October 2024 15:27:01  
**Attachments:** [image001.png](#)

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## Issued on behalf of Audit and Risk



The council is committed to ensuring public funds are used responsibly and preventing fraud. We have a zero-tolerance approach and our [Corporate Fraud Policy](#) outlines how fraud risks are managed across the organisation.

### What is Corporate Fraud?

Fraud refers to the deliberate use of deception or dishonesty to disadvantage or cause loss to another person or party and includes a wide variety of dishonest behaviour such as theft, false accounting, embezzlement, forgery, bribery, corruption, deception, false representation, concealment of material facts and other dishonest actions which result in loss. Fraud can occur within the council or can be perpetrated against the council by outside parties.

### Does this policy apply to me?

Yes, it covers all employees, elected members, service users, contractors, agencies, suppliers, and partners, including the voluntary sector.

### What can you report?

- Allegations about misuse of council equipment – e.g. council employees are using council equipment out with working hours for personal gain.
- Theft or misappropriation of council assets – e.g. an expensive piece of equipment has disappeared and there is no trace of its disposal on council systems.
- Offer or acceptance of gifts and hospitality leading to improper actions (bribery) – e.g. your manager is in receipt of gifts and hospitality from a current contractor, and they are providing them with additional work beyond the scope of the contract.
- Inappropriate relationships with contractors and abuse of power or position (corruption) – e.g. favouring well known contractors and offering them first choice of work despite not being the most value for money; and
- Accessing computer systems to obtain confidential information – e.g. a colleague is accessing confidential information and providing it to a third party.

### How can you report suspected fraud?

Allegations of any suspected fraud, corruption, bribery or wrongdoing should be reported using either of the mechanisms below:

- Completion of the [Internal Fraud Reporting Form](#) (internal employees only)
- Emailing the Internal Audit team at [internalaudit@northlan.gov.uk](mailto:internalaudit@northlan.gov.uk)

Concerns about social security benefits should be reported directly to the Department of Work and Pensions (DWP). Further information on reporting benefit fraud can be found [here](#).



# North Lanarkshire Council Report

## Finance and Resources Committee

Does this report require to be approved?

☒ Yes ☐ No

Ref FW/LC

Date

26/02/25

## Review of Employee Code of Conduct

**From** Fiona Whittaker, Chief Officer (People Resources)

**E-mail** WhittakerF@northlan.gov.uk

**Telephone** 07973 728628

### Executive Summary

This report seeks approval of the updated and revised Employee Code of Conduct that applies to all employee groups of the Council. The revised code reflects changes in the organisation and underpin the direction of the Council moving forward.

### Recommendations

It is recommended that the Finance and Resources Committee:

- (1) Approves the revised and updated Employee Code of Conduct for all employees of the Council.

### The Plan for North Lanarkshire

Priority	Improve North Lanarkshire's resource base
Ambition statement	(23) Build a workforce for the future capable of delivering on our priorities and shared ambition
Programme of Work	All Programmes of Work

## **1. Background**

- 1.1 The Employee Code of Conduct was first introduced in February 2012 to ensure that all employees of the Council understood and practiced set standards of conduct and behaviour when employed by North Lanarkshire Council.
  - 1.2 Since its implementation, the Employee Code of Conduct has been reviewed to ensure it remains fit for purpose, and over the last few years a mandatory training course has been developed to ensure that all employees understand and practice the principles and standards of the code.
  - 1.3 As the last review took place in 2022, a review took place last year resulting in several amendments and additions to the Employee Code of Conduct that were agreed following consultation with Senior Management of the Council and the relevant trade unions.
  - 1.4 The remainder of this report sets out the main changes and a copy of the revised Employee Code of Conduct is provided at Appendix 1.
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## **2. Report**

- 2.1 Given the ambitious direction set by North Lanarkshire Council for the next few years, it was considered appropriate that the Employee Code of Conduct was reviewed to ensure it remained fit for purpose. While the general wish to retain a consistent set of high standards, applicable to all, has been maintained, the revised Employee Code of Conduct sets out the following proposed additions and changes.

### **Changes/Additions**

- 2.2 The previous Introduction is now the Foreword, and a new introduction has been incorporated to ensure that all employees fully understand the importance of the Employee Code of Conduct and the requirement to undertake the supporting mandatory training. It also expands on the fact that other codes of conduct and professional practice require to be complied with and that it links to other policies of the Council.
- 2.3 The Key Principles of the code remain the same, except for 'Selflessness' where an additional sentence has been included to remind employees that decisions or actions should be based solely on the Council's best interests and our statutory duties to service users/communities.
- 2.4 A section has been added on 'Mandatory Training' to remind employees that as part of their contract of employment they are required to undertake specific mandatory training on a regular basis and failure to do so could result in disciplinary action being taken against them.
- 2.5 Within the section regarding 'Relationships' a separate section on 'Service Users' is now in place to remind employees about the importance of maintaining integrity and professional boundaries when working with service users. There is also an additional section on 'Other Employees' emphasising the need for employees to work professionally together and act in a way that ensures dignity and respect for their colleagues. This includes the professional and working relationship between managers and employees.



- 2.6 The current section on 'Conduct outside of Work' has been replaced with a much more detailed section regarding the disclosure of legal proceedings and the impact that failure to disclose or otherwise could have on an individual's employment. Further sections have been added in relation to Safeguarding and Prevent, which were not included in previous versions of the code albeit they were implied through other sections and the principles.
- 2.7 In addition to the current section on Politically Restricted Posts, a section has been added on 'Political Neutrality', again to remind employees of the relationship that should exist between themselves and elected members.
- 2.8 A new section entitled 'Financial Responsibilities' has been included within the code and covers the areas of procurement, property, debt and fraud with the aim of providing much clearer and precise detail on the expected behaviour and conduct of employees when employed by the Council and/or involved in these issues as part of their duties and responsibilities.
- 2.9 The section on Gifts and Hospitality has been revised to emphasise the Council's position regarding the acceptance of Gifts and Hospitality and to provide some guidance on what gifts are deemed reasonable to accept as this is often a question asked from both managers and employees. This section also outlines the necessity to comply with the relevant reporting procedures and the consequences of not doing so or inappropriately accepting either gifts or hospitality.
- 2.10 Personal Presentation has also been improved to ensure that employees fully understand the expected standards around personal presentation and provides examples of what is deemed unacceptable to be worn in the workplace.
- 2.11 A section on 'Identification' has been incorporated to remind employees of the necessity to wear their ID badge when entering any Council building and when undertaking work for the Council. This section also reminds employees not to share their ID with any other person including colleagues.
- 2.12 More detail has been provided on the purpose and use of the Whistleblowing Policy within the code and a link is provided for employees to access should they require to do so.
- 2.13 The sections on 'Contact with the Media' and 'Social Media' have also been updated and extended to ensure employees understand the rules around engagement with the Media and to try and protect employees from posting information on social media that is inappropriate and damaging to both their employment and the Council.
- 2.14 Due to the confusion that sometimes arises around 'Secondary Employment' this section has also been expanded to provide more detail on when it is appropriate or otherwise to engage in secondary employment and who to contact for further information and advice.
- 2.15 Lastly, a section has been included on the 'Use of Council Equipment' to reflect the change in the way that employees now work and to ensure that employees understand the necessity to look after equipment that whilst is required for their role, belongs to the Council. There is also information on the misuse of equipment and the ramifications of doing so.

## **Next Steps**

- 2.16 Following approval, communications will commence to all employees of the Council alerting them to the revised Employee Code of Conduct which will be made available on MyNL.

- 2.17 Work will also commence on updating the current mandatory training course to ensure that it reflects the revised version of the code.
- 2.18 Finally, consideration will be given to how training on the Employee Code of Conduct can be better presented and cascaded to frontline workers to ensure everyone is aware of and understands the contents in the context of their employment with North Lanarkshire Council.

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**3. Measures of success**

- 3.1 All employees understand the behaviours and standards expected of them when working for North Lanarkshire Council.
- 3.2 Implementation of the revised Employee Code of Conduct will assist the Council in continuing to deliver high standard, quality services to the communities of North Lanarkshire Council.

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**4. Supporting documentation**

Appendix 1 – Revised Employee Code of Conduct



**Fiona Whittaker**  
**Chief Officer (People Resources)**

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## 5. Impacts

<b>5.1 Public Sector Equality Duty and Fairer Scotland Duty</b> Does the report contain information that has an impact as a result of the Public Sector Equality Duty and/or Fairer Scotland Duty? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?  If Yes, has an assessment been carried out and published on the council's website? <a href="https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments">https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments</a> Yes <input type="checkbox"/> No <input type="checkbox"/>
<b>5.2 Financial impact</b> Does the report contain any financial impacts? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant financial impacts been discussed and agreed with Finance? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?
<b>5.3 HR policy impact</b> Does the report contain any HR policy or procedure impacts? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, have all relevant HR impacts been discussed and agreed with People Resources? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?  It is important that all employees understand the behaviours expected of them whilst working for North Lanarkshire Council and a precise and detailed code of conduct prevents employees being disciplined for actions that could otherwise have been avoided.
<b>5.4 Legal impact</b> Does the report contain any legal impacts (such as general legal matters, statutory considerations (including employment law considerations), or new legislation)? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant legal impacts been discussed and agreed with Legal and Democratic? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?
<b>5.5 Data protection impact</b> Does the report / project / practice contain or involve the processing of personal data? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, is the processing of this personal data likely to result in a high risk to the data subject? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, has a Data Protection Impact Assessment (DPIA) been carried out and e-mailed to <a href="mailto:dataprotection@northlan.gov.uk">dataprotection@northlan.gov.uk</a> Yes <input type="checkbox"/> No <input type="checkbox"/>

<b>5.6</b>	<b>Technology / Digital impact</b>  Does the report contain information that has an impact on either technology, digital transformation, service redesign / business change processes, data management, or connectivity / broadband / Wi-Fi? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?  Where the impact identifies a requirement for significant technology change, has an assessment been carried out (or is scheduled to be carried out) by the Enterprise Architecture Governance Group (EAGG)? Yes <input type="checkbox"/> No <input type="checkbox"/>
<b>5.7</b>	<b>Environmental / Carbon impact</b>  Does the report / project / practice contain information that has an impact on any environmental or carbon matters? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?
<b>5.8</b>	<b>Communications impact</b>  Does the report contain any information that has an impact on the council's communications activities? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?
<b>5.9</b>	<b>Risk impact</b>  Is there a risk impact? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the key risks and potential impacts, highlighting where the risk(s) are assessed and recorded (e.g. Corporate or Service or Project Risk Registers), and how they are managed?
<b>5.10</b>	<b>Armed Forces Covenant Duty</b>  Does the report require to take due regard of the Armed Forces Covenant Duty (i.e. does it relate to healthcare, housing, or education services for in-Service or ex-Service personnel, or their families, or widow(er)s)? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the provision which has been made to ensure there has been appropriate consideration of the particular needs of the Armed Forces community to make sure that they do not face disadvantage compared to other citizens in the provision of public services.
<b>5.11</b>	<b>Children's rights and wellbeing impact</b>  Does the report contain any information regarding any council activity, service delivery, policy, or plan that has an impact on children and young people up to the age of 18, or on a specific group of these? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact and the provision that has been made to ensure there has been appropriate consideration of the relevant Articles from the United Nations Convention on the Rights of the Child (UNCRC).  If Yes, has a Children's Rights and Wellbeing Impact Assessment (CRWIA) been carried out? Yes <input type="checkbox"/> No <input type="checkbox"/>

# Employee Code of Conduct

Version 4

People Resources

January 2025

Document control			
<b>Title</b>	Employee Code of Conduct		
<b>Owner</b>	Fiona Whittaker, Chief Officer (People Resources)	<b>Contact</b>	<a href="mailto:Whittakerf@northlan.gov.uk">Whittakerf@northlan.gov.uk</a>
<b>Governance Group</b>	Finance and Resources Committee		
<b>Author</b>	Linda Cullen	<b>Contact</b>	<a href="mailto:CullenLi@northlan.gov.uk">CullenLi@northlan.gov.uk</a>

Revision History			
Number	Originator	Date Review Commenced	Revision description/record of change
Original Code	Corporate HR	February 2012	Initial Code approved
1.0 Updated Code	Heather Liddle	10 May 2018	Updated Code approved
2.0 Updated Code	Heather Liddle	11 March 2021	Updated Code approved
3.0 Updated Code	Lynn McKenzie	March 2022	Updated Code approved
4.0 Updated Code	Linda Cullen	January 2025	Updated Code approved

Document Approvals			
Number	Governance Group	Date approval granted	Date approval to be requested (if document still draft)
Original Code	Finance and Resources Committee	February 2012	Approved
2.0 Updated Code	Finance and Resources Committee	March 2021	Approved
3.0 Updated Code	Finance and Resources Committee	March 2022	Approved
4.0 Update Code	Finance and Resources Committee	26 February 2025	

Consultation Record (for most recent update)	
<b>Status of document consulted upon</b>	Version 4 – Updated Employee Code of Conduct
<b>Stakeholders consulted/date</b>	Trade unions (November 2024). Corporate Management Team (24 January 2025), Finance and Resources Committee (26 Feb 2025)

Strategic Alignment
<p>All priorities</p> <p>All Programmes of Work</p> <p>One Workforce Plan</p> <p>(23) Build a workforce for the future capable of delivering on our priorities and shared ambitions.</p>

Next review date	
<b>Review Date</b>	Every two years or as necessary if there is an organisational or legislative change that requires an update to the code.

# Contents

1. Foreword
2. Introduction
  - Other codes of conduct
  - Breaching the Code
  - Links to other policies
3. Key Principles of the Code
4. Mandatory Training
5. Relationships
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  - Service Users
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  - Other Employees
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14. Contact with Media
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16. Co-operation with Internal Investigations and Procedures and Litigation
17. Secondary Employment
18. Use of Council Equipment
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## **Foreword**

The public is entitled to expect a high standard of conduct from all local government employees.

This Code of Conduct is applicable to all persons working for North Lanarkshire Council including all employee groups across all Services, agency workers, seconded workers volunteers, interns and individual temporary or fixed term contractors and sets out the standards the Council expects from you and provides you with clear and helpful expectations. The Code incorporates existing policies, regulations and conditions of service and provides further guidance to assist employees in their day-to-day work.

The Council recognises that employees are diverse individuals, and for some, their particular needs and circumstances will require to be taken into consideration, as necessary, in relation to the Code.

The Code does not affect an employee's rights and responsibilities under the law; its purpose is to provide clear and helpful advice and guidance. Because of the nature of your work, parts of the Code may apply to some employees more than others, but all must comply with the Code. The Council recognises that employees strive to deliver the highest standard of service, however, in the event of a breach of the Code this may lead to disciplinary action in accordance with the Council's Disciplinary Policies.

It is the responsibility of each of us to make ourselves aware of and keep generally up to date on Council policies and procedures as they affect us. Obvious examples are health and safety requirements but there are a variety of other duties and responsibilities, dependent on the nature of our jobs, where we need to be aware of the Council's expectations of us as employees. All Council policies and procedures can be found on myNL or are available from your line manager.

If there are any areas on which you need further guidance or you have any concerns about any aspect of the Code, you should approach your line manager for further advice.

The Code has been updated by the Council following consultation with the representative Trade Unions and I hope that you will find it helpful in your employment with North Lanarkshire Council.

**Des Murray**  
**Chief Executive**



## **Introduction**

The aim of this Code is to enhance and maintain the integrity of the Council and for this purpose the Code demands very high standards of personal and professional conduct from all, both while undertaking their duties and responsibilities and when acting as a private individual. This Code has been developed considering current legislative requirements, our current policies and procedures and our key principles as detailed below. Every employee is required to undertake the mandatory e-learning module on the Code and to ensure that they regularly refresh their training and understanding of the Code.

## **Other Codes of Conduct**

There are several professions that have their own Codes of Conduct and Practice, the Employee Code of Conduct does not replace any of these codes and therefore must be considered alongside and in addition to any professional codes.

## **Breaching the Code**

Failure to comply with any aspect of the Employee Code of Conduct will be treated seriously and any breach of the Code, will be fully investigated under the Council's relevant Disciplinary Policy and procedures and could ultimately result in dismissal.

## **Links to Other Council Policies**

The Employee Code of Conduct is not standalone and must be considered alongside other professional codes applicable to your profession as well as the other Council policies which set out behaviours required of employees listed below: -

Acceptable use of ICT Policy

Alcohol and Drugs Policy

Disciplinary Policy and F7 Disciplinary Framework for Teachers and Associated Professionals

Dignity at Work Policy

Sexual Harassment Policy

Equality and Diversity in Employment Policy

Equality and Diversity Policy; and

Gender Based Violence Policy

Hybrid Working Scheme

Workforce Change Policy

All the above policies are available on myNL and employees require to familiarise themselves with them, as necessary.

## **Key Principles of the Code**

Our Code is based on the following principles which seek to support best practice at every level. As an organisation, we all must promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

### **Selflessness**

You should not take decisions or behave in a way which will result in any financial or other benefit to yourself, your family, or your friends. Decisions or actions should be based solely on the Council's best interests and our statutory duties to service users/communities.

### **Integrity**

You should not place yourself under any financial or other obligation to an individual or an organisation which might influence you in your work with the Council.

### **Objectivity**

Any decisions which you make in the course of your work with the Council, including making appointments, awarding contracts, or recommending individuals for rewards or benefits, must be based solely on merit.

### **Accountability**

You are accountable to the Council as your employer. In turn, the Council is accountable to the public.

### **Openness**

You should be as open as possible in all the decisions and actions that you take. You should give reasons for your decisions and actions and should not restrict information unless this is clearly required by Council policy or by the law.

### **Honesty**

You have a duty to declare any private interests which might affect your work with the Council.

### **Leadership**

If you are a manager, you should promote and support these principles by your leadership and example.

### **Respect**

You are expected to respect all fellow Council employees, Councillors and users of Council services and always treat them with courtesy.

## **Mandatory Training**

Every employee of the Council is required to undertake mandatory training on a regular basis that is applicable to their duties and responsibilities and employment with the Council. Mandatory training is compulsory and is part of your terms and conditions of employment. Mandatory training ensures that you have the knowledge and skills to provide a consistent, high-quality service in a safe and effective way. Failure to complete mandatory training without justification, could result in disciplinary action being taken against you.

## **Relationships**

As a local government employee, you are expected to give the highest possible standard of service to the public. You should be aware that the way you behave during working hours may affect the reputation of the Council. You should also remember that you are a public official and that misconduct or activities, both in and out of work may give rise to disciplinary action and may ultimately have a bearing on your employment with the Council.

## **The Public**

You should always remember your responsibilities to the communities which the Council serves and ensure courteous, efficient, and impartial service delivery to all groups and individuals within that community. You must deal with all members of the public in a fair, equitable and consistent manner.

## **Service Users**

Employees should avoid unnecessary personal familiarity with service users that they have met, in the course of their work, and should not use their position to either take unfair advantage of members of the public who use Council Services or allow themselves to be unduly influenced by service users. Your professional integrity must always be maintained.

## **Councillors**

Mutual respect between Councillors and employees is essential to good local government. Close personal familiarity between individual Councillors and employees can damage professional relationships between Councillors and employees. When working with an elected member, they should be addressed as Provost, Convener, Chair or Councillor as appropriate, although it is accepted that on a one-to-one basis, in private, other forms of address may be used depending on how long and how well the officer and Councillor have known each other.

Although you (as an employee) and Councillors both serve the public, you have separate responsibilities. Councillors are responsible to the people who live in their wards, but you are responsible to the Council as your employer. You must also respect the different roles that you and Councillors play. A Councillor's role is to take part in decisions on policy and other matters placed before them, not to

be involved in managing Council services; that is the role of employees. The Chief Executive and senior employees must also help to make sure that Council policies are in place and used properly. The Councillor's Code of Conduct applies to all elected members.

Our role as employees is to serve the Council in a neutral and impartial way, providing a service to the Council and its Councillors irrespective of any personal or political views. Particular rules apply for posts which are politically restricted in one way or another, but this guiding principle is important irrespective of whether our particular jobs are affected by those legal restrictions. As employees we serve the Council as a whole and require acting in the best interests of the Council as our employer.

The Council as a collective body has ultimate authority to make decisions on behalf of the organisation and that authority requires to be respected. In a similar vein, we as council employees must also afford to individual Councillors the respect which is due to them as the holders of a democratic mandate.

## **Other Employees**

All employees have a responsibility to act in a way that ensures dignity and respect for their colleagues. Employees are expected to adhere to the standards of behaviour as set out in the Council's relevant policies and procedures and should not discriminate against colleagues.

Employees and managers have a mutual responsibility to ensure good working relationships and either party should ensure that they are always professional and behave courteously, reasonably, and fairly in all dealings with the other party.

## **Contractors**

You must be fair and impartial in your dealings with contractors, sub-contractors, and suppliers. If you are involved in the tendering process, you must follow the Procurement Strategy and General Contract Standing Orders. If you have access to confidential information on tenders or costs for either internal or external contractors, you must not disclose that information to any unauthorised individual or organisation. Employees should not recommend suppliers to members of the public.

## **Private Interests**

You must not let private interest or personal relationships influence your decisions or actions. You must not use your position to further your own interest or to inappropriately further the interests of others.

## **Conflict of Interest**

Council employees have an obligation to act in the best interests of the Council and to avoid situations where there may be a potential conflict of interest. When competing interests impair our ability to make objective, unbiased decisions, we have a conflict of interest. You may face a conflict of interest when your

professional duties as an employee and your personal interests diverge. They may take the form of financial interests in a supplier's business, being involved in the recruitment of a close family member or engaging in employment outside North Lanarkshire Council. Where you find yourself dealing with a Council contractor or potential contractor, and you may have some influence or role in respect of the contract, you should consider whether it would be more appropriate not to deal with this person or organisation. A potential conflict of interest must be highlighted to a senior manager at the earliest possible point. If you are unsure whether a conflict of interest exists, the default position is that you should discuss it with your line manager or another senior manager. It is a legal requirement that you must advise the Council immediately if you become aware that a contract in which you have a financial interest has been or is proposed to be entered into by the Council.

If you are involved in the operation of other Council HR policies, for example, Recruitment and Selection, Supporting Attendance, Discipline and Grievance, you must declare any interest or relationship to your line manager, where a decision will be made as to whether you can continue to be involved in the process. You must not do any work, paid or unpaid, for any person, organisation, or club if that might result in a conflict of interest.

Where an employee identifies a potential conflict of interest, they must discuss this with their line manager and complete the Employee Declaration for Conflict-of Interest form. Guidance on what circumstances may be considered a conflict of interest and the employee declaration form is available on myNL. The form must be signed by the line manager and then submitted to the relevant Chief Officer.

## **Disclosure of Legal Proceedings**

If your behaviour or conduct outside work has any bearing on your employment, then this may be considered by the Council in terms of the Discipline Policy.

Employees must disclose to their manager, at the earliest possible stage, any involvement with the police which results in their arrest, charge, summons, reprimand, or caution being issued or if they are convicted or if any court orders or injunctions are issued against them. Minor offences such as fines or speeding do not need be declared, but driving offences should be declared where it is an essential requirement of your role to drive. The bearing of the offence on your employment will be fully and objectively considered and if necessary, an investigation may be carried out and appropriate action taken.

If you require a Disclosure Scotland/PVG Check to allow you to undertake any part of your role, the Council reserves the right to require you to undergo a Disclosure Scotland/PVG Check at any stage of your employment.

## **Safeguarding**

It is a statutory requirement for the Council and its employees to protect children and vulnerable adults. If you hear information or directly witness something that makes you concerned about the treatment or care of a child or vulnerable adult, you must report this immediately to your line manager or senior manager unless your service or role provides an existing protocol to be followed in the course of your duties which should be complied with.

## **Prevent**

Prevent is one part of the government's overall counter-terrorism strategy and all employees of the Council must have an awareness of the Prevent duty and understand the related responsibilities. Accordingly, all employees must undertake the mandatory e-learning on PREVENT.

If you become aware or concerned about an individual's behaviour and are concerned that they are being radicalised or feel that their views are extremist, please discuss this with your manager who will assist in determining the best course of action. More information is available on our website:

<https://www.northlanarkshire.gov.uk/your-community/emergencies/keeping-safe>

Employees who see or hear something unusual or suspicious that could be considered as possible terrorist activity, should contact the police in the first instance.

## **Political Neutrality**

An employee must serve the Council as a whole and all Councillors regardless of their party or political affiliation. The Chief Executive and Chief Officers have an additional responsibility to help ensure the implementation of the policies of the Council. An employee must implement the policies of the Council irrespective of personal views held on them.

If an employee is asked by a Councillor to provide assistance on a matter which is clearly party political or which does not have a clear link with the work of the Council, then the employee should politely refuse and notify their line manager. If an employee is unclear about the request, they should contact their line manager before taking any action or providing any form of response.

## **Politically Restricted Posts**

In terms of the Local Government and Housing Act 1989, a person who holds a "politically restricted post" is disqualified from being or becoming a member of a local authority, member of House of Commons or member of the European Parliament and Scottish Parliament. Additional restrictions include acting as an election agent or sub-agent for a candidate for election and holding Office in any political party, or being a committee member, if this would involve representing

the party or local branch or engaging in its general management. If you hold a politically restricted post, full details of the restrictions can be found in your Contract of Employment and further details can be obtained on myNL.

## **Privacy and Confidentiality**

As a public authority the Council seeks to be open, honest, and transparent in what we do. In addition, individuals have legal rights under Freedom of Information or Data Protection legislation to access a wide variety of information held by the Council. It is important that we aim to be of assistance to people who choose to exercise those rights while at the same time seeking to safeguard the legitimate interests of the Council as an organisation and its employees.

Against that background care should be taken to ensure that information on Council business, particularly where it may concern options or proposals which are not yet commitments, is restricted to those who have legitimate interests to be aware of it. Accordingly, care should be taken to preserve the privacy of individual items of information which inevitably we will come across as Council employees and to exercise caution about divulging the business of our employer more generally.

Employees will be responsible for the security of all Council information in their possession at home and in the workplace and should ensure this is stored securely to prevent any breach of Data Protection. Paper records at home should be avoided where possible. If paper records are required, employees are responsible for ensuring these are disposed of using confidential waste facilities within Council buildings.

Employees should be mindful of their environment when having confidential discussions. When working from home employees should ensure their environment allows for this and that they have appropriate equipment such as headsets to minimise the risk of being overheard.

Employees should ensure a professional working environment during meetings whilst at home, ensuring confidentiality and that noise levels and interruptions are minimal. Any concerns should be discussed directly with your line manager in the first instance.

Employees should always conduct themselves in a professional manner during virtual/video meetings and be mindful that the standard that would be expected in an office environment e.g. business casual dress, confidentiality, is also expected whilst working from home. Employees should have their camera on when on a video meeting/call and should ensure they have a professional non-offensive background when participating in such meetings.

## **Financial Responsibilities**

Employees have a duty to use public funds in a responsible and lawful manner and in undertaking their duties, they should strive for value for money for the local community and should try to avoid legal challenge to the Council.

The Council's Financial Regulations safeguard the Council's assets and use of resources, and you must ensure that you are familiar with these regulations and comply with them, if your responsibilities include the use of financial resources.

## **Procurement**

The tendering process must be a fair and transparent procurement process as detailed within the Financial Regulations. Employees involved in this process should be clear in their role and those employees who have both a client and contractor responsibility must demonstrate openness in their work and be accountable under each responsibility.

Procurement Regulations must always be followed, and no contract should be awarded out with. If an employee has any concerns over the lawfulness of certain actions, they should raise this with their line manager or through the Council's Whistleblowing Policy.

When awarding contracts, employees must not be involved with external contractors or potential contractors, who employ, in a senior or relevant managerial capacity, their partners, close relatives or associates.

## **Property**

Employees must not steal, wilfully damage, or take off site (including recycling centres) without permission anything that belongs to North Lanarkshire Council. Removal of items without authorisation will be classed as theft and addressed accordingly. Any property belonging to the Council, including laptops, must be returned immediately upon termination of employment.

## **Debt/Fraud**

The Council has a statutory duty to comply with the National Fraud Initiative and ensure public funds are managed properly. Accordingly, the Council will use information held on employees to ensure that all sums due to the Council are paid timeously (e.g. non-payers of Council Tax will be identified as part of this process). The information may also be used to prevent and detect fraud, and it is possible that it may be shared with other local authorities or public bodies that handle public funds.

Any employee who is the perpetrator of benefits fraud within the Council or any other public agency, will be subject to disciplinary action.

Employees can be offered support and advice if they are experiencing financial difficulties, through their line manager in the first instance and thereafter, where necessary further appropriate support will be sourced.



## **Gifts and Hospitality**

Excellent standards of conduct are expected from everyone, and this includes being open and transparent about gifts and hospitality provided or received. Gifts include any item of value provided to a third party or received from a third party by the Council or our employees. Hospitality includes any business entertaining, such as travel, accommodation, meals, and invitations to events given to the Council and its employees by third parties or given by the Council to third parties. The Council discourages employees from accepting or giving gifts or hospitality. The Council has in place an Offer of Gifts & Hospitality procedure which requires you to advise the relevant Chief Officer of any gift or hospitality received by or offered to you in the course of your employment with the Council. It is important that such procedures are strictly complied with at all times as failure to do so may be regarded as a disciplinary offence, in the interests of ensuring compliance with high standards of conduct and personal integrity within the Council. Employees shall not, because of their employment with the Council, accept any fee or financial reward whatsoever other than their salary.

### **Gifts**

As a rule, gifts to staff should not be accepted, as the practice of accepting gifts can lead to accusations of bias or privilege towards those giving gifts. However, there may be occasions where gifts, can be offered and accepted where there can be little or no suspicion of bias or partiality. For example, where gifts are of token value, these can be accepted.

Examples would small gifts below £50 and would include pens, diaries, calendars and so on. In such a situation the gift can be accepted and does not require to be registered. If a gift is offered (not of token value (between £50 and £200) it can only be accepted if authorised by a Chief Officer or nominated officer, and the gift must be registered (even if not ultimately accepted). Authorisation will be granted where the Chief Officer is satisfied that the gift does not give rise to any issues of preference or partiality and that there are circumstances justifying acceptance of the gift. Gifts exceeding £200 if authorised to be accepted by a Chief Officer or nominated officer must be disposed of in the following ways:

1. Displayed in the building.
2. Ruffled off to allow all employees a chance to benefit.
3. Donated to a charity.
4. If edible, placed in a break room for everyone to share.
5. Otherwise disposed of in a manner determined by a Chief Officer or nominated officer.

### **Hospitality**

You should only accept offers of hospitality if there is a genuine need that you represent the local authority in the community. You are required to ensure that the hospitality is reasonable, proportionate, and not lavish. You should only

accept offers to attend purely social or sporting functions **when these are part of the life of the community** or where the Council should be seen to be represented. All offers of hospitality should be registered, whether accepted or not. If an employee is found to have accepted the offer of hospitality and it is not justified or credible, the matter will be addressed under the Council's disciplinary process.

## **Personal Presentation**

Employees must ensure that their personal appearance is appropriate to the nature of the work undertaken, follows operational requirements and portrays a professional approach which the public will have confidence in. Our goal is to provide a workplace environment that is comfortable and inclusive for all employees, however all clothes must be work appropriate, project professionalism and a business-like appearance. Employees must avoid clothes with logos that can be offensive or inappropriate or that are overly revealing.

For employees who do not require to wear a uniform or Personal Protective Equipment, we support a business casual approach which whilst flexible, is aimed at ensuring we maintain a consistently high standard of appearance. Whilst we trust that you will apply common sense and will exhibit a professional appearance, it is important to note that unacceptable attire includes but is not limited to jogging bottoms, shorts, workout attire, beach attire, tank tops, sheer clothing that is overly revealing, running trainers, beach flip flops, or slippers. Skip hats and other outdoor clothing items should not be worn in the office or at home when working unless it is a safety requirement or there are specific reasons for doing so that have been discussed and agreed with your manager. We also accept that as fashion changes, what is deemed appropriate to wear at work will also change, and whilst we are happy for individuals to follow fashion trends, you must always look professional and consider if your workwear is appropriate for your role and the customers you serve.

The Council also reserves the right to insist that employees do not wear items of clothing or accessories, which it believes, may cause offence to clients, customers, or other employees.

This also applies to employees working from home. Homeworking may involve video conference calls and employees should be mindful that a business casual approach would be expected as your camera must always be on during calls. If you are unsure of what this means within your working environment, then this should be discussed with your line manager in the first instance.

Employees who are required to wear a uniform must ensure that they do so during working hours, unless advised otherwise by their manager. Uniforms must be clean and worn in presentable fashion. Uniforms must not be altered in anyway without the Council's permission and remain the property of the Council. Employees must ensure good care is taken of them, and return any uniforms issued on the termination of employment. If you are in a role that requires

protective clothing, you are required to wear this clothing while performing your duties whenever required by law or by Council rules. Uniforms should only be worn during the working day and should not be worn when carrying out any personal business that may be misconstrued as you still being on duty.

The above principles apply at all times. Throughout the year, the Council may choose to take part in organised fund-raising days where the dress code will be relaxed. If fund-raising days are to be held, details will be circulated to employees in advance.

## **Identification**

To prevent security breaches, all employees of the Council must have an up-to-date ID badge that clearly details their name, job title and the service in which they are employed. ID Badges must always be worn during the working day and should be visible to customers, clients, and colleagues. The Council reserves the right to refuse employees access to buildings who cannot provide a suitable ID badge, and you must not allow anyone else to use your ID at any time or for any reason. Any non-compliance or misuse of ID badges could result in disciplinary action.

## **Alcohol and Drugs**

The Council requires all employees to report for duty free from the effects of alcohol and drugs. It is not acceptable to be under the influence of alcohol or drugs at work or consume alcohol or drugs during hours of work – this includes paid and unpaid breaks.

Employees working from home will also be expected to adhere to these requirements during their working hours. Any concerns that a manager has that an employee is under the influence of alcohol or drugs whilst at work or working from home will be addressed in accordance with the Alcohol & Drugs Policy.

Employees who feel that they have an issue with alcohol and/or drugs should speak to their line manager in the first instance to obtain appropriate support.

## **Anti-Fraud/Whistleblowing**

There are procedures in place to deal with the potential for fraud within the organisation. These are contained within the Counter Fraud Policy and again in the interests of the Council and everyone who works within it, it is of primary importance that these procedures are complied with.

To assist in ensuring high standards of conduct within the Council, any employee who has serious concerns about any aspect of the Council's work, should report this.

The Whistleblowing Policy provides a confidential reporting framework through which employees can express their concerns without fear of victimisation, subsequent discrimination, or disadvantage. However, this policy should not be

used for issues that are operational and addressable by the line manager. The Council's procedure on Whistleblowing can be accessed [here](#).

## **Contact with the Media**

Employees **must not** deal directly with the press or the media unless required to do so in the normal course of their work, or where they have been expressly authorised to do so by a Chief Officer. All enquiries for information or comment on issues affecting the operation or work of the Council, must be referred to the Chief Officer, Strategic Communications and Engagement or their nominated officer. Any employee who contacts or responds to the media in the course of their work and without authorisation, may be subject to disciplinary action.

It should be noted that it is legitimate for authorised trade union representatives to comment to the media on Council matters in their capacity as trade union representatives.

## **Use of Social Media**

The use of online social networking sites has grown significantly and is now a significant part of daily life. While these sites can provide a positive way to stay connected with friends, family, or colleagues, it is important to ensure that the informal nature of such sites does not give rise to professional or ethical concerns or breaches of confidentiality by North Lanarkshire Council employees.

Employees should not make comment on social media sites as an individual regarding the position of the Council, their views of the Council or individuals employed by the Council, in such a way that they can be identified as an employee of the Council. Employees should read the Acceptable Use of ICT Policy for further information and advice. It is also important that employees are aware and protect against potential problems that can arise from their use of social networking sites at home, on personal mobile phones or other non-Council ICT equipment.

The following guidelines should apply when using social networking sites (whether at home or if authorised to do so during working time and/or using Council owned ICT equipment). Employees have a personal responsibility to ensure that the principles below are followed when using social media in their own time and when using their own ICT or Council equipment. Employees must remember that social networking sites are not secure and can be accessed by the general public. It is therefore essential that no information is placed on social networking sites which could:

- Breach confidentiality, trust, or ethics.
- Constitute harassment of an individual or group.
- Constitute potential defamation of character.
- Discredit services provided by North Lanarkshire Council
- Discredit North Lanarkshire Council as an employer.

North Lanarkshire Council email addresses must not be used on any social networking site. The Guidance on the use of social media for Work Purposes sets out clear guidelines for using social media on behalf of the council and how any security risks or reputational damage can be avoided or mitigated. Misuse of social media may lead to disciplinary action.

## **Co-operation with Internal Investigations and Procedures and with Legal Proceedings**

On occasions you may be required to participate in internal investigations arising under the Council's Discipline, Grievance and Dignity at Work Policies and may also be required to attend investigation meetings, hearings and appeals as a witness. In addition, the Council may also require the attendance of employees as witnesses or representatives at court or tribunal hearings in which the Council is involved. These responsibilities, where they arise, should be seen as part of your normal duties and responsibilities.

## **Secondary Employment**

The Chief Officers' Code of Conduct requires that Chief Officers must not undertake any other employment or outside or private work except in certain very limited circumstances.

For other staff, the Council will normally allow you to undertake other paid work where there is no conflict of interest, and it is unlikely to have an adverse effect on the work of the Council. You are not permitted to use the Council's equipment, assets, or resources for any other work you do.

All employees who undertake additional work outside the Council's employment should notify their manager in writing to ensure compliance with the Working Time Regulations and to ensure that the work does not interfere or impair their ability to conduct efficiently their work with the Council. The manager will also assess whether the other work could compromise their work with the Council or could cause a conflict of interest. You must not carry out any secondary work, paid or unpaid during your working time with the council.

Further advice is available from the Employment and Policy Team.

## **Use of Council Equipment**

You must take care of any equipment provided to you for the purpose of undertaking your role. Items such as laptops, mobile phones and any other equipment must be safely transported when travelling to and from work and securely stored when at home or in the office. Deliberate damage to equipment will be addressed through the Council's disciplinary process.

You must not make use of any Council material, resource, or service to which you have access through your position for the furtherance of any external

employment or personal interests. It is irrelevant whether the work is paid or unpaid.

The use of Council equipment and resources to undertake other work or personal interests during or out with the working day is strictly prohibited and will be addressed through the Council's disciplinary process.

## **Review**

The Employee Code of Conduct will be updated on an ongoing basis to reflect any changes in legislation, environment or Council activity and will be formally reviewed every two years.

# North Lanarkshire Council Report

## Finance and Resources Committee

Does this report require to be approved?

☒ Yes ☐ No

Ref FW/LC

Date

26/02/25

## Update to Special Leave Policy – Bereavement Leave

**From** Fiona Whittaker, Chief Officer (People Resources)

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### Executive Summary

In recent years, the average time between death and a funeral within the UK is two to three weeks with some taking longer depending on the circumstances. Whilst North Lanarkshire Council has always provided time off for those who are dealing with the death of a close relative, the period provided was based on the expectation that the funeral would take place within 3 to 7 days of the death. Given the noticeable change in the timings of funerals, it has become necessary to review our current bereavement leave provisions to ensure they continue to provide employees with the time they need to deal with the funeral and any other business associated with the death.

It should be noted that paid bereavement leave is not a legal requirement, however most organisations offer some form of paid leave to support employees during this difficult time. North Lanarkshire Council has always allowed paid time off for these purposes and the current provisions are detailed within the Special Leave Policy and F7 Leave of Absence for Teachers and Associated Professionals Policy. The links to the current policies are provided at the end of this report.

This report outlines the current leave provisions available to employees who are dealing with the bereavement of a close relative and provides relevant data obtained from iTrent, that was considered when determining whether the current provisions were adequate or further enhancements were required.

The report concludes with the proposal to increase bereavement leave for all employees dealing with the death of a close relative to two working weeks with the option of adding a further two working weeks paid leave if required. In addition, if an employee is absent from work due to sickness, as the result of a bereavement of a close relative, the first two weeks of the absence will not count towards a trigger. It should be noted that changes to the F7 Leave of Absence for Teachers and Associated Professionals Policy have already been formally agreed but will not be implemented until 1 April 2025.

### Recommendations

It is recommended that the Finance and Resources Committee:

- (1) Consider the contents of this report.

- (2) Agree to the proposed enhancement to bereavement leave for employees as outlined within this report.
- (3) Acknowledge that the increased provisions will take effect from 1 April 2025 to allow for the changes to be approved through the formal committees.

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## The Plan for North Lanarkshire

Priority	Improve North Lanarkshire's resource base
Ambition statement	(23) Build a workforce for the future capable of delivering on our priorities and shared ambition
Programme of Work	Resilient People

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### 1. Background

- 1.1 Bereavement Leave is currently available to all employees of the Council and the provisions available are detailed within the Special Leave Policy and F7 Leave of Absence for Teacher's and Associated Professionals Policy.
- 1.2 In both policies, a close relationship generally covers the following and includes step relationships:
  - Parent(s)
  - Sibling(s)
  - Children
  - Spouse or Partner
  - Spouse or Partners Parent(s) or Child/children
  - Grandparent(s)
  - Grandchildren
- 1.3 Other relatives may be deemed as a close relationship; therefore, this list is not exhaustive, and each case should be considered on its own merit, but in general terms most close relationships are covered by the above list.
- 1.4 For Single Status employees, bereavement leave for a close relation has for many years consisted of 1 day to attend the funeral, 2 compassionate days and 2 days to conduct any business associated with the funeral or death and this continues to be the case. For those covered by the F7 Leave of Absence for Teachers and Associated Professionals Policy, an additional 2 day's compassionate leave is available, allowing for 7 days absence in total.
- 1.5 In recent times, it has not always been possible to arrange for a funeral to take place within the space of one week, and it is reasonable to assume that an employee would not feel emotionally able to return to the workplace before the funeral takes place. In such situations, a manager has been referred to Section 22 of the Special Leave Policy (Single Status employees) or Section 19 of the F7 Leave of Absence for Teachers and Associated Professionals Policy which allows for a further period of 10 working days (or two of a person's working weeks) either paid or unpaid to be granted to allow the person a further period of leave. Whilst both these sections are meant to be used for leave that is required outwith the scope of the policies, it is a means of authorising additional bereavement leave for those who require it.



- 1.6 Furthermore, in recognition that most people are unable to return to work immediately following the death of a close relation, a review of the Supporting Attendance Policy (Single Status employees) and Managing Attendance Policy for Teachers and Associated Professionals resulted in the first two weeks of any sickness absence due to bereavement of a close relative not counting towards a formal trigger within the policy.
- 1.7 That said, if the absence continues it is important to invoke the appropriate absence policy to ensure that the employee is receiving the support that they need from their manager but also to encourage a return to work.
- 1.8 In effect, whilst a week is the official paid time off given to employees following the bereavement of a close relation, we are currently providing additional paid time if required to a maximum of one week, giving two weeks in total. However not everyone needs or requires this additional time, but it is important that a manager has the ability and authority to increase this type of leave if required.
- 1.9 Other bereavement leave provisions are available for those who are attending a funeral of a relative or friend etc and legally parental bereavement leave is available to those who have lost a child. However, as this report is concentrating on the provisions available to those who have lost a close relation, these other provisions will not form part of the report.
- 1.10 Finally, it should be noted that the trade unions have been involved in discussions around the entitlement to paid time off for bereavement leave and have highlighted that bereavement leave provisions for close relations should be enhanced. Accordingly, it should be noted that the trade unions have agreed to the proposals outlined within this report.

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## **2. Report**

- 2.1 There is no legal entitlement to paid time off for bereavement except for eligible parental bereavement pay when a child dies (2 week's pay). However, most organisations within Scotland, including other local authorities, offer a week's full pay which can often be extended to two weeks paid or unpaid depending on the circumstances.
- 2.2 As outlined earlier in the report, entitlement to paid time off following the death of a close relation has been a longstanding arrangement available to all employees of the Council. Although the time off is prescribed in detail within the policy, on most occasions managers will make arrangements with employees to ensure that they have adequate time off to deal with funeral arrangements and any other pressing issues following the death.
- 2.3 Complications arise when employees require additional time due to the timelapse between the death and the funeral and this is where in recent times, managers have been encouraged to use 'other' special leave available to all employees of the Council within the relevant special leave policies, however this is limited to a maximum of 2 weeks paid or unpaid and generally we have not authorised beyond one week.
- 2.4 Additionally, in recognition that employees often need time to grieve after the death of a close relation, the first two weeks of a sickness absence related to the bereavement of a close relation, does not count towards a formal trigger although sick pay would be applied at the appropriate rate.

- 2.5 During the leave year 1 April 2023 to 31 March 2024, there were 3070 occasions of bereavement leave recorded, totalling 4278 days. This equates to an average of 1.4 days per employee for each occasion of bereavement leave taken under the special leave policy.
- 2.6 In the same absence year noted at 2.5 there were 968 sickness absences recorded as 'bereavement reaction' with a total of 10,535 days lost. This gives an average of approximately 11 days lost per absence. On reviewing the data, the days lost per absence ranged from 1 day to 23 days, and although there were some cases where the absence was beyond this range, it was determined that the average days lost was around 4 weeks and therefore this would be the optimum period of paid special leave that our provisions should allow for.
- 2.7 On asking other local authorities through a benchmarking exercise about their bereavement special leave provisions, out of nine who responded, two give more than 5 days paid leave and South Ayrshire advised that they do not specify leave but reasonable time off with pay is granted on the death of a close relative. For the two Councils who gave additional time, this did not extend beyond 10 paid days.
- 2.8 In conclusion and taking into consideration the information detailed within this report, it is proposed to increase paid leave for employees who are dealing with the death of a close relative to 2 working weeks for all employees. Managers will also be able to use the provision detailed under 'other leave' within the Special Leave Policy that will allow them to grant a further 2 working weeks paid if necessary.
- 2.9 It is intended that the increased provisions will be implemented with effect from 1 April 2025, however in the meantime, employees will continue to be supported as necessary when dealing with the death of a close relative.
- 2.10 Once the proposed change to the Special Leave Policy has been approved by Committee and Council, appropriate communications will be issued to ensure all managers are aware of the increased provisions.

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### **3. Measures of success**

- 3.1 North Lanarkshire Council is viewed as an employer of choice and provides employees with a good work-life balance that takes cognisance of significant life events such as bereavement.
- 3.2 Employees feel valued knowing that the Council offers employees the support they need through the provisions outlined within the Councils' Special Leave Policy and F7 Leave of Absence for Teachers and Associated Professionals Policy.
- 3.3 The Council continues to retain and attract staff to the organisation that are vital to its success.

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### **4. Supporting documentation**

Appendix 1 – Proposed update to Special Leave Policy  
Special Leave Policy can be accessed [here](#)  
F7 Leave of Absence for Teachers and Associated Professionals can be accessed [here](#)

*Fiona Whittaker*

**Fiona Whittaker**  
**Chief Officer (People Resources)**

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**5. Impacts**

<b>5.1 Public Sector Equality Duty and Fairer Scotland Duty</b> Does the report contain information that has an impact as a result of the Public Sector Equality Duty and/or Fairer Scotland Duty? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?  If Yes, has an assessment been carried out and published on the council's website? <a href="https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments">https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments</a> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
<b>5.2 Financial impact</b> Does the report contain any financial impacts? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant financial impacts been discussed and agreed with Finance? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?
<b>5.3 HR policy impact</b> Does the report contain any HR policy or procedure impacts? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, have all relevant HR impacts been discussed and agreed with People Resources? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?  As funerals are taking longer than a week to organise, employees are reporting absence from work due to sickness to cover the timelapse. To prevent employees having to report sick, the increased provisions should provide enough time to deal with the funeral and any associated business whilst preventing unnecessary sickness absence.
<b>5.4 Legal impact</b> Does the report contain any legal impacts (such as general legal matters, statutory considerations (including employment law considerations), or new legislation)? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant legal impacts been discussed and agreed with Legal and Democratic? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?

<b>5.5</b>	<b>Data protection impact</b> Does the report / project / practice contain or involve the processing of personal data? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, is the processing of this personal data likely to result in a high risk to the data subject? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, has a Data Protection Impact Assessment (DPIA) been carried out and e-mailed to <a href="mailto:dataprotection@northlan.gov.uk">dataprotection@northlan.gov.uk</a> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
<b>5.6</b>	<b>Technology / Digital impact</b> Does the report contain information that has an impact on either technology, digital transformation, service redesign / business change processes, data management, or connectivity / broadband / Wi-Fi? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?  Where the impact identifies a requirement for significant technology change, has an assessment been carried out (or is scheduled to be carried out) by the Enterprise Architecture Governance Group (EAGG)? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
<b>5.7</b>	<b>Environmental / Carbon impact</b> Does the report / project / practice contain information that has an impact on any environmental or carbon matters? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?
<b>5.8</b>	<b>Communications impact</b> Does the report contain any information that has an impact on the council's communications activities? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?
<b>5.9</b>	<b>Risk impact</b> Is there a risk impact? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the key risks and potential impacts, highlighting where the risk(s) are assessed and recorded (e.g. Corporate or Service or Project Risk Registers), and how they are managed?
<b>5.10</b>	<b>Armed Forces Covenant Duty</b> Does the report require to take due regard of the Armed Forces Covenant Duty (i.e. does it relate to healthcare, housing, or education services for in-Service or ex-Service personnel, or their families, or widow(er)s)? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the provision which has been made to ensure there has been appropriate consideration of the particular needs of the Armed Forces community to make sure that they do not face disadvantage compared to other citizens in the provision of public services.

**5.11 Children's rights and wellbeing impact**

Does the report contain any information regarding any council activity, service delivery, policy, or plan that has an impact on children and young people up to the age of 18, or on a specific group of these?

Yes ☐ No ☒

If Yes, please provide a brief summary of the impact and the provision that has been made to ensure there has been appropriate consideration of the relevant Articles from the United Nations Convention on the Rights of the Child (UNCRC).

If Yes, has a Children's Rights and Wellbeing Impact Assessment (CRWIA) been carried out?

Yes ☐ No ☒

## Appendix One

### Proposed Update to Special Leave Policy

Section	Current Wording	Proposed Wording
<b>5.1</b>	<p>Close Relationships</p> <ul style="list-style-type: none"> <li>• 1 day to attend the funeral</li> <li>• 2 compassionate days</li> </ul> <p>However, the amount of leave granted will depend on the individual circumstances of each case, such as the closeness of the relationship. Close relationships would generally include:</p> <p>Parent(s) Sibling(s) Child/ren Spouse or partner Spouse or partner's parent(s) or child/ren Grandparents or grandchildren</p> <p>These relationships would also include step relationships.</p> <p>Additional leave of up to 2 days will be granted to conduct business in connection with the funeral if undertaking this responsibility. This leave will normally only be granted to employees who are the designated next of kin of the deceased person.</p> <p>Bereavement leave for part time/job share/flexible working employees will be authorised as the equivalent of up to one of their normal working weeks. In all circumstances, paid leave will be up to a maximum of contracted daily hours.</p>	<p>Close Relationships</p> <ul style="list-style-type: none"> <li>• 2 working weeks</li> </ul> <p>However, the amount of leave granted will depend on the individual circumstances of each case, such as the closeness of the relationship. Close relationships would generally include:</p> <p>Parent(s) Sibling(s) Child/ren Spouse or partner Spouse or partner's parent(s) or child/ren Grandparents or grandchildren</p> <p>These relationships would also include step relationships.</p> <p>Where there is a delay in the funeral taking place or there are complications around the death and business associated with this, an additional 2 weeks paid leave can be considered by using Section 22 of this policy. It should be noted that this extended leave will normally only be granted to employees who are the designated next of kin of the deceased person.</p> <p>Bereavement leave for part time/job share/flexible working employees will be authorised as the equivalent of up to two weeks of their normal working weeks. In all circumstances, paid leave will be up to a maximum of contracted daily hours.</p>
<b>22.</b>	<p>There may be occasions when special leave is appropriate but may not be covered by the Special Leave provisions. In these exceptional circumstances, the relevant Chief Officer has the discretion to authorise special leave, either paid or unpaid, up to a maximum of 10 working days in total (or up to the equivalent of two of the employee's normal working weeks), for situations not already covered by this policy.</p> <p>Applications for special leave which exceed 10 working days, either paid or</p>	<p>There may be occasions when special leave is appropriate but may not be covered by the Special Leave provisions. In these exceptional circumstances, the relevant Chief Officer has the discretion to authorise special leave, either paid or unpaid, up to a maximum of 10 working days in total (or up to the equivalent of two of the employee's normal working weeks), for situations not already covered by this policy.</p> <p>Applications for special leave which exceed 10 working days, either paid or unpaid, and</p>

	<p>unpaid, and which are not covered in the above provisions, must be authorised by the Chief Officer. It is requested that, prior to the approval of a request for more than 10 days leave, that the merits of the request be discussed with the Chief Officer People Resources to ensure that no unintentional precedent is established.</p>	<p>which are not covered in the above provisions, must be authorised by the Chief Officer. It is requested that, prior to the approval of a request for more than 10 days leave, that the merits of the request be discussed with the Chief Officer People Resources to ensure that no unintentional precedent is established.</p> <p>The exception to the above is where there is a requirement to extend the period of paid leave available to those who are dealing with the death of a close relative. A manager, following discussion with the employee, can extend bereavement leave for a maximum of two working weeks paid using this section of the policy. However, this leave would normally only be granted to the next of kin and should be granted based on the circumstances of the case.</p>
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# North Lanarkshire Council Report

## Finance and Resources Committee

Does this report require to be approved? ☐ Yes ☒ No

Ref KH/GR/TD01

Date 26/02/25

## Connectivity Programme – Wide Area Network Project Completion

**From** Katrina Hassell, Chief Officer (Business and Digital)

**E-mail** HassellK@northlan.gov.uk

**Telephone** 07903 096121

### Executive Summary

The Connectivity Programme was created to improve connectivity across the Council estate and in so doing provide benefit to residents and businesses by influencing the connectivity market through introducing fibre-based service across the region. Latest statistics illustrate the Council's programme has been successful, with fibre now available to 49.5% of premises, (up from <3% in 2021).

An important aspect of the programme was the modernising of the Council's Wide Area Network (WAN), associated edge security and Internet access. The report summarises the delivery of this aspect of the programme, highlights the improvements in place and considers future use and enhancements.

### Recommendations

It is recommended that the Finance and Resource Committee:

- (1) Acknowledge the content of this report providing detail on the successful completion of the Connectivity Programme Wide Area Network project.

### The Plan for North Lanarkshire

Priority	Improve economic opportunities and outcomes
Ambition statement	(18) Ensure our digital transformation is responsive to all people's needs and enable access to the services they need
Programme of Work	Digital North Lanarkshire

## **1. Background**

- 1.1 Following extensive market research, a PIN notice and a negotiated tender process, the Council awarded a Framework Agreement to Commsworld Ltd, for an initial period of 180 months (15 years), further reserving the right to extend the Agreement for additional periods up to a maximum of a further 60 months (5 years). The value of the Framework Agreement shall not exceed One Hundred and Fifty Million Pounds Sterling (£150,000,000) exclusive of VAT.
- 1.2 Between February 2022 and time of report, contracts to the value of c£25M have been awarded via the Framework to cover delivery of an all-new, infinitely scalable, ultra-fast fibre backbone network; improved internet capacity across the schools and corporate networks; provision of perimeter firewall capability; a new schools web filtering solution; and a public wi-fi service covering schools, libraries, leisure centres, town centres and public facing corporate buildings.
- 1.3 Prior to the work of the connectivity programme, the previous wide area network, provided by Virgin Media, relied upon core nodes located in Council buildings linked via high bandwidth fibre rings. Local sites then connected to these core nodes through a local 'star and ring' topology. Individual site bandwidth varied from a low 10Mb up to 1Gb.
- 1.4 The Wide Area Network is used to move data traffic between sites but also to and from Internet based services. Previously this relied upon several individual Internet connections with specific data traffic directed to specific connections. Overall Internet connectivity was a combined 15Gb.
- 1.5 All internet traffic must pass through security appliances such as Firewalls, with internet browsing also needing to pass through web-filtering technology. Although these tools are critical for securing the Councils network, they can also 'choke' its performance and/or become single points of failure. Our new solution was therefore designed to mitigate these known issues.
- 1.6 The Council has previously operated a separate CCTV network. An ambition of this project was to consolidate these networks where such was appropriate.
- 1.7 The Commsworld solution – a new, infinitely scalable, ultra-fast fibre backbone network in excess of 320km across North Lanarkshire – delivers all required Services to the Council and also enables future services by building a digital infrastructure that will provide benefit to the community i.e. Full Fibre to the Home (FTTH), high-capacity services to the business community and the lifeline for future technologies such as 5G.
- 1.8 The design replaces the previous reliance upon council sites as aggregator nodes with each site now instead connected on fibre to Commsworld's MPLS (Multi-protocol Label Switching) core network.

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## **2. Report**

- 2.1 The previous network supplier, Virgin Media, network design relied upon a ring of 12 node sites providing a network backbone to all council sites. All data and traffic were routed via this 10Gb ring back to the NLC data centres in Motherwell Civic Centre and Data Vita (Chapelhall). The nature of this design created issues for the Council as it looked to rationalise and refresh its building infrastructure. Similar impacts were also felt during local power outages.

- 2.2 The connectivity programme has enabled the Council to implement an infinitely scalable, ultra-fast fibre backbone network based on MPLS technology that removes the reliance on core nodes, allowing data and traffic to go direct to the internet where required.
- 2.3 The programme included the upgrade of bandwidth at all sites with a base provision of 1GB per site whilst high schools and key corporate sites were provisioned with 5GB resilient connections with the ability to increase to 10Gb if required.
- 2.4 Internet bandwidth has been increased significantly for all schools with 60Gb of internet capacity provided as part of a cloud provision and a further 2 central 10Gb resilient internet connections available as a backup via the Motherwell and Data Vita data centres.
- 2.5 Cloud based perimeter firewalls were introduced to replace the existing on prem end of life hardware. The solution incorporates DDOS (Direct Denial of Service) mitigation, a common cyber-attack that threat actors use to overload an organisation's service to take them offline. It does this through identifying an attack is underway and diverts the traffic away from the target into an internet 'dead end'.
- 2.6 The new firewalls also included a school's web filtering solution to help improve the security for staff and pupils accessing the internet from North Lanarkshire schools.
- 2.7 The introduction of the new Commsworld network has allowed the integration of the CCTV network with the corporate network meaning both now run on the same infrastructure, though logically separated into their own domains. This offers the potential opportunity to provide a CCTV service to more council locations without the need to add additional network infrastructure. To date over 70 cameras have been delivered via the combined aspect of the network.

## **WAN Delivery**

- 2.8 Starting in March 2022, the connectivity programme delivered 320km of fibre into the ground across North Lanarkshire connecting 314 council sites with 342 network circuits. 13 CCTV sites were connected to the same network. This work was originally planned to be completed by July 2023, however due to experiencing a significantly greater volume of duct blockages than expected within existing Open Reach infrastructure the delivery date was extended to June 2024, although this mainly consisted of small number of services with specific challenges.
- 2.9 Support work completed to deliver the new network included site surveys, asbestos checks, cabinet and power installations, cabling installations and infrastructure hardware upgrades across the council estate.
- 2.10 The timeline for programme completion was impacted by the reliance on multiple third parties to complete various aspects of the support work, the process around asbestos checking in particular can introduce significant delay. This complexity has been noted in lessons learned to ensure the support required for any future developments of this nature are better understood.

## **Future Use**

- 2.11 The Commsworld contract is a 15-year partnership aimed at the initial upgrade of the corporate network as detailed above. It does however also provide significant

opportunity to bring new IoT technologies online without concern on the network impact and security.

- 2.12 The new design offers the opportunity to manage specialist technologies more securely ensuring they don't impact the core network.
- 2.13 The ultra-fast fibre backbone is scalable meaning that bandwidth can be increased more easily to support future demands on the network. This is particularly true as more line of business systems move to the cloud as SaaS (Software as a Service) services.

### **Contract Cost Details**

- 2.14 The new contract and network, internet, firewall and web filtering provision has resulted in a revenue cost reduction of approx. one third of the annual network costs (£1,2M), with such used to deliver approved budget savings for the Business and Digital service.

### **Performance**

- 2.15 The increase in site bandwidth and internet access is considerable; monitoring of the network identifies that typical combined usage during peak working day is <8GB:  
Typical non-secondary      AVG: 50MB    PK 200MB  
Typical secondary          AVG: 70MB    PK 670MB
- 2.16 Internet traffic typically runs at < 10% of capacity.
- 2.17 Stability of the platform has been a key benefit with no major outages experienced to date; local outages where they have arisen can predominately be attributed to local power issues or external damage to cabling through infrastructure works.

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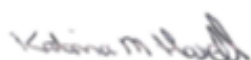
### **3. Measures of success**

- 3.1 Improved connectivity at all sites resulting in a reduction of service calls regarding system access and performance.
- 3.2 A reduction in digital exclusion due to the introduction of a public Wi-Fi service available across North Lanarkshire.
- 3.3 The ability to provide a secure internet connection for IoT devices using existing infrastructure.
- 3.4 Cost savings against previous supplier contracts.

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### **4. Supporting documentation**

None.



**Katrina Hassell**  
**Chief Officer (Business and Digital)**

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## 5. Impacts

<b>5.1 Public Sector Equality Duty and Fairer Scotland Duty</b> Does the report contain information that has an impact as a result of the Public Sector Equality Duty and/or Fairer Scotland Duty? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?  If Yes, has an assessment been carried out and published on the council's website? <a href="https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments">https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments</a> Yes <input type="checkbox"/> No <input type="checkbox"/>
<b>5.2 Financial impact</b> Does the report contain any financial impacts? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Paragraph 2.14 above highlights the financial savings realised through the delivery of this contract. If Yes, have all relevant financial impacts been discussed and agreed with Finance? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?
<b>5.3 HR policy impact</b> Does the report contain any HR policy or procedure impacts? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant HR impacts been discussed and agreed with People Resources? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?
<b>5.4 Legal impact</b> Does the report contain any legal impacts (such as general legal matters, statutory considerations (including employment law considerations), or new legislation)? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant legal impacts been discussed and agreed with Legal and Democratic? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?
<b>5.5 Data protection impact</b> Does the report / project / practice contain or involve the processing of personal data? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, is the processing of this personal data likely to result in a high risk to the data subject? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, has a Data Protection Impact Assessment (DPIA) been carried out and e-mailed to <a href="mailto:dataprotection@northlan.gov.uk">dataprotection@northlan.gov.uk</a> ? Yes <input type="checkbox"/> No <input type="checkbox"/>

<b>5.6</b>	<b>Technology / Digital impact</b> Does the report contain information that has an impact on either technology, digital transformation, service redesign / business change processes, data management, or connectivity / broadband / Wi-Fi? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact? Several technical details are peppered throughout the report. These confirm that the Council's new connectivity solution was designed to successfully mitigate known performance and single point of failure issues. Where the impact identifies a requirement for significant technology change, has an assessment been carried out (or is scheduled to be carried out) by the Enterprise Architecture Governance Group (EAGG)? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
<b>5.7</b>	<b>Environmental / Carbon impact</b> Does the report / project / practice contain information that has an impact on any environmental or carbon matters? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?
<b>5.8</b>	<b>Communications impact</b> Does the report contain any information that has an impact on the council's communications activities? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?
<b>5.9</b>	<b>Risk impact</b> Is there a risk impact? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the key risks and potential impacts, highlighting where the risk(s) are assessed and recorded (e.g. Corporate or Service or Project Risk Registers), and how they are managed?
<b>5.10</b>	<b>Armed Forces Covenant Duty</b> Does the report require to take due regard of the Armed Forces Covenant Duty (i.e. does it relate to healthcare, housing, or education services for in-Service or ex-Service personnel, or their families, or widow(er)s)? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the provision which has been made to ensure there has been appropriate consideration of the particular needs of the Armed Forces community to make sure that they do not face disadvantage compared to other citizens in the provision of public services.
<b>5.11</b>	<b>Children's rights and wellbeing impact</b> Does the report contain any information regarding any council activity, service delivery, policy, or plan that has an impact on children and young people up to the age of 18, or on a specific group of these? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact and the provision that has been made to ensure there has been appropriate consideration of the relevant Articles from the United Nations Convention on the Rights of the Child (UNCRC). If Yes, has a Children's Rights and Wellbeing Impact Assessment (CRWIA) been carried out? Yes <input type="checkbox"/> No <input type="checkbox"/>

# North Lanarkshire Council Report

## Finance and Resources Committee

Does this report require to be approved? ☒ Yes ☐ No

Ref IM/JR

Date 26/02/25

## Land Reallocation – Former Columba High, School Street, Coatbridge ML5 4DA

**From** James McKinstry, Chief Officer (Assets and Procurement)

**E-mail** MartinI@northlan.gov.uk

**Telephone** Ian Martin  
07966 397637

### Executive Summary

The purpose of this report is to seek committee approval for the transfer of land held by General Services for inclusion in the new build programme.

### Recommendations

It is recommended that the Finance and Resources Committee:

- (1) Approves the land transfer of the former Columba High School site from General Services to Planning and Regeneration on the terms detailed in Section 2.4 of this report.
- (2) All other terms and conditions to be adjusted by the Chief Officer (Assets and Procurement).

### The Plan for North Lanarkshire

Priority	Improve economic opportunities and outcomes
Ambition statement	(1) Ensure a housing mix that supports social inclusion and economic growth
Programme of Work	Transforming Places

## **1. Background**

- 1.1 Columba High School was declared surplus at the Education and Families committee in 2005 and demolition of the school was completed in July 2007.
- 

## **2. Report**

### **Description**

- 2.1 The development site comprises the former Columba High School which was demolished in 2007. The 9.8 acre or thereby site, is located within a residential area in a central location in Coatbridge, close to transport links, schools and retail and commercial uses.
- 2.2 The proposal is to develop 127 NLC social housing units as part of the council's overall transformation strategy. The proposed development would consist of a mix of houses and flats.
- 2.3 Planning permission for the site was approved in November 2023, with development programmed to start in early 2025.

### **Re-allocation**

- 2.4 The contractor has carried out site investigation works and submitted an assessment of abnormal development costs. The costs relate to specialist foundations, grouting works, gas membrane, retaining walls and service diversions. The New Supply team have reviewed the costs and have confirmed that they are reasonable given the extent of the works required. The amount of abnormal development costs has been assessed at £1,769,989.43.
- 2.5 The headline value of the land is £3,000,000 and therefore to competently complete this transfer, a capital sum of £1,230,010.57 is to be paid from the Housing Revenue Account to the General Services Account. The transfer sum reflects the abnormal development costs required in developing this site.
- 

## **3. Measures of success**

- 3.1 The residential development will regenerate a brownfield site and help the council meet its new supply targets contributing to meeting local housing need, while creating new residential units for social rent.
- 

## **4. Supporting documentation**

Appendix 1 – Location Plan



**James McKinstry**  
**Chief Officer (Assets and Procurement)**

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## 5. Impacts

<b>5.1</b>	<p><b>Public Sector Equality Duty and Fairer Scotland Duty</b></p> <p>Does the report contain information that has an impact as a result of the Public Sector Equality Duty and/or Fairer Scotland Duty?</p> <p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <p>If Yes, please provide a brief summary of the impact?</p> <p>The transfer of land will enable the provision of high-quality housing for rent which will help address housing need.</p> <p>If Yes, has an assessment been carried out and published on the council's website? <a href="https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments">https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments</a></p> <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p>
<b>5.2</b>	<p><b>Financial impact</b></p> <p>Does the report contain any financial impacts?</p> <p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <p>If Yes, have all relevant financial impacts been discussed and agreed with Finance?</p> <p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <p>If Yes, please provide a brief summary of the impact?</p> <p>Provision has been made within the council's Housing Revenue Account to fund the purchase of the land.</p>
<b>5.3</b>	<p><b>HR policy impact</b></p> <p>Does the report contain any HR policy or procedure impacts?</p> <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>If Yes, have all relevant HR impacts been discussed and agreed with People Resources?</p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>If Yes, please provide a brief summary of the impact?</p>
<b>5.4</b>	<p><b>Legal impact</b></p> <p>Does the report contain any legal impacts (such as general legal matters, statutory considerations (including employment law considerations), or new legislation)?</p> <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>If Yes, have all relevant legal impacts been discussed and agreed with Legal and Democratic?</p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>If Yes, please provide a brief summary of the impact?</p>
<b>5.5</b>	<p><b>Data protection impact</b></p> <p>Does the report / project / practice contain or involve the processing of personal data?</p> <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>If Yes, is the processing of this personal data likely to result in a high risk to the data subject?</p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>If Yes, has a Data Protection Impact Assessment (DPIA) been carried out and e-mailed to <a href="mailto:dataprotection@northlan.gov.uk">dataprotection@northlan.gov.uk</a></p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p>

<b>5.6</b>	<b>Technology / Digital impact</b> Does the report contain information that has an impact on either technology, digital transformation, service redesign / business change processes, data management, or connectivity / broadband / Wi-Fi? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?  Where the impact identifies a requirement for significant technology change, has an assessment been carried out (or is scheduled to be carried out) by the Enterprise Architecture Governance Group (EAGG)? Yes <input type="checkbox"/> No <input type="checkbox"/>
<b>5.7</b>	<b>Environmental / Carbon impact</b> Does the report / project / practice contain information that has an impact on any environmental or carbon matters? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?  The new homes will be more energy efficient contributing to the reduction in CO <sup>2</sup> emissions.
<b>5.8</b>	<b>Communications impact</b> Does the report contain any information that has an impact on the council's communications activities? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?
<b>5.9</b>	<b>Risk impact</b> Is there a risk impact? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the key risks and potential impacts, highlighting where the risk(s) are assessed and recorded (e.g. Corporate or Service or Project Risk Registers), and how they are managed?
<b>5.10</b>	<b>Armed Forces Covenant Duty</b> Does the report require to take due regard of the Armed Forces Covenant Duty (i.e. does it relate to healthcare, housing, or education services for in-Service or ex-Service personnel, or their families, or widow(er)s)? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the provision which has been made to ensure there has been appropriate consideration of the particular needs of the Armed Forces community to make sure that they do not face disadvantage compared to other citizens in the provision of public services.
<b>5.11</b>	<b>Children's rights and wellbeing impact</b> Does the report contain any information regarding any council activity, service delivery, policy, or plan that has an impact on children and young people up to the age of 18, or on a specific group of these? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact and the provision that has been made to ensure there has been appropriate consideration of the relevant Articles from the United Nations Convention on the Rights of the Child (UNCRC).  If Yes, has a Children's Rights and Wellbeing Impact Assessment (CRWIA) been carried out? Yes <input type="checkbox"/> No <input type="checkbox"/>

## Appendix – 1 Location Plan

48378

SM

### LOCATION PLAN - For Information Only

Title: Former Columbia High School

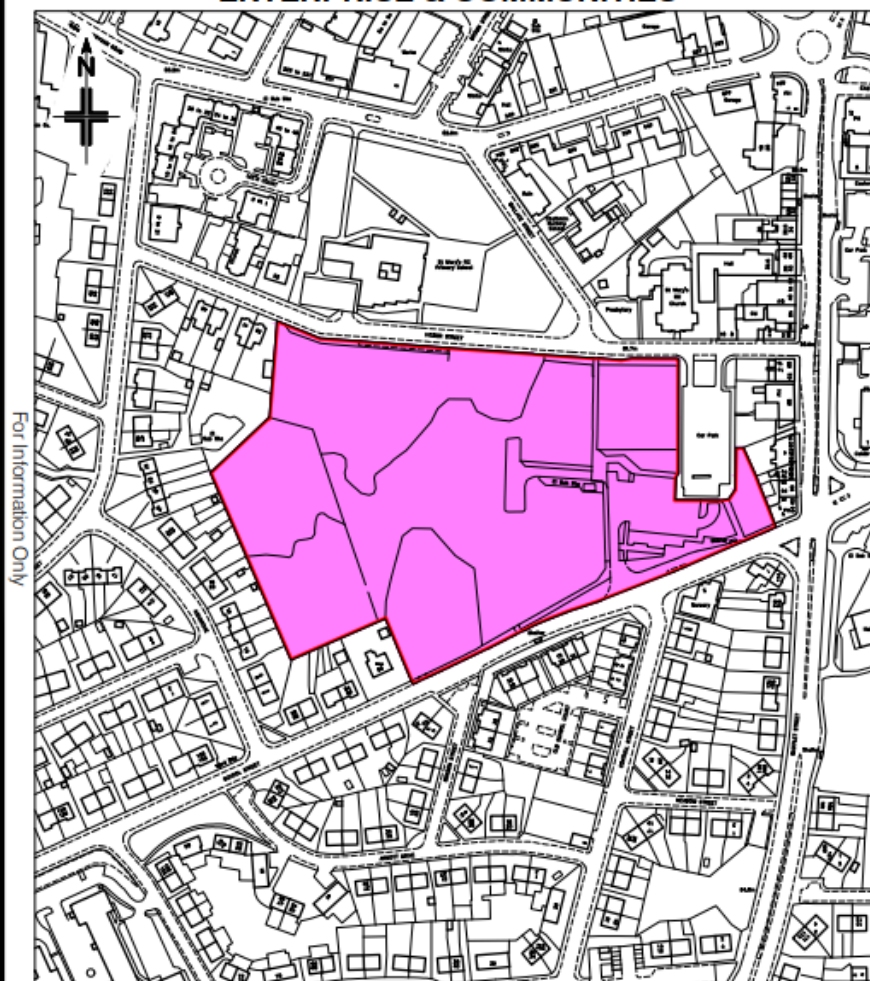
Scale 1:NTS



Town: Coatbridge

Date: 24/06/2024

### ENTERPRISE & COMMUNITIES



### CARTOGRAPHIC & MAPPING SERVICES

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Chief Officer of Assets & Procurement  
North Lanarkshire Council  
Civic Centre, Windmillhill Street  
Motherwell  
ML1 1AB



# North Lanarkshire Council Report

## Finance and Resources Committee

Does this report require to be approved?

☒ Yes ☐ No

Ref 3081

Date

26/02/25

## Land Surplus to Operational Requirements at Ailsa Road, Coatbridge

**From** James McKinstry, Chief Officer (Assets and Procurement)

**E-mail** SullivanC@northlan.gov.uk

**Telephone**

Chris Sullivan  
07939 280579

### Executive Summary

The purpose of this report is to seek council consent to declare an area of land extending to 37 square metres or thereby surplus to council requirements. The area of land is located at Ailsa Road, Coatbridge and is shown on Cartographic Drawing 48215 at Appendix 1 to this report. Scottish Power Energy Networks have enquired about the possibility of the land being declared surplus to council requirements with a view to leasing the land to them for a new electricity substation. The requirement for a new substation is to ensure the continuity of a reliable electricity supply in this locality in future.

In keeping with council procedure, as there has been an objection from a local councillor to the proposed future use of this land, this paper is presented to committee for determination.

### Recommendations

It is recommended that the Finance and Resources Committee:

- (1) Consider the contents of this report and the local member's objections,
- (2) Agree the proposal to declare the land surplus to council requirements. Thereafter the council's Estates Team can consider future use in keeping with council policy.

### The Plan for North Lanarkshire

Priority	Improve the health and wellbeing of our communities
Ambition statement	(3) Maximise the use of our marketable land and assets through improved development in business and industrial infrastructure
Programme of Work	Statutory / corporate / service requirement

## **1. Background**

- 1.1 Scottish Power Energy Networks (SPEN) have indicated that they wish to explore the possibility of the council owned land (37 square metres or thereby) shown on Cartographic Drawing 48215 at Appendix 1 to this report being leased to them for the purpose of installing a new electricity substation.
- 1.2 They have advised that due to the electrical network in the Ailsa Road area being at the end of a long section, it will suffer most from volt drop in future if there is no action taken. The connection of a new substation will also allow for increased capacity for local residents to connect new green technologies in future such as electric car charging and heat pumps. In addition, a new substation will provide additional network security to the area.

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## **2. Report**

- 2.1 The land consists of a section of maintained amenity grass within a larger area of maintained amenity grass and is situated within an established area of primarily privately owned housing in Coatbridge.
- 2.2 In keeping with the council's surplus property procedure for areas of ground that amount to fewer than 50 square metres, the council Holding Service (Housing) have been consulted on the proposal to declare the land surplus to requirements. There have been no objections in principle to the land being declared surplus to their requirements as the land is not considered to be of current or future operational use to Housing.
- 2.3 Owing to the proposed size of the substation being under 29 cubic metres planning permission would not be required as the installation would come under permitted development rights. SPEN have advised that they would seek to engage with the local community throughout the course of the project. As part of the works they would undertake a letter drop in the local area to notify affected customers and explain the purpose of the works to them. Doorstep conversations will take place with customers whose properties will be directly affected by any digging works. Any publicity material used will have a contact from SPEN listed on them, who will be available for customers to contact during working hours. A modern glass reinforced plastic enclosure will be used to ensure that there is minimal visual impact to the area.
- 2.4 Local councillors within the applicable ward have been consulted on the proposal to declare the land surplus to requirements. A meeting was convened between the Council, SPEN and two local members to discuss some concerns. However, the objection from one local member to the proposed substations remains. It should be noted that declaring land/property surplus and the potential future use are two distinct matters. In the ordinary course of things, local councillors are consulted with a view to discovering any objections in principle to council land or property being declared surplus. In the case of Ailsa Road, the proposal to declare the land surplus has been entirely prompted by the interest of Scottish Power in siting a new electricity substation there to ensure continuity of supply in the immediate area. It is therefore difficult to separate the surplus declaration from the proposed future use. The points of objection are outlined below with responses provided by SPEN undernoted.
  - 1. This piece of land is very close to an end of terrace house and the driveway used for access round the back of the property. It would make very little sense to place

anything so close to such a property - especially considering the noise and safety aspect.

**Response:** The boundary of the substation will sit 3-4 metres to the east of the driveway and will therefore not cause disruption to their access. All of the transformers that SPEN install fall well within the industry standard for noise regulation and are quieter compared to older transformers on the network.

## 2. Concern about fires

**Response:** A standard package substation contains an oil filled transformer, which is protected from fault energy by fuses and circuit breakers. In the event of a fault, the protective equipment on SPEN networks operates to de-energise equipment before disruptive failure occurs. The substation proposed for this site is the same as every other substation up and down the country, in every housing scheme in Britain, and this site is considered no more high risk of fire than any others. SPEN can look at installing a midel filled transformer. Midel is an alternative insulating liquid used in transformers instead of oil in high- risk locations such as substations enclosed within buildings or within basements.

SPEN substations are housed within a glass reinforced plastic housing. To prevent against vandalism, SPEN substation enclosures have a fireproof rating compliant with BS 467-7. According to SPEN Specification for Prefabricated Glass Reinforced Plastic Enclosures: "The Enclosure shall be treated to reduce flammability. Sources of ignition include internal equipment failure, careless handling of propane gas torches and deliberate acts of vandalism. The resin shall comply with BS 476-7 Class 2 for external and internal fire rating, regarding surface spread of flame."

To prevent unauthorised access to equipment, the enclosure doors are fitted with padlocks that can only be opened by staff authorised by Scottish Power. If it is deemed necessary SPEN can install a fence around the substation to increase security.

## 3. Concern about access for work to maintain the substation.

**Response:** Equipment installed in a modern substation is considered to be maintenance free. Access to this substation would generally only be required to carry out restoration of power in the event of a power cut, or to carry out switching operations to reconfigure the network for routine work. Switching operations only require one person to gain access for 10-15 minutes at a time. As this is a brand new substation, it will be fitted with tele-control facilities which will allow SPEN's control room to carry out switching operations remotely, thereby reducing the frequency for staff to gain access. The SPEN maintenance department carries out annual inspections of all substations to ensure that they remain safe, tidy and to catch any potential problems before they arise. Any issues flagged up during an inspection are dealt with as soon as possible.

## 4. Concern about local children playing near the substation.

**Response:** The substation would sit within a glass reinforced plastic enclosure, which is securely locked and can only be accessed by trained SPEN operatives. Further to this, within the enclosure there is no exposed live electrical equipment. All electrical equipment inside the enclosure is locked inside cabinets, which can only be opened by authorised SPEN staff. Because of this, the danger to children playing near the substation is considered to be minimal.

5. I also believe this is something the local community would wholly object to.

**Response:** As part of any future works, SPEN will carry out a letter drop to inform residents of the benefits of the new substation and to inform them of work before this takes place.

6. The land would also require preparation due to the hill on the middle of it and I fear this would cause further disruption in the locale where traffic is already at high volume.

**Response:** This piece of land does not require any extra preparation compared to standard ground works for a package substation. Local residents will be informed of works before they take place and doorstep conversations will take place to ensure work will have minimal disruption for residents in the area.

7. I do not believe this piece of land to be appropriate to build on for any purpose.

**Response:** This piece of land is considered the most appropriate location for SPEN to install the new substation. The area around Ailsa Road has been identified as an area of high predicted load growth and this patch of land provides SPEN with a central location to distribute the required power to the area. The new substation is required to keep up with the predicted load growth and will benefit the residents of the area by providing a greater security of supply, greater capacity to keep up with the increasing uptake in low carbon technologies and ensure that electrical supplies remain within their statutory limits in future.

2.5 The land at this location has been identified by SPEN as the best location to ensure security of the supply in this area and provide for anticipated future needs. The Council owns limited amounts of land with the immediate locality and therefore this site is considered the most suitable to meet SPEN's requirements.

