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19 February 2024

**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

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, 28 February 2024 at 10:00 AM which you are requested to attend.

The agenda of business is attached.

Archie Aitken
Chief Officer (Legal & Democratic)

Members :

T Fisher, A Duffy-Lawson, C Barclay, A Beveridge, M Boyd, G Brennan, A Bustard, A Campbell, T Carragher, C Costello, S Coyle, D Crichton, G Currie, K Duffy, H Dunbar, J Hume, L Jarvie, D Johnston, T Johnston, J Jones, P Kelly, K Larson, G Lennon, J Logue, H Loughran, F MacGregor, A Masterton, P McDade, R McKendrick, J McLaren, M McPake, L Nolan, P Patton, L Roarty, D Robb, G Robinson, R Sullivan, A Thomas, S Watson, G Woods.

Agenda

- 1 **Declarations of Interest In Terms of the Ethical Standards In Public Life Etc. (Scotland) Act 2000**

Operational

- 2 **Taxi Licensing – Taxi Fares Review** 9 - 16
Submit report by the Chief Officer (Legal and Democratic) seeking approval for proposed taxi fare increases and that new fare cards be issued before 1 May 2024.
- 3 **Refreshed Hybrid Working Scheme** 17 - 46
Submit report by the Chief Officer (People Resources) providing an overview of the refreshed Hybrid Working Scheme that is proposed to come into force on 1 April 2024.
- 4 **Connectivity Framework - Operational Review** 47 - 58
Submit report by the Chief Officer (Business and Digital) providing an update on the implementation and operational status of the Connectivity Framework approved by committee in December 2021, and the performance of the approved provider.
- 5 **Employment Law Update** 59 - 68
Submit report by the Chief Officer (People Resources) providing an update on legislative changes that have been agreed for implementation in 2024, and beyond, some of which will impact on current employment policies and procedures.

Financial

- 6 **Revenue Monitoring Report Council Summary 1 April to 8 December 2023** 69 - 80
Submit report by the Chief Officer (Finance) 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 2024, and consolidating the budget monitoring position of all Services, highlighting and explaining major variances as per the Council's approved Financial Regulations.

7	Capital Programme 2023-24 Monitoring Report Submit report by the Chief Officer (Finance) providing an update on the 2023/24 resources and expenditure for the Council's Strategic Capital Investment Programme, and showing the 2023/24 projected outturn position and the resultant variances.	81 - 92
8	Revenue Budget Monitoring Report; Chief Executive's Service 1 April 2023 to 5 January 2024 (Period 10) Submit report by the Chief Officer (Finance) providing a summary of the Chief Executive's Service financial performance for the Period 1 April to 8 December 2023 (Period 9), illustrating the provisional outturn as at 31 March 2024, with major outturn variances highlighted and explained as per the Council's approved Financial Regulations.	93 - 104
9	Chief Executive Service – Capital Monitoring Report 1 April 2023 to 5 January 2024 (Period 10) Submit report by the Chief Officer (Finance) highlighting the financial performance and projected outturn of the 2023/24 Chief Executive's capital programme for the period ended 8 December 2023 (Period 10).	105 - 112
10	Review of 2023-24 to 2025-26 Budget Savings Submit report by the Chief Officer (Finance) providing an update on the achievement of the three-year financial savings total which was approved as part of the 2023/24 budget setting process.	113 - 120
11	Council Tax – Second Homes Submit report by the Chief Officer (Finance) outlining the change in policy to be implemented from 1 April 2024 following the approval, by the Scottish Parliament, of new regulations allowing local authorities to charge up to double the full rate of Council Tax on second homes.	121 - 126
12	Treasury Management Monitoring Report for Quarter Ended 31 December 2023 Submit report by the Chief Officer (Finance) informing on the quarterly Treasury Management activity for the period 1 July to 31 December 2023 and compliance with the mandatory treasury and prudential indicators.	127 - 142

13	Treasury Management Strategy 2024-25 Treasury Management and Prudential Indicators 2024-25 to 2028-29 Submit report by the Chief Officer (Finance) outlining the Treasury Management Strategy for 2024/2025 in accordance with the CIPFA Code of Practice on Treasury Management and reporting on the treasury and prudential indicators as required by the above code and the CIPFA Prudential Code for Capital Finance in Local Authorities.	143 - 188
14	Revenues and Benefits Update Submit report by the Chief Officer (Finance) providing an update on the performance within the Revenues and Benefits functions of Finance as at 31 December 2023.	189 - 196
15	Local Taxation Debt Write-Off 2023-24 Submit report by the Chief Officer (Finance) presenting the summary of outstanding local taxation accounts which are deemed uncollectible following all attempts at recovery.	197 - 202
	Remit	
16	Remit from Housing Committee held on 14 February 2024 - Former Tenant Arrears Write Off to 31 March 2022 Submit report by the Chief Officer (Housing Management) presenting to the Housing 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, and is remitted to the Finance and Resources Committee for formal approval.	203 - 208
17	Remit from Audit and Scrutiny Panel held 26 February 2024 - Accounts Commission Local Government Financial Bulletin 2022-23 Submit report by the Chief Officer (Audit and Risk) submitting a copy of the Accounts Commission's Financial Bulletin 2022/23 for Local Government in Scotland in 2022/23, and which the Audit and Scrutiny Panel has remitted to this Committee for its information.	209 - 248

Procurement

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| 18 | Procurement Strategy 2024-25
Submit report by the Chief Officer (Assets and Procurement) outlining the evolution of the Procurement Strategy with refinements to produce the new "Procurement Strategy 2024/25" to cover the period 1 April 2024 to 31 March 2025. | 249 - 276 |
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Performance

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| 19 | Strategic Performance Framework - latest performance results for Business and Digital
Submit report by the Chief Officer (Business and Digital) providing an update of the latest results for the suite of performance indicators used by Business and Digital to inform service delivery and underpin operational decisions. | 277 - 288 |
| 20 | Strategic Performance Framework - latest performance results for Finance
Submit report by the Chief Officer (Finance) which has been prepared in line with the Council's Strategic Performance Framework and enables progress against strategic priorities and day to day operations to be regularly reported to service committees to support Elected Members in their role of monitoring and scrutinising service performance. | 289 - 300 |
| 21 | Senior Information Risk Owner (SIRO) – Information Governance – Assurance and Performance Report April 2022 to November 2023
Submit report by the Chief Officer (Business and Digital) providing assurances that information risks are being effectively managed to ultimately enable the Council to comply with legislative requirements and good practice. | 301 - 332 |

Contracts

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| 22 | Contract Award for Audio Visual Panels
Submit report by the Chief Officer (Business and Digital) seeking approval for the award of a contract for Audio Visual Panels. | 333 - 342 |
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- 23 **Contract Award for Mobile Voice and Data Services Inclusive of Hardware** 343 - 352
 Submit report by the Chief Officer (Business and Digital) seeking approval for the award of a contract for Mobile Voice and Data Services inclusive of Hardware.
- 24 **Contract Award for Unified Communications Solution** 353 - 362
 Submit report by the Chief Officer (Business and Digital) discussing the background to, and requirements for, change of the Council's unified communications strategy and solutions and seeking approval for the award of an Agreement.
- 25 **Contracts Awarded Below Committee Approval Threshold** 363 - 366
 Submit report by the Chief Officer (Assets and Procurement) presenting details of contracts awarded since the last committee which are below the threshold requiring committee 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 paragraph 9 of Part 1 of Schedule 7A of the Act".
- Property**
- 26 **Option and Lease of Land at Morningside Roundabout, Newmains**
 Submit report by the Chief Officer (Assets and Procurement) seeking consent to grant an option to lease, and approval of the terms of the lease, for an area of land at Morningside Roundabout, Newmains.
- 27 **Transforming Places Lease of Land Under the West Coast Mainline Railway, Motherwell**
 Submit report by the Chief Officer (Assets and Procurement) seeking consent to lease an area of land under the West Coast Mainline Railway from Network Rail as part of the Glasgow City Region City Deal Ravenscraig Access Infrastructure Project.

- 28 **Pathfinder Acquisition – 18 Units at Calder Gardens, Carnbroe ML5 4UF**
Submit report by the Chief Officer (Assets and Procurement) seeking consent to acquire 18 three bed homes at Calder Gardens, Carnbroe to support the Council's new supply housing programme.
- 29 **Specification Costs – Lorne Place, Coatbridge ML5 4FS**
Submit report by the Chief Officer (Assets and Procurement) acknowledging the additional specification costs for 24 residential properties at Lorne Place, Coatbridge as requested by New Supply to support the Council's new housing specification requirements.

North Lanarkshire Council Report

Finance and Resources Committee

Does this report require to be approved?

☒ Yes ☐ No

Ref AA/JMC

Date

28/02/24

Taxi Licensing – Taxi Fares Review

From Archie Aitken, Chief Officer (Legal and Democratic)

E-mail aitkena@northlan.gov.uk

Executive Summary

The purpose of this report is to advise Committee that North Lanarkshire Joint Taxi Trade Association was consulted regarding a review of taxi fares and other charges. The Association responded by stating that its membership was of the view that there should be a modest increase in the fares charged. The details of the increases are narrated within this report. Following that response, the Council, as required by legislation, published the proposed taxi fare increases on its website. Representations regarding the proposals to increase the taxi fares were invited to be made on or before 1 December 2023. No responses were received.

Recommendations

It is recommended that Finance and Resources Committee:

- (1) Approves the taxi fare increases proposed by the North Lanarkshire Joint Taxi Trade Association and agrees that new fare cards be issued before 1 May 2024.

The Plan for North Lanarkshire

Priority	Improve economic opportunities and outcomes
Ambition statement	(14) Ensure the highest standards of public protection
Programme of Work	Statutory / corporate / service requirement

1. Background

- 1.1 Section 17 of the Civic Government (Scotland) Act 1982 requires the Council to set from time to time the fares and other charges in respect of the hire of taxis in its area.

2. Report

- 2.1 The current fare structure is as detailed in Appendix 1 to this report. The proposed fare structure is detailed in Appendix 2. The North Lanarkshire Joint Taxi Trade Association, after being consulted, proposed an increase in the fares by distance charged. The price increases suggested were, for a distance not exceeding 880 yards that the approximate taxi fare be £3.00. The current fare for this distance is £2.60.
- 2.2 In relation to extra charges for taxis called but not used between 5 am and 12 midnight, the charge increase suggested is £3.00, the current charge being £2.40. For taxis called but not used between 12 midnight and 5 am, the charge increase suggested is £4.00, the current charge being £3.40.
- 2.3 In relation to hirings begun or ending on 25th or 26th December or 1st or 2nd January a charge of being 1.5 x meter the proposed change is that it covers the period from 7pm on the 24th and 31st December, the present arrangement covering the period 7am on 27th December and 3rd January.
- 2.4 The Council, as Licensing Authority, requires to review taxi fares and other charges every 18 months.
- 2.5 The North Lanarkshire Joint Taxi Trade Association at its meeting on 4 October 2023 agreed to propose the charges now contained in the report. The reasons for the proposed increases are as follows:
- Cost of living increases have significantly reduced the income of taxi operators.
 - Rising fuel costs.
 - Significant increased costs of replacing vehicles.
 - Increased maintenance and running costs.
 - Increased insurance premiums.
 - The need to attract new operators and drivers to the trade.

3. Measures of success

- 3.1 The Council as Licensing Authority is required in terms of Section 17 of the Civic Government (Scotland) Act 1982 to review the scales for fares and other charges in connection with the hire of a taxi at intervals not exceeding 18 months of the last review. The Council requires to consult with persons or organisations appearing to it to be, or to be representative of, the operators of taxis operating within its area, namely the North Lanarkshire Joint Taxi Trade Association. The proposals were published on the Council's website as required by legislation setting out the proposed scales and invited any representations from interested parties, no representations were received. The Council as Licensing Authority will continue to undertake a review of scales for fees within 18 months after the scales came into effect.
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4. Supporting documentation

Appendix 1 – Current Fare Structure.

Appendix 2 – Proposed Fare Structure.

A handwritten signature in black ink, appearing to read 'Archie Aitken', with a long horizontal stroke extending to the right.

Archie Aitken
Chief Officer (Legal and Democratic)

5. Impacts

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 <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? https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments Yes <input type="checkbox"/> No <input type="checkbox"/>
5.2 Financial impact 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?
5.3 HR policy impact 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?
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 <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?
5.5 Data protection impact 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 dataprotection@northlan.gov.uk Yes <input type="checkbox"/> No <input type="checkbox"/>

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 <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	Environmental / Carbon impact 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	Communications impact 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	Risk impact 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	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 <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 <input type="checkbox"/> No <input 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 checked="" type="checkbox"/>

NORTH LANARKSHIRE COUNCIL

FARES TARIFF SOUTH, CENTRAL AND NORTH LICENSING AREAS

TAXI/PRIVATE HIRE CAR LICENCE NO
 VEHICLE REG. MARK
 LICENCE HOLDERS NAME
 LICENSED TO CARRY..... PASSENGERS

The Driver's Licence No. is shown on his/her badge which he/she is obliged to wear conspicuously.

FARES BY DISTANCE

For a distance not exceeding 880 yards £2.60
 Each additional 92 yards (or part thereof) 10p

FARES FOR WAITING

Every THIRTY seconds (or part thereof) 10p

EXTRA CHARGES

Hires between 12 midnight and 5am£1.00
 Called but not used between 5am and 12 midnight£2.40
 Called but not used between 12 midnight and 5am£3.40
 Hirings begun or ending on 25 or 26 December or 1 or 2 January
 (and until 7am on 27 December and 3 January) 1.5 X Meter
 Soiling Charge (valeting charge)£30.00
 Where purpose built/adapted vehicle requested to carry more than 4 passengers or
 To carry out a task unsuitable for a saloon type vehicle. (Except for disabled and
 Wheelchair passengers).....£1.00

No separate fare shall be charged to, or payable by each passenger under any circumstances. The fare shown on the face of the taximeter includes V.A.T.

Complaints regarding defective taximeters, drivers not wearing badge or property left in carriage, should be made at once at a Police Office and to the Head of Legal and Democratic Solutions, North Lanarkshire Council, Civic Centre, Windmillhill Street, Motherwell ML1 1AB. The Taxi/Private Hire Car Licence Number and vehicle registration number should always be quoted.

The driver shall assist, when required, in loading and unloading without any extra charge.

THE ABOVE FARES STRUCTURE COMES INTO OPERATION ON
1 May 2022

NORTH LANARKSHIRE COUNCIL

PROPOSED FARES TARIFF SOUTH, CENTRAL AND NORTH LICENSING AREAS

TAXI/PRIVATE HIRE CAR LICENCE NO
 VEHICLE REG. MARK
 LICENCE HOLDERS NAME
 LICENSED TO CARRY..... PASSENGERS

The Driver's Licence No. is shown on his/her badge which he/she is obliged to wear conspicuously.

FARES BY DISTANCE

For a distance not exceeding 880 yards £3.00
 Each additional 92 yards (or part thereof) 10p

FARES FOR WAITING

Every THIRTY seconds (or part thereof) 10p

EXTRA CHARGES

Hires between 12 midnight and 5am£1.00
 Called but not used between 5am and 12 midnight£3.00
 Called but not used between 12 midnight and 5am£4.00
 Hirings begun or ending on 25 or 26 December or 1 or 2 January
 (and until 7pm on 24 December and 31 December) 1.5 X Meter
 Soiling Charge (valeting charge)£30.00
 Where purpose built/adapted vehicle requested to carry more than 4 passengers or
 To carry out a task unsuitable for a saloon type vehicle. (Except for disabled and
 Wheelchair passengers).....£1.00

No separate fare shall be charged to, or payable by each passenger under any circumstances. The fare shown on the face of the taximeter includes V.A.T.