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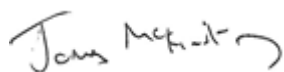
### 3. Measures of success

3.1 If the land is declared surplus to council requirements, then future development of the ground for the proposed substation will help ensure resilience and continuity of supply within the local electricity network. The Council will also obtain a capital receipt for the lease of the ground.

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### 4. Supporting documentation

Appendix 1 – Cartographic Drawing 48215



**James McKinstry**  
**Chief Officer (Assets and Procurement)**

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## 5. Impacts

<b>5.1 Public Sector Equality Duty and Fairer Scotland Duty</b> Does the report contain information that has an impact as a result of the Public Sector Equality Duty and/or Fairer Scotland Duty? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?  If Yes, has an assessment been carried out and published on the council's website? <a href="https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments">https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments</a> Yes <input type="checkbox"/> No <input type="checkbox"/>
<b>5.2 Financial impact</b> Does the report contain any financial impacts? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant financial impacts been discussed and agreed with Finance? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?
<b>5.3 HR policy impact</b> Does the report contain any HR policy or procedure impacts? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant HR impacts been discussed and agreed with People Resources? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?
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<b>5.5 Data protection impact</b> Does the report / project / practice contain or involve the processing of personal data? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, is the processing of this personal data likely to result in a high risk to the data subject? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, has a Data Protection Impact Assessment (DPIA) been carried out and e-mailed to <a href="mailto:dataprotection@northlan.gov.uk">dataprotection@northlan.gov.uk</a> Yes <input type="checkbox"/> No <input type="checkbox"/>

5.6	<b>Technology / Digital impact</b>
Does the report contain information that has an impact on either technology, digital transformation, service redesign / business change processes, data management, or connectivity / broadband / Wi-Fi?	
Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
If Yes, please provide a brief summary of the impact?	
Where the impact identifies a requirement for significant technology change, has an assessment been carried out (or is scheduled to be carried out) by the Enterprise Architecture Governance Group (EAGG)?	
Yes <input type="checkbox"/> No <input type="checkbox"/>	
5.7	<b>Environmental / Carbon impact</b>
Does the report / project / practice contain information that has an impact on any environmental or carbon matters?	
Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
If Yes, please provide a brief summary of the impact?	
5.8	<b>Communications impact</b>
Does the report contain any information that has an impact on the council's communications activities?	
Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
If Yes, please provide a brief summary of the impact?	
5.9	<b>Risk impact</b>
Is there a risk impact?	
Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
If Yes, please provide a brief summary of the key risks and potential impacts, highlighting where the risk(s) are assessed and recorded (e.g. Corporate or Service or Project Risk Registers), and how they are managed?	
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Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
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Does the report contain any information regarding any council activity, service delivery, policy, or plan that has an impact on children and young people up to the age of 18, or on a specific group of these?	
Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
If Yes, please provide a brief summary of the impact and the provision that has been made to ensure there has been appropriate consideration of the relevant Articles from the United Nations Convention on the Rights of the Child (UNCRC).	
If Yes, has a Children's Rights and Wellbeing Impact Assessment (CRWIA) been carried out?	
Yes <input type="checkbox"/> No <input type="checkbox"/>	

## Appendix 1 – Cartographic Drawing 48215

48215

JQ

### LOCATION PLAN - For Information Only

Title: Ailsa Road

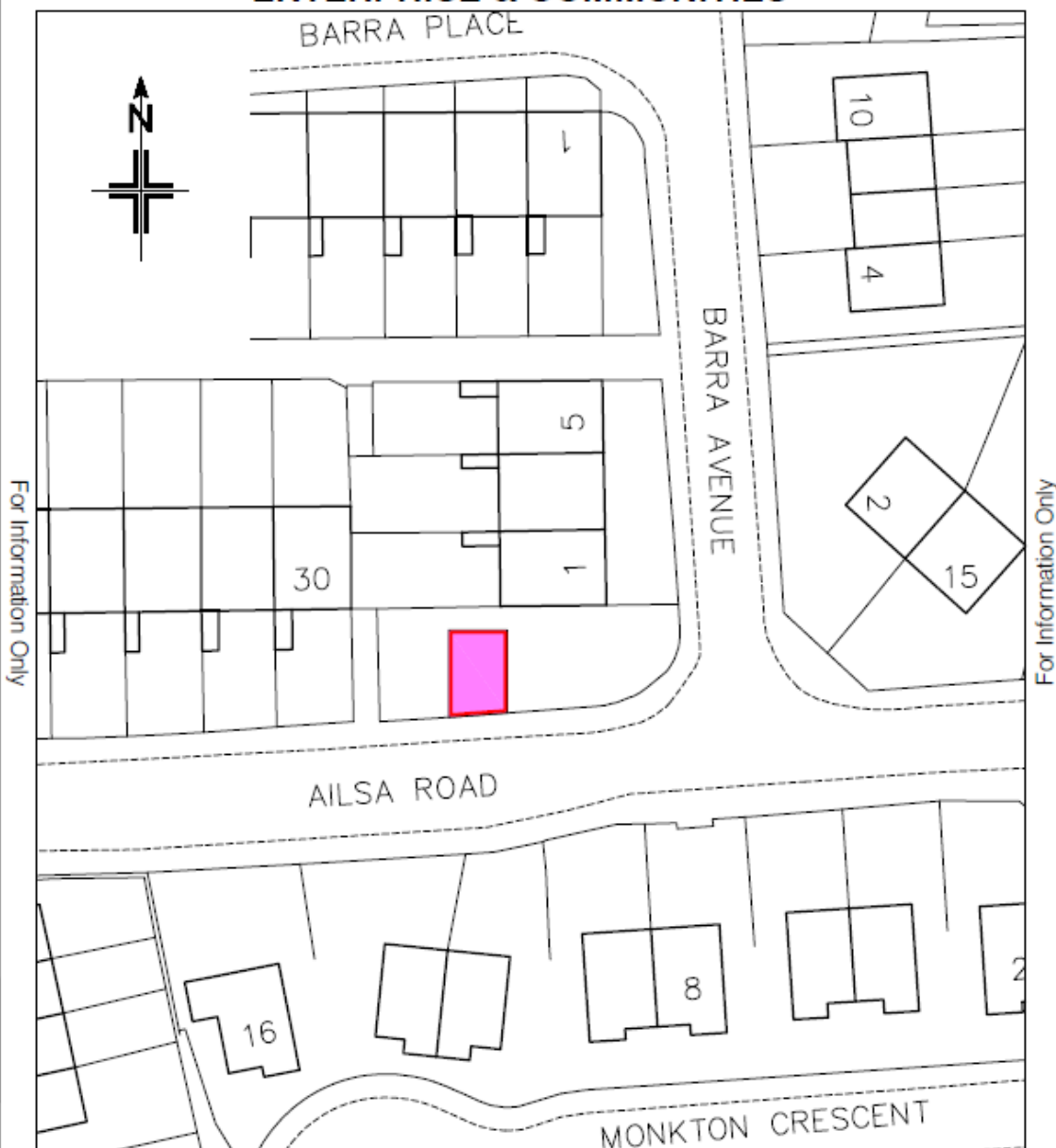
Scale 1:NTS



Town: Coatbridge

Date: 23/01/24

### ENTERPRISE & COMMUNITIES



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Head of Asset & Procurement Solutions  
North Lanarkshire Council  
Fleming House  
2 Tryst Road, Cumbernauld  
G67 1JW



# North Lanarkshire Council Report

## Finance and Resources Committee

Does this report require to be approved? ☒ Yes ☐ No

Ref 3087

Date 26/02/25

## Property Surplus to Operational Requirements – Rockburn Pavilion and Pitch, Carnoustie Place, Bellshill

**From** James McKinstry, Chief Officer (Assets and Procurement)

**E-mail** SullivanC@northlan.gov.uk

**Telephone** Chris Sullivan  
07939 280579

### Executive Summary

The purpose of this report is to seek council consent to declare a pavilion, sports pitch and ancillary ground occupying an area of 5.47 acres or thereby surplus to council requirements. The site is located at Carnoustie Place, Bellshill and is shown on Cartographic Drawing 48372 at Appendix 1 to this report. The current occupiers of the pavilion and the north-most pitch have enquired about the possibility of the land being declared surplus with a view to leasing the property, pitch and adjacent land from the council on a more long-term basis.

### Recommendations

It is recommended that the Finance and Resources Committee:

- (1) Consider the contents of this report and,
- (2) Declare the property and land surplus to council requirements. If they are declared surplus thereafter the council's Estates Team can consider future use in keeping with council policy.

### The Plan for North Lanarkshire

Priority	Enhance participation, capacity, and empowerment across our communities
Ambition statement	(22) Facilitate a North Lanarkshire wide approach to asset rationalisation, including with communities and partners
Programme of Work	Statutory / corporate / service requirement

## **1. Background**

- 1.1 Bellshill Athletic Football Club currently occupy the pavilion and use the pitch at Carnoustie Place, Bellshill. They have used the facility for a number of years and in January 2023 obtained retrospective planning consent for construction of a clubhouse within the curtilage of the site. The occupation of the ground by the football club has previously been through an ongoing short-term let arrangement.
- 1.2 The club are keen to further develop the site at Rockburn and would like to explore the opportunity to seek funding applications from external sources to assist with this. Funders will generally seek an assurance of a long-term occupation for any site that they choose to invest in. For this reason, the club initially approached the council to ask about purchasing the site. While this proposal was fully considered, it was ultimately decided that selling the site was not in the best interests of the council. As a result, the club requested that a long-term lease be considered.

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## **2. Report**

- 2.1 The pavilion, sports pitch and ancillary ground occupy an area of 5.47 acres or thereby. The site is located at Carnoustie Place, Bellshill and is shown on Cartographic Drawing 48372 at Appendix 1 to this report. The land is situated between a residential housing area to the east and industrial warehousing to the west.
- 2.2 The land and property are not considered to be of current or anticipated future operational use to Active & Creative Communities, the council holding service for the land.
- 2.3 In keeping with the council's surplus property procedure, relevant council services have been consulted on the proposal to declare the land surplus to requirements and no service has indicated a fundamental objection in principle to the land being declared surplus.
- 2.4 Local councillors within the applicable ward have also been consulted on the proposal to declare the land and property surplus to requirements. One councillor has objected and two councillors have some concerns in relation to vehicle parking on match days and community engagement. The objection from the local councillor to the proposal to declare the land surplus to council requirements has led to this report being prepared for the Finance and Resources Committee to determine the status of the property. The relevant points of objection from the local councillor are outlined below. The objections from the councillor relate to the overall impact on the local community and are summarised as follows:
  1. Loss of play facilities - Where are the children on that side of the North Road to play? Several years ago, the swings etc were removed throughout the park and at the bottom entrance the land sold to the industrial estate. The only play areas are on the opposite side of the busy road – one at the shops in Kelvin Road, a considerable distance for young children; the other at Nairn Avenue, again necessitating crossing the busy road. Equally, neither of these areas is suitable for playing ball games. I thought we were aiming for young people to do more exercise etc.

**Response:** The play area between Noble Primary School and St Gerard's Primary School has good play provision with swings and a variety of play facilities. It also incorporates a large, fenced multi-use games area (MUGA) that caters for a variety of ball games.

2. Loss of amenity space - this is a well-used area for walking and dog walking. Local residents already believe the presence of the current tenant to be detrimental to the amenities in the area as they are often prevented from walking in the park.

**Response:** At present, council services are unaware of any significant issue with access for dog walkers within the locality. Understandably, there may be less access available during the around match times but within the overall context of time available during the week this is not considered to be significant.

3. Parking – a general concern around impact on local residents from current/future use of Rockburn Park. Both the Oval and Rockburn Crescent experience unacceptable parking issues, especially the latter as a fire engine or ambulance could not pass in an emergency; currently visitors to Rockburn Park are parked on pavements and block residents' cars in drives and garages. Any future use of the area should consider the impact on lack of parking and subsequent difficulties caused for residents.

**Response:** Through discussion with the club, they have made approaches to residents to make them aware of upcoming matches. Prior to all home matches, the club also issue through social media channels to visitors to be mindful of parking and ensure safe access and egress of the area. Visitors are recommended to park away from the adjacent streets.

- 2.5 At this time, the site at Rockburn is used only by the current occupier – Bellshill Athletic Football Club. A long-term lease may open up the possibility for the club to attract additional investment into the site, potentially making improvements which could enhance one of our community facilities and encourage increased community involvement in sport.

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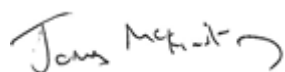
### 3. Measures of success

- 3.1 If the land is declared surplus to council requirements the council's Estates team within Asset & Procurement will determine future use in keeping with council policy.

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### 4. Supporting documentation

Appendix 1 – Cartographic Drawing 48372



**James McKinstry**  
**Chief Officer (Assets and Procurement)**

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## 5. Impacts

5.1	<p><b>Public Sector Equality Duty and Fairer Scotland Duty</b></p> <p>Does the report contain information that has an impact as a result of the Public Sector Equality Duty and/or Fairer Scotland Duty?</p> <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>If Yes, please provide a brief summary of the impact?</p> <p>If Yes, has an assessment been carried out and published on the council's website? <a href="https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments">https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments</a></p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p>
5.2	<p><b>Financial impact</b></p> <p>Does the report contain any financial impacts?</p> <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>If Yes, have all relevant financial impacts been discussed and agreed with Finance?</p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>If Yes, please provide a brief summary of the impact?</p>
5.3	<p><b>HR policy impact</b></p> <p>Does the report contain any HR policy or procedure impacts?</p> <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>If Yes, have all relevant HR impacts been discussed and agreed with People Resources?</p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>If Yes, please provide a brief summary of the impact?</p>
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5.6	<b>Technology / Digital impact</b>
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If Yes, please provide a brief summary of the key risks and potential impacts, highlighting where the risk(s) are assessed and recorded (e.g. Corporate or Service or Project Risk Registers), and how they are managed?	
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Does the report require to take due regard of the Armed Forces Covenant Duty (i.e. does it relate to healthcare, housing, or education services for in-Service or ex-Service personnel, or their families, or widow(er)s)?	
Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
If Yes, please provide a brief summary of the provision which has been made to ensure there has been appropriate consideration of the particular needs of the Armed Forces community to make sure that they do not face disadvantage compared to other citizens in the provision of public services.	
5.11	<b>Children's rights and wellbeing impact</b>
Does the report contain any information regarding any council activity, service delivery, policy, or plan that has an impact on children and young people up to the age of 18, or on a specific group of these?	
Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
If Yes, please provide a brief summary of the impact and the provision that has been made to ensure there has been appropriate consideration of the relevant Articles from the United Nations Convention on the Rights of the Child (UNCRC).	
If Yes, has a Children's Rights and Wellbeing Impact Assessment (CRWIA) been carried out?	
Yes <input type="checkbox"/> No <input type="checkbox"/>	

## Appendix 1 – Cartographic Drawing 48372

48372

JD

### LOCATION PLAN - For Information Only

Title: Rockburn Park, Rockburn Crescent

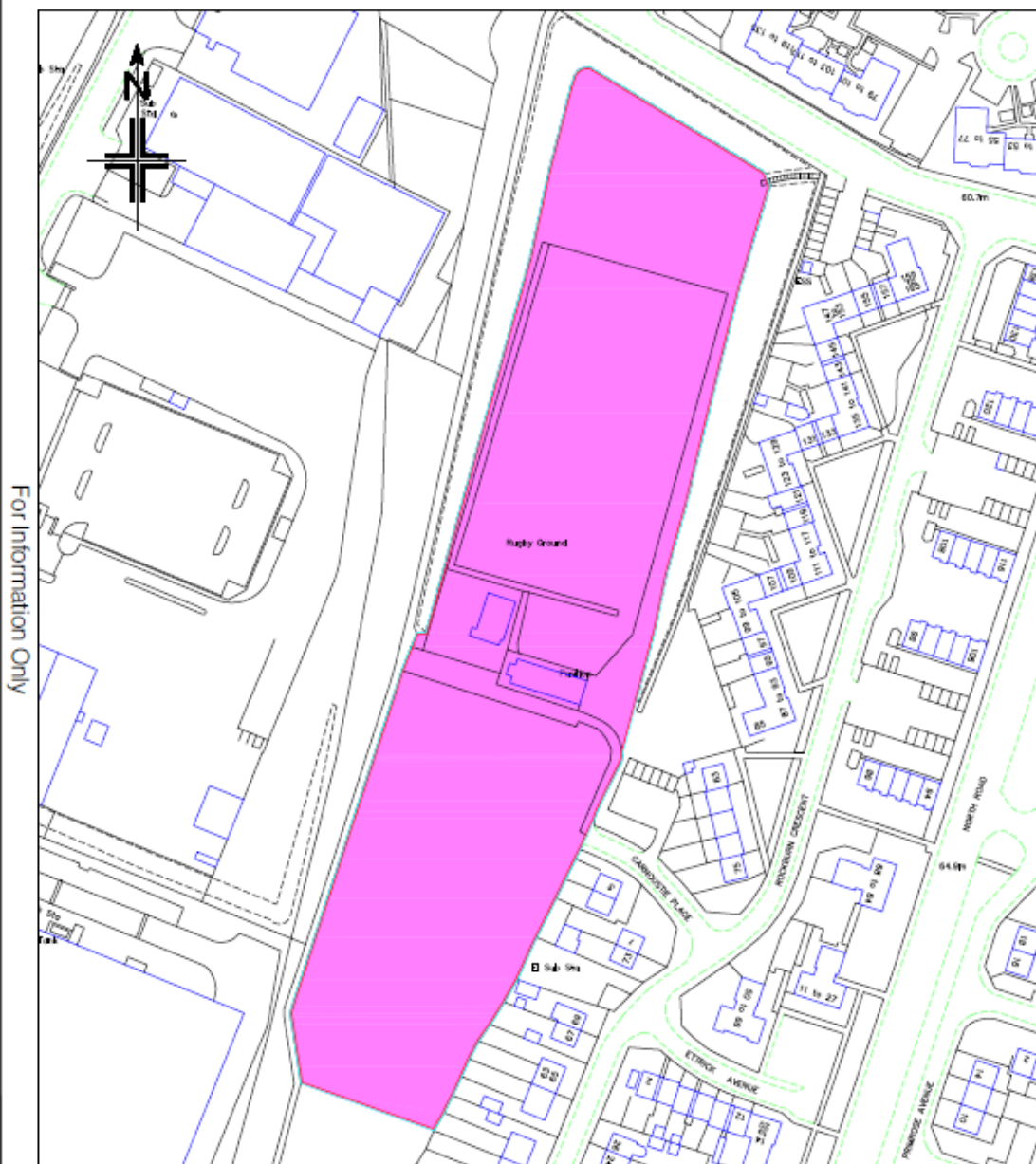
Scale 1:N.T.S.



Town: Bellshill

Date: 17/06/2024

### ENTERPRISE & COMMUNITIES



### CARTOGRAPHIC & MAPPING SERVICES

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Chief Officer of Assets & Procurement  
North Lanarkshire Council  
Civic Centre, Windmillhill Street  
Motherwell  
ML1 1AB

# North Lanarkshire Council Report

## Finance and Resources Committee

Does this report require to be approved?

☐ Yes ☒ No

Ref

Date

26/02/25

## Local government in Scotland: Financial Bulletin 2023/24

**From** Elaine Kemp, Chief Officer (Finance)

**E-mail** KempE@northlan.gov.uk

**Telephone** 07939 280601

### Executive Summary

The Accounts Commission published its 2023/24 Financial Bulletin on Local Government in Scotland in January 2025. See the full report at Appendix 1 or via [this link](#) Local government in Scotland: Financial bulletin 2023/24 | Audit Scotland.

The report examines a number of areas including Council Funding and Budgets, Financial Performance, Financial Position and outlook at end of 2023/24. Members should note the key facts and the four key messages, which are highlighted in the report below along with context given to the relevance at North Lanarkshire Council.

One of the key highlights is that councils' total revenue and income fell in 2023/24, reflecting another real terms decrease in revenue funding from the Scottish Government, and highlights that Councils are increasingly reliant on identifying savings, which becomes progressively more difficult year-on-year, and again used reserves to remain within their agreed budgets.

However as indicated in the report, this Council is already meeting the requirements outlined in the Commission's recommendations, and some of the tables and graphs contained with the report evidence that.

As members will appreciate financial sustainability is a top priority for North Lanarkshire and is regularly reviewed as part of the Corporate Risk Register framework. In addition, longer term planning is integral to the Council's Financial Strategy and the strategic approach to budgeting. Thus, recognising that effective decision making relies on robust financial planning, with the Medium-Term Financial Plan (MTFP) assisting in ensuring resources are aligned to the key priorities outlined in The Plan for North Lanarkshire are affordable and sustainable.

### Recommendations

It is recommended that the Finance and Resource Committee:

- (1) Acknowledge the contents of the report.

## The Plan for North Lanarkshire

Priority	All priorities
Ambition statement	(25) Ensure intelligent use of data and information to support fully evidence based decision making and future planning
Programme of Work	Statutory / corporate / service requirement

---

### 1. Background

- 1.1. In January 2025, Audit Scotland published the Local Government in Scotland: Financial Bulletin 2023/24 on behalf of the Accounts Commission. The bulletin discusses Council's funding and budget-setting, financial performance and their position at the end of 2023/24, and the financial outlook.
- 1.2. The report is part of a series of overview outputs produced by the Accounts Commission which together provide an independent overview of the financial and operational performance of Scotland's local government sector, with a budget briefing examining the 2025/26 budgets set by councils due to be published in spring 2025, and a report focused on service performance to be published later in 2025.

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### 2. Report

- 2.1. The report examines a number of areas including Council Funding and Budgets, Financial Performance, Financial Position and outlook at end of 2023/24. The full report is provided at Appendix 1 or can be accessed via [this link Local government in Scotland: Financial bulletin 2023/24 | Audit Scotland](#). Members should note the key facts and the four key messages, which are outlined below along with context given to the relevance at North Lanarkshire Council, in italics;

- 2.1.1 In 2023/24, councils' total revenue and income fell, including another real terms decrease in revenue funding from the Scottish Government. Councils are increasingly reliant on identifying savings, which becomes progressively more difficult year-on-year, and again used reserves to remain within their agreed budgets.

*Members will appreciate North Lanarkshire Council has equally experienced the real terms reduction in funding. However, this Council has a robust Revenue Budget Strategy in place which has ensured members are provided with sustainable budget solutions, thus enabling members to make informed decisions around closing challenging budget gaps. Members have a strong record in approving difficult recurring savings in the past, and in line with the Council's Reserves policy have only used reserves in a sustainable way. Despite this good financial management, it is acknowledged that delivering savings is becoming increasingly difficult to achieve.*

- 2.1.2 In 2023/24, capital funding remained constrained, with councils borrowing more and managing a range of complex funding models. Capital funding from the Scottish Government reduced slightly in real terms, continuing a longer-term trend. Capital expenditure was lower than planned. Councils continue to borrow more to enable investment in their estates and council debt, and annual interest costs, continue to increase.

*These findings are also true in North Lanarkshire Council, however due to the innovative Community Investment Fund that this Council has committed to for a number years now, there continues to be significant investment in our assets, through prudent, affordable and sustainable borrowing.*

- 2.1.3 In 2023/24, usable reserves, which are those that can be used to support service delivery, reduced and most are already committed for specific purposes. This presents an ongoing challenge for councils reliant on reserves to balance their budgets, as well as to longer-term financial sustainability. Using reserves to routinely balance budgets is not sustainable.

*This message is reflective of the approved Reserves Policy for the Council, which means that reserves have not and are not permitted for use in an unsustainable way.*

- 2.1.4 Councils need to intensify transformation activity, progressing at scale and pace to ensure their financial sustainability. How councils plan to use their reserves, make savings and transform their services needs to become more transparent. The need to consult local communities and clearly communicate the implications for local services of the budget decisions taken has never been more important.

*Members are aware that The Plan for North Lanarkshire was established in 2019 with a very clear vision - inclusive growth and prosperity for all to bring equal benefits and a fairer distribution of wealth to all North Lanarkshire's people and communities. This vision is about transforming the place that is North Lanarkshire.*

*Approved by Policy and Strategy Committee in March 2023, the five year Programme of Work to 2028 set out the plans to deliver these improvements against seven priorities. This was subsequently underpinned by Policy and Strategy approval of the following of the Medium Term Financial Plan 2025/26 to 2029/30, the Strategic Capital Investment Programme for 2024/25 to 2028/29 and The One Workforce Plan in December 2024. The whole Council approach to transformation aims to progress at pace and scale while ensuring activities are underpinned by sound financial management, risk management, and corporate governance controls to ensure the Council remains financially sustainable.*

## **Accounts Commission recommendations**

- 2.2. Members should also note that the report has made some recommendations to Councils including:
- 2.2.1 Report on the savings made within their management commentaries more comprehensively, including provision of comparisons to savings targets agreed during budget-setting, and whether they were recurring or non-recurring.
- 2.2.2 Ensure that the impact of capital underspends, future borrowing projections and of using financial flexibilities on their indebtedness are reported clearly alongside the impact of these on future revenue budgets.
- 2.2.3 Ensure reserves policies indicate explicitly and clearly the impact of financial flexibilities on reserves held; the nature, level of and intended timing of the deployment of committed usable reserves held; and the level of uncommitted and contingency funding held within General Funds.

- 2.2.4 Prioritise service transformation, considering the impact of current service delivery models on longer-term financial sustainability, including the medium-term impact on reserve levels.
- 2.2.5 Ensure that financial sustainability becomes a central focus of financial monitoring and reporting, making greater use of financial sustainability indicators within reports to elected members and within their regular public reporting and financial strategies and plans.
- 2.2.6 Members will appreciate this Council is already meeting expectations outlined above, and some of the tables and graphs contained with the report evidence that. Financial sustainability is a top priority for North Lanarkshire Council and is regularly reviewed as part of the Corporate Risk Register framework. In addition, longer term planning is integral to the Council's Financial Strategy and the strategic approach to budgeting. Recognising that effective decision making relies on robust financial planning, with the Medium-Term Financial Plan (MTFP) assisting in ensuring resources are aligned to the key priorities outlined in The Plan for North Lanarkshire are affordable and sustainable.
- 2.2.7 The key principles and framework of the Revenue Budget Strategy underpin financial plans to ensure robust and financially sustainable decisions are taken in setting the revenue budget. These principles are embedded the financial planning and budget process to ensure the Council continues to manage the challenges it faces, minimising cost and maximising resources, efficiencies and savings, in both the near and longer term.

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### **3. Measures of success**

- 3.1 In this ongoing challenging financial environment this Council will continue to ensure there are robust financial management arrangements in place to ensure it continues to set a balanced budget, and that services are deliver within the financial resources available, thus ensuring the Council remains financially sustainable over the medium to long term.

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### **4. Supporting documentation**

Appendix 1 Local government in Scotland: Financial Bulletin 2023/24



**Elaine Kemp**  
**Chief Officer (Finance)**

---

## 5. Impacts

<b>5.1 Public Sector Equality Duty and Fairer Scotland Duty</b> Does the report contain information that has an impact as a result of the Public Sector Equality Duty and/or Fairer Scotland Duty? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?  If Yes, has an assessment been carried out and published on the council's website? <a href="https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments">https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments</a> Yes <input type="checkbox"/> No <input type="checkbox"/>
<b>5.2 Financial impact</b> Does the report contain any financial impacts? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant financial impacts been discussed and agreed with Finance? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?
<b>5.3 HR policy impact</b> Does the report contain any HR policy or procedure impacts? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant HR impacts been discussed and agreed with People Resources? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?
<b>5.4 Legal impact</b> Does the report contain any legal impacts (such as general legal matters, statutory considerations (including employment law considerations), or new legislation)? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant legal impacts been discussed and agreed with Legal and Democratic? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?
<b>5.5 Data protection impact</b> Does the report / project / practice contain or involve the processing of personal data? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, is the processing of this personal data likely to result in a high risk to the data subject? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, has a Data Protection Impact Assessment (DPIA) been carried out and e-mailed to <a href="mailto:dataprotection@northlan.gov.uk">dataprotection@northlan.gov.uk</a> Yes <input type="checkbox"/> No <input type="checkbox"/>

<b>5.6</b>	<b>Technology / Digital impact</b> Does the report contain information that has an impact on either technology, digital transformation, service redesign / business change processes, data management, or connectivity / broadband / Wi-Fi? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?  Where the impact identifies a requirement for significant technology change, has an assessment been carried out (or is scheduled to be carried out) by the Enterprise Architecture Governance Group (EAGG)? Yes <input type="checkbox"/> No <input type="checkbox"/>
<b>5.7</b>	<b>Environmental / Carbon impact</b> Does the report / project / practice contain information that has an impact on any environmental or carbon matters? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?
<b>5.8</b>	<b>Communications impact</b> Does the report contain any information that has an impact on the council's communications activities? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?
<b>5.9</b>	<b>Risk impact</b> Is there a risk impact? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the key risks and potential impacts, highlighting where the risk(s) are assessed and recorded (e.g. Corporate or Service or Project Risk Registers), and how they are managed?
<b>5.10</b>	<b>Armed Forces Covenant Duty</b> Does the report require to take due regard of the Armed Forces Covenant Duty (i.e. does it relate to healthcare, housing, or education services for in-Service or ex-Service personnel, or their families, or widow(er)s)? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the provision which has been made to ensure there has been appropriate consideration of the particular needs of the Armed Forces community to make sure that they do not face disadvantage compared to other citizens in the provision of public services.
<b>5.11</b>	<b>Children's rights and wellbeing impact</b> Does the report contain any information regarding any council activity, service delivery, policy, or plan that has an impact on children and young people up to the age of 18, or on a specific group of these? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact and the provision that has been made to ensure there has been appropriate consideration of the relevant Articles from the United Nations Convention on the Rights of the Child (UNCRC).  If Yes, has a Children's Rights and Wellbeing Impact Assessment (CRWIA) been carried out? Yes <input type="checkbox"/> No <input type="checkbox"/>



Local government in Scotland

# Financial bulletin 2023/24



ACCOUNTS COMMISSION 

Prepared by Audit Scotland  
January 2025



# Contents

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## Accessibility

You can find out more and read this report using assistive technology on our website [www.audit.scot/accessibility](https://www.audit.scot/accessibility).

# Key facts

Some of these are based on a sample – see paragraph 4 for further information on our methodology

## Funding and budgets

- **1.8 per cent:** the real-terms reduction in revenue funding from the Scottish Government in 2023/24 compared to 2022/23
- **21 per cent:** the proportion of Scottish Government revenue funding that was ring-fenced or directed towards national policy commitments in 2023/24
- **£759 million:** the budget gap identified by our sample of 29 councils at the start of 2023/24. The 2024/25 budget gap identified by all 32 councils was £585 million
- **1.2 per cent:** the real-terms reduction in capital funding from the Scottish Government in 2023/24 compared to 2022/23.

## Financial performance

- **3.3 per cent:** the real-terms reduction in councils' total revenue funding and income in 2023/24 compared to 2022/23
- **9 out of 29:** the number of councils that reported overspends against their agreed revenue budgets
- **11 out of 30:** the number of councils that achieved all their planned savings
- **25 out of 30:** the number of councils that reported lower expenditure than planned across their capital programmes in 2023/24
- **£19.8 billion:** councils' net debt in 2023/24, a 15.8 per cent increase on 2022/23, as councils become more reliant on borrowing to finance their capital programmes.

## Financial position and outlook

- **5 per cent:** the decrease in councils' total usable reserves
- **84 per cent:** the proportion of the General Fund that is committed
- **12 out of 29:** the number of councils that made unplanned use of their reserves in 2023/24 to manage budget pressures
- **15 out of 30:** the number of councils that have long-term financial plans in place, with councils reporting difficulty planning for the longer term due to future uncertainty.

# Key messages

Despite an increase in overall revenue and capital funding for councils in 2024/25, and the Scottish Government's budget proposals in December 2024 indicating a further real terms uplift in funding for 2025/26, the financial outlook for Scotland's councils remains challenging.

- 1** In 2023/24, councils' total revenue and income fell, including another real terms decrease in revenue funding from the Scottish Government. Councils are increasingly reliant on identifying savings, which becomes progressively more difficult year-on-year, and again used reserves to remain within their agreed budgets.
- 2** In 2023/24, capital funding remained constrained, with councils borrowing more and managing a range of complex funding models. Capital funding from the Scottish Government reduced slightly in real terms, continuing a longer-term trend. Capital expenditure was lower than planned. Councils continue to borrow more to enable investment in their estates and council debt, and annual interest costs, continue to increase.
- 3** In 2023/24, usable reserves, which are those that can be used to support service delivery, reduced and most are already committed for specific purposes. This presents an ongoing challenge for councils reliant on reserves to balance their budgets, as well as to longer-term financial sustainability. Using reserves to routinely balance budgets is not sustainable.

- 4 Councils need to intensify transformation activity, progressing at scale and pace to ensure their financial sustainability. How councils plan to use their reserves, make savings and transform their services needs to become more transparent. The need to consult local communities and clearly communicate the implications for local services of the budget decisions taken has never been more important.
-

# Recommendations

## In 2025, councils should:

- Report on the savings made within their management commentaries more comprehensively, including provision of comparisons to savings targets agreed during budget-setting, and whether they were recurring or non-recurring ([paragraphs 29 - 30](#)).
- Ensure that the impact of capital underspends, future borrowing projections and of using financial flexibilities on their indebtedness are reported clearly alongside the impact of these on future revenue budgets ([paragraphs 34 - 41](#)).
- Ensure reserves policies indicate explicitly and clearly the impact of financial flexibilities on reserves held; the nature, level of and intended timing of the deployment of committed usable reserves held; and the level of uncommitted and contingency funding held within General Funds ([paragraph 54 and Case study](#)).
- Prioritise service transformation, considering the impact of current service delivery models on longer-term financial sustainability, including the medium-term impact on reserve levels ([paragraphs 61 - 62](#)).
- Ensure that financial sustainability becomes a central focus of financial monitoring and reporting, making greater use of financial sustainability indicators within reports to elected members and within their regular public reporting and financial strategies and plans ([paragraphs 63 - 67](#)).

We note progress against the recommendations from our [Financial bulletin 2022/23](#) in [Appendix 1](#).

# Introduction

## About this report

**1.** This report is part of a series of overview outputs produced by the Accounts Commission which together provide an independent overview of the financial and operational performance of Scotland's local government sector.

**2.** This report examines councils' financial performance in 2023/24. This follows the unprecedented challenges of the Covid-19 pandemic and cost-of-living crisis and sits against a backdrop of the whole of the Scottish public sector facing challenges to its financial sustainability. The bulletin sets out:

- councils' funding and budget-setting
- councils' financial performance
- councils' position at the end of 2023/24 and the financial outlook.

**3.** In spring 2025, we will publish a budget briefing examining the 2025/26 budgets set by councils, including analysis of anticipated budget gaps and the decisions made by councils when setting their budgets. This will be followed by a report focused on service performance later in 2025.

## Methodology

**4.** The primary sources of information for this report are councils' 2023/24 accounts and annual audit reports, a data request issued to councils in October 2024 and Scottish Budget documents.

**5.** Our findings are based primarily on:

- The 2023/24 annual accounts for 29 councils (20 audited and nine unaudited). At our 2 December 2024 deadline, accounts were unavailable for Clackmannanshire, Eilean Siar and East Dunbartonshire and these councils are not included in our 2023/24 analysis (or comparisons to previous years).
- Supplementary information from 30 councils collected via a data return issued to council directors of finance and was also reviewed by appointed auditors. At our 25 November 2024 deadline, data returns were unavailable for Clackmannanshire and Eilean Siar and these councils are not included in our analysis. We also utilised

elements of data returns previously submitted to us in support of our [Financial bulletin 2022/23 report](#).

- Scottish Government Budget documents. Our analysis of Scottish Government funding reports on the funding position for all 32 of Scotland's councils.

**6.** When looking at trends, we convert some figures to real terms.

This adjusts financial information from past and future years to prices for the year under review (ie, 2023/24). This is to take account of inflation so that trend information is comparable. To adjust for inflation, we use gross domestic product (GDP) deflators, which are published quarterly by HM Treasury. GDP deflators are the standard approach adopted by both the UK Government and Scottish Government when analysing public expenditure.

**7.** Financial trend data (both capital and revenue) relating to funding, income or expenditure will generally be shown in real terms. Financial information from the councils' accounts' balance sheets remains unadjusted. This includes trend analysis on reserves, sources of capital finance, borrowing and debt. These are not adjusted to real terms as they are already subject to revaluations within the councils' accounts to reflect current prices.



# 1. Council funding and budgets

Both revenue and capital funding from the Scottish Government to councils were reduced in real terms in 2023/24, with councils once again setting budgets that required significant gaps to be addressed.

## Councils are reliant on Scottish Government funding which makes up over 60 per cent of income

**8.** As the largest source of funding or income for councils, at over 60 per cent, Scottish Government funding shapes the fiscal environment that councils operate in. Currently councils receive a single year settlement, with a draft allocation published in the Scottish Budget in December. This is revised throughout the year and in recent years a low initial settlement has been followed by large additional transfers during the financial year.

**9.** In 2023/24, the Scottish Government allocated councils total revenue and capital funding of £13.7 billion. This settlement was higher than before the pandemic but in real terms funding was reduced year-on-year since 2020/21. The 2024/25 settlement has reversed this trend and the 2025/26 draft settlement published in December 2024 indicates another real-terms uplift in funding for councils ([Exhibit 1, page 10](#)).

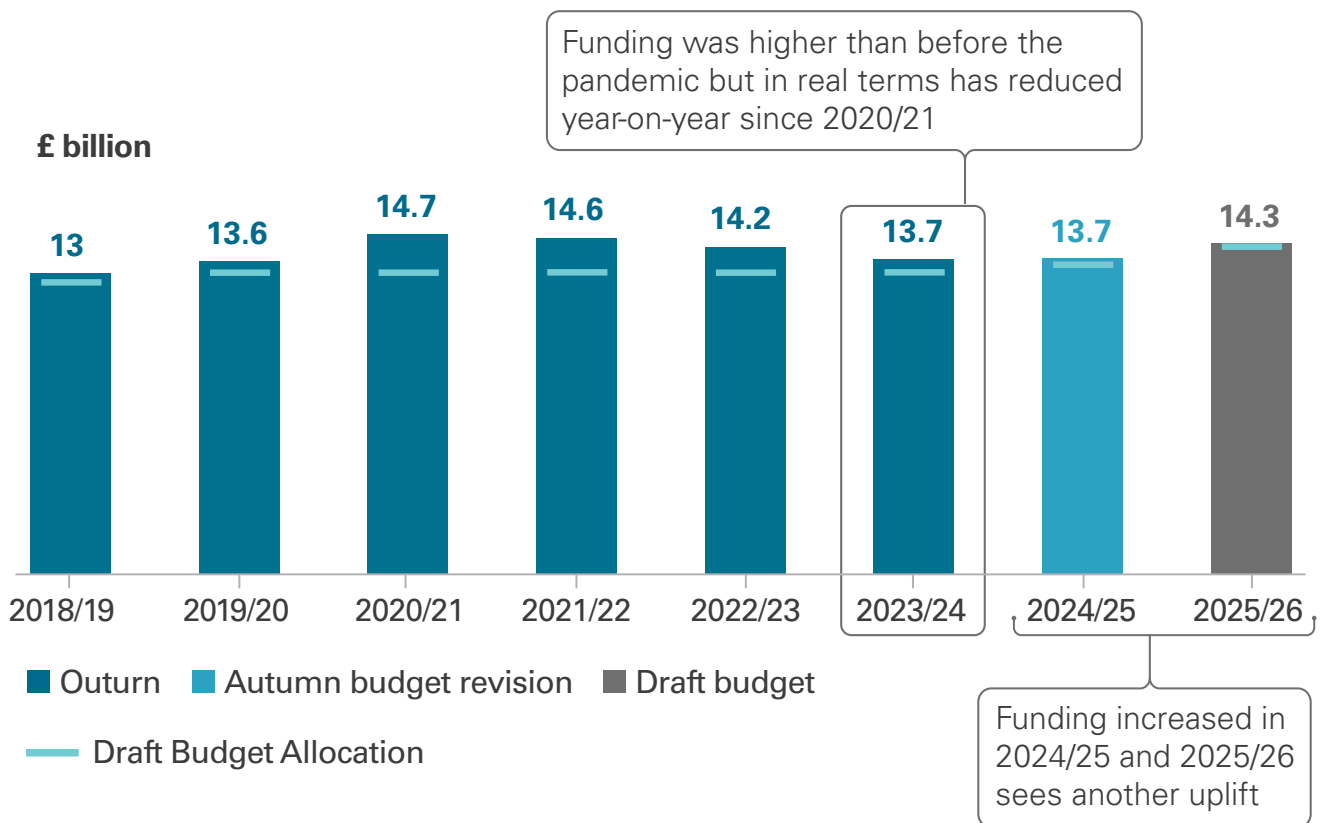
**10.** This initial 2025/26 draft settlement allocates £15 billion of revenue and capital funding to councils, a 5.8 per cent real terms increase on the 2024/25 draft settlement. Increases to revenue funding include an uplift to the general revenue grant, funding for pay awards and teachers' pensions. Increases to capital include additional funds to support inter-islands connectivity and climate change. There is still uncertainty as to how increased employers' National Insurance (NI) contributions, announced by the UK Government, will be funded. The Convention of Scottish Local Authorities (COSLA) estimates these will be an additional £265 million cost pressure for councils in 2025/26.

**11.** The funding increase for councils recently announced as part of the Scottish Government's 2025/26 draft budget in December 2024 does not change the fact that the financial outlook remains challenging ([Part 3](#)). We will examine the implications of the Scottish Budget for councils' own budget-setting in our next Local government in Scotland publication, [Local government budgets 2025/26](#).

## Exhibit 1.

### Scottish Government revenue and capital funding to councils since 2018/19 in real terms

Funding in 2023/24 was higher than before the pandemic but in real terms has reduced year-on-year since 2020/21. This trend reversed in 2024/25 and 2025/26 sees a further funding uplift.



Note: Draft budget allocations include transfers from other portfolios. 2020/21 and 2021/22 totals include Covid-19 funding allocations. Barnett consequentials (and other funding) will be allocated to 2024/25 in the Spring Budget Revision. The draft 2025/26 settlement will be subject to additional in-year allocations that are already included in earlier year totals.

Source: Scottish Government Budget documents

### Revenue funding from the Scottish Government fell by 1.8 per cent in real terms in 2023/24, despite significant in-year allocations

**12.** In 2023/24, revenue funding from the Scottish Government (at the spring revision) was £12.7 billion, a 4.2 per cent cash increase on the previous year but 1.8 per cent lower in real terms. General revenue grant funding and non-domestic rates combined decreased by 1.5 per cent. Specific revenue grants saw no cash increase, which meant a reduction of 6.9 per cent in real terms.

**13.** Some further Scottish Government funding received by councils, although not formally ring-fenced, is provided with the expectation that it is directed to specific purposes. This is announced and distributed to councils in-year. In 2023/24, councils received an additional £1.6 billion at the autumn revision including additional funding to support teachers' salaries as well as the expected transfers from other portfolios including health and education. A further £0.3 billion was transferred from other portfolios at the spring revision.

**14.** In 2023/24, we calculated that ring-fenced and directed funding amounted to almost £2.7 billion, which is 21 per cent of Scottish Government revenue funding to councils. This is lower than in 2022/23. In the 2024/25 Scottish Budget, following a commitment in the Verity House Agreement to reduce the level of ring-fenced funding, a number of ring-fenced or directed items were 'baselined' into the general revenue grant. This includes all £522 million of the early learning and childcare specific revenue grant and £429 million of in-year transfers including adult social care Living Wage funding, Free Personal and Nursing Care and Free School Meals Intervention. While no longer ring-fenced, spending will still need to be directed towards these policies. In the 2025/26 Scottish Budget, initial indications do not show any significant alterations.

## Councils identified £759 million of budget gaps at the start of 2023/24, and planned to use savings and reserves to address these

**15.** Councils set their own budgets in February and March for the financial year ahead using the initial allocation from the Scottish Government. At the time of setting their 2023/24 budgets, councils in our sample of 29 identified a cumulative **budget gap** of at least £759 million for the year. This represented a budget gap of 4.8 per cent of the total net cost of services.

**16.** To close the budget gap and set a balanced budget, councils took a range of actions. Over 90 per cent was covered by agreeing:

- to make £260 million of recurring savings (34 per cent of the total share)
- to make a further £30 million of non-recurring, one-off savings (four per cent)
- to use £202 million of reserves (26 per cent)
- to raise £144 million through increases to council tax (19 per cent)
- to use £73 million of funding released via application of financial flexibilities (nine per cent)<sup>1</sup> ([Exhibit 2, page 13](#)).



During the budget-setting process, councils may identify a **budget gap**, which is the difference between their anticipated expenditure for the year and the funding and income they expect to receive. Councils will identify and agree bridging actions to allow them to set a balanced budget. This may include an agreement on savings to be made during the year.

<sup>1</sup> The budget gap and values that make up the bridging actions vary from those published in last year's Financial bulletin as the sample is different and additional data returns were received post publication that are now included.

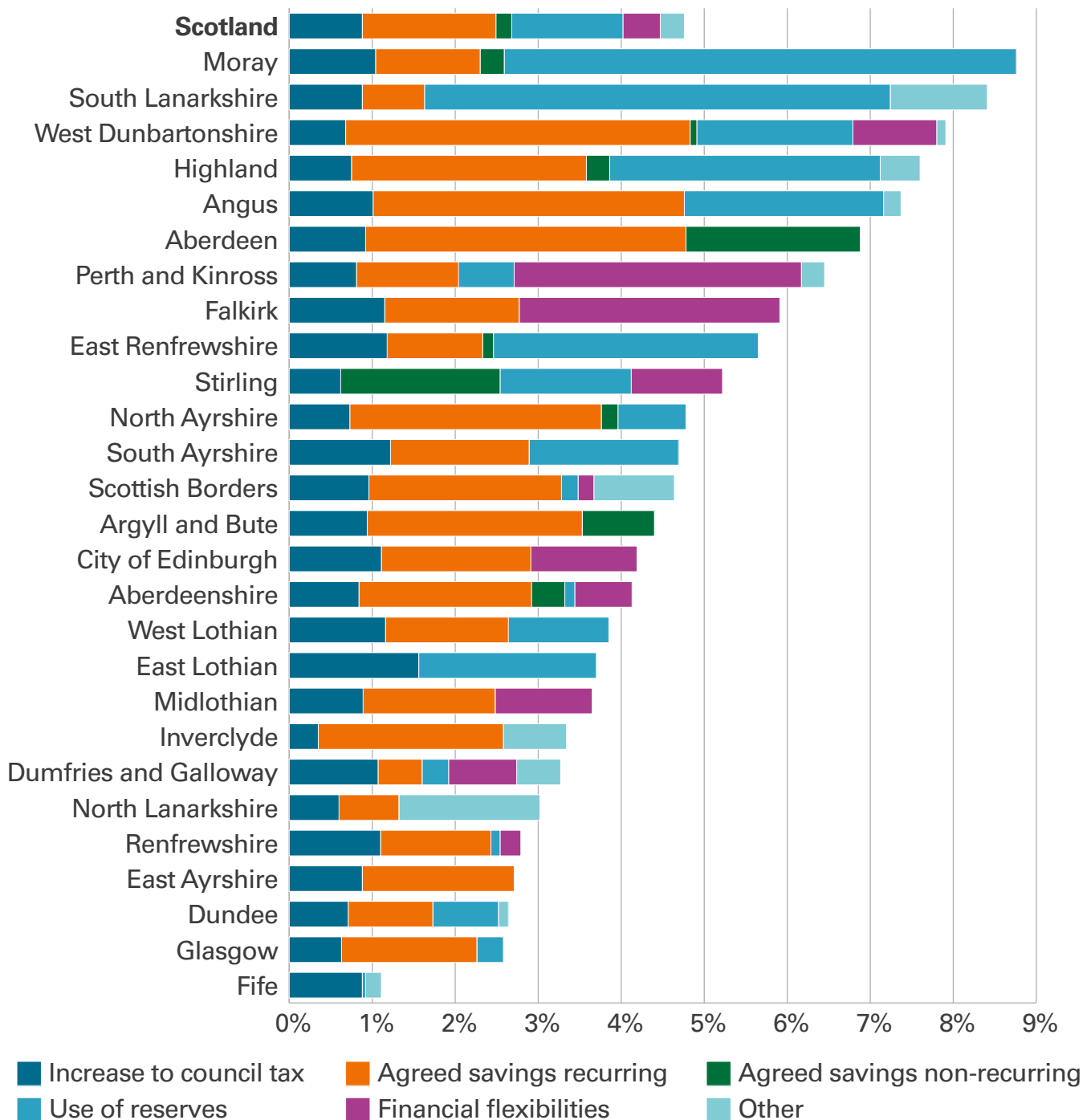
**17.** The use of reserves and other non-recurring measures is unsustainable and is only a temporary plug for a budget gap in that one year. The gap will remain in future years until recurring measures such as recurring savings or increases to income are found or the service cost base is reduced.

**18.** The setting of council tax levels is an important mechanism available to councils in delivering a balanced budget. In 2023/24, councils increased their tax by an average of 5.4 per cent. This was used to bridge 19 per cent of the overall budget gap. The Scottish Government imposed a council tax freeze for 2024/25, instead providing £144 million to 'fully fund' the freeze to the equivalent of a five per cent increase. The Cabinet Secretary for Finance and Local Government confirmed during her budget statement in December 2024 that there will be no council tax freeze or cap for 2025/26.

## Exhibit 2.

### The bridging actions councils identified within their 2023/24 budgets as a proportion of net cost of services

Recurring savings and using reserves made up the majority of how councils intended to meet their identified budget gaps.



Note: In addition to the three councils whose 2023/24 annual accounts were not available, Shetland and Orkney are excluded from this chart as both are outliers due to their high use of reserves to set their budget, reflecting the councils' regular utilisation of the returns from significant investments and harbour income. Shetland's bridging actions made up 35 per cent of their net cost of services (over 80 per cent of which related to reserves use). Orkney's bridging actions made up 13 per cent of their net cost of services (of which over 90 per cent was use of reserves).

Source: Council data returns (2023) and Councils' annual accounts 2023/24 (audited and unaudited)

## **With Scottish Government capital funding remaining constrained, councils are increasingly reliant upon borrowing to fund planned investment decisions**

**19.** Capital funding from the Scottish Government (at the spring revision) fell by 1.2 per cent in real terms between 2022/23 and 2023/24 and was 21 per cent lower than 2018/19. Both the general capital grant and specific capital grant have decreased in real terms. The specific capital grant, the proportion of funding that is ring-fenced for specific uses, was much lower than five years ago and has been relatively static for the past three years. This is due to the completion of the capital element of the Early Learning and Childcare Expansion Programme. Councils received £70 million of capital funding for use in 2023/24, by allowing an equivalent amount of revenue reserves to be released, and a further £22 million of funding to support the cost of local government pay awards (for example by allowing councils to use this instead of planned transfers from revenue budgets).

**20.** Capital funding was reduced further in 2024/25. The initial draft allocation for 2025/26 saw an increase compared to 2024/25 but capital funding remains lower than 2023/24 and earlier years. The longer-term reduction in capital grants means councils are having to finance their chosen investment in new facilities by other means. Councils are now more reliant on other sources of finance, such as borrowing, transfers from their revenue budgets and making use of financial flexibilities, than has previously been the case ([paragraphs 33 - 41](#)).

## 2. Financial performance

Councils increasingly relied on savings and reserves to ensure they remained within agreed revenue budgets; capital expenditure was lower than planned and borrowing increased. Improvements in how councils report their savings are still needed.

### Councils' total revenue funding and income fell by 3.3 per cent in real terms in 2023/24, with income from service fees still below pre-pandemic levels.

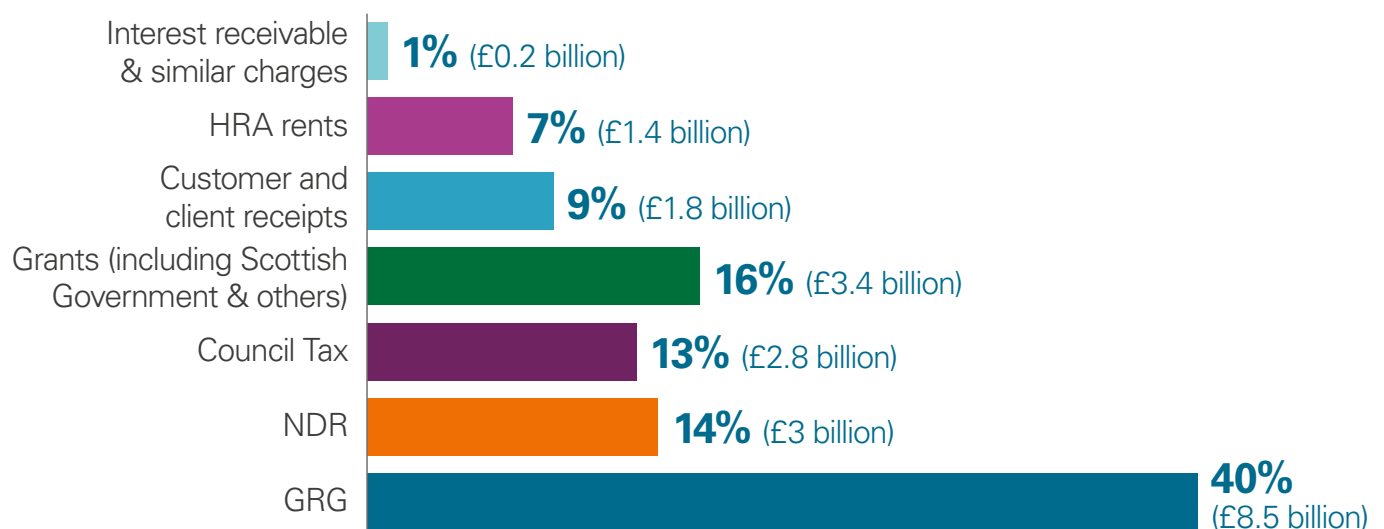
**21.** In addition to Scottish Government funding and council tax, councils receive funding and income from several other sources, including fees and charges for using services and council house rents ([Exhibit 3](#)).

**22.** In 2023/24, from our review of 29 councils' annual accounts, councils received £21.2 billion in revenue funding and income. This is £540 million more than 2022/23 but represents a real terms decrease of 3.3 per cent (£725 million) as increases in income have not kept pace with inflation. In 2023/24, total funding and income fell back to 2019/20 levels.

### Exhibit 3.

#### Sources of council funding and income in 2023/24

The proportion of funding from each source is similar to 2022/23.



Note: Interest receivable refers to the interest that has been earned by investments, loans, or income to be received from overdue invoices. **Page 123 of 376**

Source: Councils' annual accounts 2023/24 (audited and unaudited) (based on 29 annual accounts)

**23.** Council tax is an important source of income for councils, providing £2.8 billion in 2023/24. The proportion has remained static for the last five years at around 13 per cent of total funding and income. In 2023/24, councils received £11 million more income from council tax than in 2022/23, which is a 0.4 per cent real terms increase.

**24.** Income from customer and client receipts dropped significantly during the pandemic and has not yet returned to previous levels. Customer and client receipts are 12 per cent (£253 million) lower in real terms than in 2019/20. Councils reported receiving lower income than budgeted for as a reason for service overspends in 2023/24 across a broad range of services, with parking and waste the most common. However, the picture is mixed and for some councils and service areas increased income offset expenditure and led to services underspending against their budgets. Income generation, and the limited capacity to increase this, was cited by a number of councils as a risk to financial sustainability.

### **Overall, councils remained within their agreed revenue budgets, but some services spent more than planned**

**25.** In 2023/24, councils managed net budgets of around £15 billion, compared to £13.4 billion in 2022/23. Overall, councils reported a revenue budget underspend of £111 million or 0.7 per cent. This is around half the variance seen in 2022/23. Since 2019/20 there has been a small overall underspend each year and, except for 2020/21, this variance has decreased year-on-year. Despite the overall underspend, nine reported overspends against their agreed revenue budgets.



**26.** Councils reported both underspends and overspends at a service level, with workforce issues and income a common theme for both ([Exhibit 4, page 17](#)).



## Exhibit 4.

### Council overspends and underspends at a service level and reasons for them

Workforce issues and income generation are a common theme for both.

	Service area	Reasons for
 <b>Overspends</b>	<ul style="list-style-type: none"> <li>Reported in a wide range of service areas with culture and leisure, children and families, education and adult social care being noted most often.</li> </ul>	<ul style="list-style-type: none"> <li>Service area overspends were mostly attributed to a lack of funding, workforce pressures and general cost increases.</li> <li>Underperformance of a range of income streams also contributed to overspends in some councils.</li> </ul>
 <b>Underspends</b>	<ul style="list-style-type: none"> <li>Education and early years were referred to most often.</li> <li>Communities, culture and leisure, and planning and economic development were also identified by some councils as areas of underspend.</li> </ul>	<ul style="list-style-type: none"> <li>Underspends in education and early years were often attributed to lower than anticipated demand and unfilled staff positions.</li> <li>Underspends were sometimes attributed to more favourable income position, such as generating greater income than budgeted for and receiving additional VAT reimbursements.</li> <li>Workforce issues, such as challenges with recruitment, and high vacancy levels, were also identified as a cause of underspends.</li> </ul>

Note: Culture and leisure services were reported in both but twice as often as an area of overspend than an underspend.

Source: Council data returns

## **Councils delivered significant savings, but some remain reliant on one-off measures and reporting against savings targets should be more transparent**

**27.** From our sample of 30, 28 councils set a savings target in 2023/24, totalling £362 million, with £332 million (92 per cent) being achieved. This is significantly higher than the savings target reported by the same councils last year (£214 million).

**28.** Of the 30 councils:

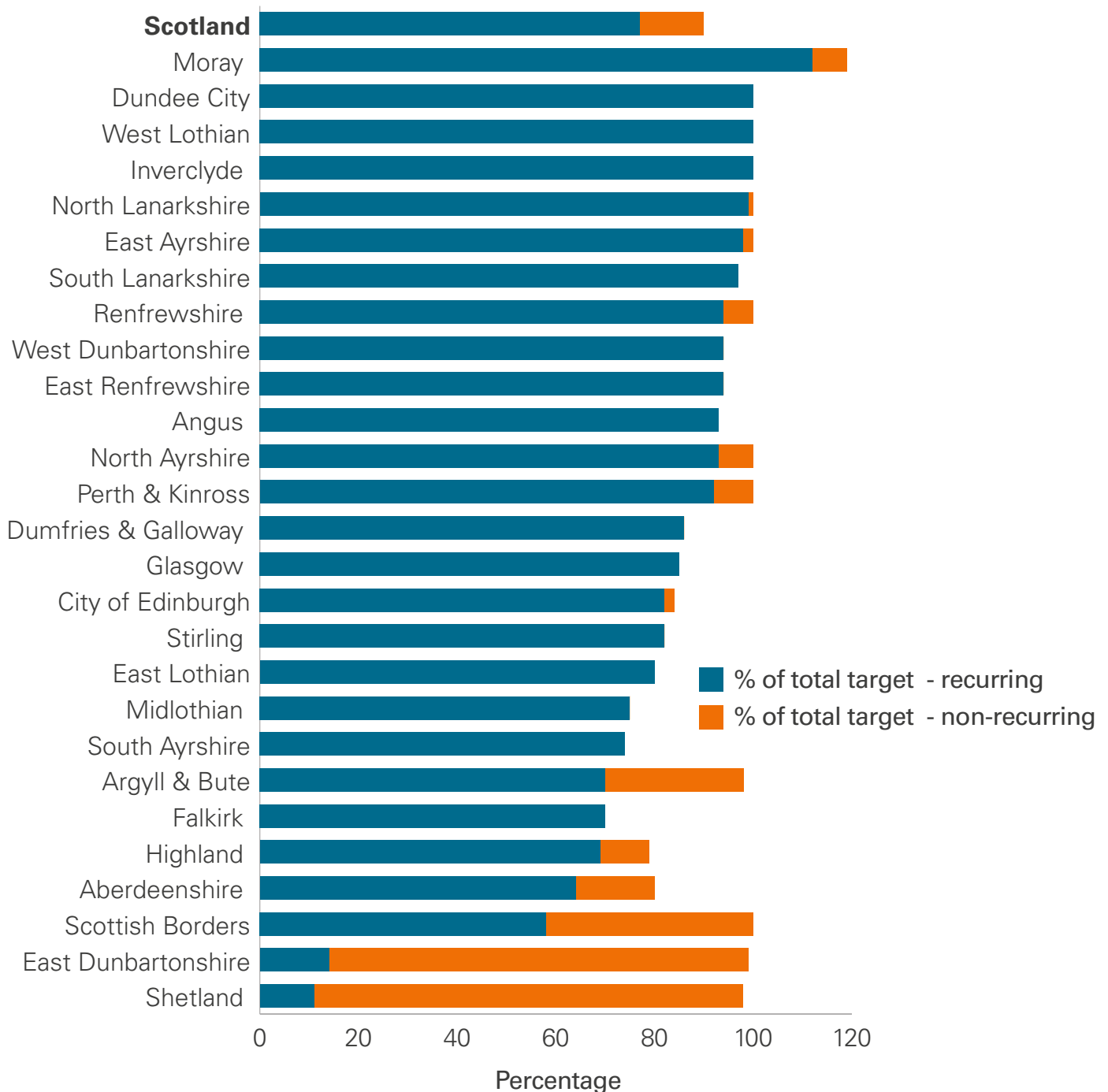
- eleven achieved their full savings target or more
- thirteen missed their target but achieved 80 per cent or more
- four achieved less than 80 per cent of their target
- two councils (Fife and Orkney) did not have savings targets in place.

**29.** Not all councils could split savings targets or achieved savings information into recurring or non-recurring categories. Where we have a breakdown of how savings were achieved (27), 85 per cent (£244 million) were achieved on a recurring basis, compared to 82 per cent in 2022/23. Non-recurring savings accounted for 15 per cent of total savings achieved, at £42 million ([Exhibit 5, page 19](#)).

## Exhibit 5.

### Proportion of savings targets achieved in 2023/24, split by recurring and non-recurring savings (based on 27 councils that can split their savings in this way)

Some councils continue to rely upon one-off measures to deliver in-year savings.



Note: In addition to the two councils that did not submit a data return, a further three councils are excluded from this exhibit. Aberdeen City sets a savings target to be achieved in the year but does not differentiate between recurring and non-recurring savings for monitoring purposes. The savings target was achieved for 2023/24. Fife and Orkney did not have a savings target in place in 2023/24.

**30.** In our [Financial bulletin 2022/23](#) we recommended that councils prioritise the achievement of recurring savings and avoid reliance on non-recurring measures. The overall extent of progress against our recommendation is difficult to assess due to a lack of detail and transparency in reporting on savings performance. Non-recurring savings are not always included in savings targets or performance information so it remains difficult to assess the overall reliance on these or, indeed, the overall savings achieved.

**31.** Additionally, a review of management commentaries within annual accounts found that not all councils are reporting progress against savings plans and, for the majority that are, these largely focus on their previous or future plans. The majority lacked detail on areas such as performance trends and, again, often did not report if savings were recurring or non-recurring.

**32.** Councils have identified the need to generate future savings as they undertake wider-scale transformation, redesign how services are delivered and consider their future policies on fees and charges for accessing services. This will need to be done in consultation with their partners and citizens. Councils should report more transparently the nature of their savings and how these could impact services on an ongoing basis.

## **Capital expenditure was 20 per cent lower than planned and funded by increased borrowing**

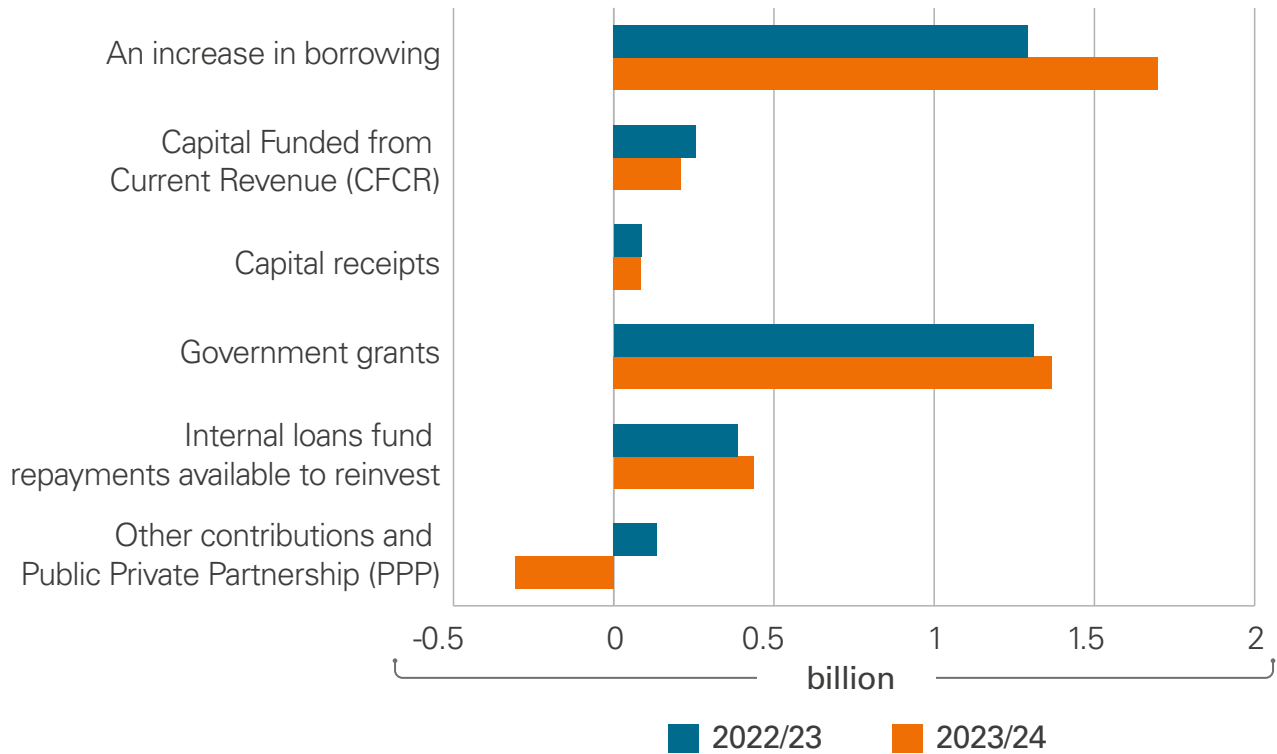
**33.** The value of council estates, mainly council owned property (including buildings and schools) and equipment, increased by £5 billion in 2023/24 to £51 billion. This reflects continuing investment by councils and, in 2023/24, capital expenditure was £3.5 billion. This is comparable in cash terms to 2022/23. Borrowing increased again in 2023/24 to £1.7 billion, a significant increase of £406 million (31 per cent) since 2022/23, and up £1.2 billion (196 per cent) since 2018/19. Borrowing was used to finance 49 per cent of total capital expenditure ([Exhibit 6, page 21](#)).

**34.** From our sample of 30 councils providing information through the data return, 25 reported a capital underspend in 2023/24 of £755 million. This equates to 20 per cent of councils' total capital budget. This is less than the underspend of 24 per cent in 2022/23; however, it is still higher than the 17 per cent reported in 2018/19. Significant underspends were reported for both General Fund (23 per cent of budget) and HRA capital programmes (15 per cent of budget). Councils reported a range of project types and reasons for why capital underspends had occurred ([Exhibit 7, page 21](#)).

## Exhibit 6.

### Capital expenditure split by sources of finance, in cash terms

Borrowing and government grants remain the most significant means of financing capital investment.




Note: Internal loans fund repayments are an annual charge that recognise capital costs in the revenue budget. Once repaid, they allow borrowed funds to be used elsewhere. Capital receipts are income councils generate from selling existing assets. Revenue transfers is capital expenditure funded from service revenue budgets.

Source: Councils' annual accounts 2022/23 and 2023/24 (audited and unaudited)

## Exhibit 7.

### Type and reasons for underspends on councils' capital programmes

	Project type	Reasons for
 <b>Underspends</b>	<ul style="list-style-type: none"> <li>School and early learning building projects.</li> <li>Housing projects.</li> <li>Large-scale infrastructure projects (with a small number of councils underspending in relation to projects being delivered as part of their City Deals).</li> </ul>	<ul style="list-style-type: none"> <li>Project and programme slippage, caused by a range of supply chain and capacity issues.</li> <li>Project delays caused by cost, contract and legal negotiations and unexpected issues arising during the course of works.</li> <li>Project deferment.</li> </ul>

**35.** Managing their capital programmes is an important tool for councils to control their annual expenditure. All but two councils reported having a multi-year capital plan in place. These covered a range of periods from five to 30 years, with most covering five to ten years. South Lanarkshire and Stirling councils both reported only having an annual capital plan in place. A multi-year plan allows councils to manage their capital spending over this period.

**36.** However, consistently failing to invest in estates and infrastructure increases the risk that asset failures may impact services, projects will become more expensive to deliver, and that maintenance spending will need to increase due to assets becoming older. It also impacts the ability of councils to manage their overall estates, identify surplus assets and consider the efficiency of partnership working, including co-location with other services.

### **Borrowing means debt has again increased, and further borrowing will be needed to invest in new schools**

**37.** Due to the increased reliance on borrowing to fund investment, councils' net debt has now risen to £19.8 billion. This is an increase of 15.8 per cent from 2022/23 and a 29.7 per cent increase since 2018/19. All but one council increased their debt in 2023/24. The cost of servicing debt has risen, with a 16 per cent rise in interest payable and similar charges since 2022/23. Interest payable as a proportion of net cost of services, was six per cent compared to five per cent in 2022/23.

**38.** Under **LEIP**, councils borrow to meet the cost of building new schools, with the Scottish Government providing revenue grant funding over a 25-year period linked to specific outcomes (maintenance, energy efficiency, digital infrastructure and job creation) to meet maintenance and life-cycle costs. Councils, however, need to fund the £1 billion cost of building schools, including any interest on the money borrowed to fund this. The programme has faced significant delays and cost increases and, to complete the programme by the planned date of 2027, significant further borrowing by councils will be needed.

**39.** Alongside investing and maintaining their own estates, councils have made use of a range of different Public Private Partnership (PPP) contracts to invest in their estates. A number of earlier Private Finance Initiative (PFI) contracts are now nearing the end of their terms. Councils are having to prepare for, and manage, complex closing arrangements. Councils have already entered into negotiations relating to contracts that are ending, with 10 PFI contracts due to expire by the end of 2030.



In September 2019, the Scottish Government announced it would support £1 billion of capital investment in the school estate on a match-funding basis. In consultation with councils, this created a joint £2 billion **Learning Estate Improvement Programme (LEIP)**, enabling additional investment without the use of private finance contracts. Councils provide upfront capital funding and Scottish Government revenue follows over 25 years for achievement of outcomes.

**40.** By making use of **financial flexibilities** across 2022/23 and 2023/24, councils have been able to reprofile the debt associated with PPP contracts. This has allowed councils to recognise significant gains from annual contractual payments they have previously made, recognising these within their usable reserves. Future capital expenditure will be able to be offset against these, but they are not cash backed. This means the need for councils to borrow to finance their future capital investment has not changed, nor have their current external debts. Alongside LEIP projects, councils have already committed to significant future borrowing.

**41.** Councils set and agree their borrowing and treasury management strategies individually, deciding on what is a prudent and affordable level of debt under the Prudential Code. As part of this, a range of indicators are considered, including the cost of servicing their debts, to show that capital plans are affordable and sustainable. Increased borrowing means increased costs that will need to be met annually from revenue budgets. While auditors have not expressed specific concerns about the level of borrowing (in the 15 annual audit reports that were available at the time of our review), it is a factor in the assessment of financial sustainability and auditors are expressing greater concerns about the overall financial sustainability of councils ([paragraph 58](#)).



Between 2020 and 2024, the Scottish Government permitted councils to make use of a range of **financial flexibilities** to manage financial pressures. One of these related to service concessions (including PPP) and allowed councils to reprofile debt repayments. This offered an immediate benefit of significant one-off increases to reserves but these are not cash backed, and debt payments will need to be made for longer, deferring costs to later years which has implications for future revenue budgets.

# 3. Financial position and outlook

Using reserves to manage financial pressures and stay within agreed budgets is not sustainable. Usable reserves fell in 2023/24, and most are committed for specific purposes. Progress on transformation and reform must be prioritised to ensure longer-term financial sustainability.

## Councils' usable reserves remain higher than before the pandemic, mainly due to the use of financial flexibilities, but decreased in 2023/24

**42.** Holding and using reserves is a normal, and helpful, way of managing council finances but reserves are a one-off resource meaning councils need to carefully plan and monitor how these are being used. Using reserves to support services in the short term is not sustainable unless they are used to support service transformation and generate future savings.

**43.** In 2023/24, councils' total usable reserves decreased by five per cent to £4.1 billion which equates to around 25 per cent of net cost of services. The overall decrease is attributed to a fall in capital reserves along with a very modest increase in revenue reserves ([Exhibit 8, page 25](#)).

**44.** Usable reserves remain £1.66 billion higher than before the pandemic. Revenue reserves were boosted in recent years by:

- Covid-19 funding, but these are largely exhausted with only around £67 million remaining earmarked (2.8 per cent of the committed General Fund balance)
- making use of financial flexibilities related to service concessions, resulting in reprofiled debt and significant one-off increases to reserves. Although an accounting adjustment, and not cash backed, these can be used to support services.



**Usable reserves** can be used to support service delivery, and to meet in-year expenditure (and are sometimes referred to as cash backed reserves).

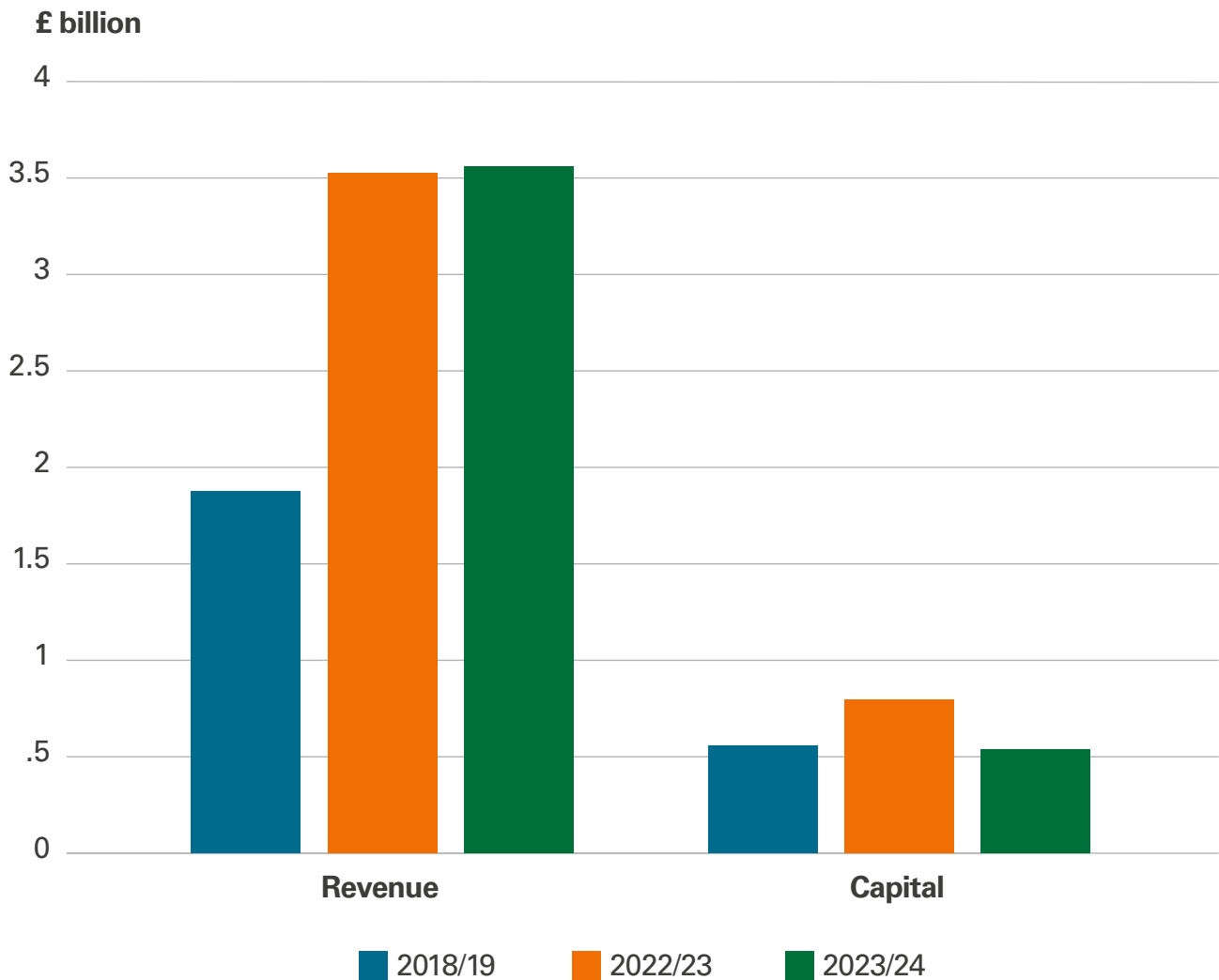
**Unusable reserves** represent accounting adjustments to reflect things such as an increase in the value of council-owned buildings. They generally cannot be routinely accessed or used to support services.



## Exhibit 8.

### Councils' usable reserves, 2023/24 compared to 2022/23 and 2018/19

Revenue reserves are higher than pre-pandemic but have remained relatively static in the last year.



Note: Total usable reserves were £4.1 billion in 2023/24. Between 2022/23 and 2023/24 revenue reserves increased by 0.8 per cent, capital reserves fell by 33 per cent. Total usable reserves are 68 per cent higher than in 2018/19, up from £2.4 billion (90 per cent increase in revenue reserves, four per cent decrease in capital reserves)

Source: Councils' annual accounts 2023/24 (audited and unaudited)

**45.** The overall decrease in usable reserves in 2023/24 is notable as they have been increasing significantly in recent years. Two-thirds of councils still increased their total usable reserves, but this is largely attributable to councils making use of financial flexibilities (a number of councils accounted for this in 2022/23, while others introduced it in 2023/24).

**46.** Around a third of councils saw their total usable reserve fall in 2023/24, including some large decreases related to the drawing down of committed reserves. These reserves were used for Equal Pay settlements, pay awards, budget support and the further deployment of Covid-19 reserves.

### General Fund reserves increased slightly but over 80 per cent are committed for specific purposes

**47. General Fund** reserves (excluding the HRA element which not all councils have) continued the upward trend of the past five years, increasing by three per cent in 2023/24 to £2.8 billion. This equates to 17 per cent of net cost of services and is driven by growth in **committed reserves**. **Uncommitted reserves** have remained constant at between two and three per cent of net cost of services ([Exhibit 9, page 27](#)).

**48.** In 2023/24, over 80 per cent of the General Fund was committed. This means that it has been allocated for specific purposes and is not readily available for other uses.



The **General Fund** is the principal usable revenue reserve held by councils. It can be used for a wide range of purposes, including bridging budgets gaps as it can be used to finance spending on services or some elements of capital spending.

The Housing Revenue Account (HRA) reserve can only be used to fund spending on council-owned housing.



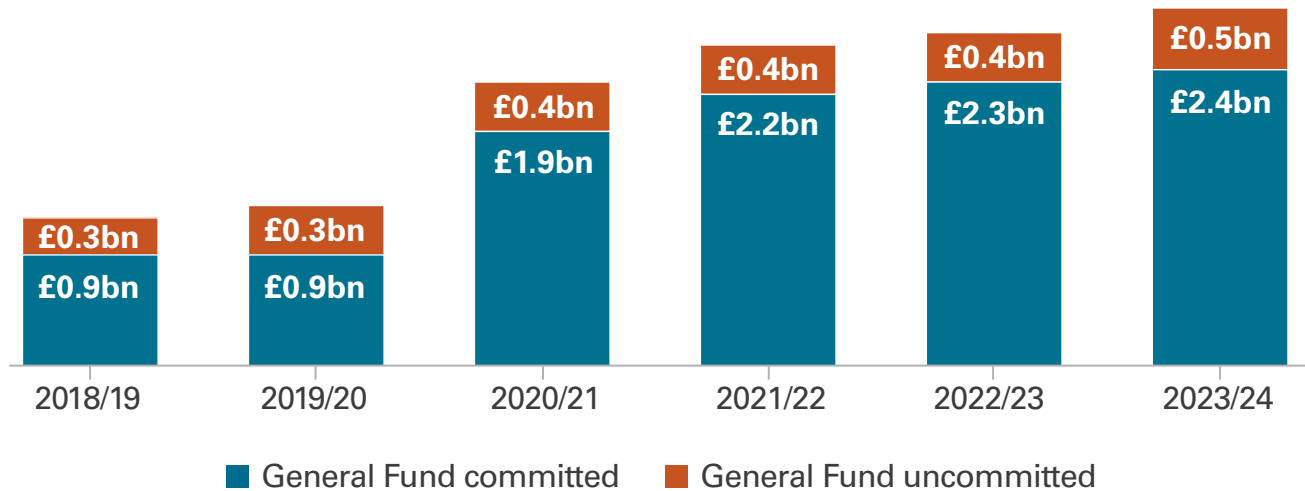
**Committed reserves** have been allocated (or earmarked) for specific purposes and are not readily available for other uses.

**Uncommitted reserves** can be deployed more easily and, because of the nature and scale of it, the uncommitted element of the General Fund can be considered to represent a degree of contingency funding.

## Exhibit 9.

### Councils' General Fund balance between 2018/19 and 2023/24, split by committed and uncommitted

General Fund reserves are increasing but over 80 per cent is committed.



Source: Councils' annual accounts 2023/24 (audited and unaudited)

### Some councils' levels of uncommitted reserves are low, but they have specific reserves earmarked for contingency

**49.** Councils have reserve policies in place, which set out the rationale for the minimum level of uncommitted reserves held by the council. Most have an agreed minimum level, usually two per cent of their net budgeted revenue expenditure, although four councils have set this higher.

**50.** In 2023/24, nine councils had an uncommitted reserves level of less than two per cent of net budgeted revenue expenditure. However, a review found that in many cases these low reserve levels were planned decisions and the levels were deemed to be sufficient and/or supported by additional committed funds for contingencies. Aberdeenshire, South Ayrshire and West Dunbartonshire all had uncommitted reserves below their minimum level and intend to review this during 2024/25.

**51.** While councils hold uncommitted reserves for contingencies, around a third reported also earmarking some reserves specifically for contingencies to either manage budget risks or specific risks, such as adverse weather. The nine councils providing information on the value of the reserves earmarked for contingencies reported a total of £50 million.

## **Councils continue to use their reserves to manage budget pressures, but this is not sustainable**

**52.** While overall usable reserves levels remain high, there is evidence that councils are continuing to use reserves to support service spend and this is not sustainable. In 2023/24:

- Councils bridged over a quarter of their budget gap using reserves (£202 million).
- Twelve councils reported making unplanned use of reserves in 2023/24, to support in-year spending and to balance the outturn position. This was most often to cover the cost of the 2023/24 pay award; to address specific service or project pressures, or to provide financial support to IJBs.

**53.** Usable reserves held as a proportion of spending has reduced. In 2023/24, 15 councils held usable reserves that were over 20 per cent of their net cost of services, which is less than 2022/23 (20 councils) but still higher than before the pandemic (nine councils). This indicates that reserves are increasing at a slower rate than expenditure, even with use of financial flexibilities. One council had total usable reserves of less than ten per cent of their net cost of services.

## **Councils could improve how clearly they report on how they intend to use their reserves**

**54.** With the use of reserves to support services and the low level of uncommitted reserves across the sector it is increasingly important that councils report how and when they intend to make use of their reserves ([Case study 1, page 29](#)).

## Case study 1.

### Councils could be more transparent within their published plans about how they intend to make use of reserves

A review of councils' management commentaries found that all councils clearly identify key areas of reserves and explain their purpose, with most identifying their minimum reserve level.

All but two councils reported, through their data return, that they formally document or publish at least some information about their committed reserves. Committed reserves information is usually documented in councils' accounts or financial outturn reports, and sometimes in other formats, such as reserves reports. Few councils reported documenting information in performance monitoring reports.

Nearly all councils publish and document a full costed breakdown of committed reserves categories and details of what has been drawn down within the year. Although most formally document what is committed for major initiatives, this information is not always published. Only two thirds of councils document or publish information on planned spend for future years.

Source: Council data returns and Council annual accounts 2023/24 (audited and unaudited)

### Recent changes to pension contribution rates offer councils a short-term window to reduce costs

**55.** The result of the 2023 triennial revaluation showed a significantly improved funding position across Scotland's 11 local government pension funds. Councils are using this as an opportunity to lower their employer contributions and reduce their costs in the short-term. The 12 councils who are members of Strathclyde Pension Fund are reducing their contribution rates from 19.3 per cent to 6.5 per cent for 2024/25 and 2025/26 (increasing to 17.5 per cent in 2026/27), significantly reducing their annual contribution costs for two years. Other councils are making more modest reductions to their contribution rates of between two and three percentage points.

### Ensuring medium- and long-term financial sustainability is a significant challenge

**56.** The risks to financial sustainability are well known. These include external factors such as increased demand, demographic changes and the need to invest significantly to address certain policy areas such as climate change and its impact. There are also specific pressures that councils identified as presenting risks to achieving future financial balance/sustainability including:

- **Uncertainty about future funding:** single-year settlements, ring-fencing of funding and directed funding for specific Scottish Government policies limiting local flexibility (for example, teacher numbers, social care provision and IJB allocations).
- **Council tax freezes:** while there is no freeze in 2025/26, the Scottish Government froze council tax between 2008/09 and 2016/17, and in 2021/22, and capped increases at three per cent in 2017/18 and 2018/19. The risk of future freezes is seen as a main challenge to ensuring medium- to long-term financial sustainability. Even when 'fully funded' a council tax freeze suppresses the growth of the council tax base over that period and the income generated when the freeze is lifted is lower than if councils were able to make tax-raising decisions at a local level.
- **Pay awards and employers' NI costs:** overspends have been caused by pay awards, with some councils reporting that the budgets provided are not enough to cover the costs or these costs are unfunded. In 2023/24, three councils made unplanned use of reserves to meet pay awards and there is ongoing uncertainty about the scale of future annual offers. There is now also uncertainty over how increased employers' NI contributions will be funded.
- **Inflationary pressures:** general pressures and some specific issues that impact the delivery of capital programmes (costs of goods and services, service demand, public perception, borrowing, funding, increasing standards and difficulty with asset sales).
- **Savings:** some councils cited the challenge of identifying and achieving recurring savings.

**57.** Most councils reported that financial sustainability was a significant challenge. Some specific challenges reported by councils include:

- Angus Council reported the need for change if they are to be financially sustainable over the medium to long term. The scale of reductions required could leave some services unable to function.
- East Lothian Council identified critical risks to its fiscal sustainability and reported managing their financial environment as the highest ever scoring risk on their Corporate Risk Register.
- Inverclyde Council reported that ongoing depopulation may mean significant future funding reductions.
- Orkney Islands Council highlighted the growing contribution from reserves to meet in-year service costs as being unsustainable.
- Shetland Islands Council reported they were financially unsustainable on the basis of current plans.

**58.** Alongside councils' own assessment of their financial sustainability, many auditors highlighted in their 2023/24 annual audit reports (15 available for review) the challenges councils face in achieving financial balance in future years and securing long-term financial sustainability. These centred on the scale of budget gaps; the need to keep on top of savings plans; low levels of uncommitted reserves; unsustainable cost bases and the difficult choices to be made.

## **Councils have medium-term financial plans in place but must now make progress on transformation and reform**

**59.** While several councils reported confidence that they had robust processes and actions in place to ensure they were financially sustainable, councils largely reported that it is difficult to plan into the future without clarity on medium- or long-term government funding and priorities, stating there is general economic uncertainty and volatility. This difficulty, however, underlines the importance of councils ensuring that they have a clear understanding of risks to their financial positions, effective risk management processes to monitor these, and indicative forecasts informed by scenario planning.

**60.** All councils that provided data returns to us reported having medium-term financial plans in place, with most of these spanning 3-5 years (25 out of 30 councils). Most councils (25) reported that they reviewed their financial plans in 2024. Half of councils (15 out of 30) have a long-term financial plan in place and, for those that do, most cover a 10-year period.

**61.** As we set out in our recent [Transformation in councils](#) report, councils must prioritise and progress the delivery of their plans for transformation. And a step change is needed in terms of scale and pace. That could look like new innovative approaches to service delivery, reconsidering which services could be more effectively delivered by other partners, exploring opportunities for new income generation (including those that are being legislated for) or identifying how economies of scale could be achieved by sharing services.

**62.** Delivering transformation successfully requires resources to be committed towards it and it is positive to see that most councils (27 from our data return sample of 30) reported holding reserves earmarked for transformation. Glasgow, Orkney and Shetland did not. Of the 26 providing information on the value held, a total of £270 million was reported which is about 13 per cent of committed General Fund balance and equates to two per cent of the net cost of services. Most councils' transformation reserves were equivalent to two per cent or lower of net cost of services, but some earmarked a significantly higher proportion. Argyll and Bute earmarked the equivalent of ten per cent of net cost of services, Scottish Borders six per cent, North Ayrshire, East Lothian and Highland all earmarked five per cent.



**Transformation** is our next Best Value thematic focus and we will be auditing councils' plans for transformation as part of the 2024/25 annual audit.

## Councils could make more use of financial sustainability indicators, including to inform their longer-term planning

**63.** Assessing and monitoring financial sustainability is essential. Councils use a range of indicators to do so, but the type used, and extent of their use, varies. The Local Government Benchmarking Framework includes sustainability indicators, currently being reviewed by Directors of Finance, to ensure that they remain appropriate, and CIPFA also recommends indicators. Councils are not required to use specific indicators and have discretion as to how they assess their own financial sustainability.

**64.** We asked councils how they assess and monitor financial sustainability, including how this is reported to elected members:

- Around three-quarters of councils use the Local Government Benchmarking Framework Indicators and the CIPFA level of reserves indicator.
- Around a third of councils use the CIPFA change in reserves and reserves sustainability measures.
- Some councils reported that they use their own equivalent calculations or different indicators including outturn against expenditure, ratio of council tax to overall funding, ratio of financing costs to net revenue stream, external debt and borrowing levels, and recurrent versus non-current budget mitigation.

**65.** Most councils reported that they assess and monitor financial sustainability more generally, such as via the regular monitoring of budgets, reserves and the capital financing requirement; and carrying out periodic risk assessments. For example, East Ayrshire Council's 'East Ayrshire Performs' reports financial and service performance information about the council publicly, including a suite of financial resilience indicators, focusing on council reserves and liquidity but also capital financing, investment and borrowing.

**66.** Most councils include and consider financial indicators within their financial plans, with 17 councils including an analysis of financial sustainability and/or resilience indicators within their medium-term financial plans and nine within their longer-term plans.

**67.** All councils reported to us that elected members had been provided with a summary of the council's medium- to long-term financial sustainability but more needs to be done to regularly and formally report upon the consideration of financial sustainability. This should be reported publicly, as a minimum, as part of annual budget-setting papers and within annual refreshes of financial plans.



## Financial outlook

**68.** Within this report we outline the financial challenges Scotland's councils are now facing. While indications are that the 2025/26 budget will result in increased funding, and councils are now free to vary council tax rates, it is unlikely that increased funding and income will be able to keep pace with increasing costs. In recent years councils have been able to increase the reserves they hold, but much of this has been due to additional Covid-19 funding, use of financial flexibilities and other one-off actions. The initial benefits of these measures, and the reserves that councils were able to build, do not negate the need for significant reform and transformation. 2023/24 saw a reduction in usable reserves and while this represented only five per cent of these reserves, this was equivalent to over eight per cent of the usable reserves held as recently as 2019/20.

**69.** How councils plan to use their reserves, make savings and transform their services needs to become more transparent as financial sustainability issues are to be addressed. The need to consult local communities and clearly communicate the implications of budget decisions has never been more important.

**70.** Our next Local government in Scotland publication, [Local government budgets 2025/26](#), will examine the steps that Scotland's councils take as they set their budgets for 2025/26, setting out the finalised funding settlement from the Scottish Government, decisions taken in setting council tax and the steps they intend to take to fund and transform services.

# Appendix 1

## Progress against the recommendations in Local Government in Scotland Financial Bulletin 2022/23

Councils should:	Progress/ status
Prioritise the achievement of recurring savings and avoid reliance on non-recurring savings to enhance longer-term financial sustainability	<p><b>In progress/Limited progress</b></p> <p>The overall extent of progress against this recommendation is difficult to assess due to a lack of detail and transparency in reporting on recurring and non-recurring savings performance (<a href="#">paragraph 30</a>).</p> <p>An updated recommendation on savings performance and transparency is included in this report.</p>
Ensure that management commentaries are open and transparent, include a clear link between budget outturn and the financial performance in the accounts and report on the achievement of planned savings targets	<p><b>In progress</b></p> <p>Our review of 2023/24 management commentaries found that that most councils reported outturn against budget with significant variations explained. However not all councils provided sufficient information on savings target achievement.</p> <p>An updated recommendation on savings performance and transparency is included in this report.</p>
Provide clear statements about reserves policy and explicitly set out the purpose of committed reserves within their annual accounts. This will enhance the level of assurance that councils can provide regarding their ongoing financial sustainability	<p><b>Complete / In progress</b></p> <p>A review of available councils' management commentaries found that key areas of reserves were clearly identified, with the purpose explained and the majority identifying a minimum reserve level. However publication of committed reserve information was less well evidenced (<a href="#">Case study 1</a>).</p> <p>An updated recommendation on greater transparency of reserves is included in this report.</p>

Cont.

Councils should:	Progress/ status
<p>Ensure effective and timely consultation and engagement with communities on the options that must be considered to achieve a balanced budget</p>	<p><b>In progress</b></p> <p>Less than half of councils stated, via our data return, that public consultation was undertaken when preparing budgets for 2023/24. In our Local government budgets 2024/25 publication, 24 out of 32 councils stated they undertook community engagement on financial pressures.</p> <p>We will follow this up in our budget briefing in Spring 2025 when we look at councils' 2025/26 budget setting.</p>
<p>Strengthen their monitoring and reporting of financial resilience including clearer and more public-facing use of performance against financial resilience indicators and measures. Financial resilience indicators should be a component of councils' medium and longer-term financial plans to provide assurance that they are balancing short-term pressures with robust planning for long-term financial sustainability</p>	<p><b>In progress</b></p> <p>Most councils reported that they assess and monitor financial sustainability, with financial indicators used in financial plans, with 17 explicitly using these within their medium- and long-term financial plans <a href="#">(paragraphs 63 - 67)</a>.</p> <p>An updated recommendation on the use of financial indicators in monitoring and reporting is included in this report.</p>
<p>Work with the Scottish Government to build momentum and accelerate progress in the development of a fiscal framework for local government to enhance the clarity and certainty of budgets for councils in future years</p>	<p><b>In progress</b></p> <p>We understand that COSLA and the Scottish Government have been progressing the development of a fiscal framework</p>

Local government in Scotland

# Financial bulletin 2023/24



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ISBN 978 1 915839 60 2

# North Lanarkshire Council Report

## Finance and Resources Committee

Does this report require to be approved?

☒ Yes ☐ No

Ref AA

Date

26/02/25

## Strategic Performance Framework - latest performance results for Legal and Democratic

**From** Archie Aitken, Chief Officer (Legal and Democratic)

**E-mail** AitkenA@northlan.gov.uk

**Telephone** 07939 280102

### Executive Summary

Legal and Democratic comprises the following service areas :-

- (1) Democratic & Resources, with a responsibility for governance arrangements, committees, Members Services, elections, licensing, registration services, the administration of Children's Panels, employment law advice, community councils, serious organised crime issues/ counter terrorism, the civic square complex, and veterans issues;
- (2) Enterprise, supporting, with legal advice and representation, all contractual, planning and property matters, together with an advisory and co-ordinating role in respect of data protection and freedom of information; and
- (3) Litigation, which provides all other legal advice and assistance, and representation in court proceedings.

Performance across all of these areas is monitored, as required, at fortnightly extended management meetings chaired by the Chief Officer.

As can be seen from the above summary of the Service, significant areas of service delivery are carried out in support of other Council Services and, accordingly, performance targets are sometimes not within the sole gift of Legal and Democratic. The indicators set out in Appendix 1, therefore, focus on those areas where the Service does have control of performance.

### Recommendations

It is recommended that the Finance and Resources Committee:

- (1) Reviews the high-level performance overview presented in Appendix 1, and the supporting data contained within the linked Excel spreadsheet and identify where further information is required to understand or investigate performance further.

### The Plan for North Lanarkshire

Priority

All priorities

Ambition statement     All ambition statements

Programme of Work     Statutory / corporate / service requirement

---

## 1. Background

- 1.1 There are six inter-related strategic frameworks which are key to evaluating the success of The Plan for North Lanarkshire and assessing delivery towards achieving the overall vision by ensuring each stage is appropriately aligned, planned, guided, implemented, monitored, and governed.
- 1.2 The six frameworks focus on ensuring a corporate one council approach in respect of Policy, Governance, Performance, Self-Evaluation, Project Management, and Demonstrating Improved Outcomes for Communities.
- 1.3 The Strategic Performance Framework comprises performance measurement at three levels (as per the diagram on the right). This aims to collectively provide an overview of performance to help understand the impact of council activities on improving services and outcomes for the people and communities of North Lanarkshire. The measures in this Framework allow for day to day activities, and progress towards achieving the long-term vision set out in The Plan for North Lanarkshire, to be regularly monitored, reported, assessed, and scrutinised.
- 1.4 The Strategic Performance Framework is aligned to the Accounts Commission' *Statutory Direction* which places a requirement on councils to report a range of information in terms of (1) improving local services and outcomes, and (2) demonstrating Best Value. Key points of note in this respect are that the Accounts Commission also expect to see:
- (a) A balance in terms of reporting that captures highlights of good performance as well as areas of performance requiring improvement.
  - (b) Reporting that is undertaken in a timely manner.
  - (c) Easy access to performance information for all citizens and communities.
  - (d) Comparisons of performance (i) over time (e.g. compared to previous years), and (ii) with others (e.g. other local authorities or the national average (where available and appropriate)).



The council's comparative performance in Local Government Benchmarking Framework (LGBF) indicators can be viewed through the Improvement Service's online dashboard: <https://www.improvementservice.org.uk/benchmarking/explore-the-data>

- 1.5 A Performance Reporting Schedule supports the timely submission of a range of performance information to ensure fully informed review, reporting, scrutiny, and decision making processes by Elected Members and senior management. This Schedule, endorsed by the Audit and Scrutiny Panel in February 2024, includes Chief Officer's individual Performance Reviews at Service Committees in line with the Strategic Performance Framework.
- 1.6 This report therefore presents the Finance and Resources Committee with the latest performance results for Legal and Democratic for Members' further review and scrutiny.

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## 2. Strategic Performance Framework

### Finance and Resources Committee responsibilities

- 2.1 In line with the terms of reference outlined in the Scheme of Administration, the Finance and Resources Committee is responsible for monitoring and reviewing performance information for the following Ambition Statements from The Plan for North Lanarkshire.

21. Continue to identify and access opportunities to leverage additional resources to support our ambitions.
25. Ensure intelligent use of data and information to support fully evidence based decision making and future planning.

- 2.2 The high-level performance overview in Appendix 1 presents Members with a summary of the latest results for each performance indicator within the remit of the Chief Officer (Legal and Democratic).

- 2.3 The information in Appendix 1 comprises the undernoted. Appendix 2 provides additional context in respect of the council's approach to the measurement of indicators and setting of targets.

- An *ideal direction* arrow - this indicates whether a higher or lower figure is the preferred direction of travel.

↑	A higher figure is better
↓	A lower figure is better

- Measurement unit* - for example whether the result is a %, a number, a unit cost (in £), or a ratio.
- Performance results* for the most recent financial years (depending on availability of data) along with the latest year's target and corresponding RAG status (for indicators where it is appropriate to set targets).

Key to RAG status	
<b>Green</b>	Performance is on target and/or within acceptable thresholds
<b>Red</b>	Performance does not meet target and is outwith acceptable thresholds
<b>Blue</b>	Performance surpasses the target and exceeds expectations

- The most *recent monthly or quarterly results*, along with the corresponding target and RAG status. Note the inclusion of this information is dependent on the measurement frequency of the indicator and availability of data as at the time of reporting.
- A *trend graph* - this captures the direction of travel achieved over the years and includes the most recent monthly or quarterly results where available.
- Comments* - narrative summarising the current position and providing an explanation for any significant variations in performance. Where applicable, this narrative also highlights any internal or external factors impacting on service delivery as well as any residual effects of the pandemic, e.g. any increase or decrease in the volume of transactions or enquiries processed.

- 2.4 A large volume of data supports the high-level performance overview in Appendix 1. This is outlined in the ***latest performance results for Legal and Democratic*** Excel spreadsheet which is available through the following link for Members to carry out a deep dive and review and scrutinise each performance indicator further. The *Menu* on the second tab of the spreadsheet contains built in hyperlinks that automatically take the user to a tab for each performance indicator and therefore provides a useful navigation aid to review the contents of the file.

- [Latest performance results for Legal and Democratic.xlsx](#)

## Current context

- 2.5 The Service restructured in April 2024 reducing the number of sections from four to three; Democratic and Resources, Litigation and Enterprise. The implementation of the structure is to be finalised, but the Service continues to face pressures on account of vacancies as a result of a difficulty in recruiting and retaining some posts. This has resulted in increased pressures on meeting demand, but all possible and practical steps are being taken to address this, including increasing resources and introduction of a case management system. The Service has implemented efficiencies in service delivery in Licensing, including streamlining processes and adopting a more digitised strategy. This has improved the customer experience and reduced the time that matters are brought before the Licensing Board and Regulatory Committee for determination. The Service is continuing to review and implement efficiencies in Registration both to meet customer demand and in preparation for One Number.

## Recent Performance highlights

- 2.6 The Service continues to perform well in the processing of Freedom of Information and Registration which are assessed by national regulators in the terms of quality and accuracy of service reports. These are reported to Committee on an annual basis and these will continue to be monitored to ensure that each Service area achieves the best possible performance outcomes. Given the digitisation of Service areas, consideration is being given to key performance indicators for both internal clients and external customers and should meaningful performance information be available, these will be reported in due course.

## Areas of performance requiring improvement

- 2.7 With reference to Appendix 1, the reason for the red status in respect of the increased cost per hour for legal services is set out in the comments column. In essence, this is due to a combination of increased staffing costs, due to further national collective bargaining, together with the associated on-costs. With regards to the hours spent providing legal services, this figure was revised following a reduction in sickness absence leading to an increase in the overall staff time recorded. As these are factors outwith the control of the Service, consideration will be given to an adjustment of the targets so that these reflect the position going forward.

The reason for the red status in respect of children's panel expenses is also set out in the comment column of Appendix 1. In summary, this was a new indicator for 2023-2024 and as such the target was set at 100%. Consideration will also be given to an adjustment to this target once trends have been established.

## Next steps

- 2.8 As noted in paragraph 1.5, the Strategic Performance Framework is supported by a Performance Reporting Schedule. This sets out the arrangements for service, statutory, and Strategic Performance Framework reporting to committee. In this respect the relevant Committee can expect to receive the following in respect of Legal and Democratic areas of work for 2025 to 2026.

Report	Description	Committee	Committee cycle
Freedom of Information annual report	This report provides details of the number of Freedom of Information (FOI) and Environmental Information Requests (EIR) received by the council during the previous financial year and	Finance and Resources Committee	Cycle 1 in 2025



	those completed by the statutory deadlines and also provides further comparative and ancillary information. Latest report in November 2023: <a href="#">link to report</a>		
Registration service performance	This report provides an update on the performance of the registration service, for the latest calendar year. The performance of the Registration Service provided is monitored annually by the District Examiners from National Records of Scotland (NRS). Note, production of this report relies on the timely receipt of the respective performance data from the NRS. Latest report in May 2024: <a href="#">link to report</a>	Finance and Resources Committee	Cycle 2 in 2025
Annual data protection report	This reports on the council's data protection compliance and activity for the latest financial year in line with the General Data Protection Regulation (GDPR) and the Data Protection Act 2018 (DPA) which came into force on 25 May 2018. The report is from the council's Data Protection Officer (DPO) and provides an update, following the introduction of the legislation, in relation to data sharing, breaches, complaints, and training. Latest report in September 2024: <a href="#">link to report</a>	Finance and Resources Committee	Cycle 3 in 2025

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### 3. Measures of success

#### 3.1 Measures of success include:

- Regular oversight and monitoring of performance across the organisation to gain assurances in terms of governance and accountability.
- Regular review and challenge processes to scrutinise the performance of the council to ensure effective use of resources and that resources are directed in accordance with agreed policy and according to priorities, while ensuring sound decision making and clear accountability for the use of resources in achieving improved outcomes for service users and the local community.
- Performance monitoring, management, and reporting arrangements that support the demonstration of improved performance in local services and outcomes, and the delivery of Best Value.

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### 4. Supporting documentation

Appendix 1 - High-level performance overview.

Appendix 2 - Note for information in respect of performance indicators and targets.



**Archie Aitken**  
**Chief Officer (Legal and Democratic)**

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## 5. Impacts

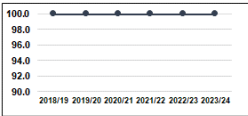
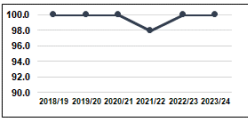
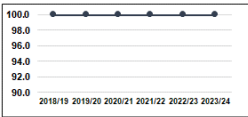
<b>5.1</b>	<b>Public Sector Equality Duty and Fairer Scotland Duty</b> Does the report contain information that has an impact as a result of the Public Sector Equality Duty and/or Fairer Scotland Duty? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact? If Yes, has an assessment been carried out and published on the council's website? <a href="https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments">https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments</a> Yes <input type="checkbox"/> No <input type="checkbox"/>
<b>5.2</b>	<b>Financial impact</b> Does the report contain any financial impacts? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant financial impacts been discussed and agreed with Finance? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?
<b>5.3</b>	<b>HR policy impact</b> Does the report contain any HR policy or procedure impacts? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant HR impacts been discussed and agreed with People Resources? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?
<b>5.4</b>	<b>Legal impact</b> Does the report contain any legal impacts (such as general legal matters, statutory considerations (including employment law considerations), or new legislation)? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant legal impacts been discussed and agreed with Legal and Democratic? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?
<b>5.5</b>	<b>Data protection impact</b> Does the report / project / practice contain or involve the processing of personal data? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, is the processing of this personal data likely to result in a high risk to the data subject? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, has a Data Protection Impact Assessment (DPIA) been carried out and e-mailed to <a href="mailto:dataprotection@northlan.gov.uk">dataprotection@northlan.gov.uk</a> Yes <input type="checkbox"/> No <input type="checkbox"/>
<b>5.6</b>	<b>Technology / Digital impact</b> Does the report contain information that has an impact on either technology, digital transformation, service redesign / business change processes, data management, or connectivity / broadband / Wi-Fi? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact? Where the impact identifies a requirement for significant technology change, has an assessment been carried out (or is scheduled to be carried out) by the Enterprise Architecture Governance Group (EAGG)? Yes <input type="checkbox"/> No <input type="checkbox"/>

<b>5.7</b>	<b>Environmental / Carbon impact</b> Does the report / project / practice contain information that has an impact on any environmental or carbon matters? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?
<b>5.8</b>	<b>Communications impact</b> Does the report contain any information that has an impact on the council's communications activities? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?
<b>5.9</b>	<b>Risk impact</b> Is there a risk impact? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the key risks and potential impacts, highlighting where the risk(s) are assessed and recorded (e.g. Corporate or Service or Project Risk Registers), and how they are managed?
<b>5.10</b>	<b>Armed Forces Covenant Duty</b> Does the report require to take due regard of the Armed Forces Covenant Duty (i.e. does it relate to healthcare, housing, or education services for in-Service or ex-Service personnel, or their families, or widow(er)s)? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the provision which has been made to ensure there has been appropriate consideration of the particular needs of the Armed Forces community to make sure that they do not face disadvantage compared to other citizens in the provision of public services.
<b>5.11</b>	<b>Children's rights and wellbeing impact</b> Does the report contain any information regarding any council activity, service delivery, policy, or plan that has an impact on children and young people up to the age of 18, or on a specific group of these? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact and the provision that has been made to ensure there has been appropriate consideration of the relevant Articles from the United Nations Convention on the Rights of the Child (UNCRC). If Yes, has a Children's Rights and Wellbeing Impact Assessment (CRWIA) been carried out? Yes <input type="checkbox"/> No <input type="checkbox"/>

## Legal and Democratic

High-level performance overview - as at October 2024

Indicator	id	ideal direction	unit of measurement	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2023/24 target	2023/24 RAG status	2024/25 ytd (for monthly or quarterly monitored indicators only)	2024/25 target	trend	comments
Freedom of information - % of requests responded to within 20 working days	i112	higher figure is better	%	98.3	98.8	94.6	98.3	98.9	98.6	100.0	green	only measured annually	100.0		
Legal services - cost per hour of providing the legal service function	i102	lower figure is better	£	£47.26	£30.15	£32.01	£32.48	£35.66	£37.00	£33.46	red	only measured annually	£34.76		As apportioned expenses were removed in 2019/20, a new formula for calculating the indicator was introduced for 2020/21 onwards but targets were not revised accordingly until trends were established. Targets and thresholds will be reviewed for 2024/25 onwards. The total cost of the service (numerator) has increased for 2023/24 compared with 2022/23 due to an increase in annual salary and oncosts across all grades. The total chargeable hours (denominator) has increased for 2023/24 compared with 2022/23 due to an increase in the number of FTE staff. There is no control or means to predict these changes. These factors account towards the reported increase in the average cost £ per hour (actual) figure. Although the figure is outwith the target threshold of +/- 10% it remains within the year-to-year permitted variance change of +/- 5%.
Legal services - hours spent delivering legal services as a percentage of all staff hours in the service	i101	higher figure is better	%	84.3	80.9	80.8	81.8	76.5	77.4	83.0	green	only measured annually	84.0		
Registration of events - % of entries without errors	i125	higher figure is better	%	99.40	99.17	99.01	97.89	97.91		100.0		only measured annually	100.00		Data for this indicator is provided by the General Register of Scotland for each calendar year; latest data received showing performance of 97.9% covers the year calendar year 2022.
Children's panel expenses - % processed and passed for payment within 3 working days	i122	higher figure is better	%	n/a, new indicator from 2023/24 onwards	n/a	n/a	n/a	n/a	61.7	100.0	red	only measured annually	100.0		This is a new indicator. The target is set at 100% but may be adjusted accordingly once trends have been established. There was a reduction in FTE staff due to secondment elsewhere and other council priorities competing for their time. These factors account towards the reported performance.

Indicator	id	ideal direction	unit of measurement	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2023/24 target	2023/24 RAG status		2024/25 ytd	2024/25 target	trend	comments
													(for monthly or quarterly monitored indicators only)			
Appeals hearings - % acknowledged within 5 working days	i035	higher figure is better	%	100.0	100.0	100.0	100.0	100.0	100.0	100.0	green		only measured annually	100.0		
Appeals hearings - % heard within 28 calendar days	i036	higher figure is better	%	100.0	100.0	100.0	97.9	100.0	100.0	100.0	green		only measured annually	100.0		
Appeals hearings - % decision notifications made within 14 calendar days	i037	higher figure is better	%	100.0	100.0	100.0	100.0	100.0	100.0	100.0	green		only measured annually	100.0		

**Note for information in respect of performance indicators and targets**

It should be noted that the nature of particular areas of service being measured in order to assess and manage performance do not always lend themselves to a traditional approach to either measuring performance or setting targets, for example:

- Some indicators (and targets) are required to monitor performance against a commitment or minimum standard the council has made in advance to achieve a stated level of performance when delivering a service.
- Some indicators (and targets) are required to assess compliance with legislative requirements.
- Some targets represent the level of performance that the council aims to achieve from a particular activity in either the short, medium, or long-term.
- Some indicators are needed to help present a complete picture of performance in the round, as a single performance indicator used in isolation rarely tells the whole performance story and a range of indicators are required to reflect the economic, efficient, and effective aspects of demonstrating best value.
- Some indicators and targets can help to support accountability to the public in terms of demonstrating best value and an efficient and effective approach to the delivery of services.
- Some indicators are monitored to ensure the council complies with specific requirements, such as information governance or health and safety.
- Some indicators are monitored to provide added context in order to help interpret performance results or supplement other existing measures. Information such as this can be critical to enhance knowledge and decision making in terms of demand to help determine priorities and allocate resources.
- For some indicators it is not appropriate to set targets as it is the trend in the data (i.e. the direction of travel) that provides more meaningful information to allow for an assessment in relation to whether performance has improved.
- Some indicators are national benchmarking indicators where their purpose is to allow for comparisons with other councils and the national average. These benchmarks are, in essence, can openers designed to focus questions on why variations in cost and performance are occurring between similar councils.
- Some indicators are proxy measures, particularly in the case of measuring outcomes, as without directly measurable data for a desired outcome the only alternative is to use a proxy that is an indirect measure of the desired outcome but which is itself strongly correlated to that outcome.

# North Lanarkshire Council Report

## Finance and Resources Committee

Does this report require to be approved? ☐ Yes ☒ No

Ref KH/GR/JG

Date

26/02/25

## Digital North Lanarkshire Programme of Work – Performance Optimisation: Innovation Fund

**From** Katrina Hassell, Chief Officer (Business and Digital)

**E-mail** HassellK@northlan.gov.uk

**Telephone** 07903 096121

### Executive Summary

This report provides an overview of how Services can access the Innovation Fund, an approved deliverable of the Strategic Capital Investment Programme 2024/25 to 2028/29, to support service transformation to aid achievement of the longer-term vision outlined within The Plan for North Lanarkshire.

The Innovation Fund is a key aspect of the Digital North Lanarkshire Programme of Work. This report describes how the Innovation Fund will be managed and governed and includes details of progress to date from the Performance Optimisation subgroup of the Digital North Lanarkshire Programme of Work.

### Recommendations

It is recommended that the Finance and Resources Committee:

- (1) Acknowledge the contents of the report;
- (2) Support the approach to accessing the Innovation Fund
- (3) Acknowledge that use of the Fund is aligned to the six principles contained within the Digital and IT Strategy (2024-2027)
- (4) Endorse the next steps.

### The Plan for North Lanarkshire

Priority	All priorities
Ambition statement	(24) Review and design services around people, communities, and shared resources
Programme of Work	All Programmes of Work

## 1. Background

- 1.1 Members are aware of the Programme of Work (PoW) to 2028 to support the delivery of The Plan for North Lanarkshire and the reporting requirements contained therein.
- 1.2 Digital North Lanarkshire is one of seven priorities contained within the POW to 2028. It is a key enabler for the wider PoW, and aims to develop a skilled digital workforce, promote an innovative, sustainable culture, and be the digital leader for a transformed North Lanarkshire.
- 1.3 The Digital North Lanarkshire PoW Board consists of 4 sub-groups: (a) Digital Culture, Leadership and Knowledge; (b) Digital First Operations; (c) Improved Customer Experience and (d) Performance Optimisation. This report is focussed on the Performance Optimisation sub-group, which has responsibility for delivering the following key deliverables:

Activity No.	Overview
1	Develop an efficient digital and IT cost model to ensure scarce financial resources are aligned to vital enabling technologies.
2	Enhance security monitoring to maintain effective access and control over council data as the Council delivers the anticipated increase in its digital footprint.

- 1.4 This report provides Committee with an update on the progress of a key aspect of Activity 2 above.

## 2. Report

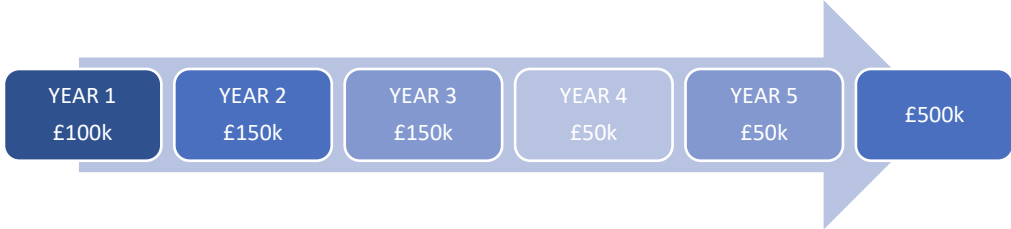
- 2.1 Members are aware of the Strategic Capital Investment Programme 2024/25 to 2028/29 and the agreed Capital Bid process used to allocate/award funds to key projects and deliverables.
- 2.2 Through the Capital bid process, Business and Digital's request to create an innovation fund was approved. This fund, managed by Business & Digital on behalf of all services, supports the deliverable noted at paragraph 1.3 above, and mitigates against risk RIA0000414 - Insufficient ICT Investment. The bid also recognised the potential capability to positively impact all POW themes in utilising technology.
- 2.3 Technology marketplace evolves extremely quickly with new solutions not considered during the Capital bid process leaving the organisation without the ability to react and benefit from those solutions. Furthermore, new solutions could provide the ability for Services to adopt/trial technology to respond to the demand of financial savings.
- 2.4 During the Capital Bid process, Business and Digital's capital requests were allocated to meet the needs of five themes:
- Line of Business
  - End User Device
  - Digitisation
  - Cyber Security
  - Innovation
- 2.5 Of bids submitted council wide for consideration, only one was categorised as within the Innovation theme which demonstrates the lack of innovation presently being



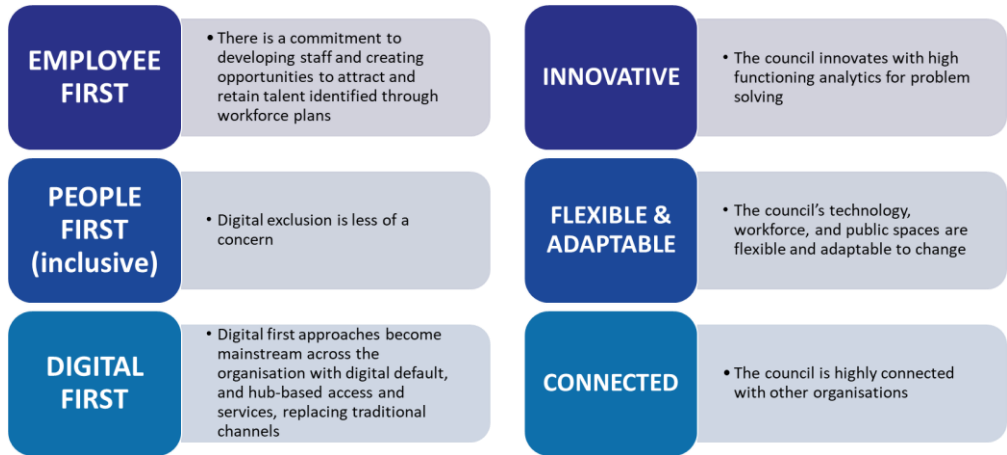
planned council-wide. The fund will aid in the identification and adoption of operational innovation development.

Management and governance

2.6 The Capital bid request for the fund was successful in securing £500k to be utilised over the course of the Strategic Capital Investment Programme 2024/25 to 2028/29 as follows:



2.7 As digital transformation across the Council and its communities is underpinned by the Digital and IT Strategy (2024-2027) and the six principles set out in the strategy, the service has linked the Innovation Fund to these six principles, providing a logical governance structure to manage the bidding and application of the fund.



2.8 The following provides an overview of the eligibility/application/criteria etc.

**ELIGIBILITY** – to be eligible to access the fund Services will apply with the intention of match funding depending on the value/cost of the request. This will be at various levels of match funding and in line with the value of the fund available in year.

**CRITERIA** – this will be based on weightings associated with the six principles noted at 2.7 above.

**APPLICATION** – will be via a lite version of the recognised Business & Digital Engagement process and approved via the Enterprise Architecture Governance Group and Technical Design Authority where required.

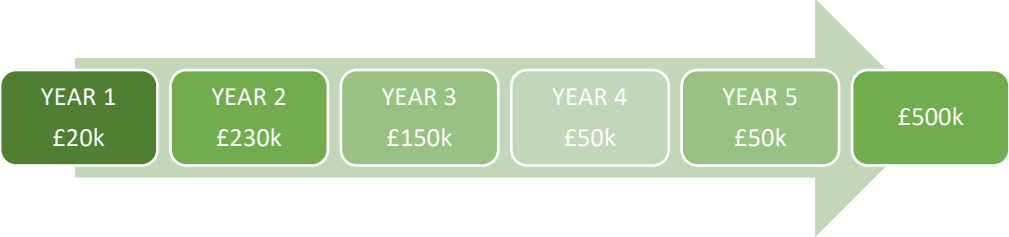
**RESOURCE** – the Service will commit to the required resource to lead the project or Workpackage with Business & Digital providing the technical/development resource where appropriate.

**REPORTING** – should align with the recognised Project Management Framework and include progress reports to the relevant Programme of Work to include details of planned spend along with progress/outlook details.

This overview was presented to the Enterprise Architecture Governance Group on the 30<sup>th</sup> of October 2024 for approval and members agreed with the approach.

**Next steps**

- 2.9 Agree eligibility levels and criteria set out above at paragraph 2.7 and develop communications to promote the Innovation Fund and application process with a view to launching early in January or February 2025.
- 2.10 Reprofile the fund values as a result of lack of requests in year and expectation that Services have profiled savings into years 2 and 3 of the current savings cycle:



**3. Measures of success**

- 3.1 Success will be measured through the set of performance indicators agreed at the Digital North Lanarkshire PoW Board:
  - a) Technology maintenance costs - % change in costs (in terms of current expenditure)
  - b) Digitisation and innovation costs - % change in costs
  - c) Self-service - % increase in self-serve interactions
  - d) Automated services - % of service processes automated/digitised
- 3.2 Performance indicator definitions are complete, and methods of data gathering are currently being investigated.

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**4. Supporting documentation**

N/A

**Katrina Hassell**  
**Chief Officer (Business and Digital)**

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## 5. Impacts

<b>5.1</b>	<p><b>Public Sector Equality Duty and Fairer Scotland Duty</b></p> <p>Does the report contain information that has an impact as a result of the Public Sector Equality Duty and/or Fairer Scotland Duty?</p> <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>If Yes, please provide a brief summary of the impact?</p> <p>If Yes, has an assessment been carried out and published on the council's website?</p> <p><a href="https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments">https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments</a></p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p>
<b>5.2</b>	<p><b>Financial impact</b></p> <p>Does the report contain any financial impacts?</p> <p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <p>Paragraph 2.6 above details the Innovation Fund approved within the Strategic Capital Investment Programme. Paragraph 2.4 confirms the fund is expected to aid in identifying and adopting operational innovation development to support these essential changes.</p> <p>If Yes, have all relevant financial impacts been discussed and agreed with Finance?</p> <p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <p>If Yes, please provide a brief summary of the impact?</p>
<b>5.3</b>	<p><b>HR policy impact</b></p> <p>Does the report contain any HR policy or procedure impacts?</p> <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>If Yes, have all relevant HR impacts been discussed and agreed with People Resources?</p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>If Yes, please provide a brief summary of the impact?</p>
<b>5.4</b>	<p><b>Legal impact</b></p> <p>Does the report contain any legal impacts (such as general legal matters, statutory considerations (including employment law considerations), or new legislation)?</p> <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>If Yes, have all relevant legal impacts been discussed and agreed with Legal and Democratic?</p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>If Yes, please provide a brief summary of the impact?</p>
<b>5.5</b>	<p><b>Data protection impact</b></p> <p>Does the report / project / practice contain or involve the processing of personal data?</p> <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>If Yes, is the processing of this personal data likely to result in a high risk to the data subject?</p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>If Yes, has a Data Protection Impact Assessment (DPIA) been carried out and e-mailed to <a href="mailto:dataprotection@northlan.gov.uk">dataprotection@northlan.gov.uk</a></p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p>

5.6	<b>Technology / Digital impact</b>
Does the report contain information that has an impact on either technology, digital transformation, service redesign / business change processes, data management, or connectivity / broadband / Wi-Fi?	
Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
If Yes, please provide a brief summary of the impact?	
<p>The Digital North Lanarkshire Programme envisages significant changes to applications, software, hardware, and connectivity, with all duly considered for security, compliance, Digital First and Enterprise Architecture perspectives through the key governance groups of the Enterprise Architecture Governance Group (EAGG) and Data Governance Board (DGB). Paragraph 2.4 above confirms this fund is expected to aid in identifying and adopting operational innovation development to support these essential changes.</p>	
<p>Where the impact identifies a requirement for significant technology change, has an assessment been carried out (or is scheduled to be carried out) by the Enterprise Architecture Governance Group (EAGG)?</p>	
Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
5.7	<b>Environmental / Carbon impact</b>
Does the report / project / practice contain information that has an impact on any environmental or carbon matters?	
Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
If Yes, please provide a brief summary of the impact?	
5.8	<b>Communications impact</b>
Does the report contain any information that has an impact on the council's communications activities?	
Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
If Yes, please provide a brief summary of the impact?	
5.9	<b>Risk impact</b>
Is there a risk impact?	
Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
If Yes, please provide a brief summary of the key risks and potential impacts, highlighting where the risk(s) are assessed and recorded (e.g. Corporate or Service or Project Risk Registers), and how they are managed?	
5.10	<b>Armed Forces Covenant Duty</b>
Does the report require to take due regard of the Armed Forces Covenant Duty (i.e. does it relate to healthcare, housing, or education services for in-Service or ex-Service personnel, or their families, or widow(er)s)?	
Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
If Yes, please provide a brief summary of the provision which has been made to ensure there has been appropriate consideration of the particular needs of the Armed Forces community to make sure that they do not face disadvantage compared to other citizens in the provision of public services.	

**5.11 Children's rights and wellbeing impact**

Does the report contain any information regarding any council activity, service delivery, policy, or plan that has an impact on children and young people up to the age of 18, or on a specific group of these?

Yes ☐ No ☒

If Yes, please provide a brief summary of the impact and the provision that has been made to ensure there has been appropriate consideration of the relevant Articles from the United Nations Convention on the Rights of the Child (UNCRC).

If Yes, has a Children's Rights and Wellbeing Impact Assessment (CRWIA) been carried out?

Yes ☐ No ☐



# North Lanarkshire Council Report

## Finance and Resources Committee

☐ approval ☒ noting

Ref KH/RL/DGB

Date 26/02/25

### Senior Information Risk Owner (SIRO) – Information Governance – Assurance and Performance Report 2024

**From** Katrina Hassell, Chief Officer (Business & Digital)

**Email** HassellK@northlan.gov.uk

**Telephone** 07903 096 121

#### Executive Summary

This Senior Information Risk Owner (SIRO) report aims to provide assurances that information risks are being effectively managed to ultimately enable the Council to comply with legislative requirements and good practice.

It summarises the Data Governance Board's (DGB) oversight of information governance arrangements for the period January to December 2024 and provides the SIRO's assessment of the Council's existing information governance and data accuracy arrangements. This report therefore outlines what is going well, highlights key matters of concern, and details the improvement actions which are required to be progressed – through the Data Management Team (DMT) – during 2025 to strengthen the Council's information governance arrangements.

#### Recommendations

It is recommended the Finance and Resources Committee:

- (1) Acknowledge the activities which have been undertaken and/or are underway to enable the SIRO to provide assurance in respect of the Council's information governance.
- (2) Endorse the areas of improvement which the SIRO has included within the live improvement plan for 2025.
- (3) Recognise that progression of the Digital North Lanarkshire Programme of Work deliverable of '*ensure useful, secure, compliant and digital first applications are available to support critical but streamlined service delivery*' creates scope to significantly improve the Council's information governance and information security arrangements.

#### The Plan for North Lanarkshire

Priority	All priorities
Ambition statement	All ambition statements
Programme of Work	Statutory / corporate / service requirement

## 1. Background

- 1.1 There are several officers and teams across the Council with responsibility for information governance and information security, but good information governance involves everyone. This report describes how these roles ensure organisational compliance with the legislative and regulatory requirements relating to the handling and processing of information.

- 1.2 As corporate champion for information governance, the SIRO aims to provide the Corporate Management Team and Finance and Resources Committee with assurances that information risks are being effectively managed. To this end, this report outlines information governance activity and performance in respect of the period January to December 2024. It provides the SIRO's assessment of existing arrangements, detailing what is going well, key matters of concern, and areas requiring further improvement and effort.

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## 2. Report

- 2.1. The Council has always been committed to effective information governance with sound arrangements for ensuring compliance with legislation and recognised best practice appropriately managed as part of the Council's risk management and corporate governance arrangements.
- 2.2. The Chief Officer (Business and Digital) within the Chief Executive Office is presently the Council's Senior Information Risk Officer (SIRO), but following consideration of '*One Place, One Plan – Governance Update*' report at Policy and Strategy Committee in September 2024, this responsibility will transfer to the Chief Officer (Legal and Democratic Services) during 2025.
- 2.3. SIRO responsibilities include:
- a) Leadership and overall ownership of the Council's Corporate Governance Action Plan, acting as corporate champion for information governance.
  - b) Acting as Executive Sponsor and advocate for the management of information governance at a senior level.
  - c) Providing advice and reports in respect of information incidents and risks, including the content of the council's Annual Governance Statement relating to information risk.
  - d) Owning the management of information governance and associated risk assessment processes within the Council.
  - e) Understanding how the strategic priorities of the Council may be impacted by information governance risks, and how these risks need to be managed including the adequacy of resources and levels of independent scrutiny.
- 2.4. Previous SIRO reports confirmed the Council operates effective information governance management arrangements, having undertaken and delivered significant technical and process improvements over recent years. Following on from the change implemented during 2023-2024, this annual SIRO report relates to the calendar year 2024, and therefore provides elected members with an up-to-date snapshot of current information governance management arrangements.
- 2.5. Sections 14 to 52 of the SIRO report provided as Appendix 1 detail performance and activity undertaken over the reporting period to ensure personal data is held securely, and information disseminated effectively. Key highlights for Committee consideration include:
- Information Security and Information Governance corporate risk monitored in accordance with residual risk ratings, with corresponding mitigating actions identified and deployed. (section 14 to 19)
  - Reported data breaches are comparable with calendar year 2023, with improvements evident in the number of breaches reported to Legal Services within the required 72 hours. A higher percentage of breaches met the threshold for reporting to the Information Commissioner's Office (ICO), but the ICO did not apply any enforcement action or fines in respect of these. (section 20 to 27)
  - The Council continues to follow published National Cyber Security Centre (NCSC) guidance, with several activities undertaken to mitigate against potential cyber security threats, including maintaining compliance with Public Sector Network (PSN) and



Payment Card Industry Data Security Standard (PCI DSS) requirements, fully deploying protection, preventative and detective tools, further developing information security standards, and transitioning all critical products to more secure and modern cloud-hosted solutions. (section 28 to 36)

- A re-assessment of the Council's Data Maturity Score during 2024 confirmed that delivery of improvement actions over recent years has resulted in the Council's maturity score improving from +1 (Initial/Basic) to -3 (Developing), an excellent achievement given the benchmark score for similar organisations is 2+ (Basic). (section 37 to 40)
- Increased oversight and monitoring of mandatory training activity has resulted in compliance levels vastly improving; for example, non-compliance as at 7<sup>th</sup> December for the Data Protection Essentials module ranges from only 2% for Chief Executives to 16% for Adult Health and Social Care. Members should note that non-compliance between 0% and 20% is **RAG** rated as **Green**. (section 41 to 48)
- Continued delivery of actions agreed with the Keeper of the Records of Scotland in respect of File Plan, Destruction Arrangements, Vital Records and Audit Trail. (section 49 to 52)

- 2.6. Complementing the Corporate Data Protection Officer's annual reports to the Finance and Resources Committee, sections 20 to 27 of the SIRO report, and Annexe B of the Appendix provide Committee with further details regarding data breaches identified during this reporting period, and the guidance and remedial actions applied following their assessment.
- 2.7. Sections 28 to 36 focus specifically on ICT Security and Cyber risks. These highlight the scale of the cyber security threat now facing all organisations and detail activities undertaken through Business and Digital to maintain a positive information governance assurance and mitigate against potential cyber risks. Paragraph 35 confirms that the Council was not affected directly by any notable cyber incidents during this reporting period.
- 2.8. Paragraphs 31(a), 33, 34 and 36 emphasise that addressing high-risk vulnerabilities in ageing critical systems is considered a key priority for 2025, with paragraph 58 confirming that actions are identified and largely underway through the approved Digital North Lanarkshire Programme of Work and capital investment programme to address this growing risk.

### Next steps

- 2.9. The Council is committed to a clear strategy and sustainable framework for information governance and security, and effective data and information management governance is an essential component of that. Given this report presents information assurance for the 2024 calendar year, the live improvement plan detailed in section 54 of the Appendix highlights activity planned from January 2025 to strengthen existing arrangements.
- 2.10. By way of summary, the key priorities identified within the improvement plan include:
  - a. Raise the profile and prioritisation of Data Protection responsibilities.
  - b. Refresh and strengthen approach to mitigating cyber security risks and vulnerabilities.
  - c. Iterative deployment of the Data Governance Board approved workplan (Annex E).
  - d. Enhanced implementation of the Council's strategic approach to data and information management in line with the Programme of Work to 2028.
- 2.11. Improvements can always be made to our information governance arrangements, and with a residual risk score of 20 (October 2024) prevalent in respect of our Information Governance and Information Security corporate risk, it is essential this subject matter remains as a high priority improvement area for the Council. Progress against these key next steps will be managed by the DGB, who will look to further develop policies, guidance, standards, processes, and approaches as appropriate to improve awareness, understanding and compliance with legislative requirements and good practice.

### **3. Measures of success**

- 3.1 Effective Information Security and Information Governance assists the Council in protecting itself from cyber-attacks and security breaches, which can both give rise to service delivery and financial pressures. Measures of success therefore flow from demonstrated and continued compliance with all information governance legislative and regulatory requirements.
- 

### **4. Supporting documents**

- 4.1 Appendix 1 – SIRO Information governance – assurance & performance – January to December 2024 Report.



**Katrina Hassell**  
**Chief Officer (Business & Digital)**

**5. Impacts ( <http://connect/report-template-guidance> )**

**5.1 Public Sector Equality Duty and Fairer Scotland Duty**

Does the report contain information that has an impact as a result of the Public Sector Equality Duty and/or Fairer Scotland Duty?

Yes ☐ No ☒

If Yes, please provide a brief summary of the impact?

If Yes, has an assessment been carried out and published on the council's website?

Yes ☐ No ☐

**5.2 Financial impact**

Does the report contain any financial impacts?

Yes ☐ No ☒

There are no immediate financial implications arising from this report; however, the promotion and implementation of effective information governance impacts positively on the Council's ability to mitigate its exposure to financial risk, particularly monetary penalties levied by the Information Commissioner's Office for non-compliance. Notwithstanding this, sections 31(a), 33, 34, 36, 54(b), and 58 of the SIRO report so appended illustrate action is required through available capital resources to ensure continued achievement with PSN accreditation and compliance with good practice standards.

If Yes, have all relevant financial impacts have been discussed and agreed with Financial Solutions?

Yes ☒ No ☐

If Yes, please provide a brief summary of the impact?

**5.3 HR policy impact**

Does the report contain any HR policy or procedure impacts?

Yes ☐ No ☒

If Yes, have all relevant HR impacts have been discussed and agreed with People and Organisational Development?

Yes ☐ No ☐

If Yes, please provide a brief summary of the impact?

**5.4 Legal impact**

Does the report contain any legal impacts (such as general legal matters, statutory considerations (including employment law considerations), or new legislation)?

Yes ☒ No ☐

Section 4 of the SIRO report as appended outlines the legislative and regulatory requirements placed on the Council in respect of information processing, security, and management. General Data Protection Regulations (GDPR) continue to apply to the United Kingdom post-Brexit implementation.

If Yes, have all relevant legal impacts have been discussed and agreed with Legal and Democratic Solutions?

Yes ☒ No ☐

If Yes, please provide a brief summary of the impact?

**5.5 Data protection impact**

Does the report / project / practice contain or involve the processing of personal data?

Yes ☒ No ☐

Section 4 of the SIRO report as appended outlines the legislative and regulatory requirements placed on the Council in respect of information processing, security, and management. General Data Protection Regulations (GDPR) continue to apply to the United Kingdom post-Brexit implementation. Paragraphs 20 to 27 also highlight any breaches of confidentiality and security considered by the DGB during the 2024 reporting period, with corresponding remedial actions identified.

If Yes, is the processing of this personal data likely to result in a high risk to the data subject?

Yes ☐ No ☒

If Yes, has a Data Protection Impact Assessment (DPIA) been carried out and e-mailed to [dataprotection@northlan.gov.uk](mailto:dataprotection@northlan.gov.uk)

Yes ☐ No ☐

**5.6 Technology / Digital impact**

Does the report contain information that has an impact on either technology, digital transformation, service redesign / business change processes, data management, or connectivity / broadband / Wi-Fi?

Yes ☒ No ☐

If Yes, please provide a brief summary of the impact?

Sections 28 to 36 of the SIRO report focus specifically on ICT Security and Cyber risks. Paragraph 30(c) provides context regarding the council's complex technology network, with paragraph 29 further highlighting the scale of the cyber security threat facing this complex network. The Digital North Lanarkshire Programme of Work creates scope to appropriately modernise and rationalise the Council's network, with resources prioritised in accordance with the risk assessments summarised within Annex C of the Appendix.

As referenced in paragraphs 2.8 and 5.2 above, addressing high-risk vulnerabilities in ageing critical systems is considered a key priority for 2025 to ensure the Council can maintain its PSN accreditation longer-term.

All changes required to maintain effective information governance and security will be considered by the appropriate corporate working group, with any technology components fully assessed when required by the corporate Enterprise Architecture Governance Group.

Where the impact identifies a requirement for technology, has an assessment been carried out (or scheduled) by the Enterprise Architecture Governance Group (EAGG)?

Yes ☒ No ☐

**5.7 Environmental / Carbon impact**

Does the report / project / practice contain information that has an impact on any environmental or carbon matters?

Yes ☐ No ☒

If Yes, please provide a brief summary of the impact?

**5.8 Communications impact**

Does the report contain any information that has an impact on the council's communications activities?

Yes ☒ No ☐

If Yes, please provide a brief summary of the impact?

Sections 6 and 54(a) of the SIRO report highlight that everyone – staff and elected members – must understand the importance of information governance and security. The live improvement plan continues to highlight a requirement for ongoing communication of requirements.

**5.9 Risk impact**

Is there a risk impact?

Yes ☒ No ☐

If Yes, please provide a brief summary of the key risks and potential impacts, highlighting where the risk(s) are assessed and recorded (e.g., Corporate or Service or Project Risk Registers), and how they are managed?

In line with the Council's corporate risk management arrangements and a requirement for risk to be managed at an appropriate level of the organisation, the Chief Officer (Business & Digital) presently has lead officer responsibility for the corporate risk regarding Information Security and Information Governance. Approved risk management arrangements further require the assessment, monitoring, and review of individual risks to be assigned to relevant Corporate Working Groups, and this particular risk sits within the remit of the DGB.

The scale of the cyber security threat now facing all organisations sees the residual risk assessment of this corporate risk being retained at 20 "*almost certain*" likelihood (5) and "*major*" impact (4), with the likelihood of a breach considered high.

**5.10 Armed Forces Covenant Duty**

Does the report require to take due regard of the Armed Forces Covenant Duty (i.e., does it relate to healthcare, housing, or education services for in-Service or ex-Service personnel, or their families, or widow(er)s)?

Yes ☐ No ☒

If Yes, please provide a brief summary of the provision which has been made to ensure there has been appropriate consideration of the particular needs of the Armed Forces community to make sure that they do not face disadvantage compared to other citizens in the provision of public services.

**5.11 Children's rights and wellbeing impact**

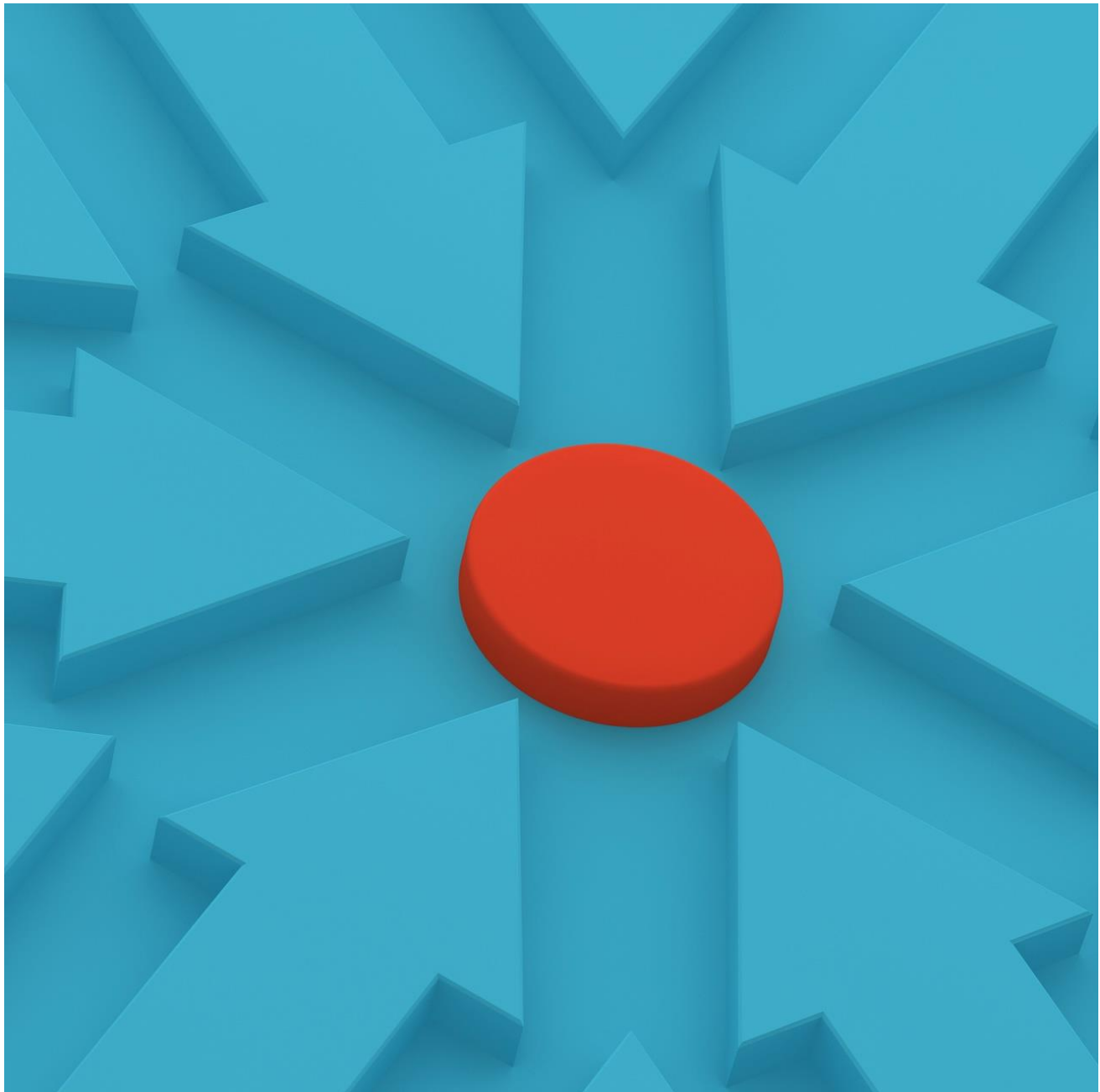
Does the report contain any information regarding any council activity, service delivery, policy, or plan that has an impact on children and young people up to the age of 18, or on a specific group of these?

Yes ☐ No ☒

If Yes, please provide a brief summary of the impact and the provision that has been made to ensure there has been appropriate consideration of the relevant Articles from the United Nations Convention on the Rights of the Child (UNCRC).

If Yes, has a Children's Rights and Wellbeing Impact Assessment (CRWIA) been carried out?

Yes ☐ No ☒



# **SENIOR INFORMATION RISK OWNER (SIRO)**

INFORMATION GOVERNANCE – ASSURANCE &  
PERFORMANCE: JANUARY TO DECEMBER REPORT

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## EXECUTIVE SUMMARY

This report provides an update relating to the responsibilities of North Lanarkshire Council’s Senior Information Risk Owner (SIRO). It outlines activity and performance related to information governance and provides assurances that information risks are being effectively managed. It outlines what is going well, any matters of concern, status of approved improvement actions, also indicating where further improvements can be made. This report relates to the period January to December 2024.

# INTRODUCTION

1. The Senior Information Risk Owner (SIRO) Report reflects on the Council's information governance work, aiming to provide assurances that personal data is held securely, and information disseminated effectively. This report focuses on the period January to December 2024.
2. The Council continues to be committed to effective information governance, with sound arrangements in place to ensure compliance with legislation and recognised best practice. Governance arrangements are closely monitored to ensure systems, policies and procedures are fit for purpose, and that all staff and elected members understand the importance of information governance and security, with good practice considered everyone's business.
3. ICT security and cyber risks present an ever-increasing challenge to all organisations and the Council is no different. Arrangements to manage these risks, in consideration of the threat landscape, are contained within the report, with a summary included to highlight action underway and planned to maintain and strengthen defences and enhance corporate resilience.
4. Specifically, this report:
  - a. Documents organisational compliance with the legislative and regulatory requirements relating to the handling and processing of information and provides assurance of ongoing improvements to manage information risks. This includes the Council's consideration and performance relating to:
    - Data Protection Act 2018 and General Data Protection Regulations (GDPR) 2016
    - Public Records (Scotland) Act 2011, and
    - Information Security Standard ISO/IEC 27001:2013
    - Managing data in line with the CIPFA Delivering good governance in local government framework
  - b. Provides an overview of Council governance arrangements and key roles and responsibilities.
  - c. Outlines any serious incidents which required investigation over the duration of this report, relating to any losses of personal data or breaches of confidentiality.

## Key Roles and Responsibilities

5. The Chief Officer (Business and Digital) within the Chief Executive Office is presently the Council's Senior Information Risk Officer, but following consideration of '*One Place, One Plan – Governance Update*' report at Policy and Strategy Committee in September 2024, this responsibility will transfer to the Chief Officer (Legal and Democratic Services) during 2025. Key responsibilities include:
  - a. Leadership and overall ownership of the Council's Corporate Governance Action Plan, acting as corporate champion for information governance.
  - b. Acting as Executive Sponsor and advocate for the management of information governance at a senior level.
  - c. Providing advice and reports in respect of information incidents and risks, including the content of the council's Annual Governance Statement relating to information risk.
  - d. Owning the management of information governance and associated risk assessment processes within the Council.
  - e. Understanding how the strategic priorities of the Council may be impacted by information governance risks, and how these risks need to be managed including the adequacy of resources and levels of independent scrutiny.



6. There are several officers and teams across the Council that have professional expertise relating to information governance and information security, but good information governance involves everyone. All staff and elected members therefore have personal responsibility to ensure information and data is held securely, processes appropriately and safely destroyed when not required.
7. Diagram 1 below illustrates existing responsibilities and governance arrangements in respect of information governance, clearly highlighting the differing responsibilities of the SIRO, Data Protection Officer, and Records Manager, as well as the oversight responsibilities of the strategic Data Governance Board (DGB) and operational Data Management Team (DMT).

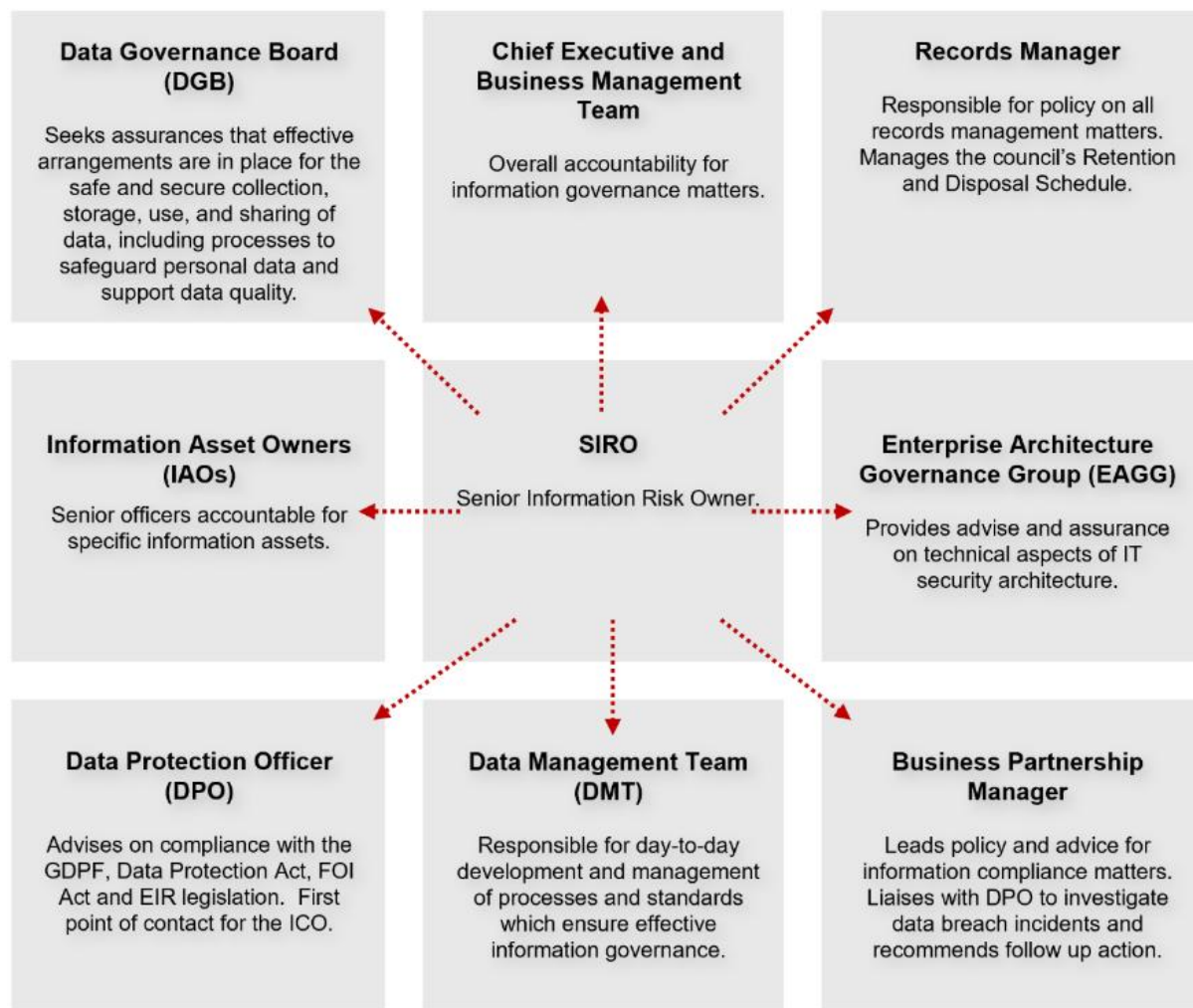


Diagram 1

8. Recognising these wider responsibilities, this report complements two annual reports prepared by the Chief Officer (Legal and Democratic Solutions) – the Corporate Data Protection Officer (DPO). The first report in respect of [detailed 2023-24 responsibility](#) for data sharing, data breaches, Information Commissioner Office (ICO) complaints was considered by the Finance & Resources Committee in September 2024. The second report detailing Freedom of Information (FOI) and Environmental Information Requests (EIR) for financial year 2023-24 is reported separately on today's agenda. This annual SIRO report provides additional context regarding data breaches, with details provided up to end of November 2024.

## Governance and Monitoring Arrangements

9. The Council's Data Governance Board (DGB) is responsible for developing and implementing strategies, policies, and standards in relation to data governance and management. Additionally, the board is responsible for directing improvements identified in line with the data requirements of the council and its Programme of Work for 2023- 2028 and the DGB workplan (updated following the refresh, reframe, responsibilities review referenced in section 11 below), and for ensuring measures are in place, through the Data Management Team, to monitor compliance with approved policies and standards.
10. The DGB is presently chaired by the SIRO, includes the Corporate Records Manager, Data Protection Officer (DPO), the Strategy and Performance Manager, Chair of the Data Management Team (DMT) and key representation from all Council functions.
11. Although annual SIRO reports to date confirmed governance arrangements operate effectively, several changes in structures and personnel necessitated a review of the Terms of Reference, overarching Data Custodian Model and associated operating practices. The review took place between May and December 2024, with the DGB approving revised Terms of Reference in October 2024.
12. The primary remit of the DGB remains unchanged, but Board responsibilities are now categorised as (a) Approach, (b) Deployment and (c) Assessment and Review. The revised Terms, attached as Annex A, are briefly summarised as follows, with Board agendas constructed to enable officers to meet these responsibilities:
  - a. Approach
    - Achieve and maintain legislative, regulatory and corporate governance requirements
    - Ensure appropriate standards and policies are developed, in place and regularly monitored
    - Ensure data governance remains aligned to other corporate strategies, policies and plans, particularly the Digital and IT Strategy and key data principle.
  - b. Deployment
    - Promote data governance and associated good practice across the Council and arms-length external organisations
    - Ensure all members of the DGB and DMT understand their roles and responsibilities, and are sufficiently trained to discharge such requirements
    - Monitor the provision and uptake of training provided to support effective data and information governance
  - c. Assessment and Review
    - Receive and consider reports into breaches of confidentiality and security
    - Support the preparation of required reports, including but not limited to, the annual SIRO report, annual Data Protection report and scheduled Internal Audit reports
    - Review and update progress against identified audit and improvement actions
    - Schedule and undertake Data Quality and Information Governance risk assessments
    - Develop and examine performance measures that assess effectiveness and compliance
    - Review movement on the Data Maturity Curve, ensuring planned activity continues to move the Council towards the targeted 'advancing' stage.

13. These Terms of Reference will continue to be reviewed annually to ensure they facilitate ongoing legislative and regulatory compliance and enable the Board to effectively support the Council's business needs.

RISK MANAGEMENT AND ASSURANCE

14. The Council's Corporate Risk Register includes a risk in respect of Information Security and Information Governance. This risk is defined as *"There is a risk that Information; in whatever format; is not managed securely or that Information Governance across the Council and its ALEOs/partners is ineffective. This includes implementation of enhanced controls to meet the evolving working practices of the council such as the significant shift to home and hybrid working"*.

15. The council identifies and monitors significant risk to its operations. The Information Security and Information Governance risk is assessed and monitored using the standard council-approved process for risk management. The inherent score of this risk is 25, having been assessed at the maximum score of 5 for both likelihood and impact.

16. The agreed approach to the management of key corporate risks sees all risks allocated to a member of CMT and a Corporate Working Group, with such responsible for assessing, monitoring, and reviewing in accordance with residual risk ratings. This particular risk is aligned to the Data Governance Board (DGB) with the Chief Officer (Business and Digital) presently identified as the Corporate Risk Lead.

17. The [Corporate Risk Register \(CRR\) 2024-25](#) was approved by the Audit and Scrutiny Panel in August 2024, with the Panel considering the [latest status of the CRR in October 2024](#). Both reports confirm that Information Governance and Information Security remains as a corporate risk given the impacts which breached, inaccurate or lost data could have on the Council achieving its priorities and stated objectives. Furthermore, in both reports, the Information Governance and Information Security Risk is evaluated as 'high' risk, carrying a residual risk assessment of 20 *"almost certain"* likelihood (5) and *"major"* impact (4). This risk was monitored regularly throughout calendar year 2024 but was not one of the corporate risks subject to formal reporting to the Corporate Management Team and Audit & Scrutiny Panel. As in previous years, formal reporting will be scheduled in accordance with the timelines identified by the Chief Officer (Audit and Risk).

18. The DGB most recently reviewed this corporate risk at its meeting of 4<sup>th</sup> December 2024, confirming the following security and governance controls remain in place to manage cyber and information risk.

Control (C) /  
Action (A)

Description

CON0000233

The framework of information governance policies supporting the council and the Digital and IT Strategy (i.e. Data Protection Policy, Payment Card Data Security Policy, Information Security Policy, Acceptable Use of IT Policy (and guidance), Records and Information Management Policy, and Records Management Plan) are well established in terms of ensuring the council has a suite of information governance policies to ensure that the council's approach to data is effective and compliant in relation to data governance and the arrangements required to ensure effective arrangements are in place for the safe and secure collection, storage, use, and sharing of data, including processes to safeguard personal data and support data quality.

<b>Control (C) / Action (A)</b>	<b>Description</b>
CON0000233	Governed by the Data Governance Board, all policies (except the Records Management Plan) are reviewed every two years. In respect of the Records Management Plan, the council is not the keeper of this, and the council are informed when they are required to update this. In the meantime, the council does undertake an interim internal review each year
ACT0001320	Review of the above, carried out on a biennial frequency, completed during 2023. Next reviews are on the DGB workplan and scheduled to be undertaken during 2025.
CON0001064	Secured Premises with secure storage and monitoring of security arrangements.
CON0001477	Corporate Records' Stores protected with CCTV, Disaster Recovery Plan, Fire Evacuation Plan, security checks during building closures, fire and intruder alarms, fire doors, shelving in accordance with BSI guidelines, pest monitoring, temperature and humidity monitoring, boxing of all records, archival enclosures for records, reduction of UV light.
CON0002051	A one council approach to data and information management is in place through the roadmap developed in September 2020.
ACT0001310	This risk is currently being enhanced in line with the Programme of Work to 2028 to better unlock the potential of data to support delivery of The Plan for North Lanarkshire by ensuring an accessible and single source approach to data that supports the organisation by providing insights and evidence that support decision making, planning, delivery, and continuous improvement as well as public reporting and transparency. This will incorporate all related aspects of data, including governance, quality, data maturity, spatial mapping, open data, and the supporting architecture and technology tools.
CON0002060	PROTECTIVE technical cyber security controls in place such as device authentication checks, multi-factor authentication, network segmentation, web gateways, email filtering solutions, etc.
ACT0001050	Conditional Access programme revised in December 2024, and approved by BMT, will be rolled out during 2025 as part of Windows 11 deployment.
CON0002061	DETECTIVE cyber security technical controls in place such as a security event and incident management, intrusion detection, and malware detection solutions, ongoing penetration testing, etc.
ACT00001051	Testing (by a non-Council organisation) of ICT security controls undertaken with findings reported to UK HMG Cabinet Office for independent evaluation.
CON0002062	RESPONSIVE cyber security technical controls in place inc. malware containment and recovery tooling.
ACT0000913	Arrangement entered with an experienced cyber incident response partner.
CON0002070	Register of Data Processing Agreements, Data Sharing Agreements and Data Protection Impact Assessments is in place. Improvements being undertaken through a corporate data protection review.

19. Over the course of 2024 further enhancements to the Council's information security governance and technical cyber security control suite were commenced and/or implemented. A programme commenced to create a structured suite of information security standards which will govern the Council's security posture moving forward. Email continues to be a source of unintended information leakage, and the Council has now procured product that aims to reduce the frequency of this occurring. Third-party cyber risk management is an increasingly important consideration for organisations of all sizes, and enhancements to existing processes are in flight which will improve the arrangements in place for assuring third parties in their use of Council data or connectivity to Council systems.

## COMPLIANCE WITH DATA PROTECTION AND GDPR REQUIREMENTS

20. UK GDPR and the Data Protection Act 2018 categorise the Council as a Data Controller, with the DPO tasked with ensuring compliance with all associated data protection arrangements. Responsibilities include maintaining relevant policies, monitoring compliance with such, raising awareness of those policies and ensuring relevant training is provided to all staff to enable the Council to satisfy its legal obligations. Since May 2018, the Council has also had a legal obligation to undertake Data Protection Impact Assessments (DPIA) when processing personal data.
21. This section of the report highlights any breaches of confidentiality and security considered by the DGB between January and December 2024, alongside assessment of the remedial actions identified. Once considered and agreed, remedial actions are subsequently cascaded council wide through the Data Management Team (DMT).
22. Over and above the Data Protection Officer's annual report, the Chief Officer (Business and Digital Solutions) includes a [summary of breaches and near misses](#) within the service's six-monthly reporting to the Finance & Resources Committee. Details (up to July 2024) were most recently provided in September 2024.
23. For the reporting period in question (to November 2024), the Council recorded and investigated 102 data breaches, with 82 (80%) reported to Legal Services as required within 72 hours, and eight reported to the Information Commissioner's Office (ICO). Comparable figures for the 2023 calendar year are 109 breaches, with 61 (56%) reported within 72 hours, and two formally reported to the ICO. At first glance, the level of breaches is very similar, indicating good information management awareness and reporting. However, given breaches meeting the threshold for reporting to the ICO increased, there is concern that an increasing risk to the rights and freedoms of individuals could lead to personal information falling into the wrong hands.
24. Members are aware that information governance training has been an identified area of improvement activity over the last few years. Paragraphs 41 to 48 below demonstrate that the strengthened arrangements and increased oversight, monitoring and focus have led to significantly higher numbers of in scope employees completing their mandatory training, and so evidencing a greater understanding of requirements. Scope remains however to improve upon timely reporting of personal data breaches and 'near misses' to Legal Services within 72 hours of incidents occurring. The DPO has revised the breach reporting form, issued accompanying guidance, and established a new internal '24 hours' deadline to assist in improving ICO reporting compliance.
25. Chart 1 overleaf compares recorded breaches from January 2019 to December 2024. The high volumes recorded in August and December 2023, and June 2024 follow targeted action by services to complete employee mandatory training requirements, satisfying the previously approved improvement action.