Complaints regarding defective taximeters, drivers not wearing badge or property left in carriage, should be made to Police Scotland. Complaints should be sent to the Chief Officer of Legal and Democratic North Lanarkshire by emailing licensingboard@northlan.gov.uk. The Taxi/Private Hire Car Licence Number and vehicle registration number should always be quoted.

The driver shall assist, when required, in loading and unloading without any extra charge.

THE ABOVE FARES STRUCTURE COMES INTO OPERATION ON
1 May 2024

North Lanarkshire Council Report

Finance and Resources Committee

Does this report require to be approved?

☒ Yes ☐ No

Ref FW/LC

Date

28/02/24

Refreshed Hybrid Working Scheme

From Fiona Whittaker, Chief Officer (People Resources)

E-mail Whittakerf@northlan.gov.uk

Telephone 07973 728628

Executive Summary

The purpose of this report is to provide the Finance and Resources Committee with an overview of the refreshed Hybrid Working Scheme that is proposed to come into force on 1 April 2024. Whilst the scheme will remain under constant review, this version of the scheme is considered to be the Council's final position for ensuring that we strike the right balance between enabling eligible staff to retain a proportion of hybrid working, whilst ensuring that the Council meets its desired performance and productivity expectations and progresses its strategic aims and objectives.

Proposed changes to the current operation of the scheme, which are detailed within the report, have been determined by the necessity to ensure that the productivity, motivation and development of our employees remains key to our success whilst allowing us to support and serve our community in a way that is representative of a modern and evolving Local Authority. We must also consider how we positively respond to these changes and the expectations around flexibility whilst also taking a balanced approach as a fair employer.

The refreshed Hybrid Working Scheme has been carefully considered by senior management of the Council and the trade unions have been afforded the opportunity to comment. It has been accepted by all relevant parties, that Hybrid Working although no longer a new concept, is still in its infancy and will need to evolve as organisations grow, change and develop. Accordingly, the decision has been taken to retain a scheme that will allow for consideration of posts that are appropriate for hybrid working whilst providing sound parameters around the ways in which hybrid working will operate.

It should also be noted that there is no legal entitlement to work from home and therefore employees will be invited to join the scheme only if their post is deemed suitable for hybrid working. They will also retain the right to come out of the scheme at any time should working in this way no longer suit their individual circumstances. Equally, the Council will retain the right to amend or withdraw the scheme from individuals, services or in its entirety if deemed necessary for the furtherance of the organisation.

It should be noted that the scheme is not applicable to Chief Officer, frontline or direct customer facing posts. However, these groups of staff do retain the right to apply through the Smarter Working Policy to change their working hours or pattern if they require flexibility for a specific purpose.

The remainder of this report provides details on the refreshed scheme and the changes that are being made to the current position.

Recommendations

It is recommended that the Finance and Resources Committee:

- (1) Recognise the requirement to update and agree a final version of the Hybrid Working Scheme and arrangements currently in place.
- (2) Acknowledge that the Council continues to support Hybrid Working where appropriate in recognition that it provides benefits for both the Council and employees including team flexibility, resilience and of an improved work life.
- (3) Approve the implementation of the refreshed Hybrid Working Scheme that will come into force on 1 April 2024 and will thereafter remain in place until any required review.

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 Hybrid working is no longer a new concept within North Lanarkshire Council and for a few years now, employees have had the ability to divide their working time between office and home allowing for much more flexibility in their working week and providing an improved work life balance.
- 1.2 It has become apparent in recent times that the current scheme which mainly supported the restrictions imposed on organisations due to the pandemic, needs to evolve to align with the return to normal life both socially and workwise. There also needs to be a rethink about the appropriate balance of working from home and in the office, particularly as a Local Authority whose purpose is to serve the community and those who need our help and assistance.
- 1.3 Whilst a recent employee survey made it clear that a significant number of our existing hybrid workers enjoy the current requirement to attend the office a minimum of six days out of 20 and have indicated their preference for this position to remain, a similar survey of managers recognised that the arrangement limits team collaboration, communication, development, and individual employee growth opportunities. As more organisations are moving towards at least two days a week in the office, a more stable, sustainable, and realistic scheme must be considered.
- 1.4 A recent benchmarking exercise of other Scottish Local Authorities evidenced that hybrid working will remain a feature within Local Authorities with a high number operating up to 50% of time in the office, and most suggesting that this was sufficient to meet their business and employee needs. Of those who responded, none are considering a return to full time office occupancy, and none had a set pattern in place for attendance within the office.

- 1.5 Taking all of this into consideration, a balanced approach to hybrid working has been taken, considering the needs of our business, communities, stakeholders, and employees. The decision to allow for the continuation of hybrid working has been made on the basis that changes were necessary to the scheme for it to remain sustainable in the longer term.
- 1.6 The refreshed Hybrid Working Scheme continues to provide a generous percentage of time that employees can work from home whilst increasing the time spent in the office to ensure that productivity, motivation, collaboration, innovation, communication and team relationships are at their optimum.
- 1.7 The review of the scheme has also highlighted the need to consider the flexibility that is afforded to all Council employees and therefore a review of our current flexi-leave will be undertaken along with consideration of any other local agreements that are in place and provide employees with a level of flexible working outwith that which is determined by policy.
- 1.8 As detailed earlier in the report, the Hybrid Working Scheme will not be available to Chief Officer roles, but a level of flexibility will be afforded to these roles in agreement with the Chief Executive or the Depute Chief Executive. It should also be noted that, where appropriate, third and fourth tier managers can participate in the scheme, however additional attendance in the office outwith the requirements of the scheme will be expected as and when required.
- 1.9 Finally, it may be beneficial to consider this report in conjunction with the 'One Workforce - Delivering the Programme of Work to 2028' report that was presented to the Policy and Strategy Committee on 7 December 2023.

2. Report

Hybrid Working Scheme

- 2.1 Currently, there are 1278 employees participating in the Hybrid Working Scheme with the majority of these holding posts that are traditionally office based. This number will be reviewed in line with the future service workplace requirement mapping exercise that is underway to support hub planning.
- 2.2 Until now, the Hybrid Working Scheme has been in place on a temporary basis whilst the Council considered its future workplace model, taking into account recovery from the pandemic, the flexibility available to the wider workforce, the needs of service users and stakeholders, the workplan for the future and the aspiration to be an employer of choice.
- 2.3 In recognition that hybrid working is an accepted and expected way of working amongst large groups of the working population, and particularly in the sectors that we are trying to attract applicants from, the next phase of our workplace model confirms our commitment to hybrid working but remains in the form of a scheme. By continuing with this arrangement as a scheme, it allows the Council to have an ongoing review of hybrid working to ensure that arrangements remain fit for purpose as we integrate this way of working into our normal operations.
- 2.4 The refreshed Hybrid Working Scheme has been developed in the context of a much wider approach to building a vibrant, mixed use, office and community-based workplace

environment that accommodates the needs of all staff. This includes work undertaken over the last three years to establish staff hubs in a range of accessible community-based locations across North Lanarkshire Council with our most recent hubs having been established in Broadwood and Cumbernauld.

Changes to the current Hybrid Working Scheme

- 2.5 In refreshing the scheme, the Council fully recognises that there has been a shift in employee expectations around hybrid working and has taken into consideration staff views around retaining flexibility and other material factors including the desire to maintain a vibrant workplace environment and culture.
- 2.6 Accordingly, the refreshed scheme is based on a balanced 50:50 approach to hybrid working, allowing for the flexibility that homeworking accommodates along with the benefits that working regularly within an office environment provides. In summary the main changes to the scheme include:
- Removal of any reference to Covid, in recognition that the requirement to protect staff from the disease is no longer the reason for the Council's decision to maintain a hybrid working model.
 - The main base for employees participating in the scheme will now be detailed as the office and their home address from time to time.
 - An increase in the number of days that those participating in the scheme are expected to be in the office in a four-week period from a minimum of 6 days to a minimum of 10 days.
 - The introduction of a clear fixed five-day rotational weekly working pattern for hybrid employees, which ensures that staff numbers in our office locations are spread evenly throughout the week. One group of staff will work Wednesday, Thursday, Friday then Monday and Tuesday from the office, whilst the other group will work the same pattern from home. It will then swap to the opposite way the following week ensuring teams are staffed within service office areas at all times.
 - Where staff or services are required to deviate from the above pattern for business reasons, including any increase in office attendance this will be discussed with the relevant line manager and approved by the Chief Officer.
 - Removal of the allowance of £100 to buy equipment for the home, but any equipment required will be discussed and agreed with the line manager.
 - Introduction of a 'Hybrid Working Agreement' to ensure those participating in the scheme fully understand the operational and health and safety aspects, including stress and mental health, contact, equipment, electricity at work and the need to periodically complete an appropriate DSE assessment both for home and in the office.
 - The right to vary or withdraw the scheme should this be required either on an individual, service or Council wide level.
- 2.7 Longer term, the aim is to encourage those participating in the hybrid scheme to use the increasing number of community-based workplace hubs as alternative work locations to the home.
- 2.8 The refreshed scheme will not impact on the current Smarter Working Policy and whilst homeworking remains a feature of the policy, it is unlikely that those participating in the

Hybrid Working Scheme will be granted permanent home working for business reasons unless there are exceptional circumstances or medical reasons to be considered.

Next Steps

- 2.9 Following approval of the refreshed scheme by Committee, communications will commence to all employees in early March to ensure that they fully understand the final scheme and how it impacts on them. Light communications have already been issued to ensure that staff are aware of the proposed changes to the scheme.
- 2.10 Managers will be asked to ensure that a rota is in place with appropriate accommodation and equipment identified and made available for the increased volume of staff returning to the office on 1 April 2024. Managers will also be asked to communicate the changes to staff and outline plans at the earliest possible point.
- 2.11 A Frequently Asked Questions has been developed and will be uploaded onto MyNL for access for all staff at the appropriate time along with the refreshed version of the Hybrid Working Scheme, Hybrid Working Scheme Agreement and the relevant Health and Safety assessments.
- 2.12 Finally, all eligible staff will be issued with a contract variation, effective from 1 April 2024, advising that their normal place of work is the office and their home address from time to time with their pattern of work at these locations subject to confirmation by their line manager. This may vary to accommodate the needs of the Service and if it is considered that the hybrid arrangements are unsatisfactory or the requirements change such that hybrid working is no longer suitable, appropriate notice will be given of change.

3. Measures of success

- 3.1 The Council continues to meet its ambitions and objectives through a highly skilled, motivated and productive workforce.
- 3.2 North Lanarkshire Council remains and is viewed as an employer of choice, with a level of flexibility in the working week that isn't afforded in other organisations.
- 3.3 Employees enjoy coming to their work and the return to a definitive routine of work at home and office improves their health and wellbeing.
- 3.4 Employees continue to seek promotion opportunities within the Council having had access to the correct level of experience, support and interactions with their colleagues and peers.

4. Supporting documentation

Appendix 1 – Hybrid Working Scheme

Appendix 2 – Hybrid Working Scheme FAQ's



Fiona Whittaker
Chief Officer (People Resources)

5. Impacts

5.1	<p>Public Sector Equality Duty and Fairer Scotland Duty</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>If Yes, has an assessment been carried out and published on the council's website? https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments</p> <p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p>
5.2	<p>Financial impact</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>HR policy impact</p> <p>Does the report contain any HR policy or procedure impacts?</p> <p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <p>If Yes, have all relevant HR impacts been discussed and agreed with People Resources?</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 introduction of the refreshed Hybrid Working Scheme will be undertaken in line with normal process and procedures.</p>
5.4	<p>Legal impact</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 checked="" type="checkbox"/> No <input type="checkbox"/></p> <p>If Yes, have all relevant legal impacts been discussed and agreed with Legal and Democratic?</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 introduction of a Hybrid Working Scheme requires confirmation of a change to terms and conditions of employment.</p>
5.5	<p>Data protection impact</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 dataprotection@northlan.gov.uk</p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p>

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 <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	Environmental / Carbon impact
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?	
Due to the increase in the number of days employees are attending the office, there will be a slight increase in the carbon footprint for those who are required to commute by public transport or private car.	
5.8	Communications impact
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	Risk impact
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?	
Workforce risks have been fully captured in the Corporate HR risk register and are also reflected in service risk registers.	
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 <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 ☐

Hybrid Working Scheme

Version 4.0, 8 January 2024

Document control

Title	Hybrid Working Scheme		
Governance group	Corporate Management Team		
Owner	Fiona Whittaker, Chief Officer of People Resources	Contact	whittakerf@northlan.gov.uk
Author	Linda Cullen, Employment and Policy Manager	Contact	CullenLi@northlan.gov.uk

Revision history

Version	Originator	Review start date	Revision description and record of change
3.0	Linda Cullen	1 April 2023	Scheme has been revised to reflect Council position
4.0	Linda Cullen	8 January 2024	Scheme has been revised to reflect Council position

Document approvals

Version	Governance group	Date approved	Date approval to be requested (if document still in draft)
4.0	Corporate CMT	19 January 2024	
4.0	Finance and Resources Committee	28 February 2024	

Consultation record (for most recent update)

Consultation status	Stakeholders consulted		
Stakeholders consulted and dates	People Resources Team Single Status Trade Unions Teaching Trade Unions		

Strategic alignment

Plan for North Lanarkshire Priority - Improve North Lanarkshire's resource base. Ambition statement - Build a workforce for the future capable of delivering on our priorities and shared ambition.	
Programme of Work Statutory / corporate / service requirement	

Next review date

Review Date	Annually from date of approval or before this date if any legislative or organisational changes have an impact on the scheme.
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1. Introduction

Hybrid working has become an integral part of working life over the last few years, offering employees flexibility whilst supporting work-life balance, supporting positive health and wellbeing, and helping to achieve better outcomes. Hybrid working is a working arrangement which allows employees to split their working time between the workplace and an agreed remote working location, such as an employee's home. However, whilst hybrid working offers many benefits for employees, it should not have an impact on productivity or performance and consistency in quality and standards are fundamental to its success.

This scheme sets out the Council's approach to hybrid working, allowing employees to continue to work flexibly whilst looking at how our office space can support employees to stay connected and work in their best way.

2. Scope

- The scheme will apply to all posts that are suitable for hybrid working, based on job role and team requirements, which will be determined by the relevant Chief Officer.
- The scheme does not apply to Chief Officer, frontline or direct customer facing posts.
- Third and fourth tier managers are eligible for the scheme, if their role allows for hybrid working, which will be determined by the relevant Chief Officer. However, it should be noted that due to the nature and seniority of the role, additional days are likely to be required within the office out with that described within the scheme.
- There are several factors that will be considered when determining the suitability of a post for hybrid working including: whether the work is capable of being undertaken effectively from home; the impact on the level of service provided to our community and customers; any costs incurred; suitability of the home environment; any potential negative impact on employees working from home and any negative impact on teams or colleagues.
- Not all roles and not all jobs are suitable for hybrid working and this will not be applicable where:
 - an employee needs to be present in the workplace to perform their job (for example, because it involves a high degree of personal interaction with colleagues or third parties or involves equipment that is only available in the workplace).
 - an employee's most recent appraisal identifies any aspect of their performance as unsatisfactory.
 - an employee's line manager has deemed that their current standard of work or work production is unsatisfactory.
 - an employee has an unexpired warning, whether relating to conduct or performance; and
 - an employee needs training or supervision to deliver an acceptable quality or quantity of work.