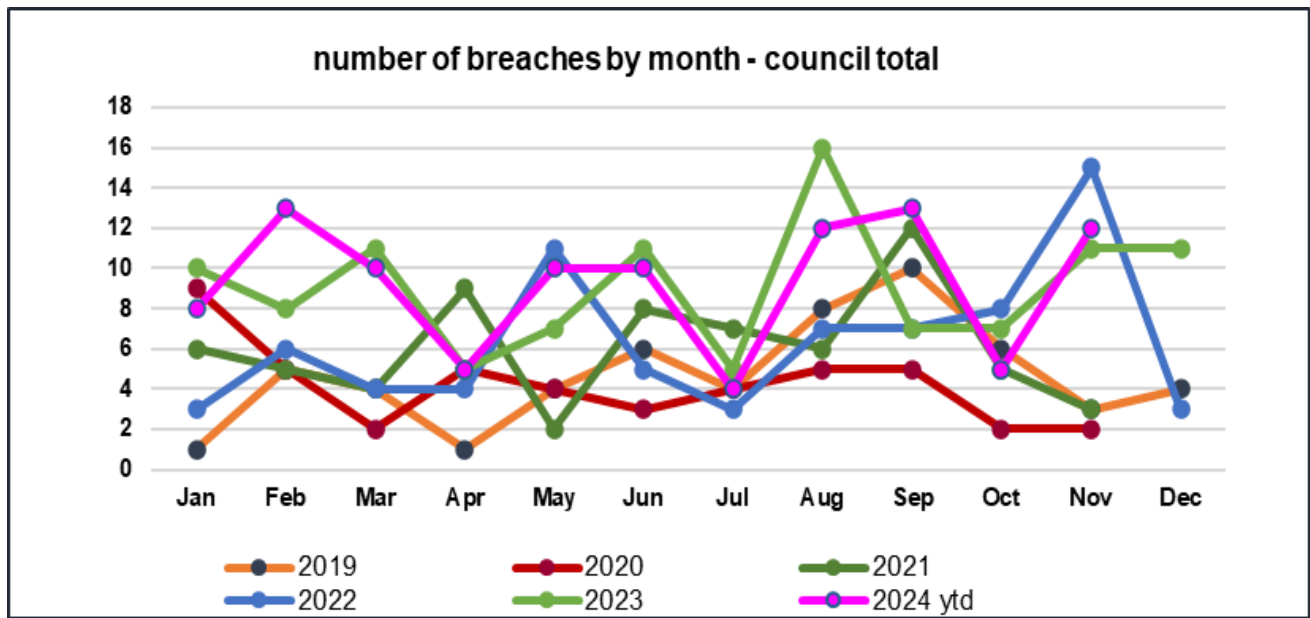


Chart 1

26. Chart 2 below, which analyses these details by service, indicates good correlation between completion of mandatory training and levels of reportable breaches. With services continuing to formally identify and report potential breaches, the Council has scope to act quickly to recover and/or prevent personal information from falling into the wrong hands.

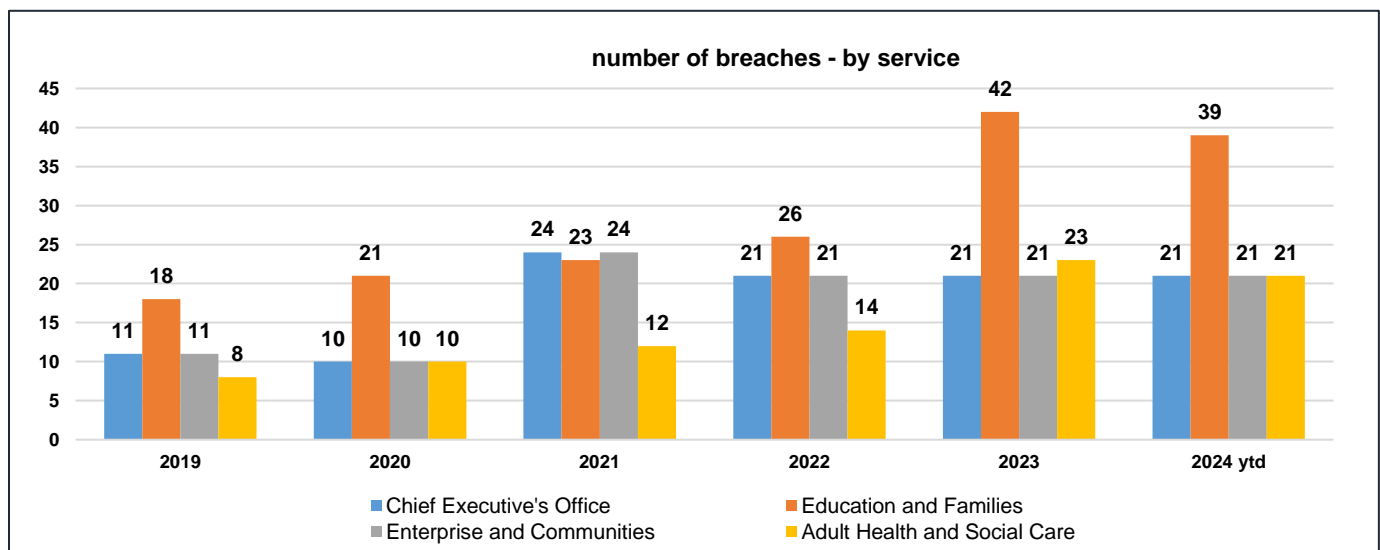


Chart 2

27. Categories of breaches include wrongful disclosure of data, device/documents left in insecure locations, unauthorised system/app use and failure to redact data. Per the DPO's Annual Data Protection reports, there was no enforcement action or fines applied by the ICO in respect of these breaches, but various recommendations were made. These are highlighted within Annex B, and include exercising caution with populated forms, ensuring information is fully removed from laptops being repurposed, reviewing the use of the scheduling assistant, and reviewing the security and procedures surrounding the issue of correspondence by services which include customer details. DGB discussions confirmed learning actions were appropriately documented, with all recommendations subsequently included within the action plans of both DGB and DMT.

# ICT SECURITY AND CYBER RISKS

28. As the importance of digital information and networks grow, cyber security is of high importance and therefore a corporate priority. The type of risks posed include theft of sensitive corporate and personal data, theft or damage to data, threat of hacking for criminal or fraud purposes, and potential disruption to infrastructure such as Council ICT systems, intranet, and public facing website.
29. To highlight the scale of the cyber security threat, our firewalls trap and stop thousands of attempted network intrusions every week. In the month prior to writing, the Council's Corporate email security system identified 106,000 emails – 4% of the total sent to northlan.gov.uk addresses – as being sufficiently suspicious to warrant either delivery to the Council's Corporate email quarantine facility or prevented altogether at the email gateway. The Council's Corporate systems recorded 3.31M successful sign-ins. A further 319,000 attempted sign-ins failed, being a mix of apparent legitimate users plus others that were deemed sufficiently suspicious to be blocked. Of those that failed, 280,000 originated from the UK. It is worthy of note that 1,300 failed attempts alone originated from Russia. Publicised breaches over recent years (such as in respect of SEPA, British Library, Western Isles Council, Leicester City Council and Dumfries & Galloway Health Board) have individually and collectively demonstrated that public sector organisations can be significantly compromised following just one successful intrusion.
30. Strategically, the Council now faces risk on several fronts in terms of managing ICT security and cyber risks. These include:
- a. The ever evolving and growing cyber threat landscape. As noted in NCSC's Annual review 2024, *"Due to the changing geopolitical environment, including the ongoing war in Ukraine, the rise of state-aligned groups from around the globe, and an increase in aggressive cyber activity, it is highly likely the cyber threat to UK CNI [critical national infrastructure] has heightened in the last year."* Even where public sector organisations do not find themselves directly compromised by successful cyber-attacks; it is becoming increasingly likely that their supply chain will be. Supply chain attacks can have serious consequences on the public sector. In June 2024, patient data managed by pathology testing organization, *Synnovis*, was stolen in a ransomware attack. Given the sensitivity of the data and the impact this breach had on the delivery of healthcare services, at the time it was described as "one of the most significant and harmful cyber-attacks ever in the UK." Organisations must spend ever greater effort and resource delivering activities capable of mitigating potentially catastrophic events, Growing appreciation of supply chain dependencies and the knowledge that internal processes can be severely compromised through cyber breaches affecting suppliers and vendors highlights the interconnected nature not just of IT systems but of wider business operations.
  - b. Budgetary constraints affecting all public sector organisations in Scotland make it challenging to create and sustain vital posts to manage the Council's complex security domain effectively. Competition for suitably experienced and qualified security personnel across the marketplace is fierce, with such roles typically carrying premium reward expectations which exceed the Council's pay structure. This is called out explicitly in the Council's Workforce Plan where cyber security specialists are noted as being particularly difficult to recruit into public sector organisations like the Council. Succession planning is critical given these are high instances of 'single points of failure' within the Information Risk Management and Secure Access Teams; presently the loss



of a single staff member negatively impacts the scope and productivity of these critical council functions.

- c. As digital technologies become more prevalent within the Council, so the cyber-attack surface increases. Providing the same level of protection as current over an increasingly broad and complex range of ICT services will become more challenging for the Council given projected budgetary pressures. This is particularly poignant given, across both the Education and Corporate estates technical staff are currently expected to support 550 servers, 12,173 desktop computers, 29,954 laptops, 13,979 tablet devices, 5,193 smart phones, circa. 260 server software/applications and over 3000 unique desktop/device types of software installations.
- d. The continued rate of uptake of digital technologies to support service delivery means that ICT and cyber incidents will have an ever-increasing impact over time. If the Council loses staff to manage budget expectations, there will be a similarly increasing gap over time in the ability of the Council to 'fall back' on non-digital processes should a major ICT outage occur.
- e. Artificial intelligence poses both a risk and an opportunity in terms of cyber security. It will enable threat actors to be more successful in their operations whilst providers of countermeasures will similarly take up the opportunities which AI offer.

31. To mitigate against cyber risks, the Council follows best practice wherever possible. We comply with the requirements of the Scottish Government Cyber Resilience Framework by currently having the Chief Officer (Business and Digital), as SIRO, identified as responsible for organisational cyber resilience arrangements. In addition, the Council works towards adoption of recommendations published by the National Cyber Security Centre (NCSC), who advise that cyber risk has been, and is likely to continue to, increase substantially. The Council follows published NCSC guidance and adopts the following approaches:

- a. **Compliance with the externally inspected Public Sector Network (PSN) accreditation via submission of the required IT health check findings, and implementation of recommendations identified as addressing potentially high-risk issues.** The Council recently achieved continued PSN compliance effective from 27<sup>th</sup> January. Certification remains valid for a further year, following acceptance by the Cabinet Office of the Council's plans to address 'high' vulnerabilities identified in respect of legacy applications such as HSMS, MySwis, eFinancials and CivicaOpenRevenues. Known vulnerabilities in respect of both financial products expect to be addressed through the Digital North Lanarkshire Programme of Work deliverable '*Review tools and products currently deployed to support the council's financial management arrangements, identifying and assessing options for longer-term suitability, as well as opportunities to deploy efficient and effective automation and self-service*', which has a target completion date of March 2025.
- b. **Compliance with the Payment Card Industry Data Security Standard (PCI DSS),** with the Council continuing to be fully compliant across both person present and ecommerce payment channels and working towards achieving the same for the telephony channel as part of the procurement of a new unified communications platform.
- c. **A suite of malware protection products fully deployed** e.g., antivirus software, web filtering, and email malicious content/payload detection systems, together with real-time analysis of security threats identified and managed through deployment of Security Incident Event Management (SIEM) software. Responding to threats in a timely manner is supported through the actions of partner organisations and functions, such as the Scottish Government's Security Cyber Coordination Centre and subscribing to the services of a managed security operations centre.



- d. **Firewalls installed to protect** the network, systems, and devices from external attack, exploitation, and data breaches, with an external contract in place to undertake penetrative testing, and any issues, anomalies or system vulnerabilities identified, investigated, and remediated.
- e. **Operation of a robust “patching” regime**, with such automatically applied on scheduled dates where appropriate or as and when critical vulnerabilities are identified, and patches made available.
- f. **Robust authentication and access control procedures** e.g.: multi-factor authentication in place to protect Council systems from unauthorised access and with continual improvements to access and authentication methods being made to address the threat landscape.
- g. **ICT systems securely configured** as part of the initial commissioning process, with formal change control procedures being in place should system settings need to be modified.
- h. Office “based” staff required to complete Mandatory Information Security Awareness training.
- i. Non-office-based staff receive information security and governance awareness training through ‘toolbox’ delivered sessions.
- j. Continued adoption of NCSC’s active cyber defence toolkit as promoted through the Scottish Government’s cyber security Public Sector Action Plan.

**32.** The Information Security and Information Governance risk process described in paragraphs 14 to 19 above does not record all activities underway to maintain the Council’s security posture considering the threat landscape. Business and Digital officers routinely seek to improve arrangements by using Gartner’s self-analysis and maturity assessment tools to direct future actions and confirm planned direction of travel. During the reporting period in question, the following ICT and cyber security focussed activities were undertaken to maintain a positive information governance assurance:

- a. Resourcing within the Information Risk and Security Team was maintained at the increased level of 4.8 FTE. Recruitment is also under way for a temporary (funded for 2 years) Senior ICT Security Officer. It is planned to recruit a Graduate Developer into a security role at the start of 2025, and the creation of two posts as Security Operations analysts has commenced.
- b. The Council has dropped use of the NCSC’s ‘Exercise-in-a-Box’ evaluation tool to assess ICT resiliency capability. It is now coordinating with the Digital Office for Scottish Local Government to conduct a half-day workshop, scheduled for early 2025, with the aim of gaining a deeper understanding of the efficacy of Council effectiveness at responding to a major cyber security incident.
- c. Operation of a phishing simulator solution to help train staff for the warning signs associated with one of the most prominent cyber threats facing organisations, phishing emails.
- d. Management of third party cyber security risks, in particular supply chain risk, through focussed use of the Scottish Government’s ‘Cyber Security Procurement Support Toolkit.’ Improvement actions under way are focusing on obtaining lifetime assurance of products and suppliers as appropriate, not simply at the procurement stage.
- e. In recognition of the value of aligning with public sector peers, whilst fulfilling an action determined through a previous Information Security Maturity Assessment exercise, the Council is developing information security standards based on work already undertaken by the Department for Work and Pensions.

- f. Activities are under way to better ensure that password usage meets NCSC's recommendations for length and structure, and marketing NCSC's 'three random words' approach to password creation, focusing on the Council's Education-based staff
- g. Implementation of an automatically configured 'virtual private network' for all Council devices used remotely.
- h. Continued awareness programme targeting all Council staff and employees, including focused sessions where appropriate. The set of mandatory training materials which all staff must review has been overhauled over the course of 2024 and will launch officially before the end of the 2024/15 financial year.

33. The Digital North Lanarkshire Programme of Work deliverable of '*ensure useful, secure, compliant and digital first applications are available to support critical but streamlined service delivery*' will transition all products to more secure and modern cloud-hosted solutions, but such cannot be achieved overnight. Prioritisation is therefore essential, and Business and Digital officers risk-assessed all critical legacy systems during 2023-24 to aid resource allocation. A summary of assessments is provided within Annex C.

34. As referenced in section 31(a) above, this deliverable is progressing with the priority business-critical – but ageing - systems (e.g. Housing Management System, Social Care System, Financial systems) which rely on older – and often unsupported – software and applications actively under consideration as follows:

- a. The Housing Committee awarded the contract for a replacement housing and asset management system to Civica UK Limited on 6<sup>th</sup> November 2024, with contract mobilisation and development of detailed implementation plans now underway.
- b. Deployment of Mosaic, the replacement case management system for MySwis, is well underway. Go-live is currently planned between March and May 2025, with such dependent on key functionality and integrations effectively meeting user testing requirements.
- c. The Financial Systems review is behind schedule. The Digital North Lanarkshire Programme Board considered progress against this deliverable at its December 2024 meeting. With limited progress evident to date, a target date for finalising options of March 2025, and a risk assessment of 20 (red) presented in respect of the current eFinancials product being used medium to longer-term, the Board agreed that lack of progress should be flagged to the CMT. The Board also instructed Financial Solutions to provide their project plan as a matter of urgency. The service has committed to doing so.

35. The council was not affected directly by any notable ICT or cyber security incidents during the 2024 calendar year. The potential consequences arising from supply chain compromises did not go unnoticed, however. Whilst the 'Crowdstrike' issue from June 2024 did not affect Council-managed systems, some managed services were impacted. Whilst outages were for a few hours at the most and did not affect critical functions, once again this highlighted the supplier dependent nature of business processes. The Council continues to be affected by day-to-day events that all organisations are affected by, and which are mitigated through the suite of technological and process controls in place, such as email filters, web gateways, network firewalls, web application firewalls, and anti-malware tools. The Council monitors centrally for issues that may affect its IT service delivery through alerts provided by Scottish Government and the National Cyber Security Centre.

36. In summary, there continue to be successes in managing ICT and cyber risk, but challenges will grow given vital legacy systems – and the security vulnerabilities arising from them – cannot be addressed short-term. Vulnerabilities arising from legacy systems in use have previously hindered our ability to achieve an unqualified formal PSN accreditation. Whilst ongoing accreditation has recently been confirmed to January 2026, such is again based upon the Council taking action to address the high-risk vulnerabilities so identified.

## CORPORATE GOVERNANCE ACTIVITY

37. The Council is committed to a clear strategy and sustainable framework for information governance and security so deploys its requirements through the Information Governance Policies contained within the approved Digital and IT Strategy. The [‘Strategic Governance Framework – Annual Review and Refresh’ report](#) considered by the Audit and Scrutiny Panel in June 2024 confirmed these policies and the associated user guidance remain fit for purpose, having been allocated ‘Green’ RAG <sup>1</sup>status during this most recent evaluation.

38. Through the Data Governance Board (DGB) and Data Management Team (DMT) remits, the Council has identified Business Data Owners for its four key data classifications of customers, cases, people, and the organisation. Section eleven above illustrates however, that these are currently being reviewed following several changes to structures and key personnel. The DGB has continued to meet during the review period to ensure measures remain in place to maintain relevant compliance levels, and direct activities capable of moving the Council towards an ‘advancing’ (level 4) level of data maturity to (a) assist services in monitoring performance against The Plan for North Lanarkshire outcomes, and (b) view data as a ‘single source of truth’ to support strategic decision making, service delivery, cost reduction and risk management arrangements.

### **Data Maturity Assessment**

39. Building upon improvement actions previously identified within the Council’s Data and Information Management Strategic Roadmap, and activities underway to support the Council to achieve its targeted ‘advancing’ data maturity level, Business and Digital – aided by Gartner - re-assessed current levels of maturity in early 2024. The outcome indicates that corporate governance activity to date sees the council’s overall Data Maturity Score improving from +1 (Initial/Basic) to -3 (Developing), against a benchmark score for similar organisations of 2+ (Basic).

40. Further details in respect of the Data Maturity Assessment are provided within Annex D, with Table 1 below summarising the key findings and actions which the DGB has built into its programme of work from 2024 onwards. A copy of this programme (as of December 2024) is provided as Annex E.

Theme	Functional Activity	NLC Score	Benchmark
Create the vision and strategy	Implement the strategy	4	2
Align data and analytics to Business Outcomes	Innovate the business model	2	2

<sup>1</sup> Green status – No requirement at this time to review or update this item, but such is planned for 2025.

Theme	Functional Activity	NLC Score	Benchmark
Develop the data and analytics organisation and talent	Develop data literacy	2	2
Create and maintain analytics content	Create and maintain semantic models	1	2
Integrate and manage data	Organise data assets	1	2
	Integrate data assets	1	3-
	Share data assets.	1	2
Govern data and analytics assets	Enforce governance policies	4	2
	Communicate governance policies	2	1+

### **Information Governance Training**

41. The DGB and DMT have responsibility for continuously monitoring the actions required to manage information issues, risks, and cultural behaviour to improve existing data governance and management. Paragraph 12(b) above specifically references the importance of information governance training, an identified area of improvement and activity over the last few years.
42. At present, the majority of mandatory training modules need to be completed biennially, with the DGB regularly examining compliance levels; firstly, to gain assurances that staff are being trained in information governance; secondly, to identify areas requiring targeted activity, and finally, to assess the impact which planned improvements regarding performance monitoring have had
43. The 'SIRO Information Governance – Assurance and Performance Report (April 2022 to November 2023)' considered by the Finance and Resources Committee in February 2024 highlighted poor levels of mandatory training compliance council-wide, with an improvement action to 'raise the profile and prioritisation of Information Governance and Data Protection responsibilities' therefore identified.
44. Following consideration of the SIRO report, the Business Management Team (BMT) and Corporate Management Team (CMT) increased their oversight and monitoring to improve compliance levels across the council on *all mandatory training*, not solely information governance. This had led to strengthened arrangements being deployed, with Chief Officers now receiving monthly reports from the learning management system detailing staff within their business area who are either non-compliant with requirements or whose compliance with one or more of the mandatory modules is due to expire within the next month.

45. In revising arrangements, People Resources introduced the following RAG status for ‘in-scope’ employees below based on levels of non-compliance:

- a. **RED** – above 31% non-compliance
- b. **AMBER** – 21% to 30% non-compliance
- c. **GREEN** – 0% to 20% non-compliance

46. Table 2 below summarises non-compliance levels for the information management related modules as of 7<sup>th</sup> December 2024.

Mandatory Module	Service Area – Non-Compliance %			
	Chief Executives	Adult Health & Social Care	Enterprise & Communities	Education & Families
Data Protection Essentials	2%	16%	3%	11%
Information Security	2%	17%	4%	11%
Records & Information Management	3%	24%	4%	14%
Introduction to Risk	3%	21%	4%	13%
Data Protection Advanced	6%	20%	11%	16%

47. Illustrating that circa. 11,800 employees are considered in scope to complete information management mandatory training modules (except Data Protection Advanced – 1,869 in scope), chart 3 below presents the level and percentage of completions, per service, in December 2024.

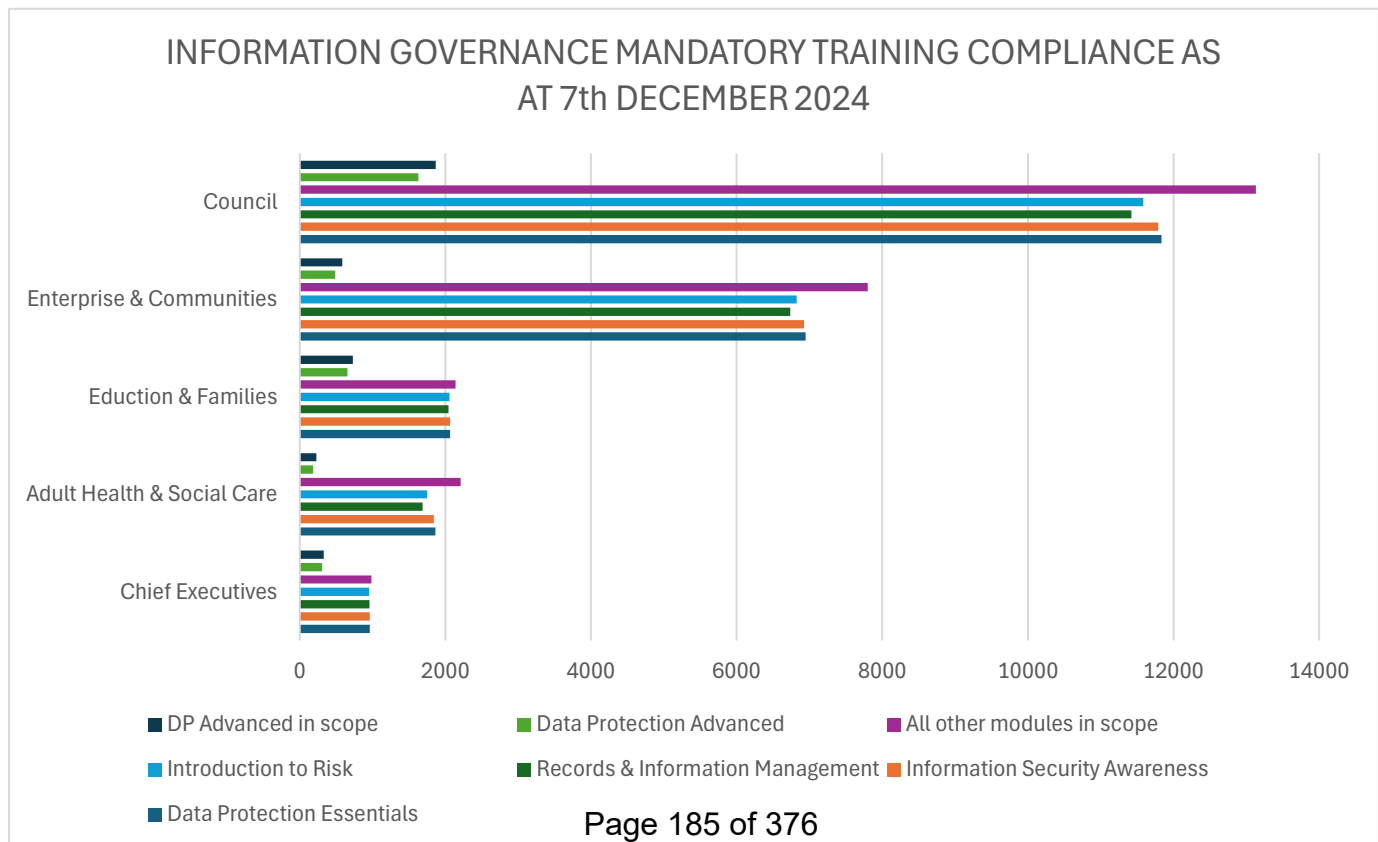


Chart 3

48. Finally, from a mandatory training perspective, chart 4 below tracks the peaks and troughs of training activity from January 2022 to December 2024, clearly demonstrating significant improvements in compliance levels following deployment of the strengthened monitoring and oversight arrangements.

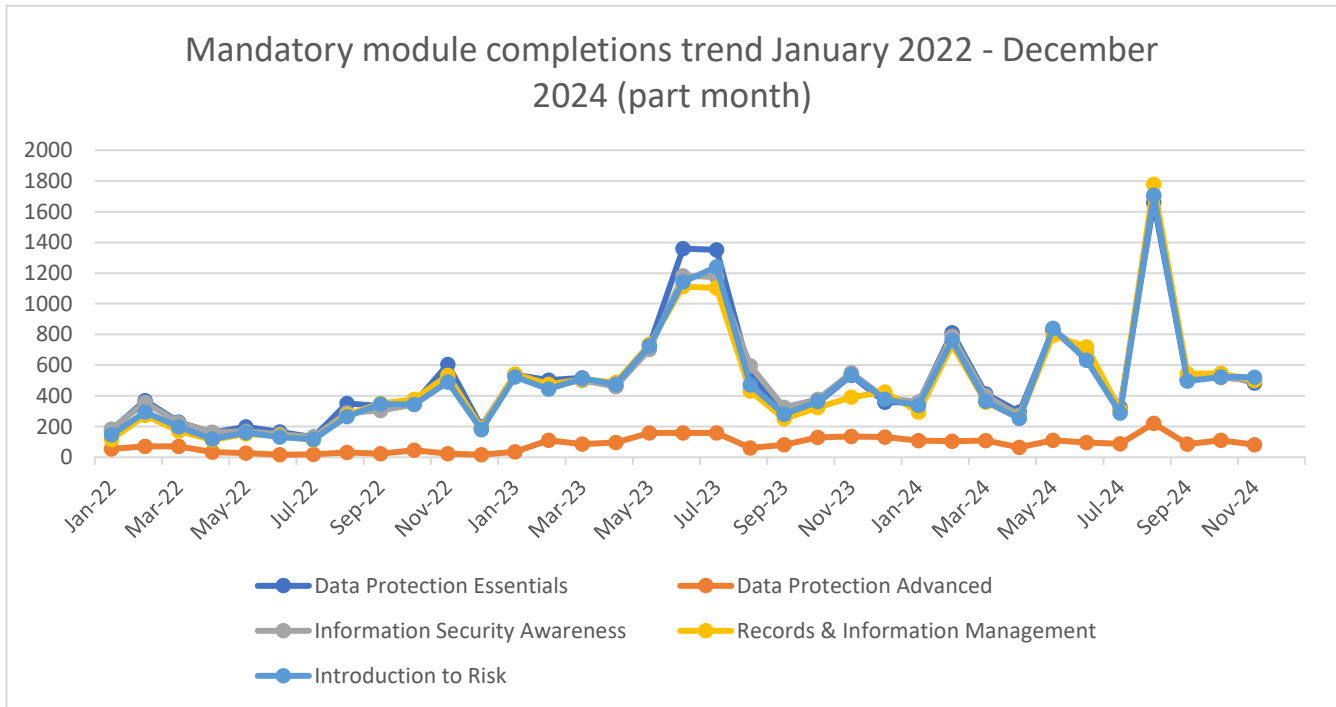


Chart 4

### **Records Management Plan**

49. The Council has a Records Management Plan in place as required by the Public Records (Scotland) Act 2011 (PRSA). The plan outlines the Council's approach to Records Management and identifies key roles including the senior official responsible for records management, Data Protection Officer, operational Records Manager and Archivist.
50. The Records Management Team continues to work on the specific areas that the Keeper of the Records of Scotland has identified for improvement, namely Business Classification (File plan and Information Asset Register), Destruction Arrangements, Vital Records and Audit Trail. Following implementation of a file plan and physical records management using O365/Avepoint Opus, the DGB has undertaken to review the proposed approach to implementing semi-automated destruction in O365 and moving to roll this out in line with commitments made in the Records Management Plan in 2025/26.
51. The PRSA Assessment Team has a mechanism that allows authorities to self-report on its arrangements and commitments laid out in the Records Management Plan. The Council was commended for submitting a Progress Update Review (PUR) in 2022 and continuing to take its statutory obligations seriously. This report was published on the National Records of Scotland's website in November 2022. [North Lanarkshire Council and North Lanarkshire Licensing Board Progress Update Review \(PUR\) Report by the PRSA Assessment Team 15th November 2022 \(nrscotland.gov.uk\)](https://www.nrscotland.gov.uk/publications/nrscotland-council-and-nrscotland-licensing-board-progress-update-review-pur-report-by-the-prsa-assessment-team-15th-november-2022). The Records Manager will submit a further PUR in 2025 and continues to liaise with the Assessment Team, informally, to ensure that any changes proposed in response to the ever-changing records management landscape will not conflict with the Council's responsibilities under the Act.

52. The Keeper of the Records of Scotland will in due course request a fully revised Records Management Plan to be submitted with accompanying evidence of progress made since the initial plan was approved in 2017. It is anticipated that the invitation will not be before 2026, with a six-month timeline available to complete and submit the new plan.



# LIVE IMPROVEMENT PLAN

53. Paragraph 12 above highlights the DGB is responsible for directing required improvements in the Council's data governance arrangements. The detailed Terms of Reference, attached as Annex A below, and DGB workplan (Annex E) taken together illustrate how the DGB and DMT provide ongoing assurances regarding the Council's information governance. The workplan in particular outlines key tasks required, together with details of the responsible officers, and indicative scheduling.
54. By its nature, improvement activities and the workplan must be flexible and dynamic, with any new improvement areas identified by for example services, Business Data Owners, management, and Internal Audit appropriately incorporated. Having examined and assessed information governance activities throughout 2024, the SIRO has determined that further effort is required during 2025 in the following areas to strengthen the Council's information governance and data accuracy arrangements.

## **a. Raise the profile and prioritisation of Data Protection responsibilities**

- Section 2 above illustrates everyone - staff and elected members - must understand the importance of information governance and security, as compliance with its requirements depends on all operating good practice.
- Whilst mandatory training completion and breach reporting rates were markedly improved during 2024, there is still concern regarding (i) the level of data breaches being reported to Legal Services within the 72-hour requirements, and (ii) levels of email misuse which led to potential data breaches. Further targeted promotion to be scheduled, ideally aligned with the launch of the refreshed information security mandatory training course, no later than the end of the 2024/25 financial year.
- Additional discretionary training, linked to refreshed requirements of Business Data Owners, Data Stewards, and Data Architects, to be developed and deployed during 2025

## **b. Refresh and strengthen approach to mitigating Cyber Security risks and vulnerabilities**

- The Council continues to use PSN accreditation as the principle means of demonstrating external oversight of the Council's security posture, with compliance confirmed for one further year from 27<sup>th</sup> January 2025. Efforts are underway through the Digital North Lanarkshire PoW to reduce vulnerabilities associated with legacy ICT applications. Given outcomes will be closely monitored by the PSN assessors and UK Cabinet Office (PSN sponsor and accreditor), these areas of activity must be resourced as a priority.
- Paragraph 34(c) above illustrates Financial Solutions are committed to developing, and deploying, a project plan aligned to the PoW deliverable in respect of ensuring financial management systems used longer-term are '*useful, secure, compliant and digital first*'. The Digital North Lanarkshire Programme Board, Enterprise Architecture Governance Group (EAGG) and DGB should collectively ensure that oversight of this project, and its resourcing, is effective.



- Continue to develop and deploy the pipeline of information security standards in accordance with the 'production schedule' considered at the Digital North Lanarkshire Programme Board in December 2024.
- Enhance supply chain risk management by developing a proportionate framework to facilitate assurance of third-party products over the product lifecycle, agreeing monitoring mechanisms through the Digital North Lanarkshire Programme Board.
- Fully evaluate cyber security metrics presently being developed through the Digital North Lanarkshire Programme Board.
- In line with the programme of enhancements to conditional access controls approved at DGB and BMT in December 2024, allocate resources to ensure implementation is aligned with the deployment of Windows 11 compliant devices. Headline deliverables to include blocking legacy authentication; requiring Multi Factor Authentication (MFA) and deploying self-service password reset.
- Email continues to be the number one tool leveraged by malicious threat actors to breach Council cyber security controls. Considering this alongside data breaches linked to email misuse, the Council will roll out a technology solution during 2025 to enhance its email security, providing improved protection from incoming malicious emails and reducing the risk of users sending potentially sensitive emails to unintended recipients

**c. Iterative deployment of the Data Governance Board approved Workplan (Annex E).**

- The improvement actions identified in the DGB Self-evaluation exercise (2021) are now superseded by the DGB review of June 2024, and the DGB workplan attached at Annex E. This includes the following for example:
  - Enhancing the knowledge and understanding of all DGB members, especially those new to the role through the development of an induction pack for members, comprising role profile, FAQ, and jargon buster.
  - Reviewing the suite of performance measures that are in place to provide the DGB with the relevant assurances in respect of data governance to ensure these remain fit for purpose and in line with the DGBs updated terms of reference. This includes due consideration and implantation of more automatic data capture and reporting arrangements through PowerBI dashboards.

**d. Enhanced implementation of the council's strategic approach to data and information management in line with the Programme of Work to 2028 and the DGBs updated Terms of Reference.**

- To build upon the foundations established through the Data and Information Management Strategic Roadmap established in 2020, a range of inter-related activities are underway to ensure the councils use and approaches to data remain aligned and continue to ensure organisational compliance with the legislative and regulatory requirements relating to the handling and processing of information and provides assurance of ongoing improvements to manage information risks. This includes managing data in line with the GDPR and delivering good governance in local government framework.

- Following completion of the DGB review in June 2024, the new working arrangements are in place and the next steps include a complete review of DMT, including Terms of Reference to ensure alignment with the updated DGB terms of reference and the refreshed approach to its operation.
- Implementation of a Data Hub as a single source for accessing corporate data that is a single source of truth for use across the council. This aims to unlock the potential of data and create meaningful insights that support the council in data management and information governance, as well as managing services and delivering the Programme of Work in line with The Plan for North Lanarkshire. This will incorporate all related aspects of data, including governance, quality, data maturity, spatial mapping, open data, and supporting architecture and technology (including continued development in the supporting tools, such as Power BI and Geographic Information System (GIS) to better automate processes and enhance data insights). Ensuring fit for purpose supports and approaches to building and cascading of skills across the council in terms of working with data and using the supporting tools will also be incorporated in line with corporate processes and requirements.

## CONCLUSION

55. In summary, significant progress to strengthen the Council's approach to managing its information risks continued over the period of this report with sections 20 to 52 above providing relevant context and detail.
56. Improvements can always be made, and with a residual risk score of 20 prevalent in respect of our Information Governance and Information Security corporate risk (October 2024), this subject matter remains a high priority improvement area for the Council.
57. A detailed improvement plan exists and is monitored by the DGB. A summary of the priority actions at December 2024, is detailed in section 54 above. Progress against these will be managed by the DGB from January 2025 onwards, who will look to further develop policies, guidance, standards, processes, and approaches as appropriate to improve awareness, understanding and compliance with legislative requirements and good practice.
58. With our PSN accreditation dependent upon UK HMG Cabinet Office being satisfied we have sufficient protections in place to address high-risk vulnerabilities in our ageing critical systems, and people and financial resources projected to remain extremely scarce and challenging, there is heightened concern in these times of increasing cyber-attacks regarding the Council's ability to fully secure the data held within older legacy business applications. Actions are identified and largely underway through the approved Programme of Work and capital investment programme to address this growing risk, but concern remains regarding the organisation's capacity to resource required activities in a timely manner.



**Katrina Hassell**  
**Chief Officer (Business and Digital)**

## Data Governance Board Terms of Reference

### A. Purpose

The purpose of the Data Governance Board is to maintain strategic oversight and implementation of the council's approach in relation to data governance and to secure the relevant assurances that effective arrangements are in place for the safe and secure collection, storage, use, and sharing of data, including processes to safeguard personal data and support data quality. This includes responsibility for developing and overseeing the implementation of strategies, policies, procedures, and standards in relation to data governance and data management, and for directing improvements in accordance with legislative, regulatory and corporate governance requirements and in support of the organisation's corporate vision and strategy. The Data Governance Board is also responsible for directing and overseeing the work of the Data Management Team and ensuring measures are in place to monitor compliance across the council and its arm's length external organisations.

### B. Legislative, regulatory, and corporate governance requirements

- Data Protection Act 2018.
- Freedom of Information (Scotland) Act 2002.
- Public Records (Scotland) Act 2011.
- CIPFA Good Governance in Local Government Framework (2016) in respect of Managing Data.

### C. Membership

#### Core members consistent attendance

- Chief Officer (Business and Digital) - Chair
- Chief Officer (Legal and Democratic) - Vice-Chair.
- Business Strategy Manager.
- Technology Strategy Manager.
- Corporate Records Manager.
- Strategy and Performance Manager.
- Nominated representatives from services aligned to data roles and responsibilities in respect of the data entities for cases, customers, organisation, place, and people.
- Officer who holds the role of the council's Data Protection Officer (if not one of the above).
- Officer who holds the role of the council's Senior Information Risk Owner (SIRO) (if not one of the above).
- Chair of the Data Management Team.
- Management Support Officer - minutes.

Given the specialist data governance knowledge that is required to understand the work of the Data Governance Board, substitute members are only permitted in exceptional circumstances. This is critical to ensure those attending meetings have the appropriate knowledge, skills, and abilities to discharge their duties and that this is enhanced over time through ongoing and consistent involvement in the Board's business.

#### Non-core members attendance as required depending on the business to be dealt with

- Subject matter experts.

### D. Remit

The primary remit of the Data Governance Board is noted below against three categories of Board responsibilities (approach, deployment, and assessment and review):

#### *Approach*

1. To be assured that the council achieves and maintains compliance with legislative, regulatory, and corporate governance requirements, including that listed in section B.
2. To ensure the council has effective data governance standards and policies in place which have been developed in line with legislative, regulatory, and corporate governance requirements as well as accompanying policies, guidance, and professional codes of practice.
3. To maintain oversight of the council's data governance policies and standards to ensure they remain effective, up to date, and fit for purpose, including (but not limited to) the Data Protection Policy, Information Security Policy, Records and Information Management Policy, Payment Card Data Security

## Data Governance Board

### Terms of Reference

Policy, Acceptable Use of ICT Policy, Records Management Plan, and in respect of Data (i.e. governance, quality, and open data).

4. To ensure the council's approach to data governance is aligned to, and effectively supports, what the organisation ultimately aims to achieve through its corporate strategy, i.e. through The Plan for North Lanarkshire and the delivery vehicle of the Programme of Work.
5. To ensure the council's approach to data governance aligns to other corporate strategies, policies, and plans as appropriate. This includes, but is not limited to, the Digital and IT Strategy and its data principles:
  - a) Data is an asset - Data is an asset that has value to the council and other parties and must be managed accordingly.
  - b) Data has an owner - data will have a named Information Asset Owner accountable for the data quality and currency.
  - c) Common data definitions - Data is defined consistently throughout the council, standardised, understandable, and distributed.
  - d) Information security - Data is protected from unauthorised use, disclosure, and change.

### *Deployment*

6. To ensure the council's data governance standards, policies, and procedures:
  - a) Enable the organisation and staff to discharge their duties regarding the use of information.
  - b) Ensure that personal data held by the council is accurate, kept confidential and secure, accessed only by those with legitimate need, and available when required.
  - c) Make sure records (paper and electronic) are disposed of in an appropriate manner, relative to their confidentiality when no longer required and in line with records management policies and codes of practice.
7. To promote data governance and associated good practice across the organisation and its arms-length external organisations. This includes communicating the importance of data governance to all staff, promoting a council wide culture that data governance is the responsibility of everyone, advocating for data governance initiatives, fostering a data driven culture within the organisation, and developing (and contributing to) regular reports, newsletters, website content, and other publicity materials.
8. To maintain oversight of roles and responsibilities related to data governance, such as data owners, data stewards, data custodians, data admin, and data users. This includes ensuring roles are clearly defined and that individuals in these roles have appropriate training and guidance to perform their duties effectively.
9. To monitor the provision and uptake of training provided to support effective data and information governance across the council in order to ensure that staff are trained, comply with, and understand the consequences of not adhering to relevant policies and procedures.
10. To set the Terms of Reference for the Data Management Team and oversee and direct its work in cascading and co-ordinating the implementation and deployment of all relevant data governance strategies, policies, plans, standards, and arrangements as approved by the Data Governance Board.
11. To ensure all members of the Data Governance Board and Data Management Team are provided with appropriate training and guidance in order to discharge their duties as members of the respective group.

### *Assessment and review*

12. To receive and consider reports into breaches of confidentiality and security and where appropriate undertake or recommend remedial action. This includes promoting learning that arises out of investigations into data breaches.
13. To receive, review, contribute to, and sign off (where required) reports in advance of further oversight or scrutiny by the Business Management Team / Corporate Management Team or one of the council's Committees. This includes:
  - a) Assisting the Senior Information Risk Owner (SIRO) in the preparation of the annual Information Governance Annual Report and signing this off prior to submission in line with the relevant

## Data Governance Board Terms of Reference

timescales.

- b) Reviewing the annual Data Protection report produced by the corporate Data Protection Officer.
  - c) Scheduled Internal Audit reports pertaining to data or information governance.
  - d) Reviewing and updating progress against identified audit actions and responding to new audit recommendations as required.
14. To regularly review the Board's data governance programme and one council approach to assess its effectiveness, identify areas for improvement, and makes necessary changes to the respective data governance arrangements, policies, and procedures. This review includes ensuring the council:
- a) Undertakes - or commissions - annual assessments and/or audits of its data governance policies, procedures, and arrangements.
  - b) Carries out a regular data quality assessment.
  - c) Regularly reviews its movement on the data maturity curve, ensuring that planned activity is directed towards achievement of the advancing stage of the maturity scale.
  - d) Has appropriate data governance performance measures in place to assess effectiveness and compliance, with regularly monitoring and reporting processes in place to ensure Board oversight and inform continuous improvement where required.
15. To maintain regular oversight of risks on the Corporate Risk Register in relation to information governance and security to ensure the supporting controls and actions remain relevant and in place to mitigate against the risks identified.

### **E. Decision making**

The Data Governance Board is the council's main decision-making body in respect of strategic data governance issues.

The Data Governance Board is accountable to the Business Management Team (in respect of the council's compliance with legislative, regulatory, or corporate governance requirements) and the Corporate Management Team (in respect of deployment and compliance across services) and will, where required, escalate matters as appropriate for corporate decision making, endorsement, or action.

### **F. Governance and accountability**

Through the Chair, the Data Governance Board will ensure reports are provided to the Business Management Team or Corporate Management Team, as appropriate, where matters have an impact as per the respective responsibilities as noted in section E.

Where matters fall within the scope of the Scheme of Administration, reports will be submitted to the Audit and Scrutiny Panel through the Chair.

The Terms of Reference for the Data Governance Board shall be reviewed at least annually to ensure the Board continues to meet the business needs of the council and ensure ongoing compliance with legislative, regulatory, and corporate governance requirements.

### **G. Operation**

The Data Governance Board has been constituted at the request of the Corporate Management Team.

Meetings will be held on a bi-monthly basis. The Chair may convene a meeting at any time to consider matters of an urgent nature.

The agenda and any working papers will be circulated five working days working week before meetings. Minutes will be published on the Data Governance Microsoft Teams site and the link circulated to members of the group and other individuals, or groups as required.

**Information Commissioner Office Guidance  
North Lanarkshire reported data breaches**

The ICO issued the following guidance to the Council regarding its reported breaches:

- The importance of accurately recording information about data subjects within records and ensuring that any manually recorded information is accurately migrated into any electronic record;
- Any attachments to emails should be correctly identified and that any manual correspondence be accurately addressed and contain only information properly intended for that recipient;
- Populated forms should not be provided in response to requests for blank forms;
- Forms populated with an individual's personal data must not be used as a template;
- Appropriate double checking and verification measures should be in place;
- Managers must remind staff of their responsibilities to ensure that personal data is processed securely.
- In relation to cleansing of laptops, there must be appropriate checks to ensure that any personal information is removed before issuing these laptops for use in school classrooms;
- Conduct appropriate checks of any devices that are used by pupils to ensure that there is no personal information saved on them in error;
- Changes of procedures should be communicated to all staff with routine testing of the effectiveness of measures in place, and appropriate checks that staff are adhering to these measures;
- Remind staff of the provisions of section 170 of the Data Protection Act 2018 which states that it is a criminal offence to unlawfully obtain, disclose, or retain personal data without the consent of the controller;
- Consider use of the schedule assistant to allow further time to check contents and recipients are correct;
- Documents containing personal data should be password protected before they are sent electronically, with the password sent in a separate email;
- Only members of staff who are required to use the personal data should have access to it;
- Care should be taken when discussing personal data in the presence of anyone who isn't authorised to know about it;
- When individuals request that their personal data is handled in a particular way for example, where there are concerns about their personal safety then this should be clearly marked on their file and vigilance should be taken to ensure that these requests are complied with;
- Ensure systems are up to date and correct.

### Risk Assessment Summary

Table of Risk Scores of P1 Applications over Time

Application/System	Current (Dec 2023) Residual Risk Level	Future Forecast – 1yr (Dec 2024)	Future Forecast – 3yr (Dec 2026)	Future Forecast – 5yr (Dec 2028)
Housing Services Management System	8	12	20	25
Building and Cleaning Management System	6	9	16	20
giFT (Unix file transfer system)	6	6	12	16
Confirm*	4	2	N/A	N/A
Common Housing Register /Mutual Exchange	6	6	9	12
Home Insurance*	2	2	N/A	N/A
eFinancials	8	12	20	20
Open Revenues	12	12	16	20
ASH Debtors	3	3	3	3

- Risk was assessed using the Council's 5x5 risk scoring matrix.
- Lowest risk score achievable is 5, highest 25.
- **All scores are residual, based on future forecasts of supportability of product.**
- **High risk scores indicate increased likelihood of product becoming more costly to support and maintain operationally.**
- \* Indicates where a system is intended to be transferred to a managed Cloud-hosted platform or deprovisioned

### Observed Risk Factors by Application

Application/System	Observed Risk Factors
Housing Services Management System	<ul style="list-style-type: none"> <li>➤ No 3<sup>rd</sup> party supplier support contract</li> <li>➤ Bespoke progress-based application, developed in-house to the council</li> <li>➤ 2 x contracted developer staff: aging demographic is a factor</li> <li>➤ No release lifecycles.</li> <li>➤ Vulnerabilities are likely to arise in the supporting operating systems and software languages will need to be patched</li> </ul>
Building and Cleaning Management System	<ul style="list-style-type: none"> <li>➤ On premise server hardware is already 6-7 years old and out with warranty.</li> <li>➤ BCMS is another bespoke in-house product.</li> <li>➤ No 3<sup>rd</sup> party support and relies on small support team focusing on minor adaptations and issues. With a single technical support person remaining.</li> <li>➤ Many systems that were once part of BCMS have now moved to other SaaS offerings e.g. HR records management, payroll</li> </ul>
giFT (Unix file transfer system)	<ul style="list-style-type: none"> <li>➤ giFT is a computer software daemon, which runs as a background process.</li> </ul>

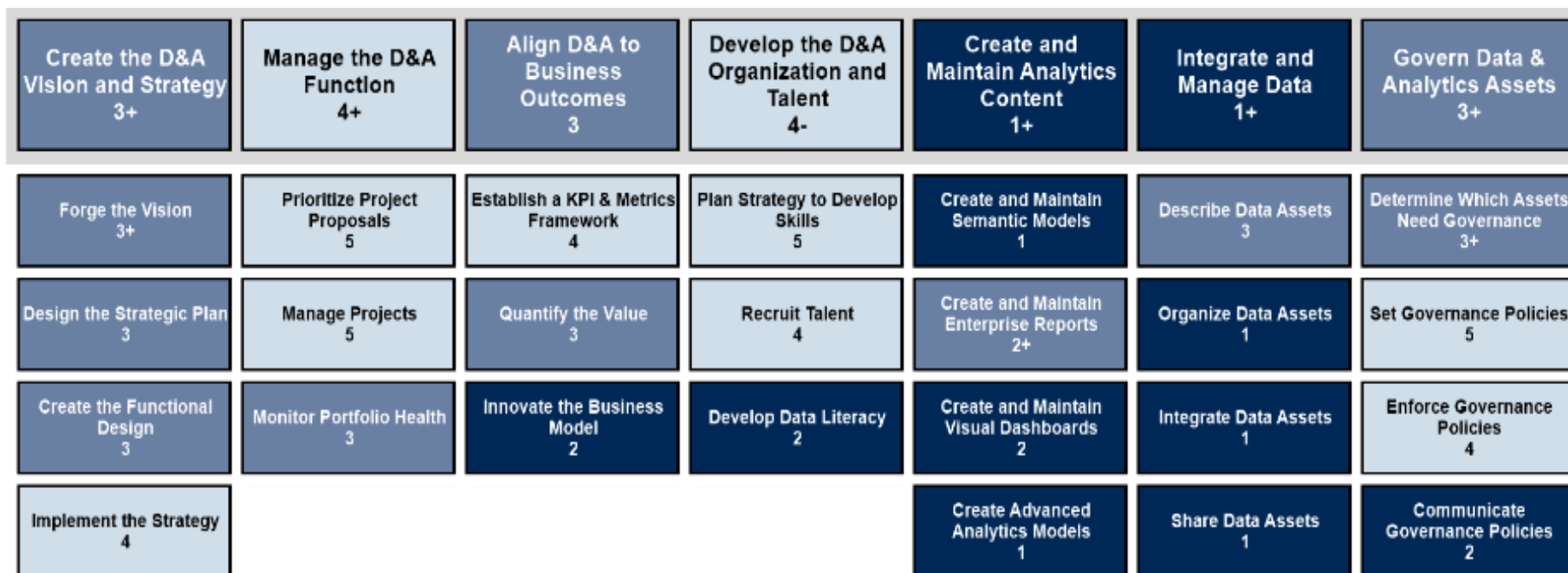
## Risk Assessment Summary

Application/System	Observed Risk Factors
	<ul style="list-style-type: none"> <li>➤ Council developed gift into standalone application for file transfers</li> <li>➤ Been maintained for 20 years but developers reduced with a single developer remaining.</li> <li>➤ No 3rd party support contract</li> </ul>
Confirm*	<ul style="list-style-type: none"> <li>➤ Off the shelf product</li> <li>➤ Support contract</li> <li>➤ Regular updates</li> <li>➤ Confirm was mid-transition to software as a service mid-evaluation, and fully migrated in June 2024.</li> </ul>
Common Housing Register /Mutual Exchange	<ul style="list-style-type: none"> <li>➤ CHR is a bespoke solution developed 2008/2009</li> <li>➤ Closely linked to HSMS</li> <li>➤ CHR is a bespoke in-house product. With no 3<sup>rd</sup> party support and relies on 2 contracted developers' availability.</li> <li>➤ Aging demographic is a factor.</li> </ul>
Home Insurance*	<ul style="list-style-type: none"> <li>➤ Bespoke in-house developed by North Lanarkshire Council in 1995</li> <li>➤ Originally supporting 10,000 customers</li> <li>➤ Customers have decreased through cheaper offerings or moving house and selling up.</li> <li>➤ Service and product have now been closed down.</li> </ul>
eFinancials	<ul style="list-style-type: none"> <li>➤ eFinancials relies on underlying UNIX platform, with high reliance on Java plugins which are difficult to support and have previously been linked to breaches in other organisations</li> <li>➤ Areas of the infrastructure will be end of life within the next 4 years. This reflects on the increased risk scoring for the 3<sup>rd</sup> and 5<sup>th</sup> years</li> <li>➤ Current plans for upgrades of Windows OS have not been considered within this risk assessment as these are handled by the End user computing team and organisation wide</li> <li>➤ Hardware supporting some of the Operating Systems will have aged and may require replacement to support future OS</li> </ul>
Open Revenues	<ul style="list-style-type: none"> <li>➤ Current database software is out of support</li> <li>➤ Lack of regular software updates from supplier</li> <li>➤ Current Java software is out of date &amp; problematic to support</li> <li>➤ Lack of well-proven DR capability for system</li> <li>➤ Risk of cyber breach is high due to lack of software updates &amp; regular security reviews</li> </ul>
ASH Debtors	<ul style="list-style-type: none"> <li>➤ System is hosted in a preferred environment, NLC's Azure cloud</li> <li>➤ Application on most recent version</li> <li>➤ No current operational support or compliance issues</li> </ul>



## Data Maturity Assessment

How mature are our data and analytics functional activities?



## Legend

High Maturity Medium Maturity Low Maturity Not Assessed n = 1

**Maturity:** Measured on a scale ranging from 1 (Low) to 5 (High), maturity measures how advanced an organization's development is in a functional activity relative to Gartner's best practice research. Maturity scores are refined with a (+) or (-) to indicate intermediate levels of maturity.

## Data Governance Board Roadmap and Workplan (as of December 2024)

The agenda will be structured around items which are categorised in relation to the type of assurance they provide to the Data Governance Board to enable the Board to fulfil its requirements as per the Terms of Reference and be assured that the council's data governance arrangements are robust. The following programme of work sets out the Board's recurring agenda items in this respect.

All other proposed agenda items (and specific projects / actions) will be subject to a triage process that is undertaken in line with the Terms of Reference for the Board so that the Board is allowed due consideration of the piece of work at the appropriate moment during its lifecycle.

This programme will be reviewed prior to each meeting and updated in line with the minute and action note from each meeting, anything added to the programme will be noted on the action note accordingly.

Agenda items	Responsibility for bringing agenda item to Board	9 October 2024	4 December 2024	29 January 2025	26 March 2025	21 May 2025	16 July 2025	10 September 2025	5 November 2025	Board purpose
1. <i>Policy review and approve:</i> • Annual review of Data Governance Board terms of reference.	Katrina Hassell	X						X		Approach / Deployment / Assessment and Review
2. <i>Policy review and approve:</i> • Update to the Data Protection Policy (v 7.0 June 2023).	Archie Aitken				X					Approach
3. <i>Policy review and approve:</i> • Update to the Information Security Policy (v4.0 June 2023).	Rob Leitch				X					Approach
4. <i>Policy review and approve:</i> • Update to the Records and Information Management Policy (v 5.0 June 2023).	Fiona Hughes				X					Approach
5. <i>Policy review and approve:</i> • Update to the Payment Card Industry Data Security Policy (v1.0 June 2023).	Rob Leitch				X					Approach
6. <i>Policy review and approve:</i> • Update to the Acceptable Use of ICT Policy (v4.0 November 2023).	Rob Leitch								X	Approach
7. <i>Performance review and identification of actions for the Board reps and/or actions to be cascaded to the Data Management Team to implement:</i> • Data Protection annual report.	Archie Aitken						X			Assessment and Review

**Data Governance Board**  
**Roadmap and Workplan (as of December 2024)**

Agenda items	Responsibility for bringing agenda item to Board	9 October 2024	4 December 2024	29 January 2025	26 March 2025	21 May 2025	16 July 2025	10 September 2025	5 November 2025	Board purpose
8. <i>Performance review and identification of actions for the Board reps and/or actions to be cascaded to the Data Management Team to implement:</i> <ul style="list-style-type: none"> <li>Senior Information Risk Owner (SIRO) annual report.</li> </ul>	Katrina Hassell		X	X						Assessment and Review
9. <i>Performance review and identification of actions for the Board reps and/or actions to be cascaded to the Data Management Team to implement:</i> <ul style="list-style-type: none"> <li>Mandatory e-learning statistics.</li> </ul>	Gillian Quinn		X		X		X		X	Assessment and Review
10. <i>Performance review and identification of actions for the Board reps and/or actions to be cascaded to the Data Management Team to implement:</i> <ul style="list-style-type: none"> <li>Performance indicators.</li> </ul>	Susan Lawrie			X		X		X		Assessment and Review
11. <i>Risk management review:</i> <ul style="list-style-type: none"> <li>Following quarterly review and deep dive update in respect of the corporate risk for Information Governance and Information Security.</li> </ul>	Rob Leitch		X	X	X	X	X	X	X	Assessment and Review
12. <i>Deep dive:</i> <ul style="list-style-type: none"> <li>Into the roles and responsibilities of reps on the Data Governance Board (and Data Management Team), including the purpose and operation of the Data Custodian Model in practice.</li> </ul>	Susan Lawrie	X	X	X						Approach and deployment
13. <i>Deep dive:</i> <ul style="list-style-type: none"> <li>Into the role and purpose of the Data Management Team.</li> </ul>	Katrina Hassell			X						Approach / Deployment / Assessment and Review
14. <i>Deep dive:</i> <ul style="list-style-type: none"> <li>Into the data maturity assessment.</li> </ul>	Susan Lawrie				X					Approach / Deployment / Assessment and Review

**Data Governance Board**  
**Roadmap and Workplan (as of December 2024)**

Agenda items	Responsibility for bringing agenda item to Board	9 October 2024	4 December 2024	29 January 2025	26 March 2025	21 May 2025	16 July 2025	10 September 2025	5 November 2025	Board purpose
15. <i>Communication:</i> <ul style="list-style-type: none"> <li>Ongoing action - where required - in relation to agreement of items which require to be:</li> </ul> (a) Escalated to the Corporate Management Team / Senior Management Team or other Board/Group. (b) Cascaded to the Data Management Team for (i) implementation, (ii) to provide a report / update back to a future DGB meeting, (iii) for information. (iii) Communicated wider across the organisation.	Katrina Hassell	X	X	X	X	X	X	X	X	Approach / Deployment / Assessment and Review
16. <i>Accreditations:</i> <ul style="list-style-type: none"> <li>Public Services Network compliance.</li> </ul>	Rob Leitch				X					Assessment and Review
17. <i>Annual review:</i> <ul style="list-style-type: none"> <li>Data sharing agreements.</li> </ul>	Archie Aitken					X				Assessment and Review
18. <i>Business added to programme from DGB meeting Action Notes:</i> a. From DGB meeting on 19/06/24 - Retention schedule to be a regular agenda item to ensure it remains current and to ensure compliance and consistency throughout services (in line with the Records and Information Management Policy).	Fiona Hughes	X			X			X		Approach / Deployment / Assessment and Review
b. From DGB meeting on 19/06/24 - Open data report to be brought back to the DGB.	Linda Johnston							X		Approach / Deployment / Assessment and Review
c. From DGB meeting on 14/08/24 - DGB information pack and glossary to be created.	Katrina Hassell / Susan Lawrie			X						Approach / Deployment / Assessment and Review
d. From DGB meeting on 09/10/24 - Work to be undertaken to determine the programme of communication which requires to	Fiona Hughes			X						Approach / Deployment / Assessment and Review

**Data Governance Board**  
**Roadmap and Workplan (as of December 2024)**

Agenda items	Responsibility for bringing agenda item to Board	9 October 2024	4 December 2024	29 January 2025	26 March 2025	21 May 2025	16 July 2025	10 September 2025	5 November 2025	Board purpose
be circulated to employees regarding the use and adherence to the data retention schedule.										
e. From DGB meeting on 04/12/24 - Regular updates from the Lanarkshire Data Sharing Partnership Board to the DGB to be a regular item on the agenda.	Graeme Cowan		X		X		X		X	Approach / Deployment / Assessment and Review
f. From DGB meeting 04/12/24 - Demo to come back to the DGB in January 2025 regarding the electronic records management system to see this in practice and determine the next steps.	Fiona Hughes / Tracey Hughes			X						Approach
g. From DGB meeting 04/12/24 - Update to come back to the DGB in January 2025 regarding the master data management system.	William Cunningham			X						Approach



# North Lanarkshire Council Report

## Finance and Resources Committee

Does this report require to be approved? ☐ Yes ☒ No

Ref EK/KS/FC/DC

Date 26/02/25

## Revenue Monitoring Report Council Summary 1 April 2024 to 03 January 2025

**From** Elaine Kemp, Chief Officer (Finance)

**E-mail** KempE@northlan.gov.uk

**Telephone** 07939 280601

### Executive Summary

This report updates on the overall financial position for the General Fund Account, Housing Revenue Account and Adult Health and Social Care, for the financial year to 31 March 2025. The report consolidates the budget monitoring position of all Services, highlighting and explaining major variances as per the Council's approved Financial Regulations.

The Council approved its General Fund Revenue Budget on 15 February 2024. Following notification from Scottish Government of further funding made available to local authorities the overall budget is now £1,008.867m. A surplus of £6.830m is currently projected, largely due to the reported position on loan charges and interest earned on revenue balances. This surplus is to support future budget challenges in accordance with the approved reserves policy, and any budget smoothing strategy recommended by the S95 Officer.

The 2024/25 budget incorporates £21.667m of net savings. It is projected that £20.245m of the savings (93%) will be delivered within the financial year, with replacement savings of £1.422m identified to fully address the shortfall.

Me

### Recommendations

It is recommended that the Finance and Resource Committee:

- (1) Acknowledge the financial position of the 2024/25 revenue budget; and
- (2) Otherwise endorse the contents of this report.

### The Plan for North Lanarkshire

Priority	All priorities
Ambition statement	(25) Ensure intelligent use of data and information to support fully evidence based decision making and future planning
Programme of Work	Statutory / corporate / service requirement

## 1. Background

- 1.1 The Council's approved Financial Regulations require services to remain within their approved budgetary provision, and to report all significant deviations - defined as the higher of £100,000 or 5% - within their budget monitoring reports. Where significant deviations are identified, services must provide explanatory commentary, outline the action required to rectify such deviations and where relevant, must also highlight the impact this has on other budget headings.

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## 2. Report

- 2.1 At its meeting of 15 February 2024, the Council approved a General Fund Revenue Budget of £1,016.750m including expenditure budgets which will be offset by ring fenced grant resources of £15.290m, resulting in a net expenditure position for monitoring purposes of £1,001.460m. Additional funding has since been confirmed as part of the Scottish Government budget setting, resulting in an overall total budget of £1,008.867m. It should note that this overall budget also reflects the transfer of £20.000m of funding from Revenue to Capital linked to Scottish Government funding towards pay award. Further details of this are provided in paragraph 2.12 below.
- 2.2 Following the budget setting in February the Council has an approved savings target of £21.667m for 2024/25. Further detail can be found in Section 2.13 below.
- 2.3 Table 1 below summarises the projected income and expenditure position, which illustrates a projected surplus of £6.830m, which will be available to support future budget challenges in accordance with the approved reserves policy, and any budget strategy recommended by the S95 Officer.

	Annual Budget (£m)	Projected Outturn (£m)	P10 Variance (£m)	P6 Variance (£m)	P6 to P10 Movement (£m)
<b>Expenditure</b>					
Total Expenditure	1,008.867	1,002.037	6.830	3.595	3.235
<b>Income</b>					
Aggregate External Finance	834.322	834.322	-	-	-
Local Tax Collection	168.999	168.999	-	-	-
Use of Balance	5.546	5.546	-	-	-
<b>Total Income</b>	1,008.867	1,008.867	-	-	-
<b>Forecast Surplus/ (Deficit): to support future budgets</b>	-	6.830	6.830	3.595	3.235

Table 1



## Analysis of Significant Variations

2.4 Table 2 below illustrates the projected outturn financial position of services:

Service	P10 Outturn (£m)		P6 Outturn (£m)		P6 to P10 Movement (£m)
Education, Children and Families	-	On Budget	-	On Budget	-
Enterprise and Communities	-	On Budget	-	On Budget	-
Chief Executives and Other Corporate Services	2.815	Underspend	0.595	Underspend	2.220
Social Work (Non-Integrated)	-	On Budget	-	On Budget	-
<b>Executive Services Total</b>	<b>2.815</b>	<b>Underspend</b>	<b>0.595</b>	<b>Underspend</b>	<b>2.220</b>
Financing Costs	3.000	Over recovery	3.000	Over recovery	-
Other Budgetary Issues	1.015	Underspend	-	On Budget	1.015
<b>Forecast Surplus/ (deficit): to support future budgets</b>	<b>6.830</b>	<b>Underspend</b>	<b>3.595</b>	<b>Underspend</b>	<b>3.235</b>

Table 2

2.5 Education, Children and Families are reporting an overall breakeven position. However, it should be noted that there are a number of compensating variances within this position. Underspends are projected within employee costs of £0.501m reflecting actual and projected vacancies, along with the roll out of finalised HQ, cluster, and school staffing structures. Further underspends are forecast in relation to payments to other bodies of £0.363m partly due to demand for family placements being lower than resources available, which is partly offset by pressures within external ASN placements and Gaelic provision. There are also underspends in transfer payments of £0.284m primarily in relation to early years provision and care plan payments, £0.371m in other costs primarily linked to external grant synergies aligned to music provision, and £0.101m underspend in supplies and services due to various compensatory factors across the service. These underspends are offset by overspends in transport costs of £0.850m in relation to 'Home to School' transport pressures linked to ASN and Gaelic provision, property costs of £0.276m due to increased utility costs within the education estate, together with a forecast under-recovery in income of £0.533m in relation to reduced cross-boundary ASN placements within NLC settings.

2.6 Enterprise and Communities continue to report a projected breakeven position, with a number of compensatory variances contributing to this overall position. Employee costs are forecast to underspend by £3.690m as a result of vacancy savings partially offset by increased overtime and turnover, together with an underspend of £0.418m in administration costs due to grant income linked to free school meals received in advance of need, partially offset by increased external advisor costs as a result of vacancies. These underspends are offset by overspends in payments to other bodies of £2.174m, primarily as a result of increased costs in relation to the finalisation of the previous roads contract and the mobilisation of the new contract, in supplies and services of £1.097m primarily in relation to ICT costs and food provisions, and in transport and plant of £0.295m, due to additional costs of work being outsourced prior to completion of a new depot facility.

2.7 Chief Executives and Other Corporate Services is reporting a projected underspend of £2.815m, this a favourable movement of £2.220m from that previously reported, mainly due to increased underspends in employee costs and supplies and services. The

overall position is primarily as a result of employee vacancy savings across the service totalling £1.589m, and an underspend of £1.429m within supplies and services resulting from the current usage levels of cloud-based systems. These underspends are partially offset by an overspend of £0.155m in property costs due to increases in insurance premiums together with building costs relating to the Civic Centre and a net under recovery of income of £0.179m predominantly attributable to previous maintenance and repair contract arrangements, legal insurance, licensing and registrars, partially offset by over-recoveries within rental allowances / rent rebates overpayments and interest.

- 2.8 In respect of loan charges and interest earned on revenue balances, as previously advised, due to significant uncertainty and volatility within market conditions, and other variables, there is a risk of movement in the level of net financing costs expected in the current financial year. Following further consideration and updating of a number of factors, including latest projections on profiled capital expenditure, further refining of interest on revenue balances modelling and interest rates observed, £3.000m of the overall forecast net over recovery on budget is reported. Committee should note that some of the factors contributing to the overall financing costs position are purely timing, therefore, it is prudent to ensure the funding to manage these elements is earmarked in line with the overall longer term funding strategy for loan charges and interest on revenue balances. The final position in this respect will be kept under review and reported as part of the year end process.
- 2.9 In addition, there is a further underspend of £1.015m mainly in respect of additional Scottish Government funding for costs which are being partly met by other budgetary provision.
- 2.10 Committee are also advised that the budget for both council tax income and council tax reduction (CTR) are monitored on an ongoing basis. This includes consideration of council tax collection, CTR uptake and household numbers. In addition, an assessment of expected credit losses will be required. At this point in the financial year the Council Tax product is expected to be on budget.
- 2.11 The 2024/25 pay awards have now been agreed with the settlement for teachers being an uplift of 4.27%, and for non-teachers an uplift of 3.6% or £0.67 per hour, whichever is greater. The full implications have been incorporated into the period 10 monitoring position reported by each Service.
- 2.12 It should also be noted that Scottish Government has confirmed that £53.000m of their funding towards local government pay will be made through capital funding for 2024/25. In line with recent years, the Council has been asked to absorb a proportion of the capital funding in lieu of revenue funding. As a result, the reported net budget illustrated in appendix 1 has been reduced by £20.000m, with a corresponding increase in General Capital Grant. Local Government Finance Circular 9/2024 provides a temporary amendment to the statutory accounting requirements for capital grant which allows the necessary flexibilities in accounting such that the grant can be used to offset the revenue pressures linked to pay award, thus ensuring this transfer does not have a negative impact on the Council's overall revenue position.

## **2023/24 Budget Savings**

- 2.13 As outlined in paragraph 2.2 above, the Council has approved net savings of £21.667m for 2024/25. Each Service reports on the achievement of their savings within the relevant service monitoring report. It is projected that £20.245m of savings (93%) will be achieved in the current year, with the in-year gap of £1.422m being fully mitigated by replacement savings.

## **Earmarked Reserves and Change Management Fund**

- 2.14 The Council's audited annual accounts highlight a General Fund reserve balance of £283.893m. This balance includes £8.000m for the Contingency Fund, with a further £245.690m earmarked for specific future commitments including £19.358m allocated to the Change Management Fund to support one off costs of approved savings and to ensure the Council has a resilient and sustainable financial plan. The remaining £30.203m of funds represent balances that were not earmarked as at 31 March 2024 and have therefore been set aside to support future budget strategies.
- 2.15 A total of £90.629m of earmarked reserves is profiled for use in 2024/25 with a further £155.061m profiled for use in future years. It is currently projected that £58.486m will be spent during this financial year with £187.177m anticipated to be required in future years, and £0.027m no longer required. A summary position is shown in Appendix 2. Taking into account the projected forecast surplus of £6.830m, and the drawdown of historic balances from the Capital Fund of £2.951m, it is expected that at the end of the financial year the General Fund will include non-earmarked balances of £40.011m as detailed in Appendix 3. These balances are to support future budget challenges in accordance with the approved reserves policy, and any budget smoothing strategy recommended by the S95 Officer.

## **Risks and Uncertainty**

- 2.16 All activities undertaken by the Council are subject to risk, and in acknowledging the Council's approved Risk Management Strategy, Services manage these as part of their overall corporate and service planning processes. The current economic climate and pay and non-pay inflation continuing at historically high levels, are some of the key factors that have the potential to impact upon the Council's ability to provide quality services within approved budget levels.

## **Housing Revenue Account**

- 2.17 The Housing Revenue Account is currently projecting an underspend of £2.300m for the financial year. This position is primarily as a result of underspends in repairs costs of £2.850m, employee costs of £0.300m as a result of increased turnover savings, and future credit losses being lower than expected by £0.500m, partially offset by increased awards of Universal Credit Assistance Fund of £1.500m. The service anticipates that £1.165m of savings (100%) will be delivered by year end.

## **Adult Health and Social Care**

- 2.18 Council Adult Health and Social Care provision to the Integration Joint Board (IJB) is projecting an underspend of £1.397m. This position is primarily due to a projected net underspend in employee costs of £5.927m mainly as a result of non-recurring reduction of employer's superannuation costs coupled with slippage in recruitment, partially offset by higher than anticipated costs in relation to home support staffing costs. There is also an underspend in supplies and services of £0.413m mainly as a result of lower

than anticipated spend in equipment and adaptations. These underspends are partly offset by a projected overspend of £4.607m in payments to other bodies and transfer payments primarily in relation to anticipated spend in 'Care at Home' and Independent Care Homes, and higher than anticipated transport and plant costs of £0.548m mainly in relation to higher than anticipated staff mileage, coupled with estimated running costs associated with vehicles for use across the Service. However, it should be noted that the reduction in pension cost is part of the delivery plan solution to manage an overall recurring cost pressure of £11.400m over 2024/25 and 2025/26.

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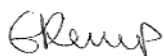
### **3. Measures of success**

3.1 The Council continues to operate within approved budgeted resources.

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### **4. Supporting documentation**

Appendix 1 Summary by Division  
Appendix 2 Anticipated Commitments – Earmarked Reserves  
Appendix 3 Availability of One-Off Funds – Change Management Fund



**Elaine Kemp**  
**Chief Officer (Finance)**

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## 5. Impacts

5.1	<p><b>Public Sector Equality Duty and Fairer Scotland Duty</b>  Does the report contain information that has an impact as a result of the Public Sector Equality Duty and/or Fairer Scotland Duty?  Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>  If Yes, please provide a brief summary of the impact?</p> <p>If Yes, has an assessment been carried out and published on the council's website? <a href="https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments">https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments</a>  Yes <input type="checkbox"/> No <input type="checkbox"/></p>
5.2	<p><b>Financial impact</b>  Does the report contain any financial impacts?  Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>  If Yes, have all relevant financial impacts been discussed and agreed with Finance?  Yes <input type="checkbox"/> No <input type="checkbox"/>  If Yes, please provide a brief summary of the impact?</p>
5.3	<p><b>HR policy impact</b>  Does the report contain any HR policy or procedure impacts?  Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>  If Yes, have all relevant HR impacts been discussed and agreed with People Resources?  Yes <input type="checkbox"/> No <input type="checkbox"/>  If Yes, please provide a brief summary of the impact?</p>
5.4	<p><b>Legal impact</b>  Does the report contain any legal impacts (such as general legal matters, statutory considerations (including employment law considerations), or new legislation)?  Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>  If Yes, have all relevant legal impacts been discussed and agreed with Legal and Democratic?  Yes <input type="checkbox"/> No <input type="checkbox"/>  If Yes, please provide a brief summary of the impact?</p>
5.5	<p><b>Data protection impact</b>  Does the report / project / practice contain or involve the processing of personal data?  Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>  If Yes, is the processing of this personal data likely to result in a high risk to the data subject?  Yes <input type="checkbox"/> No <input type="checkbox"/>  If Yes, has a Data Protection Impact Assessment (DPIA) been carried out and e-mailed to <a href="mailto:dataprotection@northlan.gov.uk">dataprotection@northlan.gov.uk</a>  Yes <input type="checkbox"/> No <input type="checkbox"/></p>

5.6	<b>Technology / Digital impact</b>
Does the report contain information that has an impact on either technology, digital transformation, service redesign / business change processes, data management, or connectivity / broadband / Wi-Fi?	
Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
If Yes, please provide a brief summary of the impact?	
Where the impact identifies a requirement for significant technology change, has an assessment been carried out (or is scheduled to be carried out) by the Enterprise Architecture Governance Group (EAGG)?	
Yes <input type="checkbox"/> No <input type="checkbox"/>	
5.7	<b>Environmental / Carbon impact</b>
Does the report / project / practice contain information that has an impact on any environmental or carbon matters?	
Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
If Yes, please provide a brief summary of the impact?	
5.8	<b>Communications impact</b>
Does the report contain any information that has an impact on the council's communications activities?	
Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
If Yes, please provide a brief summary of the impact?	
5.9	<b>Risk impact</b>
Is there a risk impact?	
Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
If Yes, please provide a brief summary of the key risks and potential impacts, highlighting where the risk(s) are assessed and recorded (e.g. Corporate or Service or Project Risk Registers), and how they are managed?	
5.10	<b>Armed Forces Covenant Duty</b>
Does the report require to take due regard of the Armed Forces Covenant Duty (i.e. does it relate to healthcare, housing, or education services for in-Service or ex-Service personnel, or their families, or widow(er)s)?	
Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
If Yes, please provide a brief summary of the provision which has been made to ensure there has been appropriate consideration of the particular needs of the Armed Forces community to make sure that they do not face disadvantage compared to other citizens in the provision of public services.	
5.11	<b>Children's rights and wellbeing impact</b>
Does the report contain any information regarding any council activity, service delivery, policy, or plan that has an impact on children and young people up to the age of 18, or on a specific group of these?	
Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
If Yes, please provide a brief summary of the impact and the provision that has been made to ensure there has been appropriate consideration of the relevant Articles from the United Nations Convention on the Rights of the Child (UNCRC).	
If Yes, has a Children's Rights and Wellbeing Impact Assessment (CRWIA) been carried out?	
Yes <input type="checkbox"/> No <input type="checkbox"/>	

**NORTH LANARKSHIRE COUNCIL**  
**SUMMARY BY DIVISION FOR PERIOD ENDING 03 January 2025 (PERIOD 10)**

LINE NO.	SERVICE ACCOUNT (1)	ANNUAL BUDGET (2)	PROVISIONAL OUTTURN (3)	PROVISIONAL VARIANCES (4)
		£	£	£
1	<b>Education, Children &amp; Families</b>	<b>535,908,081</b>	<b>535,908,081</b>	-
2	Early Years	35,271,836	35,271,836	-
3	Primary Schools	164,286,161	164,286,161	-
4	Secondary Schools	151,381,665	151,381,665	-
5	Special Schools	26,312,999	26,312,999	-
6	Education & Families Service Delivery	107,503,843	108,645,102	(1,141,259 )
7	Childrens Services Social Work	40,648,963	40,150,811	498,152
8	Justice Services	91,690	66,395	25,295
10	Employability	3,015,086	2,506,824	508,262
11	Community Learning	5,393,767	5,320,824	72,943
12	Tackling Poverty	2,002,071	1,965,464	36,607
13	<b>Enterprise &amp; Communities</b>	<b>206,422,542</b>	<b>206,422,542</b>	-
14	Assets & Procurement	37,514,575	37,674,038	(159,463 )
15	Trading Accounts	(462,202 )	(18,120 )	(444,082 )
16	Community Operations	152,308,248	153,586,541	(1,278,293 )
17	Housing Management	5,753,407	4,688,089	1,065,318
18	Housing Property Services	-	-	-
9	Active and Creative Communities	-	-	-
19	Place	11,308,514	10,491,993	816,521
20	<b>Chief Executives &amp; Other Corporate Services</b>	<b>108,429,007</b>	<b>105,613,505</b>	<b>2,815,502</b>
21	Directorate & Support	529,177	561,960	(32,783 )
22	Finance	47,106,203	46,020,685	1,085,518
23	Audit & Risk	597,041	596,415	626
24	Legal & Democratic	2,579,482	2,305,053	274,429
25	Business & Digital	23,484,284	21,548,077	1,936,207
26	People Resources	8,933,567	8,875,811	57,756
27	Strategic Communication and Engagement	5,360,366	5,344,366	16,000
28	Other Corporate Services	6,284,817	6,807,068	(522,251 )
29	Joint Boards	13,554,070	13,554,070	-
30	<b>Social Work (non Integrated)</b>	<b>211,469,816</b>	<b>211,469,816</b>	-
31	<b>GENERAL FUND SERVICES</b>	<b>1,062,229,446</b>	<b>1,059,413,944</b>	<b>2,815,502</b>
32	<b>FINANCING COSTS</b>	<b>(36,205,584 )</b>	<b>(39,205,584 )</b>	<b>3,000,000</b>
33	Reversal of Capital Charge	(87,964,980 )	(87,964,980 )	-
34	Loan Charges and Interest on Revenue Balances	51,759,396	48,759,396	3,000,000
35	<b>OTHER BUDGETARY ISSUES</b>	<b>(17,156,609 )</b>	<b>(18,171,419 )</b>	<b>1,014,810</b>
36	Assumptions not yet Realised	2,843,391	1,828,581	1,014,810
37	Transfer from capital grant (Pay Award)	(20,000,000 )	(20,000,000 )	-
38	<b>TOTAL EXPENDITURE</b>	<b>1,008,867,253</b>	<b>1,002,036,941</b>	<b>6,830,312</b>
39	<b>SOURCES OF FUNDING</b>	<b>1,008,867,253</b>	<b>1,008,867,253</b>	-
40	Aggregate External Finance	834,321,788	834,321,788	-
41	Council Tax	168,999,465	168,999,465	-
42	Use of balances	5,546,000	5,546,000	-
43	<b>FORECAST (SURPLUS)/DEFICIT: TO SUPPORT FUTURE BUDGETS</b>	-	<b>(6,830,312 )</b>	<b>6,830,312</b>
44	<b>HOUSING REVENUE ACCOUNT (SURPLUS) / DEFICIT</b>	-	<b>(2,300,000 )</b>	<b>2,300,000</b>
45	<b>ADULT HEALTH AND SOCIAL CARE (SURPLUS) /DEFICIT</b>		<b>(1,396,574 )</b>	<b>1,396,574</b>

## NORTH LANARKSHIRE COUNCIL

## ANTICIPATED COMMITMENTS AGAINST EARMARKED RESERVES AS AT 03 January 2025 (PERIOD 10)

	Opening Reserve Balances	2024/25					Future Years			Total	Check Future Years	
		2024/25 Revised Earmarked Reserve	24/25 Projected Spend	Anticipated Year End Balance	Anticipated Future Year Use	No Longer Required	Profiled for Future Years	Anticipated Future Year Use	No Longer Required	No Longer Required		
		£000	£000	£000	£000	£000	£000	£000	£000	£000		
Change Management Fund	19,358	2,645	2,645	-	-	-	16,713	16,713	-	-	16,713	-
Earmarked & One Off Resources												
Schools Future Contractual Obligations	60,969	-	-	-	-	-	60,969	60,969	-	-	60,969	-
Strategic Workforce Planning	17,902	17,902	3,886	14,016	14,016	-	-	-	-	-	-	-
Temporary Teachers	823	823	823	-	-	-	-	-	-	-	-	-
Temporary Accommodation	8,038	8,038	-	8,038	8,038	-	-	-	-	-	-	-
Early Years & Childcare Expansion	5,213	3,332	3,332	-	-	-	1,881	1,881	-	-	1,881	-
Refugee Resettlement Programmes	8,323	3,276	3,044	232	232	-	5,047	5,047	-	-	5,047	-
Loans Charges	17,905	-	-	-	-	-	17,905	17,905	-	-	17,905	-
Unmanaged burdens within Education, Children & Families	4,234	4,234	4,234	-	-	-	-	-	-	-	-	-
Pupil Equity Fund	2,153	2,153	2,153	-	-	-	-	-	-	-	-	-
Balances held by Schools under Devolved School Management	2,655	2,655	2,655	-	-	-	-	-	-	-	-	-
Economic Recovery	1,519	1,419	1,319	100	100	-	100	100	-	-	100	-
Whole Family Wellbeing	4,417	2,071	1,271	800	800	-	2,346	2,346	-	-	2,346	-
Winter Reserve	1,500	1,500	1,500	-	-	-	-	-	-	-	-	-
Business Gateway and Business Recovery	1,697	878	878	-	-	-	819	819	-	-	819	-
Strategic Capital Investment Programme	44,800	-	-	-	-	-	44,800	44,800	-	-	44,800	-
One Workforce Grading Pressures	5,000	5,000	-	5,000	5,000	-	-	-	-	-	-	-
Digital NL	1,222	1,222	1,222	-	-	-	-	-	-	-	-	-
Mobilisation of Strategic Contracts	2,177	2,177	2,177	-	-	-	-	-	-	-	-	-
Shared prosperity Grants	1,753	1,753	1,753	-	-	-	-	-	-	-	-	-
Teacher Induction Scheme Support	1,302	1,302	307	995	995	-	-	-	-	-	-	-
Budget One-off Investment	8,119	8,119	6,901	1,218	1,218	-	-	-	-	-	-	-
Other Earmarked Funds	24,611	20,130	18,386	1,744	1,717	27	4,481	4,481	-	27	4,481	-
Earmarked & One Off Resources Total	226,332	87,984	55,841	32,143	32,116	27	138,348	138,348	-	27	138,348	-
Total Reserves	245,690	90,629	58,486	32,143	32,116	27	155,061	155,061	-	27	155,061	-
Contingency Reserve	8,000											
Non-Earmarked Balance; to support future budget challenges	30,203											
General Fund Surplus at 31 March 2024	283,893											



Appendix 3

NORTH LANARKSHIRE COUNCIL  
AVAILABILITY OF GENERAL FUND BALANCES AS AT 03 January 2025 (PERIOD 10)

	Change Management Fund	Non-Earmarked General Fund
	£000	£000
Total Balance B/f per 2023/24 Annual Accounts	19,358	30,203
Period 10 reported variance		6,830
Earmarked Reserves no longer required		27
<b>Total Balance 2024/25 before commitments</b>	<b>19,358</b>	<b>37,060</b>
Revised one - off costs of approved savings	(2,645)	
Draw down from Capital Fund		2,951
<b>Total Balance 2024/25; to support future budget challenges</b>	<b>16,713</b>	<b>40,011</b>
Known Commitments :- Revised one - off costs of approved savings	(2,774)	
<b>Forecast Balance; to support future budget challenges</b>	<b>13,939</b>	<b>40,011</b>



# North Lanarkshire Council Report

## Finance and Resources Committee

Does this report require to be approved?

☐ Yes ☒ No

Ref EK/PF

Date

26/02/25

## Revenue Budget Monitoring Report; Chief Executive's Service 01.04.24 – 03.01.25 (Period 10)

**From** Elaine Kemp, Chief Officer (Finance)

**E-mail** KempE@northlan.gov.uk

**Telephone**

01698 302408

### Executive Summary

This report provides a summary of the Chief Executive's Service financial performance for the period 1 April 2024 to 3 January 2025 (Period 10). The report illustrates the provisional outturn as at 31 March 2025, with major outturn variances highlighted and explained per the Council's approved Financial Regulations.

The Council approved its General Fund Revenue Budget on 15 February 2024, of which £108.429m currently represents the net revenue budget for the Chief Executive's Service.

Incorporated within the revenue budget are approved service savings totalling £1.707m.

The Service is currently projecting a year-end underspend of £2.816m for the financial year predominately as a result of employee vacancies and underspends relating to ICT contracts.

### Recommendations

It is recommended that the Finance and Resources Committee:

- (1) Acknowledge the financial position of the 2024/25 Chief Executive's Service revenue budget.

### The Plan for North Lanarkshire

Priority	Improve North Lanarkshire's resource base
Ambition statement	(25) Ensure intelligent use of data and information to support fully evidence based decision making and future planning
Programme of Work	Statutory / corporate / service requirement

## **1. Background**

- 1.1 The Council's approved Financial Regulations require the Chief Executive to remain within the approved budgetary provision, and to report all significant deviations - defined as the higher of £100,000 or 5% - within budget monitoring reports. Where significant deviations are identified, the Chief Executive must provide explanatory commentary, outline the action required to rectify such deviations and where relevant, must also highlight the impact this has on other budget headings.

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## **2. Report**

### **Summary of Financial Position**

- 2.1 The Council approved its General Fund Revenue Budget on 15 February 2024, of which £104.746m (10.38%) represented the approved Revenue Budget for the Chief Executive's Service. Additional SG grant funding for Scottish Welfare Fund, Pay Award uplifts and in-year transfers from Education, Children and Families results in a revised budget of £108.429m.
- 2.2 The overall projected outturn position of the Service is a year-end underspend of £2.816m. Appendices one to five provide further information in respect of this position.
- 2.3 As at Period 10 the position on Council Tax Reduction Scheme remains under review along with other elements of the Council Tax Product including household numbers and council tax collection for the year. The Council Tax Product will then be assessed for expected credit losses as part of the year end process. It is currently anticipated there will be no material variance overall.
- 2.4 The 2024/25 budget incorporates £1.707m of savings which are listed in Appendix 5. Of this, £1.027m relates to service specific savings approved by Council in February and these have been fully delivered through service restructures and a reduction in operational budgets. Furthermore, the historic underspend savings target of £0.680m has also been fully achieved across the service.

### **Analysis of Significant Variances**

- 2.5 The service currently anticipates a projected underspend of £1.589m within Employee costs as a result of actual and projected vacancies to 31 March 2025.
- 2.6 Costs in relation to the annual insurance premium coupled with building costs relating to the Civic Centre has resulted in a projected overspend of £0.155m within Property Costs.
- 2.7 Within Supplies and Services the service is projecting a year end underspend of £1.429m which represents savings within Business and Digital resulting from the current usage levels of cloud-based systems.
- 2.8 Transport & Plant is projected to underspend by £0.042m due to reduced travel claims following the implementation of hybrid working and MOT plating.
- 2.9 The service is now anticipating an underspend of £0.022m within Administration Costs predominately due to expected credit losses, training and advertising costs offset by increased costs for insurance premiums, legal fees as a result of the level of Solicitor vacancies meaning external advice is required, consultant fees and postages.

- 2.10 An under-recovery of £0.179m is projected predominately attributable to a forecast reduction in PPP contributions, legal insurance, licensing and registrars offset by over-recoveries within rental allowances / rent rebates overpayments, additional statutory charges and interest.
- 2.11 There are various minor variances across other budget areas resulting in the Service forecasting a year-end underspend of £2.816m as at 31 March 2025.

### **Earmarked and One-off Reserves**

- 2.12 In finalising the Council's draft accounts to 31 March 2024, the service was given approval to earmark £3.567m of resources to fund key projects and initiatives profiled over a number of years. It is anticipated that £2.383m of the reserves balances will be utilised in 2024/25 with £1.162m required for future years and a balance of £0.022m to be returned to reserves. Details of the Service's earmarked funds are provided in Appendix 4.
- 2.13 The Service has also been given approval to utilise £1.059m of funds from the Corporate Strategic Workforce Planning Reserve over a number of years. It is anticipated £0.212m of this reserve will be utilised in 2024/25 with actual spend of £0.117m at P10. These funds are not included in the Service outturn position.
- 2.14 The Service was further given approval to utilise £0.296m of funds from the Change Management Fund over several years. It is anticipated that £0.043m will be utilised in 2024/25 with actual spend of £0.017m at P10. These funds are not included in the Service outturn position.
- 2.15 The Service has incurred £0.525m VRS costs relating to approved savings/restructures. Therefore, there is a requirement to utilise the Corporate Change Management fund at this time. Any further costs arising will be reported in future reports as they are incurred. These costs are not included in the Service outturn position.

### **2024/25 Budget Savings**

- 2.16 The Council approved service savings of £1.707m savings of which £1.707m have been fully delivered as at Period 10. Further information regarding savings is included in Appendix 5.

### **Management Actions**

- 2.17 The Service is being pro-active to ensure expenditure is contained within its approved 2024/25 budget.

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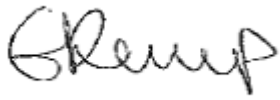
## **3. Measures of success**

- 3.1 The Service continues to operate within approved budget resources.

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## **4. Supporting documentation**

Appendix 1	Objective Summary
Appendix 2	Subjective Summary
Appendix 3	Payments to Other Bodies
Appendix 4	Earmarked Reserves

A handwritten signature in black ink, appearing to read 'Elaine Kemp', written in a cursive style.

**Elaine Kemp**  
**Chief Officer (Finance)**

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## 5. Impacts

<b>5.1 Public Sector Equality Duty and Fairer Scotland Duty</b> Does the report contain information that has an impact as a result of the Public Sector Equality Duty and/or Fairer Scotland Duty? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?  If Yes, has an assessment been carried out and published on the council's website? <a href="https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments">https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments</a> Yes <input type="checkbox"/> No <input type="checkbox"/>
<b>5.2 Financial impact</b> Does the report contain any financial impacts? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, have all relevant financial impacts been discussed and agreed with Finance? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?  As stated in the main body of the report.
<b>5.3 HR policy impact</b> Does the report contain any HR policy or procedure impacts? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant HR impacts been discussed and agreed with People Resources? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?
<b>5.4 Legal impact</b> Does the report contain any legal impacts (such as general legal matters, statutory considerations (including employment law considerations), or new legislation)? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant legal impacts been discussed and agreed with Legal and Democratic? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?
<b>5.5 Data protection impact</b> Does the report / project / practice contain or involve the processing of personal data? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, is the processing of this personal data likely to result in a high risk to the data subject? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, has a Data Protection Impact Assessment (DPIA) been carried out and e-mailed to <a href="mailto:dataprotection@northlan.gov.uk">dataprotection@northlan.gov.uk</a> Yes <input type="checkbox"/> No <input type="checkbox"/>

<b>5.6</b>	<p><b>Technology / Digital impact</b></p> <p>Does the report contain information that has an impact on either technology, digital transformation, service redesign / business change processes, data management, or connectivity / broadband / Wi-Fi?</p> <p>Yes    <input type="checkbox"/>                      No                      <input checked="" type="checkbox"/></p> <p>If Yes, please provide a brief summary of the impact?</p> <p>Where the impact identifies a requirement for significant technology change, has an assessment been carried out (or is scheduled to be carried out) by the Enterprise Architecture Governance Group (EAGG)?</p> <p>Yes    <input type="checkbox"/>                      No                      <input type="checkbox"/></p>
<b>5.7</b>	<p><b>Environmental / Carbon impact</b></p> <p>Does the report / project / practice contain information that has an impact on any environmental or carbon matters?</p> <p>Yes    <input type="checkbox"/>                      No                      <input checked="" type="checkbox"/></p> <p>If Yes, please provide a brief summary of the impact?</p>
<b>5.8</b>	<p><b>Communications impact</b></p> <p>Does the report contain any information that has an impact on the council's communications activities?</p> <p>Yes    <input type="checkbox"/>                      No                      <input checked="" type="checkbox"/></p> <p>If Yes, please provide a brief summary of the impact?</p>
<b>5.9</b>	<p><b>Risk impact</b></p> <p>Is there a risk impact?</p> <p>Yes    <input checked="" type="checkbox"/>                      No                      <input type="checkbox"/></p> <p>If Yes, please provide a brief summary of the key risks and potential impacts, highlighting where the risk(s) are assessed and recorded (e.g. Corporate or Service or Project Risk Registers), and how they are managed?</p> <p>All activities undertaken by the Council are subject to risk, and in acknowledging the Council's approved Risk Management Strategy, Services manage these as part of their overall corporate and service planning processes. The current economic climate, in particular, has the potential to impact upon the Council's ability to provide quality services within approved budget levels.</p> <p>To minimise risk, this report has been prepared by service based Finance personnel in consultation with budget managers, in accordance with the Financial Regulations.</p>
<b>5.10</b>	<p><b>Armed Forces Covenant Duty</b></p> <p>Does the report require to take due regard of the Armed Forces Covenant Duty (i.e. does it relate to healthcare, housing, or education services for in-Service or ex-Service personnel, or their families, or widow(er)s)?</p> <p>Yes    <input type="checkbox"/>                      No                      <input checked="" type="checkbox"/></p> <p>If Yes, please provide a brief summary of the provision which has been made to ensure there has been appropriate consideration of the particular needs of the Armed Forces community to make sure that they do not face disadvantage compared to other citizens in the provision of public services.</p>



**5.11 Children's rights and wellbeing impact**

Does the report contain any information regarding any council activity, service delivery, policy, or plan that has an impact on children and young people up to the age of 18, or on a specific group of these?

Yes ☐ No ☒

If Yes, please provide a brief summary of the impact and the provision that has been made to ensure there has been appropriate consideration of the relevant Articles from the United Nations Convention on the Rights of the Child (UNCRC).

If Yes, has a Children's Rights and Wellbeing Impact Assessment (CRWIA) been carried out?

Yes ☐ No ☐

**NORTH LANARKSHIRE COUNCIL**  
**Revenue Budget Monitoring Report - Objective Analysis**  
**Period 10 (01 April 2024 - 03 January 2025)**  
**A - Chief Executives Service**

DIVISION OF SERVICE [1]	ANNUAL BUDGET [2]	PROJECTED OUTTURN [3]	PROJECTED OUTTURN VARIANCE [4]	% [5]	PERIOD MOVEMENT [6]	ANALYSIS [7]
DIRECTORATE & SUPPORT	529,177	561,960	(32,783) ADV	(6.2%)	2,264	Overspend in Legal Fees as a result of seeking external advice due to solicitor vacancies.
FINANCE	47,106,203	46,020,685	1,085,518 FAV	2.3%	971,930	Underspends due to vacancies and expected credit losses coupled with an over-recovery in income relating to rent allowances / rent rebates overpayments and additional statutory charges offset by projected overspends in insurance premiums and postages.
AUDIT & RISK	597,041	596,415	626 FAV	0.1%	(6,747)	Minor
LEGAL & DEMOCRATIC SOLUTIONS	2,579,482	2,305,053	274,429 FAV	10.6%	244,569	Underspends within employee costs and postages offset by an under-recovery in income in relation to insurance, photocopying and registrars.
BUSINESS & DIGITAL	23,484,284	21,548,077	1,936,207 FAV	8.2%	1,541,779	Underspends within ICT contracts linked to the timing of costs associated with cloud based systems and vacancies.
PEOPLE RESOURCES	8,933,567	8,875,811	57,757 FAV	0.7%	57,757	Underspends within Employee Costs and training budgets.
STRATEGIC COMMUNICATIONS	5,360,366	5,344,366	16,000 FAV	0.3%	16,000	Underspends within Employee Costs and administration costs .
OTHER COPORATE SERVICES	6,284,817	6,807,068	(522,251) ADV	(8.3%)	(606,817)	Under-recovery in income within PPP Contributions coupled with projected costs for byelections offset by underspendsfor NLP Financial Guarantee and interest received.
JOINT BOARDS	13,554,070	13,554,070	0	0.0%	0	Balanced budget.
<b>NET EXPENDITURE</b>	<b>108,429,007</b>	<b>105,613,504</b>	<b>2,815,503 FAV</b>	<b>2.6%</b>	<b>2,220,735</b>	

**NORTH LANARKSHIRE COUNCIL**  
**Revenue Budget Monitoring Report - Subjective Analysis**  
**Period 10 (01 April 2024 - 03 January 2025)**  
**A - Chief Executives Service**

CATEGORY	ANNUAL BUDGET	PROJECTED OUTTURN	PROJECTED OUTTURN VARIANCE	%	PERIOD MOVEMENT	ANALYSIS
[1]	[2]	[3]	[4]	[5]	[6]	[7]
EMPLOYEE COSTS	43,579,487	41,990,522	1,588,965 FAV	3.7%	1,237,196	Underspends due to vacancies partially offset by overtime costs.
PROPERTY COSTS	1,847,693	2,003,048	(155,355) ADV	(8.4%)	25,760	Assumed increased costs relating to the insurance premium coupled with part year building costs relating to the Civic Centre.
SUPPLIES & SERVICES	10,733,758	9,304,923	1,428,835 FAV	13.3%	911,675	Underspends within ICT contracts linked to the timing of costs associated with cloud based systems
TRANSPORT & PLANT	699,949	657,887	42,060 FAV	6.0%	9,589	Underspends within travel expenses due to hybrid working and MOT plating.
ADMINISTRATION COSTS	8,158,852	8,137,055	21,797 FAV	0.3%	158,364	Projected expected credit losses, training and advertising costs offset by assumed insurance premium increase, legal fees as a result of using external advice due to the level of internal vacancies and postage.
PAYMENTS TO OTHER BODIES	17,011,339	16,998,666	12,674 FAV	0.1%	43,114	Projected costs associated with by-elections and medical fees offset by agency fees.
TRANSFER PAYMENTS	108,757,069	108,757,069	0	0.0%	0	
CAPITAL FINANCING COSTS	6,812,218	6,742,994	69,224 FAV	1.0%	0	Over-recovery of income re NLP Financial Guarantee.
REVENUE FINANCING COSTS	0	0	0	0.0%	0	
OTHER EXPENDITURE	5,578,186	5,591,907	(13,721) ADV	(0.3%)	0	Miscellaneous costs associated with the purchase of Cumbernauld Shopping Centre.
<b>TOTAL EXPENDITURE</b>	<b>203,178,550</b>	<b>200,184,070</b>	<b>2,994,481 FAV</b>	<b>1.5%</b>	<b>2,385,698</b>	
INCOME	(94,749,543)	(94,570,567)	(178,976) ADV	0.2%	(164,961)	Under-recovery in income within PPP Contributions, insurance, photocopying and registrars offset by over-recoveries for Rent Allowances / Rent Rebates Overpayments, Additional Statutory Charges and interest.
<b>NET EXPENDITURE</b>	<b>108,429,007</b>	<b>105,613,504</b>	<b>2,815,505</b>	<b>Page 228 of 376</b>	<b>2,220,737</b>	

**NORTH LANARKSHIRE COUNCIL**  
**Revenue Budget Monitoring Report - Payments to Other Bodies**  
**Period 10 (01 April 2024 - 03 January 2025)**  
**A - Chief Executives Service**

CATEGORY [1]	ANNUAL BUDGET [2]	PROJECTED OUT-TURN [3]	PROJECTED OUT-TURN VARIANCE [4]	% [5]	PERIOD MOVEMENT [6]	ANALYSIS [7]
PAYMENTS TO OTHER BODIES GENERAL	669,475	679,475	(10,000) ADV	(1.5%)	20,000	Projected costs associated with by-elections.
MEDICAL FEES	10,659	23,612	(12,953) ADV	(121.5%)	(6,947)	Increased costs in relation to medical fees.
AGENCY FEES	71,686	41,686	30,000 FAV	41.9%	30,000	Lower than anticipated costs within Agency Fees.
TOWN TWINNING	0	0	0	0.0%	0	
CHILDRENS PANEL	25,035	21,035	4,000 FAV	16.0%	0	Minor variance
COSLA ANNUAL LEVY	195,000	193,434	1,566 FAV	0.8%	0	Minor variance
COMMUNITY COUNCIL GRANTS	125,222	125,222	0	0.0%	0	
GRANTS TO ORGANISATIONS	987,294	987,294	0	0.0%	0	
EXTERNAL AUDIT FEE	679,389	679,389	0	0.0%	0	
ELECTION PROVISION	0	0	0	0.0%	0	
TOURISM - VISIT NORTH LANARKSHIRE	53,700	53,700	0	0.0%	0	
SCOTTISH WELFARE FUND	4,120,844	4,120,844	0	0.0%	0	
SUB-CONTRACTOR PAYMENTS	1,869	1,809	60 FAV	3.2%	60	Minor variance
LOCAL TAX PAYPOINT COMMISSION	35,000	35,000	0	0.0%	0	
COSLA MIGRATION SCOTLAND	150,000	150,000	0	0.0%	0	
LANDS VALUATION CONTRIBUTION	1,814,004	1,814,004	0	0.0%	0	
SPT CONTRIBUTION	5,472,132	5,472,132	0	0.0%	0	
SPT CONCESSIONARY FARES CONTRIBUTION	579,419	579,419	0	0.0%	0	
CUSTOMER FIRST CONTRIBUTION	2,700,000	2,700,000	0	0.0%	0	
<b>TOTAL EXPENDITURE</b>	<b>17,690,728</b>	<b>17,678,055</b>	<b>Page 224 of 376</b>	<b>0.1%</b>	<b>43,113</b>	

**NORTH LANARKSHIRE COUNCIL**  
**Revenue Budget Monitoring Report - Status of Earmarked Reserves**  
**Period 10 (01 April 2024 - 03 January 2025)**  
**A - Chief Executives Service**

	FINANCIAL YEAR - 2023/24									
DESCRIPTION OF EARMARKED RESOURCE	Reserve Allocation	Profiled in Future Years	Approved Reserve Total	Spend to Date	Projected Spend Value	%	Reprofile to Future Years	No Longer Required	Reserves Required In Year	Commentary Regarding Usage
Service Specific Earmarked Reserves:										
Admin of Covid and Cost of Living related support scheme	11,919	0	11,919	11,919	11,919	100.0%			11,919	
COL Grant	34,645	0	34,645	34,645	34,645	100.0%			34,645	
Modern Apprentices	75,838	(18,959)	56,879	14,099	24,149	42.5%	32,730		24,149	Balance required to support ongoing commitments.
Insurance Premiums	812,876	0	812,876	812,876	812,876	100.0%			812,876	
Digitisation	83,797	0	83,797	83,797	83,797	100.0%			83,797	
B&D - Investment model replacement of funds	627,000	(168,382)	458,618	177,844	458,618	100.0%			458,618	Balance required to support ongoing commitments.
NLC10 posts	21,849	0	21,849	0	0	0.0%		21,849	0	Budget no longer required as project is now complete.
NLC12 post	312,055	(251,905)	60,150	31,939	58,510	97.3%	1,640		58,510	Balance required to support ongoing commitments.
B&D - Backfill for EUC Infrastructure Team (Windows 11)	137,900	0	137,900	69,792	103,248	74.9%	34,652		103,248	Balance required to support ongoing commitments.
Learning Academy	100,000	0	100,000	59,171	100,000	100.0%			100,000	
Construction Academy	228,000	0	228,000	0	99,979	43.9%	128,021		99,979	Balance required to support ongoing commitments.
CSH Recover NL	81,000	0	81,000	11,259	66,746	82.4%	14,254		66,746	Balance required to support ongoing commitments.
Recover NL CSH 2022/23 (Single Number)	457,861	(93,699)	364,162	0	0	0.0%	364,162		0	Balance required to support ongoing commitments.
Recover NL Grants	23,863	0	23,863	9,934	23,863	100.0%			23,863	
Cost of Living (Comms)	35,372	0	35,372	15,435	35,372	100.0%			35,372	Balance required to support ongoing commitments.
Cumbernauld Community Grants (Antonine Centre)	225,000	0	225,000	0	225,000	100.0%			225,000	
Grant award Programme	148,000	(54,000)	94,000	94,000	94,000	100.0%			94,000	
Audit Fee	150,000	0	150,000	0	150,000	100.0%			150,000	
TOTAL	3,566,975	(586,944)	2,980,030	1,426,710	2,382,723	80.0%	575,459	21,849	2,382,723	

**NORTH LANARKSHIRE COUNCIL**  
**Revenue Budget Monitoring Report - Savings**  
**Period 10 (01 April 2024 - 03 January 2025)**  
**A - Chief Executives Service**

Ref.	DESCRIPTION OF APPROVED SAVING	APPROVED SAVINGS			
		Target Value	Value Deliverable	Savings Gap	Reasons for Savings Gap
		£000	£000	£000	
01CEX	Directorate & Support - Reivew of Support Services	56	56	0	
03CEX	Directorate & Support	4	4	0	
04CEX	Finance (5%)	48	48	0	
07CEX	Legal & Democratic - Central Services (10%)	14	14	0	
13CEXD	Business & Digital - Reivew of Support Services	43	43	0	
10CEX	Business & Digital - Digital / Field Services - Technical Support to Education & Families	92	92	0	
11CEXD	Business & Digital - DigitalINL (MS Licences)	200	200	0	
12CEX	Business & Digital - Technoclogy Solutions - restructure and review of contracts	110	110	0	
13CEX	Business & Digital - Business Strategy	154	154	0	
19CEX	Strategic Communications & Engagement - Corporate Communications	149	149	0	
20CEX	Strategic Communications & Engagement - Communities	157	157	0	
	Historic Recurring Underspends	680	680	0	
	<b>TOTAL</b>	<b>1,707</b>	<b>1,707</b>	<b>0</b>	

# North Lanarkshire Council Report

## Finance and Resources Committee

Does this report require to be approved? ☐ Yes ☒ No

Ref EK/GT/RM

Date 26/02/25

## Capital Programme 2024/25 Monitoring Report

**From** Elaine Kemp, Chief Officer (Finance)

**E-mail** KempE@northlan.gov.uk

**Telephone** 07939 280 601

### Executive Summary

The purpose of the report is to provide an update on the 2024/25 resources and expenditure for the Council's Strategic Capital Investment Programme. The report shows the 2024/25 projected outturn position and the resultant variances.

It is currently anticipated that the General Fund programme will have a projected programme expenditure variance of £13.467m, primarily due to the ongoing reassessment of vehicle replacement programme requirements, timing delays within the Town and Community Hub programme and the new Roads and Infrastructure contract and public utilities works for City Deal projects within Enterprise and Communities.

The HRA programme is currently anticipating that expenditure will be £1.302m lower mainly due to the purchase of land being lower than previously projected, offset by a higher level of abnormal costs being identified within the New Build programme, together with a slight reduction in the number of projected acquisitions through the Mortgage to Rent scheme within the Buy Back programme.

### Recommendations

It is recommended that the Finance and Resources Committee:

- (1) Acknowledges the provisional outturn financial position of the Council's Strategic Capital Investment Programme as at 3 January 2025.

### The Plan for North Lanarkshire

Priority	Improve North Lanarkshire's resource base
Ambition statement	(25) Ensure intelligent use of data and information to support fully evidence based decision making and future planning
Programme of Work	Statutory / corporate / service requirement

## **1. Background**

- 1.1 The Strategic Capital Investment Programme 2024/25 to 2028/29 was approved at Policy and Strategy Committee in March 2024 and represents the total Community Investment Programme incorporating the General Services Capital Programme and HRA Capital Programmes. The programme was developed in conjunction with Services and led by the Strategic Capital Delivery Group (SCDG) using the principles established by the Council's Capital Strategy.
- 1.2 The General Services Capital Programme supported by General Services resources demonstrates to communities that the place making visions for towns remains a priority and that the approved 5-year capital investment plan supports delivery of The Plan for North Lanarkshire. The programme includes additional investment in Town and Community Hubs, the City Deal programme, and external grant funding.
- 1.3 In addition, the Housing Revenue Account (HRA) resources support several HRA Capital Investment Programmes including the Mainstream programme for investment in the Council's existing estate and delivery of the ambition for 5,000 additional supply through the New Build and Council Buy Back programmes.
- 1.4 The 2024/2025 General Services Capital Programme is currently £139.922m with a £111.291m investment programme in relation to the Housing Revenue Account. This reflects the approved budget in March 2024 at Policy and Strategy Committee and subsequent decisions made at the Strategic Capital Delivery Group (SCDG) in accordance with the SCDG terms of reference, and where appropriate either by the individual service committees, Finance and Resources Committee or the Policy and Strategy Committee per the Scheme of Administration. Appendix 1 provides a breakdown of the overall 2024/25 budget by Service Programme and associated approved budget movements.

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## **2. Report**

### **Overall Council Strategic Capital Investment Programme**

- 2.1 The overall Council Strategic Capital Investment programme for 2024/25 and the provisional outturn to 31 March 2025 is summarised in Table 1 as follows:



## Community Capital Investment Programme Summary 2024/25

	Current Programme £000s	Projected Outturn £000s	Outturn Variance £000s
Enterprise & Communities	130,406	116,939	13,467
Chief Executives	7,345	7,345	0
Adult Health & Social Care	2,171	2,171	0
<b>General Services: Total Capital Investment</b>	<b>139,922</b>	<b>126,455</b>	<b>13,467</b>

### General Services Resources:

#### General Fund

External Grants & Contributions 2023/24	35,784	35,784	0
External Grants & Contributions b/f 2022/23	7,203	7,203	0
External Grants & Contributions Unapplied	(4,205)	(4,205)	0
Net External Grants & Contributions	38,782	38,782	0
Advanced Developers Contributions	1,507	1,507	0
City Deal Grant	1,000	1,000	0
Capital Receipts	3,250	6,300	3,050
Capital Receipts -Transfer to Capital Fund	0	0	0
CFCR	24,987	24,987	0
<b>General Services: Total Resources</b>	<b>69,526</b>	<b>72,576</b>	<b>3,050</b>

<b>General Services : Borrowing Requirement</b>	<b>70,396</b>	<b>53,879</b>	<b>(16,517)</b>
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<b>HRA : Total Capital Investment</b>	<b>111,291</b>	<b>109,989</b>	<b>1,302</b>
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#### HRA Resources:

Net External Grants & Contributions	15,452	15,587	135
Capital Receipts	0	8	8
CFCR	20,089	20,089	0

<b>HRA : Total Resources</b>	<b>35,541</b>	<b>35,684</b>	<b>143</b>
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<b>HRA : Borrowing Requirement</b>	<b>75,750</b>	<b>74,305</b>	<b>(1,445)</b>
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#### Summary

<b>Total Council : Capital Investment</b>	<b>251,213</b>	<b>236,444</b>	<b>14,769</b>
<b>Total Council : Resources</b>	<b>105,067</b>	<b>108,260</b>	<b>3,193</b>
<b>Total Council : Borrowing Requirement</b>	<b>146,146</b>	<b>128,184</b>	<b>(17,962)</b>

- 2.2 On a budgeted programme of £251.213m expenditure is anticipated to be £14.769m lower than current programme at this stage of the financial year. Further financial performance information regarding each of the programmes is discussed in section 2.3 and 2.20 below.

### General Services Capital Programme and Projected Outturn by Service/ Programme

- 2.3 The forecast financial performance of the overall General Services Investment programme at 31 March 2025 is detailed in Appendix 2 and summarised below.

## General Services Total Resources

- 2.4 The revised programme approved by the SCDG is £139.922m with total resources available to meet the current programme forecast to be £69.526m, resulting in a borrowing requirement of £70.396m.
- 2.5 In 2024/25 net external grants and contributions of £38.782m will be utilised. This capital resource primarily includes the Scottish Government (SG) General Capital Grant receivable of £22.270m and other specific SG Grants including Vacant and Derelict Land Fund (VDLF, £1.231m), Live Labs II (LLII £1.369m), Traffic Signals and Road Safety Fund (TSRS, £2.434m) and Shared Prosperity Fund (SPF £1.406m). It also includes contributions from other sources such as developer contributions of £4.483m. In addition, capital grants received in 2023/24 have been added to the programme to match expenditure in 2024/25 including £1.418m for VDLF, £1.841m for PBIP, £1.875m for Regeneration Capital Grant Fund, £1.477m for Live Labs II and £0.231m for Community Bus Fund. This has been offset by £4.205m of external grant and contributions for Live Labs II (LLII £1.864m), VDLF (£1.549m), PBIP (£0.766m) and the Scottish Wildlife Trust (£0.026m) which will not be applied in 2024/25 for projects which will now not be completed until 2025/26.
- 2.6 Receipts from the sale of assets are currently projected to be £6.300m, which is £3.050m greater than the budget of £3.250m. These receipts will continue to be closely monitored throughout the financial year.
- 2.7 Whilst the approved 5-year capital programme had assumed phasing of known utilisation of developer contributions, the accelerated timing of drawdown of these contributions of an additional £1.507m during 2024/25 to match in-year expenditure reduces the borrowing requirement for 2024/25 and will instead be required in the 2025/26 financial year.
- 2.8 In addition, the approved 5-year capital programme had assumed phasing of City Deal grant income with no receipt in 2024/25 forecast, accelerated timing of receipt of this grant of £1.000m during 2024/25 results in a corresponding reduction in the borrowing requirement for 2024/25 and will instead be required in the 2028/29 financial year.

## General Services Total Expenditure

- 2.9 As indicated in Table 1 the General Services investment programme is £139.922m. At Period 10, the provisional outturn spend is £13.467m lower than current programme. Further analysis by service/programme is outlined below and summarised within Appendix 2.
- 2.10 **Enterprise and Communities** is projecting outturn expenditure of £116.939m, which is a £13.467m variance from current programme. Within the Community Operations theme, the ongoing assessment of the Council's vehicle requirements has resulted in a positive in-year variance in the vehicle replacement programme of £4.551m. In addition, the timing of the commencement of the new Roads and Infrastructure contract has resulted in a positive variance of £1.260m for the LED Infrastructure project. Engagement with the new roads and infrastructure provider to establish the delivery timescales are ongoing. Works at the Pather Farm Cemetery project will now continue into the 2025/26 financial year with works at Cambusnethan Cemetery being taken forward in the current financial year to offset the variance. Within the Parks Masterplan theme, an in-year variance of £0.235m in relation to Bothwellhaugh Cottage works has arisen due to design stage delays and works will now span into 2025/26.

- 2.11 Within the Town and Community Hub theme, in-year expenditure on the St Kevin's Community Hub project is now expected to result in a variance of £5.052m due to the requirement for additional pollution control testing and mitigation. These issues have now been resolved, and works are now underway. In addition, delays by Scottish Power in completing work to move an electricity sub-station prior to the pitch works taking place have resulted in a variance of £0.700m in relation to the grass pitch at Gartcosh.
- 2.12 These are partially offset by cost increases within Assets & Procurement, where works have been accelerated within the Office Accommodation theme of £1.606m to support the needs of services.
- 2.13 Within Maintaining Existing Assets a programme variance of £0.982m is projected, primarily due to an emerging issue within the Time Capsule for the water sports facility and lifts within the venue which have resulted in forecast additional costs of £0.633m this financial year. The Service is working with tender returns to decide on the package of works required and timing for these works. Within the theme, there have also been cost increases experienced on a major rewire project mainly linked to additional asbestos removal works of £0.963m but these have been offset by underspends on roofing works and the re-profiling of other works into next financial year.
- 2.14 Additional unforeseen drainage works for two modular accommodation projects within Sustainable Estate theme and completion of the Heathery Park nursery project within the 1140 Early Learning and Childcare Expansion theme have resulted in cost increases of £0.291m and £0.201m respectively. These increased budget requirements will be managed by the Service within their overall 5-year budget allocation.
- 2.15 These cost increases will be partially offset by variances of £0.819m within the ASN theme linked to the Carnbroe and the Edward Lawson Centre projects which are now planned to complete in 2025/26 and £0.262m within Outdoor Education where works on three pitch replacements are now anticipated to be completed in April 2025.
- 2.16 Within Place, it is anticipated that City Deal is now expecting a positive variance of £3.093m as a result of expenditure on public utilities works not expected to be incurred until early in the next financial year. This is partly offset by Economic Regeneration with an increase in costs of £0.374m, with £0.274m related to Braidhurst Industrial Estate however external funding is currently being sought to offset this, and a further £0.100m increase for Town Centre Fund which is being held in future years 2025/26. In addition, a delay in the award of the Roads and Infrastructure contract has meant that some works will not be complete until early 2025/26 resulting in a variance of £0.340m.
- 2.17 Committed expenditure of £102.885m is currently reported, which represents 87.98% of the targeted expenditure, and actual expenditure is £68.134m which represents 58.26% of targeted expenditure.
- 2.18 **Chief Executives** is projecting outturn expenditure of £7.345m, which is on budget. Committed expenditure of £5.276m is currently reported, which represents 71.83% of the targeted expenditure. Actual expenditure is £3.716m, which is 50.59% of targeted expenditure.
- 2.19 **Adult Health & Social Care** is projecting outturn expenditure of £2.171m, which is on budget. Committed expenditure of £1.462m is currently reported, which represents 67.34% of the targeted expenditure, and actual expenditure is £1.255m which is 57.81% of targeted expenditure.

**HRA Capital Investment**

- 2.20 The financial performance of the HRA Capital Programme is reported in detail to the Housing Committee. A summary of performance as at 3 January 2025 is provided at Appendix 3. Total expenditure of £109.989m is forecast for 2024/25 which is a reduction in programmed expenditure of £1.302m. This is primarily due to £1.182m of lower than projected costs within the New Build programme relating to the purchase of land, offset by a higher level of abnormal costs within the New Build programme. In addition, a reduction in programmed expenditure of £0.120m is projected due to a slight reduction in acquisitions through the Mortgage to Rent scheme, within the Buy Back programme.
- 2.21 Committed expenditure of £108.889m is currently reported, which represents 99.00% of the targeted expenditure, and actual expenditure is £71.382m which is 64.90% of targeted expenditure.

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<b>3.</b>	<b>Measures of success</b>
3.1	N/A

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<b>4.</b>	<b>Supporting documentation</b>
	Appendix 1: Strategic Capital Investment Programme 2024/25 budget movements
	Appendix 2: General Services Capital Investment Programme Summary 2024/25
	Appendix 3: HRA Capital Investment Programme Summary 2024/25



**Elaine Kemp**  
**Chief Officer (Finance)**

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## 5. Impacts

5.1	<p><b>Public Sector Equality Duty and Fairer Scotland Duty</b>  Does the report contain information that has an impact as a result of the Public Sector Equality Duty and/or Fairer Scotland Duty?  Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>  If Yes, please provide a brief summary of the impact?</p> <p>If Yes, has an assessment been carried out and published on the council's website? <a href="https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments">https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments</a>  Yes <input type="checkbox"/> No <input type="checkbox"/></p>
5.2	<p><b>Financial impact</b>  Does the report contain any financial impacts?  Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>  If Yes, have all relevant financial impacts been discussed and agreed with Finance?  Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>  If Yes, please provide a brief summary of the impact?</p> <p>The financial impact is outlined within the report</p>
5.3	<p><b>HR policy impact</b>  Does the report contain any HR policy or procedure impacts?  Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>  If Yes, have all relevant HR impacts been discussed and agreed with People Resources?  Yes <input type="checkbox"/> No <input type="checkbox"/>  If Yes, please provide a brief summary of the impact?</p>
5.4	<p><b>Legal impact</b>  Does the report contain any legal impacts (such as general legal matters, statutory considerations (including employment law considerations), or new legislation)?  Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>  If Yes, have all relevant legal impacts been discussed and agreed with Legal and Democratic?  Yes <input type="checkbox"/> No <input type="checkbox"/>  If Yes, please provide a brief summary of the impact?</p>
5.5	<p><b>Data protection impact</b>  Does the report / project / practice contain or involve the processing of personal data?  Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>  If Yes, is the processing of this personal data likely to result in a high risk to the data subject?  Yes <input type="checkbox"/> No <input type="checkbox"/>  If Yes, has a Data Protection Impact Assessment (DPIA) been carried out and e-mailed to <a href="mailto:dataprotection@northlan.gov.uk">dataprotection@northlan.gov.uk</a>  Yes <input type="checkbox"/> No <input type="checkbox"/></p>
5.6	<p><b>Technology / Digital impact</b>  Does the report contain information that has an impact on either technology, digital transformation, service redesign / business change processes, data management, or connectivity / broadband / Wi-Fi?  Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p>

<p>If Yes, please provide a brief summary of the impact?</p> <p>Where the impact identifies a requirement for significant technology change, has an assessment been carried out (or is scheduled to be carried out) by the Enterprise Architecture Governance Group (EAGG)?</p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p>
<p><b>5.7 Environmental / Carbon impact</b></p> <p>Does the report / project / practice contain information that has an impact on any environmental or carbon matters?</p> <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>If Yes, please provide a brief summary of the impact?</p>
<p><b>5.8 Communications impact</b></p> <p>Does the report contain any information that has an impact on the council's communications activities?</p> <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>If Yes, please provide a brief summary of the impact?</p>
<p><b>5.9 Risk impact</b></p> <p>Is there a risk impact?</p> <p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <p>If Yes, please provide a brief summary of the key risks and potential impacts, highlighting where the risk(s) are assessed and recorded (e.g. Corporate or Service or Project Risk Registers), and how they are managed?</p> <p>Despite the updated programme approved at Policy and Strategy Committee in March 2024 the capital programme continues to face challenges in relation to the wider economic climate, linked to availability of materials, contractors and inflationary pressures. These are currently being managed by services and Project Boards associated with specific programme delivery and will continue to be monitored throughout the year in accordance with the SCDG Terms of Reference</p>
<p><b>5.10 Armed Forces Covenant Duty</b></p> <p>Does the report require to take due regard of the Armed Forces Covenant Duty (i.e. does it relate to healthcare, housing, or education services for in-Service or ex-Service personnel, or their families, or widow(er)s)?</p> <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>If Yes, please provide a brief summary of the provision which has been made to ensure there has been appropriate consideration of the particular needs of the Armed Forces community to make sure that they do not face disadvantage compared to other citizens in the provision of public services.</p>
<p><b>5.11 Children's rights and wellbeing impact</b></p> <p>Does the report contain any information regarding any council activity, service delivery, policy, or plan that has an impact on children and young people up to the age of 18, or on a specific group of these?</p> <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>If Yes, please provide a brief summary of the impact and the provision that has been made to ensure there has been appropriate consideration of the relevant Articles from the United Nations Convention on the Rights of the Child (UNCRC).</p> <p>If Yes, has a Children's Rights and Wellbeing Impact Assessment (CRWIA) been carried out?</p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p>

# 2024/25 Strategic Capital Investment Programme – budget movements

# Appendix 1

	Enterprise & Communities	Chief Executives	Adult Health & Social Care	Corporate	Total General Services Investment Programme	Total HRA Investment Programme	Total Community Investment Programme
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
24/25 Opening programme approved Policy& Strategy Committee 1 March '24	99,161	5,589	2,200	450	<b>107,400</b>	115,291	<b>222,691</b>
23/24 Overs/Unders Carry Forward	15,802	4,506	(29)	(37)	<b>20,242</b>	0	<b>20,242</b>
24/25 Budget adjustments approved by SCDG	872	0	0	(872)	<b>0</b>	0	<b>0</b>
Increase/(Decrease) in Externally Funded Projects	17,984	1,031	0	0	<b>19,015</b>	0	<b>19,015</b>
Increase/(Decrease) in Council Funded Projects	(1,000)	0	0	0	<b>(1,000)</b>	0	<b>(1,000)</b>
Increase/(Decrease) in CFCR	3,614	0	0	0	<b>3,614</b>	0	<b>3,614</b>
24/25 Re-profiling of projects to future years approved by SCDG	(6,027)	(3,781)	0	459	<b>(9,349)</b>	(4,000)	<b>(13,349)</b>
<b>Revised Capital Programme 2024/25</b>	<b>130,406</b>	<b>7,345</b>	<b>2,171</b>	<b>0</b>	<b>139,922</b>	<b>111,291</b>	<b>251,213</b>

General Services Capital Investment Programme Summary 2024/25 - as at 31 March 2025

Appendix 2

Investment	Current Programme 2024/25 £000s	Projected Outturn 2024/25 £000s	Outturn Variance 2024/25 £000s	Committed Expenditure @ P10 £000s	Committed Expenditure % of Projected Outturn	Actual Expenditure @ P10 £000s	Actual Expenditure % of Projected Outturn
Enterprise & Communities	130,406	116,939	13,467	102,885	87.98%	68,134	58.26%
Chief Executives	7,345	7,345	0	5,276	71.83%	3,716	50.59%
Adult Health & Social Care	2,171	2,171	0	1,462	67.34%	1,255	57.81%
<b>Total General Services Investment</b>	<b>139,922</b>	<b>126,455</b>	<b>13,467</b>	<b>109,623</b>	<b>86.69%</b>	<b>73,105</b>	<b>57.81%</b>

<b>General Services Resources;</b>			
External Grants & Contributions 2024/25	35,784	35,784	0
External Grants & Contributions b/f 2023/24	7,203	7,203	0
External Grants & Contributions Unapplied cfwd to 2025/26	(4,205)	(4,205)	0
Net External Grants & Contributions	38,782	38,782	0
Advanced Developers Contributions	1,507	1,507	0
City Deal Grant	1,000	1,000	0
CFCR	24,987	24,987	0
Capital Receipts	3,250	6,300	3,050
<b>Total Resources</b>	<b>69,526</b>	<b>72,576</b>	<b>3,050</b>
<i>Borrowing Requirement:</i>			
General Services	70,396	53,879	(16,517)
<b>Total General Services Borrowing Requirement</b>	<b>70,396</b>	<b>53,879</b>	<b>(16,517)</b>
<b>Total Resources incl Borrowing Requirement</b>	<b>139,922</b>	<b>126,455</b>	<b>(13,467)</b>



## HRA Capital Investment Programme Summary 2024/25 - as at 31 March 2025

## Appendix 3

Investment	Current Programme 2024/25 £000s	Projected Outturn 2024/25 £000s	Outturn Variance 2024/25 £000s	Committed Expenditure @ P10 £000s	Committed Expenditure % of Projected Outturn	Actual Expenditure @ P10 £000s	Actual Expenditure % of Projected Outturn
Mainstream Programme	63,114	63,114	0	63,011	99.84%	40,597	64.32%
New Build Programme	35,541	34,359	1,182	34,359	100.00%	24,032	69.94%
Council Buy Back Scheme	12,636	12,516	120	11,519	92.03%	6,753	53.95%
<b>Total HRA Investment</b>	<b>111,291</b>	<b>109,989</b>	<b>1,302</b>	<b>108,889</b>	<b>99.00%</b>	<b>71,382</b>	<b>64.90%</b>

<b>HRA Capital Resources;</b>			
External Grants & Contributions	15,452	15,587	135
External Grants & Contributions Unapplied	0	0	0
Net External Grants & Contributions	15,452	15,587	135
CFCR	20,089	20,089	0
Capital Receipts	0	8	8
<b>Total Resources</b>	<b>35,541</b>	<b>35,684</b>	<b>143</b>
<i>Borrowing Requirement:</i>			
HRA - Mainstream	47,695	47,687	(8)
HRA - New Build	19,925	18,641	(1,284)
HRA - Buyback Scheme	8,130	7,977	(153)
<b>Total Borrowing Requirement</b>	<b>75,750</b>	<b>74,305</b>	<b>(1,445)</b>
<b>Total Resources incl Borrowing Requirement</b>	<b>111,291</b>	<b>109,989</b>	<b>(1,302)</b>



# North Lanarkshire Council Report

## Finance and Resources Committee

Does this report require to be approved? ☐ Yes ☒ No

Ref EK/PF

Date 26/02/25

## Chief Executive Service – Capital Monitoring Report 1 April to 03 January 2025 (Period 10)

**From** Elaine Kemp, Chief Officer (Finance)

**E-mail** KempE@northlan.gov.uk

**Telephone** 01698 302408

### Executive Summary

This report highlights the financial performance and projected outturn of 2024/25 Chief Executive capital programme for the period ended 03 January 2025 (Period 10).

In summary the Service has a total capital budget of £7.345m, comprising of £5.099m within Business and Digital and £2.246m within Strategic Communications and Engagement. This budget reflects the budget approved by the Policy and Strategy Committee in March 2024; balances carried forward from previous years subsequent decisions made at the Strategic Capital Delivery Group (SCDG) in relation to reprofiling.

The Service is currently projecting a break-even position at this stage of the financial year. Further explanation of management action taken by the Service is included within the main report and attached appendices.

### Recommendations

It is recommended that the Finance and Resources Committee:

- (1) Considers the financial position of the 2024/25 Chief Executive capital programme.

### The Plan for North Lanarkshire

Priority	Improve North Lanarkshire's resource base
Ambition statement	(25) Ensure intelligent use of data and information to support fully evidence based decision making and future planning
Programme of Work	Statutory / corporate / service requirement

## **1. Background**

- 1.1 This report provides a summary of the Chief Executive Service financial performance for the period 1 April 2024 to 3 January 2025 (Period 10), with major outturn variances highlighted and explained per the Council's approved Financial Regulations.
- 1.2 The Council approved its Capital programme at Policy and Strategy Committee on 14 March 2024 with an allocated budget £6.620m for the current year. In addition, carry forwards from the previous year, Scottish Government funding for Play Areas and decisions made at SCDG in relation to reprofiling have resulted in a revised Capital Programme of £7.345m for the 2024/25 Financial Year as detailed in Appendix 1 of this report.
- 1.3 The Council's approved Financial Regulations required the Chief Executive to remain within his approved budgetary provision, and to report all significant deviations – defined as the higher of £0.100m or 5% - within their budget monitoring reports. Where significant deviations were identified, Chief Officers must provide explanatory commentary, outline the action required to rectify such deviations and where relevant, must also highlight the impact this has on other budget headings.
- 

## **2. Report**

### **Summary of Financial Position**

- 2.1 The Service is projecting a break-even position for the financial year 2024/25 following approval from SCDG to reprofile budgets into future years. Capital budgets and expenditure are summarised in Appendix 1.

### **Analysis of Significant Variances**

- 2.2 An explanation of variances within Business and Digital is detailed below:

- Digitisation & Innovation  
Following approval from SCDG to reprofile £0.200m due lower than anticipated projects costs for Residual Connectivity, BI Hub and Centre of Excellence a break-even position is now forecast.
- Line of Business (LOB)  
Similarly following approval to reprofile £0.853m due to due to supplier capacity to deliver, changing requirements for the school area within Secure Access programme and timing of works relating to Finance Transformation, the service is now projecting a break-even position.
- End User Devices (EUD)  
The service is currently projecting a break-even position.
- Cyber  
The service is currently projecting a break-even position.
- Capacity  
Approval was given from SCDG to reprofile £0.085m due to timing of recruitment resulting in the service is now projecting a break-even position.
- Innovation

Approval was further given from SCDG to reprofile £0.080m due to timing of recruitment resulting in the service is now projecting a break-even position.

- 2.3 An explanation of the current position within Strategic Communications and Engagement is detailed below:

Following the recent reprofiling exercise of £0.760m due to the availability of suppliers to deliver play projects by 31 March 2025, timing of committee approval for current year projects, developers' contributions to play areas and prioritisation of UKSPF funding to support groups applying for a Community Asset Transfer, the service is projecting a break-even position.

### **Management Action**

- 2.4 The Service closely monitors all activities to ensure available budgets are maximised whilst monitoring and actively managing the ongoing external challenges in delivery of projects. The Service continues to review the programme with updates being provided to the SCDG and Committee.

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### **3. Measures of success**

- 3.1 The Service aim is to operate within approved budget resources over the term of the capital programme.

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### **4. Supporting documentation**

Appendix 1 Summary Expenditure by Project / Theme



**Elaine Kemp**  
**Chief Officer (Finance)**

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## 5. Impacts

<b>5.1 Public Sector Equality Duty and Fairer Scotland Duty</b> Does the report contain information that has an impact as a result of the Public Sector Equality Duty and/or Fairer Scotland Duty? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?  If Yes, has an assessment been carried out and published on the council's website? <a href="https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments">https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments</a> Yes <input type="checkbox"/> No <input type="checkbox"/>
<b>5.2 Financial impact</b> Does the report contain any financial impacts? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, have all relevant financial impacts been discussed and agreed with Finance? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?  As stated within the main body of the report.
<b>5.3 HR policy impact</b> Does the report contain any HR policy or procedure impacts? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant HR impacts been discussed and agreed with People Resources? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?
<b>5.4 Legal impact</b> Does the report contain any legal impacts (such as general legal matters, statutory considerations (including employment law considerations), or new legislation)? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant legal impacts been discussed and agreed with Legal and Democratic? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?
<b>5.5 Data protection impact</b> Does the report / project / practice contain or involve the processing of personal data? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, is the processing of this personal data likely to result in a high risk to the data subject? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, has a Data Protection Impact Assessment (DPIA) been carried out and e-mailed to <a href="mailto:dataprotection@northlan.gov.uk">dataprotection@northlan.gov.uk</a> Yes <input type="checkbox"/> No <input type="checkbox"/>

5.6	<b>Technology / Digital impact</b>
Does the report contain information that has an impact on either technology, digital transformation, service redesign / business change processes, data management, or connectivity / broadband / Wi-Fi?	
Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
If Yes, please provide a brief summary of the impact?	
Where the impact identifies a requirement for significant technology change, has an assessment been carried out (or is scheduled to be carried out) by the Enterprise Architecture Governance Group (EAGG)?	
Yes <input type="checkbox"/> No <input type="checkbox"/>	
5.7	<b>Environmental / Carbon impact</b>
Does the report / project / practice contain information that has an impact on any environmental or carbon matters?	
Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
If Yes, please provide a brief summary of the impact?	
5.8	<b>Communications impact</b>
Does the report contain any information that has an impact on the council's communications activities?	
Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
If Yes, please provide a brief summary of the impact?	
5.9	<b>Risk impact</b>
Is there a risk impact?	
Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
If Yes, please provide a brief summary of the key risks and potential impacts, highlighting where the risk(s) are assessed and recorded (e.g. Corporate or Service or Project Risk Registers), and how they are managed?	
5.9.1 All activities undertaken by the Council are subject to risk, and in acknowledging the Council's approved Risk Management Strategy, Services manage these as part of their overall corporate and service planning processes. The current economic climate, in particular, has the potential to impact upon the Council's ability to provide quality services within approved budget levels.	
5.9.2 To minimise risk this report was prepared by Finance personnel in consultation with budget managers, in accordance with the Financial Regulations.	
5.10	<b>Armed Forces Covenant Duty</b>
Does the report require to take due regard of the Armed Forces Covenant Duty (i.e. does it relate to healthcare, housing, or education services for in-Service or ex-Service personnel, or their families, or widow(er)s)?	
Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
If Yes, please provide a brief summary of the provision which has been made to ensure there has been appropriate consideration of the particular needs of the Armed Forces community to make sure that they do not face disadvantage compared to other citizens in the provision of public services.	

**5.11 Children's rights and wellbeing impact**

Does the report contain any information regarding any council activity, service delivery, policy, or plan that has an impact on children and young people up to the age of 18, or on a specific group of these?

Yes ☐ No ☒

If Yes, please provide a brief summary of the impact and the provision that has been made to ensure there has been appropriate consideration of the relevant Articles from the United Nations Convention on the Rights of the Child (UNCRC).

If Yes, has a Children's Rights and Wellbeing Impact Assessment (CRWIA) been carried out?

Yes ☐ No ☐



**Chief Executives Capital Programme 2024/25**  
**Summary Expenditure by Thematic Categories**  
**1st April 2024 - 3rd January 205 (Period 10)**

Theme	Budget £	YTD			OUTTURN	
		Actual £	Committed £	Uncommitted £	Projected Outturn £	Outturn variance £
Digitisation & Innovation	2,638,431	1,464,866	1,545,355	1,093,076	2,638,431	-
Line of Business (LOB) System Portfolio	982,243	302,334	502,255	479,988	982,243	-
End User Device (Eud) Refresh	1,301,045	218,552	1,211,014	90,031	1,301,045	-
Cyber	114,000	-	-	114,000	114,000	-
Capacity	43,000	-	43,000	-	43,000	-
Innovation	20,000	-	-	20,000	20,000	-
<b>TOTAL BUSINESS and DIGITAL</b>	<b>5,098,719</b>	<b>1,985,752</b>	<b>3,301,624</b>	<b>1,797,095</b>	<b>5,098,719</b>	<b>-</b>
Community Board Project Investment Fund	2,146,220	1,730,692	1,974,763	171,457	2,146,220	0
Community Asset Transfers	100,000	-	-	100,000	100,000	-
<b>TOTAL STRATEGIC COMMUNICATIONS and ENGAGEMENT</b>	<b>2,246,220</b>	<b>1,730,692</b>	<b>1,974,763</b>	<b>271,457</b>	<b>2,246,220</b>	<b>0</b>
<b>TOTAL CHIEF EXECUTIVES</b>	<b>7,344,939</b>	<b>3,716,445</b>	<b>5,276,387</b>	<b>2,068,552</b>	<b>7,344,939</b>	<b>0</b>



# North Lanarkshire Council Report

## Finance and Resources Committee

Does this report require to be approved? ☐ Yes ☒ No

Ref EK/KS/RM/GM

Date 26/02/25

## Treasury Management Monitoring Report for quarter ended 31 December 2024

**From** Elaine Kemp, Chief Officer (Finance)

**E-mail** McNameeR@northlan.gov.uk

**Telephone**

Ryan McNamee, Finance Manager

### Executive Summary

This report fulfils the key requirements of the Council's reporting procedures for Treasury Management in accordance with the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities. It informs on the quarterly Treasury Management activity for the period 1 October 2024 to 31 December 2024 and compliance with the mandatory treasury and prudential indicators.

### Recommendations

It is recommended that the Finance and Resources Committee:

- (1) Acknowledge the Treasury Management Activity for the quarter ended 31 December 2024 including the performance against the key treasury and prudential indicators.

### The Plan for North Lanarkshire

Priority	Improve North Lanarkshire's resource base
Ambition statement	(25) Ensure intelligent use of data and information to support fully evidence based decision making and future planning
Programme of Work	Statutory / corporate / service requirement

### 1. Background

- 1.1 The Council manages its treasury activities in line with the CIPFA Code 'Treasury Management in the Public Services'. The Code requires the Council to produce reports on its Treasury Management policies, practices and activities on a regular and ongoing basis. The Council fulfils these obligations, in part, by the preparation of this Treasury Management Monitoring report produced on a quarterly basis, encompassing a review of performance.
- 1.2 The Council's "Treasury Management Strategy 2024/2025 and Treasury and Prudential Indicators 2024/2025 to 2028/2029" was approved by Committee at its meeting on 28 February 2024. The Treasury activity undertaken in the third quarter of 2024/25 reflects the key requirements of the Council's 2024/25 Treasury Management Strategy, with the Public Works Loan Board (PWLb) and Long-term Money Market

being the prime source of long-term funds. In terms of investment activity, this is conducted in accordance with the approved 2024/25 investment strategy.

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## **2. Report**

### **Summary Position**

- 2.1 The net overall borrowing position to 31 December 2024 is £1,060.0m, which is an increase of £62.6m from the position at the 30 September 2024. A detailed breakdown of the net cash movement is shown in column (6) within Appendix 1 and is discussed below.

### **Borrowing**

- 2.2 At the end of the quarter, total external debt amounted to £1,130.3m, an increase of £81.2m. This was primarily due to additional net longer-term borrowing of £92.2m being undertaken, comprising new PWLB borrowing of £97.0m, partially offset by repayment of existing PWLB debt of £4.7m, and a £0.1m repayment in energy efficiency loans.
- 2.3 During the quarter the Council sourced PWLB loans totalling £85.0m on an equal instalment payment (EIP) basis, which provides a smoother debt maturity profile, thus spreading the refinancing risk and £12.0m on an annuity basis for a 1-year loan replacing some temporary borrowing. Of this, £60.0m of the EIP loans were sourced at interest rates ranging from 4.36% to 4.39% over an eight year repayment period and were sourced taking advantage of the PWLB HRA rate (see para 2.5). Further EIP borrowings of £25.0m were sourced at an interest rate of 4.87% over a 10 year repayment period, and £12.0m annuity borrowings at interest rate of 5.15% for a 1-year period, both utilising certainty rate discount (see para 2.6).
- 2.4 In addition, there was a decrease in net temporary borrowing of £9.0m, due to £79.0m falling due for repayment being offset by £70.0m of new borrowing. There was also a £2.0m reduction in long term liabilities due to existing finance lease and Service Concessions obligations falling due for repayment.
- 2.5 The Council's approach to borrowing is in line with the approved strategy which aims to source long-term borrowing and take advantage of temporary (short-term) borrowing at attractive rates, and where possible, using internal cash balances, to meet the principal repayments, daily revenue account requirements and the capital financing requirement, in lieu of borrowing for capital purposes. The strategy adopted considers interest rate forecasts, the management of carrying costs and the retention of cash balances at appropriate levels, whilst managing the associated investment, interest, and liquidity risk.
- 2.6 The Council made a successful application to the PWLB to access the certainty rate which allows a 20-basis point (bps) (0.20%) discount on loans from the PWLB under the prudential borrowing regime. This will continue to provide the Council with an opportunity to borrow from the PWLB at more beneficial rates until 30 April 2025.
- 2.7 A new PWLB HRA rate, which is 0.40% below the certainty rate, has been available from 15<sup>th</sup> June 2023, which has been extended until March 2026 in the UK Budget in October, to support local authorities borrowing for Housing capital purposes or refinancing existing loans. In conjunction with our treasury advisors, we continue to review borrowing requirements and assess borrowing opportunities for the Council during 2024/25.

- 2.8 The CIPFA Prudential Code stipulates that local authorities cannot borrow to invest primarily for financial return, deeming it imprudent to make investment or spending decisions which will increase the capital financing requirement resulting in new borrowing, unless it is directly and primarily related to the functions of the Council. The Council is compliant with this requirement. Members should note also that PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield.
- 2.9 Members will be aware interest rates have risen significantly over the past 2 years, increasing materially the cost of both short and long-term borrowing. In this quarter, the Bank of England reduced the base rate to 4.75% in November. It should be noted that the Council's cost of short-term borrowing reduced slightly during the quarter, whilst the cost of short-term borrowing from other local authorities spiked to around 7% in late March 2024, primarily due a dearth of local authority lending/borrowing activity during that month. As expected shorter-term rates reverted to a more market-consistent range and were generally around 5.00% to 5.5% through the quarter. Rising rates were seen towards the end of the period in the Local Authority to Local Authority market. The average rate on the Council's short-term loans as at 31st December 2024 was 4.98%.
- 2.10 After substantial rises in interest rates since 2021 many central banks have now begun to reduce their policy rates, albeit slowly. Gilt yields were volatile but have increased overall during the period. Much of the increase has been in response to market concerns that policies introduced by the Labour government will be inflationary and lead to higher levels of government borrowing. The election of Donald Trump in the US in November is also expected to lead to inflationary trade policies. The PWLB certainty rate for 10-year maturity loans was 4.77% at the beginning of the period and 5.40% at the end. The lowest available 10-year maturity rate was 4.74% and the highest was 5.44%. Rates for 20-year maturity loans ranged from 5.20% to 5.87% during the period, and 50-year maturity loans ranged from 5.06% to 5.69%.

### **Debt Restructuring**

- 2.11 In conjunction with our Treasury advisors, we monitored the economic climate in relation to our financial targets and Treasury Management Strategy, for the quarter under review. The interest rates prevailing throughout the period resulted in no beneficial opportunities for debt restructuring/rescheduling of the existing PWLB debt portfolio arising.
- 2.12 The Council continues to hold £3.0m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. The rise in market interest rates increases the probability of LOBOs being called, however, no lender exercised their option during the quarter.
- 2.13 Further reports regarding future activity will be presented to Committee as appropriate.

### **Investments**

- 2.14 Treasury management investments arise from cash flows or treasury risk management activity, that results in balances being invested, until the cash is required for use in the course of business.
- 2.15 At the end of the third quarter of 2024/25, the Council held total investments of £70.3m, which is a net increase of £18.6m in cash and cash equivalents, primarily due to a

£9.5m increase in short-term investments, reflecting maturing temporary investments of approximately £393.6m, and undertaking new short-term investments of £403.1m, and a movement in uncleared balances due to timing differences including cash in transit of £9.1m. See summary at Appendix 1, column 6.

- 2.16 At quarter end the uncleared balances including cash in transit was £4.6m which is a net positive position, an increase of £9.5m compared to the position reported at the end of the previous quarter of net deficit position of £4.5m. This primarily reflects the impact of the festive period close down, where no significant BACS payment runs fell due for clearance at the quarter end date. The balance at 31 December 2024 comprises £4.6m of net BACS credits outstanding due for clearance within 3 days of the quarter end date, cash in transit balance of £0.1m, partly offset by cheques unrepresented of £0.1m.
- 2.17 In line with the approved strategy to manage liquidity, the Council aims to maintain a minimum balance of £30.0m available on an overnight basis (instant access), ensuring a prudent level of funds is maintained to meet all service requirements.
- 2.18 During the quarter, the MPC voted to reduce the Bank of England base rate by 0.25% to 4.75%, which resulted in short-dated cash rates also reducing, with rates ranging between 4.88% at the beginning of October to 4.64% at the end of December, a reduction of 0.24% for overnight/7-day maturities. There is little noticeable difference between the 7 day and 1-month SONIA (Sterling Overnight Rate) bid rates and generally available investment rates offered by financial institutions and money market funds. Despite this, the Council will endeavour to achieve good performance levels in investment activity.
- 2.19 Overall the Treasury Management team continues to take a prudent approach to investing surplus funds in line with the approved 2024/25 Investment Strategy. Security of investment and ensuring sufficient liquidity are key investment criteria governing Council investment decisions. This approach is aligned to the prudent management of current commitments and future cash demands based on latest robust cashflow projections. During the quarter, the rates on Debt Management Account Deposit Facility (DMADF) deposits ranged between 4.70% and 4.94% and money market rates between 4.65% and 4.99 %.
- 2.20 However, as demonstrated by the liability benchmark reported at (xi) below and Appendix 3 attached, it is anticipated the Council will be a long-term borrower and therefore new treasury investments are primarily made to manage day-to-day cash flows using short-term low risk instruments. The existing portfolio of strategic pooled funds will be maintained to diversify risk into different sectors and boost investment income.

#### *Non-Treasury Management Investments*

- 2.21 During the quarter, repayments £0.01m were made in respect of third-party advances in connection with the Cumbernauld Academy DBFM and Greenfaulds DBFM.

#### **Interest Rate Movements & Other Economic Updates**

- 2.22 As outlined by our treasury management advisors, the Chancellor of the Exchequer delivered her Autumn Budget at the end of October. Based on the plans announced, the Office for Budget Responsibility reported they would provide a short-term boost to GDP growth before weakening it further out and push inflation higher over the medium-term. This change to the economic and inflation outlook caused financial markets to readjust expectations of Bank of England (BoE) base rate and gilt yields higher. The

council's treasury management advisor also revised its interest rate forecast upwards in November, with base rate expected to level out at 3.75%.

- 2.23 UK annual Consumer Price Index (CPI) inflation remained above the Bank of England (BoE) 2% target in the later part of the period. The Office for National Statistics (ONS) reported headline consumer prices rose 2.6% in November 2024, up from 2.3% in the previous month and in line with expectations, but surprising fell to 2.5% in December. Core CPI also rose in November, but by more than expected, and remained elevated at 3.6% in November against a forecast of 3.5% and compared to 3.3% in the previous month. In December, Core CPI fell to 3.2%. While the focus remains on the upside risks to inflation arising from the Budget, the recent data perhaps suggests that business pricing power is weakening, which may ease some policymakers concerns around domestic inflation persistence.
- 2.24 UK economy GDP registered no growth (0.0%) between July and September 2024 and 0.4% between April and June 2024, a further downward revision from the 0.5% rate previously reported by the ONS. Of the monthly GDP figures, the economy was estimated to have contracted by 0.1% in October, following the same size decline in September.
- 2.25 The labour market continued to loosen, but the ONS data still require treating with some caution. Recent figures reported the unemployment rate rose to 4.3% (3mth/year) in the three months to October 2024 and rose to 4.4% in November and economic inactivity fell to 21.7% in October. The ONS reported pay growth for the three-month period to October at 5.2% for both regular earnings (excluding bonuses) and for total earnings and increased further to 5.6% in November.
- 2.26 The BoE's Monetary Policy Committee (MPC) held base rate at 4.75% at its December 2024 meeting, having reduced it to that level in November and following a previous 25bp cut from the 5.25% peak at the August MPC meeting. At the December meeting, six Committee members voted to maintain base rate at 4.75% while three members preferred to reduce it to 4.50%. The meeting minutes suggested a reasonably dovish tilt to rates with the outlook for economic growth a concern among policymakers as the Bank downgraded its Q4 GDP forecast from 0.3% to 0.0%.
- 2.27 The November Monetary Policy Report (MPR) showed the BoE expected GDP growth to pick up to around 1.75% (four-quarter GDP) in the early period of the forecast horizon before falling back. The impact from the government's Autumn Budget pushed GDP higher in 2025 than was expected in the August MPR, before becoming weaker. The outlook for CPI inflation showed it rising above the MPC's 2% target from 2024 into 2025 and reaching around 2.75% by the middle of calendar 2025. Over the medium-term, once the near-term pressures eased, inflation was expected to stabilise around the 2% target. The unemployment rate was expected to increase modestly, rising to around 4.5%, the assumed medium-term equilibrium unemployment rate, by the end of the forecast horizon.
- 2.28 Our treasury management advisors maintain its central view that base rate would continue to fall from the 5.25% peak. From the first cut in August 2024, followed by the next in November which took base rate to 4.75%. February 2025 is deemed the likely month for the next reduction, with other cuts following steadily in line with MPR months to take base rate down to around 3.75% by the end of 2025.
- 2.29 In global terms, The US Federal Reserve continued cutting interest rates during the period, reducing the Fed Funds Rate by 0.25% at its December 2024 monetary policy meeting to a range of 4.25%-4.50%, marking the third consecutive reduction. Further

interest rate cuts are expected into 2025, but uncertainties around the potential inflationary impact of President Trump's policies may muddy the waters in terms of the pace and magnitude of further rate reductions. Moreover, the US economy continues to expand at a decent pace, suggesting that monetary policy may need to remain more restrictive in the coming months than had previously been anticipated. The European Central Bank (ECB) also continued its rate cutting cycle, reducing its three key policy rates by 0.25% in December. Euro zone inflation rose above the ECB 2% target in November 2024, hitting 2.2% as was widely expected and a further increase from 2% in the previous month. Inflation is expected to rise further in the short term, but then fall back towards the 2% target during 2025, with the ECB remaining committed to maintaining rates at levels consistent with bringing inflation to target, but without suggesting a specific path.

- 2.30 Financial market sentiment was generally positive over the period, but economic, financial and geopolitical issues meant the ongoing trend of bond yield volatility very much remained. In the last few months of the period, there was a general rising trend in yields due to upwardly revised interest rate and inflation expectations, causing gilt yields to end the period at substantially higher levels to where they began.
- 2.31 Over the period, the 10-year UK benchmark gilt yield started at 3.94% and ended at a high of 4.60%. While the 20-year gilt started at 4.40%, ended at a high of at 5.08%. The Sterling Overnight Rate (SONIA) averaged 5.01% over the period to 31<sup>st</sup> December.
- 2.32 Due to the cut in the base rate during the period, short-term borrowing interest rates reduced with the short term 7-day offer rate ranging between 4.81% and 5.09% over the period. Taking account of the increase in borrowing rates and advice from our treasury management advisors, it was considered more cost effective in the near term to use a combination of internal resources or to borrow rolling temporary / short-term loans at lower interest rates where possible rather than long term borrowing. This will result in increased temporary borrowing costs for the Council partially offset by increased investment income earned on surplus balances.
- 2.33 The Treasury Management Section will continue to monitor financial and economic policy and their impact upon the Council's investment and borrowing activity.

### **The Prudential Code for Capital Finance in Local Authorities**

- 2.34 The Local Government in Scotland Act 2003 requires the Council to undertake its Treasury activities in line with the Prudential Code for Capital Finance in Local Authorities.
- 2.35 Committee, at its meeting on 28 February 2024, approved a report titled, "Treasury Management Strategy 2024/2025 and Treasury and Prudential Indicators 2024/2025 to 2028/2029". This report detailed a variety of mandatory and local indicators aimed at assisting members to determine that proposed capital investment levels and treasury management decisions satisfied the key requirements of affordability, prudence and sustainability. Performance against key prudential indicators for 2024/25 to date is detailed within Appendix 2.
  - (i) Indicator 1(a) illustrates planned investment on capital expenditure is forecast to be lower than initially anticipated by £72.8m in 2024/25. This reflects a reduction of £26.7m in the General Fund capital investment and £46.0m for the HRA Mainstream and New Build programmes. For further information, this is monitored in detail as part of the Council's capital programme reporting



mechanisms which will provide spend details including any revisions to the estimates approved in 2024/25.

- (ii) The mix of resources required to finance the capital expenditure in 2024/25 reflects the updates on forecast capital investment. Therefore, the level of in-year borrowing is anticipated to be lower by £84.5m due to a reduction in General Fund programme requirements of £56.6m and £27.9m for HRA programme. This forecast level of borrowing also reflects a net decrease in capital grants and external contributions of £16.3m with decreased funds available to HRA programmes of £18.1m partly offset by an increase in General Fund of £1.9m. An increase of £25.0m in General Fund CFCR is also anticipated, primarily due to one-off savings in employer pension costs in 2024/25 approved for capital investment, and an increase in capital receipts of £3.1m.
- (iii) As a result of accounting issues arising from the pandemic recovery, the implementation of IFRS 16 Lease Accounting was further delayed, but will be implemented in 2024/25. Therefore, a restatement of existing liabilities for operating leases to the credit arrangement category is estimated to have a £2.2m impact. In addition, there is a subsequent impact of IFRS16 implementation on Service Concessions liabilities in 2024/25. The accounting impact is an estimated increased capital investment of £93.9m (increase to capital financing requirement) being recognised in the period to 2028/29. It should be noted that this is an accounting adjustment and does not represent cash expenditure, which is offset by an equal and opposite recognition of associated credit arrangements financing.
- (iv) Indicator 1(b) – The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). The CFR is essentially a measure of Council's underlying borrowing need i.e. capital expenditure not resourced by capital grants, receipts or CFCR, with any new borrowing increasing the CFR. The CFR is projected to rise to £1,578.2m within financial year 2024/25.
- (v) The Prudential Code requires the Council's capital investment to be prudent and affordable. To demonstrate this, a Prudential Margin (the need to borrow versus actual borrowing) is calculated. Indicator 1(c) demonstrates a healthy prudential margin of £282.1m estimated as at 31 December 2024. The timing and profile of external borrowing to replenish cash reserves and balances are being managed, giving full consideration to liquidity, interest rate and refinancing risk, whilst minimising the potential carrying costs.
- (vi) Indicator 1(d) illustrates that both the overall Authorised Limit and Operational Boundary limits for borrowing and long-term liabilities have not been exceeded, with the maximum borrowing undertaken within the period being well below the approved boundaries.
- (vii) Indicator 1(e) illustrates the financing costs forecasts as at 31 December 2024 for both general fund and HRA as a proportion of net revenue stream. Although capital expenditure is not charged directly to revenue, interest payable on loans, and loan fund and long-term liability repayments are. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, NDR and government grants.
- (viii) Indicator 2(a) highlights the proportion of external interest payable by the Council which is fixed and variable over the term of the borrowing, and therefore the

exposure to the effects of interest rate changes. As at 31 December 2024, the level of borrowing subject to variability is deemed to be within acceptable levels.

- (ix) Indicator 2(b) highlights a projected increase in loan charges of £2.2m compared to the initial Treasury Management Strategy estimates for 2024/25. This projection takes into account treasury management activity, internal Interest on Revenue Balances (IORB) recharges due to increased market interest rates, the loans fund holiday flexibility adopted in 2022/23 and decisions of the Policy and Strategy Committee and the Strategic Capital Delivery Group to approve and reprofile the new capital programme for the period 2024/25 to 2028/29 based on current programme delivery plans. However, it should be noted that due to significant uncertainty and volatility within market conditions that there is a material risk of movement in applicable interest rates impacting IORB recharges. When applied to the high levels of balances held by the Council, this could lead to a significant movement in the level of financing costs expected. A review has been undertaken to model the potential impact of any changes and has been incorporated within this report and will continue to be reviewed throughout the year with further updates to be provided to members in future reports. This current loan charge variance is made up of:
- A net treasury management interest and expenses increased spend of £2.4m is projected (£0.2m General Fund, HRA £2.0m), which is a primarily a reflection of increased internal IORB charges, and incorporates cashflow management techniques adopted, e.g. directing the timing of new borrowing, managing investment security, liquidity and interest rate risk.
  - In 2024/25 it is anticipated there will be a minor reduction in anticipated loans fund advance repayments of £0.4m (£0.2m General Fund, HRA £0.2m). This is primarily due to revised average loan pool rates from previously forecast.
- (x) Indicator 2(c) relates to the level of fixed debt due to mature within time periods. The level of debt maturing remains within the upper limits set for each category at the beginning of the financial year.
- (xi) The Liability Benchmark at Appendix 3. The Treasury Management Code states that organisations should evaluate the amount, timing and maturities needed for new borrowing in relation to planned borrowing needs, in order to avoid borrowing too much, too little, too long or too short. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shapes its strategic focus and decision making. Essentially this benchmark identifies the projection of external debt/borrowing required over the long term to fund approved revenue & capital budgets, while keeping treasury investments at the minimum level required to manage day-to-day cash.
- (xii) This represents the comparison of the Council's actual borrowing against an alternative strategy. This utilises the forecasts for Capital Financing Requirement, long-term liabilities, current external borrowing, balance sheet resources i.e. reserves, and that cash and investment balances are kept to a minimum of £30.0m at each year-end to maintain sufficient liquidity but minimise credit risk.

	31/3/24 Actual £m	31/3/25 Forecast £m	31/3/26 Forecast £m	31/3/27 Forecast £m	31/3/28 Forecast £m	31/3/29 Forecast £m
Loans CFR	1,175.8	1,284.2	1,499.1	1,714.3	1,855.8	2,027.4
less Balance Sheet Resources	(369.5)	(368.1)	(326.3)	(309.4)	(250.3)	(237.9)
<b>Net Loans Requirement</b>	<b>806.3</b>	<b>916.2</b>	<b>1,172.8</b>	<b>1,405.0</b>	<b>1,605.5</b>	<b>1,789.5</b>
plus: Liquidity Allowance	30.0	30.0	30.0	30.0	30.0	30.0
<b>Liability Benchmark</b>	<b>836.3</b>	<b>946.2</b>	<b>1,202.8</b>	<b>1,435.0</b>	<b>1,635.5</b>	<b>1,819.5</b>
<b>Existing Borrowing</b>	<b>866.9</b>	<b>872.1</b>	<b>628.7</b>	<b>577.6</b>	<b>533.2</b>	<b>493.0</b>
<b>New Borrowing Required</b>	<b>0.0</b>	<b>74.1</b>	<b>574.1</b>	<b>857.4</b>	<b>1,102.2</b>	<b>1,326.5</b>

(xiii) The Loans CFR (solid light blue) represents the total cost of the capital expenditure plans based on the estimated current profile of the 5-year Capital Programme 2024/2025 to 2028/2029 as approved by Policy & Strategy Committee on 14<sup>th</sup> March 2024. This reduces over time as scheduled principal repayments are made to the loans fund. The Net Loans Requirement (dotted red line) represents the minimum external borrowing required to fund the current capital expenditure plans assuming all cash reserves and balances are utilised to offset borrowing requirements. The Liability Benchmark (solid red line) represents the estimated borrowing required, taken account of liquidity allowance required of £30.0m to be held to maintain liquidity and to manage day-to-day cashflows.

(xiv) The solid grey section shows the maturity profile of current borrowing. The gap between the grey section and the liability benchmark line represents the estimated additional borrowing that is forecast will be required to fund the current capital expenditure plans, via long-term and short-term borrowing options.

### 3. Measures of success

3.1 Overall the approach adopted by the Council's Treasury Management team during the quarter under review met the key requirements of the 2024/25 Treasury Management Strategy. Prudential indicators have remained in accordance with those approved by Committee on 28 February 2024. The projected final outturn illustrates a healthy prudential margin and borrowing levels that are below sustainable limits, ensuring that the projected capital investment levels remain affordable and sustainable. However, the current financial volatility and increased borrowing costs has resulted in an assessment being undertaken of the potential impact on future years of the current capital programme. This will continue to be monitored to determine if any further review of the programme is required to ensure that it remains sustainably affordable.

### 4. Supporting documentation

Appendix 1: Loans, Long term Liabilities & Investments as at 31 December 2024.  
Appendix 2: Summary of Treasury and Prudential Indicators as at quarter ended 31 December 2024.  
Appendix 3: Liability Benchmark as at quarter ended 31 December 2024.