- Employees will not automatically be entitled to participate in the hybrid working scheme and posts will be determined solely on their suitability, not on individual circumstances. It may also be necessary to review hybrid working arrangements for business or individual needs and appropriate discussions will take place should this be required.
- The Council's standard hybrid working arrangements are a minimum 50/50 contractual time split between the home and the office/site base. Office/site base days must run consecutively on a pattern of Wednesday, Thursday, Friday, Monday, and Tuesday.
- Employees who feel that their post is suitable for inclusion in the hybrid working scheme but has not been identified as such should discuss this with their line manager in the first instance.
- Although home working is a feature of the Smarter Working Policy, the hybrid working scheme is about where you work not when you work. The right to apply for smarter working (which mainly concentrates on when you work) remains open to employees and further information can be accessed [here](#).
- The Council will only support full home working arrangements in exceptional circumstances.

3. Our Approach to Hybrid Working

Full-time employees, working a normal working week, are required to attend their service office/site-base for a minimum of 10 days, split over a four-week period. Employees will be required to work Wednesday, Thursday and Friday of week one and Monday, Tuesday of week two either from their home or the office/site base, ensuring that the five days are worked consecutively from the office/site base or home on a rotational basis. Where this is not possible due to operational reasons, an alternative work pattern can be considered by the relevant service manager but must ensure that staff continue to undertake the full 50/50 split.

Employees who are part-time or have an alternative work pattern, should ensure that a minimum of half their working days/hours within a four-week period are based in an office/site base and the work pattern followed is as described above, ensuring attendance in the office/site base on consecutive days and in agreement with their line manager.

The remaining days within the four-week period, can be worked from home or in another community-based hub/location as community workplace capacity is increased.

Employees, who are participating in the hybrid working scheme, are expected to attend the office/site base as described above and less days in the office/site-base will only be approved in exceptional circumstances and through a formal Smarter Working request.

Employees can attend the office/site base more than 10 days in every four-week period subject to availability of space and in agreement with their line manager. Employees are also encouraged to use hubs out with the 10 days in the office/site-base.

For those participating in the hybrid working scheme, their main base will be their office/site location, and this will act as their administrative base.

Those participating in the hybrid working scheme are not permitted to work from abroad or from a holiday home or location. Employees' primary remote working location must be within commuting distance of their workplace and must be available to attend an office or site base, if required, at short notice.

4. Flexibility of Workforce

Given the degree of flexibility that the hybrid working scheme provides, there is an expectation that the workforce will be flexible. This means that employees will be required to attend an office/site base on particular days (occasionally above the minimum requirement) at the request of their line manager, for example, for in-person training or meetings where it is determined they are best conducted in person.

Similarly, there will be circumstances in which employees are asked to work remotely, at home or from another location for specific purposes and service delivery requirements, for instance:

- for operational needs, if there are too many members of a particular team in the office/site base on specific days.
- to deliver a particular element of their role or service.
- if adverse weather prevents attendance at the office/site base and the line manager agrees that it is a health and safety risk to travel.

5. Operating Principles

5.1 Office Working Hours

For days on which employees are attending the office/site base, their normal hours of work as set out in their contract of employment will apply and start and finish times should only be adjusted on any day following the approval of their line manager. Where a level of flexibility is required to facilitate attendance at the office/site base, employees should discuss this with their line manager and an agreement reached.

Employees who have access to flexible working hours (including coreless flexi) must continue to record all hours worked on Myself. Employees should work their normal working hours when in the office/site base. However, where there is a requirement to work additional time, flexitime can be accrued if agreed by the line manager.

Employees who are participating in the hybrid working scheme and are currently on a temporary Smarter Working arrangement will have these reviewed in light of the new hybrid working arrangements. Employees will be encouraged to attend the office/site base for a minimum period every four weeks and only in exceptional circumstances will alternative arrangements be approved on a permanent basis.

5.2 Office Space

During your time in the office/site base, you will attend your office/site base where you will be required to hot-desk. Your line manager will discuss arrangements with you for desk allocation. Personal belongings and moveable work equipment are not allowed on desks overnight and desks should be left clean for use the next day.

Employees participating in the hybrid working scheme are responsible for ensuring that their laptop and other equipment is either taken home or secured away at the end of the working day.

Where employees require specialist equipment to allow them to fulfil their role, permanent desks and equipment may be allocated to them.

5.3 Office Safe-Working Measures

Employee safety is our priority, and all standard workplace health and safety measures will continue to operate. However, due to the use of flexible working arrangements and hot desking, employees need to pay particular attention to the following aspects of health and safety:

- Ensure you have complied with any sign-in procedures, which are necessary to identify building occupancy in the event of an emergency.
- Ensure that you know how to evacuate the building in an emergency and where to assemble. Your line manager will advise if you are not sure.
- Ensure that you know about local first aid arrangements (and how to summon help if needed).
- Ensure that your workstation is kept tidy during the day and that bags and trailing cables do not present trip hazards (this is especially important where hot desks are being used).
- Ensure that your workstation and chair are adjusted properly and set up correctly. Employees should have completed the DSE awareness e-learning course available on LearnNL and completed a DSE self-assessment.

Employees must advise their line manager immediately if they have any concerns, have identified any potential risks, or have any suggestions for further adaptations that are required.

5.4 Working hours from home or Remote Working

When working in a hybrid way, employees must be available and working during their normal working hours, as set out in their contract of employment. An employee's working hours at home or from a remote location should mirror those normally undertaken in the office/site base, unless otherwise agreed by the line manager.

Employees should limit interruptions during the working day, unless otherwise agreed by the line manager. Under no circumstances should an employee undertake any other

responsibility e.g., childcare, or other caring responsibilities during the hours they are contracted to work. Employees are required to make arrangements for the care of any children or other dependants who rely on them for support or care when the employee is working from home.

Employees should also ensure that their working day at home complies with the Working Time Regulations by ensuring that they:

- Take a lunch break each day of at least 30 minutes.
- Ensure that the time between stopping work one day and beginning the next is not less than 11 hours.

(Further information relating to the Working Time Regulations can be found at:

<https://www.acas.org.uk/working-time-rules>)

Line managers must be able to contact their employees throughout the working day and therefore it is important that employees ensure that their outlook calendar is up to date with details of any appointments, meetings or scheduled visits to other locations. It is also important that staff use the out of office facility when not available. Teams should also consider the use of tools such as shared calendars which can also help colleagues understand each other's availability on any working day.

5.5 Working Space at Home or in Remote Location

Employees participating in the hybrid working scheme must be able to work safely from home or any other location and therefore the appropriate DSE Assessment must be carried out and reviewed by the line manager. Where an employee is unable to work safely from home, they will be required to attend the office/site base and will be withdrawn from the hybrid working scheme.

Where employees have reasonable adjustments in place these should be reviewed to ensure they are suitable and appropriate for their working environment. This review should be undertaken by the employee and their line manager using the Reasonable Adjustments Protocol. The same protocol should be used for any employee who in the future acquires a disability or long-term health condition and requires reasonable adjustments to be made. For more information, please contact your line manager or a member of the Employment and Policy team.

5.6 Conduct whilst working from Home or Remotely

Whilst working from home or remotely, employees must continue to follow the Employee Code of Conduct including ensuring that they are dressed appropriately if participating in virtual meetings. Confidentiality and privacy should also be maintained at all times.

5.7 Sickness whilst working from Home or Remotely

If an employee is sick and unable to work, they must follow the Council's Supporting Attendance Policy reporting procedures and notify their line manager by telephone as early as possible on the first day of absence to explain the reason for their absence and to give an estimate of its probable duration.

Where an employee's agreed working day commences before the normal 8.45 am start time, employees will be required to contact their line manager to advise them of their absence by no later than 9.30 am.

Where an employee's agreed working day commences after the normal 8.45 am start time; employees will be required to contact their line manager within an hour of their scheduled start time or within such other timescales as may be specified by individual Services.

Should telephone contact with their line manager not be possible then notification of the absence should be advised to the line manager or nominated officer by e-mail at their earliest convenience, and the line manager will then require to contact the employee at the first available opportunity.

6. Technology and Equipment

To enable people to work in a hybrid way, the Council will supply, within reason, the IT and associated equipment necessary. As a minimum, employees participating in the hybrid working scheme will receive:

- a laptop computer and software (to be used both remotely and in office/onsite)
- a keyboard and mouse
- a set of headphones
- a monitor
- mobile phone where necessary.

It is an employee's responsibility to ensure that they have all sufficient and appropriate equipment for working from their remote location. The Council is not responsible for the provision, maintenance, replacement or repair of any personal equipment used by an employee. It is also an employee's responsibility to ensure that they have a suitable workspace at their remote working location with adequate lighting for work. If an employee has a disability, an employee should discuss with their line manager any equipment required to work from their remote working location comfortably.

All equipment provided remains the property of the Council and must be returned upon request. Access to the employee's home may be required for this purpose and arrangements will be discussed in advance to agree a mutually agreeable time.

A record of what equipment an employee has at home should be kept on myTeam. It will be the employee's responsibility to ensure that there is broadband facility and that this is maintained by the employee and is sufficient to support all necessary IT connections and equipment essential for connection to the relevant Council platforms and databases. Where there is any break in this service liable to last longer than two hours, the employee should arrange to attend work at a local office or site base. If broadband is not sufficient or they do not have this within their household, this should

be discussed with their line manager and alternative arrangements will be made for them to work from an office or site.

Only Council approved devices and software should be used for work related activities. Employees should be provided with the appropriate packages to allow them to conduct meetings from home if required. These meetings should be conducted confidentially and away from other household members.

Relevant ICT policies and guidance must be referred to as appropriate. Please see further guidance [here](#).

Permission to use laptops out with the normal working environment must be sought from the line manager and should only be granted in exceptional circumstances.

7. Expenses

7.1 Financial Assistance

The Council will not provide any additional financial assistance for any employee wishing to work from home or remotely. Any costs for Wi-Fi, heating, lighting, electricity, and commuting costs to your office/site base will always be a personal expense in line with HMRC guidelines.

7.2 Business Mileage

Where an employee is required to attend a specific meeting or site visit, they can claim the appropriate business mileage. Any business mileage will be calculated from either the employee's home or administrative base, whichever provides for the lowest mileage.

If an employee commences work at home and they are then required to visit sites throughout the day as part of their role, they can claim business mileage from their home or administrative base, whichever provides the lowest mileage.

On the days when employees commence work from a Council or site base, the journey from home to office/site base will be classed as a commute and business mileage cannot be claimed. The days employees are required to attend the office/site base will be classed as a commute.

Expense claims should be submitted via mySelf and authorised via myTeam. Line managers should ensure employees have appropriate business insurance for work related journeys when travelling in personal vehicles.

7.3 Home Insurance/Mortgage/Landlord

Employees are responsible for ensuring that their home insurance provider is aware that they are working from home for a percentage of their working week and for

considering any impact this may have on their cover. The Council will not reimburse any expenses incurred.

Employees are also responsible for ensuring that they are not in breach of any covenant or agreement by working from home. Employees should check the terms of any mortgage, lease, or rental agreement and if necessary, obtain the permissions required to work from home. The Council will not reimburse any expenses incurred.

8. Health and Safety

Employees should liaise with their line manager and/or Safety and Wellbeing Advisor to ensure that their remote working set-up is appropriate and that they are working in a safe manner. When working from their remote working location, employees have the same health and safety duties as other staff. Employees must also take responsibility for their own health and safety and that of anyone else who is affected by their actions or omissions (for example others in their household when working from home). Employees must keep the work area clean and tidy, avoiding trip/slip hazards. A Risk Assessment must be undertaken for each home workspace at the beginning of the home working arrangement and reviewed periodically thereafter. Guidance will be provided for how these risk assessments should be undertaken and outcomes fed into the line manager for appropriate action.

Employees must notify their line manager if:

- they feel any discomfort due to working remotely (such as back pain) or
- they believe that there are any work-related health and safety hazards
- any work-related accidents occur in their home

Line managers must escalate these matters to a Safety and Wellbeing Advisor who will provide support and look into what action can be taken.

The employee should undertake the relevant online learning to ensure they are clear on the need for good DSE and workstation layout and posture.

The employee has a responsibility to always maintain safe systems of work and a safe working environment. If an employee proposes to make any changes to their home workplace that would impact on any risk assessment, they should notify their line manager. Advice on these matters is available from the Council's Safety and Wellbeing team.

It is the Council's responsibility to ensure all employees are aware of requirements in relation to the safe installation and use of equipment within the home working environment and any necessary training will be provided.

Lone Working

Employees who live at home on their own, should make their manager aware in order that the appropriate arrangements can be put in place to ensure their safety and wellbeing during the times they are working from home.

Wellbeing

Emergency contact details must be completed on itrent for all employees participating in the hybrid working scheme and line managers should maintain regular contact with their teams both individually and in a group and look out for signs that their mental health may be deteriorating. Managers should react quickly to concerns and ensure that employees are listened to and are pointed to relevant support mechanisms.

Regular contact including 1-1's and team meetings must be in place to ensure ongoing support.

Employees must also look after their own health and wellbeing and alert their line manager to any concerns at the earliest possible point. Supports and advice can be accessed through [workwellNL](#).

9. Data Protection/GDPR

Employees who are participating in the hybrid working scheme are responsible for keeping information associated with our organisation secure at all times. Specifically, those participating in the hybrid working scheme are under a duty to:

- a. practise good computer security, including using a unique password for work laptops and any other devices used for work.
- b. keep theirs, and others', data secure and make sure personal data is stored, shared, and used lawfully and appropriately.
- c. keep all hard copies of work-related documentation secure, including keeping documents locked away at all times except when in use and
- d. ensure that work-related information is safeguarded when working in public spaces, for example by:
 - positioning your laptop so that others cannot see the screen.
 - not leaving your laptop unattended and
 - not having confidential/business-sensitive conversations in public spaces

Laptops and other equipment provided by the Council must be used for work-related purposes only and must not be used by any other member of the employee's household or a third party at any time or for any purpose.

All information held should be treated in confidence, should not be inappropriately disclosed, and should be in accordance with the Council's Acceptable Use of ICT Policy, the Council's Policy on Data Protection, and the Council's Policy on Information Security. Advice is available from the employee's line manager and on myNL.

Employees should be reminded of their need to complete the mandatory online learning courses on Data Protection Essentials and Information Security Awareness.

Employees must ensure that they do not share sensitive or personal information under any circumstances outside of the secure Council systems. WhatsApp, Zoom or other similar messaging tools or personal email should not be used.

It is not recommended that employees retain paper records at home and should consider scanning materials to save digitally. Retention arrangements for these records should also be considered. Confidential waste should be returned to the Council as soon as practically possible for destruction and not disposed of within household rubbish or in other locations i.e., cafes.

Where employees require to discuss confidential matters, they should ensure their environment allows for this and/or they have appropriate equipment such as headsets to reduce the risk of conversations being overheard. It is recommended that virtual calls that are known to be confidential in nature are arranged out with an open office environment i.e., at home if privacy can be assured or within a designated meeting room. Where these measures cannot be met, employees should discuss this with their manager at the earliest opportunity.

10. Working outside the UK

The Council will not support employees working from outside the UK, for either short- or long-term arrangements. This is due to different compliance and legislative requirements, associated potential risk and costs that this could present to the Council.

11. Terms and Conditions

Hybrid working is a facility not a contractual obligation on the employer. Employees will receive a variation to contract confirming that their normal place of work is the office and their home address. Employees will also be asked to sign that they agree to the conditions and their responsibilities associated with the hybrid working scheme.

The working hours of an employee's post should not alter, although there may be flexibility around the times worked, when working from home or remotely to accommodate particular circumstances. This should be following agreement with the line manager. If an employee chooses to work beyond their contractual hours or during unsocial hours, no enhancements will be payable as this is personal choice.

The Council reserves the right to terminate any hybrid working arrangement, if for example, there is a change in business needs, performance concerns or if an employee's role changes to such an extent that hybrid working is no longer suitable, subject to giving appropriate notice. Employees are also able to terminate their hybrid working arrangements by providing notice to that effect to their manager in writing.