**Elaine Kemp**  
**Chief Officer (Finance)**

## 5. Impacts

<b>5.1 Public Sector Equality Duty and Fairer Scotland Duty</b> Does the report contain information that has an impact as a result of the Public Sector Equality Duty and/or Fairer Scotland Duty? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?  If Yes, has an assessment been carried out and published on the council's website? <a href="https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments">https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments</a> Yes <input type="checkbox"/> No <input type="checkbox"/>
<b>5.2 Financial impact</b> Does the report contain any financial impacts? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, have all relevant financial impacts been discussed and agreed with Finance? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?  Financial impacts are outlined within the report.
<b>5.3 HR policy impact</b> Does the report contain any HR policy or procedure impacts? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant HR impacts been discussed and agreed with People Resources? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?
<b>5.4 Legal impact</b> Does the report contain any legal impacts (such as general legal matters, statutory considerations (including employment law considerations), or new legislation)? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant legal impacts been discussed and agreed with Legal and Democratic? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?
<b>5.5 Data protection impact</b> Does the report / project / practice contain or involve the processing of personal data? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, is the processing of this personal data likely to result in a high risk to the data subject? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, has a Data Protection Impact Assessment (DPIA) been carried out and e-mailed to <a href="mailto:dataprotection@northlan.gov.uk">dataprotection@northlan.gov.uk</a> Yes <input type="checkbox"/> No <input type="checkbox"/>

<b>5.6</b>	<b>Technology / Digital impact</b>
Does the report contain information that has an impact on either technology, digital transformation, service redesign / business change processes, data management, or connectivity / broadband / Wi-Fi?	
Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
If Yes, please provide a brief summary of the impact?	
Where the impact identifies a requirement for significant technology change, has an assessment been carried out (or is scheduled to be carried out) by the Enterprise Architecture Governance Group (EAGG)?	
Yes <input type="checkbox"/> No <input type="checkbox"/>	
<b>5.7</b>	<b>Environmental / Carbon impact</b>
Does the report / project / practice contain information that has an impact on any environmental or carbon matters?	
Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
If Yes, please provide a brief summary of the impact?	
<b>5.8</b>	<b>Communications impact</b>
Does the report contain any information that has an impact on the council's communications activities?	
Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
If Yes, please provide a brief summary of the impact?	
<b>5.9</b>	<b>Risk impact</b>
Is there a risk impact?	
Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
If Yes, please provide a brief summary of the key risks and potential impacts, highlighting where the risk(s) are assessed and recorded (e.g. Corporate or Service or Project Risk Registers), and how they are managed?	
As the Council borrows and invests significant sums of money it is exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. Therefore, successful identification, monitoring and control of risk remains central to the Council's treasury management strategy.	
Treasury Management activity by its very nature has a number of inherent risks including interest rate, liquidity and refinancing risks. To minimise risk for its treasury management activities the Council adopts and operates in accordance with the guidelines for best practice prescribed within the CIPFA "Treasury Management in the Public Services" Code of Practice and the CIPFA Prudential Code for Capital Finance in Local Authorities.	
<b>5.10</b>	<b>Armed Forces Covenant Duty</b>
Does the report require to take due regard of the Armed Forces Covenant Duty (i.e. does it relate to healthcare, housing, or education services for in-Service or ex-Service personnel, or their families, or widow(er)s)?	
Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
If Yes, please provide a brief summary of the provision which has been made to ensure there has been appropriate consideration of the particular needs of the Armed Forces community to make sure that they do not face disadvantage compared to other citizens in the provision of public services.	

**5.11 Children's rights and wellbeing impact**

Does the report contain any information regarding any council activity, service delivery, policy, or plan that has an impact on children and young people up to the age of 18, or on a specific group of these?

Yes ☐ No ☒

If Yes, please provide a brief summary of the impact and the provision that has been made to ensure there has been appropriate consideration of the relevant Articles from the United Nations Convention on the Rights of the Child (UNCRC).

If Yes, has a Children's Rights and Wellbeing Impact Assessment (CRWIA) been carried out?

Yes ☐ No ☐

**LOANS, LONG TERM LIABILITIES & INVESTMENTS AS AT 31 DECEMBER 2024**
**Appendix 1**

	BALANCE 1-October-24 (1)	DEBT RESTRUCTURING		NEW BORROWING / LONG-TERM LIABILITIES (4)	PRINCIPAL REPAYMENTS (5)	NET CASH MOVEMENTS (6)	BALANCE 31-December-24 (7)
		EARLY REDEMPTION (2)	REFINANCING (3)				
<b><u>LONG-TERM LOANS</u></b>							
PWLB	547,974,632	0	0	97,000,000	(4,690,915)	92,309,085	640,283,717
MONEY MARKET LOANS	54,000,000	0	0	0	0	0	54,000,000
LOBO	3,000,000	0	0	0	0	0	3,000,000
ENERGY EFFICIENCY LOAN	605,548	0	0	0	(98,006)	(98,006)	507,542
	605,580,180	0	0	97,000,000	(4,788,921)	92,211,079	697,791,258.79
<b><u>SHORT-TERM LOANS</u></b>							
TEMPORARY	239,000,000	0	0	70,000,000	(79,000,000)	(9,000,000)	230,000,000
MUNICIPAL BANK	0	0	0	0	0	0	0
INTERNAL LOANS	6,280	0	0	0	0	0	6,280
	239,006,280	0	0	70,000,000	(79,000,000)	(9,000,000)	230,006,280
<b><u>LONG -TERM LIABILITIES</u></b>							
FINANCE LEASE OBLIGATIONS	1,055,925	0	0	0	0	0	1,055,925
LONG TERM LIABILITY	203,418,224	0	0	0	(1,992,769)	(1,992,769)	201,425,455
	204,474,148	0	0	0	(1,992,769)	(1,992,769)	202,481,379
<b><u>TOTAL EXTERNAL DEBT</u></b>	<b>1,049,060,608</b>	<b>0</b>	<b>0</b>	<b>167,000,000</b>	<b>(85,781,690)</b>	<b>81,218,310</b>	<b>1,130,278,918</b>
<b><u>INVESTMENTS</u></b>							
THIRD PARTY ADVANCES	1,146,829	0	0	0	(11,562)	(11,562)	1,135,267
BANKS & OTHER FINANCIAL INSTITUTIONS	54,990,062.67	0	0	0	0	9,538,469	64,528,532
UNCLEARED BALANCES INCL CASH IN TRANSIT	(4,456,491)	0	0	0	0	9,069,062	4,612,570
<b><u>CASH &amp; CASH EQUIVALENTS</u></b>	<b>51,680,401</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(11,562)</b>	<b>18,595,969</b>	<b>70,276,369</b>
<b><u>NET BORROWING</u></b>	<b>997,380,208</b>	<b>0</b>	<b>0</b>	<b>167,000,000</b>	<b>85,770,128</b>	<b>62,622,341</b>	<b>1,060,002,549</b>

## Appendix 2

### Summary of Treasury and Prudential Indicators as at quarter ended 31 March 2025

#### 1. Prudential Indicators

(a) Capital Expenditure	<u>Initial Estimate 2024/2025 (£m)</u>	<u>Projected Outturn 2024/2025 (£m)</u>	<u>Variance 2024/2025 (£m)</u>	<u>Forecast 2025/2026 (£m)</u>	<u>Forecast 2026/2027 (£m)</u>	<u>Forecast 2027/2028 (£m)</u>	<u>Forecast 2028/2029 (£m)</u>
Capital Expenditure: General Services	156.5	129.8	(26.7)	177.0	139.6	87.1	153.2
Capital Expenditure: HRA	155.8	109.8	(46.0)	167.8	173.6	153.6	131.1
<b>Total spend : Capital Expenditure</b>	<b>312.3</b>	<b>239.6</b>	<b>(72.7)</b>	<b>344.8</b>	<b>313.2</b>	<b>240.7</b>	<b>284.3</b>
Total spend : Credit Arrangement	88.7	88.6	(0.1)	0.3	1.0	2.1	4.1
<b>Total Capital Investment</b>	<b>401.0</b>	<b>328.2</b>	<b>(72.8)</b>	<b>345.1</b>	<b>314.2</b>	<b>242.8</b>	<b>288.4</b>
<b>Financed By:</b>							
Capital Grants & Other External Contributions	72.1	55.8	(16.3)	55.0	44.9	44.6	52.0
Capital from Current Revenue	20.1	45.1	25.0	43.5	20.1	20.1	20.1
Capital receipts	3.3	6.4	3.1	5.0	3.0	1.5	4.0
Capital receipts transfer to Capital Fund	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CFR : Borrowing - General Services	114.8	58.2	(56.6)	110.5	108.7	58.1	114.3
CFR : Borrowing - HRA	102.0	74.1	(27.9)	130.8	136.5	116.4	93.9
Credit Arrangements	88.7	88.6	(0.1)	0.3	1.0	2.1	4.1

(b) Capital Financing Requirement (CFR)	<u>Initial Estimate 2024/2025 (£m)</u>	<u>Projected Outturn 2024/2025 (£m)</u>	<u>Variance 2024/2025 (£m)</u>	<u>Forecast 2025/2026 (£m)</u>	<u>Forecast 2026/2027 (£m)</u>	<u>Forecast 2027/2028 (£m)</u>	<u>Forecast 2028/2029 (£m)</u>
General Services	1,081.8	1,008.6	(73.2)	1,104.0	1,196.6	1,237.9	1,336.0
HRA	603.8	569.6	(34.2)	685.9	806.1	904.8	978.8
<b>Total CFR</b>	<b>1,685.6</b>	<b>1,578.2</b>	<b>(107.4)</b>	<b>1,789.9</b>	<b>2,002.7</b>	<b>2,142.7</b>	<b>2,314.8</b>
<b>Movement in CFR</b>	<b>276.6</b>	<b>169.2</b>		<b>211.7</b>	<b>212.8</b>	<b>140.0</b>	<b>172.1</b>

(c) Gross Debt and the Capital Financing Requirement	<u>Initial Estimate 2024/2025 (£m)</u>	<u>Projected Outturn 2024/2025 (£m)</u>	<u>Variance 2024/2025 (£m)</u>	<u>Forecast 2025/2026 (£m)</u>	<u>Forecast 2026/2027 (£m)</u>	<u>Forecast 2027/2028 (£m)</u>	<u>Forecast 2028/2029 (£m)</u>
Gross Borrowing : Loan Debt	1,147.1	1,002.1	(145.0)	1,258.7	1,491.1	1,691.7	1,882.1
Long-term Liabilities	293.0	294.0	1.0	290.9	288.4	287.0	287.4
<b>Gross Debt</b>	<b>1,440.1</b>	<b>1,296.1</b>	<b>(144.0)</b>	<b>1,549.6</b>	<b>1,779.5</b>	<b>1,978.7</b>	<b>2,169.5</b>
Capital Financing Requirement	1,685.6	1,578.2	(107.4)	1,789.9	2,002.7	2,142.7	2,314.8
<b>Prudential Margin</b>	<b>245.5</b>	<b>282.1</b>	<b>36.6</b>	<b>240.3</b>	<b>223.2</b>	<b>164.0</b>	<b>145.3</b>



## Appendix 2 (cont)

### Summary of Treasury and Prudential Indicators as at quarter ended 31 March 2025

#### 1. Prudential Indicators

(d) Authorised Limit and Operational Boundary	<u>Initial Authorised Limit 2024/2025 (£m)</u>	<u>Initial Operational Boundary 2024/2025 (£m)</u>	<u>Maximum Borrowing Level Q2 2024/2025 (£m)</u>
Borrowing	1,515.0	1,465.0	855.8
Other Long-term Liabilities	340.0	340.0	202.5
Total Debt	<b>1,855.0</b>	<b>1,805.0</b>	<b>1,058.3</b>

(e) Proportion of Financing Costs to Net Revenue Stream	<u>Initial Estimate 2024/2025 (£m)</u>	<u>Projected Outturn 2024/2025 (£m)</u>	<u>Variance 2024/2025 (£m)</u>	<u>Forecast 2025/2026 (£m)</u>	<u>Forecast 2026/2027 (£m)</u>	<u>Forecast 2027/2028 (£m)</u>	<u>Forecast 2028/2029 (£m)</u>
General Fund Loan Charges	49.8	43.7	(6.1)	47.4	54.4	61.8	67.2
General Fund Finance Lease/PPP Costs	15.3	19.7	4.4	19.3	20.3	20.2	20.7
<b>General Fund : Capital Financing Costs</b>	<b>65.1</b>	<b>63.4</b>	<b>(1.7)</b>	<b>66.7</b>	<b>74.7</b>	<b>82.0</b>	<b>87.9</b>
<b>General Fund : Net Revenue Stream</b>	<b>988.8</b>	<b>990.3</b>	<b>1.5</b>	<b>988.8</b>	<b>988.8</b>	<b>988.8</b>	<b>988.8</b>
<b>Proportion of Financing Costs to Net Revenue Stream - GF</b>	<b>6.6%</b>	<b>6.4%</b>	<b>(0.2%)</b>	<b>6.7%</b>	<b>7.6%</b>	<b>8.3%</b>	<b>8.9%</b>

	<u>Initial Estimate 2024/2025 (£m)</u>	<u>Projected Outturn 2024/2025 (£m)</u>	<u>Variance 2024/2025 (£m)</u>	<u>Forecast 2025/2026 (£m)</u>	<u>Forecast 2026/2027 (£m)</u>	<u>Forecast 2027/2028 (£m)</u>	<u>Forecast 2028/2029 (£m)</u>
<b>Proportion of Financing Costs to Net Revenue Stream</b>							
HRA Loan Charges	42.8	39.1	(3.7)	43.9	51.7	59.7	68.4
HRA Finance Lease/PPP Costs	0.3	0.3	0.0	0.3	0.3	0.3	0.3
<b>HRA : Capital Financing Costs</b>	<b>43.1</b>	<b>39.4</b>	<b>(3.7)</b>	<b>44.2</b>	<b>52.0</b>	<b>60.0</b>	<b>68.7</b>
<b>HRA : Net Revenue Stream</b>	<b>167.1</b>	<b>160.5</b>	<b>(6.6)</b>	<b>167.1</b>	<b>175.8</b>	<b>186.0</b>	<b>196.3</b>
<b>Proportion of Financing Costs to Net Revenue Stream - HRA</b>	<b>25.8%</b>	<b>24.5%</b>	<b>(1.2%)</b>	<b>26.5%</b>	<b>29.6%</b>	<b>32.3%</b>	<b>35.0%</b>

## Appendix 2 (cont)

### Summary of Treasury and Prudential Indicators as at quarter ended 31 March 2025

#### 2. Treasury Management Indicators

##### a) Interest Rate Exposures on External Interest Payments

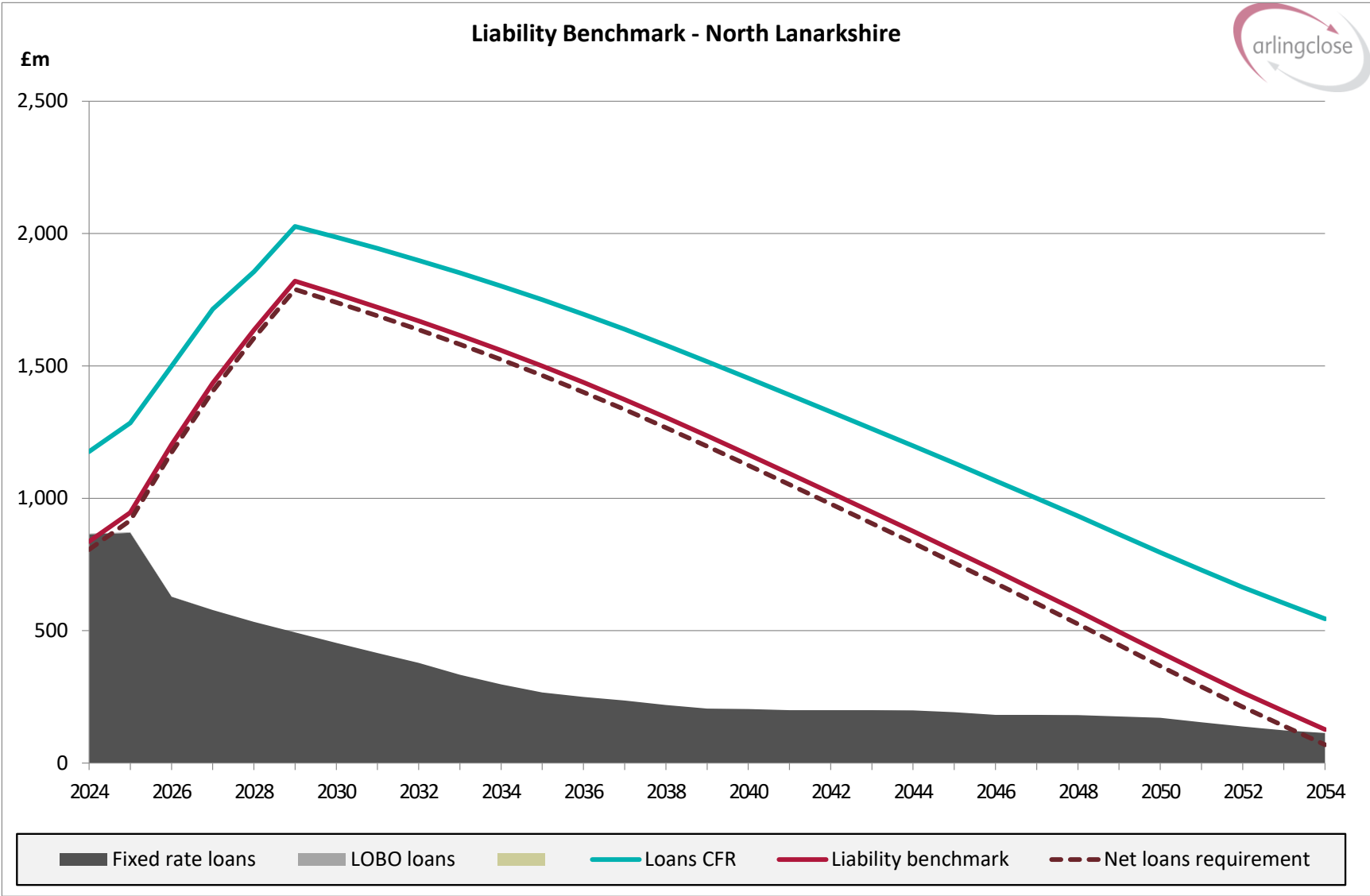
	<u>Position as at</u> <u>31/12/2024</u> <u>(£m)</u>	<u>%</u>
External Interest Payable on Fixed Rate Loan Debt	38.6	99.2%
External Interest Payable on Variable Rate Loan Debt	0.3	0.8%

##### b) Loans Fund Revenue Account

	<u>Initial</u> <u>Estimate</u> <u>2024/2025</u> <u>(£m)</u>	<u>Projected</u> <u>Outturn</u> <u>2024/2025</u> <u>(£m)</u>	<u>Variance</u> <u>2024/2025</u> <u>(£m)</u>	<u>%age</u>
Loans Fund Interest Payments	58.2	60.6	(2.4)	(4.1%)
Loans Fund Expenses	0.4	0.4	0.0	0.0%
<b>Total Loans Interest Payments &amp; Expenses</b>	<b>58.6</b>	<b>61.0</b>	<b>(2.4)</b>	<b>(4.1%)</b>
Loans Funds Investment Income	(1.9)	(2.1)	0.2	(10.5%)
<b>Total Loans Fund Interest Payments Investment Income &amp; Expenses</b>	<b>56.7</b>	<b>58.9</b>	<b>(2.2)</b>	<b>(3.9%)</b>
<b>Allocated as follows :</b>				
Loans Fund Interest Payments Investment Income & Expenses:General Fund	32.4	32.6	(0.2)	(0.6%)
Loans Fund Interest Payments Investment Income & Expenses:HRA	24.3	26.3	(2.0)	(8.2%)
Capital Advances Repayments - General Fund	11.3	11.1	0.2	1.8%
Capital Advances Repayments - HRA	13.0	12.8	0.2	1.5%
<b>Total Capital Advances</b>	<b>24.3</b>	<b>23.9</b>	<b>0.4</b>	<b>1.6%</b>
<b>Total Loan Charges</b>	<b>81.0</b>	<b>82.8</b>	<b>(1.8)</b>	<b>(2.2%)</b>

##### c) Maturity Structure of Borrowing

	<u>&lt;12months</u>	<u>12 months to</u> <u>2 years</u>	<u>2 to 5 years</u>	<u>5 to 10 years</u>	<u>10 to 20</u> <u>years</u>	<u>20 to 40</u> <u>years</u>	<u>&gt;40 years</u>
Upper Limit maturing :Fixed & Variable Rate Debt	15.0%	15.0%	25.0%	30.0%	35.0%	45.0%	30.0%
Lower Limit maturing :Fixed & Variable Rate Debt	0.0%	0.0%	5.0%	5.0%	5.0%	10.0%	10.0%
Maturity structure at the start of Q3	5.9%	7.1%	15.6%	26.1%	13.6%	27.4%	4.3%
Maturity structure at the end of Q3	8.4%	7.3%	17.8%	27.6%	11.3%	23.8%	3.7%





# North Lanarkshire Council Report

## Finance & Resources Committee

Does this report require to be approved? ☒ Yes ☐ No

Ref EK/KS/RM

Date 26/02/25

## Treasury Management Strategy 2025/2026 Treasury Management and Prudential Indicators 2025/2026 to 2029/2030

**From** Elaine Kemp, Chief Officer (Finance)

**E-mail** KempE@northlan.gov.uk

**Telephone** 07939 280 601

### Executive Summary

This report fulfils the key requirements of the Local Government Act 2003 to:

- Outline the Treasury Management Strategy for 2025/2026 in accordance with the CIPFA Code of Practice on Treasury Management.
- Report on the treasury and prudential indicators as required by the above code and the CIPFA Prudential Code for Capital Finance in Local Authorities.

### Recommendations

It is recommended that the Finance & Resources Committee:

- (1) Approves the Treasury Management Strategy 2025/2026 and adopts the Treasury Management and Prudential Indicators for 2025/2026 to 2029/2030, set out within Appendix 1 to this report.
- (2) Remits the Treasury Management Strategy 2025/2026 to the Council for approval.

### The Plan for North Lanarkshire

Priority	Improve North Lanarkshire's resource base
Ambition statement	(25) Ensure intelligent use of data and information to support fully evidence based decision making and future planning
Programme of Work	Statutory / corporate / service requirement

### 1. Background

- 1.1 Each year, in line with the Code of Practice, the Council approves a Treasury Management Strategy. This report updates the strategy for year 2025/2026.

- 1.2 In addition, the Treasury Management Strategy outlines the Prudential and Treasury Indicators, which are monitored on a regular basis to demonstrate that the Council's investment plans are managed within a sound financial environment.
- 1.3 This strategy continues to emphasise, under the revised Code of Practice, an enhanced role for members in terms of accountability and awareness. The Finance & Resources Committee is responsible for the development of the strategy, its implementation and monitoring, while the Audit and Scrutiny Panel has a specified role in the effective scrutiny, as part of its work on reviewing the internal financial controls of the Council.
- 1.4 The report also reflects The Local Government Investments (Scotland) Regulations 2010 which were enacted from 1 April 2010 containing a requirement for the annual investment strategy and annual investment report to be approved by the full Council and not delegated to a committee or sub-committee. As a result, this strategy, if endorsed by committee, should be remitted to the Council for approval.

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## **2. Report**

- 2.1 The strategy fully detailed within Appendix 1 covers the:
- debt and investment projections
  - outlook in interest rates
  - borrowing and investment strategies
  - treasury management performance measures
  - policy on repayment of loans funds advances
  - treasury management/prudential indicators.
- 2.2 The requirements of the Local Government Investments (Scotland) Regulations 2010 have been incorporated within the 2025/2026 Strategy.
- 2.3 The introduction of the Prudential Code for Capital Finance in Local Authorities in April 2004 brought about a change to capital spending controls, giving councils the freedom to invest in capital projects without the limitation of legislative controls, provided their programmes can be shown to be prudent, affordable, and sustainable.
- 2.4 This report builds on this framework outlining the Council's prudential and treasury management indicators for 2025/2026 to 2029/2030. The key mandatory indicators required by both the Treasury Management Code and the Prudential Code are illustrated for these years and, along with local indicators, with a view to more fully informing the decision-making process.
- 2.5 Members should note that the forecasts contained within this report are indicative, as per the 5-year Strategic Capital Investment Programme 2024/25 to 2028/29 approved by the Policy and Strategy Committee on 14 March 2024, and reviewed on a continual basis by the Strategic Capital Delivery Group (SCDG) including re-profiling adjustments within the 5-year programme. It should be noted therefore that the estimates presented within this report are based on the current forecasts of the progression of the programme and projected resources available. The financial implications of implementing this plan will be accounted for in the Council's Medium Term Financial Planning assumptions.
- 2.6 Material changes to the estimates/forecasts provided within this strategy and prudential indicators will be reported during the quarterly Treasury Management monitoring process and future annual updates to the Treasury Management Strategy.

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**3. Measures of success**

- 3.1 The Treasury Management Strategy and the Prudential/Treasury Management indicators illustrated in Appendix 1, provide members with assurance that the key objectives of the Prudential Framework (i.e. prudence and affordability) will be satisfied, and the inherent risks of Treasury Management risks will be controlled effectively and efficiently, providing value for money. When taken together, the indicators illustrate that the proposed capital investment plans for 2025/2026 onwards are prudent and affordable. Healthy prudential margins from 2025/2026 onwards justify the investment levels, the cost or affordability of which is contained within the existing financial management strategies.

---

**4. Supporting documentation**

Appendix 1: Treasury Management Strategy 2025/2026 and the Treasury Management and Prudential Indicators for 2025/2026 to 2029/2030.



**Elaine Kemp**  
**Chief Officer (Finance)**

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## 5. Impacts

<b>5.1 Public Sector Equality Duty and Fairer Scotland Duty</b> Does the report contain information that has an impact as a result of the Public Sector Equality Duty and/or Fairer Scotland Duty? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?  If Yes, has an assessment been carried out and published on the council's website? <a href="https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments">https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments</a> Yes <input type="checkbox"/> No <input type="checkbox"/>
<b>5.2 Financial impact</b> Does the report contain any financial impacts? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, have all relevant financial impacts been discussed and agreed with Finance? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?  All financial impacts are contained within the body of the report.
<b>5.3 HR policy impact</b> Does the report contain any HR policy or procedure impacts? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant HR impacts been discussed and agreed with People Resources? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?
<b>5.4 Legal impact</b> Does the report contain any legal impacts (such as general legal matters, statutory considerations (including employment law considerations), or new legislation)? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant legal impacts been discussed and agreed with Legal and Democratic? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?
<b>5.5 Data protection impact</b> Does the report / project / practice contain or involve the processing of personal data? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, is the processing of this personal data likely to result in a high risk to the data subject? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, has a Data Protection Impact Assessment (DPIA) been carried out and e-mailed to <a href="mailto:dataprotection@northlan.gov.uk">dataprotection@northlan.gov.uk</a> Yes <input type="checkbox"/> No <input type="checkbox"/>



5.6	<b>Technology / Digital impact</b>
Does the report contain information that has an impact on either technology, digital transformation, service redesign / business change processes, data management, or connectivity / broadband / Wi-Fi?	
Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
If Yes, please provide a brief summary of the impact?	
Where the impact identifies a requirement for significant technology change, has an assessment been carried out (or is scheduled to be carried out) by the Enterprise Architecture Governance Group (EAGG)?	
Yes <input type="checkbox"/> No <input type="checkbox"/>	
5.7	<b>Environmental / Carbon impact</b>
Does the report / project / practice contain information that has an impact on any environmental or carbon matters?	
Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
If Yes, please provide a brief summary of the impact?	
5.8	<b>Communications impact</b>
Does the report contain any information that has an impact on the council's communications activities?	
Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
If Yes, please provide a brief summary of the impact?	
5.9	<b>Risk impact</b>
Is there a risk impact?	
Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
If Yes, please provide a brief summary of the key risks and potential impacts, highlighting where the risk(s) are assessed and recorded (e.g. Corporate or Service or Project Risk Registers), and how they are managed?	
Treasury Management activity by its very nature has a number of inherent risks including interest rate, liquidity and refinancing risks. To minimise risk for its treasury management activities the Council adopts and operates in accordance with the guidelines for best practice prescribed within the CIPFA "Treasury Management in the Public Services" Code of Practice and the CIPFA Prudential Code for Capital Finance in Local Authorities.	
5.10	<b>Armed Forces Covenant Duty</b>
Does the report require to take due regard of the Armed Forces Covenant Duty (i.e. does it relate to healthcare, housing, or education services for in-Service or ex-Service personnel, or their families, or widow(er)s)?	
Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
If Yes, please provide a brief summary of the provision which has been made to ensure there has been appropriate consideration of the particular needs of the Armed Forces community to make sure that they do not face disadvantage compared to other citizens in the provision of public services.	

**5.11 Children's rights and wellbeing impact**

Does the report contain any information regarding any council activity, service delivery, policy, or plan that has an impact on children and young people up to the age of 18, or on a specific group of these?

Yes ☐ No ☒

If Yes, please provide a brief summary of the impact and the provision that has been made to ensure there has been appropriate consideration of the relevant Articles from the United Nations Convention on the Rights of the Child (UNCRC).

If Yes, has a Children's Rights and Wellbeing Impact Assessment (CRWIA) been carried out?

Yes ☐ No ☐

# **Treasury Management Strategy 2025/2026 & Treasury Management Indicators & Prudential Indicators 2025/2026 to 2029/2030**

# **Index**

1. Introduction
  2. Annual Borrowing Requirement 2025/2026
  3. Outlook for Interest Rates
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## Treasury Management Strategy 2025/2026, Treasury Management Indicators and Prudential Indicators 2025/2026 to 2028/2029

### 1. Introduction

- 1.1 Treasury Management (TM) deals with the borrowing and investment activity of the Council and is an integral part of the financial management strategy of the Council. It seeks to ensure that both capital borrowing requirements and day to day revenue cash transactions are fully funded. Its importance has increased as a result of the additional freedoms provided by the Prudential Code, with specific treasury management and prudential indicators included in this Strategy that require approval.
- 1.2 The treasury management and prudential indicators outlined within section 7 and 8 below consider the affordability and impact of capital expenditure decisions, whilst the treasury management service considers the effective funding of these decisions. Together these form part of a process to ensure the Council meets its balanced budget requirement.
- 1.3 The Council's treasury management activities are strictly regulated by statutory requirements and a professional code of practice. In accordance with the Council's financial regulations the Council adopts the CIPFA "Treasury Management in the Public Services" Code of Practice (the Code) issued in December 2021 including the Treasury Management Policy statement, and the adoption of the key clauses outlined within Annex A. The Council also complies with the CIPFA Prudential Code with the setting of at least three-year prudential indicators.
- 1.4 The Council has a Capital Strategy which is approved and reviewed annually by the Policy and Strategy Committee, in conjunction with the Strategic Capital Investment Programme to demonstrate that the Council takes capital expenditure and investment decisions in line with the Council's service objectives and properly takes account of stewardship, value for money, prudence, affordability and sustainability.
- 1.5 The Prudential Code requires the Council's Capital Strategy to be aligned to the Treasury Management Strategy. To ensure this integrated approach between the capital expenditure plans and Treasury Management Strategy, the Council will continue to incorporate the Prudential Indicators with regard to capital expenditure within this document.
- 1.6 The Treasury Management Strategy outlines the Council's debt position, including the anticipated level of debt and the authorised borrowing limit. The capital expenditure plans determine the borrowing need of the Council. The Treasury Management team essentially monitor the long-term cash flow planning, to ensure the Council can meet its capital spending obligations.
- 1.7 The Code re-affirms the Audit and Scrutiny Panel's role in providing effective scrutiny of the Treasury Management Strategy and policies, whilst the Finance and Resources Committee remains responsible for the development of the strategy, its implementation and monitoring.
- 1.8 The revised Prudential and Treasury Codes emphasises members responsibility in this area, requiring increased member awareness, to enable greater member scrutiny of treasury management activity. This also enables local authorities to demonstrate that members have the necessary skills and knowledge in this complex and technical area, to make informed decisions. The Treasury Management team provide in house awareness sessions, with members also provided with the opportunity to review the Council's Treasury Management Practices manual. A Treasury Management Toolkit has been developed by CIPFA Scotland Treasury Management Forum and CIPFA, which provides an online training resource to elected members and financial staff, to further develop knowledge and understanding of elements of treasury management.
- 1.9 In accordance with the CIPFA Treasury Management Code recommendations, the Council has a Treasury Management advisory contract in place. The current providers are Arlingclose Ltd, who provide specific advice on investment, debt and capital finance issues.
- 1.10 Per the CIPFA Treasury Management Code, the Council adopts a high-level approach to setting policies for borrowing and investment activity. An appropriate scheme of delegation is in place to ensure all staff employed in treasury management have the suitable skills and resources, to carry out delegated treasury management activities effectively, efficiently and achieving value for money.
- 1.11 The treasury management staff regularly attend training courses, seminars and workshops provided by the Council's advisors, the CIPFA Scotland Treasury Management Forum and other ad hoc providers, including brokers and financial institutions. Staff also receive regular treasury

## Treasury Management Strategy 2025/2026, Treasury Management Indicators and Prudential Indicators 2025/2026 to 2028/2029

related updates, information, and newsletters on a daily/weekly basis via email from banks and other financial institutions. Staff also have access to treasury related websites to maintain awareness of treasury management issues.

- 1.12 The requirements of the Code have been incorporated within the 2025/2026 Treasury Management Strategy and in the preparation of the Treasury Management Indicators & Prudential Indicators for 2025/2026 to 2029/2030.
- 1.13 The Code of Practice requires the Council to produce reports on its Treasury Management policies, practices, and activities on a regular and ongoing basis. This encompasses the preparation and approval of an Annual Strategic Plan, which defines the arrangements for managing the Treasury Management function in the incoming year. This report details the proposed Strategy for 2025/2026.
- 1.14 This Strategy covers:
  - ◆ The debt and investment projections
  - ◆ Outlook in interest rates
  - ◆ The borrowing and investment strategies
  - ◆ Treasury Management performance indicators
  - ◆ Specific limits on treasury management activities
- 1.15 The requirements of the Local Government Investments (Scotland) Regulations 2010 have been incorporated within the 2025/2026 Strategy, including the preparation of an investment strategy which must be approved by the full Council.
- 1.16 Members should note that the forecasts contained within this report are indicative, as per the 5-year Strategic Capital Investment Programme 2024/25 to 2028/29 approved by the Policy and Strategy Committee on 14 March 2024, and reviewed on a continual basis by the Strategic Capital Delivery Group (SCDG) including re-profiling adjustments within the 5 year programme. It should be noted therefore that the estimates presented within this report are based on the current forecasts of the progression of the programme and projected resources available. Material changes to the estimates/forecasts provided within this Treasury Management strategy and Prudential indicators will be reported during the quarterly Treasury Management Monitoring Process.

## 2. Annual Borrowing Requirement 2025/2026

- 2.1 At the beginning of 2025/2026, it is anticipated that the Council's total debt outstanding including long term liabilities will amount to £1,295.5m. The Strategic Capital Investment Programme for the period 2025/2026 to 2028/2029 will be reviewed on a continual basis by the Strategic Capital Delivery Group (SCDG), including any re-profiling adjustments required. On this basis, it is currently anticipated that during 2025/2026 there will be a total capital expenditure (excluding credit arrangements) of £279.2m which comprises the General Fund Community Investment programme of £153.4m and the Housing Revenue Account programme of £125.8m.
- 2.2 The forecast capital expenditure will be resourced by capital grants, external contributions and capital funded from current revenue (CFCR) of £109.6m, with £169.6m representing capital investment funded by borrowing. This represents an in year borrowing need, which will contribute towards the net increase in the Capital Financing Requirement (CFR). Table 7 within Section 8 below sets out the forecast Capital Expenditure plans for the period 2025/2026 to 2029/2030.
- 2.3 During 2024/2025 the Council has primarily used a combination of internal cash balances / reserves, short term borrowing (<1 yr) and credits due to the scheduled principal repayments to the loans fund from service departments (annuity based) to meet its borrowing requirement and refinancing of long-term debt maturing in lieu of long-term borrowing where possible however long-term borrowing is undertaken when deemed appropriate. This strategy is adopted in light of interest rate expectations, management of carrying costs, and the availability of short-term borrowing up to 364 days at attractive rates. Whilst it will be kept under continual review, a similar borrowing strategy is anticipated during 2025/2026 with other funding sources utilised in lieu of future long-term borrowing, where possible, and in line with the borrowing strategy outlined below.
- 2.4 To meet the capital programme financing requirement, the replacement of maturing long-term debt and the maintenance of cash balances necessary to meet on going daily liquidity

## Treasury Management Strategy 2025/2026, Treasury Management Indicators and Prudential Indicators 2025/2026 to 2028/2029

requirements, it is estimated that the Council will require to source long-term borrowing of £240.0m in 2025/2026, £340.0m in 2026/2027, £322.5m in 2027/2028, £253.0m in 2028/29 and £235.0m in 2029/30.

- 2.5 These borrowing projections exclude temporary borrowing undertaken, with average levels held expected to be approximately £242.0m over the forecast period. This level of short-term borrowing can be attractive, due to generally lower rates. It should be noted that market rates have risen significantly as a result of a number of increases in the Bank of England Base Rate over the past few years, due to economic and inflationary pressures, however the Bank of England has started reducing base rate in August 2004 and it is currently anticipated that these rates are forecast to reduce to lower levels over the forthcoming years.
- 2.6 The Council's borrowing requirement is set firmly within the framework of wider Council activity and will be driven by 'The Plan for North Lanarkshire', the Capital Strategy and the Medium-Term Financial Plan.

### 3. Interest Rates Outlook and Other Economic Updates

- 3.1 The impact on the UK from the government's Autumn Budget, slower interest rate cuts, modestly weaker economic growth over the medium term, together with the impact from President Trump's second term in office and uncertainties around US domestic and foreign policy, will be major influences on the Authority's treasury management strategy for 2025/26.
- 3.2 The Bank of England's (BoE) Monetary Policy Committee (MPC) reduced Bank Rate to 4.75% at its meeting in November 2024, having previously cut by 25bp from the 5.25% peak at the August MPC meeting.
- 3.3 The Bank of England's quarterly Monetary Policy Report (MPR) in November forecasted Gross Domestic Product (GDP) growth to pick up to around 1.75% (four-quarter GDP) in the early period of the BoE's forecast horizon before falling back. The impact from the Budget pushes GDP higher in 2025 than was expected in the previous MPR, before becoming weaker. Current GDP registered no growth (0.0%) between July and September 2024, and 0.4% growth between April and June 2024, a further downward revision from the 0.5% rate previously reported by the Office for National Statistics.
- 3.4 The outlook for CPI inflation in the November MPR showed it rising above the MPC's 2% target from 2024 into 2025 and reaching around 2.75% by the middle of calendar 2025. This represents a modest near-term increase due to the ongoing impacts from higher interest rates, the Autumn Budget, and a projected margin of economic slack. Over the medium-term, once these pressures ease, inflation is expected to stabilise around the 2% target.
- 3.5 The labour market appears to be easing slowly however, but the data still requires treating with some caution. The latest figures reported the unemployment rate rose to 4.4% in the three months to November 2024, while economic inactivity also declined. Pay growth for the same period was reported at 5.6% for both regular earnings (excluding bonuses) and for total earnings. Looking ahead, the BoE's MPR showed the unemployment rate is expected to increase modestly, rising to around 4.5%, the assumed medium-term equilibrium unemployment rate, by the end of the forecast horizon.
- 3.6 In global terms the US Federal Reserve has also been cutting interest rates, bringing down the Fed Funds Rate by 0.25% at its December 2024 monetary policy meeting to a range of 4.25%-4.50%, marking its third consecutive reduction. Further interest rate cuts are expected in 2025, but uncertainties around the potential inflationary impact of President Trump's policies may muddy the waters in terms of the pace and magnitude of further rate reductions. Moreover, the US economy continues to expand at a decent pace, rising at an annual rate of 2.8% in the third quarter of 2024, and inflation remains elevated suggesting that monetary policy may need to remain more restrictive in the coming months than had previously been anticipated. The European Central Bank (ECB) also continued its rate cutting cycle, reducing its three key policy rates by 0.25% in December. Euro zone inflation rose above the ECB 2% target in November 2024, hitting 2.2% as was widely expected after an increase from 2% in the previous month. Inflation is expected to rise further in the short term, but then fall back towards the 2% target during 2025, with the ECB remaining committed to maintaining rates at levels consistent with bringing inflation to target, but without suggesting a specific path.

## Treasury Management Strategy 2025/2026, Treasury Management Indicators and Prudential Indicators 2025/2026 to 2028/2029

- 3.7 Arlingclose forecasts that The Bank of England's Monetary Policy Committee will continue reducing rates through 2025, taking Bank Rate to around 3.75% by the end of the 2025/26 financial year. The effect from the Autumn Budget on economic growth and inflation has reduced previous expectations in terms of the pace of rate cuts as well as pushing up the rate at the end of the loosening cycle.
- 3.8 Arlingclose expects long-term gilt yields to remain broadly at current levels on average (amid continued volatility), but to end the forecast period modestly lower compared to now. Yields will continue remain relatively higher than in the past, due to quantitative tightening and significant bond supply. As ever, there will be short-term volatility due to economic and (geo)political uncertainty and events.
- 3.9 Movements in supply and demand for UK gilts heavily influence the gilt prices and yields, with corresponding movements up or down in the PWLB interest rates reflecting the perception of improved stability or increased uncertainty in both the UK and other non-UK financial markets respectively.
- 3.10 Annex D provides details of the forecast official Bank rate, 3-month money market rate and PWLB rates over the next five years which are underpinned by the economic risks and uncertainties outlined in the preceding paragraphs above.
- 3.11 The Council's main source of borrowing is the HM Treasury's PWLB lending facility (PWLB), with PWLB lending generally available at 100bps (1.00%) above UK gilt prices with any forecast movements in PWLB interest rates closely correlated to gilt movements.
- 3.12 Table 1 below includes forecast average PWLB rates anticipated for a range of maturity periods over the next 5 years based on the forecast per Annex D. The interest rates shown take account of the 0.20% reduction in the standard rates which will apply if the Council, as expected, meets the qualifying criteria for the certainty rate in 2025/2026 and future years. Please note as per para 4.21 that there is an additional discount available on PWLB rates of 0.4% for qualifying HRA borrowing that relates to the period to March 2026 only.

Annual Average	Bank Rate	3 months Money Market Rate	PWLB Rates			
			5 Year	10 Year	20 Year	50 Year
2025	4.06%	4.24%	4.95%	5.18%	5.65%	5.35%
2026	3.75%	3.85%	4.74%	5.01%	5.45%	5.15%
2027	3.75%	3.85%	4.85%	5.05%	5.45%	5.15%
2028	3.75%	3.85%	4.85%	5.05%	5.45%	5.15%
2029	3.75%	3.85%	4.85%	5.05%	5.45%	5.15%

**Table 1 - Medium Term Interest Rate Estimates (averages)**

- 3.13 These projections underpin the borrowing and investment strategies outlined in the following paragraphs.

### 4.0 Annual Borrowing Strategy 2025/2026

- 4.1 The Council uses a combination of internally accumulated cash funds i.e. its revenue reserves/balances plus working capital, temporary borrowing (up to 364 days) and external borrowing from both the markets and PWLB, to fund its capital financing requirement (CFR). This minimises the amount of investment balances held, managing credit and counterparty risk and the impact of low investment returns, resulting in the Council currently being in an under borrowed position, which is in line with the strategic approach adopted.
- 4.2 The borrowing strategy to meet the current year (2024/2025) capital programme financing requirement of £132.4m (excluding credit arrangements), has been to use a combination of internal cash balances, and short-term borrowing where available at attractive rates plus credits due to the scheduled principal repayments, in lieu of future long-term borrowing where possible, however long-term borrowing has been taken when deemed appropriate. This strategy is supported by efficient cashflow management, interest rate outlook, forecast balance sheet



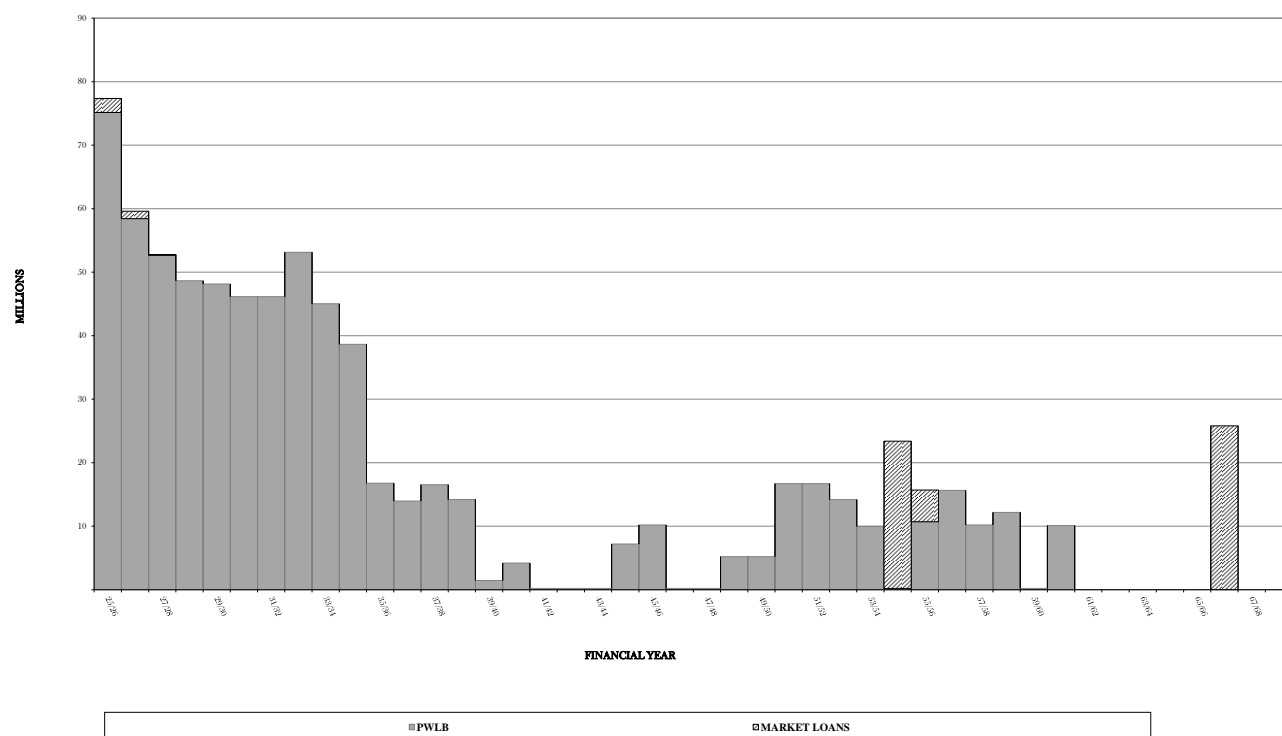
## Treasury Management Strategy 2025/2026, Treasury Management Indicators and Prudential Indicators 2025/2026 to 2028/2029

analysis of reserves and provisions, and effective treasury risk management. It is proposed that a similar borrowing strategy be adopted where possible to meet the financing requirement of £169.6m in 2025/2026.

- 4.3 The successor to *IAS17 Leases*, *IFRS16 Leases* was applicable for Local Authorities from 1 April 2022. An optional two-year delay was announced, and each authority had the choice of when to implement this new standard, but by no later than 1<sup>st</sup> April 2024. Implementation will, dependent upon the nature of the financing and business model, require costs previously presented as revenue costs, restated and shown as capital expenditure under a credit arrangement. This is being implemented in the current 2024/2025 financial year, it is expected this will primarily impact upon the current accounting treatment for vehicles, plant and equipment (VPE), acquired under operating lease arrangements, as well as impacting on PPP contract liabilities, with an estimated increase in the Council's 2024/2025 Capital Financing Requirement of approximately £98.7m (PPP £96.5m, VPE £2.2m). This is reflected in Table 7 within Section 8.0 below.
- 4.4 For 2025/2026, it is anticipated that the Capital Financing Requirement will increase by £143.8m, which comprises the capital investment funded by borrowing and movement in balances held under credit arrangements due to ongoing impact of *IFRS16 Leases*, offset by scheduled principal repayments of loan fund advances and finance leases.
- 4.5 It is estimated that the Council will require to source long-term borrowing of £240.0m in 2025/2026, £340.0m in 2026/2027, £322.5m in 2027/2028, £253.0m in 2028/29 and £235.0m in 2029/30 to meet the on-going capital financing requirements, the replacement of maturing long-term debt and the maintenance of cash balances necessary to meet on going daily liquidity requirements.
- 4.6 These borrowing projections exclude monies borrowed and repayable over a shorter period, with average levels held expected to be approximately £242.0m over the five-year period. This level of short-term borrowing is generally attractive due to lower rates typically available.
- 4.7 The Council's capital expenditure planning processes and investment/borrowing analysis enables it to time its borrowing to take advantage of opportunities that may arise to achieve beneficial borrowing rates, minimising interest rate risk.
- 4.8 The timing of new borrowing will also take into account the level of cash balances and investments held so that there may be an option of postponing borrowing and continuing to use these balances in the short term.
- 4.9 The Councils borrowing strategy will be underpinned not only by the absolute borrowing rates but also the relationship between short and long-term interest rates. This difference creating a 'cost of carry' for any new longer-term borrowing where the proceeds of borrowing are temporarily held as investments because of the difference between what is paid on the borrowing and what is earned on the investment.
- 4.10 The Council will closely monitor movements in long and short-term interest rates to manage its interest rate risk.
- 4.11 The repayment terms of new borrowing will take account of the debt maturity profile to ensure that an acceptable amount matures in any one year, managing the refinancing risk, whilst being undertaken at the most advantageous rate.
- 4.12 The forecast debt maturity profile at the 31 March 2025 per the graph below highlights that there are a number of points in the maturity spectrum at which the Council has little or no debt due for repayment. In general, the current maturity profile provides the Council with flexibility in determining the maturity period for new borrowing, whilst ensuring the strategy adopted minimizes the debt interest costs.
- 4.13 It should be noted that the debt maturity profile per the graph is based on the maturity date of LOBO (Lender's Option Borrower's Option) loans, whilst noting the Code requires the Council to classify LOBO type loans as having a potential maturity in the year where options or calls exist. A LOBO option is called, when the lender has the right to amend the interest rate, at which point the Council can accept the revised terms or reject them and repay the loan.

## Treasury Management Strategy 2025/2026, Treasury Management Indicators and Prudential Indicators 2025/2026 to 2028/2029

Forecast Long Term Debt Maturity Profile 31 March 2025



- 4.14 The Council currently has a £3.0m exposure to LOBO loans which can be called within 2025/2026, which represents less than 0.48% of the projected long-term debt held at the 31 March 2025 of £626.130m. The interest rates on the LOBO loans held range from 10.625% to 10.937%, averaging 10.781%.
- 4.15 A comparison of the LOBO loan option 2025/2026 call dates to the maturity date is provided within Table 2 below:

Loan Value	2025/2026 Call Dates	Year of Maturity	Current Interest Rate
£2,000,000	1st June & 1 December	2025/2026	10.6250%
£1,000,000	3 April & 3 October	2026/2027	10.9375%

**Table 2 - LOBO Loans Summary**

- 4.16 Based on the current and the forecast interest rates, the likelihood of these loans being called has been assessed as minimal. In the event that the call option is exercised, the default position will be the repayment of the LOBO without penalty, with the associated treasury management risks (refinancing/interest rate/liquidity) managed in line with the borrowing strategy for other maturing debt.
- 4.17 The Council's Treasury Management advisors provide forecasts of interest rates for different maturity dates in future years. Using these forecasts, it is projected over the years 2025/2026 to 2029/2030, the PWLB borrowing rates may average between 4.74% and 4.95% (up to 5 years) and between 5.15% and 5.35% (up to 50 years).
- 4.18 Uncertainty over future interest rate movements increases the risks associated with treasury management borrowing activity, therefore it should be noted, that the period over which any new borrowing is taken will be guided by movements and fluctuations in the interest rate yield curve and capital financing requirement.
- 4.19 No more than 25% of the total debt outstanding shall be taken from any one lender at any one time, except for borrowing from the Council's Board (or its successor body), unless expressly approved by the Chief Officer (Finance) in line with current policy.

## Treasury Management Strategy 2025/2026, Treasury Management Indicators and Prudential Indicators 2025/2026 to 2028/2029

- 4.20 The Council must apply annually to be eligible for a certainty rate discount of 20 basis points (bps) on the standard borrowing rate. The Council was successful in its application to the PWLB in April 2024, meeting the criteria and obtaining eligibility for the certainty rate discount on PWLB loans, accessible from 1 April 2024. Note within Table 1 above the medium-term interest rate average forecasts for the PWLB interest rates include the 20bps discount.
- 4.21 A new PWLB HRA rate, which is 40bps below the certainty rate, has been available from 15<sup>th</sup> June 2023. This rate has recently been extended until March 2026, and is to support local authorities to borrow for Housing capital purposes or refinancing existing loans. In conjunction with our treasury advisors, we continue to review the requirements and assess the borrowing opportunities for the Council.
- 4.22 The Council will consider a number of borrowing structures in 2025/2026 which will include;

- **Internally accumulated cash funds.**

The Council may temporarily use its cash backed revenue reserves/balances plus working capital to support its capital programme generally known as internal borrowing, in lieu of future short and long-term borrowing. This approach may be adopted to manage the level of investment balances held, managing credit and counterparty risk and the impact of low investment returns and cost of carry.

- **Short-term Borrowing**

The Council may borrow on a temporary basis (up to 364 days) which would significantly reduce the carrying costs whilst managing the refinancing and interest rate risk. For example, for loans up to 364 days, other local authorities generally offer better terms than those of the PWLB for a 1-year loan, with this option therefore being more attractive. This may also be used to meet cashflow demands to manage temporary fluctuations in cash balances held on a daily basis. Short-term interest rates are currently higher than in the recent past but are expected to fall in the coming year and it is therefore likely to be more cost effective over the medium-term to either use internal resources, or to borrow short-term loans instead where possible.

- **PWLB Variable Rate Loans**

These loans are available for periods of up to 10 years with the interest payable generally linked to movements in short term rates. Liquidity within the short-term borrowing market may supercede the potential benefits of this type of borrowing.

- **PWLB Fixed Rate Maturity Loans (< 20 years)**

New loans for periods up to 20 years, which fit in with the existing debt maturity profile, are attractive, providing relatively low refinancing risk as short-term rates are expected to remain lower than their longer dated counterparts for the foreseeable future. These could offer greater flexibility to repay/reschedule on beneficial terms in the future, depending on the volatility of interest rates.

- **PWLB Equal Instalment Payment and Annuity Loans (< 30years)**

These loans are different from fixed rate maturity loans as the repayments are made up of both interest and principal with the principal outstanding reducing at 6 monthly intervals throughout the life of the loan, with corresponding reduction in interest payments on the balance outstanding. The interest rates payable are lower than the fixed rate maturity loans for short and medium dated maturities with an additional benefit being a smoother debt maturity profile on the debt e.g. £2.5m every year for 10 years as opposed to £25m payable in 10 years. This also spreads the refinancing risk and may also present beneficial opportunities dependent upon the interest yield curve at the time repayments are due.

- **Medium/Long Term Fixed PWLB Loans (> 20 years)**

These loans will be considered in conjunction with managing the current debt maturity profile, the higher interest rate profile and the additional cost of carry. These loans currently offer less flexibility in terms of debt restructuring as a result of PWLB Circular 147, which left the premature repayment rates unaltered. As a result, these are currently the least attractive option, but circumstances will be monitored to identify beneficial opportunities to source PWLB loans within this maturity spectrum.

## Treasury Management Strategy 2025/2026, Treasury Management Indicators and Prudential Indicators 2025/2026 to 2028/2029

- **Market Loans**

At present availability is limited, but in the future these loans may become more attractive given the 0.80% margin on PWLB loan rates, as these loans could be cheaper than similar long term PWLB loans despite this being partially offset by the certainty rate. In addition to the possibility of advantageous interest rates, there is also the ability to fix the rate for receipt at a date in the future, avoiding the cost of carry for example to cover future maturities in the period 2025/2026 to 2029/2030.

- **Local Authority Bonds**

Local authority bonds can be issued by a public stock exchange listing, a private placement or a retail bond but would only become a viable option if the size of funds to be borrowed reached a minimum of £150m. Prior to undertaking a bond issuance, the Council would carry out a due financial diligence process. Factors to be considered would be the type of bond issue e.g. index linked, the set-up costs, the timing of the issue, the potential cost of carry, the credit rating process, the projected long term capital financing requirement position and the nature of the projects being funded e.g. income streams index linked.

- **Leasing**

On occasions, leasing will be used if an option appraisal review identifies this as being advantageous to the Council and considering *IFRS16 Leases* impacts.

4.23 As part of its borrowing strategy, the Council will seek to identify and evaluate opportunities for debt rescheduling to accrue potential benefits including:

- achievement of cash interest savings, without exposing the Council to additional risk;
- ensuring a more balanced maturity profile and volatility ratio; and
- achieving the desired borrowing strategy.

4.24 The Council will continue to monitor its debt portfolio and movements in interest rates across PWLB interest rate structures, to identify opportunities to generate interest savings, whilst strategically managing any premiums or discounts incurred as a result of the rescheduling/restructuring.

4.25 The Local Authority (Capital Finance and Accounting) (Scotland) Regulations 2016 legislation enacted on 1 April 2016 and associated Local Government Circular 7/16 Statutory Guidance on Loans Fund Accounting provide the legislative background governing the Council's borrowing activity.

## 5.0 Annual Investment Strategy 2025/2026

### 5.1 Investment Regulations

5.1.1 The Investment Regulations became statutory instruments by force of the Scottish Parliament on the 1 April 2010 in conjunction with the associated Code on the Investment of Money by Local Authorities. This requires the Council to approve all the types of investments to be used and set appropriate time and money limits for the amount that can be held in each investment type. These types of investments are termed permitted investments and any investments used which have not been approved as a permitted investment will be considered as ultra vires.

5.1.2 Following a Markets in Financial Instruments (MiFID III) directive, from the 3 January 2018, local authorities were to be treated as retail clients, with the option to opt up to professional status provided certain criteria was met. The Council continues to meet the conditions to opt up to professional status and therefore continues to have access to products including money market funds, pooled funds, treasury bills, bonds shares and to financial advice.

### 5.2 Risk Management

5.2.1 In accordance with the revised code, the Council recognises the importance of risk management, and the effective management of all the associated treasury management risks encountered in working with the approved permitted list of investments. The treasury management risks and tools put in place to manage these risks include:

- **Credit and counterparty risk:** this is the risk of failure by a counterparty to meet its contractual obligations to the Council, particularly as a result of the counterparty's diminished

## Treasury Management Strategy 2025/2026, Treasury Management Indicators and Prudential Indicators 2025/2026 to 2028/2029

creditworthiness and the resulting detrimental effect on the Council's capital or revenue resources. There are no counterparties where the risk is zero although AAA rated organisations have a very high level of creditworthiness. The Council has in place minimum credit criteria to determine which counterparties and countries are of high creditworthiness to enable investments to be made safely.

- **Liquidity risk:** this is the risk that cash will not be available when it is needed. While it could be said that all counterparties are subject to at least a very small level of liquidity risk, the Council measures this risk on whether or not, instant access to cash can be obtained from each form of investment. The Council has developed a detailed cashflow model to record known and forecast income and payment events arising in the short, medium to long term.
- **Interest Rate Risk:** This is the risk that fluctuations in the levels of interest rates create an unexpected or unbudgeted burden on the Council's finances against which the Council has failed to protect itself adequately. To manage this risk, the Council takes a view of the future course of interest rates and formulates a Treasury Management Strategy accordingly, aiming to maximise investment earnings and minimise borrowing costs, whilst giving full regard to other treasury management risk factors including security and liquidity.
- **Price Risk Management:** This risk primarily relates to financial instruments that are regularly traded in the various financial market exchanges. This is the risk that the Council is required to redeem this type of investment prematurely at prices above and below the price on which the financial instrument was originally purchased (par value) and thus be subjected to the market conditions prevailing at that time. If the investment is held to maturity the principal sum is guaranteed with it being redeemed at par value. The Council will only use those which appear on its permitted investment list, if their redemption price is not expected to vary much during its short life or for example in the case of treasury bills they offer a higher rate of return than depositing in the Debt Management Account Deposit Facility for a similar level of security.
- **Legal and Regulatory Risk:** This is the risk that the Council itself or an organisation with which it is dealing in its treasury management activities fails to act in accordance with its legal powers or regulatory requirements and the Council suffers losses accordingly. In the event of any doubt as to the legal and regulatory issues the Council has recourse to its own in-house legal services team and also the Council's appointed treasury advisors Arlingclose Ltd. The Council also currently has in place a highly experienced and qualified Treasury Management team.

### 5.3 Permitted Investments

5.3.1 The permitted investments which may be used in the forthcoming year are:

- a. Deposits with the Debt Management Account Facility (UK Government);
- b. Deposits with other local authorities or public bodies;
- c. Instant Access Accounts;
- d. Call Accounts;
- e. Term Deposits;
- f. Money Market Funds;
- g. Instant Access Funds held with Council's own bank;
- h. UK Government Gilts and Treasury Bills;
- i. Supranational Bonds (e.g. World Bank);
- j. Certificates of deposits with financial institutions (banks and building societies);
- k. Covered Bonds;
- l. Reverse repurchase agreements and other collateralised arrangements;
- m. Investment properties;
- n. Loans to third parties, including soft loans;
- o. Loans to a local authority company;
- p. Shareholdings in a local authority company;
- q. Non-local authority shareholdings;
- r. Subordinated debt in projects delivered via 'Hubco / DBFM' model

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- 5.3.2 In respect of Money Market funds (MMF) listed per f) above, these funds invest in high-quality short-term fixed income instruments and adhere to very strict credit quality, diversification and maturity guidelines with preservation of capital constituting the primary objective. Prior to January 2019, the Council used Constant Net Asset Value (CNAV) Funds meaning for every £1 of principal invested the fund will return £1 of principal on withdrawal by the investor, plus interest with preservation of capital the prime objective.
- 5.3.3 However on the 21 January 2019, as a result of MMF Industry reform, the CNAV funds are no longer available and on this date two types of funds became available to the Council:
- a Public Debt CNAV (assets invested in government debt); and
  - a 'Low Volatility NAV' (LVNAV) that is a hybrid between CNAV and VNAV
- 5.3.4 After scrutiny of the new products available, the Council continues to use money market funds, primarily using the LVNAV type as an investment instrument. It is worth noting that one of the main differences between the LVNAV and CNAV fund is the Council is no longer guaranteed preservation of capital i.e. for every £1 of principal invested the fund will no longer guarantee a return £1 of principal on withdrawal.
- 5.3.5 However, the day-to-day operation of LVNAV funds is very similar and has many of the attractive features of the CNAV fund and the probability of the price changing and loss of capital, within the boundaries set for price changes i.e. "the collar", is widely regarded as de minimis. Therefore, the use of these investments continue to remain within the risk appetite adopted by the Council per its investment approach.
- 5.3.6 Bail-in legislation which ensures that large investors including local authorities will rescue failing banks instead of taxpayers in the future, is now fully implemented in the UK. Under the UK Financial Services Compensation Scheme and similar European Schemes most private sector investors are now partially or fully exempt from contributing to a bail-in. The credit risk associated with making unsecured bank deposits has therefore increased relative to the risk of other investment options.
- 5.3.7 To manage the bail-in risk, covered bonds, reverse repurchase arrangements and other collateral arrangements with financial institutions are included within the permitted investment list. These investments are secured on the assets of the borrower, which limits the potential losses in the unlikely event of insolvency and would be exempt from bail-in.
- 5.3.8 Whilst there is no investment specific credit rating for these types of arrangements, the collateral upon which the investment is secured has a credit rating, with the highest of the collateral credit rating and the counterparty credit rating being used to determine cash and time limits. Note the combined secure and unsecured investments in any one bank should not exceed the cash limit for that counterparty.
- 5.3.9 Investments in subordinated debt in projects delivered via the 'Hubco/DBFM' model included within the permitted investments list will only be undertaken, following a full risk/benefit analysis, subject to a maximum investment amount of £1.5m per project and for a maximum term of 30 years.
- 5.3.10 For cash investments, there is a risk of capital loss arising from selling ahead of maturity if combined with an adverse movement in interest rates and for term deposits and loans if they are redeemed early. Therefore, the Council will undertake these investments in conjunction with its cashflow/liquidity projections and medium-term financial plans to manage this risk.
- 5.3.11 Within the Treasury Management code, it suggests the use of financial derivatives but given that the legal power to use derivative instruments remains unclear, the Council does not intend to use derivatives. Should the legal position change, the Council may seek to develop a detailed and robust risk management framework, governing the use of derivatives, but prior to adoption, full Council approval will be sought.

## 5.4 Investment Security

- 5.4.1 Although the yield on investment is a key consideration, the primary principle governing the Council's investment criteria is the security of its investments.

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5.4.2 After this main principle the Council will ensure:

- It has sufficient liquidity in its investments, carefully selecting the maximum periods for which funds may prudently be committed also applying the Council's prudential and treasury management indicators covering the maximum principal sums invested.
- It maintains a policy covering the categories of investment types it will invest in, the criteria for choosing investment counterparties with adequate security, and to continually monitor security.

5.4.3 The Council minimises risk by identifying those financial institutions that it may invest in to maximise security and liquidity of investment including the specification of maximum time and money limits for each type of permitted investment offered by financial institutions. The counterparty must meet the relevant credit rating requirement with the focus being on the minimum acceptable quality adding a further security overlay to the investment activity of the Council.

5.4.4 The Council utilises the research of the world's foremost providers of independent credit ratings. The ratings defining the likelihood of an investor such as the Council receiving their money back on the terms in which it was invested. (Long term Rating types and definitions are shown in Annex B).

5.4.5 The Council defines 'high credit quality' organisations and securities as those having a credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher. For money market and other pooled funds, the Council defines a high credit rating as those having a credit of A- or higher. Investments with organisations with long term ratings in the BBB long term category will therefore be restricted by cash and maturity limits.

5.4.6 The Council also supplements its credit rating information by accessing and applying additional operational market information before making any specific investment decision from the agreed pool of counterparties.

5.4.7 This additional market information will be applied to compare the relative security of differing investment counterparties and will include:

- Credit Default swap prices;
- Quality financial press;
- Share prices;
- Government support status / Bank Resolution and Recovery Directive;
- Annual Reports;
- Statements to the market; and
- Financial Regulations;

5.4.8 Should this additional market information raise concerns regarding the security of a financial institution, then subject to further investigation this may also result in removal from the list.

5.4.9 The creditworthiness of counterparties will be monitored regularly. The Council receives credit rating information from Arlingclose Ltd (the Council's advisors) as and when ratings change, and counterparties are checked promptly. If a rating change results in the counterparty failing to meet the Council's strict criteria, they are removed immediately from the list. Similarly, if a counterparty rating is updated and they meet the Council's strict criteria, they will be added to the list.

5.4.10 Full details of the Council's investment approach including the type of investments, treasury management risks, associated controls, credit rating, money and time limits are shown in Annex C. The credit rating criteria indicated within the Annex stipulates a long-term rating requirement as this is considered the ultimate driver of credit worthiness of financial institutions. This represents a rating agency view of an institutions capacity to honour its financial obligations and its vulnerability to foreseeable events. The Council in conjunction with its advisors will continue to monitor other information provided from credit rating agencies in terms of short term, individual rating, support rating and outlook.

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5.4.11 The Council will give due care when considering the country, group and sector exposure of the Council's investments and will endeavour to have no more than 25% placed with any non-UK country at any time. A group of banks under the same ownership will be treated as a single

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organisation for limit purposes with industry /sector activity monitored regularly for appropriateness.

5.4.12 Environmental, social and governance (ESG) considerations are increasingly a factor in global investors' decision making, but the framework for evaluating investment opportunities is still developing and therefore the Authority's ESG policy does not currently include ESG scoring or other real-time ESG criteria at an individual investment level. When investing in banks and funds, the Authority will prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code.

### **5.5 Investment Strategy**

5.5.1 The Council, by efficient cashflow management and balance sheet analysis, will identify its liquidity requirements and the core funds within its cash balances that could be locked in over a longer period up to the maximum limits as defined within Annex C. This will achieve the optimum performance, spreading investment periods and security of return, subject to over-riding credit counterparty security.

5.5.2 The 2025/2026 Treasury Management Strategy has been developed assuming that the annual borrowing requirement and debt repayments, net of credits due to the scheduled principal repayments to the loans fund, will be fully funded by undertaking external borrowing. Therefore, it is anticipated that the Council cash balances available for short term investment will average approximately £40.0m throughout the period 2025/2026 to 2029/2030.

5.5.3 This projected balance being subject to variation dependent upon actual level and timing of external borrowing undertaken, which will reflect positive and negative movements in working capital and level of revenue reserves/balances held during the 5-year period.

5.5.4 All investment activity will be governed by the principles laid out within sections 5.1 to 5.5 above and 5.7 below.

### **5.6 Borrowing and the Investment of Money**

5.6.1 The Council will not borrow more than or earlier than required with the prime intention to profit from the investment return of the extra sums borrowed.

5.6.2 Borrowing in advance will only be taken for risk management reasons subject to sound justification. When considering borrowing in advance the Council will balance investment risks, such as the credit and interest risks resulting from the temporary investment of the proceeds of borrowing, against the risk of adverse interest rate movements if borrowing is deferred. Consideration will also be given to the existing debt maturity profile over the medium term.

5.6.3 The Council will appraise all risk associated with advance borrowing activity with subsequent reporting either within the mid-year or annual reporting mechanism. This report will comply with the minimum data and analytical requirements outlined within The Local Government Investments (Scotland) Regulations 2010.

### **5.7 Non-Treasury Management Investment Activity**

5.7.1 The CIPFA Treasury Management Code includes a section on Non-Treasury Management investment activity, which would normally be for those investments made for policy reasons outside of normal Treasury Management Activity, and may include:

- service investments held clearly and explicitly in the course of the provision and for purposes of operational services
- commercial investments which are taken mainly for financial reasons and to achieve a financial return

5.7.2 Normal treasury management activity would cover those investments which arise from the organisation's cashflows and debt management activity and ultimately represent balances which need to be invested until cash is required for use in the course of the Council's normal business.



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5.7.3 For investments that fall outwith normal treasury management activity the Council will ensure that proper due diligence is carried out to ensure that there is a proper understanding as to:

- the powers under which the investment is made to ensure the activity is legal
- the service rationale behind the decision to undertake this type of investment
- the extent to which capital invested is placed at risk
- impact of any potential losses on the financial sustainability of the Council
- the specialist professional advice required to assist in the decision-making process

5.7.4 The Council will carry out more careful risk assessment, as it recognises there may be instances where such investments do not give priority for security and liquidity over yield whether due the nature of the transaction itself e.g. commercial investments or for valid service reasons.

5.7.5 Effective scrutiny will be carried out and the justification behind the decision should be explicit, clearly outlining that it is within the Councils legal powers, the level of risk to both capital and returns, the requirement to seek specialist advice if sought and the potential impact on future sustainability if risks come to pass.

5.7.6 This would also include any external underwriting of those risks e.g. guarantees. Given the increase in Councils creating ALEO's and increasing partnership working, the Council may be asked to provide a financial guarantee to enable other parties to access funds which may not otherwise be available due to their size / lack of credit history. This may also result in external funds being accessed at more favourable terms than they are likely to receive, which will accrue both an operational and financial benefit to the Council.

5.7.7 In general, a financial guarantee is a promise to take responsibility for another company's financial obligation if that company cannot meet its obligation. Prior to agreeing to the provision of a financial guarantee, due financial diligence of the terms of the financial guarantee must be carried out, including an assessment as to the likelihood of the guarantee being called and potential financial liability to the Council.

5.7.8 The responsibility for proper scrutiny and final approval is the Council's Chief Officer (Finance). Information in respect of non-Treasury Management investments must be clearly laid out and available within the Council's statutory accounts.

5.7.9 Following the PWLB consultation in the first half of 2020, the PWLB announced revised terms of engagement for borrowing in particular around non-Treasury Management activity. Of greater relevance in England and Wales, given recent activity, Councils are required to confirm there is no intention to borrow for the purposes of acquiring investment assets primarily for yield e.g. retail outlets, hotels in the current or next two financial years otherwise the facility may be suspended or withdrawn fully. The revised Prudential Code also makes it a requirement that local authorities must not borrow to invest primarily for financial return.

## **6.0 Performance Measurement Indicators & Benchmarking**

6.1 The Code of Practice on Treasury Management requires the Council to use performance indicators to assess the adequacy of the treasury management function over the year and incorporate benchmarking to assess performance which is reported within the Annual Treasury Management Activity report. These are distinct historic indicators, which are additional to the predominantly forward-looking prudential indicators outlined in later sections of this report.

6.2 In respect of liquidity which is defined as the Council "having adequate, though not excessive cash resources, borrowing arrangements, overdrafts or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business/service objectives" (CIPFA Treasury Management Code of Practice) the Council will seek to maintain: Liquid short term deposits of at least £3m available on an overnight basis.

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6.3 This Council generally uses the following historic indicators to monitor its loan portfolio performance and benchmarking:

- ❖ **Borrowing:** Average rate of borrowing for the year compared to average in previous year.
- ❖ **Investments:** Local measures of yield benchmarks are the Council's average return on short term investment activity in comparison to:
  - 3-month money market rate
  - Council's own bank: Instant Access Account;
  - Council's Advisors benchmarking club

6.4 In the context of benchmarking security, this is a much more subjective area to assess. The Council currently evidences this by the application of minimum quality criteria to investment counterparties, through the use of credit ratings, supplied by the three main credit rating agencies, together with additional market information available as described earlier within this report and outlined within Annex C.

### 7.0 Treasury Management Local and Mandatory Indicators 2025/2026 to 2029/2030

#### 7.1 Treasury Management Local Indicator: Interest Rate Exposure

7.1.1 Per the revised CIPFA TM code, the Council is no longer required to set a mandatory indicator for limits with regard to fixed and variable interest rate exposure. The Council will monitor its interest rate exposure by the local indicator shown in Table 3 below. The proportion of fixed interest rate costs to variable interest costs will be monitored on a quarterly basis to identify if there are any potential risks if interest rates were to move significantly upwards. The Council will also monitor debt maturity profile, the spend profile of the capital programme and also continue to adopt a prudent approach to use of internal balances in lieu of future long-term borrowing i.e. monitor under borrowing position. The economic outlook and interest rate forecast will supplement this on-going review of interest rate exposure.

Content of loan portfolio	2025/26		2026/27		2027/28		2028/29		2029/30	
	£m	%	£m	%	£m	%	£m	%	£m	%
<b>External Interest Council is due to pay:</b>										
Fixed rate loan debt	49.9	99.5%	63.4	100.0%	80.1	100.0%	94.8	100.0%	107.3	100.0%
Variable rate loan debt	0.3	0.5%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%
	<b>50.1</b>	<b>100.0%</b>	<b>63.4</b>	<b>100.0%</b>	<b>80.1</b>	<b>100.0%</b>	<b>94.8</b>	<b>100.0%</b>	<b>107.3</b>	<b>100.0%</b>
<b>External Interest Council is due to receive:</b>										
Investments - variable terms	1.5	100.0%	1.4	100.0%	1.4	100.0%	1.4	100.0%	1.4	100.0%
<b>Net Loan Interest Payments</b>	<b>48.6</b>		<b>62.0</b>		<b>78.7</b>		<b>93.4</b>		<b>105.8</b>	

Table 3 - Loan Indicators Interest Rate Exposures 2025/26 to 2029/30

7.1.2 Table 3 above relates only to external interest payments, excluding interest on revenue balances, and includes a number of assumptions regarding the timing and nature of the new borrowing anticipated. As mentioned previously the capital planning process and investment/borrowing analysis enables the Council to take advantage of opportunities that may arise, to achieve beneficial borrowing rates over the same period.

7.1.3 Table 3 highlights that the Council anticipates net loan external interest payments of approximately £48.6 million for 2025/2026. Of this total, £50.1 million relates to interest payable on fixed rate debt, for which interest payments are guaranteed until the loans mature, £0.3million for interest payable on variable rate debt, and (£1.5) million relates to interest receivable on funds invested. Variable rate loans and funds deposited are subject to changes in interest rates and will be monitored as part of the Council's Treasury Management Strategy on an ongoing basis.

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7.1.4 The table below highlights the estimated impact of a one basis point increase or decrease (e.g. 4.0% variable rate rising to 5.0% or falling to 3.0%) in interest rates to treasury management costs/income for next year. Fixed interest rate debt will not be affected by interest rate changes.

Financial Year: 2025/2026	Estimate £m	+1% £m	-1% £m
Net Impact on Council	(1.3)	(0.4)	+0.4

**Table 4 - Sensitivity to Interest Rate Movements 2025/26**

### 7.2 Treasury Management Mandatory Indicator: Maturity Structure of Borrowing

7.2.1 The Treasury Management Code requires the Council to specify upper and lower limits regarding the maturity structure of its long-term borrowing in order to minimise the risk associated with the Council having to replace large sums of long-term debt at a time when there may be uncertainty over interest rate exposure.

7.2.2 Table 3 illustrates that the Council has high levels of fixed rate debt however the current maturity profile of this debt is unlikely to be a major risk factor for the Council. The limits of fixed and variable rate maturity are set out within Table 5 below;

Maturity Structure of Borrowing	<12 months	12m to 2 years	2 to 5 yrs	5 to 10 yrs	10 to 20 yrs	20 to 40 yrs	40 yrs+
Upper limit - long term debt	15.00%	15.00%	25.00%	30.00%	35.00%	45.00%	30.00%
Lower limit - long term debt	0.00%	0.00%	5.00%	5.00%	5.00%	10.00%	0.00%

**Table 5 - Maturity Structure of Fixed Rate Borrowing**

7.2.3 The upper limit for long-term rate debt, maturing in less than 12 months, is set at 15.0% to accommodate the requirement within CIPFA TM Code to recognise the possibility of the Council loans classified as LOBO type loans having their option or call exercised within the next 12 months, under the terms of the loans as described within paragraph 4.14 above.

### 7.3 Treasury Management Indicator: Credit Risk

7.3.1 The Council will manage its credit risk by implementing the investment strategy per Section 5 and remaining within the guidelines outlined within Annex C.

7.3.2 The Council has also adopted a voluntary measure of its exposure to credit risk by monitoring the value weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment and taking the arithmetic average weighted by the size of each investment.

	Target
Portfolio Average Credit Rating	A-

**Table 6 – Credit Risk Indicator 2025/26**

## 8.0 Prudential Indicators 2025/2026 to 2029/2030

### 8.1 Prudential Indicator: The Capital Expenditure Plans

8.1.1 The Prudential Code requires the Council to outline its capital expenditure plans taking into account the sources of funding available and also the cost to the council in supporting any additional borrowing burden which will require to be paid for from the Council's own resources. The Government has power to control the level of prudential borrowing although no control has yet been implemented. Some of the estimates for other sources of funding may also be subject to change over this timescale.

8.1.2 Table 7 sets out the revised Capital Expenditure plans for 2024/2025 (Outturn) and forecast for the period 2025/2026 to 2028/2029 as per the 5-year Strategic Capital Investment Programme approved by the Policy and Strategy Committee on 14 March 2024, and reviewed on a continual basis by the Strategic Capital Investment Programme (SCDG) including re-profiling adjustments within the 5 year programme. It should be noted therefore that the estimates presented within this report are based on the current forecasts of the progression of the programme and projected resources available.

## Treasury Management Strategy 2025/2026, Treasury Management Indicators and Prudential Indicators 2025/2026 to 2028/2029

Capital Expenditure	2024/25 Outturn £m	2025/26 Forecast £m	2026/27 Forecast £m	2027/28 Forecast £m	2028/29 Forecast £m	2029/30 Forecast £m
Capital Expenditure: General Services	129.8	153.4	140.7	122.5	141.1	104.6
Capital Expenditure: HRA	109.8	125.8	220.3	189.5	157.6	179.4
<b>Total Capital by Expenditure</b>	<b>239.6</b>	<b>279.2</b>	<b>361.1</b>	<b>312.0</b>	<b>298.7</b>	<b>284.0</b>
IFRS16: Vehicles & Buildings	2.2	0.0	0.0	0.0	0.0	0.0
IFRS16: PPP Contracts	87.1	5.4	4.1	4.7	2.4	3.3
Service Concessions: PPP Schools	9.4	9.1	11.3	11.4	12.6	12.1
<b>Total Capital by Credit Arrangements</b>	<b>98.7</b>	<b>14.4</b>	<b>15.5</b>	<b>16.1</b>	<b>15.0</b>	<b>15.4</b>
<b>Total Capital Investment</b>	<b>338.3</b>	<b>293.6</b>	<b>376.5</b>	<b>328.1</b>	<b>313.7</b>	<b>299.5</b>
<b>Financed By:</b>						
Capital Grants	55.8	59.5	44.5	44.6	52.0	30.0
Capital from Current Revenue	45.1	46.8	20.1	20.1	20.1	20.1
Capital Receipts	6.4	3.4	3.4	3.4	3.4	0.0
CFR: Borrowing: General Services	58.2	84.2	109.9	91.5	102.7	91.7
CFR: Borrowing: HRA	74.2	85.4	183.2	152.4	120.5	142.3
Credit Arrangements	98.7	14.4	15.5	16.1	15.0	15.4
<b>Total Capital Funding Resources</b>	<b>338.3</b>	<b>293.6</b>	<b>376.5</b>	<b>328.1</b>	<b>313.7</b>	<b>299.5</b>

**Table 7 - Capital Expenditure Plans 2024/25 to 2029/30**

8.1.3 General Services within Table 7 above encompasses the Capital Financing Requirement, reflecting the borrowing needs, for the General Fund Community Investment Programme which includes City Deal, Town and Community Hubs, Maintaining Existing Assets, Office Rationalisation & Carbon Management, Greenspace & Cemeteries, Roads & Street Lighting, Operational, Infrastructure & Transportation Development, Economic Regeneration, Digital Infrastructure & Innovation and Community Board Investment Fund, whilst HRA includes the New Build, Buy Back Scheme, Mainstream and Ambition programmes.

8.1.4 For 2024/2025, an estimate of £89.3m has been included to reflect the potential implications of *IFRS16 Leases* in respect of the recalculation of PPP finance leasing arrangements and the reclassification for buildings, vehicle and plant currently accounted for as operational leases within revenue currently managed outwith the prudential framework until changes are adopted by the Council on 1 April 2024. For 2025/2026 to 2029/30, further estimates of £19.8m are included for future estimates of recalculation of lease liabilities. Members should note that this is a change in accounting treatment of leases and does not represent additional cash expenditure.

## 8.2 Prudential Indicator: Capital Financing Requirement (CFR)

8.2.1 The CFR is essentially a measure of Council's underlying borrowing need i.e. capital expenditure which is not resourced by capital grants, receipts or CFCR - and any new borrowing will increase the CFR. The CFR includes long term liabilities representing outstanding obligations under the education PPP/DBFM finance leasing arrangements and the Clyde Valley Waste Facility plus *IFRS16 Leases* implications.

8.2.2 However the Council pays off an element of the accumulated capital spend each year through a revenue charge, comprising scheduled debt repayments from service departments (annuity based) which reduces the CFR. Committee is asked to approve the CFR projections at the 31 March for each financial year set out below.

**Treasury Management Strategy 2025/2026, Treasury Management Indicators and Prudential Indicators 2025/2026 to 2028/2029**

Capital Financing Requirement	2024/25 Outturn £m	2025/26 Forecast £m	2026/27 Forecast £m	2027/28 Forecast £m	2028/29 Forecast £m	2029/30 Forecast £m
General Services	1,008.0	1,080.8	1,176.6	1,252.7	1,335.9	1,406.9
HRA	569.6	640.6	808.1	942.8	1,043.0	1,162.8
<b>Total CFR</b>	<b>1,577.6</b>	<b>1,721.4</b>	<b>1,984.7</b>	<b>2,195.5</b>	<b>2,378.9</b>	<b>2,569.7</b>
<b>Movement in CFR</b>	<b>193.1</b>	<b>143.8</b>	<b>263.3</b>	<b>210.8</b>	<b>183.4</b>	<b>190.8</b>

**Table 8 - CFR Projections 2024/25 to 2029/30**

8.2.3 The year-on-year movement in CFR is shown in Table 9 below.

	2024/25 Outturn £m	2025/26 Forecast £m	2026/27 Forecast £m	2027/28 Forecast £m	2028/29 Forecast £m	2029/30 Forecast £m
CFR : Borrowing : General Services	58.2	84.2	109.9	91.5	102.7	91.8
CFR : Borrowing : HRA	74.2	85.4	183.2	152.4	120.5	142.3
Credit Arrangements	98.7	14.4	15.5	16.1	15.0	15.4
Scheduled Loan Debt Amortisation	(24.0)	(26.4)	(29.1)	(32.5)	(36.8)	(41.2)
Leasing Amortisation	(0.9)	(0.9)	(0.8)	(0.8)	(0.8)	(0.5)
Education PPP Amortisation	(13.1)	(12.9)	(15.4)	(15.8)	(17.3)	(17.0)
<b>Movement in CFR</b>	<b>193.1</b>	<b>143.8</b>	<b>263.3</b>	<b>210.8</b>	<b>183.4</b>	<b>190.8</b>

**Table 9 - Movements in CFR 2024/25 to 2029/30**

8.2.4 The scheduled loan debt, education PPP amortisation and credit arrangement figures presented within Table 9 above are based on the estimated profile of the Strategic Capital Investment Programme 2025/2026 to 2028/2029, and implementation of the changes to accounting for service concessions as a result of Scottish Government fiscal flexibilities options applied in 2023/2024 and *IFRS16 Leases* in 2024/2025.

### 8.3 Prudential Indicator: Gross Debt and the Capital Financing Requirement:

8.3.1 Within the prudential indicators there are a number of key indicators to ensure the Council operates its activities within well-defined limits. For the first of these the Council needs to ensure that its total borrowing, does not, except in the short-term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2025/2026 and the next two financial years.

	2024/25 Outturn £m	2025/26 Forecast £m	2026/27 Forecast £m	2027/28 Forecast £m	2028/29 Forecast £m	2029/30 Forecast £m
Gross Borrowing : Loan Debt	1,002.1	1,186.8	1,467.2	1,736.9	1,941.3	2,128.1
Long Term Liabilities	293.4	294.0	293.2	292.7	289.6	287.5
<b>Gross Debt</b>	<b>1,295.5</b>	<b>1,480.7</b>	<b>1,760.4</b>	<b>2,029.6</b>	<b>2,230.9</b>	<b>2,415.7</b>
<b>Capital Financing Requirement</b>	<b>1,577.6</b>	<b>1,721.4</b>	<b>1,984.7</b>	<b>2,195.5</b>	<b>2,378.9</b>	<b>2,569.6</b>
Prudential Margin	<b>282.1</b>	<b>240.6</b>	<b>224.3</b>	<b>166.0</b>	<b>148.0</b>	<b>154.0</b>
Gross Debt =< Future 3 Year CFR	Yes	Yes	Yes	Yes	Yes	Yes

**Table 10 - Prudential Margins 2024/25 to 2029/30**

8.3.2 The above table demonstrates that healthy prudential margins will continue to exist from 2025/2026 onwards and that the Council complies with this prudential indicator in the current year and does not envisage difficulties in the future. This view takes into account current commitments, existing plans and the proposals in respect of the capital investment levels proposed.

## Treasury Management Strategy 2025/2026, Treasury Management Indicators and Prudential Indicators 2025/2026 to 2028/2029

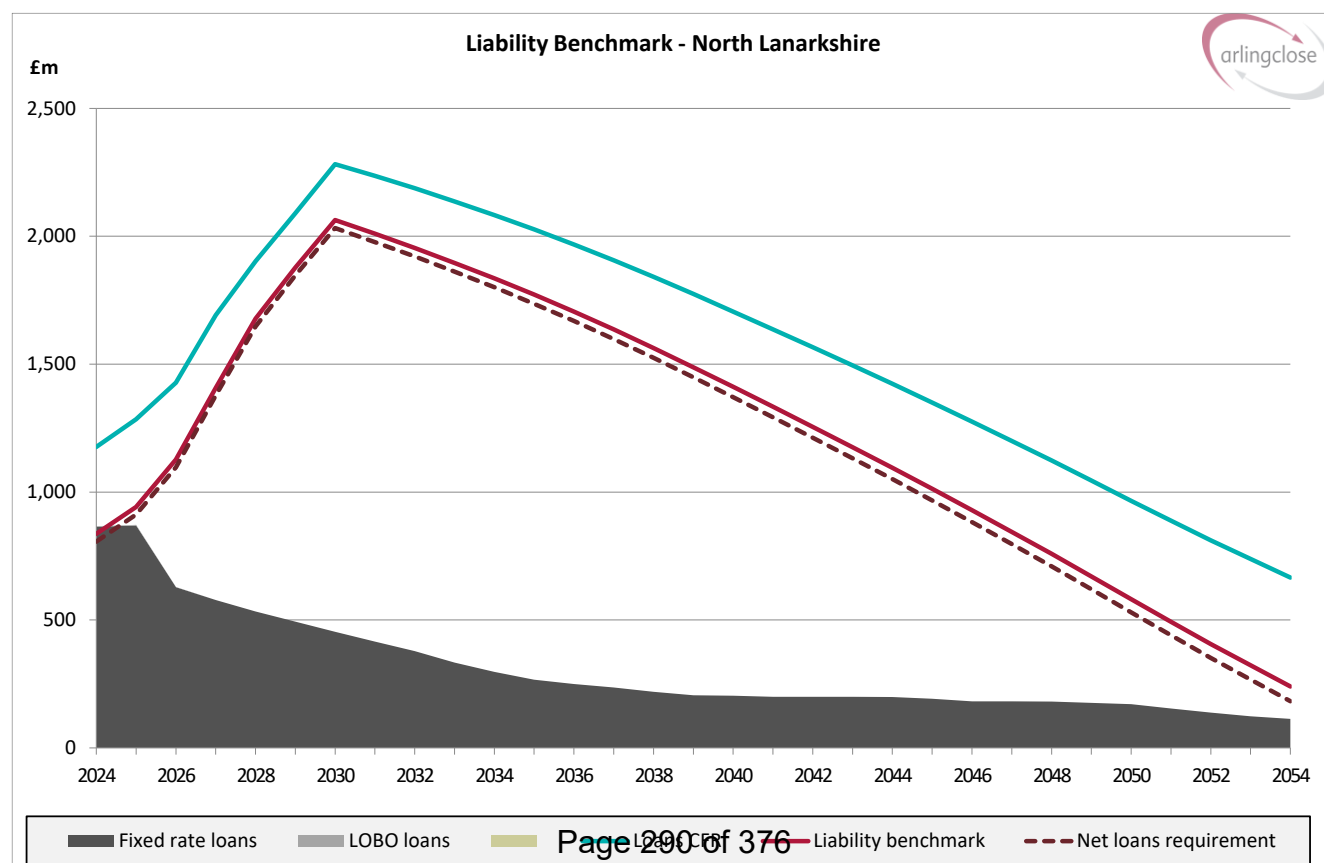
### 8.4 Prudential Indicator: Liability Benchmark

8.4.1 The Treasury Management Code states that organisations should evaluate the amount, timing and maturities needed for new borrowing in relation to planned borrowing needs, for example using a liability benchmark, in order to avoid borrowing too much, too little, too long or too short. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shapes its strategic focus and decision making. Essentially this benchmark identifies the projection of external debt/ borrowing required over the long term to fund approved revenue & capital budgets, while keeping treasury investments at the minimum level required to manage day-to-day cash flow.

8.4.2 This represents the comparison of the Council's actual borrowing against an alternative strategy. A liability benchmark has been calculated showing the lowest risk level of borrowing. This utilises the forecasts for Capital Financing Requirement, long-term liabilities, current external borrowing, balance sheet resources i.e. reserves, and that cash and investment balances are kept to a minimum of £30.0m at each year-end to maintain sufficient liquidity but minimise credit risk.

	31/3/24 Actual £m	31/3/25 Forecast £m	31/3/26 Forecast £m	31/3/27 Forecast £m	31/3/28 Forecast £m	31/3/29 Forecast £m	31/3/30 Forecast £m
Loans CFR	1,175.8	1,284.2	1,427.4	1,691.5	1,902.8	2,089.3	2,282.1
less Balance Sheet Resources	(369.5)	(372.6)	(330.8)	(313.9)	(254.8)	(242.5)	(250.4)
<b>Net Loans Requirement</b>	<b>806.3</b>	<b>911.7</b>	<b>1,096.7</b>	<b>1,377.6</b>	<b>1,648.0</b>	<b>1,846.8</b>	<b>2,031.7</b>
plus: Liquidity Allowance	30.0	30.0	30.0	30.0	30.0	30.0	30.0
<b>Liability Benchmark</b>	<b>836.3</b>	<b>941.7</b>	<b>1,126.7</b>	<b>1,407.6</b>	<b>1,678.0</b>	<b>1,876.8</b>	<b>2,061.7</b>
<b>Existing Borrowing</b>	<b>866.9</b>	<b>872.1</b>	<b>628.7</b>	<b>577.6</b>	<b>533.2</b>	<b>493.0</b>	<b>453.4</b>
<b>New Borrowing Required</b>	<b>0.0</b>	<b>69.6</b>	<b>497.9</b>	<b>830.1</b>	<b>1,144.8</b>	<b>1,383.8</b>	<b>1,608.4</b>

8.4.3 This is shown in the chart below together with the maturity profile of the Council's existing borrowing;



## Treasury Management Strategy 2025/2026, Treasury Management Indicators and Prudential Indicators 2025/2026 to 2028/2029

8.4.4 The Loans CFR line (solid light blue) represents the total cost of the capital expenditure plans based on the estimated profile of the Strategic Capital Investment Programme 2025/2026 to 2028/2029. This reduces over time as scheduled principal repayments are made to the loans fund. The Net Loans Requirement line (dotted red) represents the minimum external borrowing required to fund the current capital expenditure plans assuming all cash reserves and balances are utilised to offset borrowing requirements. The Liability Benchmark line (solid red) represents the estimated borrowing required, taken account of liquidity allowance required of £30.0m to be held to maintain liquidity and to manage day-to-day cashflows.

8.4.5 The solid grey section shows the maturity profile of current borrowing. The gap between the grey section and the liability benchmark line represents the estimated additional borrowing that is forecast will be required to fund the current capital expenditure plans, via long-term and short-term borrowing options.

### 8.5 Prudential Indicator: The Authorised Limit for External Debt.

8.5.1 This represents the maximum limit beyond which borrowing is prohibited. Although this limit is deemed to be affordable in the short-term, it is not desirable or a sustainable level of borrowing for the council and is therefore being set at a level as the maximum allowable in each of the years 2025/2026 through to 2029/2030. The initial level set for 2024/2025 is shown for comparison. The Local Authority (Capital Finance and Accounting) (Scotland) Regulations 2016 provide a statutory backing to the Prudential Code requirement for an authority to set an authorised limit for external debt.

Authorised Limit	2024/25 Initial Limit £m	2025/26 Estimated £m	2026/27 Estimated £m	2027/28 Estimated £m	2028/29 Estimated £m	2029/30 Estimated £m
Gross Borrowing : Loan Debt	1,270.0	1,505.0	1,770.0	2,005.0	2,204.0	2,320.0
Long Term Liabilities	325.0	325.0	325.0	325.0	320.0	320.0
<b>Total External Debt</b>	<b>1,595.0</b>	<b>1,830.0</b>	<b>2,095.0</b>	<b>2,330.0</b>	<b>2,524.0</b>	<b>2,640.0</b>

Table 11 - Authorised Limit 2024/25 to 2029/30

### 8.6 Prudential Indicator: The Operational Boundary for External Debt.

8.6.1 This indicator is based on the expected maximum external debt during the course of the year; it is not a limit. This operational boundary allows flexibility to borrow, re-invest and undertake debt restructuring during the course of the year. It is therefore possible and acceptable, for actual borrowing to vary around this boundary for short periods during the year.

Operational Boundary	2024/25 Initial Limit £m	2025/26 Estimated £m	2026/27 Estimated £m	2027/28 Estimated £m	2028/29 Estimated £m	2029/30 Estimated £m
Gross Borrowing : Loan Debt	1,220.0	1,455.0	1,720.0	1,955.0	2,154.0	2,270.0
Long Term Liabilities	325.0	325.0	325.0	325.0	320.0	320.0
<b>Total External Debt</b>	<b>1,545.0</b>	<b>1,780.0</b>	<b>2,045.0</b>	<b>2,280.0</b>	<b>2,474.0</b>	<b>2,590.0</b>

Table 12 - Operational Boundary 2024/25 to 2029/30

### 8.7 Prudential Indicators: Affordability

8.7.1 The previous sections cover the treasury management and overall capital and control of borrowing prudential indicators, but within this framework, prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the overall Council finances. The Council is asked to approve the following affordability indicator.

### 8.8 Prudential Indicator: The Proportion of Financing Costs to Net Revenue Stream.

8.8.1 Since capital expenditure impacts on the revenue budget through financing charges, the Council needs to ensure that financing costs not only remain affordable, but also do not constitute an excessive proportion of the revenue resources available. The proportion of capital financing costs

## Treasury Management Strategy 2025/2026, Treasury Management Indicators and Prudential Indicators 2025/2026 to 2028/2029

to revenue forecasts for the next 3 years are illustrated in Table 13 below showing that the General Services loan charges represent up to 8.49% of the total revenue budget available. The increase in the proportion still remains within prudent levels demonstrating that the capital programme investment appears to be affordable and sustainable.

8.8.2 In noting the percentage on loan charges within the HRA budget, a major element of revenue costs in the Housing Account is the funding support to sustain the substantial investment programme; the other main elements of expenditure being repair costs and management costs. The level of loan charges is acceptable and deemed prudent and affordable within the framework of the Council's 30-year Housing investment plan.

Proportion of Financing Costs to Net Revenue Stream	2025/26 Estimated £m	2026/27 Estimated £m	2027/28 Estimated £m	2028/29 Estimated £m	2029/30 Estimated £m
Total General Fund (GF) Loan Charges	46.6	53.7	61.9	68.8	76.7
Total General Fund Finance Lease / PPP Costs	15.3	15.1	14.9	14.6	14.1
<b>Total General Fund : Capital Financing Costs</b>	<b>61.9</b>	<b>68.8</b>	<b>76.7</b>	<b>83.5</b>	<b>90.7</b>
<b>General Fund : Net Revenue Stream</b>	<b>1,068.8</b>	<b>1,068.8</b>	<b>1,068.8</b>	<b>1,068.8</b>	<b>1,068.8</b>
<b>GF - Proportion of Financing Costs to Net Revenue Stream</b>	<b>5.79%</b>	<b>6.44%</b>	<b>7.18%</b>	<b>7.81%</b>	<b>8.49%</b>
Total Housing Revenue Account (HRA) Loan Charges	43.3	49.9	61.2	71.9	80.9
Total Housing Revenue Account Finance Lease Costs	0.3	0.3	0.3	0.3	0.0
<b>Total HRA : Capital Financing Costs</b>	<b>43.6</b>	<b>50.2</b>	<b>61.6</b>	<b>72.2</b>	<b>80.9</b>
<b>HRA : Net Revenue Stream</b>	<b>171.9</b>	<b>175.3</b>	<b>188.6</b>	<b>201.6</b>	<b>209.2</b>
<b>HRA - Proportion of Financing Costs to Net Revenue Stream</b>	<b>25.39%</b>	<b>28.64%</b>	<b>32.65%</b>	<b>35.78%</b>	<b>38.69%</b>

**Table 13 - Proportion of Financing Costs to Net Revenue Stream 2025/26 to 2029/30**

8.8.3 The scheduled loan debt, education PPP amortisation and credit arrangement figures presented within Table 9 above are based on the estimated profile of the Strategic Capital Investment Programme 2025/2026 to 2028/2029, and implementation of the changes to accounting for service concessions as a result of Scottish Government fiscal flexibilities options applied in 2023/2024 and *IFRS16 Leases* in 2024/2025.

### 8.9 Prudential Indicator: Affordability – Sensitivity Analysis

8.9.1 For the Prudential Indicators relating to affordability, the table within Annex E provides a summary of the sensitivity of the most likely outcomes outlined within the preceding paragraphs provided above to the following movements, all assessed independently of each other:

- (i) a plus or minus 10% change in the capital financing requirement i.e. the level of borrowing undertaken to retain average investment balances and under borrowing position at prudent levels.
- (ii) a plus or minus 50 bps change in the interest rates achievable for new long-term borrowing i.e. ½ percent movement
- (iii) a plus or minus 10% change in the net revenue stream used to calculate the proportion of financing costs to net revenue stream.



## Treasury Management Strategy 2025/2026, Treasury Management Indicators and Prudential Indicators 2025/2026 to 2028/2029

### 9.0 Policy on Repayment of Loans Fund Advances 2025/2026

- 9.1 The Local Authority (Capital Finance and Accounting) (Scotland) Regulations 2016 (as amended in 2024) within Regulation 13 require the Council to make a loans fund advance equal to the amount of capital expenditure that the Council has determined will be financed by borrowing. The Capital Expenditure definition being that adopted by proper accounting practice, the statutory control framework and the Prudential Code.
- 9.2 Loans fund advances also incorporate grants to third parties on third party assets and loans to third parties where the other party meets the criteria laid out within Part 3 of the Regulations e.g. other local authorities or joint boards.
- 9.3 Accounting for loans fund advances also changed from 1st April 2016. Prudent repayment of loans fund advances are required to be made in line with Scottish Government Statutory Guidance on Loans Fund Accounting (Circular 7/16).
- 9.4 The broad aim of prudent repayment is to ensure that the Authority's unfinanced capital expenditure is financed over a period of years which that expenditure is expected to provide a benefit, and that each year's repayment amount is reasonably commensurate with the period and pattern of the benefits. Where a loans fund advance is made for an asset, that period will be the asset's useful life. Where an asset life cannot reasonably be established, the repayment period will not exceed 50 years.
- 9.5 The statutory guidance requires the Council to approve a policy on loans fund repayments each year and it is proposed the Council adopts the following options for calculating prudent repayments in 2025/26.
- 9.6 For pre-existing Loans Fund advances made up to 31st March 2016 and for the most part capital expenditure plans for the period up to and including the 31 March 2021, the Council continued to use Option 1: Statutory Method. This approach taking into account the 5-year transitional period from 31/3/2016 to 31/3/2021 available within the new guidance, during which the current methodology may continue to be selected. The repayment of Loans Fund advances therefore being equal to the annual amount determined in accordance with Schedule 3 of the Local Government (Scotland) Act 1975.
- 9.7 However the Council undertook an initial review of the loans fund advances annuity models in 2021/22 and a review of the initial asset lives adopted and determined it would be prudent to adopt Option 3: Asset Life Method, with the Council applying this option accordingly for 2020/2021. This approach allowed a retrospective review for 'prudent repayment' of all historic loans fund advances outstanding at 31 March 2020 with no distinction made between debt held prior to 31 March 2016 and since the prudent repayment methodology was introduced on 1 April 2016.
- 9.8 Following this initial exercise, a further review was carried out during 2020/2021 in conjunction with Treasury specialists to investigate further adaptations to the repayments policy. Per the report submitted to this Committee on the 26 November 2020 entitled Loans Fund Advance Repayment Policy Review a revised policy was approved.
- 9.9 This included the application of a fixed average life to all loans fund advances, and changes to the annuity rate adopted to calculate loans fund advance repayments, including the retrospective adjustment to the period over which historic loans fund advance repayments can be made and applying this approach to future loans fund advances going forward. The repayment periods and annuity rate can be updated in future years, if deemed prudent to do so, to reflect the changing nature and durability of assets financed by loans fund advances linked to Treasury Management strategy.
- 9.10 The revised Policy resulted in a revised loans fund advance repayment profile, the Council adopting the flexibility within the policy and will consider alternative approaches including reprofiling back to initial advance date. A prudent approach specific to the Council's financial position will be adopted including an assessment of the whole life impact both in nominal and NPV terms of this proposal.
- 9.11 Alternatively if it is determined that it may be prudent to recognise grant funding or other income streams when determining both the period of the repayment and/or the annual repayment of any

## **Treasury Management Strategy 2025/2026, Treasury Management Indicators and Prudential Indicators 2025/2026 to 2028/2029**

loans fund advance, Option 4 Funding/Income profile method will be selected. Some examples of where this income approach may be considered prudent would include the deferred UK and Scottish Government grant support for the City Deal. Therefore, for capital expenditure incurred for specified projects where it is reasonable to link an income /funding stream, the annual repayment of Loans Fund advances may be profiled to reflect the income/funding stream. The Council will keep the income streams under review to ensure the provision for repayment remains prudent and, if required, address any shortfall.

- 9.12 The Statutory Guidance, allows a further option referred to as Option 2: the Depreciation method within the guidance and after due consideration the Council did not adopt this in 2021/2022.
- 9.13 The Council made use of the permitted short-term financial flexibility to defer Loans Fund repayments in 2022/23 which has resulted in higher repayments in the following 20 years.
- 9.14 In accordance with the Statutory Guidance, the Council has outlined within Annex F its commitments in respect of loans fund advance repayments, however these are based on the estimated profile of the Strategic Capital Investment Programme 2025/2026 to 2028/2029 and the implementation of approved loans funds advance repayment policy and service concessions arrangements. Material changes to these estimates/forecasts will be reported during the quarterly Treasury Management Monitoring Process.
- 9.15 In accordance with the statutory guidance the HRA Loans Fund advances and associated annual repayments have been identified separately from that of the General Fund.
- 9.16 Loans Fund advances are not made for credit arrangements such as leases and service concession (PFI/PPP) arrangements, but a statutory charge to revenue similar to a Loans Fund repayment is made to repay the associated debt. Except where flexible arrangements have previously been approved, the charge will be equal to the contractual unitary payment due for the financial year after deducting (a) those amounts which have been already charged to revenue such as interest and (b) actual or prepaid lifecycle replacement costs.

## **Treasury Management Policy Statement & Clauses adopted**

### **The Treasury Management Policy Statement adopted by North Lanarkshire Council:**

1. The Council defines its Treasury Management activities as:
 

“The management of the organisation’s borrowing investments and 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.”
2. The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Council and any financial instruments entered into to manage these risks.
3. The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.
4. The Council adopts a high-level approach to setting policies for borrowing and investment activity having in place an appropriate scheme of delegation and ensuring all staff employed in Treasury Management have the suitable skills and resources to carry out delegated treasury management activities effectively, efficiently and achieving value for money.

### **CIPFA Treasury Management code clauses formally adopted by North Lanarkshire Council:**

1. This Council will create and maintain, as the cornerstones for effective treasury management:
  - A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities;
  - Suitable treasury management practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
2. The Council will receive reports on its treasury management policies, practices and activities, including as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.
3. The Council delegates responsibility for the development of the Treasury Management Strategy and implementation and monitoring of its treasury management policies and practices to the Finance and Resources Committee and for the execution and administration of treasury management decisions to the Chief Officer (Finance), who will act in accordance with the Council's Treasury Policy statement and TMPs and CIPFA's Standard of Professional Practice on Treasury Management.
4. The Audit and Scrutiny Panel will be responsible for ensuring effective scrutiny of the Treasury Management Strategy and policies as part of its work on reviewing the internal financial controls of the Council.
5. In accordance with The Local Government Investments (Scotland) Regulations 2010, the Council is responsible for the approval of the Annual Investment Strategy and Annual Investment Report.

## Explanation of Long-Term Rating Definitions

Type of Rating	Rating	Explanation
Fitch – long-term	AAA	Indicates exceptionally <i>strong</i> capacity for timely payment of financial commitments and this capacity is highly unlikely to be adversely affected by foreseeable events.
	AA-	Indicates very <i>strong</i> capacity for timely payment of financial commitments and this capacity is not significantly vulnerable to foreseeable events.
	A-	Indicates <i>strong</i> capacity for timely payment of financial commitments. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.
	BBB	Indicates an <i>adequate</i> capacity for timely payment of financial commitments but adverse business or economic conditions more likely to impair this capacity.
Moody's – long-term	Aaa	Offer <i>excellent</i> credit quality, with susceptibility to long-term risks that are mostly unlikely to materially impair the banks strong position.
	Aa	Offer <i>excellent</i> credit quality, with susceptibility to long-term risks with a vulnerability to greater fluctuations within protective elements.
	A	Offer <i>excellent</i> credit quality, but elements suggest a susceptibility to impairment over the long-term.
	Baa	Rated as <i>medium</i> grade, with some speculative elements and moderate credit risk.
Standard & Poor's - long-term	AAA	Indicates extremely <i>strong</i> capacity for timely payment of financial commitments
	AA-	Indicates very <i>strong</i> capacity for timely payment of financial commitments
	A-	Indicates <i>strong</i> capacity for timely payment of financial commitments This capacity may, nevertheless, be more susceptible to the adverse effects of changes in circumstances or in economic conditions than is the case for higher rated category.
	BBB	Indicates an <i>adequate</i> capacity for timely payment of financial commitments but adverse business or economic conditions more likely to impair this capacity.

## Permitted Investments, Associated Controls, Credit Rating, Money and Time Limits

Type of Investment	Treasury Management Risks	Mitigating Controls	Credit Rating		Money Limits	Time Limits
a. Deposits with the Debt Management Account Facility (UK Government).	Deposit with the UK Government and as such credit/counterparty and liquidity risk is very low, and there is no market risk to the principal sum.	Little mitigating controls required as this is a UK Government investment. The monetary limit is unlimited to allow for a safe haven for investments. The sovereign rating is monitored with the impact of any changes to this sovereign rating evaluated and removal of the investment from the permitted list if necessary.	Long-term rating	n/a	No limit	O/night
b. Deposits with other local authorities or public bodies	Quasi UK Government debt and as such credit/counterparty risk is very low, and there is no market risk to principal sum. Liquidity may present a problem as deposits can only be broken with the agreement of the counterparty, and penalties can apply.	Little mitigating controls required for local authority deposits, as this is a quasi-UK Government investment. The sovereign rating is monitored with the impact of any changes to this sovereign rating evaluated and removal of the investment from the permitted list if necessary.	Long-term rating	n/a	£20m	Up to a max period of 3 years
c. Instant Access Accounts	These tend to be low risk investments but will exhibit higher risks than categories (a) and (b) above.  These investments are subject to risk of loss via bail-in should the regulator determine that the bank is failing or likely to fail.	Lending will be restricted to those counterparties meeting the credit rating criteria with the selection defaulting to the lowest available credit rating to provide additional risk control measures. Assessment of credit worthiness will be further strengthened by the use of additional market intelligence including credit default swaps, sovereign support and share price data.	Long-term rating	Above or equal to A- or equivalent	£20m	Daily access if required
				BBB or equivalent	£10m	

## Permitted Investments, Associated Controls, Credit Rating, Money and Time Limits

Type of Investment	Treasury Management Risks	Mitigating Controls	Credit Rating		Money Limits	Time Limits
d. Call Accounts	<p>These tend to be low risk investments but will exhibit higher risks than categories (a) to (c) above. With this type of investment liquidity can be low or high, determined by the call account facility adopted e.g. 35 days. Call deposits can only be broken with the agreement of the counterparty, and penalties may apply.</p> <p>These investments are subject to risk of loss via bail-in should the regulator determine that the bank is failing or likely to fail.</p>	<p>Lending will be restricted to those counterparties meeting the credit rating criteria with the selection defaulting to the lowest available credit rating to provide additional risk control measures. Assessment of credit worthiness will be further strengthened by the use of additional market intelligence including credit default swaps, sovereign support and share price data.</p>	Long-term rating	Above or equal to A- or equivalent	£20m	up to a max of 364 days
				BBB or equivalent	£10m	up to a max of 30 days.
e. Term Deposits	<p>These tend to be low risk investments but will exhibit higher risks than categories (a) to (d) above. With this type of investment, liquidity is low, and term deposits can only be broken with the agreement of the counterparty, and penalties may apply.</p> <p>These investments are subject to risk of loss via bail-in should the regulator determine that the bank is failing or likely to fail.</p>	<p>Lending will be restricted to those counterparties meeting the credit rating criteria with the selection defaulting to the lowest available credit rating to provide additional risk control measures. Assessment of credit worthiness will be further strengthened by the use of additional market intelligence including credit default swaps, sovereign support and share price data.</p>	Long-term rating	Above or equal to A- or equivalent	£20m	up to a max of 364 days.
				BBB or equivalent	£10m	up to a max of 30 days.

## Permitted Investments, Associated Controls, Credit Rating, Money and Time Limits

Type of Investment	Treasury Management Risks	Mitigating Controls	Credit Rating		Money Limits	Time Limits
f. Money Market Funds (MMFs)	<p>The Council is no longer guaranteed preservation of capital i.e. for every £1 of principal invested the fund will no longer guarantee a return £1 of principal on withdrawal.</p> <p>However the day to day operation of LVNAV funds is very similar and has many of the attractive features of the former Constant Net Asset Value (CNAV) fund and the probability of the price changing and loss of capital, within the boundaries set for price changes i.e. “the collar”, is widely regarded as de minimis.</p>	<p>Two types of funds are available to the Council</p> <ul style="list-style-type: none"> <li>• a Public Debt CNAV (assets invested in government debt); and</li> <li>• a ‘Low Volatility NAV’ (LVNAV)</li> </ul> <p>The Council will not use Variable NAV Funds.</p> <p>Assessment of credit worthiness will be underpinned by additional market intelligence including credit default swaps, sovereign support and share price data and information regularly received from the Council’s Treasury Advisors Arlingclose Ltd.</p>	Long-term rating	n/a	£10m per MMF fund up to a max of £40m in total or 0.5% of fund size.	Daily access if required
g. Instant Access Funds held with Council’s own bankers	<p>These tend to be low risk investments but will exhibit higher risks than categories (a), (b) and (c) above.</p> <p>These investments are subject to risk of loss via bail-in should the regulator determine that the bank is failing or likely to fail.</p>	<p>If the council’s own bankers fail to meet the credit rating criteria per c) above, for operational purposes limited funds may be held within this account but the Council will ensure funds kept at the lowest levels manageable</p>	Long-term rating	n/a	n/a	Overnight basis only

## Permitted Investments, Associated Controls, Credit Rating, Money and Time Limits

Type of Investment	Treasury Management Risks	Mitigating Controls	Credit Rating		Money Limits	Time Limits
h. Government Gilts and Treasury Bills	These are marketable securities issued by the UK Government and as such counterparty and liquidity risk is very low, although there is potential risk to the market value arising from an adverse movement in interest rates (no loss if these are held to maturity).	<p>Little mitigating controls required as this is a UK Government investment. The monetary limit is unlimited to allow for a safe haven for investments. Any changes to the sovereign rating is evaluated and the removal of this type of investment from the permitted list if necessary. Assessment of credit worthiness will be further strengthened by additional market intelligence including credit default swaps, sovereign support and share price data.</p> <p>Cashflow management tools will endeavour to ensure that this type of investment is held until maturity to limit market risk.</p>	Long-term rating	n/a	No limit	Up to a max period of 5 years
i. Supranational Bonds	These are bonds issued by institutions such as the European Investment Bank (EIB) and the World Bank as such counterparty and liquidity risk is very low, although there is potential market risk to principal amount arising from an adverse movement in interest rates (no loss if these are held to maturity).	<p>Lending restricted to those meeting credit rating criteria.</p> <p>Assessment of credit worthiness will be further strengthened by the use of additional market intelligence including credit default swaps, sovereign support and share price data.</p> <p>Cashflow management tools will endeavour to ensure that this type of investment is held until maturity to limit market risk</p>	Long-term rating	A- or equivalent	£20m	max period of 5 years.



## Permitted Investments, Associated Controls, Credit Rating, Money and Time Limits

Type of Investment	Treasury Management Risks	Mitigating Controls	Credit Rating		Money Limits	Time Limits
j. Certificates of deposits with financial institutions	These are short dated marketable securities issued by financial institutions and as such counterparty risk is low but will exhibit higher risks than categories (a) to (h) above. There is risk to value of capital loss arising from selling ahead of maturity if combined with an adverse movement in interest rates. Liquidity risk will normally be low.	Lending will be restricted to those counterparties meeting the credit rating criteria with the selection defaulting to the lowest available credit rating to provide additional risk control measures. Assessment of credit worthiness will be further strengthened by the use of additional market intelligence including credit default swaps, sovereign support and share price data.	Long-term rating	A- or equivalent	£20m	Up to a max period of 364 days.
k. Covered Bonds	These are bonds issued by financial institutions and guaranteed by a group company that holds mortgage assets. There is risk of capital loss arising from selling ahead of maturity if combined with an adverse movement in interest rates. Liquidity risk will normally be low as highly liquid market.  These investments are exempt from the bail-in provisions should the regulator determine that the bank is failing or likely to fail.	These investments are secured on the borrower's assets up to a value of 125% of the principal amount which limits the potential losses in the event of default. Process in place to monitor the value of the cover arrangements throughout the bond term. i.e. value of assets providing security  Bonds will be restricted to those meeting credit rating criteria. Assessment of credit worthiness will be further strengthened by the use of additional market intelligence including credit default swaps, sovereign support and share price data.  Cashflow management tools will endeavour to ensure that this type of investment is held until maturity to limit market risk.	Long-term rating	A- or equivalent (Criteria required for the covered bond.)	£20m	Up to 5 years.
				BBB or equivalent (Criteria required for the covered bond.)	£10m	Up to 6 months.

## Permitted Investments, Associated Controls, Credit Rating, Money and Time Limits

Type of Investment	Treasury Management Risks	Mitigating Controls	Credit Rating		Money Limits	Time Limits
I. Reverse repurchase agreements and other collateralised arrangements	<p>These are bonds issued by financial institutions with collateral provided by the lender to the Council by transferring the custody and title to bonds or other investment securities valued at a price above par e.g. 105% of the principal amount. There is risk of capital loss arising from selling ahead of maturity if combined with an adverse movement in interest rates. Liquidity risk will normally be low as highly liquid market.</p> <p>These investments are exempt from the bail-in provisions should the regulator determine that the bank is failing or likely to fail.</p>	<p>These investments are secured by the borrower giving the Council custody and title to marketable securities valued above par that will be retained in the event of default</p> <p>Process in place to monitor the value of the collateral in place throughout the bond term to ensure adequate cover.</p> <p>Collateral arrangements will be restricted to those meeting credit rating criteria.</p> <p>Assessment of credit worthiness will be further strengthened by the use of additional market intelligence including credit default swaps, sovereign support and share price data.</p> <p>Cashflow management tools will endeavour to ensure that this type of investment is held until maturity to limit market risk</p>	Long-term rating	A- or equivalent (Criteria required for collateral arrangement)	£20m	Up to 5 years.
				BBB or equivalent (Criteria required for the collateral)	£10m	Up to 6 months.

## Permitted Investments, Associated Controls, Credit Rating, Money and Time Limits

Type of Investment	Treasury Management Risks	Mitigating Controls	Credit Rating	Money Limits	Time Limits
m. Investment properties	These are non-service properties which are being held pending disposal or for a longer-term rental income stream. These are highly illiquid assets with high risk to value (the potential for property prices to fall or for rental voids). Funding for this type of investment must be met from revenue & balances as borrowing to on-lend for this purpose is prohibited per Scottish Government Investment guidance.	In larger investment portfolios some small allocation of property-based investment may counterbalance or compliment the wider cash portfolio. Property holding will be re-valued regularly and reported annually with gross and net rental streams. Strategy/Policy driven subject to scrutiny by Chief Officer (Finance).	n/a	Policy Driven	Policy Driven,
n. Loans to third parties including soft loans	These are service investments either at market rates of interest or below market rates (soft loans). These types of investments may exhibit credit risk and are likely to be highly illiquid. Funding for this type of investment must be met from revenue & balances as borrowing to on-lend for this purpose is prohibited per Scottish Government Investment guidance.	Prior to awarding loans to a third party the Service Strategy/Policy decision to award this type of loan/loans must be subject to scrutiny and approval by the Chief Officer (Finance). Full detail of the service rationale behind awarding the loan and the likelihood of partial or full default must be assessed.	n/a	Policy Driven	Policy Driven,
o. Loans to a local authority company	These are service investments either at market rates of interest or below market rates (soft loans). These types of investments may exhibit credit risk and are likely to be highly illiquid. Funding for this type of investment must be met from revenue & balances as borrowing to on-lend for this purpose is prohibited per Scottish Government Investment guidance.	Prior to awarding loans to a local authority company, the Service Strategy/Policy decision to award this type of loan/loans must be subject to scrutiny and approval by the Chief Officer (Finance). Full detail of the service rationale behind awarding the loan and the likelihood of partial or full default must be assessed.	n/a	Policy Driven	Policy Driven,

## Permitted Investments, Associated Controls, Credit Rating, Money and Time Limits

Type of Investment	Treasury Management Risks	Mitigating Controls	Credit Rating	Money Limits	Time Limits
p. Shareholdings in a local authority company	These are service investments which may exhibit market risk and are likely to be highly illiquid. Funding for this type of investment must be met from revenue & balances as borrowing to on-lend for this purpose is prohibited per Scottish Government Investment guidance.	Each equity investment in a local authority company requires member approval and each application will be supported by the service rationale behind the investment and the likelihood of loss.  Service Strategy/Policy driven subject to scrutiny by Chief Officer (Finance).	n/a	Policy Driven	Policy Driven
q. Non-local authority shareholdings	These are non-service investments which may exhibit market risk, be only considered for longer term investments and will be likely to be liquid. Funding for this type of investment must be met from revenue & balances as borrowing to on-lend for this purpose is prohibited per Scottish Government Investment guidance.	Any non-service equity investment will require separate Member approval, and each application will be supported by the service rationale behind the investment and the likelihood of loss.  Service Strategy/Policy driven subject to scrutiny by Chief Officer (Finance)	n/a	Policy Driven	Policy Driven

## Permitted Investments, Associated Controls, Credit Rating, Money and Time Limits

Type of Investment	Treasury Management Risks	Mitigating Controls	Credit Rating	Money Limits	Time Limits
r. Subordinated debt in projects delivered via 'Hubco/DBFM' model	<p>The 'Hubco/DBFM' delivery model fails to meet its' contractual obligations resulting in failure to repay the principal sum invested.</p> <p>The cash forming part of the Council's reserves and balances is required during the term of the investment as the type of investment is highly illiquid.</p> <p>Fluctuations in the levels of interest rates create an unexpected or unbudgeted burden on the Council's finances against which the Council has failed to protect itself adequately.</p>	<p>The Council must assess the merits of each individual subordinated debt investment opportunity via the 'Hubco/DBFM' model prior to investing, carrying out a full risk/benefit analysis. Employ efficient cashflow management and forecasting tools including annual balance sheet analysis.</p> <p>Set a cap on the level of long-term investments of this nature i.e. to avoid cash reserves being fully extinguished resulting in future non-compliance with 'borrowing to on lend' restrictions. Implement Long term Financial Plans which are robust including the setting of contingencies and cash backed reserves at levels to leave prudent headroom to cater for long term cash commitments. Where possible consider selling subordinated debt to a secondary market provider.</p> <p>For investments in subordinated debt for projects delivered via the 'Hubco' model the rate of return is fixed over the term of the investment and in normal circumstances will not vary.</p>	n/a	£1.5m per project	Up to 30 years

## Interest Rate Forecast March 2025 until December 2027 (Source: Arlingclose Ltd December 2024)

	2025				2026				2027			
Central Forecast	March	June	Sept	Dec	March	June	Sept	Dec	March	June	Sept	Dec
Official Bank Rate*	4.50%	4.25%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%
3-mth MM Rate**	4.60%	4.35%	4.10%	3.90%	3.85%	3.85%	3.85%	3.85%	3.85%	3.85%	3.85%	3.85%
1-yr LIBID												
5-yr PWLB***	5.10%	5.00%	4.90%	4.80%	4.70%	4.70%	4.75%	4.80%	4.85%	4.85%	4.85%	4.85%
10-yr PWLB	5.35%	5.25%	5.10%	5.00%	5.00%	5.00%	5.00%	5.05%	5.05%	5.05%	5.05%	5.05%
20-yr PWLB	5.80%	5.70%	5.60%	5.50%	5.45%	5.45%	5.45%	5.45%	5.45%	5.45%	5.45%	5.45%
50-yr PWLB	5.50%	5.40%	5.30%	5.20%	5.15%	5.15%	5.15%	5.15%	5.15%	5.15%	5.15%	5.15%

\*Official Bank rate: (also called the Bank of England base rate or BOEBR) is the interest rate that the Bank of England charges Banks for secured overnight lending.

\*\*MM: the short term readily available from banks and building societies and similar financial organisations

\*\*\*PWLB: Public Works Loan Board

**SENSITIVITY ANALYSIS OF PRUDENTIAL INDICATORS: AFFORDABILITY 2025/26 to 2029/30**

The Tables below highlights the impact of

- (i) a plus or minus 10% change in the capital financing requirement i.e the level of borrowing undertaken to retain average investment balances and under borrowing at prudent levels

<b><u>Prudential Indicators : Affordability</u></b>	<b><u>CFR Movement</u></b>	<b><u>25/26</u></b>	<b><u>26/27</u></b>	<b><u>27/28</u></b>	<b><u>28/29</u></b>	<b><u>29/30</u></b>
		£m	£m	£m	£m	£m
Total Composite Capital Financing Costs	+10%	62.19	69.84	78.37	85.63	93.59
	No Change	61.92	68.84	76.75	83.46	90.74
	-10%	61.64	67.83	75.11	81.27	87.88
Total HRA Capital Financing Costs	+10%	43.85	51.13	63.65	75.26	84.90
	No Change	43.64	50.21	61.56	72.15	80.93
	-10%	43.42	49.28	59.48	69.05	76.96
General Fund : Ratio of financing costs to net revenue stream	+10%	5.82%	6.53%	7.33%	8.01%	8.76%
	No Change	5.79%	6.44%	7.18%	7.81%	8.49%
	-10%	5.77%	6.35%	7.03%	7.60%	8.22%
HRA : Ratio of financing costs to net revenue stream	+10%	25.52%	29.17%	33.75%	37.32%	40.59%
	No Change	25.39%	28.64%	32.65%	35.78%	38.69%
	-10%	25.27%	28.11%	31.54%	34.24%	36.80%

## SENSITIVITY ANALYSIS OF PRUDENTIAL INDICATORS: AFFORDABILITY 2025/26 to 2029/30

(ii) a plus or minus 50bps change in the interest rates achievable for new long-term borrowing i.e. 1/2 per cent movement

<b><u>Prudential Indicators : Affordability</u></b>	<b><u>Interest Rate</u></b>					
	<b><u>Movement</u></b>	<b><u>25/26</u></b>	<b><u>26/27</u></b>	<b><u>27/28</u></b>	<b><u>28/29</u></b>	<b><u>29/30</u></b>
		£m	£m	£m	£m	£m
Total Composite Capital Financing Costs	+50bps	62.46	70.48	79.11	86.41	94.23
	No Change	61.92	68.84	76.75	83.46	90.74
	-50bps	61.37	67.20	74.38	80.51	87.27
Total HRA Capital Financing Costs	+50bps	44.07	51.52	63.66	74.94	84.28
	No Change	43.64	50.21	61.56	72.15	80.93
	-50bps	43.21	48.89	59.47	69.37	77.60
General Fund : Ratio of financing costs to net revenue stream	+50bps	5.84%	6.59%	7.40%	8.08%	8.82%
	No Change	5.79%	6.44%	7.18%	7.81%	8.49%
	-50bps	5.74%	6.29%	6.96%	7.53%	8.16%
HRA : Ratio of financing costs to net revenue stream	+50bps	25.64%	29.39%	33.76%	37.17%	40.29%
	No Change	25.39%	28.64%	32.65%	35.78%	38.69%
	-50bps	25.14%	27.89%	31.54%	34.40%	37.10%



**SENSITIVITY ANALYSIS OF PRUDENTIAL INDICATORS: AFFORDABILITY 2025/26 to 2029/30**

(iii) a plus or minus 10% change in the net revenue stream used to calculate the proportion of financing costs to net revenue

<b><u>Prudential Indicators : Affordability</u></b>	<b><u>Movement in</u></b>					
	<b><u>Net Revenue</u></b>					
	<b><u>Steam</u></b>	<b><u>25/26</u></b>	<b><u>26/27</u></b>	<b><u>27/28</u></b>	<b><u>28/29</u></b>	<b><u>29/30</u></b>
General Fund : Ratio of financing costs to net revenue stream	+10%	5.27%	5.85%	6.53%	7.10%	7.72%
	No Change	5.79%	6.44%	7.18%	7.81%	8.49%
	-10%	6.44%	7.16%	7.98%	8.68%	9.43%
HRA : Ratio of financing costs to net revenue stream	+10%	23.08%	26.03%	29.68%	32.53%	35.17%
	No Change	25.39%	28.64%	32.65%	35.78%	38.69%
	-10%	28.21%	31.82%	36.27%	39.76%	42.99%

## LOANS FUND REPAYMENT SCHEDULE

<b>Loans Fund Repayments Schedules</b>	<b>Composite Estimated Loans Fund Pool Open Balance</b>	<b>HRA Estimated Loans Fund Pool Open Balance</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Estimated Loans Fund Pool Open Balance</b>	<b>715.7</b>	<b>568.6</b>	<b>1,284.2</b>
Estimated New Advances 25/26	84.2	85.4	<b>169.6</b>
Estimated New Advances 26/27	109.9	183.2	<b>293.1</b>
Estimated New Advances 27/28	91.5	152.4	<b>243.9</b>
Estimated New Advances 28/29	102.7	120.5	<b>223.2</b>
Estimated New Advances 29/30	91.7	142.3	<b>234.0</b>
<b>Total Debt Repayments Due</b>	<b>1,195.7</b>	<b>1,252.4</b>	<b>2,448.0</b>
<b>Scheduled Debt Amortisation</b>	<b>Composite</b>	<b>HRA</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Within 1 year	(12.2)	(14.2)	(26.4)
Within 2 to 5 years	(64.1)	(75.4)	(139.5)
within 5 to 10 years	(115.2)	(139.9)	(255.1)
within 10 to 15 years	(146.4)	(174.8)	(321.2)
within 15 to 20 years	(177.2)	(178.6)	(355.8)
within 20 to 25 years	(190.7)	(193.6)	(384.4)
within 25 to 30 years	(165.7)	(207.8)	(373.5)
within 30 to 35 years	(158.8)	(171.0)	(329.7)
within 35 to 40 years	(117.0)	(70.3)	(187.4)
within 40 to 45 years	(48.2)	(26.7)	(75.0)
within 45 to 50 years	0.0	0.0	0.0
within 50 to 55 years	0.0	0.0	0.0
within 55 to 60 years	0.0	0.0	0.0
	<b>(1,195.7)</b>	<b>(1,252.4)</b>	<b>(2,448.0)</b>

# North Lanarkshire Council Report

## Finance and Resources Committee

Does this report require to be approved?

☒ Yes ☐ No

Ref JMcK/BF

Date

26/02/25

## Procurement Strategy 2025/26

**From** James McKinstry, Chief Officer (Assets and Procurement)

**E-mail** McKinstryJ@northlan.gov.uk

**Telephone**

07939 281 102

### Executive Summary

To comply with the main procurement legislation 'The Procurement Reform (Scotland) Act 2014', requires that the council prepares and publishes a Procurement Strategy on an annual basis; this may either be new or a refinement to previous strategy.

This paper provides a copy of the proposed "**Procurement Strategy 2025/26**" to cover the period 1 April 2025 to 31 March 2026. The proposed strategy offers some refinement to Procurement Strategy 2024/25 which was approved by this Committee 12 months ago.

The notable refinements to the proposed strategy are:

- revised objectives in Procurement Strategy 2025/26 (section 5.1);
- the inclusion and consideration of the council's PCIP 2024 Assessment (section 8.5);
- incorporation of the council's Community Wealth Building Statement (section 9.4);
- additions to the policy approach with new considerations for those affected by our Procurements, including the addition of a trauma informed approach (section 9.5); and,
- refinement of the section on 'How to do business with the council' (section 10).

We are required by legislation to publish the revised procurement strategy online in an accessible format and to share a copy with Scottish Ministers.

### Recommendations

It is recommended that the Finance and Resources Committee:

- (1) Approve the content of this report;
- (2) Endorse publication of the Procurement Strategy 2025/26; and
- (3) Acknowledge the requirement to share a copy of the revised procurement strategy with Scottish Ministers.

### The Plan for North Lanarkshire

Priority All priorities

Ambition statement All ambition statements

Programme of Work Statutory / corporate / service requirement

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## **1. Background**

- 1.1. As legislated through the Procurement Reform (Scotland) Act 2014 (the “Act”), the council must have a procurement strategy published, and this should be published online in an accessible format. The procurement strategy should be refreshed annually if required, with an update strategy published online and shared with Scottish Ministers.
- 1.2. The Act specifies content to be set out within the procurement strategy, including: how it links and delivers against local and national priorities; how the council shall undertake its regulated procurement and in doing so satisfy general and specific duties; and it requires the council to make a statement on its general policies and approach to matters where procurement can influence or support.
- 1.3. The Act requires monitoring and reporting on the performance of the procurement strategy, and it prescribes that this should be done through publication of an Annual Procurement Report.
- 1.4. The Act requires the council to ensure that its regulated procurements are carried out in accordance with legislation and our procurement strategy.

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## **2. Report**

- 2.1. We are currently operating with [Procurement Strategy 2024/25](#) as approved by Finance and Resources Committee 28 February 2024.
- 2.2. There are no main departures of approach for the updated procurement strategy. Consultation was undertaken with members of the Corporate Procurement Working Group. The featured revisions made in Procurement Strategy 2025/26 are:
  - revised objectives in Procurement Strategy 2025/26 (section 5.1);
  - the inclusion and consideration of the council’s PCIP 2024 Assessment (section 8.5);
  - incorporation of the council’s Community Wealth Building Statement (section 9.4);
  - additions to the policy approach with new considerations for those affected by our Procurements, including the addition of a trauma informed approach (section 9.5); and,
  - refinement of the section on ‘How to do business with the council’ (section 10).
- 2.3. The full Procurement Strategy 2025/26 is included at Appendix 1 of this report covers the period 1 April 2025 to 31 March 2026.

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## **3. Measures of success**

- 3.1. Procurement Strategy 2025/26 fully complies with the legislative requirements of the Procurement Reform (Scotland) Act 2014.

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## **4. Supporting documentation**

Appendix 1 – Procurement Strategy 2025/26

James McKinstry

**James McKinstry**  
**Chief Officer (Assets and Procurement)**

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## 5. Impacts

<b>5.1 Public Sector Equality Duty and Fairer Scotland Duty</b> Does the report contain information that has an impact as a result of the Public Sector Equality Duty and/or Fairer Scotland Duty? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?  The Procurement Strategy 2025/26 sets an overarching approach for undertaking regulated procurements; from this we have embedded considerations into the regulated procurement toolkit and procedures to help procuring services areas comply with national policies on: <ul style="list-style-type: none"><li>• Equality Duty - <a href="https://www.gov.scot/policies/public-sector-procurement/procurement-equality-duties/">https://www.gov.scot/policies/public-sector-procurement/procurement-equality-duties/</a>; and</li><li>• Fair Work First - <a href="https://www.gov.scot/publications/publication-of-updated-fair-work-first-in-procurement-guidance/">https://www.gov.scot/publications/publication-of-updated-fair-work-first-in-procurement-guidance/</a></li></ul> If Yes, has an assessment been carried out and published on the council's website? <a href="https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments">https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments</a> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
<b>5.2 Financial impact</b> Does the report contain any financial impacts? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, have all relevant financial impacts been discussed and agreed with Finance? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?  The Procurement Strategy 2025/26 sets an overarching approach for undertaking regulated procurements; each individual procurement undertaken will have its own review of Financial Impacts.
<b>5.3 HR policy impact</b> Does the report contain any HR policy or procedure impacts? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant HR impacts been discussed and agreed with People Resources? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?
<b>5.4 Legal impact</b> Does the report contain any legal impacts (such as general legal matters, statutory considerations (including employment law considerations), or new legislation)? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, have all relevant legal impacts been discussed and agreed with Legal and Democratic? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?  The Procurement Strategy 2025/26 sets an overarching approach for undertaking regulated procurements and sets out the governance for procurement activity that need to be considered in each individual procurement.

<b>5.5</b>	<p><b>Data protection impact</b></p> <p>Does the report / project / practice contain or involve the processing of personal data?</p> <p>Yes    <input type="checkbox"/>                      No                      <input checked="" type="checkbox"/></p> <p>If Yes, is the processing of this personal data likely to result in a high risk to the data subject?</p> <p>Yes    <input type="checkbox"/>                      No                      <input type="checkbox"/></p> <p>If Yes, has a Data Protection Impact Assessment (DPIA) been carried out and e-mailed to <a href="mailto:dataprotection@northlan.gov.uk">dataprotection@northlan.gov.uk</a></p> <p>Yes    <input type="checkbox"/>                      No                      <input type="checkbox"/></p>
<b>5.6</b>	<p><b>Technology / Digital impact</b></p> <p>Does the report contain information that has an impact on either technology, digital transformation, service redesign / business change processes, data management, or connectivity / broadband / Wi-Fi?</p> <p>Yes    <input type="checkbox"/>                      No                      <input checked="" type="checkbox"/></p> <p>If Yes, please provide a brief summary of the impact?</p> <p>Where the impact identifies a requirement for significant technology change, has an assessment been carried out (or is scheduled to be carried out) by the Enterprise Architecture Governance Group (EAGG)?</p> <p>Yes    <input type="checkbox"/>                      No                      <input type="checkbox"/></p>
<b>5.7</b>	<p><b>Environmental / Carbon impact</b></p> <p>Does the report / project / practice contain information that has an impact on any environmental or carbon matters?</p> <p>Yes    <input checked="" type="checkbox"/>                      No                      <input type="checkbox"/></p> <p>If Yes, please provide a brief summary of the impact?</p> <p>The Procurement Strategy 2025/26 sets an overarching approach for undertaking regulated procurements; from this we have embedded considerations into the regulated procurement toolkit and procedures to help procuring services areas comply with national policies on:</p> <ul style="list-style-type: none"> <li>• Sustainable Procurement Duty per the requirements of the Procurement Reform (Scotland) Act 2014;</li> <li>• guidance on climate change and circular economy <a href="https://www.gov.scot/publications/public-procurement-taking-account-of-climate-and-circular-economy-considerations-3-2022/">https://www.gov.scot/publications/public-procurement-taking-account-of-climate-and-circular-economy-considerations-3-2022/</a>; and</li> <li>• the Council's Climate Plan ACT 2030 <a href="https://www.northlanarkshire.gov.uk/your-council/council-strategies-and-plans/council-strategies/climate-plan-act2030">https://www.northlanarkshire.gov.uk/your-council/council-strategies-and-plans/council-strategies/climate-plan-act2030</a></li> </ul>
<b>5.8</b>	<p><b>Communications impact</b></p> <p>Does the report contain any information that has an impact on the council's communications activities?</p> <p>Yes    <input checked="" type="checkbox"/>                      No                      <input type="checkbox"/></p> <p>If Yes, please provide a brief summary of the impact?</p> <p>The Procurement Reform (Scotland) Act 2014 requires monitoring and reporting on the performance of the procurement strategy, and it prescribes that this should be done through publication of an Annual Procurement Report. The Procurement Strategy 2025/25 must also be published online, accessible by the public.</p>

**5.9 Risk impact**

Is there a risk impact?

Yes ☒ No ☐

If Yes, please provide a brief summary of the key risks and potential impacts, highlighting where the risk(s) are assessed and recorded (e.g. Corporate or Service or Project Risk Registers), and how they are managed?

The risks associated to governance of the council's procurement strategy and procedures are managed at a corporate level.

**5.10 Armed Forces Covenant Duty**

Does the report require to take due regard of the Armed Forces Covenant Duty (i.e. does it relate to healthcare, housing, or education services for in-Service or ex-Service personnel, or their families, or widow(er)s)?

Yes ☐ No ☒

If Yes, please provide a brief summary of the provision which has been made to ensure there has been appropriate consideration of the particular needs of the Armed Forces community to make sure that they do not face disadvantage compared to other citizens in the provision of public services.

**5.11 Children's rights and wellbeing impact**

Does the report contain any information regarding any council activity, service delivery, policy, or plan that has an impact on children and young people up to the age of 18, or on a specific group of these?

Yes ☐ No ☒

If Yes, please provide a brief summary of the impact and the provision that has been made to ensure there has been appropriate consideration of the relevant Articles from the United Nations Convention on the Rights of the Child (UNCRC).

If Yes, has a Children's Rights and Wellbeing Impact Assessment (CRWIA) been carried out?

Yes ☐ No ☒



## APPENDIX 1 – Procurement Strategy 2025/26

### 1. INTRODUCTION

- 1.1 North Lanarkshire Council (“the council”) is a unitary authority, the fourth largest in Scotland, and is responsible for the delivery of a wide and diverse range of statutory and discretionary public services.
- 1.2 The council deliver services through a mixed economy acting as both:
- a provider through direct provision of services using its own workforce and assets; and,
  - an enabler with services delivered under commercial arrangements by private Contractors, the Third Sector and Supported Businesses.
- 1.3 During the financial year 2023/24 the council spent £635 Million excluding VAT on goods, services and works to conduct our operations and delivery of public services.
- 1.4 In Scotland, public bodies with an annual procurement spend of £5 million or more are required by legislation to prepare and publish a procurement strategy or revise an existing strategy under [Procurement Reform \(Scotland\) Act 2014](#) (“the Act”).
- 1.5 The council has prepared and published Procurement Strategies since 2017 in conformance with the requirements of [the Act](#); the most recent publication was [Procurement Strategy 2024/25](#).
- 1.6 This document outlines the continuation of the existing procurement strategy with some refinements to produce our new “**Procurement Strategy 2025/26**” which shall cover the period 1 April 2025 to 31 March 2026.
- 1.7 [The Act](#) requires a public body which is obliged to prepare or revise a procurement strategy:
- to ensure that its regulated procurements in that year are, so far as reasonably practicable, carried out in accordance with its procurement strategy; and,
  - to publish an Annual Procurement Report as soon as reasonably practicable after the end of that financial year, but no later than six months after, with specific means to report its performance against the procurement strategy amongst other requirements.

### 2. PRIORITIES AND THE ROLE OF PROCUREMENT

#### 2.1 Local Priorities

- 2.1.1 In North Lanarkshire, we are making progress to transform and regenerate towns; develop high-quality, sustainable housing; create bold, dynamic, flexible places to learn and work; and create an enviable infrastructure and suitable conditions that drives investment, growth and prosperity.
- 2.1.2 We recognise there are some challenges to overcome, such as high levels deprivation, child poverty and inequalities in our community.
- 2.1.3 [The Plan for North Lanarkshire \(“the Plan”\)](#) sets out our shared ambition for inclusive growth and prosperity for all, with a fairer distribution of wealth across all local communities.
- 2.1.4 Our vision is for North Lanarkshire to be the place to: Live; Learn; Work; Invest; and Visit.

- 2.1.5 [The Plan](#) sets out five priorities, providing focus for activities and resources.
- Improve economic opportunities and outcomes.
  - Support all children and young people to realise their full potential.
  - Improve the health and wellbeing of our communities.
  - Enhance participation, capacity and empowerment across our communities.
  - Improve North Lanarkshire's resource base.
- 2.1.6 We have twenty-five high level ambition statements that collectively support the shared ambition, and these are aligned to our five priorities.
- 2.1.7 A five year [Programme of Work](#) (for period 2023-2028) was put in place, setting seven workstreams to support of [The Plan](#). Each of the workstreams have project boards headed by our most senior leaders to keep activities aligned and on track.
- 2.1.8 An example of programmes of work in progress under the Plan are the "Town and Community Hub" and "Capital" programmes. These programmes involve multiple projects, each have requirements for procurement, and each are being conducted in alignment with this Procurement Strategy and in conformance with the specific Procurement Toolkit and Procedures covered at section 7 herein this document, such as requirements of 7.4 Contract Strategy and 7.7 Contract Award.
- 2.1.9 The council's procurement function is seen as an enabler to all aspects of [The Plan](#) as we ensure each regulated and significant procurement undertaken corresponds to one of the priorities, an ambition statement, and to a workstream; these become embedded within contract strategies, specifications and form part of tender evaluation.
- 2.1.10 The outputs and achievements of a completed procurement are reported with reference to a priority, ambition and workstream, and the recorded results will demonstrate how the procurement has achieved value for money, and delivered economic, social and environmental benefits.
- 2.2 National Priorities**
- 2.2.1 The national priorities, captured more fully in the [National Outcomes](#), has the objectives to create a more successful country, with opportunities for all of Scotland to flourish, through increased wellbeing, and sustainable and inclusive economic growth.
- 2.2.2 Recognition for public sector procurement is given as it is seen as *"...vitally important to public services, businesses and communities alike. If we are to deliver sustainable economic growth, it is essential that we continue to use the power of public spending to deliver greater public value, drive efficiencies and help public bodies achieve their overarching purpose and strategic objectives. Smart use of procurement can play a key role in building a more prosperous and fairer Scotland by: promoting jobs and growth; encouraging innovation; boosting training, apprenticeship and employment opportunities; and helping businesses, particularly small and medium sized enterprises (SMEs), third sector bodies, and supported businesses to compete effectively for contracts."*
- 2.2.3 The first procurement strategy for Scotland, [Public Procurement Strategy for Scotland 2023 to 2028](#), was published by the Scottish Government in April 2023 and seeks all public bodies to align with it.

- 2.2.4 The procurement strategy for Scotland confirms the need for public bodies to have regard to the [National Performance Framework](#), compliance with legislative procurement duties, and utilisation of the national procurement policies and guidance to underpin good procurement practice. These are the steps needed to achieve the national outcomes through procurement.

### **3. GOVERNANCE FOR PROCUREMENT ACTIVITY**

#### **3.1 Regulations**

- 3.1.1 The regulations applicable to our procurement activity derived from European Union Directives, and were transposed into Scots law as follows:

- [the Public Contracts \(Scotland\) Regulations 2015](#);
- [the Utilities Contracts \(Scotland\) Regulations 2016](#); and
- [the Concessions Contracts \(Scotland\) Regulations 2016](#).

- 3.1.2 These regulations ensure that public purchases are made in a transparent and fair manner, seeking to achieve efficiency in public spending while facilitating the participation of SMEs, third sector bodies and supported businesses.

#### **3.2 Legislation**

- 3.2.1 The [Procurement Reform \(Scotland\) Act 2014](#) works alongside the regulations and is the legislation that governs how Scottish public bodies buy their goods, services and works, providing a national legislative framework for sustainable public procurement that supports Scotland's economic growth through improved procurement practice.

- 3.2.2 [The Act](#) focuses on a number of general duties on contracting authorities regarding their procurement activities and some specific duties aimed at promoting good, transparent and consistent practice in procurement processes.

- 3.2.3 Further provisions under [the Act](#) are made through [the Procurement \(Scotland\) Regulations 2016](#).

#### **3.3 General Contract Standing Orders**

- 3.3.1 The Local Government (Scotland) Act 1973 section 81 requires local authorities to *"...make standing orders with respect to the making by them or on their behalf of contracts for the supply of goods or materials or for the execution of works"*.

- 3.3.2 Our [General Contract Standing Orders \("GCSOs"\)](#) set out the council's specific procurement procedures and responsibilities at all spend levels, covering both regulated and non-regulated approaches. [GCSOs](#) include our reporting requirements of procurement activity, including authorisation of contracts awards.

### **4. REQUIREMENTS OF THE PROCUREMENT STRATEGY SET BY THE ACT**

- 4.1 In accordance with section 15 of [the Act](#), the procurement strategy must detail how the council intends to carry out its regulated procurements and in particular:
- (a) set out how the council intends to ensure that its regulated procurements will:
- (i) contribute to the carrying out of its functions and the achievement of its purposes;
  - (ii) deliver Value for Money; and
  - (iii) be carried out in compliance with the general duties reference in section 8 of [the Act](#) to; treat Economic Operators equally and without discrimination, act in a transparent and proportionate manner, and to comply with the Sustainable Procurement Duty.

- (b) include a statement of the council's general policy on:
  - (i) the use of community benefit requirements;
  - (ii) consulting and engaging with those affected by its procurements;
  - (iii) the payment of a living wage to persons involved in producing, providing or constructing the subject matter of regulated procurements;
  - (iv) promoting compliance by contractors and sub-contractors with the Health and Safety at Work etc. Act 1974 (c.37) and any provision made under that Act; and
  - (v) the procurement of fairly and ethically traded goods and services.
- (c) include a statement of the council's general policy on how it intends its approach to regulated procurements involving the provision of food to:
  - (i) improve the health, wellbeing and education of communities in the authority's area; and
  - (ii) promote the highest standards of animal welfare.
- (d) set out how the authority intends to ensure that, so far as reasonably practicable, the following payments are made no later than 30 days after the invoice (or similar claim) relating to the payment is presented -
  - (i) payments due by the authority to a contractor
  - (ii) payments due by a contractor to a sub-contractor
  - (iii) payments due by a sub-contractor to a sub-contractor

**4.2** The council must have regard to further orders and/or guidance issued by Scottish Ministers.

## **5. PROCUREMENT STRATEGY 2025/26**

### **5.1 Procurement Strategy Objectives**

**5.1.1** This procurement strategy should:

- support delivery of the local and national priorities;
- confirm that our procurement toolkit and procedures, which are complemented by national tools and guidance, aim to deliver best value while giving assurance of regulatory and legislative compliance in our procurement activity;
- showcase our effective procurement function, that has excellent buy-in from leadership, with a talented network of procurement officers who we support with training and continuous professional development;
- give assurance that we use our monitoring, reporting and analysis, to then apply any learning into improving our procurement practice;
- outline our commitment, where applicable, to work with and involve those affected by our procurements;
- assure that through our robust contract award procedures, we will appoint the best Contractors who share our vision and want to collaborate with us to help us achieve our priorities and ambitions; and,
- demonstrate that we are transparent and fair in our procurement approach, wanting to attract interest and greater participation from businesses of all types and size, with purpose of generating stronger competition and getting the best possible outcomes for our regulated procurement opportunities.

### **5.2 Alignment with National Procurement Strategy**

**5.2.1** The revision to this procurement strategy ensures the council are aligned to the aforementioned public procurement strategy for Scotland, which identified four enablers:

- 1) Procurement Capability – focussing on the people in the procurement, their development and involvement as leaders
- 2) Supplier Development – focussing on the supply chains and their development to match public sector requirements
- 3) Engagement – focussing on the processes and tools in procurement, trying to achieve consistency for both buyer and supplier
- 4) Collaboration – focussing on strengthening the relationships and work towards shared goals

5.2.2 The council recognise the enablers mentioned and these are incorporated within our procurement approach detailed in this procurement strategy.

## **6. THE COUNCIL'S PROCUREMENT FUNCTION**

### **6.1 Importance**

- 6.1.1 The council are responsible for a broad range of statutory and vital public services, requiring each responsible Service Area to seek tailored procurement advice and support to help them achieve their service and/or programme of work objectives, often against a hard economic and unpredictable commercial landscape.
- 6.1.2 Having an effective procurement function, directed by a procurement strategy, is deemed essential to the council, with our procurement professionals on hand to give advice to our leaders supporting their most strategic decisions, by challenging the thinking, by developing options, and pursuing innovative and outside-the-box solutions to overcome challenges and barriers.
- 6.1.3 Procurement activity features in the council's top 25 areas of corporate risk, and as such, there is a high-level awareness of procurement across the council's corporate management team with a need for mitigation measures.
- 6.1.4 The main mitigation of procurement risk lies within having controls implemented across the procurement function, including people and process. Procurement must be carried out in compliance with the governance of procurement activity outlined at section 3 herein, making it important to have an approved procurement toolkit underpinned with guidance, policy and procedures, and an effective group of procurement professionals able to conduct procurements.
- 6.1.5 Public sector has encountered many challenges in recent years with Brexit, COVID-19 pandemic, and conflicts in various regions of the world. Each of these have contributed to destabilising the economy, impacting the reliability and availability of various supply chains, and presenting risks to optimum delivery of public services and at an affordable price.
- 6.1.6 During the pandemic, the procurement function was a vital source of expertise to help source critical goods and services necessary to enable the first responders and front-line services to carry out essential services.
- 6.1.7 Forward looking, the council's procurement function is expected to be an enabler for delivery of the Plan, and in particular a key support in the council being "Net Zero" by 2030 as per the council's [Climate Plan ACT 2030](#).
- 6.1.8 Our procurement professionals are counted on to be the council's trusted ambassadors, representing the council through external networking, building and developing collaborative relationships with our peers in other public bodies.

- 6.1.9 Our procurement professionals are also vitally important as the interface with external marketplace, handling enquiries and then leading or supporting events and initiatives that can attract new interest and lead to development of Contractors and improved competition.

## **6.2 Leadership**

- 6.2.1 The procurement function has a prominent place in the hierarchy of the council's leadership model, whereby overall governance and strategic procurement responsibility belongs to the Chief Officer (Assets and Procurement). The Chief Officer has a direct channel of engagement with the council's: Chief Executive; Councillors; Corporate Procurement Working Group ("CPWG"); and Procurement and Support Manager who in turn manages the Corporate Procurement Team ("CPT").
- 6.2.2 Throughout the year, the Chief Executive, Chief Officer (Assets and Procurement) and Procurement and Support Manager have engagement and participation with strategic procurement leaders across the 'procurement network' including government, national bodies, local authority peers, collaborative partners and other professional agencies. Relative and comparable relationships exist and are encouraged at all levels up and down the council's procurement function as we embrace procurement opportunities to be gained through collaboration, networking, and partnership.

## **6.3 Devolved Procurement Model**

- 6.3.1 The council operate a devolved procurement function, including:
- a small CPT comprising category managers and procuring officers, with the predominant remit of leading or supporting strategic and regulated procurements, and also management and maintenance of the council's procurement registers and procurement toolkit; and,
  - an extension of officers across the Service Areas with various levels of procurement expertise, predominantly undertaking tactical and/or non-regulated procurement, and often with contract management responsibilities.
- 6.3.2 All procurement is undertaken in compliance with the governance of procurement activity, has regard to the priorities and can be linked to a category management approach.

## **6.4 Category Management**

- 6.4.1 The council has a category management approach, which allows a commercially focused overview of the aggregate council expenditure, with tiered segmentation into common categories of spend, broken down further into commodity groups and down again into specific individual contract requirements.
- 6.4.2 CPT consolidates and uploads the council's spend data recorded on a quarterly basis to a national online spend platform, which churns and tags our data into various helpful spend classifications and groupings, readying it for detailed analysis and further segmentation.
- 6.4.3 Segmenting our spend into high level categories provides intelligence, particularly as we drill down the category into commodity groupings, showing us patterns of our wider procurement needs, and the range of known Contractors used in each. Furthermore, the category view helps to inform strategic procurement, identifying

opportunities to take advantage of consolidating requirements while streamlining the number of procurements and improving efficiency.

- 6.4.4 All categories work to common principles and rules. Under our category management approach, the council's tools and techniques are complemented further with the [online sustainable procurement tools](#) bringing methods for prioritisation, life cycle mapping and sustainability tests that help establish common needs and possibilities, particularly on the sustainable procurement measures that should feature in most procurements aligned to the category. Whatever is identified at category level can then be transferred into the contract strategy for each individual procurement, helping the procuring officer and service lead work together to facilitate quicker decisions and adjustments in procurement approach.
- 6.4.5 A key output from the category management approach is the production of Category Strategies; these will consolidate the analysis, assessments and recommendations for progressing individual procurements. The Category Strategy will set a high-level governance and guidance, helping the procuring officers leading individual procurements to adopt already developed measures including but not limited to: sustainable procurement duty; equality duty; supported business involvement; and reducing the impact resultant contracts may have on climate change.

## **6.5 CPWG**

- 6.5.1 The CPWG comprises a small number of Chief Officers and representatives with interest and skills to review, provide oversight, and assist in strategic decisions on matters pertaining to the council's procurement function. The CPWG aim to meet quarterly and provide helpful influence securing council-wide buy-in and promoting the procurement strategy and procedures.

## **6.6 Network of Procuring Officers**

- 6.6.1 The council's internal procurement network is a forum for procuring officers across the council, with devolved procurement responsibilities or associated procurement roles (contract managers, evaluation managers, service experts), to collaborate on procurement practice.
- 6.6.2 We use internal communication channels to provide access to procurement toolkits, template documents and share communications (guidance notes, policy updates etc.). These channels function as a repository for sharing examples of best practice and lessons learned.
- 6.6.3 The procurement network promotes opportunities for mentoring and job shadowing as a mean of developing officers and allowing skills transfer. It is a future priority to develop this network further to advance specific procurement practice, deliver essential and bespoke training suited to the individual officer and their service procurement requirements. Like the national procurement strategy, we also recognise our people as enablers of effective procurement.

## **6.7 Procurement Training**

- 6.7.1 It is necessary that we have a checklist, indicating the awareness and training needs required for procuring officers and supporting roles (service leads, contract managers or contract administrators, evaluation managers and evaluators), and this features in the current procurement improvement programme.
- 6.7.2 Particularly for procuring officers, we need to ensure officers are aware and trained on:



- the internal procurement toolkit and procedures;
  - the governance of procurement;
  - sustainable procurement duty;
  - the [online sustainable procurement tools](#) and;
  - climate literacy.
- 6.7.3 The [national procurement competency framework](#) is utilised to help staff self-appraise their existing competencies and identify areas to be worked on and/or continuous professional development (“CPD”).
- 6.7.4 There is a commitment to the development of our procurement network to maintain and raise standards across the procurement function.
- 6.7.5 We encourage professional qualification through the Chartered Institute of Purchasing and Supply “CIPS” which is the professional body for procurement. CIPS members can benefit by participating in CIPS run tutorials, webinars and a range of other CPD opportunities. Learning and experience gained by our officers who are CIPS members adds value and benefit where the learning can be integrated and/or adopted within the council’s procurement function and approach.
- 6.7.6 We also encourage and have interest in participation with external programmes and/or groups, such as [Procurement People of Tomorrow \(PPoT\)](#), to improve the procurement and commercial skills of our officers and future talent.
- 7. THE COUNCIL’S PROCUREMENT TOOLKIT AND PROCEDURES FOR 2025/26**
- 7.1 Overview of Procurement Toolkit and Procedures**
- 7.1.1 The council have a comprehensive procurement toolkit and supporting procedures, maintained by CPT and mandated through the council’s [GCSOs](#). These are continuously under review and development, and in place to ensure a consistent approach in particular to regulated procurement activity, ensuring compliance with the governance of procurement, the associated general and specific duties, and mitigating procurement related risks.
- 7.2 Forward Procurement Plans**
- 7.2.1 The category managers work closely with service areas to consider new and recurring procurement requirements and from this can establish forward procurement plans which are essential for resource allocation and planning of procurement activity.
- 7.2.2 The forward procurement plans are consolidated to complete the requirements of Annual Procurement Report, outlining the expected regulated procurements to be undertaken in the next two financial years, providing transparency for prospective Contractors interested in doing business with the council.
- 7.3 Contract Strategy**
- 7.3.1 An internal contract strategy is the main pre-tender document from the procurement toolkit, required to be produced for all regulated and significant procurements.
- 7.3.2 The Contract Strategy may derive from an established Category Strategy, through inheriting any high-level practice and decisions, such as identified sustainable procurement measures, that should be incorporated into the planned procurement.



- 7.3.3 The Contract Strategy can also be written bespoke and/or deviate from the Category Strategy as required to meet particular contract objectives.
- 7.3.4 Each Contract Strategy should be tailored to reflect and achieve: the service area and/or stakeholder needs; the level of competition in the marketplace; and the choice of procurement procedure and agreement type to ensure optimum competition with objective to achieve the desired quality outcomes and best value.
- 7.3.5 The Contract Strategy will link the procurement to the Priorities helping the procuring officers focus on setting the desired procurement objectives.
- 7.3.6 This internal document has a key purpose in ensuring the preparation for procurement is made in compliance with the governance of procurement activity. The format of the contract strategy is structured with checkpoints and considerations, including but not limited to:
- risk and opportunity assessment;
  - consideration for sustainable procurement duties, and for those identified, what is needed in the tender approach to achieve these targets;
  - how we can influence and encourage Contractors to support the Procurement Priorities, including Fair Work Practice, reduction of waste and carbon emissions;
  - establish relevant targets for Community Benefits for the procurement, such as job creation, training, and use of sub-contractors;
  - make or buy decisions, and consideration of the circular economy;
  - decision on procurement route with consideration given to the potential to reserve opportunities for supported businesses where it is identified they are able to fulfil the requirements;
  - applying measures to reduce inequality and facilitate the involvement of SMEs, third sector bodies and supported businesses;
  - encouraging innovation per guidance in [SPPN 3/2023](#);
  - consider how to involve those who may be affected by the procurement;
  - setting the evaluation criteria; and
  - capture key decisions.
- 7.3.7 Contract Strategies are required to be authorised in accordance with [GCSOs](#) before the associated procurement progresses to competition.

## **7.4 Tender Packs**

- 7.4.1 CPT have established tender packs for all types of regulated procurements the council may undertake, this ensures a consistent approach for procuring officers and for potential contractors. A key feature of the tender pack is the council's standard terms and conditions applicable in all contracts, which incorporates requirements set by [the Act](#) and the mandated clauses from policy guidance SPPN 2/2022 '[prompt payment in the supply chain](#)'.
- 7.4.2 Each tender pack will have a clear 'conditions of participation' and outline any selection and award criteria; this provides transparency and clearly informs those expressing interest and/or planning to tender the council's rules and protocols for tendering, how tenders will be checked and evaluated, and the tender opening procedures (these are also covered in [GCSOs](#)).
- 7.4.3 A template quality questionnaire has been created with considerations and a choice of questions to capture tenderer feedback on key areas of impact that are important

to the council, including: fair work first; community benefits and social value; net zero / carbon reduction; data protection and cyber security amongst others.

## **7.5 Tendering**

7.5.1 The council's tendering approach for regulated procurements is generally conducted through the national platforms:

- [Public Contracts Scotland Portal](#) ("PCS"); and
- [PCS-Tender](#) ("PCS-Tender").

7.5.2 These platforms ensure consistency for prospective contractors and should encourage participation, particularly with the national support available through the [Supplier Development Programme](#) ("SDP") and the [Supplier Journey](#). Furthermore, each system has its own independent helpdesk with both telephone support and a catalogue of guides.

7.5.3 The tender platforms offer transparency, facilitating questions and answers during the tender process, administering tender deadlines, and operating a sealed-bid approach where the tender post-box remains locked to ensure any bids received cannot be opened until the deadline has passed.

7.5.4 Exceptions to using the above platforms may be for bespoke procurement exercises or when we are conducting a call-off from a 3<sup>rd</sup> party framework or dynamic purchasing system ("DPS") and its either mandatory or beneficial to use the framework or DPS providers platform.

## **7.6 Tender Evaluation**

7.6.1 In each individual procurement, a tender evaluation manager and team of evaluators are identified when finalising the contract strategy.

7.6.2 Any officer or individual nominated to undertake a tender evaluation role must first complete a conflict of interest and confidentiality statement prior to receiving any bids for evaluation; this ensures professionalism and integrity apply to the evaluation process.

7.6.3 The tender evaluation manager is responsible for any clarification requirements and consolidating evaluation scores and result.