12. Review

This scheme will be reviewed annually, however the Council's hybrid working arrangements will be reviewed regularly to ensure that there are no issues that need to

be addressed. Arrangements are also subject to change, with appropriate notice, to meet service delivery requirements, employee wellbeing and the needs of our community, which will always take priority.

North Lanarkshire Council

Hybrid Working Agreement

Detailed below are the general principles and requirements of the Council's Hybrid Working arrangements which you are required to read and consider in conjunction with the Hybrid Working Scheme.

You are required to sign and date this form to confirm your agreement to comply with the Hybrid Working Scheme and the following:

1. You must complete a DSE Assessment for both the home and workplace location and ensure that their workstation set up is satisfactory and not in breach of health and safety.
2. You have a suitable working environment at your remote working location that enables you to carry your role effectively.
3. It is your responsibility to advise your line manager if you do not have suitable accommodation or equipment or of any change to your working environment which would allow you to work from home.
4. You continue to work the hours required by your terms and conditions of employment.
5. You work independently, motivate yourself and use your own initiative.
6. You manage your workload effectively and complete work to set deadlines.
7. You identify and resolve any new pressures created by working from a remote working location.
8. You adapt to new working practices, including maintain contact with your line manager and colleagues at work.
9. You must make your line manager aware immediately if there are any medical conditions that could impact on your ability to work from home or in a hybrid way.
10. If necessary, you will agree to attend occupational health or physiotherapy for support with any identified condition that could possibly impact on hybrid working arrangements.
11. You exercise flexibility to make changes on reasonable request to the hybrid working arrangement, including to the days, times and locations from which you work (as between your workplace and your agreed remote working location) to meet the needs of the Service and Council.
12. When working from home, you will ensure that their appearance is suitable for working.
13. When attending a meeting on Teams, your camera should be always on, and a background used.
14. When working from home, you must be within commuting distance of, within the same country as your workplace and should be able to return to the office at short notice if required.
15. You are required to determine any resulting tax implications for yourself.
16. You should make arrangements for the care of any children or other dependants who rely on you for support or care when you are working from your remote working location.
17. You are required to finance any travel and/or related expenses incurred when commuting to and from your remote working location and your workplace,

I have read and fully understood the terms and conditions associated with the Hybrid Working Scheme in North Lanarkshire Council and agree to comply with them.

Name (Please Print)	
Employee Number	
Job Title	
Signature	
Date	

Please return this part of the form along with the acceptance of your contract variation to the ESCPeopleOperations@northlan.gov.uk

Hybrid Working Scheme FAQ's

Here you will find the answers to the most commonly asked questions asked about the Hybrid Working Scheme

1. Why is it called a scheme?

In recognition of the benefits of working in a hybrid way, the Council has introduced a scheme which clearly details the requirements and expectations around working in this way.

2. Why have we changed the current scheme?

The scheme must be kept under review to ensure that it is fit for purpose particularly when the Council is continually evolving and to ensure that staff remain focused and motivated and have the correct levels of interaction with managers, colleagues and other stakeholders to allow for their development.

3. When does the refreshed scheme commence?

The refreshed scheme will commence on Monday 1 April 2024. There is likely to be a lead in time in some services and your line manager will advise if this is the case.

4. What are the key changes to the refreshed scheme?

The key changes are:

- Reference to Covid has been removed.
- Your main base will be your office base and not your home.
- Participants of the scheme will be required to work 10 days from home and 10 days in the office in every 20 working days (pro-rata for those who work less than 35 hours per week). The days must be worked consecutively in a rota of Wednesday, Thursday, Friday and then Monday, Tuesday of the following week.
- The entitlement to £100 to buy equipment for the home has been removed.
- A Hybrid Working Agreement must be signed by all participants of the scheme agreeing to the regulations and requirements that are necessary to allow employees to work from home safely.

5. Who is able to participate in the scheme?

The hybrid working scheme is available only to those employees, whose posts are deemed suitable for working in this way. This will be determined by the appropriate Chief Officer.

6. What if my Chief Officer says my post is not suitable for Hybrid Working?

There is no contractual right to work from home or right of appeal against the decision not to include your post in the hybrid working scheme, however you should ask to speak to your manager so that you can fully understand the reasons for this and discuss if there is any other flexibility around your role that could be considered.

7. I am currently on a temporary smarter working arrangement, what will happen to this?

All temporary smarter working arrangements will be reviewed with a view to making more permanent arrangements. However, it is anticipated that requests to reduce the number of the days in the office will be rejected unless there are medical or exceptional circumstances that require to be considered.

8. Why do the days have to be consecutive?

This is to ensure teams have a period of time together that allows for natural collaboration, communication and development. It will also ensure that service areas are continually staffed in the office environment allowing for personal contact where required and for those who wish to return to the office full time, to feel comfortable in doing so.

9. Does visiting sites or other Council buildings count as an office day?

No, if you are required to visit another Council building or site as part of your normal duties during one of your days in the office, you should return to your office base after your visit has finished. You should treat your days in the office similar to that which was in place prior to the pandemic.

10. I am often on site for full days and am able to work from there as opposed to travelling back and forward to an office, how will this now work?

You should discuss this with your line manager, but there should be no change to the way you work to provide the service, however you should only be working from your home when the work pattern permits. In the majority of cases this will mean that you are working from home for 10 days out of 20.

11. Is there any scope to change the requirement to work five days consecutively?

No, however the scheme will remain under review and changes made where deemed necessary.

12. I cannot attend the office for more than six days due to childcare, what can I do about this?

Working from home is not a contractual entitlement and it is your responsibility to ensure that you are able to attend work for the hours outlined within your contract of employment. However, you have the right to request a change to your working hours or pattern through the Council's Smarter Working Policy. It should be noted however, that it is unlikely that a request to reduce the number of days worked in the office will be approved unless there are medical or exceptional circumstances to be considered. In addition, when working from home, you are required to make arrangements for the care of any children or other dependants who rely on you for support or care when you are working from home.

13. I am 3rd/4th Tier Manager, is my post in the Hybrid Working Scheme?

All 3rd and 4th Tier Manager posts will be considered to participate in the scheme in the same way that other posts will be considered. Your Chief Officer will advise you if your post is eligible or not, however there may also be a requirement for you to work more time in the office than the required 10 days due to the nature and seniority of your position within your team.

14. How do I request to work from home permanently?

You can apply to work permanently from home through the Council's Smarter Working Policy, however it is unlikely that this request would be approved for business reasons and would only be considered if there are medical or exceptional circumstances that need to be taken into account.

15. What medical conditions allow you to work from home on a permanent basis?

It is unlikely that a specific medical condition would justify a permanent home working arrangement, it is more about how your current health impacts on your ability to attend work.

16. I don't want to be part of the Hybrid Working Scheme, but my post is eligible.

You do not have to participate in the Hybrid Working Scheme and will be required to return to your office base full time. You should discuss this with your line manager who will put the appropriate arrangements in place to allow this to happen.

17. Regarding the minimum of 10 days per 4-week period in the office, will this be pro-rated based on contractual hours for part-time employees?

Yes, it will be pro-rata depending on the days/ hours you are contracted to work. So, if you work 17.5 hours per week over five mornings, you would be required to work the same rota as a full-time employee. However, if you work 17.5 hours over 2 or 3 days, you divide those hours by 5 (days) and multiply by 10 (days) you are required to attend the office. In this example you would be required to work 35 hours in the office (5 days) in every 20, but again these must be consecutively worked in agreement with your line manager.

18. I work a condensed working week; how often will I be required to attend the office?

This should be agreed with your line manager, however the general rule of thumb is that you should work half of your working days in any 20 working days in the office in a consecutive pattern covering Wednesday, Thursday, Friday and the following Monday, Tuesday. There may be slight variations to this to suit the needs of the service area in which you work.

19. How will the 10 days in the office be monitored and what happens if I don't attend for 10 days?

This will be monitored by your line manager. Anyone who is not attending the office on the required days and who does not have an alternative arrangement in place agreed by their line manager, will be removed from the Hybrid Working Scheme and required to work in the office full time.

20. My manager is concerned about me working beyond my working hours when working from home, is this an issue?

Whilst there is an understanding that on occasion you may be asked or wish to work later than your working hours to undertake a specific task this should not be the norm. Employees are encouraged to work their normal working hours, to ensure that they have a good work life balance and are looking after their own health and wellbeing.

21. My manager is concerned about my performance at work at home and wants me to attend the office more often, do I have to?

Yes, if your manager has advised you that they are concerned about your performance whilst working from home, then they have the right to request that you attend the office as deemed necessary.

22. My manager is against home working and is making it difficult for us to work from home?

If your post has been identified as being suitable for inclusion in the Hybrid Working Scheme, then you will be able to work in this way unless there is a valid business reason as to why you cannot. You should contact a member of the Employment and Policy Team to discuss this matter further.

23. Will coreless flexi still be available to those participating in the Hybrid Working scheme?

Yes, the coreless flexi process will continue as normal and will continue to be approved by your line manager at the exigencies of the service. Please note, you cannot use a period of flexi-leave and coreless flexi on the same day.

24. Is the four-week period the same as the current flexi period?

Where possible, as this will allow for easy management of time by both managers and employees.

25. Are we still using Myself to clock in and out of work?

Yes.

26. What if someone is on annual leave, sickness absence or special leave, do they need to complete their 10 days at another time?

There would be no requirement to meet the minimum requirement of 10 days in the office in these circumstances unless there was a business requirement to attend the office outwith your normal office days.

27. If a manager asks an employee to go into the office outwith an agreed pattern to undertake a specific task or attend a meeting, how much notice is the manager required to give?

If it is not one of the agreed 10 days, then it would be reasonable to provide a day's notice, however managers would be asked to provide as much notice as possible. There may also be occasions when little notice will be given but this should be in exceptional circumstances.

28. Has the refreshed scheme been approved by the trade unions?

The trade unions have been consulted on the scheme.

29. Should new employees be asked to attend more than 10 days in the office as this might help them?

This is something that should be considered and implemented by the line manager.

30. How long will this scheme be in place?

The Council considers that this scheme will be in place permanently, however it will always remain under review during its lifespan to ensure that it remains fit for purpose and meets the requirements of the business.

31. I am on a smarter working pattern; will this change when working in a hybrid way?

No, any smarter working arrangements that have been **permanently** agreed and are in place will remain.

32. Will I receive an allowance when working from home to cover my broadband and utility bills?

No. If you are struggling financially, you should speak to your line manager who can also arrange for you to work in the office more often or permanently.

33. Will there be enough space in the offices to allow employees to return for 10 days?

Yes. Employees will be required to hot desk within their designated service area and how this will operate will be determined by your line manager. There may be some employees who require a specific seat on a permanent basis and again this will be determined by the line manager based on individual circumstances.

34. Will pool cars be available to use when in the office?

Pool cars may be available for use and your line manager will advise if you are able to access these. There is no corporate pool car system with all previous pool cars being allocated to individual Services to use. The number of vehicles is the same as before the pandemic and we have less people in the office on any one day so there should be more than enough vehicles for people to use. If there are any issues with accessing vehicles then this should be raised through your line manager.

35. I have a chair at home or in the office that was purchased for me to support my back, will another one be supplied for either home or office?

The requirement for specific equipment should be discussed with your line manager and the Reasonable Adjustments Protocol followed with a Tailored Adjustment Agreement Form completed, retained on file and reviewed on a regular basis. Any equipment purchased by the Council for your use at home, remains the property of the Council.

36. I am aware that my colleague lives on their own, how do we ensure their safety on the days they are working from home?

If you are living on your own and working from home on a regular basis, you should advise your manager and agree arrangements for keeping in touch on a regular basis. You should also ensure that your emergency contact details are updated on Itrent and provided to your line manager. Other supports, as required, can be agreed between you and your manager.

37. What are the implications for individuals with specific equipment to support their health issues, will equipment be made available both in the office and home?

Where there is a requirement for specific equipment, your line manager will follow the Reasonable Adjustments Protocol and determine what additional equipment is required, if any, to allow you to safely carry out your work from both the office and home. Where the

cost of the equipment is considered unreasonable and impractical, you will be required to work from the office on a permanent basis. In some instances, you will be asked to contact Access to Work (<https://www.gov.uk/access-to-work/apply>) who can assist with providing equipment and support to allow you to attend work.

38. Why do I need to complete the DSE Assessment and where do I find one?

Under the Health and Safety (Display Screen Equipment) Regulations 1992 we need to make sure that your working environment is suitable and safe for use of display screen equipment. We need employees to carry out a self-assessment to meet this requirement. You can find a DSE self-assessment form (HSWF65) on My NL [Display Screen Equipment – My NL](#)

39. What happens once I have completed the DSE Assessment?

Once you have completed your self-assessment it will be returned to your manager to read and take any appropriate action. If there is anything within your self-assessment that requires further action, the safety and wellbeing team can provide assistance for this.

40. I've heard that the offices aren't going to be ready for the new work pattern on 1 April, how will this affect me?

Plans are underway to ensure that the offices are ready for staff returning to more days in the office and these include the provision of adequate seating, meeting and breakout spaces. However, as it is unlikely that all office spaces will be ready for the 1 April a lead in time of approximately 3 months is anticipated. Your line manager will discuss any interim plans with you if your office area is not ready on 1 April 2024.

41. What if I don't like working from home or the office as it is affecting my health or ability to do my job?

You should discuss any concerns you have with your line manager in the first instance.

42. I've heard Covid cases are on the rise, how will this affect the refreshed scheme?

A rise in covid cases will not impact on the scheme unless the government or public health deem it necessary to impose certain restrictions again.

43. My question is not on this list?

If you cannot see the answer to your question, you should contact your line manager in the first instance, and if they are unable to answer, then send your question to EmploymentPolicyTeam@northlan.gov.uk and someone will get back to you.

North Lanarkshire Council Report

Finance and Resources Committee

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

Ref KH/GR

Date 28/02/24

Connectivity Framework - Operational Review

From Katrina Hassell, Chief Officer (Business and Digital)

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Executive Summary

This report provides an update on the implementation and operational status of the Connectivity Framework approved by committee in December 2021, and the performance of the approved provider Commsworld Ltd.

The report outlines progress against the initial deliverables on this long-term contract:

- replacement Wide Area Network (WAN).
- increased operational bandwidth and resilience.
- improved Internet capacity and throughput.
- single consolidated and more widely available public WiFi service.
- Fibre availability for existing and future sites.
-

The report further describes why the WAN delivery has been delayed by 6 months; now expected to complete by January 2024, and discusses the migration process and its complexity. The successful delivery of substantially increased internet capacity and throughput in particular for our school estate is outlined, with a high-level explanation of CCTV contract integration, the plans for consolidated Public Wi-Fi delivery and the general fibre enablement of the community via fibre to council sites.

Finally, the report discusses how the supplier is managed and Business and Digital's assessment of their performance to date.

Recommendations

It is recommended that Finance and Resources Committee:

- (1) Acknowledge the delivery of the contract to date, as is Commsworld performance assessment, which is positive, whilst outlining the expectation of the coming year.

The Plan for North Lanarkshire

Priority All priorities

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 Previous reports to the former Transformation and Digitisation Committee (December 2021, February 2022), summarised the processes undertaken and award of a Digital Infrastructure Framework to Commsworld Ltd. Subsequently a report was presented to Policy and Strategy (29th September 2022) that informed committee of progress in delivering the operational objects and touched upon associated community benefits.
- 1.2 The Framework has an initial period of 180 months (15 years from February 2022) with the council reserving the right to extend such for additional periods up to a maximum of a further 60 months (5 years). The value of the Framework Agreement shall not exceed £150,000,000, exclusive of VAT.
- 1.3 Five initial Call off Contracts with an aggregated value of £26,126,599 were awarded as follows:
 1. Wide Area Network Connectivity
 2. Analogue Services replacement
 3. CCTV Leased Services Connectivity
 4. Internet Services
 5. Public Wi-Fi.
- 1.4 The predominant aspect of the Commsworld Ltd solution delivery model is to utilise where available, BT Openreach infrastructure ducting. By installing their own subduct within existing ducting, to which they would then blow fibre through, this provides multiple benefits such as reducing physical build, road, and pavement disruption, is quicker to deploy and at lower cost.
- 1.5 A further key aspect of the solution is to utilise the council's requirements for fibre-first services to increase the fibre footprint across North Lanarkshire, and thus enable Commsworld and partners to offer full fibre services quicker than the commercial market intended whilst increasing supplier competition, hopefully positively effecting cost and affordability for local residents and businesses.

The award was based on the delivery of up to 340km of high-capacity fibre across the authority, connecting council premises and enabling communities.
- 1.6 The initial period following award focused upon high-level design for the Wide Area Network and establishing the governance processes around managing the contract. At the same time Commsworld Ltd were completing the physical design, resource planning and determining infrastructure build requirements.
- 1.7 Due to the duration of overall procurement and award process, and the known lengthy implementation timescales, there was always the understanding that the volume of services would change, (property rationalisation, home working, hubs and savings all have had an impact). This has resulted in a reduction in the number of live sites to be delivered, with c300 now in scope. Other sites still receive fibre to the premise, thus creating that wider footprint, but have no active service nor commit any revenue.
- 1.8 To aid the delivery of the fibre, a short-term cross service group was established that aided the management around road opening permits, land register checks, asbestos reports, etc. This group having served its purpose has now been stood down.

- 1.9 All sites to receive new fibre would undergo a route assessment process, that considered routes to premises, from boundary to building, and within building. All of which was gathered within a route pack that initiated a workflow for assessment and ultimately sign off from appropriate internal parties.

2. Report

Fibre Delivery

- 2.1 The delivery of up to 340km of fibre infrastructure is a large construction job, one of the benefits of the delivery model was the reuse of existing BT Openreach infrastructure for up to 85% of the build, vastly reducing construction and hence disruption. In reality, Commsworld experienced significantly greater instances of duct collapse and blockage than their planning expected, up to 40% higher in some areas.

Each identified blockage has to be cleared and for many, results in the required road opening permit process being used. Although this has introduced delay, there is the benefit that these routes are then cleared and subsequently should enable quicker and easier delivery of fibre infrastructure for those that follow behind. In effect this is another benefit of the model chosen in that not only does it deliver the fibre contracted, but improves the underlying infrastructure enable future delivery.

- 2.2 As of mid-December 2023 over 290km of fibre had been deployed.

Wide Area Network delivery

- 2.3 The initial expectation of the contract was to have all sites migrated by end of June 2023, however by March 2023 it became apparent that this was not achievable. In the main this has been due a greater number than expected of identified duct blockages within the BT Openreach infrastructure. With the complexity of the thorough sign off process outlined across 1.7 – 1.9 a lesser though contributing factor.
- 2.4 With significant numbers of duct blockages identified, the migration plan was adjusted to October 2023 and the milestone payment plan altered to reflect a combination of metres delivered and sites migrated. Although by mid-September up to 20 site migrations per week were frequently happening, further delays with more blockages, storm weather and staffing constraints pushed the completion date further back.
- 2.5 The majority of in-use circuits were delivered by Virgin Media Business, to whom we are currently in contract Termination Assistance phase until 31 December 2023. After this point services will continue to be delivered should they be required, on a 30-day rolling notice standard terms and conditions contract.
- 2.6 By mid-November over 225 sites of a total 301 had been migrated and planning was well underway to identify any sites at risk of not completing migration. Given notice periods for cessation, any services identified at risk, even if expectation was that they would be delivered in December, would have to continue into January, February. However as per the delivery contract it was agreed that any such extensions, where it was clear the responsibility for delayed delivery was with the supplier, then the financial burden of extension will be with Commsworld.

As of 30th November, it was agreed with Commsworld that 40 sites remained at risk and hence must have their services extended, however these will all be delivered before the end of January as they continued to migrate throughout December.

2.7 All sites will receive an increase in available bandwidth, with a number of sites also receiving a fully resilient service; generally:

- Non-secondary educational establishments will increase from 50MB to 1GB
- Secondary educational establishments increasing from 1GB to resilient 5GB
- All Corporate building receiving a minimum of 1GB, with large sites resilient 5GB

Analogue services replacement delivery

2.8 In November 2017, the telecoms industry supported by OFCOM (Office of Communications) announced the intention to retire the analogue telephone network by the end of 2025. As such the intention of this aspect of the Connectivity contract was to ensure that where required the alternative to traditional analogue lines via a fibre service is available. Therefore, this contract does not introduce active services, but brings fibre to the premise boundary.

Commsworld have planned their deployment routes to deliver fibre to WAN and public Wi-Fi sites and also to pass sites that only currently utilise an analogue service. As such the delivery of this contract is of a lesser importance than sites requiring an active service. Although many of these sites will have fibre in their immediate area due to proximity to active sites, the delivery of fibre to the premises themselves is the next phase of the project following transition of WAN sites.

CCTV leased services replacement delivery

2.9 This call of contract initially focuses upon the merging of a previously separate dedicated CCTV infrastructure into a single combined infrastructure capable of utilising existing WAN connections, that ultimately will allow the delivery of CCTV services to any WAN connected site, albeit CCTV technology itself would still also have to be deployed.

The existing CCTV network comprises a mixture of wireless point to point services and leased circuits, approximately a dozen or so circuits will initially merge into this contract, with future requirements capable of being delivered over that single underlying infrastructure. Whilst the cost-effective wireless infrastructure in place continues to be utilised and replaced as and when required.

2.10 Due to the nature of existing contracts, and importance of the WAN migration, CCTV leased line services will not start to migrate until 2024 and are expected to be completed by April.

Internet Services delivery

2.11 The council has previously used several internet breakout services with a maximum capacity of 10GB, however the use was limited by the physical web-filtering capacity used to securely manage, inspect, and record that activity at a max of 4.8GB. This call of contract increases that capacity up to a capability of 40GB and also introduces a new Commsworld hosted filtering solution that accommodates that growth in throughput.

As of the end of November 2023 all schools-generated internet traffic is now routed through this solution, providing increased throughput and improved traffic inspection security functionality.

Public WiFi Delivery

- 2.12 The council previously operated multiple public Wi-Fi services enabled and supported in the main by previous ALEO's; these included each of our Town Centres, some Leisure venues and a number of cultural venues. The intention when incorporating the requirement into the Connectivity contract was to create a single North Lanarkshire public Wi-Fi service that incorporated other significant areas such as high schools, sheltered housing and supported accommodation, with the ability to deploy a Wi-Fi as a service solution across the estate as and when required.
- 2.13 With the initial focus on the priority WAN and Internet deliverables, Public Wi-Fi has only latterly come to the fore, with Low Level Designs now being agreed and 2 Proof of Concept (PoC) sites identified with intended delivery before year end.
- 2.14 At a high level, the delivery model falls into two scenarios:
- Sites with existing council Wi-Fi infrastructure
Sites will consume Public Wi-Fi as a service delivered across the new WAN, this will utilise existing Wi-Fi and local area network infrastructure to overlay a Public Wi-Fi service, in effect reusing existing technology used for corporate Wi-Fi delivery. Although presented via the same infrastructure, Public Wi-Fi will securely tunnel back through our environments to terminate within dedicated Public Wi-Fi appliances hence maintaining separation from the corporate estate.
 - Sites with no existing council Wi-Fi infrastructure
Will require survey's, cabling, and access point installation, and hence are more complex to deliver. They will again use the WAN to transport the traffic back into the Public Wi-Fi environment.
- 2.15 In total the current plans are to deliver Wi-Fi-aaS to 45 corporate sites and initially the 23 high schools with the capability to extend further, with a further 49 to be delivered as greenfield sites via new Commsworld Infrastructure.

Supplier Management

- 2.16 Commsworld were recognised at contract strategy stage as being a strategic level supplier, using the Business and Digital Supplier Segmentation approach. Strategic Suppliers are described as very important to the organisation's ability to operate and remain effective and on this basis Commsworld are closely monitored and managed.
- 2.17 Commsworld attend regular monthly service reviews led by the Supplier and Contact Manager. In line with the contract specification, they are contracted to submit management information monthly detailing the volumetrics against each KPI measured against the service. This includes Incident Management, the Service Level Agreement/Performance against all call off contracts where a service is delivered, and an overall RAG status for the month. The report also captures any service improvements that have been identified from the current/previous months, risks and issues, orders and tracks financial management.
- 2.18 Fault handling and Incident Management are trended and monitored at these meetings, underpinned via the Service Level Agreement which categorises each incident/fault relative to the type of fault and resolution target: the most serious affecting incident having a target resolution time of 4 hours. The contract has the capability for service credits should SLA levels be breached. Further details of the Service Level

Performance can be found in Appendices (ii) and (iii), which represents an extract of the October 2023 monthly service report.

- 2.19 The latest report details an overall status of Green, with all incidents to date being resolved within the relative target time.
- 2.20 Commsworld performance is further assessed through a quarterly Balanced Scorecard approach focusing on:
- Project delivery
 - The Service
 - Service Level Performance
 - Billing/Cost Stability
- 2.21 The scorecard is completed by both council and Commsworld teams and follows governance agreed by both parties. This allows commentary and feedback by both parties to agree/disagree on the scoring with comments/justification against each criterion. The intention behind this is to make the process as transparent and two-way as possible.
- 2.22 The latest scorecard (seen in appendix (i)) details an overall supplier score of 21 out of 28 points with an overall percentage of 88% reflected in the scoring criteria as, "Consistently good service level, KPI's achieved. Good Communication and responsive. MI data and evidence of achievement provided on time".
- 2.23 As of 19 December 2023, over 290km of the stated 340km has been installed. This accommodates the fibre to connect council premises requiring "live" services. Over the first 6 months of 2024, Commsworld will continue to deploy fibre infrastructure to those identified properties not requiring live services, and hence increasing that fibre footprint across the area.

Summary

- 2.24 The delivery of the whole programme of works, the opportunities it can enable and associated council ambitions, rely heavily upon the successful delivery of the underlying fibre infrastructure. Clearly the installation of c340km of fibre is no simple task and it is disappointing that the delivery required an extension to the initial plan by 6 months. However as outlined in paragraph 2.3 above, the excessive number of blockages experienced has been the over-riding contributing factor to the delay.

The review of routes into 300 varied properties was a large and lengthy task. The expectations of the supplier in how quickly the council could react to these introduced additional challenges, with sign off of individual site route packs requiring a number of council areas to interact and frequently also introduced other 3rd party specialists to perform route checks on areas such as asbestos and fire breaks. Once the process was ironed out it performed well thanks to the efforts of various team such as Roads, Estates, Housing, and Assets and Procurement. However, until momentum had been achieved, these interactions initially impacted and slowed the project though such impact was limited in comparison to the required street works.

Technical design and agreement for such an important and complex offering was always going to require a high level of resource and an amount of back and forth. Again, as the working practices between the organisations became familiar this improved the overall experience but delays were naturally introduced at the beginning of the contract.

- 2.25 The engagement and delivery by Commsworld remains a positive experience. They are being managed through our contract and supplier management process and continue to score reasonably well in performance. This is also demonstrated in the level of actual incidents raised and the single failure against as shown in Appendix (ii).
- 2.26 Although it is subject to a separate report to the Communities Committee, it is worthwhile noting that Commsworld have been excellent around Community Benefits, with 6 Modern apprentices on the go, numerous STEM sessions delivered within schools and a number of community engagement sessions. The wider plans for fibre to residents and local businesses has been slower than preferred and is a key area they will be expected to deliver on in 2024. However, the delivery to date had to focus upon connectivity to council sites, providing that underlying anchor infrastructure that will enable future opportunity across our communities.

3. Measures of success

3.1 Measure of success include:

- Implementation of new Wide Area Network, maintaining continuity of service, whilst increasing capacity and resilience.
- Increased per site bandwidth to a minimum of 1GB.
- Increased resiliency of overall network and core sites through resilient capacity.
- Significantly increased internet capacity and throughput.
- Reduced cost profile.
- Consolidation to a single free at point of use Public Wi-Fi service.
- Increased availability of Public Wi-Fi service.
- Fibre distribution to council sites and premises for need.
- Integration of CCTV and WAN networks to enable delivery of CCTV to any WAN connected site.

4. Supporting documentation

Appendix (i) – Balanced Scorecard
Appendix (ii) – Service Level Performance
Appendix (iii) – Incident Volumetrics



Katrina Hassell
Chief Officer (Business and Digital Solutions)

5. Impacts

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 <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? https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments Yes <input type="checkbox"/> No <input type="checkbox"/>
5.2 Financial impact 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?
5.3 HR policy impact 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?
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 <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?
5.5 Data protection impact 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 dataprotection@northlan.gov.uk Yes <input type="checkbox"/> No <input type="checkbox"/>

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 <input checked="" type="checkbox"/> No <input type="checkbox"/>	
Technology change via WAN, internet, and public Wi-Fi as described throughout the report have been subject to the required design review process by the council's Technical Design Authority.	
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 checked="" type="checkbox"/> No <input type="checkbox"/>	
5.7	Environmental / Carbon impact
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	Communications impact
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	Risk impact
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?	
Risk managed through project risk register and monthly review with supplier.	
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 <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 <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 (i) – Balanced Scorecard

Commsworld Digital Services Connectivity Framework			
Your Contact Details		Contract Details	
Name:	Mark Brennan	Contract Ref(s):	Connectivity Framework - Call off Contra
Category:	Digital Connectivity	Supplier Name:	CommsWorld
e-mail:	mbrennan@commsworld.co.uk	Supplier Contact:	Leona Hedges
Contact Number:	01698 520089	Period of Review:	Quarter 4 (Jan 2023 - March 2023)
Review Meeting Timelines			
Date of Review:	29/04/2023	Next Review Date:	
Scoring		Comments:	
Score 1, 2, 3 or 4			
Project Delivery/Quality			
Performance against programme	2	Programme is behind by 4 months, this is due to various factor from both side. Initial delay in asbestos reports however this is caught up and should not cause any further delays. Also blockages in the Wishaw, Motherwell and Bellshill area still being worked on. No forward schedule has been provided by CommsWorld therefore NLC can only carry out limited resource planning based on internal knowledge and awareness for this project.	Commsworld Feedback:
Works completed in accordance with specification	3	Any work that has been completed has been in accordance with the specification.	Commsworld Delivery Team Feedback Asbestos We disagree with the feedback relating to the asbestos reports. The initial 2-week turnaround that NLC advised in December has not been met. The route approvals are also not coming across within the 10 days that we agreed at the start of the programme. Communication Our PM has 2-3 meetings with the per week, plus any ad hoc request for technical discussions that come in. We provide weekly updates via the project reports and the monthly board pack. Do NLC feel there is more we could be doing to communicate? Our feedback would be that NLC attendance at the weekly meetings could be improved as at times requests to cancel/move coming at late notice. Is there perhaps a better time/day that would suit better? Schedule We have previously advised NLC that we cannot provide a detailed schedule without the route pack/asbestos approvals in place. Until we have this approval the infrastructure team are unable to move the sites into delivery.
Continual Improvement/Innovation		Planning to phase in the CSI register after more sites are migrated. This CSI register will be recorded and managed as per the Framework terms. The score this quarter will be disregarded and removed from scorecard.	
Service			
Responsiveness to BAU Service requests	4	All BAU Changes have been completed ahead of the SLA	
Management Information	4	Service reports available on time and contain all relevant information	
Service Level Performance			
Call off Contract in Life Service Levels	4	At time of review, the in life services relate purely to call off contract 1 WAN. The reports supplied for Jan - February demonstrate all 20 live services as being 100% available with no issues.	
Billing/Cost Stability			
	4	Billing continues to be straight forward and all invoices are presented in good time and in the format requested by Finance. Billing enquiries are dealt with quickly and the response is received within 24 hours, or sometimes same day. The crucial prices have been date and reflect the agreed call off contract rates.	
Overall Score and percentage:		88% 85%	
Key to Overall KPI Score & % Colour coding:		Key to Overall KPI Comparison Colour coding:	
Green = scoring 75% > meeting minimum expectations		Green = Improved since last score,	
Amber = scoring between 40% and 75% requires monitoring		Amber = Same score as before,	
Red = score of less than 40% intensive monitoring		Red = Diminishing score	
Overall comments:			
There has been an improvement in the overall score since the previous scorecard which is positive. Service, SLA performance & Billing have been scored highly and the stakeholders involved recognised all the good work that is being carried out by CommsWorld across these areas. The areas scored showing concerns relate to the delivery project. From the last scorecard issued there was recognition any future scoring in this area would benefit from having a separate category which has been implemented in this quarter's scorecard. The Project related feedback this quarter has been scored as showing minor concerns which relate to the project schedule and communications received from CommsWorld to enable both parties to prepare sufficiently and forward plan resources to carry out the proposed works. This has been an ongoing concern for a number of months now and needs a CSI plan to address.			