## **7.7 Contract Award Reports**

7.7.1 Contract award reports are the main post-tender document from the procurement toolkit, used internally to detail the scoring and finalised results of tender evaluation.

7.7.2 Contract award reports will summarise the key outcomes in a procurement, from savings to benefits captured, while also explaining how best value has been achieved.

7.7.3 The Chief Officer of the Procuring Service is required to approve contract award reports, and where applicable, seek Committee approval in accordance with the procedures set out in [GCSOs](#).

7.7.4 As soon as the relevant approval(s) are given for the contract award report, the procurement can proceed to stage of finalising the contract award by formal communication of the result with the candidates and tenderers.

## **7.8 Notices of Decisions**

- 7.8.1 The procurement toolkit has letter templates that the procuring officer will use to explain the procurement outcome following the conclusion of the respective stage of a procurement, informing candidates or tenderers with the required feedback under the relevant governance of the procurement.
- 7.8.2 Depending on the contract award value and in accordance with the procedures set out in [GCSOs](#), letters will be issued under the approval of either the Chief Officer (Assets and Procurement) or the Chief Officer of the procuring service area.
- 7.8.3 The procuring officer will close the procurement process with publication of the relevant contract notice and results fulfilling the relevant governance of the procurement.

## **7.9 Contract Register**

- 7.9.1 The council has a [publicly accessible online contract register](#) contained within PCS which is auto-populated on publication of contract notices, with further monitoring and maintenance of the register undertaken by CPT.

## **7.10 Contract Management**

- 7.10.1 The council is required to have robust contract management arrangements in place, particularly for its most strategic contracts to ensure the council works effectively and professionally with the appointed contractors.
- 7.10.2 Any key performance indicator and/or services levels must be considered during development of contract strategy and carried forward into the tender pack. [GCSOs](#) set out minimum requirements for contract monitoring.
- 7.10.3 Each contract we enter should be formed on the basis of:
- the council's tender pack, comprising specification of requirements;
  - general conditions of contract (and if applicable special terms also);
  - the accepted tenderer proposals, method statements and pricing; and
  - any other pertinent detail captured and written into the final contract award letter.
- 7.10.4 It is important that each contract is managed as specified and agreed in the contract award.
- 7.10.5 While best value and other desirable outcomes may have been identified in the procurement, it is the responsibility and work through contract management that ensures that the expected outcome are achieved.

## **8. MONITORING AND REPORTING**

### **8.1 Annual Procurement Report**

- 8.1.1 The Annual Procurement Report 2025/26 will be produced as soon as possible after the financial year and used to report the performance and effectiveness of Procurement Strategy 2025/26.
- 8.1.2 The Annual Procurement Report will be produced in conformity to the Act and utilise the recommended reporting template provided in [SPPN 2/2023](#) aiming to ensure consistent reporting from all public bodies. The report measures what we have achieved in our contract awards, including:
- Number of Regulated procurements;

- Compliance with Procurement Strategy;
  - Community Benefits accrued;
  - Appointed Contract status with Fair Work and the Real Living Wage;
  - Payment Performance;
  - Supported Business; and,
  - Total Spend and Savings.
- 8.1.3 The data sources for the above information will be payments made through the council's financial system, data gathered through the procurement registers managed by CPT, and the outputs from the national online spend platform (as mentioned at 6.4.2 herein).
- 8.1.4 To finalise the production of the Annual Procurement Report, prior consultation and approval will be sought from the CPWG members, committee, and the Chief Officer (Assets and Procurement). This will be published in an accessible format on the council's website and shared with Scottish Ministers.
- 8.2 Local Government Benchmarking Framework ("LGBF")**
- 8.2.1 The council contribute to the national reporting metrics and indicators, which includes a procurement measure attached to the focus area of Economic Development:
- Proportion of procurement spent on local enterprises.
- 8.2.2 Data to produce this metric will be the same sources mentioned at 8.1.3 above.
- 8.2.3 This metric will be published in an accessible format on the [LGBF website](#).
- 8.3 The Council's Strategic Performance Framework**
- 8.3.1 The council utilise a platform of performance metrics in all services to keep track and focus of how each service and team are performing, these are:
- Procurement spend - % through collaborative contracts with other publicly funded bodies
  - Procurement spend - % with contracted suppliers
  - Procurement contracts - % qualifying contracts >£1m containing a community benefit requirement
  - Procurement contracts - % qualifying contracts awarded to clients who meet fair work criteria
  - Procurement assessment score - procurement and commercial improvement programme (PCIP)
  - Procurement contracts - % qualifying contracts in reporting period to local organisations
  - Procurement contracts - % qualifying contracts in reporting period to small medium enterprises
  - Procurement spend - % awarded to local organisations
  - Procurement spend - % with small medium enterprises
- 8.3.2 Data for the production of these metrics will be gathered from the same sources as 8.1.3 above.
- 8.3.3 These metrics will be reported by the Chief Officer (Assets and Procurement) to the relevant council committee annually and publicly available from the council's ['Committee: Meetings, Agendas and Minutes' system](#).

## **8.4 Audits**

- 8.4.1 The council's Internal Audit department provides independent and objective assurance to the council's senior management that systems and controls are fit for purpose. The most recent audits related to Procurement were focussed on:
- Contract and supplier management; and,
  - Procurement – Best Value Approach.
- 8.4.2 These audits are welcomed to provide critical review and recommendations, adding focus for procuring officers and sharpening the procurement toolkit and procedures.
- 8.4.3 Progress on actions arising from audits are reported to the council's audit and scrutiny panel, which ensures continuous management until the actions are completed.

## **8.5 Procurement and Commercial Improvement Programme ("PCIP")**

- 8.5.1 The council is committed to improving procurement performance and practice of its overall procurement function, therefore we feel it is essential to participate in the [National PCIP assessments](#).
- 8.5.2 Local Authority PCIP assessments are conducted by Scotland Excel, usually every two years, but the assessment programme encountered some disruption due to COVID19 pandemic and recovery period.
- 8.5.3 Following each assessment, Scotland Excel provide the council with a formal output report, outlining what has been identified as strengths and areas where the council have scope for improvement.
- 8.5.4 The council has undergone three PCIP assessments in 2017, 2019 and 2024.
- 8.5.5 The council's 2024 PCIP assessment report is being used by CPT to set a "procurement improvement plan" for the procurement function to address across the period of Procurement Strategy 2024/25 and Procurement Strategy 2025/26.

## **9. PROCUREMENT STRATEGY 2024/25 GUIDED BY REQUIREMENTS OF THE ACT**

### **9.1 Ensuring Regulated Procurements Contribute To The Carrying Out Of The Council's Functions And The Achievement Of Council Purposes**

- 9.1.1 All regulated procurements will be conducted using the procurement toolkit and procedures set out at section 7 herein. For clarity, it is expected a pre-tender contract strategy will be completed and a post-tender contract award report will be produced; both documents require the council priority, ambition statement and programme of work priority to be identified, and both require authorisation to be finalised per [GCSOs](#).
- 9.1.2 With the checkpoints in place in the respective procurement toolkit documents, CPT can log the impacts of each procurement into our procurement registers allowing us to produce a compliance report to verify expected outcomes and compliance with the Act.

### **9.2 Ensuring Regulated Procurements Deliver Value For Money**

- 9.2.1 All regulated procurements will be conducted using the procurement toolkit and procedures set out at section 7 herein. For clarity, it is expected a pre-tender

contract strategy will be completed and a post-tender contract award report will be produced.

- 9.2.2 The contract strategy will set out the options appraisal and tender evaluation criteria chosen with the ultimate aim to deliver value of money; this document will require approval before the tender pack is produced and the procurement is published.

- 9.2.3 The contract award report will outline the evaluation results validating how the tender of the preferred bidder represents value for money; this document will require the relevant approval to enable the next stages in contract award process.

- 9.2.4 With the checkpoints in place in the respective procurement toolkit documents and procedures, CPT can log the impacts of each procurement into our procurement registers allowing us to produce a compliance report to verify expected outcomes and compliance with the Act.

### **9.3 Ensuring Regulated Procurements Are Carried Out In Compliance With The General Duties To; Treat Economic Operators Equally And Without Discrimination, Act In A Transparent And Proportionate Manner, And To Comply With The Sustainable Procurement Duty**

- 9.3.1 All regulated procurements will be conducted using the procurement toolkit and procedures set out at section 7 herein.

- 9.3.2 The contract strategy provides an appraisal on the procurement route, and will consider maximising competition, reducing barriers to entry and ensuring complying with the principles of procurement.

- 9.3.3 Considerations on sustainable procurement duty are initially carried out within the category strategy making appraisals with use of the [online sustainable procurement tools](#). Those measures identified at category level transfer into the contract strategy for full use or adaptation to suit the individual contract requirement.

- 9.3.4 The contract strategy will require approval before the tender pack is produced and the procurement is published.

- 9.3.5 The notifications of contract awards decisions will provide successful and unsuccessful candidates and tenderers comprehensive feedback to the extent provided by the relevant governance of the procurement.

- 9.3.6 With the checkpoints in place in the procurement toolkit, CPT can log the impacts of each procurement into our procurement registers allowing us to produce a compliance report to verify expected outcomes and compliance with the Act.

### **9.4 The Council's General Policy on the use of community benefit requirements**

- 9.4.1 Whilst a national model for [Community Wealth Building](#) is being developed, the council's contracts can still help realise a wide range of social, economic and environmental benefits, including better employment, training and sub-contracting opportunities. The council has recently approved a [Community Wealth Building Statement](#), with next steps to implement and monitor progress.

- 9.4.2 Community benefits delivered by our contracts have been shown to contribute to local and national outcomes relating to employability, skills development and local regeneration.



- 9.4.3 If there is an opportunity to benefit the community, the council include appropriate requirements in our contracts in accordance with relevant legislation, statutory guidance, best practice and [GCSOs](#).
- 9.4.4 For any contract awarded in which community benefits are part of the proposal, CPT will log the expected requirements within the procurement register. Under the contract management approach, the responsible contract officer will manage the Contractor to ensure the benefits are delivered. CPT will at least annually contact all contract officers to gather feedback on community benefits realised, again logging to the procurement register which will allow comparison between those expected compared with what has been delivered.
- 9.4.5 The council's overall performance on community benefits will be reported in the Annual Procurement Report.

## **9.5 The Council's General Policy on consulting and engaging with those affected by its procurements**

- 9.5.1 The council recognises that it is important to consult and engage with those affected by our procurements, and where relevant and proportionate, to allow the views of those affected to be considered. The procurements must accurately reflect need and opportunity, and take account of the wider context, including the local and national priorities.
- 9.5.2 In each individual procurement, the contract strategy development will therefore prompt consideration of those affected.
- 9.5.3 The council engage outward with stakeholders through many formats and channels, tailored to the procurement and its objective. Examples include but are not restricted to: online surveys; public and community consultations; and targeted engagement with affected stakeholder groups for the specific procurement being sought.
- 9.5.4 The council encourages its procuring officers to undertake pre-tender engagement with the marketplace, particularly when it has complex requirements and/or when through analysis it anticipates that the level of competition is low which would then impact on the competitiveness of the procurement.
- 9.5.5 The council will consider a trauma informed approach where is it relevant to do so, allowing those procurements to integrate the knowledge and experience gained through lived experience of both adults and children. The process of including lived experience involves working with people through the tender design, evaluation and implementation, fully adapting processes, paperwork and systems to promote diversity, inclusion, support and recognition of trauma.
- 9.5.6 In April 2023, the council established the contract "Counselling for Care Experienced Young People", where the procurement approach involved a representative group of care experienced young people to co-produce the service specification and help design the evaluation parameters. The tender evaluation process included a lived experience panel to evaluate tender proposals; this was facilitated in a format that was bespoke to their needs, and this ensured their voice was heard and their views were part of the contract award decision. Other procurements of health and social related services have since been undertaken with effective involvement of people who use the services, and all regulated procurements for adult health & social care consider best practice principles for ethical commissioning.

- 9.5.7 The council complies with its duty to respond to requests received under freedom of information and there is an online [Comments, Compliments and Complaints procedure](#).
- 9.6 The Council's General Policy on the payment of a living wage to persons involved in producing, providing or constructing the subject matter of regulated procurements**
- 9.6.1 The council has made a commitment to Fair Work First and the [councils website](#) details our approach with our own workforce and operations.
- 9.6.2 Furthermore, the council are an [accredited Living Wage employer](#); this is a clear commitment to pay at least the [real Living Wage](#) for all staff we directly employ.
- 9.6.3 The council encourages the Contractors we work with and want to attract, to pay the [real Living Wage](#) as part of a package of fair work practice. It's our experience that those which have a diverse workforce and whose staff are well rewarded, well-motivated, well led and who have appropriate opportunities for training and skills development, are likely to deliver a higher quality of service. A positive approach to fair work practices can have a positive effect on the quality of the services, supplies and work delivered on our contracts.
- 9.6.4 Our tender opportunities seek information on the potential Contractors position on fair work and Living Wage.
- 9.6.5 Where conditions of the national guidance on payment of the [real Living Wage](#) can be legally mandated, we will follow such approach including model tender evaluation questions available from the [online sustainable procurement tools](#).
- 9.6.6 Should the council award a contract to a Contractor who is making commitment to pay the [real Living Wage](#), this will form part of the contract, and it will be monitored through the Contract Management arrangements.
- 9.6.7 The council will report the number of [real Living Wage](#) Contractors appointed in our Annual Procurement Report.
- 9.7 The Council's General Policy on promoting compliance by contractors and sub-contractors with the Health and Safety at Work etc. Act 1974 (c.37) and any provision made under that Act**
- 9.7.1 The Council is committed to ensuring that nothing purchased by us is at the expense of the health and safety of those who are involved in delivering our contracts whether directly or as part of the supply chain.
- 9.7.2 It is important that those bidding for our contracts are able to demonstrate that they are responsible Contractors who keep to their legal duties, including duties relating to health and safety.
- 9.7.3 It is a standard condition of our contracts that the contractor must keep to all laws that apply, the requirements of regulatory organisations, and good industry practice. This includes any relevant health and safety law. Health and safety criterion forms part of the evaluation for all relevant contracts.



- 9.7.4 Whenever Contractors' staff are on our premises, under the terms of our standard contracts they must keep to our own health and safety requirements.
- 9.7.5 The council will revise our standard contract management arrangements to make sure that we include information about health and safety incidents relating to delivering our contracts and any measures we take to put things right.
- 9.8 The Council's General Policy on the procurement of fairly and ethically traded goods and services**
- 9.8.1 The council takes a robust approach in its procurement processes and work with its collaborative procurement partners and agencies to tackle criminal activity in line with the [national serious organised crime strategy](#), and use the SPD and tender questions to prevent human trafficking and exploitation, modern slavery, corruption and fraud. It is our objective to promote positive employment practices.
- 9.8.2 The regulated procurement procedures we follow involve assessing a potential Contractors suitability to be awarded the contract. This process includes checking for exclusion grounds per the regulations and [the Act](#), such as convictions, breaches of duty, offences or acts of professional misconduct.
- 9.8.3 The council's standard terms and conditions of contract allow the council to end a contract if the Contractor or sub-Contractor fails to keep to their legal duties in the areas of environmental, social or employment law when carrying out that contract.
- 9.8.4 The council were awarded "Fairtrade Zone Status" in recognition of the support and awareness the local schools, churches, businesses and communities have given to Fairtrade products. This a clear commitment to consider the relevant and proportionate application of fair and ethical principles in our procurement activities.
- 9.8.5 The council commits to considering the purchase of fairly traded supplies if available to meet our requirements through the contract strategy, which includes seeing how best to integrate with the specification of requirements and evaluation process.
- 9.8.6 The APR for this strategy will include a statement about the effectiveness of our procurement procedures.
- 9.9 The Council's General Policy on regulated procurements involving the provision of food**
- 9.9.1 The council recognises food and drink as a key industry sector where major sustainability wins can be achieved. The procurement of food and catering services is a high-ranking area because there are major social, economic and environmental impacts. It can have benefits on community health, wellbeing and social justice through access to good nutrition including fresh and seasonal produce.
- 9.9.2 The council's approach to its contracts involving food, which are under our direct control, is to make sure that it keeps to all relevant Government policies on healthy eating and nutrition, promoting fresh and seasonal and local produce, and on fairly traded produce. These standards take account of a range of factors, including production, traceability, authenticity, origin, ethical trading, animal welfare, environmental standards, and health and waste.
- 9.9.3 The council continue to consider available Scottish products that we source through initiatives such as the Red Tractor assurance scheme and through engagement with

the Food for Life programme we aim to increase the amount of locally sourced and produced food for our schools.

- 9.9.4 Keeping to the policy commitment is part of our Contract Management arrangements for all food contracts.

**9.10 The Council's approach to prompt payment performance in the supply chain**

- 9.10.1 The council support the national policy and agree with the position that prompt payment is necessary for local and national economic recovery and longer-term wellbeing. Prompt payment of the supply chain is ethical and socially responsible, and critical to the sustainability and resilience of our supply chains who in turn are supporting us with our service delivery and priorities.
- 9.10.2 Following [SPPN 2/2022](#), the lead procuring officer will design the selection stage (SPD) for a regulated procurements with a standard statement as means of understanding the payment performance history and payments systems of bidders; this allows an informed contract award decision and ability to reject a candidate that does not comply with the requirement.
- 9.10.3 The council's standard terms and conditions, as mentioned at 6.8.3.1 herein, uses the recommended clauses to mandate all aspects of prompt payment in our contracts. We have also included an escalation process should any Contractor or Sub-Contractor be in dispute that prompt payment has been complied with.
- 9.10.4 Monitoring of compliance with prompt payment is covered within our guidance on Contract Management and within [GCSOs](#)

**10. How to do Business with North Lanarkshire Council**

- 10.1 The council welcomes interest and competition in our contract opportunities from all businesses. We have an ambitious plan for North Lanarkshire, and we recognise that innovation and expertise that can be procured from the supply base to help us meet our objectives.

- 10.2 Any potential Contractor who are seeking access to our contract opportunities are encouraged to be registered on:

- the national advertising platform [Public Contracts Scotland Portal](#) ("PCS"); and,
- the national e-Tendering system "[PCS-Tender](#)".

these online platforms provide automated notifications to Contractors (based on their business areas they have matched their PCS profile to) providing alerts when the council advertise open opportunities. These platforms facilitate our competitive quotations or tenders.

- 10.3 The council has a [buyer portal](#) which sits within PCS; this is a public resource that acts as an online directory featuring links to:

- the council's contract register;
- displaying notices for our open contract opportunities; and
- displaying notices of our previous contract awards.

- 10.4 The council's [contract register](#) holds current contract details; this helps any Contractor determine opportunities, when current contracts expire and when the council are likely to re-tender.

- 10.5** The council produce an [Annual Procurement Report 2023/24](#) which has a dedicated section setting out the expected contract opportunities for suppliers to get involved in over the next 2 financial years.
- 10.6** Further links to the council's procurement activity and publications can be found on our [website](#).
- 10.7** For construction projects, in progress or coming soon, the council provide additional updates on our activity through the "[Scottish Pipeline Forecast Tool](#)". This acts as a further resource that may be of assistance to potential suppliers looking for subcontract opportunities.
- 10.8** The corporate procurement team and procuring officers across the council's Service Areas support the Lanarkshire and National "Meet the Buyer" events, which are generally the key networking days our procuring officers where we have time dedicated to liaising with potential Contractors.
- 10.9** In addition to liaison with the council, the [Supplier Development Programme \("SDP"\)](#) offer independent support and training to businesses who are seeking help / guidance with public sector contracting opportunities. The council work in co-operation with SDP including making referrals, especially where there is a change in tender process.
- 10.10** For awareness, the council's contract opportunities for below £50,000 Supplies/Services or below £2,000,000 Works are not subject to the procurement regulations, and in these cases the procuring Service Area is guided to consider a procurement route that represents best value.
- 10.11** Generally procuring officers undertaking non-regulated procurements will source their requirements through either:
- Using an already established Framework Agreement i.e. [Scotland Excel](#) / [National Frameworks](#) / [Crown Commercial Services Frameworks](#); or
  - Undertaking a competitive quotation exercise.
- The Council's full procurement procedures are set out in [GCSOs](#).
- 11. Implementation of Procurement Strategy 2025/26**
- 11.1** This procurement strategy will be under constant review to ensure that the council are flexible in adopting emerging guidance and policies into its procurement function.
- 11.2** There will be continued engagement with key stakeholders and access to appropriate accredited training for relevant staff.
- 11.3** Independent audit and assurance will be sought to challenge and test on a sample basis both the system as a whole and compliance with it, in order to identify (and correct) any identified weaknesses.
- 11.4** The council's procurement performance against this procurement strategy will continuously be monitored, with reporting produced after the financial year end, with output report expected to be approved and published by 30 September 2026.

## **Glossary**

**“Community Benefits”** requirements which deliver wider benefits in addition to the core purpose of a contract. These can relate to social, economic and environmental benefits.

**“Contractor”** any organisation that provides Supplies, Works or Services to the Council or on behalf of the Council.

**“Economic Operators”** are defined in [The Act](#), means any person who offers the execution of works, the supply of products or the provision of services on the market

**“LGBF”** is a high-level benchmarking tool designed to support senior management teams and elected members to ask questions about key council services.

**“Living Wage”** an independently calculated rate based on the cost of living and is paid voluntarily by employers. The rate is calculated each year in November by The Resolution Foundation on an analysis of the wage that employees need to earn in order to afford the basket of goods required for a decent standard of living. This basket of goods includes housing, childcare, transport and heating. The Real Living Wage is different to the UK government’s National Living Wage which is not calculated according to what employees need to live on.

**“Procurement”** the tasks and decisions which secure an external Contractor to provide what we want, at a price that we can afford. Activity is focused on the period from prior to advertising a tender to signing the contract. It includes both competitive tenders and circumstances where we negotiate with a single Contractor.

**“Regulated Procurements”** refers to any Procurement: above £50,000 for Supplies or Services; and above £2,000,000 for Works.

**“Scotland Excel”** is the national centre of expertise for local government procurement; responsible for working with Scottish councils to improve procurement performance and practice, and also the lead buying authority for a range of national collaborative procurement frameworks.

**“Services”** are those services that we buy including specialist support for vulnerable children and adults, and also repairs and maintenance services, financial advice, designs and surveys for new building works.

**“Single Procurement Document” / “SPD”** - standard questionnaire the council use in regulated procurements that allows us to identify suitably qualified and experienced bidders. It contains questions on both exclusion and selection criteria. Bidders will use their SPD response to indicate whether they can meet the requirements of the procurement exercise.

**“SME or Small and Medium Enterprises”** defined by the number of employees whereby micro is 9 or fewer, small is 10-50, medium is 51-250.

**“SPPN”** abbreviation of ‘Scottish Procurement Policy Note’, these are the messages from the Scottish Government’s procurement policy team, providing advice to public bodies on procurement policy.

**“Supplies”** items that we buy, such as pens and paper, or plants and seeds, or fruit and vegetables.

**“Supplier Development Programme”** is a public sector organisation who offer expert training, support and information to businesses develop and compete for Contracts.

**“Supported Business”** are social enterprises whose main aim is to integrate disabled or disadvantaged people socially and professionally. Their workforce must be at least 30% disabled or disadvantaged. **“Supported Business”** as defined in the procurement regulations, means an economic operator whose main aim is the social and professional integration of disabled or disadvantaged persons and where at least 30% of the employees of the economic operator are disabled or disadvantaged persons

**“Sustainable Procurement”** is a process whereby organisations meet their needs for Supplies, Services and Works in a way that achieves value for money and generates benefits, not only for the organisation but also to wider society, the economy and the environment.

**“Third Sector”** is the group name for a range of organisations including community groups, charities, voluntary organisations, faith groups, social enterprises, community interest companies. Third sector organisations may be registered charities and may be registered companies. They include small, local groups and large multinational operations, and everything in between.

**“Value for Money”** – achieving the best balance between cost, quality and sustainability

**“Works”** is the construction works that we buy, including construction of new buildings, or



# North Lanarkshire Council Report

## Finance and Resources Committee

Does this report require to be approved? ☐ Yes ☒ No

Ref EK/KS

Date 26/02/25

## Review of 2024/25 to 2026/27 Budget Savings

**From** Elaine Kemp, Chief Officer (Finance)

**E-mail** KempE@northlan.gov.uk

**Telephone** 07939280601

### Executive Summary

This report provides the Finance and Resources Committee with an update on the achievement of the three-year financial savings total of £28.778m approved as part of the 2024/25 budget setting process (£21.667m 2024/25, £5.893m 2025/26 and £1.218m 2026/27).

It is projected that £20.245m of the savings (93%) will be delivered within the financial year, with replacement savings of £1.422m identified to fully address the shortfall.

In addition, it is currently anticipated that there will be no recurring savings gap arising from the 2024/25 to 2026/27 approved savings.

### Recommendations

It is recommended that the Finance and Resources Committee:

- (1) Acknowledge the contents of this report.

### The Plan for North Lanarkshire

Priority All priorities

Ambition statement (25) Ensure intelligent use of data and information to support fully evidence based decision making and future planning

#### 1. Background

- 1.1. At its meeting of 15 February 2024, the Council approved a General Fund Revenue Budget of £1,016.750m which included spend offset by ring fenced grants of £15.290m. Additional funding has since been confirmed as part of the Scottish Government budget setting resulting in an overall total budget of £1,008.867m.
- 1.2. Net savings totalling £28.096m over the financial years 2024/25 to 2026/27 were agreed within the budgets set on 23 February 2023 and 15 February 2024, with £21.195m incorporated into the 2024/25 budget and the balance £6.901 over 2025/26 and 2026/27. In addition, base budget adjustments of £0.682m have also been agreed

over the three-year period, £0.472m of which relates to 2024/25, giving total savings in year of £21.667m.

- 1.3. Services are required to monitor the delivery of their target savings to ensure they remain within approved budgets and provide periodic progress updates within individual Service revenue monitoring reports, identifying alternative solutions to any in-year shortfall envisaged. In addition, Services are required to monitor whether the original approved saving has been implemented and if not, provide an explanation along with alternative action required to ensure the recurring financial saving will be achieved going forward.
- 1.4. This report summarises the progress in achieving approved savings for the three-year period 2024/25 to 2026/27.

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## **2. Report**

### **Update on Approved 2024/25 to 2026/27 Savings**

- 2.1 A summary of the three-year approved savings is provided at appendix 1 along with the current forecast of savings achievable for each of the years.
- 2.2 It is currently anticipated that £20.245m (93%) of approved 2024/25 savings of £21.667m will be achieved in the current financial year, leaving an in-year savings gap of £1.422m. Replacement savings and funding has been identified to fully address the shortfall, which includes management action such as control of vacancies, curtailment of expenditure and the use of Earmarked Reserves. More information on the savings unachievable within 2024/25 are detailed at appendix 2, with more information reported to the relevant service committee. It should be noted that there is no anticipated recurring budget impact as a result of the in-year savings gap.
- 2.3 In relation to future years, net income generation of £0.200m in relation to provision of external MOTs which was anticipated for 2025/26 is now expected to be achieved within 2026/27 due to a delay in setup and staffing of the new Bellshill Fleet depot. At this stage there are no further anticipated delays or shortfall expected in relation to future year savings, however these will continue to be monitored with updates reported to Committee as appropriate.

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## **3. Measures of success**

- 3.1 The Council continues to operate within approved budgeted resources.

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## **4. Supporting documentation**

Appendix 1 Approved 3 Year Savings Summary  
Appendix 2 Budget Savings by Exception 2024/25



**Elaine Kemp**  
**Chief Officer (Finance)**

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## 5. Impacts

<b>5.1 Public Sector Equality Duty and Fairer Scotland Duty</b> Does the report contain information that has an impact as a result of the Public Sector Equality Duty and/or Fairer Scotland Duty? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?  If Yes, has an assessment been carried out and published on the council's website? <a href="https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments">https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments</a> Yes <input type="checkbox"/> No <input type="checkbox"/>
<b>5.2 Financial impact</b> Does the report contain any financial impacts? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant financial impacts been discussed and agreed with Finance? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?
<b>5.3 HR policy impact</b> Does the report contain any HR policy or procedure impacts? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant HR impacts been discussed and agreed with People Resources? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?
<b>5.4 Legal impact</b> Does the report contain any legal impacts (such as general legal matters, statutory considerations (including employment law considerations), or new legislation)? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant legal impacts been discussed and agreed with Legal and Democratic? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?
<b>5.5 Data protection impact</b> Does the report / project / practice contain or involve the processing of personal data? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, is the processing of this personal data likely to result in a high risk to the data subject? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, has a Data Protection Impact Assessment (DPIA) been carried out and e-mailed to <a href="mailto:dataprotection@northlan.gov.uk">dataprotection@northlan.gov.uk</a> Yes <input type="checkbox"/> No <input type="checkbox"/>

<b>5.6</b>	<b>Technology / Digital impact</b> Does the report contain information that has an impact on either technology, digital transformation, service redesign / business change processes, data management, or connectivity / broadband / Wi-Fi? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?  Where the impact identifies a requirement for significant technology change, has an assessment been carried out (or is scheduled to be carried out) by the Enterprise Architecture Governance Group (EAGG)? Yes <input type="checkbox"/> No <input type="checkbox"/>
<b>5.7</b>	<b>Environmental / Carbon impact</b> Does the report / project / practice contain information that has an impact on any environmental or carbon matters? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?
<b>5.8</b>	<b>Communications impact</b> Does the report contain any information that has an impact on the council's communications activities? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?
<b>5.9</b>	<b>Risk impact</b> Is there a risk impact? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the key risks and potential impacts, highlighting where the risk(s) are assessed and recorded (e.g. Corporate or Service or Project Risk Registers), and how they are managed?
<b>5.10</b>	<b>Armed Forces Covenant Duty</b> Does the report require to take due regard of the Armed Forces Covenant Duty (i.e. does it relate to healthcare, housing, or education services for in-Service or ex-Service personnel, or their families, or widow(er)s)? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the provision which has been made to ensure there has been appropriate consideration of the particular needs of the Armed Forces community to make sure that they do not face disadvantage compared to other citizens in the provision of public services.
<b>5.11</b>	<b>Children's rights and wellbeing impact</b> Does the report contain any information regarding any council activity, service delivery, policy, or plan that has an impact on children and young people up to the age of 18, or on a specific group of these? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact and the provision that has been made to ensure there has been appropriate consideration of the relevant Articles from the United Nations Convention on the Rights of the Child (UNCRC).  If Yes, has a Children's Rights and Wellbeing Impact Assessment (CRWIA) been carried out? Yes <input type="checkbox"/> No <input type="checkbox"/>

Appendix 1  
North Lanarkshire Council  
Approved 3 Year Savings Summary  
Service Savings Monitoring

Service	2024/25				2025/26				2026/27				TOTAL			
	Approved Saving £m	Projected Savings £m	In-year Savings Gap £m	Recurring Gap £m	Approved Saving £m	Projected Savings £m	In-year Savings Gap £m	Recurring Gap £m	Approved Saving £m	Projected Savings £m	In-year Savings Gap £m	Recurring Gap £m	Approved Saving £m	Projected Savings £m	In-year Savings Gap £m	Recurring Gap £m
Chief Executive's	1.707	1.707	0.000	0.000	0.593	0.593	0.000	0.000	0.734	0.734	0.000	0.000	3.034	3.034	0.000	0.000
Enterprise & Communities	3.649	3.564	0.085	0.000	0.557	0.357	0.200	0.000	0.266	0.466	(0.200)	0.000	4.472	4.387	0.085	0.000
Education, Children & Families	9.595	8.258	1.337	0.000	4.743	4.743	0.000	0.000	0.218	0.218	0.000	0.000	14.556	13.219	1.337	0.000
Other Corporate	6.716	6.716	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	6.716	6.716	0.000	0.000
<b>Total Service Savings</b>	<b>21.667</b>	<b>20.245</b>	<b>1.422</b>	<b>0.000</b>	<b>5.893</b>	<b>5.693</b>	<b>0.200</b>	<b>0.000</b>	<b>1.218</b>	<b>1.418</b>	<b>(0.200)</b>	<b>0.000</b>	<b>28.778</b>	<b>27.356</b>	<b>1.422</b>	<b>0.000</b>

**Appendix 2**  
**North Lanarkshire Council**  
**Review of Budget Savings by Exception 2024/25**

Service	Division	Saving Detail	2024/25			
			Approved Saving £m	Projected Savings £m	In Year Savings Gap £m	Recurring Gap £m
E&C	Community Operations	Charging for Recycling Bins	0.210	0.175	0.035	0.000
E&C	Community Operations	Income Generation - Fleet Tachograph	0.050	0.000	0.050	0.000
ECF	Early Years	Review of ELC: Single Status Employee Resources	2.000	0.750	1.250	0.000
ECF	Education Services HQ	Contracts and Provisions (Under-utilised budgets)	0.045	0.000	0.045	0.000
ECF	Community Learning	Review of CLD delivery service, including the provision of youth diversionary activities	0.163	0.121	0.042	0.000
<b>Total Savings</b>			<b>2.468</b>	<b>1.046</b>	<b>1.422</b>	<b>0.000</b>

# North Lanarkshire Council Report

## Finance and Resources Committee

Does this report require to be approved?

☒ Yes ☐ No

Ref EK / GT

Date

26/02/25

## Local Taxation Debt Write-Off 2024/25

**From** Elaine Kemp, Chief Officer (Finance)

**E-mail** KempE@northlan.gov.uk

**Telephone**

01698 302408

### Executive Summary

The purpose of this report is to present to Committee the summary of outstanding local taxation accounts which are deemed uncollectible following all attempts at recovery. In accordance with financial guidelines a provision for credit losses has previously been established for the outstanding accounts. The total recommended for write-off in 2024/25 is £1,865,293.88.

### Recommendations

It is recommended that the Finance and Resources Committee:

- (1) Acknowledge the decision of the Chief Officer (Finance) to write off £413,426.13 for debts under £500 under delegated responsibilities.
- (2) Approve the write-off of all items over £500 to the value of £1,451,867.75.

### The Plan for North Lanarkshire

Priority	Improve North Lanarkshire's resource base
Ambition statement	(21) Continue to identify and access opportunities to leverage additional resources to support our ambitions
Programme of Work	Statutory / corporate / service requirement

## 1. Background

- 1.1 For the financial year 2024/25, the Council has billed £174m for Council Tax and £136m for Non Domestic Rates charges.
- 1.2 The Council follows best practice and legislation in relation to the recovery of outstanding charges for Council Tax (including water and sewerage charges) and Non Domestic Rates. This includes issuing reminder letters, agreeing payment plans with individuals and business and passing outstanding debt to the Council's contracted Sheriff Officer, Walker Love, for further recovery action.
- 1.3 Despite these processes there are a number of debts that are deemed uncollectible. This annual process of assessing the likelihood of debt non-recovery conforms to accepted best accounting practice and reflects a reasonable assessment of expected income.
- 1.4 Despite the recommendation for write-off, there will continue to be an appraisal of outstanding balances to re-assess those which are deemed uncollectible, especially where circumstances may have changed.

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## 2. Report

- 2.1 An analysis of outstanding balances has been conducted and £1,865,293.88 has been identified as uncollectible:

Cause Analysis	Council Tax £	Non Domestic Rates £	Total £
Deceased	746,888.19	0.00	746,888.19
Liquidation / sequestration etc	300,721.67	817,684.02	1,118,405.69
<b>Total</b>	<b>1,047,609.86</b>	<b>817,684.02</b>	<b>1,865,293.88</b>

Value Analysis			
< £500	403,634.11	9,792.02	413,426.13
>£500	643,975.75	807,892.00	1,451,867.75
<b>Total</b>	<b>1,047,609.86</b>	<b>817,684.02</b>	<b>1,865,293.88</b>

- 2.2 The values written off during 2023/24 were as follows:

Cause Analysis	Council Tax £	Non Domestic Rates £	Total £
Deceased	1,736,073.22	0.00	1,736,073.22
Liquidation / sequestration etc	1,379,512.56	2,468,820.47	3,848,333.03
<b>Total</b>	<b>3,115,585.78</b>	<b>2,468,820.47</b>	<b>5,584,406.25</b>

- 2.3 During 2023/24 the service conducted a comprehensive review of outstanding accounts going back to 1993 resulting in a more significant write-off figure in the

previous financial year. The figure proposed for write-off in 2024/25 reflects the standard annual review process.

- 2.4 Collection of local taxation is sought from all payees in the year of liability and subsequent years with use of diligence as appropriate. The level of in year collection is reported to each committee cycle and monitored on an ongoing basis.
- 2.5 Over time the collection of outstanding sums is prevented where there is no longer any legal basis to collect. This occurs where a person or business is subject to a sequestration, bankruptcy, winding-up or where the estate of the deceased has no funds to meet the debt and there is no other liable party.
- 2.6 Council Tax debt for years up to and including 2018/19 have been fully provided for and as such there is no costs to the Council associated with the write-off of these debts. For subsequent years, the Council has made an assessment of likely irrecoverable debts. This assessment is subject to ongoing review as part of regular monitoring of the Council Tax position and a consideration in completing the Council's statutory accounts each year.
- 2.7 There is no cost of the Council in respect of the Non Domestic Rates write off as this is accounted for in the pooled funding arrangements with Scottish Government.

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### **3. Measures of success**

- 3.1 The Council continues to take all reasonable steps to recover outstanding debt.

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### **4. Supporting documentation**

Not applicable.



**Elaine Kemp**  
**Chief Officer (Finance)**

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## 5. Impacts

<b>5.1 Public Sector Equality Duty and Fairer Scotland Duty</b> Does the report contain information that has an impact as a result of the Public Sector Equality Duty and/or Fairer Scotland Duty? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?  If Yes, has an assessment been carried out and published on the council's website? <a href="https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments">https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments</a> Yes <input type="checkbox"/> No <input type="checkbox"/>
<b>5.2 Financial impact</b> Does the report contain any financial impacts? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, have all relevant financial impacts been discussed and agreed with Finance? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?  The write off of more recent Council Tax debts has the potential to impact on the in year Council income position. However, this is subject to ongoing monitoring of the overall Council Tax position and will be finalised as the Council completes its statutory annual accounts for 2023/24.
<b>5.3 HR policy impact</b> Does the report contain any HR policy or procedure impacts? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant HR impacts been discussed and agreed with People Resources? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?
<b>5.4 Legal impact</b> Does the report contain any legal impacts (such as general legal matters, statutory considerations (including employment law considerations), or new legislation)? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant legal impacts been discussed and agreed with Legal and Democratic? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?
<b>5.5 Data protection impact</b> Does the report / project / practice contain or involve the processing of personal data? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, is the processing of this personal data likely to result in a high risk to the data subject? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, has a Data Protection Impact Assessment (DPIA) been carried out and e-mailed to <a href="mailto:dataprotection@northlan.gov.uk">dataprotection@northlan.gov.uk</a> Yes <input type="checkbox"/> No <input type="checkbox"/>



<b>5.6</b>	<b>Technology / Digital impact</b> Does the report contain information that has an impact on either technology, digital transformation, service redesign / business change processes, data management, or connectivity / broadband / Wi-Fi? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?  Where the impact identifies a requirement for significant technology change, has an assessment been carried out (or is scheduled to be carried out) by the Enterprise Architecture Governance Group (EAGG)? Yes <input type="checkbox"/> No <input type="checkbox"/>
<b>5.7</b>	<b>Environmental / Carbon impact</b> Does the report / project / practice contain information that has an impact on any environmental or carbon matters? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?
<b>5.8</b>	<b>Communications impact</b> Does the report contain any information that has an impact on the council's communications activities? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?
<b>5.9</b>	<b>Risk impact</b> Is there a risk impact? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the key risks and potential impacts, highlighting where the risk(s) are assessed and recorded (e.g. Corporate or Service or Project Risk Registers), and how they are managed?
<b>5.10</b>	<b>Armed Forces Covenant Duty</b> Does the report require to take due regard of the Armed Forces Covenant Duty (i.e. does it relate to healthcare, housing, or education services for in-Service or ex-Service personnel, or their families, or widow(er)s)? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the provision which has been made to ensure there has been appropriate consideration of the particular needs of the Armed Forces community to make sure that they do not face disadvantage compared to other citizens in the provision of public services.
<b>5.11</b>	<b>Children's rights and wellbeing impact</b> Does the report contain any information regarding any council activity, service delivery, policy, or plan that has an impact on children and young people up to the age of 18, or on a specific group of these? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact and the provision that has been made to ensure there has been appropriate consideration of the relevant Articles from the United Nations Convention on the Rights of the Child (UNCRC).  If Yes, has a Children's Rights and Wellbeing Impact Assessment (CRWIA) been carried out? Yes <input type="checkbox"/> No <input type="checkbox"/>



# North Lanarkshire Council Report

## Housing Committee

Does this report require to be approved?

☒ Yes ☐ No

Ref SL/GT

Date

12/02/25

## Former Tenant Arrears Write Off to 31 March 2023

**From** Stephen Llewellyn, Chief Officer (Housing)

**E-mail** TelferG@northlan.gov.uk

**Telephone**

Greg Telfer, Business  
Finance Manager, 07583  
010692

### Executive Summary

The purpose of this report is to present to Committee a summary of outstanding Housing Rent debts which are deemed uncollectable following all attempts at recovery by the Housing Rents and Court teams or are considered uneconomically viable to continue pursuing.

In accordance with financial guidelines a provision for expected credit losses has previously been established for the outstanding accounts highlighted below.

The debt to be written off relates to former tenancies where the tenancy end date is prior to 31 March 2023. The total recommended write-off is £3,925,862 which equates to 2.62% of the total rent income of £149,720,181.

In addition, following a decision of the Housing Committee in August 2024 to change the treatment of Universal Credit Assistance Fund awards from a repayable loan to a grant, the report seeks approval to no longer pursue these loans and write-off these debts as outlined in paragraphs 2.6 and 2.7. The total recommended for write-off is £3,336,874.09. This creates no additional financial implications for the Housing Revenue Account because of the previously established provision for expected credit losses.

### Recommendations

It is recommended that the Housing Committee:

- (1) Acknowledge the decision of the Chief Officer (Housing Management) and the Chief Officer (Finance) to write off £381,165.92 under delegated responsibilities;
- (2) Approves the write off of £3,544,696.50 which includes individual debts greater than £500;
- (3) Approves the write off of credit balances that have arisen in some former tenancy rent accounts, totalling £50,914.31;
- (4) Approve the write off of pre August 2024 Universal Credit Assistance Fund awards where debt is greater than £500 of £320,716.33;
- (5) Acknowledge the write off of Universal Credit Assistance Fund awards where debt is less than £500 to the value of £3,016,157.76;
- (6) Remit this report to the Finance and Resources Committee.

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## **The Plan for North Lanarkshire**

Priority	Enhance participation, capacity, and empowerment across our communities
Ambition statement	(21) Continue to identify and access opportunities to leverage additional resources to support our ambitions
Programme of Work	Statutory / corporate / service requirement

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### **1. Background**

- 1.1 The Housing Service has an average annual turnover in tenancies of approximately 3,000 with tenancies terminating for a variety of reasons.
- 1.2 The Service has a full rent arrears process in place which ranges from reminder letters at the early stages through to the pursuit of arrears via the courts. The arrears process actively pursues debt in both current tenancies and former tenancies and only ever seeks to write-off debt relating to former tenancies once all avenues of recovery have been exhausted.
- 1.3 A wide range of payment methods are available to tenants to enable them to make payments towards their rents in a timely and consistent manner that suits their circumstances. These range from Direct Debits, Online Payment facility, Standing Orders, Post Office, Paypoint and deductions from wages.
- 1.4 Early intervention and engagement with current tenants who fall into arrears is a key part of the process to minimise the debt level that exists when tenancies terminate. However, despite the steps in place, there are a number of debts that are deemed uncollectible or are considered not economically viable to engage further collection activities and costs. This annual process of assessing the likelihood of debt non-recovery follows accepted best accounting practice and is a realistic assessment of expected outcome.
- 1.5 The Annual Return on the Charter for 2023/24 published by Scotland's Housing Network identifies that former tenant arrears have increased across the whole sector from 1.86% in 2020/21 to 2.47% in 2023/24. In addition, the Council's collection rate for rent due in 2023/24 was 99.3% which mirrors the Scottish Local Authority Average for the same year.
- 1.6 It should be noted that the Council moved onto full Universal Credit status in April 2018 and as a result, has since seen an increase in current tenant arrears. This is likely to have an adverse impact on the future levels of former tenant arrears that will be sought for write off. A full Income Maximisation Service is offered to all tenants to try and mitigate the impact of welfare reform.

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### **2. Report**

- 2.1 An exercise has been undertaken to identify debt that is now considered to be non-collectable. In accordance with financial guidelines a provision for expected credit losses has previously been established for the outstanding accounts.

2.2 There are a number of reasons why the outstanding balances are being written off and these are summarised below:

- **Liquidation / Sequestration.** The debtor has been liquidated / sequestered etc, and there is no prospect of recovery of funds.
- **Deceased.** The debtor is deceased and there have been insufficient funds within the estate to meet the sum due.
- **Eviction / Abandonment / No Forwarding Address.** The debtor has been unable to be located following eviction or abandonment of their tenancy or have left no forwarding address and there is no prospect of recovery of funds.
- **Recovery exhausted.** All avenues of recovery have now been exhausted via our internal processes and via the courts. The decision has been taken not to pursue any further. Recovery is considered not possible.

2.3 The following tables categorise the value of debt recommended for write-off by cause and value:

<b>Cause Analysis</b>	<b>Write off Value £</b>	<b>No. of Tenancies</b>	<b>Average Write off Value 2025 £</b>	<b>Average Write off Value 2024 £</b>
Abandoned	723,417.29	453	1,596.95	1,191.98
Deceased	346,797.03	585	592.82	473.56
Eviction	210,368.12	52	4,045.54	1,050.12
Liquidations/Sequestration	139,232.17	45	3,094.05	2,550.55
No Forwarding Address	238,181.08	237	1,004.98	853.75
Recovery Exhausted	2,267,866.73	2,490	910.79	728.69
<b>Total Debt</b>	<b>3,925,862.42</b>	<b>3,862</b>	<b>1,016.54</b>	<b>771.13</b>
<b>Credit Balances</b>	<b>(50,914.31)</b>	<b>359</b>	<b>(141.82)</b>	<b>(35.00)</b>

<b>Value Analysis</b>				
< £500	381,165.92	2,334	163.31	166.40
>£500	3,544,696.50	1,528	2,319.83	1,965.90
<b>Total Debt</b>	<b>3,925,862.42</b>	<b>3,862</b>	<b>1,016.54</b>	<b>771.13</b>

2.4 The write off being proposed to 31 March 2023 represents 2.62% of the total rental income of £149,720,181. The following table outlines the value of the annual former tenant arrears write-off over the previous 5 years:

<b>Former Tenant Arrears Written Off to:</b>	<b>Value £</b>	<b>% of Income</b>
30 March 2022	2,553,973.58	1.76
31 March 2021	2,610,389.37	1.82
31 March 2020	3,560,465.00	2.57
31 March 2019	3,505,183.00	2.54
31 March 2018	2,408,607.00	2.09

2.5 The Council will continue to seek collection of any outstanding balances if the circumstances of the debtor change and recovery is deemed practical.

## Universal Credit Assistance Fund

- 2.6 Members will be aware that in August 2024 the Housing Committee approved the change in treatment of Universal Credit Assistance Fund awards from a repayable loan to a grant. This decision was based on future awards from the fund. A total of £3,336,874.09 remains to be repaid by tenants who accepted the loan arrangement but are unable to repay. This covers outstanding awards for both current and former tenants since the establishment of the UCAF awards until 28 August 2024.

<i><b>Value Analysis</b></i>	<b>Write off Value</b>	<b>No. of Tenancies</b>	<b>Average Write off Value 2025</b>
	<b>£</b>		<b>£</b>
< £500	3,016,157.76	7,447	405.02
>£500	320,716.33	595	539.02
<b>Total Debt</b>	<b>3,336,874.09</b>	<b>8,042</b>	<b>414.93</b>

- 2.7 As with former tenant arrears, the service has previously fully provided for these debts within the annual expected credit loss calculation. Therefore, the decision to no longer pursue and subsequently write-off these debts creates no additional financial burden on the Housing Revenue Account.

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### 3. Measures of success

- 3.1. The Service continues to engage in several activities aimed at improving collection rates, reducing debt arising and streamlining the recovery process. The Council will continue to seek collection of the outstanding balance if the circumstances of the debtor alter, and recovery is deemed practical.

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### 4. Supporting documentation

Not Applicable



**Stephen Llewellyn**  
**Chief Officer (Housing)**

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## 5. Impacts

<b>5.1 Public Sector Equality Duty and Fairer Scotland Duty</b> Does the report contain information that has an impact as a result of the Public Sector Equality Duty and/or Fairer Scotland Duty? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?  If Yes, has an assessment been carried out and published on the council's website? <a href="https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments">https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments</a> Yes <input type="checkbox"/> No <input type="checkbox"/>
<b>5.2 Financial impact</b> Does the report contain any financial impacts? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, have all relevant financial impacts been discussed and agreed with Finance?  Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?  There are no additional financial implications linked to this report for the current financial year as a corresponding bad debt provision has been included in the previous year's accounts.
<b>5.3 HR policy impact</b> Does the report contain any HR policy or procedure impacts? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant HR impacts been discussed and agreed with People Resources? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?
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<b>5.6</b>	<b>Technology / Digital impact</b> Does the report contain information that has an impact on either technology, digital transformation, service redesign / business change processes, data management, or connectivity / broadband / Wi-Fi? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?  Where the impact identifies a requirement for significant technology change, has an assessment been carried out (or is scheduled to be carried out) by the Enterprise Architecture Governance Group (EAGG)? Yes <input type="checkbox"/> No <input type="checkbox"/>
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<b>5.9</b>	<b>Risk impact</b> Is there a risk impact? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the key risks and potential impacts, highlighting where the risk(s) are assessed and recorded (e.g. Corporate or Service or Project Risk Registers), and how they are managed?
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# North Lanarkshire Council Report

## Finance and Resources Committee

Does this report require to be approved? ☐ Yes ☒ No

Ref LR/VA/CM

Date 26/02/25

## Contract award for enabling works at Strathclyde Park Watersports Centre

**From** Lyall Rennie, Chief Officer (Community Operations)

**E-mail** Renniely@northlan.gov.uk

**Telephone** 07855 193500

### Executive Summary

This report updates committee on the appointment of Linear Design and Construct through the Hub Southwest procurement route to deliver the design and construction work required for the net zero led redevelopment of the Watersports Centre at Strathclyde Country Park.

This report also outlines proposed contractual arrangements required to enter into a Design and Build Development Agreement (DBDA) for enabling works creating a new car park entrance and associated infrastructure at the Watersports Centre (WSC) at Strathclyde Country Park, and removal of asbestos from the building.

The enabling works tie in with the construction of Edinburgh University's Boat Store, which was approved in principle by this committee.

The works are proposed to take place earlier than the main contract for funding and safety reasons outlined in the report.

The report details how the cost of the proposed enabling works contract of five hundred and forty thousand pounds has been estimated, and how it will be awarded.

### Recommendations

It is recommended that the Finance and Resources Committee:

- (1) Recognise the details of the award of the main contract in October 2024 and the process through which it is intended the council will move to financial close for the project.
- (2) Acknowledge Edinburgh University's progress with their Boat Store and interdependencies between this and a subset of external access works to be delivered in advance of the main WSC contract.
- (3) Endorse the contract award for the enabling works package in accordance with the contents of this report with a value of no more than five hundred and forty thousand pounds via the Hub South West process.

## The Plan for North Lanarkshire

Priority	Improve the health and wellbeing of our communities
Ambition statement	(16) Transform our natural environment to support wellbeing and inward investment and enhance it for current and future generations
Programme of Work	Sustainable Futures

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### 1. Background

- 1.1 The redevelopment of the Watersports Centre at Strathclyde Country Park is an identified deliverable in the agreed programme for the Sustainable Futures programme of work.
  - 1.2 The feasibility and business case development which led to this capital project were funded by a grant from the Scottish Government and council capital.
  - 1.3 In order to keep pace with the tight timeline for the project, the Environment and Climate Change committee gave approval in August 2024 for the Hub South West procurement process to be used to appoint a contractor to work with the council on the remaining design and construction works required to redevelop the Watersports Centre, to a value of circa £14million.
  - 1.4 The proposed Fabric First and renewable energy generation works within the redevelopment plans are forecast to reduce carbon emissions by 90%.
  - 1.5 The project is currently in receipt of a Placed Based Investment Program (PBIP) grant offer from the Scottish Government which must be spent/committed this financial year.
  - 1.6 Following committee approval in November 2024 Edinburgh University will shortly be granted a lease to construct a new Boat Store within the wider curtilage of the Watersports Centre car park and associated storage yards.
- 

### 2. Report

#### Main Design and Construction Contract

- 2.1 Following a competitive tendering process undertaken through Hub South West, Linear Design and Construct have been appointed to deliver the design and construction work required for redevelopment of the Watersports Centre at Strathclyde Country Park.
- 2.2 A Planning Application for the project was submitted in December 2024 with a decision expected in March 2025.
- 2.3 The Stage 1 design process is complete. Stage 2 design which includes; required changes to the design submitted to Planning, detailed market testing to confirm costs, and obtaining all building warrants, will run from March to June 2025.
- 2.4 If Stage 2 progresses satisfactorily, financial close on the project is expected around July 2025, with redevelopment works starting in the autumn of 2025 and continuing until late 2026/early 2027. A separate report would be provided to this committee in cycle 2 of 2025 covering the full details of this proposed award.

## **Edinburgh University Lease and Construction License**

- 2.5 Edinburgh University have been granted planning permission to a boat store and a lease and a license to occupy for construction are currently being finalised between the council's and Edinburgh University's legal teams.
- 2.6 Access for long trailers to the Edinburgh University facility relies on two separate access/egress points and a one-way system which forms part of the council's proposed redevelopment of the Watersports Centre car park. It would be beneficial for operational and safety reasons to construct this access shortly after the Boat Store is built.
- 2.7 Edinburgh University's construction period is proposed to run from February 2025 to May 2025 and will enable them to move their boats out of the WSC ground floor boat store before redevelopment of that building commences in Sept 2025, making the main project much easier to deliver.

## **Enabling Works**

- 2.8 Under delegated powers in line with the council standing orders, an enabling works Design and Build Development Agreement (DBDA) contract through Hub South West, will be awarded in advance of going to financial close on the main WSC redevelopment contract.
- 2.9 The proposed enabling works package involves creating a new entrance into the WSC car park, building a pedestrian footpath, and reconfiguring various boat storage yards. This will enable:
  - a) New one way access systems to be created for the redeveloped WSC reducing congestion and improving safety.
  - b) Two access points being available to the new Edinburgh University Boat Store yard facilitating a drive-through system for long trailers.
  - c) Public/Staff and Contractor access to be completely separated during the redevelopment of the main WSC building, reducing the health and safety risk associated with mixing construction traffic and regular park users.
- 2.10 The estimated cost of the enabling works is £450k. this has been calculated based on a QS costings of the Stage 1 technical design and then market tested by Linear Design and Construct, as part of the technical design team employed by Hub South West.
- 2.11 A contingency of 20% to allow for costs associated with any unforeseen circumstances, or client led changes to the design is proposed bringing the contract value to a maximum of £540k.
- 2.12 The funding for the enabling works package is in place through an offer of £830k of funding from the Scottish Government through the Place Based Investment Program (PBIP) and must be committed by end of March 2025. The remainder of this grant is being spent on professional fees relating to the design works for the main redevelopment work. Committing contractually to the enabling works before the end of March 2025 ensures the council can utilise the full amount of Scottish Government funding offered.
- 2.13 In order to commit the PBIP funding a DBDA contract is proposed just for the enabling works package. A larger DBDA would be entered into around July 2025 for the works

to the main building. Legal services are reviewing the terms of the contract which is based on similar enabling works contracts entered into for the Community Hub projects.

- 2.14 The contract would be let in March 2025 with works forecast to start May 2025 immediately after Edinburgh University conclude the construction of their Boat Store. Enabling works would take place between May and September 2025 with works to the main Watersports Centre building potentially starting immediately after.

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**3. Measures of success**

- 3.1 Utilisation of the PBIP grant offer.
- 3.2 Provision of through traffic access to the Edinburgh University Boatstore.
- 3.3 Improved health and safety and traffic flow.

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**4. Supporting documentation**

none



**Lyall Rennie**  
**Chief Officer (Community Operations)**

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## 5. Impacts

<b>5.1 Public Sector Equality Duty and Fairer Scotland Duty</b> Does the report contain information that has an impact as a result of the Public Sector Equality Duty and/or Fairer Scotland Duty? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?  If Yes, has an assessment been carried out and published on the council's website? <a href="https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments">https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments</a> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
<b>5.2 Financial impact</b> Does the report contain any financial impacts? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, have all relevant financial impacts been discussed and agreed with Finance? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?
<b>5.3 HR policy impact</b> Does the report contain any HR policy or procedure impacts? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant HR impacts been discussed and agreed with People Resources? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?
<b>5.4 Legal impact</b> Does the report contain any legal impacts (such as general legal matters, statutory considerations (including employment law considerations), or new legislation)? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant legal impacts been discussed and agreed with Legal and Democratic? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?
<b>5.5 Data protection impact</b> Does the report / project / practice contain or involve the processing of personal data? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, is the processing of this personal data likely to result in a high risk to the data subject? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, has a Data Protection Impact Assessment (DPIA) been carried out and e-mailed to <a href="mailto:dataprotection@northlan.gov.uk">dataprotection@northlan.gov.uk</a> Yes <input type="checkbox"/> No <input type="checkbox"/>

<b>5.6</b>	<b>Technology / Digital impact</b> Does the report contain information that has an impact on either technology, digital transformation, service redesign / business change processes, data management, or connectivity / broadband / Wi-Fi? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?  Where the impact identifies a requirement for significant technology change, has an assessment been carried out (or is scheduled to be carried out) by the Enterprise Architecture Governance Group (EAGG)? Yes <input type="checkbox"/> No <input type="checkbox"/>
<b>5.7</b>	<b>Environmental / Carbon impact</b> Does the report / project / practice contain information that has an impact on any environmental or carbon matters? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact? The main contract will reduce the carbon footprint of the building
<b>5.8</b>	<b>Communications impact</b> Does the report contain any information that has an impact on the council's communications activities? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?
<b>5.9</b>	<b>Risk impact</b> Is there a risk impact? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the key risks and potential impacts, highlighting where the risk(s) are assessed and recorded (e.g. Corporate or Service or Project Risk Registers), and how they are managed?
<b>5.10</b>	<b>Armed Forces Covenant Duty</b> Does the report require to take due regard of the Armed Forces Covenant Duty (i.e. does it relate to healthcare, housing, or education services for in-Service or ex-Service personnel, or their families, or widow(er)s)? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the provision which has been made to ensure there has been appropriate consideration of the particular needs of the Armed Forces community to make sure that they do not face disadvantage compared to other citizens in the provision of public services.
<b>5.11</b>	<b>Children's rights and wellbeing impact</b> Does the report contain any information regarding any council activity, service delivery, policy, or plan that has an impact on children and young people up to the age of 18, or on a specific group of these? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact and the provision that has been made to ensure there has been appropriate consideration of the relevant Articles from the United Nations Convention on the Rights of the Child (UNCRC).  If Yes, has a Children's Rights and Wellbeing Impact Assessment (CRWIA) been carried out? Yes <input type="checkbox"/> No <input type="checkbox"/>

# North Lanarkshire Council Report

## Finance and Resources Committee

Does this report require to be approved? ☐ Yes ☒ No

Ref: NLC–SLP-24-018

Date: 26 February 2025

## Contract Award for Recover NL Programme Pitch Upgrades

**From** James McKinstry, Chief Officer (Assets and Procurement)

**E-mail** McKinstryJ@northlan.gov.uk

**Telephone:** Charles McCabe – 07946 353323

### Executive Summary

Approval was given at Policy and Strategy Committee September 2022, to conduct a feasibility study and then undertake a procurement exercise to deliver a number of grass-to-synthetic pitch upgrades as part of the Recover NL Pitch Improvement Programme.

Following the feasibility study, it was determined that for the allocated budget of £3.2M (which included both RecoverNL funds and a council capital allocation), pitch upgrades could be made at Moodiesburn, Harthill, and Cleland.

A competitive procurement was conducted by Hub South-West on behalf of the council, resulting in the recommendation to award a contract to the most economically advantageous tenderer, W.H. Malcolm Limited, at a cost of Three Million One Hundred and Eighty-Six Thousand Nine Hundred and Fifty-Nine Pounds and Thirty-One Pence (£3,186,959.31) exclusive of VAT.

In accordance with the council's General Contract Standing Orders, item 21.3.2, approval was sought from the Deputy Chief Executive, to expedite the contract award in between Committee cycles.

### Recommendations

It is recommended that the Finance and Resources Committee:

- (1) Acknowledge the content of this report.

### The Plan for North Lanarkshire

<b>Priority</b>	All priorities
<b>Ambition Statement</b>	All ambition statements
<b>Programme of Work</b>	Transforming Places

## **1. Background**

- 1.1. At Policy and Strategy Committee in September 2022, a number of options were presented to Committee for the Recover NL Pitch Improvement Programme. Committee approved the project team to conduct a feasibility study then a undertake a procurement to deliver a number of grass-to-synthetic pitch upgrades at various locations. It was always anticipated and understood that any and all works were dependent on both available funding, and suitable locations.
- 1.2. A comprehensive study was conducted, considering various factors such as parking, changing accommodation, and floodlighting.
- 1.3. Following the feasibility study, it was determined that the budget of £3.2M would feasibly convert three grass pitches across the North Lanarkshire area to synthetic all weather pitches.
- 1.4. The council used its territory partnership agreement with Hub South-West to undertake the competitive procurement to appoint a Contractor to deliver grass-to-synthetic pitch upgrades.

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## **2. Report**

- 2.1. The council used the Hub South-West vehicle for procurement. Five companies were invited to tender, three submitted a tender proposal.
- 2.2. The highest scoring tenderer was W.H. Malcolm Limited, and they were proposed to the council as the recommended Contractor.
- 2.3. Approval was sought from the Deputy Chief Executive, in accordance with General Contract Standing Order 21.3.2, to expedite the contract award in between Committee cycles.
- 2.4. Following approval, a contract award was made to W.H. Malcolm Limited, with final contract signing completed 11<sup>th</sup> November, which led to the immediate commencement of works.

### **Financial / Budget Consideration**

- 2.5. The pre-tender wholelife estimate budget for the Agreement was £3.2M. The successful bid was £3,186,959.31 exclusive of VAT including all associated contingencies and fees.
- 2.6. The costs associated with delivery of the Agreement will be contained within the capital budget for Forward Planning, Assets & Procurement.

### **Price Stability**

- 2.7. It is a fixed price proposal from W.H. Malcolm Limited and costs will be managed in accordance with the Agreement terms and conditions.

### **Community Benefits and Fair Work First**

- 2.8. In the tender scoring model, a 10% weighting was allocated to Community Benefits and Social Value. The proposal from W.H. Malcolm Limited identified the use of local enterprises which includes: employment opportunities, staff training and development. The utilisation of local business and suppliers will support the reduction of the carbon footprint on the project. W.H. Malcolm also provide other opportunities through workshops in construction.



## **Contract Management**

- 2.9. Officers from Active and Creative Communities will be responsible for managing the contractor which will be undertaken in accordance with the contract and supplier management conditions.

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### **3. Measures of success**

The contract will deliver the following outcomes:

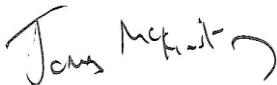
- 3.1. Best Value, by evaluating not only the cost of materials and workmanship but also factors, such as long-term maintenance, sustainability practises and previous experience in delivering similar projects.
- 3.2. Appointment of a contractor who has the experience and capability to provide the requirements in an efficient form of arrangement.
- 3.3. Conclusion of a procurement procedure - compliant with procurement legislation and internal procedures.
- 3.4. Delivery of a range of Community Benefits as outlined in section 2.9 above.

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### **4. Supporting documents**

Appendix 1	Summary of Tender Evaluation Process
Appendix 2	Summary of Procurement Process
Appendix 3	SME Status and Location of All Tenderers

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**James McKinstry**  
**Chief Officer (Assets and Procurement)**

**5. Impacts ( <http://connect/report-template-guidance> )**

<b>5.1 Public Sector Equality Duty and Fairer Scotland Duty</b> Does the report contain information that has an impact as a result of the Public Sector Equality Duty and/or Fairer Scotland Duty? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, please provide a brief summary of the impact?  If Yes, has an assessment been carried out and published on the council's website? <a href="https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments">https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments</a> Yes <input type="checkbox"/> No <input type="checkbox"/>
<b>5.2 Financial impact</b> Does the report contain any financial impacts? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, have all relevant financial impacts been discussed and agreed with Finance? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?  Budget is available via the approved capital budgets.
<b>5.3 HR policy impact</b> Does the report contain any HR policy or procedure impacts? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant HR impacts been discussed and agreed with People Resources? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?
<b>5.4 Legal impact</b> Does the report contain any legal impacts (such as general legal matters, statutory considerations (including employment law considerations), or new legislation)? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, have all relevant legal impacts been discussed and agreed with Legal and Democratic? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?
<b>5.5 Data protection impact</b> Does the report / project / practice contain or involve the processing of personal data? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If Yes, is the processing of this personal data likely to result in a high risk to the data subject? Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, has a Data Protection Impact Assessment (DPIA) been carried out and e-mailed to <a href="mailto:dataprotection@northlan.gov.uk">dataprotection@northlan.gov.uk</a> Yes <input type="checkbox"/> No <input type="checkbox"/>

5.6	<p><b>Technology / Digital impact</b></p> <p>Does the report contain information that has an impact on either technology, digital transformation, service redesign / business change processes, data management, or connectivity / broadband / Wi-Fi?</p> <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>If Yes, please provide a brief summary of the impact?</p> <p>Where the impact identifies a requirement for significant technology change, has an assessment been carried out (or is scheduled to be carried out) by the Enterprise Architecture Governance Group (EAGG)?</p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p>
5.7	<p><b>Environmental / Carbon impact</b></p> <p>Does the report / project / practice contain information that has an impact on any environmental or carbon matters?</p> <p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <p>If Yes, please provide a brief summary of the impact?</p> <p>The utilisation of local business and suppliers will support the reduction of the carbon footprint on the project.</p>
5.8	<p><b>Communications impact</b></p> <p>Does the report contain any information that has an impact on the council's communications activities?</p> <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>If Yes, please provide a brief summary of the impact?</p>
5.9	<p><b>Risk impact</b></p> <p>Is there a risk impact?</p> <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>If Yes, please provide a brief summary of the key risks and potential impacts, highlighting where the risk(s) are assessed and recorded (e.g. Corporate or Service or Project Risk Registers), and how they are managed?</p>
5.10	<p><b>Armed Forces Covenant Duty</b></p> <p>Does the report require to take due regard of the Armed Forces Covenant Duty (i.e. does it relate to healthcare, housing, or education services for in-Service or ex-Service personnel, or their families, or widow(er)s)?</p> <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>If Yes, please provide a brief summary of the provision which has been made to ensure there has been appropriate consideration of the particular needs of the Armed Forces community to make sure that they do not face disadvantage compared to other citizens in the provision of public services.</p>
5.11	<p><b>Children's rights and wellbeing impact</b></p> <p>Does the report contain any information regarding any council activity, service delivery, policy, or plan that has an impact on children and young people up to the age of 18, or on a specific group of these?</p> <p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>If Yes, please provide a brief summary of the impact and the provision that has been made to ensure there has been appropriate consideration of the relevant Articles from the United Nations Convention on the Rights of the Child (UNCRC).</p> <p>If Yes, has a Children's Rights and Wellbeing Impact Assessment (CRWIA) been carried out?</p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p>

**Appendix 1 – Summary of Tender Evaluation Process**

<b>Final Rank</b>	<b>Tenderer Name</b>	<b>Total Tender Score</b>	<b>Recommended for Award (Yes / No)</b>
1	W.H. Malcolm Limited	95.50%	Yes
3	Fairways (Gm) Limited	92.87%	No
2	Allsports Construction & Maintenance Limited	89.64%	No

## Appendix 2 – Summary of Procurement Process

	Response			
<b>CPT Contract Reference Allocated:</b>	NLC-SLP-24-018			
<b>Procurement Procedure Utilised:</b>	Further Competition via HubSW			
<b>Governing Legislation / Regulations:</b>	Public Contracts (Scotland) Regulations 2015			
<b>Date Contract Strategy Approved:</b>	18 June 2024			
<b>Number of Companies Invited to Take Part:</b>	Five (5)			
<b>Date ITT Published:</b>	07 June 2024			
<b>Tender Return Deadline:</b>	20 July 2024			
<b>Number of Tenders Received:</b>	Three			
<b>Tenders from SME's:</b>	Two			
<b>Tenders from NLC Based Tenderers:</b>	None			
<b>Tenders from Supported Businesses:</b>	None			
<b>Number of Non-compliant Tenders:</b>	None			
<b>Number of Compliant Tenders:</b>	Three			
<b>Number of Recommended Tenderers:</b>	One			
<b>Evaluation Team:</b>	HubSW			
<b>Anticipated Start Date of the Agreement:</b>	23 September 2024			
<b>Total Agreement Period:</b>	22 Weeks			
<b>Awarded Value of the Agreement:</b>	.£3,186,959.31			
<b>Basis of Award:</b>	<b>Quality:</b>	20%	<b>Price:</b>	80%
<b>Evaluation Team:</b>	HubSW			
<b>Agreement Award Date</b>	11 November 2024			
<b>Start Date of the Agreement:</b>	11 November 2024			
<b>Total Agreement Period:</b>	22 Weeks			
<b>Awarded Value of the Agreement:</b>	£3,186,959.31			

**Appendix 3 – SME Status and location of all Tenderers**

<b>Name of Tenderer</b>	<b>Size of Tendering Organisation (Micro, Small, Medium or Large)</b>	<b>Location (Local Authority / Council Area)</b>
Allsports Construction & Maintenance Limited	Small	Midlothian
Fairways (Gm) Limited	Medium	Renfrewshire
W.H. Malcolm Limited	Large	Renfrewshire

# North Lanarkshire Council Report

## Finance and Resources Committee

Does this report require to be approved?

☐ Yes ☒ No

Ref JMcK/CPT

Date

26/02/25

## Contracts awarded below Committee approval threshold

**From** James McKinstry, Chief Officer (Assets and Procurement)

**E-mail** McKinstryJ@northlan.gov.uk

**Telephone**

07939 281 102

### Executive Summary

In accordance with the Council's [General Contract Standing Orders \("GCSOs"\)](#), GCSO 21.10 requires a summary report be presented to members with details of contracts awarded since last committee, specifically for the spend range:

- over £50,000 but below £500,000 for supplies or services; and,
- over £500,000 but below £2,000,000 for works.

### Recommendations

It is recommended that the Finance and Resources Committee:

- (1) Acknowledge the contract awards made since last committee reporting cycle.

### The Plan for North Lanarkshire

Priority All priorities

Ambition statement All ambition statements

Programme of Work Statutory / corporate / service requirement

## 1. Background

- 1.1 The Local Government (Scotland) Act 1973 section 81 requires local authorities to *"...make standing orders with respect to the making by them or on their behalf of contracts for the supply of goods or materials or for the execution of works."*
- 1.2 The Council's [General Contract Standing Orders \("GCSOs"\)](#) set out the council's specific procurement procedures and responsibilities at all spend levels, and include the reporting requirements of procurement activity, including contracts awards, to committee for either approval or acknowledgement.

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## 2. Report

- 2.1 In accordance with GCSO 21.10, this report summarises the contract awards since last committee, specifically for the spend range:
- over £50,000 but below £500,000 for supplies or services; and,
  - over £500,000 but below £2,000,000 for works.
- 2.2 If you require further information regards the contract awards reported, please refer to the lead service area / Chief Officer detailed in the appendix.

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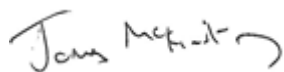
## 3. Measures of success

- 3.1 All requirements contracted contribute to either the council's programme of work and/or fulfil a statutory requirement.
- 3.2 All contract awards secure best value for the council in accordance with their evaluation criteria.
- 3.3 All necessary diligence has been undertaken in the evaluation and appointment of contractors.
- 3.4 All contract awards are logged in the council's contract register.

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## 4. Supporting documentation

- 4.1 Appendix 1 – Summary of contracts awarded.



**James McKinstry**  
**Chief Officer (Assets and Procurement)**

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## 5. Impacts

- 5.1 Impacts considered as part of the contract award procedures are recorded in the individual contract award reports held by the lead service area.



## Appendix 1 – Summary of Contracts Awarded

<b>Contract</b>	<b>Ref</b>	NLC-SLP-24-032				
	<b>Title</b>	Provision of Cash Collection Services 2024/25				
	<b>Classification</b>	Services				
	<b>Lead Service Area / Chief Officer</b>	Elaine Kemp, Chief Officer (Financial Solutions)				
<b>Competition</b>	<b>Governance by Value</b>	The Framework terms & conditions, with adherence to the council's GCSO 13 on 3rd party frameworks				
	<b>Procurement Route</b>	Call-off following Direct Award using Third Party Framework				
	<b>No. of Framework Contractors</b>	4				
	<b>Award Criteria</b>	Best Value assessment, in accordance with the Framework Information				
	<b>Comments</b>	This has been procured via Direct Award approach, considering the relevant information on Framework Contractors technical and commercial proposals available through the ESPO Framework Agreement for Cash/Valuables Collection & Cash/Valuables in Transit (CViT) Services (324F_24), Lot 1 – Cash/Valuables Collection & CViT Services from premises or buildings.				
<b>Award Details</b>	<b>Value</b>	£107,000				
	<b>Contract Duration</b>	12 months				
	<b>Contractor Name</b>	Security Plus Limited				
	<b>Contractor Size</b>	Medium				
	<b>Contractor Location</b>	Stoke-On-Trent, Staffordshire				
	<b>Status - Payment of Living Wage?</b>	No				
	<b>Status - Living Wage Accredited?</b>	No				
<b>Impacts</b> <i>this section highlights which impacts were considered for this contract award procedure</i>	Public Sector Equality Duty and Fairer Scotland Duty <input type="checkbox"/>	HR Policy Impact <input type="checkbox"/>	Data Protection Impact <input type="checkbox"/>	Environment / Carbon Impact <input type="checkbox"/>	Risk Impact <input checked="" type="checkbox"/>	Children's Rights and Wellbeing Impact <input type="checkbox"/>
	Financial Impact <input checked="" type="checkbox"/>	Legal Impact <input type="checkbox"/>	Technology / Digital Impact <input type="checkbox"/>	Communications Impact <input type="checkbox"/>	Armed Forces Covenant Duty <input type="checkbox"/>	
	Further details regarding these impacts can be obtained from the Lead Service Area / Chief Officer					

<b>Contract</b>	<b>Ref</b>	NLC-SLP-24-058				
	<b>Title</b>	Engage Process Modeller				
	<b>Classification</b>	Supplies				
	<b>Lead Service Area / Chief Officer</b>	Katrina Hassell, Chief Officer (Business & Digital Solutions)				
<b>Competition</b>	<b>Governance by Value</b>	The Framework terms & conditions, with adherence to the council's GCSO 13 on 3rd party frameworks				
	<b>Procurement Route</b>	Call-off following Direct Award using Third Party Framework				
	<b>No. of Framework Contractors</b>	Over 5,000 suppliers on G-Cloud 13 framework				
	<b>Award Criteria</b>	Best Value assessment, in accordance with the Framework Information				
	<b>Comments</b>	This has been procured via Direct Award approach, considering the relevant information on Framework Contractors technical and commercial proposals available through Crown Commercial Services (CCS) – GCloud13 framework. Lot 2 – Cloud Software (RM1557.13).				
<b>Award Details</b>	<b>Value</b>	£83,800				
	<b>Contract Duration</b>	36 months				
	<b>Contractor Name</b>	Engage Process UK LTD				
	<b>Contractor Size</b>	Micro company				
	<b>Contractor Location</b>	Chichester, West Sussex				
	<b>Status - Payment of Living Wage?</b>	Yes				
	<b>Status - Living Wage Accredited?</b>	No				
<b>Impacts</b> <i>this section highlights which impacts were considered for this contract award procedure</i>	Public Sector Equality Duty and Fairer Scotland Duty <input type="checkbox"/>	HR Policy Impact <input type="checkbox"/>	Data Protection Impact <input type="checkbox"/>	Environment / Carbon Impact <input type="checkbox"/>	Risk Impact <input checked="" type="checkbox"/>	Children's Rights and Wellbeing Impact <input type="checkbox"/>
	Financial Impact <input checked="" type="checkbox"/>	Legal Impact <input type="checkbox"/>	Technology / Digital Impact <input checked="" type="checkbox"/>	Communications Impact <input type="checkbox"/>	Armed Forces Covenant Duty <input type="checkbox"/>	
	Further details regarding these impacts can be obtained from the Lead Service Area / Chief Officer					

<b>Contract</b>	<b>Ref</b>	NLC-SLP-24-078				
	<b>Title</b>	Intelligent Email Security (Defend and Prevent)				
	<b>Classification</b>	Supplies				
	<b>Lead Service Area / Chief Officer</b>	Katrina Hassell, Chief Officer (Business & Digital Solutions)				
<b>Competition</b>	<b>Governance by Value</b>	The Framework terms & conditions, with adherence to the council's GCSO 13 on 3rd party frameworks				
	<b>Procurement Route</b>	Call-off following Direct Award using Third Party Framework				
	<b>No. of Framework Contractors</b>	Over 5,000 suppliers on G-Cloud 13 framework				
	<b>Award Criteria</b>	Best Value assessment, in accordance with the Framework Information				
	<b>Comments</b>	This has been procured via Direct Award approach, considering the relevant information on Framework Contractors technical and commercial proposals available through Crown Commercial Services (CCS) – GCloud13 framework. Lot 2 – Cloud Software (RM1557.13).				
<b>Award Details</b>	<b>Value</b>	£228,000				
	<b>Contract Duration</b>	12 months, option for further 12 months				
	<b>Contractor Name</b>	Egress Software Technologies Limited				
	<b>Contractor Size</b>	Large Company				
	<b>Contractor Location</b>	Greater London				
	<b>Status - Payment of Living Wage?</b>	No				
	<b>Status - Living Wage Accredited?</b>	No				
<b>Impacts</b> <i>this section highlights which impacts were considered for this contract award procedure</i>	Public Sector Equality Duty and Fairer Scotland Duty <input type="checkbox"/>	HR Policy Impact <input type="checkbox"/>	Data Protection Impact <input checked="" type="checkbox"/>	Environment / Carbon Impact <input type="checkbox"/>	Risk Impact <input checked="" type="checkbox"/>	Children's Rights and Wellbeing Impact <input type="checkbox"/>
	Financial Impact <input checked="" type="checkbox"/>	Legal Impact <input type="checkbox"/>	Technology / Digital Impact <input checked="" type="checkbox"/>	Communications Impact <input checked="" type="checkbox"/>	Armed Forces Covenant Duty <input type="checkbox"/>	
	Further details regarding these impacts can be obtained from the Lead Service Area / Chief Officer					

<b>Contract</b>	<b>Ref</b>	NLC-SLP-24-033				
	<b>Title</b>	Coatbridge; Proposed Development of Existing Carnbroe Primary School				
	<b>Classification</b>	Works				
	<b>Lead Service Area / Chief Officer</b>	James McKinstry, Chief Officer (Assets & Procurement)				
<b>Competition</b>	<b>Governance by Value</b>	The Framework terms & conditions, with adherence to the council's GCSO 13 on 3rd party frameworks				
	<b>Procurement Route</b>	Call-off following Mini Competition using Third Party Framework.				
	<b>No. of Framework Contractors</b>	14				
	<b>No. of Bids Received</b>	2				
	<b>Award Criteria</b>	Most Economically Advantageous Tender, in accordance with the Framework Information.				
	<b>Evaluation Scores – Successful</b>	96.4%				
	<b>Evaluation Scores – Unsuccessful</b>	Non-compliant therefore no score provided				
	<b>Comments</b>	Mini Competition from the Scottish Procurement Alliance Framework Agreement for Public Buildings Construction and Infrastructure (PB3), Workstream 3 – New Build and Refurbishment.				
<b>Award Details</b>	<b>Value</b>	£1,698,882				
	<b>Contract Duration</b>	6 and a half months				
	<b>Contractor Name</b>	Clark Contracts Limited				
	<b>Contractor Size</b>	Large Company				
	<b>Contractor Location</b>	Paisley, Renfrewshire				
	<b>Status - Payment of Living Wage?</b>	Yes				
	<b>Status - Living Wage Accredited?</b>	No				
<b>Impacts</b> <i>this section highlights which impacts were considered for this contract award procedure</i>	Public Sector Equality Duty and Fairer Scotland Duty <input type="checkbox"/>	HR Policy Impact <input type="checkbox"/>	Data Protection Impact <input type="checkbox"/>	Environment / Carbon Impact <input checked="" type="checkbox"/>	Risk Impact <input checked="" type="checkbox"/>	Children's Rights and Wellbeing Impact <input checked="" type="checkbox"/>
	Financial Impact <input checked="" type="checkbox"/>	Legal Impact <input type="checkbox"/>	Technology / Digital Impact <input type="checkbox"/>	Communications Impact <input type="checkbox"/>	Armed Forces Covenant Duty <input type="checkbox"/>	
	Further details regarding these impacts can be obtained from the Lead Service Area / Chief Officer					