Appendix (ii) – Service Level Performance

Below table copied from October 2023 Service Report.

1. SLA Performance

There was 1 in scope incidents which have an SLA attainment of 0%.

Category	Resolved Within SLA	Resolved Out with SLA	Total	SLA Attainment %
1	0	1	0	0.00%
2	0	0	0	N/A
3	0	0	0	N/A
4	0	0	0	N/A
Total	0	1	0	0.00%

1 ticket failed SLA during the reporting period.

Customer	Queue	Product	Carrier	Site	Raised By	Service Reference	Ticket Type	Ticket Reference	Subject	Created At	Status	Closed At	Closure Notes
North Lanarkshire Council	Network Support	Pure Fibre (ML6 0AG)	Fluency	Airdrie Library	Viki Forsyth	FL010096	Fault	6117615201	FL010096 - Airdrie Library Network Outage	12/10/2023 13:58	Closed	13/10/2023 11:22	Fibre break repaired

A service credit of **£145.84** is due for October as 1 ticket failed SLA. Ticket 6000109929 has been raised for the credit.

Service Reference	Site Name	Details of the incident	Date of Incident	Incident Number	Total outage time	Service Credit to be applied	Annual Cost	Monthly Cost	Credit Due per Hour	Total service credit due
FL010096	Airdrie Library	No connection	12/10/2023 13:58	6117615201	28:09:00	50% of monthly c	£3,500.04	£291.67	N/A	£145.84

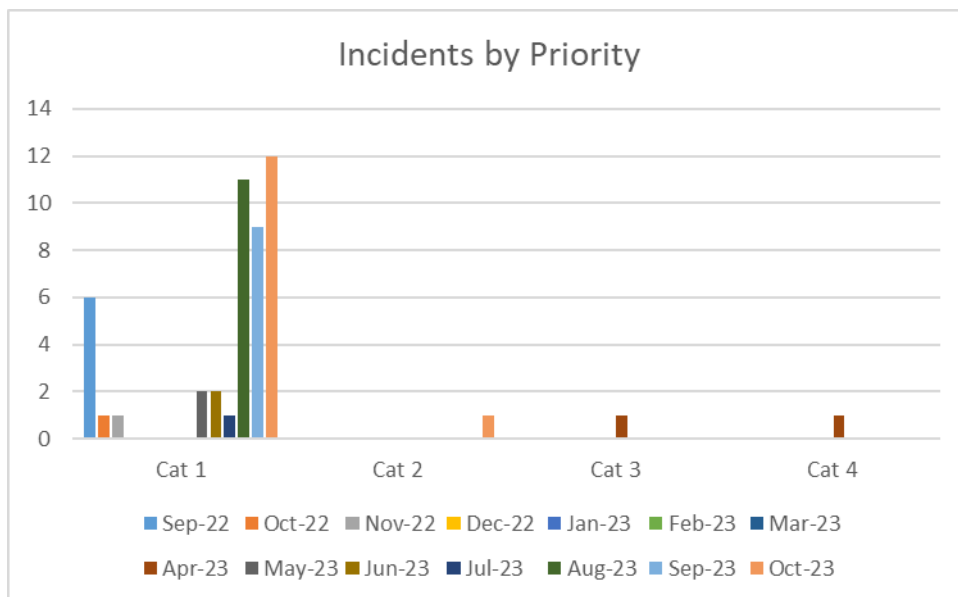
Appendix (iii) – Incident volumetrics

1. Summary of Call volumes and SLA attainment

The number of incidents raised during October was 14 overall with 13 x P1.

2. Incidents by Priority

The diagram below shows the number of calls raised by priority for all previous months.



North Lanarkshire Council Report

Finance and Resources Committee

Does this report require to be approved?

☐ Yes ☒ No

Ref FW/LC

Date

28/02/24

Employment Law Update

From Fiona Whittaker, Chief Officer (People Resources)

E-mail Whittakerf@northlan.gov.uk

Telephone 07973 728628

Executive Summary

The purpose of this report is to provide the Finance and Resources Committee with an update on legislative changes that have been agreed for implementation in 2024 and beyond, some of which will impact on our current employment policies and procedures. Whilst some of these legislative changes will have little or no impact on the Council, there are a small number of changes that will result in notable updates to our current policies and procedures, and these are detailed in the body of the report.

It should also be noted that employment law is regularly reviewed and updated, and it is anticipated that if there is a change to the UK government this year, other legislative changes around employment law could be considered and implemented.

Recommendations

It is recommended that the Finance and Resources Committee:

- (1) Acknowledge the recent and upcoming changes to employment law.
- (2) Understand how these changes impact on current employment policy and procedures.
- (3) Accept that any necessary changes will be made to our employment policies and procedures to ensure the Council remains compliant with all legislative requirements therefore reducing the risk of unnecessary litigation.

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 Within the Council there are a number of employment policies and procedures in place which are governed and determined by employment law, best practice, government initiatives and organisational requirements.
- 1.2 These policies and procedures are reviewed on a regular basis to ensure that they remain compliant with employment law and are fit for purpose.
- 1.3 During 2023, a number of changes to employment law received Royal Assent and whilst not all of these will come into force in 2024, there are a number that have implementation dates of 6 April 2024 and beyond.
- 1.4 This report outlines the main employment law changes that have already taken place or are imminent and will impact on our current policies and procedures along with those that are scheduled to take place over the next couple of years.
- 1.5 It should be noted that these changes are not negotiable and have to be implemented by the Council to ensure that they remain compliant with the necessary legislation.

2. Report

- 2.1 As outlined above, employment legislation changes regularly and, in the years ahead, there will be a number of changes to existing laws and the introduction of others, with some of these changes coming into force with effect from 6 April 2024.
- 2.2 In considering the legislative changes that come into effect this year, these will impact on our Smarter Working Policy and Special Leave Policy with changes being applied to the application process for smarter working and the introduction of unpaid Carer's Leave for those who have caring responsibilities. Further information on both of these is detailed below.
- 2.3 Any required changes will be made to our policies and procedures in advance of the relevant implementation date of the new or revised legislation with information being communicated to both managers and employees as well as ensuring the trade unions are fully aware of these changes and any impact they may have on current practices.

Employment Law Changes

2.4 Flexible Working (Smarter Working Policy)

2.4.1 The Employment Relations (Flexible Working) Act 2023 received Royal Assent in July last year and from 6 April 2024, the Act (and related secondary legislation) will come into effect. The changes are as follows:

- Employees can make a flexible working request from their first day of employment as opposed to the current requirement to have 26 weeks continuous service.
- Employees can make two requests within a 12-month period.
- Employees will no longer be required to explain how the employer might deal with the effects of any flexible working request.
- The employer must consult with the employee if intending to reject the flexible working request.
- Reduce the period of time that an employer has to respond to a flexible working request from 3 months to 2 months.

- 2.4.2 Currently the right to apply for Flexible Working is covered within the Council's Smarter Working Policy and whilst a review of this policy in 2019 resulted in the removal of any qualifying period, the remainder of the changes detailed above do need to be incorporated.
- 2.4.3 Accordingly, we have updated our policy to reflect the required changes as outlined above and the revised policy will become effective from 6 April 2024.
- 2.4.4 Whilst we recognise these the changes may result in an increase in the volume of smarter working requests, these will be managed appropriately, and each case will be considered on its own merits.

2.5 Carer's Leave Act 2023

- 2.5.1 Currently, within the Council's Special Leave Policy reference is made to time off for dependents which covers a variety of circumstances including the requirement to care for dependants who are seriously ill or recovering from surgery. However, it does not extend to the specific provision of time off for those who are unpaid carers and caring for a dependant who has a long-term illness.
- 2.5.2 The Carer's Leave Act 2023 is a specific provision for carers who are not covered directly by the Special Leave Policy and allows for the additional provision of up to five days unpaid leave in a rolling 12-month period to support their caring responsibilities for dependants who have a long-term care need. This time can be taken in periods of half days, full days or a block at a time and the notice required is twice the length of time that is required or three days, whichever is the longest, to be taken before the first leave date.
- 2.5.3 The legislation defines that a dependant of an employee has a long-term care need if:
 - (i) they have an illness or injury (whether physical or mental) that requires, or is likely to require, care for more than three months,
 - (ii) they have a disability for the purposes of the Equality Act 2010, or
 - (iii) they require care for a reason connected with their old age
- 2.5.4 Whilst our current Special Leave Policy has generous provision of paid leave to support employees who are required to care for dependants for a defined period of time, the Carer's Leave Act 2023 recognises those who may have more permanent and ongoing caring duties, and provides a further enhancement, which is more appropriate to their needs and less prescriptive than the provisions detailed within the current policy.
- 2.5.5 The Special Leave Policy will be amended accordingly to better reflect the needs of these types of carers, and will incorporate the requirements of the Carer's Leave Act 2023 and will be effective from 6 April 2024 as required by the legislation.

2.6 The Protection from Redundancy (Pregnancy and Family Leave) Act 2023

- 2.6.1 This legislation will extend the protection for women and new parents against redundancy during or after an individual taking the relevant period of family leave. Under current rules, before making an employee who is on maternity,

shared parental or adoption leave redundant, employers are obliged to offer them a suitable alternative vacancy where one exists in priority to other employees who are provisionally selected for redundancy. Failure to do so, means that any subsequent dismissal is automatically unfair.

- 2.6.2 The new protection will apply from the point that the employee informs the employer that she is pregnant, whether verbal or written and will end 18 months after the birth. It will also protect new parents returning from work from adoption or shared parental leave for a similar period.
- 2.6.3 The new rules will apply where the employee notifies their employer of their pregnancy on or after 6 April 2024, where the period of maternity and adoption leave ends on or after 6 April 2024 and to a period of six consecutive weeks' shared parental leave starting on or after 6 April 2024.
- 2.6.4 The Council's relevant policies will be updated to reflect these changes and all managers and employees will be informed of the aforementioned changes.

2.7 Paternity Leave

- 2.7.1 In April 2024, the government is expected to make minor changes to paternity leave which will mainly affect how and when the leave can be taken. The eligibility criteria for paternity leave and pay will remain unchanged at 26 weeks' service as at 15 weeks prior to the expected week of childbirth.
- 2.7.2 It is anticipated that the changes will allow fathers or partners to split their leave into two blocks of one week, whereas currently only one block of one or two consecutive weeks can be taken. As opposed to taking the leave in the first 56 days after childbirth, fathers or partners will be able to take their leave and pay at any point in the first year of birth or adoption. The way in which fathers or partners apply for the leave will also change and require them to give notice of their intention to take leave 15 weeks before the date of childbirth and then four weeks' notice prior to each period of leave.
- 2.7.3 Currently the Council provides for four weeks leave which includes one week of Ordinary Paternity Leave that must be taken within 56 days of childbirth, two weeks that can be taken within a 12-month period of the childbirth and one week Maternity Support Leave that must be taken within 56 days of childbirth.
- 2.7.4 These changes as detailed above will be applied as soon as the legislative changes are announced and/or confirmed, however they are not expected to significantly impact on current practices and provisions.

2.8 The Neonatal Care (Leave and Pay) Act 2023

- 2.8.1 This Act, which is not expected to be introduced until April 2025, will allow parents of babies who are admitted into hospital aged 28 days or less the right to paid leave if the baby is in hospital for a continuous period of 7 days or more. The Act will introduce the maximum of 12 weeks' statutory neonatal leave which must be taken within 68 weeks of birth.
- 2.8.2 There will be no service qualifying period to receive the leave, however statutory neonatal pay will be subject to 26 weeks' continuous service and earnings above the lower earnings limit (currently £123 per week).

- 2.8.3 Whilst this legislation is scheduled for implementation in 2025, the Council will commence discussions with the Trade Unions with a view to introducing the terms of this legislation forward to an earlier point.
- 2.8.4 It should be noted that other possible family leave developments include the introduction of the Fertility Treatment (Employment Rights) Bill which will provide employees with time off to attend appointments for fertility treatment. Currently, these appointments are accommodated through the provisions within the existing Special Leave Policy, however more specific leave will be required to be considered.
- 2.8.5 The Miscarriage Leave Bill will also ensure employers provide some form of leave to employees who have suffered a miscarriage. The details of this bill are not yet available however, our current policies on maternity and managing attendance ensure employees in this situation are able to take appropriate leave.

2.9 Duty to Prevent Sexual Harassment

- 2.9.1 In October 2023, the Worker Protection (Amendment of Equality Act 2010) Act 2023 received Royal Assent. This imposed a duty on employers to take reasonable steps to prevent sexual harassment of their employees. The Act is likely to come into force around October 2024.
- 2.9.2 Recently the Council introduced a Sexual Harassment Policy which was developed taking into consideration the proposed introduction of this Act. The Council will ensure that once the Act has been fully implemented, that the policy remains compliant with legislation and best practice.

2.10 Strikes (Minimum Service Levels) Act 2023

- 2.10.1 This act received Royal Assent on 20 July 2023, however secondary legislation is needed to determine the specific minimum service levels for particular sectors before this act can be implemented.
- 2.10.2 As it stands, minimum service levels can be applied to health services and education services amongst others, however the secondary legislation is required to determine what the minimum levels are. In the meantime, the Council will operate its normal procedures should strike action be called by any Trade Union prior to the secondary legislation being determined.

2.11 Pensions (Extension of Automatic Enrolment) Act 2023

- 2.11.1 This received Royal Assent on 18 September 2023 and once implemented will lower the age at which eligible workers must be automatically enrolled into a pension scheme by their employer from 22 to 18.
- 2.11.2 At the current time, this will not affect the current practices of the Council, as employees are automatically enrolled as part of their contract of employment and retain the right to opt out at any time.

2.12 Workers (Predictable Terms and Conditions) Act 2023

- 2.12.1 Under this Act, which was given Royal Assent on 18 September 2023, employees will have the right to request a predictable working pattern if the

existing working pattern lacks certainty in respect of the hours or times they work. If they are on a fixed-term contract for less than 12 months, they will be able to make a formal application to change their working pattern to make it more predictable.

- 2.12.2 This Act is likely to come into force around September 2024 and Acas will be producing a new Code of Practice to provide further guidance to assist employers managing this new right. It is not anticipated that this will affect current employment practices within the Council.

2.13 Next Steps

- 2.13.1 As detailed above, the Trade Unions will be consulted on all necessary changes that are required to policies and procedures as a result of legislative changes or introductions.
- 2.13.2 Changes will be made to policies and procedures at the appropriate times and in advance of implementation dates of legislation where possible. All changes will be communicated to staff accordingly.

3. Measures of success

- 3.1 Employment policies and procedures within the Council are fully compliant with legislative changes and practices.
- 3.2 Employees and managers have access to policies and procedures which they are able to interpret and put into practice.
- 3.3 The risk to the Council of Employment Tribunal claims is minimised and management actions are defensible in line with our policies and procedures.
- 3.4 The Trade Unions are fully aware of legislative changes and how these impacts on current employment policies, practices and procedures.

4. Supporting documentation

Not Applicable



Fiona Whittaker
Chief Officer (People Resources)

5. Impacts

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 <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? https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
5.2 Financial impact 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?
5.3 HR policy impact 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? Policies and procedures will be updated to reflect agreed legislation and will be implemented at appropriate times.
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 <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? If the relevant changes to policies and procedures in line with legislation are not made, the Council is at risk of claims through the Employment tribunal.
5.5 Data protection impact 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 dataprotection@northlan.gov.uk Yes <input type="checkbox"/> No <input type="checkbox"/>

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 <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	Environmental / Carbon impact
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	Communications impact
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	Risk impact
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 outlined above, if we don't incorporate the changes to legislation into our policies and procedures we are at risk of unnecessary and costly employment tribunal claims and challenge from the trade unions and employees.	
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 <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 & Resources Committee

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

Ref EK/KS/FC/DC

Date 28/02/24

Revenue Monitoring Report Council Summary 1 April 2023 to 8 December 2023

From Elaine Kemp, Chief Officer (Finance)

E-mail KempE@northlan.gov.uk

Telephone 07939280601

Executive Summary

This report updates Committee 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 2024. 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 23 February 2023. Following notification from Scottish Government of further funding made available to local authorities the budget has been revised to £950.877m. A surplus of £16.805m against this budget is currently projected. However, as previously advise this includes a net one-off financial benefit from loan charges. Following a review of the medium-term forecast loan charges and interest on revenue balances, reflecting the impact of capital programme profiles, higher interest rates, previous one-off debt re-profiling and forecast use of balances, the review highlights a forecast net overspend of £5.220m and £4.509m for financial years 2025/26 and 2026/27, respectively. Therefore, it is proposed that £9.279m of one-off resources is earmarked as a one-off solution, to help smooth the impact of such variances in the coming years. This position will be kept under review to assess if any further one-off or recurring budget solutions are required for this purpose, and an update will be provided in a future monitoring report or reflected in a future Medium Term Financial Plan. The resulting underlying surplus against budget is £7.526m, which is a £2.758m Increase from period 9.

The 2023/24 budget incorporates £7.486m of net savings. It is projected that £7.418m of the savings (99%) will be delivered within the financial year, with replacement savings of £0.068m identified to fully address the shortfall.

Recommendations

It is recommended that the Finance and Resources Committee:

- (1) Acknowledge the financial position of the 2023/24 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.

2. Report

- 2.1 At its meeting of 23 February 2023, the Council approved a General Fund Revenue Budget of £978.624m which included spend offset by ring fenced grants of £50.586m and capital grant funding in lieu of pay award funding of £7.726m. Additional funding has since been confirmed as part of the Scottish Government budget setting together with a number of redeterminations, including additional directed funding for Pay Awards, resulting in an overall total budget of £950.877m.
- 2.2 Following the budget setting in February the Council has an approved savings target of £7.486m for 2023/24. Further detail can be found in Section 2.9 below.
- 2.3 Table 1 below summarises the projected income and expenditure position, which illustrates a projected surplus of £16.805m, with £9.279m to be used to manage future loan charges budget pressures, resulting in a remaining unallocated surplus of £7.526m.

	Annual Budget (£m)	Projected Outturn (£m)	P10 Variance (£m)	P9 Variance (£m)	P9 to P10 Movement (£m)
Expenditure					
Total Expenditure	950.877	934.072	16.805	14.047	2.758
Income					
Aggregate External Finance	761.753	761.753	-	-	-
Additional SG Pay award funding	4.600	4.600	-	-	-
Local Tax Collection	166.849	166.849	-	-	-
Use of Balance	17.675	17.675	-	-	-
Total Income	950.877	950.877	-	-	-
Projected variance: Surplus/(Deficit) at 31 March 2024	-	16.805	16.805	14.047	2.758
Earmarked for future budget pressures (loan charges/IORB)	-	9.279	9.279	9.279	-
Surplus/(Deficit) at 31 March 2024 Post Reserve Allocation	-	7.526	7.526	4.768	2.758

Table 1

Analysis of Significant Variations

2.4 Table 2 below illustrates the projected outturn financial position of services:

Service	P10 Outturn (£m)		P9 Outturn (£m)		P9 to P10 Movement (£m)
Education, Children and Families	-	On Budget	-	On Budget	-
Enterprise and Communities	2.335	Underspend	1.988	Underspend	0.347
Chief Executives and Other Corporate Services	5.886	Underspend	3.475	Underspend	2.411
Social Work (Non-Integrated)	-	On Budget	-	On Budget	-
Executive Services Total	8.221	Underspend	5.463	Underspend	2.758
Financing Costs	8.584	Underspend	8.584	Underspend	-
Budget Assumptions	-	On Budget	-	On Budget	-
Total Projected Surplus/(Deficit)	16.805	Underspend	14.047	Underspend	2.758
Earmarked for future budget pressures	(9.279)	Overspend	(9.279)	Overspend	-
Total	7.526	Underspend	4.768	Underspend	2.758

Table 2

2.5 Education Children and Families is reporting a breakeven position overall, however BMT should note that there are a number of compensating variances within this position. Employee costs are forecast to underspend by £4.158m, largely due to phasing of posts supported by external funding together with vacancy management. This is primarily offset by an overspend in transport costs of £1.048m arising from ASN and Gaelic service delivery and increased market prices together with an under-recovery in income of £3.417m primarily in relation to membership fees and site admissions within the Active & Creative Communities estate of £2.068m and projected loss in income of £0.524m due to the closure of Motherwell Concert Hall and Theatre. The overall position includes a net overspend of £0.433m in relation to the closure of Motherwell Concert Hall and Theatre due to a projected loss in income of £0.524m noted above, partly offset by reduced expenditure of £0.091m. The final overspend is subject to the development of service operational plans, including the move of the pantomime to Ravenscraig.

2.6 Enterprise and Communities is reporting a projected underspend of £2.335m. This is primarily as a result of employee vacancy savings across the service of £4.843m, and an over-recovery in income of £0.368m mainly due to one-off grant income, and increased paid school meal income offset by reduced capital recharges and reduced trade waste income. This is partially offset by increased supplies and services costs of £1.903m mainly due to increased fleet external hire and agency costs within waste, increased administration costs of £0.561m as a result of increased consultancy costs linked to difficulties in recruitment, and increased transport costs of £0.503m due to increased fleet repair costs.

2.7 Chief Executives and Other Corporate Services is reporting a projected underspend of £5.886m. This is largely due to a projected underspend of £2.314m within employee

costs as a result of vacancies, £0.907m underspend within supplies and services mainly due to continued savings resulting from current usage levels of the cloud-based systems. There is also a net over-recovery in income of £3.092m primarily as a result of a successful historical VAT claim of £2.411m, following years of legal proceedings by HMRC, in respect of the VAT treatment of sport and leisure income. In addition, there is higher than anticipated rent allowances/ rebates overpayments and volume discount recoveries in relation to the repairs and maintenance contract. These are partially offset by an overspend in other expenditure of £0.354m mainly in relation to the apprenticeship levy. The position represents a £2.411m favourable movement from that reflected at period 9 as a result of sports and leisure VAT claim.

- 2.8 As previously reported, following a review of the medium term forecast on loan charges and interest on revenue balances, a net financial benefit is currently reported of £8.584m. The review highlighted, forecast material overspends of £5.221m and £4.509m for financial years 2025/26 and 2026/27, respectively. The modelling also shows a forecast overspend against current planned budgets into 2027/28. This position is primarily due to a net increase in the cost of loan charges for capital expenditure, partially offset by an over recovery on interest earned on revenue balances. The forecast contains some complex and highly volatile variables, therefore there are a number of reasons for such material variances including the impact of; higher interest rates on the cost of new borrowings, previously approved one-off debt re-profiling savings, and the increased forecast cost of use of balances in lieu of borrowing. Due to the variability in the forecast it is currently proposed that £9.279m of the overall 2023/24 underspend is earmarked as a one-off solution, to help smooth the impact of the variances over the short term. However, this position will be kept under review to assess if any further one-off or recurring solutions are required, and an update will be provided in a future monitoring report or will be considered as part of a future Medium Term Financial Plan, and it will also be reported as part of the year end accounts.
- 2.9 It should also be noted that as at period 10 the Council Tax Product remains under consideration. This includes consideration of Council Tax collection, Council Tax Reduction Scheme up take and household numbers. In addition, the Council Tax Product will then be assessed for Expected Credit losses as part of the year end process.

2023/24 Budget Savings

- 2.10 As outlined in paragraph 2.2 above, the Council has approved net savings of £7.486m for 2023/24. Each Service reports on the achievement of their savings within the relevant service monitoring report. It is projected that £7.418m of savings (99%) will be achieved in the current year, with the in-year gap of £0.068m being fully mitigated by replacement savings.

Earmarked Reserves and Change Management Fund

- 2.11 The Council's audited annual accounts highlight a General Fund reserve balance of £249.872m. This balance includes £8.000m for the Contingency Fund, with a further £202.845m earmarked for specific future commitments including £28.115m allocated to the Change Management Fund to support future budget pressures, one-off costs of existing approved savings and to ensure the Council has a resilient and sustainable strategic financial plan. The remaining £39.027m of funds represent balances that were unallocated as at 31 March 2023. A total of £0.422m has subsequently been allocated for five additional posts to facilitate the transition to iTrent recruitment (£0.110m) and funding to support the management and co-ordination of the Programme of Work

Boards within Business and Digital (£0.312m). This results in a revised earmarked reserve balance of £203.267m, and unallocated balances of £38.605m.

- 2.12 A total of £95.345m of earmarked reserves is profiled for use in 2023/24 with a further £107.922m profiled for use in future years. It is currently projected that £90.595m of the 2023/24 earmarked reserves will be spent during this financial year with £112.411m anticipated to be required in future years and reserves of £0.261m deemed no longer required. A summary position is shown in Appendix 2. Taking into account the projected surplus of £7.526m together with a drawdown from the Capital Fund of £2.608m and earmarked reserves no longer required noted above, it is expected that at the end of the financial year the General Fund will include unallocated balances of £49.000m as detailed in Appendix 3.

Risks and Uncertainty

- 2.13 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

- 2.14 The Housing Revenue Account is currently projecting an overspend of £3.805m for the financial year. This is primarily as a result of anticipated increased loan charge costs of £3.847m reflecting the impact of higher interest rates, an overspend of £2.875m in property costs due to increasing costs associated with repairs, void rent loss and grounds maintenance, partially offset by an underspend in employee costs of £2.000m mainly due to vacancies, an underspend of £0.500m as a result of lower than anticipated IT recharges, and an over-recovery in rents of £0.347m due to increased mainstream rental income. It is anticipated that £0.070m of savings (100%) will be delivered by the year end.

Adult Health and Social Care

- 2.15 Council Adult Health and Social Care provision to the Integration Joint Board (IJB) is projecting an underspend of £3.112m. This position is primarily due to a projected underspend in employee costs of £4.073m as a result of slippage in recruitment, and lower than anticipated spend in administration costs of £0.658m in relation to carers budgets. This is partly offset by a projected overspend of £1.230m in payments to other bodies and transfer payments primarily in relation to the care at home sector who provide services to individuals via the SDS commissioning framework, and in transport and plant of £0.248m mainly due to higher than anticipated costs in relation to staff mileage, coupled with estimated running costs associated with vehicles for use across the Service. This overall position reflects an adverse movement of £0.197m from that shown at period 9, mainly due to additional employee costs anticipated as a result of recruitment, and payments in relation to private sector housing grants.

3. Measures of success

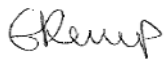
- 3.1 The Council continues to operate within approved budgeted resources.
-

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)

5. Impacts

5.1	<p>Public Sector Equality Duty and Fairer Scotland Duty</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? https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments</p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p>
5.2	<p>Financial impact</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>HR policy impact</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>
5.4	<p>Legal impact</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>
5.5	<p>Data protection impact</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 dataprotection@northlan.gov.uk</p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p>

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 <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	Environmental / Carbon impact 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	Communications impact 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	Risk impact 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	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 <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 <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 05 January 2024 (PERIOD 10)

LINE NO.	SERVICE ACCOUNT (1)	ANNUAL BUDGET (2)	PROVISIONAL OUTTURN (3)	PROVISIONAL VARIANCES (4)
		£	£	£
1	Education, Children & Families	508,418,378	508,418,378	-
2	Early Years	34,899,606	34,899,606	-
3	Primary Schools	152,045,935	152,045,935	-
4	Secondary Schools	139,230,338	139,230,338	-
5	Special Schools	22,825,400	22,825,400	-
6	Education & Families Service Delivery	76,686,359	77,150,939	(464,580)
7	Childrens Services Social Work	42,394,915	40,852,032	1,542,883
8	Justice Services	92,400	(60,139)	152,539
9	Active and Creative Communities	28,502,848	30,389,049	(1,886,201)
10	Employability	4,944,425	4,411,570	532,855
11	Community Learning	4,838,115	4,592,056	246,059
12	Tackling Poverty	1,958,037	2,081,592	(123,555)
13	Enterprise & Communities	152,881,720	150,546,793	2,334,927
14	Assets & Procurement	41,694,380	41,271,525	422,855
15	Trading Accounts	(462,202)	(220,552)	(241,650)
16	Community Operations	88,819,674	87,961,666	858,008
17	Housing Management	5,652,817	5,050,473	602,344
18	Housing Property Services	8,585,905	8,499,946	85,959
19	Place	8,591,146	7,983,735	607,411
20	Chief Executives & Other Corporate Services	93,510,562	87,624,248	5,886,314
21	Directorate & Support	412,144	348,180	63,964
22	Finance	45,193,083	44,555,057	638,026
23	Audit & Risk	614,959	554,111	60,848
24	Legal & Democratic	2,624,054	2,603,001	21,053
25	Business & Digital	22,301,722	20,790,442	1,511,280
26	People Resources	8,582,504	8,295,670	286,834
27	Strategic Communication and Engagement	5,342,667	5,311,847	30,820
28	Other Corporate Services	(4,301,622)	(7,575,111)	3,273,489
29	Joint Boards	12,741,051	12,741,051	-
30	Social Work (non Integrated)	193,862,112	193,862,112	-
31	GENERAL FUND SERVICES	948,672,772	940,451,531	8,221,241
32	FINANCING COSTS	(44,490,145)	(53,074,145)	8,584,000
33	Reversal of Capital Charge	(77,069,073)	(77,069,073)	-
34	Loan Charges and Interest on Revenue Balances	32,578,928	23,994,928	8,584,000
35	OTHER BUDGETARY ISSUES	46,694,407	46,694,407	-
36	Assumptions not yet Realised	46,694,407	46,694,407	-
37	TOTAL EXPENDITURE	950,877,034	934,071,793	16,805,241
38	SOURCES OF FUNDING	950,877,034	950,877,034	-
39	Aggregate External Finance	761,752,569	761,752,569	-
40	Additional SG Pay award funding	4,600,000	4,600,000	-
41	Council Tax	166,849,465	166,849,465	-
42	Use of balances	17,675,000	17,675,000	-
43	(SURPLUS) / DEFICIT	-	(16,805,241)	16,805,241
44	Earmarked for Future Budget Pressures (loan charges/ IORB)	-	9,279,000	(9,279,000)
45	(SURPLUS) / DEFICIT	-	(7,526,241)	7,526,241
46	HOUSING REVENUE ACCOUNT (SURPLUS) / DEFICIT	-	3,805,000	(3,805,000)
47	ADULT HEALTH AND SOCIAL CARE (SURPLUS) /DEFICIT	-	(3,112,257)	3,112,257

NORTH LANARKSHIRE COUNCIL

ANTICIPATED COMMITMENTS AGAINST EARMARKED RESERVES AS AT 05 January 2024 (PERIOD 10)

	Total			2023/24					Future Years			Total
	Opening Reserve Balances £000	In-Year Adjustment £000	Revised Reserve Balance £000	2023/24 Revised Earmarked Reserve £000	23/24 Projected Spend £000	Anticipated Year End Balance £000	Anticipated Future Year Use £000	No Longer Required £000	Profilled for Future Years £000	Anticipated Future Year Use £000	No Longer Required £000	No Longer Required £000
Change Management Fund	28,115	-	28,115	9,683	9,683	-	-	-	18,432	18,432	-	-
Earmarked & One Off Resources												
Schools Future Contractual Obligations	56,684	-	56,684	-	-	-	-	-	56,684	56,684	-	-
2023/24 - 2024/25 Budget One-off Use of Balances	21,075	-	21,075	17,675	19,210	(1,535)	-	-	3,400	3,400	-	-
Strategic Workforce Planning	13,000	-	13,000	13,000	13,000	-	-	-	-	-	-	-
Temporary Teachers	10,928	-	10,928	9,928	9,928	-	-	-	1,000	1,000	-	-
Temporary Accommodation	9,288	-	9,288	-	-	-	-	-	9,288	9,288	-	-
Early Years & Childcare Expansion	7,312	-	7,312	3,099	3,099	-	-	-	4,213	4,213	-	-
Refugee Resettlement Programmes	5,699	-	5,699	2,595	2,595	-	-	-	3,104	3,104	-	-
Loans Charges - one-off mitigation	5,000	-	5,000	-	-	-	-	-	5,000	5,000	-	-
Non-Pay Inflation Mitigation	4,902	-	4,902	4,902	4,902	-	-	-	-	-	-	-
Unmanaged burdens within Education, Children & Families	4,755	-	4,755	4,023	4,023	-	-	-	732	732	-	-
Other E&C Service developments	4,184	-	4,184	3,484	1,396	2,088	2,088	-	700	700	-	-
Pupil Equity Fund	3,851	-	3,851	3,851	3,851	-	-	-	-	-	-	-
Balances held by Schools under Devolved School Management	3,724	-	3,724	3,724	3,724	-	-	-	-	-	-	-
Economic Recovery	3,554	-	3,554	3,454	3,464	(10)	-	-	100	100	-	-
Whole Family Wellbeing	2,584	-	2,584	584	584	-	-	-	2,000	2,000	-	-
Winter Reserve	1,500	-	1,500	1,500	1,500	-	-	-	-	-	-	-
Business Gateway and Business Recovery	1,379	-	1,379	899	899	-	-	-	480	480	-	-
Rapid Rehousing	1,081	-	1,081	1,081	1,081	-	-	-	-	-	-	-
Other Earmarked Funds	14,230	422	14,652	11,863	9,191	2,672	2,401	261	2,789	2,789	-	261
Earmarked & One Off Resources Total	174,730	422	175,152	85,662	82,447	3,215	4,489	261	89,490	89,490	-	261
Total Reserves	202,845	422	203,267	95,345	92,130	3,215	4,489	261	107,922	107,922	-	261
Contingency Reserve	8,000	-	8,000									
Unallocated Balance	39,027	-	422	38,605								
General Fund Surplus at 31 March 2023	249,872	-	249,872									

NORTH LANARKSHIRE COUNCIL
AVAILABILITY OF GENERAL FUND BALANCES AS AT 05 January 2024 (PERIOD 10)

	Change Management Fund	Unallocated General Fund
	£000	£000
Total Balance B/f per 2022/23 Annual Accounts	28,115	39,027
Approved commitments	<u>28,115</u>	<u>(422)</u>
		38,605
Period 10 reported variance		7,526
Earmarked Reserves no longer required		261
Total Balance 2023/24 before commitments	28,115	46,392
Known Commitments :- Revised one - off costs of approved savings	(9,683)	
Draw down from Capital Fund		<u>2,608</u>
Total Balance 2023/24	18,432	49,000
Known Commitments :- Revised one - off costs of approved savings	(2,374)	
Estimated future Capital Fund Drawdown to 2024/25		<u>1,360</u>
Forecast Balance	<u>16,058</u>	50,360

North Lanarkshire Council Report

Finance and Resources Committee

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

Ref EK/GT/RM

Date 28/02/24

Capital Programme 2023/24 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 2023/24 resources and expenditure for the Council's Strategic Capital Investment Programme. The report also shows the 2023/24 projected outturn position and the resultant variances.

The capital programme continues to face challenges in relation to the wider economic climate linked to availability of materials, contractors and inflationary pressures. It is currently anticipated that the General Fund programme will have a projected programme variance during 2023/24 of £3.344m as the expenditure profile has been reviewed across the multi-year programme for live projects, and also projects in development.

With the HRA programme, it is currently anticipated that there will be a programme variance of £8.177m primarily due to acceleration of specific projects in the New Build programme previously scheduled to complete in 2024/25 and increase in the Buy Back programme as the service anticipates the purchase of additional properties in the current financial year and increased average property prices and associated repairs costs.

Recommendations

It is recommended that the Finance and Resources Committee:

- (1) Acknowledges the financial position of the Council's Strategic Capital Investment Programme as at 5 January 2024.

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 2021/22 to 2025/26 was originally approved at Policy and Strategy Committee in March 2021, with an updated programme profile for 2023/2024 to 2025/2026 approved in March 2023 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 Council considers the approved 5-year capital investment plan to be a major boost to assist the recovery of the local economy. It is also a clear statement that the Council is planning beyond the pandemic to deliver on the long-term needs and aspirations of communities. 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 Mainstream, Ambition, New Build and Council Buy Back scheme.
- 1.4 The 2023/2024 General Services Capital Programme is currently £147.883m with a £125.392m investment programme in relation to the Housing Revenue Account. The budget reflects the approved budget in March 2023 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 2023/24 budget by Service Programme and associated approved budget movements.

2. Report

Overall Council Strategic Capital Investment Programme

- 2.1 The overall Council Strategic Capital Investment programme for 2023/24 and the projected outturn to the 31 March 2024 is summarised in Table 1 as follows:

Community Capital Investment Programme Summary 2023/24

	Current Programme £000s	Projected Outturn £000s	Outturn Variance £000s
Enterprise & Communities	132,056	130,742	1,314
Chief Executives	13,639	11,609	2,030
Adult Health & Social Care	2,188	2,188	0
General Services: Total Capital Investment	147,883	144,539	3,344
General Services Resources:			
General Fund			
External Grants & Contributions 2023/24	43,601	43,601	0
External Grants & Contributions b/f 2022/23	16,325	16,325	0
External Grants & Contributions Unapplied	(2,115)	(2,115)	0
Net External Grants & Contributions	57,811	57,811	0
Capital Receipts	1,000	1,859	859
Capital Receipts -Transfer to Capital Fund	0	(859)	(859)
CFCR	3,783	3,783	0
General Services: Total Resources	62,594	62,594	0
General Services : Borrowing Requirement	85,289	81,945	(3,344)
HRA : Total Capital Investment	125,392	133,569	(8,177)
HRA Resources:			
Net External Grants & Contributions	19,385	27,318	7,933
Capital Receipts	0	540	540
CFCR	27,146	19,427	(7,719)
HRA : Total Resources	46,531	47,285	754
HRA : Borrowing Requirement	78,861	86,284	7,423
Summary			
Total Council : Capital Investment	273,275	278,108	(4,833)
Total Council : Resources	109,125	109,879	754
Total Council : Borrowing Requirement	164,150	168,229	4,079

- 2.2 On a budgeted programme of £273.275m expenditure is anticipated to be £4.833m higher 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 2.11 below.

General Services Capital Programme and Projected Outturn by Service/ Programme

- 2.3 The financial performance of the overall General Services Investment programme at 31 March 2024 is detailed in Appendix 2 and summarised below.

General Services Total Resources

- 2.4 The revised programme is £147.883m incorporating decisions of the Housing Committee and SCDG to reprofile £55.049m and £20.966m respectively, to future years of the capital planning period. Total resources available to meet the current programme are forecast to be £62.594m, resulting in a borrowing requirement of £85.289m.
- 2.5 In 2023/24 net external grants and contributions of £57.811m will be utilised. This capital resource primarily includes the Scottish Government (SG) General Capital Grants receivable of £24.134m and other specific SG Grants including City Deal (£3.000m), Vacant and Derelict Land Fund (VDLF, £1.841m), the Place Based Investment Programme (PBIP, £1.698m), and Cycling, Walking and Safer Streets (CWSS, £2.180m), Live Labs II (LL II £1.865m) and also NHS contributions of £4.933m. In addition, capital grants received in 2022/23 have been added to the programme to match expenditure in 2023/24 including £8.730m for Levelling Up Fund (LUF), £3.291m for VDLF, £2.283m for PBIP, £1.235m for Regeneration Capital Grant Fund, £0.289m for Shared Prosperity Fund, £0.272m for CO2 Monitors and £0.230m for Vacant and Derelict Land Investment Programme. This has been offset by £2.115m of external grant and contributions which will not be applied in 2023/24 including £1.000m for VDLF and £1.115m for LL II, in respect of projects which will not now be completed until 2024/25.
- 2.6 Receipts from the sale of assets are currently projected to be £1.859m, which is £0.859m greater than the budget of £1.000m. In accordance with the approach agreed within the Strategic Capital Investment Programme 2021/22 to 2025/26, capital receipts above the budgeted level of £1.000m will be transferred to the Capital Fund and drawn down to support the Council's future revenue budget strategy.

General Services Total Expenditure

- 2.7 As indicated in Table 1 the General Services investment programme is £147.883m. At Period 10, the outturn spend is anticipated to be £3.344m lower than current programme. This is primarily due to the outcome of updated programming projections which have affected several investment themes. The Council's SCDG continues to monitor the situation closely. Further analysis by service/programme is outlined below and summarised within Appendix 2.
- 2.8 **Enterprise and Communities** is projecting outturn expenditure of £130.742m, which is a £1.314m variance from current programme.

Across Assets and Procurement there are a number of compensating variances arising from the multi-year programme of activity. Maintaining Existing Assets is forecasting a variance of £0.547m, mainly in relation to increased costs for upgrades of school kitchens and Allanton PS toilet upgrade. Additional in-year costs are forecast for Sustainable Estate of £0.194m, Early Learning and Childcare of £0.158m and Demolitions of £0.109m, where acceleration of expenditure has ensured that the disposal of surplus properties is carried out as efficiently as possible.

These are offset by in-year programme variances in Carbon Management of £0.611m where works associated with the Council's commitment to achieve net zero carbon emissions and ASN Rationalisation of £0.497m where work on Netherton, Childrens Houses and Seven Day Centre are now due to span into the 2024/25 financial year. Community Operations are forecasting a variance of £0.722m with variances of £0.728m for Road Asset Management street lighting works now expected to fall into

2024/25 and also LED infrastructure works coming in less than forecasted offset by higher than anticipated drainage works of £0.059m for St Patrick's Cemetery. The Parks Master Plan theme is also reporting a variance of £0.069m as a result of delays in the announcement from the Scottish Government for the Green Growth Accelerator project.

Within City Deal, an in-year variance of £0.592m is now forecast following a probable outturn review.

Committed expenditure of £114.877m is currently reported, which represents 87.87% of the targeted expenditure, and actual expenditure is £85.525m.

- 2.9 **Chief Executives** is projecting total expenditure of £11.609m, which is a £2.030m variance from current programme. This is primarily attributable to slippage arising from the prioritisation of projects which will complete prior to 31 March 2024. This has resulted in reduced in-year expenditure and affected procurement within Line of Business (£0.450m), Digitisation & Innovation (£0.425m), End User Device Refresh (£0.190m) and Strategic Communications and Engagement (£0.965m). Committed expenditure of £8.810m is currently reported, which represents 75.89% of the targeted expenditure, and actual expenditure is £5.177m.
- 2.10 **Adult Health & Social Care** is projecting outturn expenditure of £2.188m, which is on target with current programme. Committed expenditure of £1.567m is currently reported, which represents 71.62% of the targeted expenditure, and actual expenditure is £1.317m.

HRA Capital Investment

- 2.11 The financial performance of the HRA Capital Programme is reported in detail to the Housing Committee. A summary of performance as at 5 January 2023 is provided at Appendix 3. Total expenditure of £133.569m is forecast for 2023/24 which is an increase on programmed expenditure of £8.177m. This is primarily due to a £1.884m acceleration in the New Build programme at Lorne Place, Coatbridge previously scheduled to complete in 2024/25 and a £5.870m increase in the Buy Back programme as the service anticipates the purchase of additional properties in the current financial year and increased average property prices and associated repairs costs.
- 2.12 The in-year variance is supported by longer-term financial planning assumptions within the HRA.
- 2.13 Committed expenditure of £133.072m is currently reported, which represents 99.63% of the targeted expenditure, and actual expenditure is £90.386m.

Service Re-profiling Requests

- 2.14 As mentioned in paragraph 2.8, to ensure available resources more closely reflect operational activity across themes, requests within the Enterprise and Communities service to reprofile budget to future years of the programme will be required and these will be presented for approval at a future meeting of the SCDG and will be incorporated in future reports.

3. Measures of success

- 3.1 N/A
-

4. Supporting documentation

Appendix 1: Strategic Capital Investment Programme 2023/24 budget movements

Appendix 2: General Services Capital Investment Programme Summary 2023/24

Appendix 3: HRA Capital Investment Programme Summary 2023/24



Elaine Kemp
Chief Officer (Finance)

5. Impacts

5.1	<p>Public Sector Equality Duty and Fairer Scotland Duty</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? https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments</p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p>
5.2	<p>Financial impact</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>The financial impact is outlined within the report.</p>
5.3	<p>HR policy impact</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>
5.4	<p>Legal impact</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>
5.5	<p>Data protection impact</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 dataprotection@northlan.gov.uk</p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p>

5.6	<p>Technology / Digital impact</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>Environmental / Carbon impact</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>
5.8	<p>Communications impact</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>Risk impact</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 phasing approved at Policy and Strategy Committee on 16 March 2023 the capital programme continues to face ongoing delivery risks and challenges. 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>
5.10	<p>Armed Forces Covenant Duty</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 ☐

2023/24 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
23/24 Opening programme approved Policy & Strategy Committee 16 March '23	190,795	14,346	2,200	0	207,341	130,990	338,331
22/23 Overs/Unders Carry Forward	20,366	616	(12)	0	20,970	(5,598)	15,372
23/24 Budget adjustments approved by SCDG	(13,682)	(1,122)	0	0	(14,804)	0	(14,804)
23/24 Budget adjustments approved by Housing Committee	(54,849)	(200)	0	0	(55,049)	0	(55,049)
Increase/(Decrease) in Externally Funded Projects	(10,748)	(1)	0	0	(10,749)	0	(10,749)
Increase/(Decrease) in Council Funded Projects	(3,609)	0	0	0	(3,609)	0	(3,609)
CFCR	3,783	0	0	0	3,783	0	3,783
Revised Capital Programme 2023/24	132,056	13,639	2,188	0	147,883	125,392	273,275

General Services Capital Investment Programme Summary 2023/24 - as at 31 March 2024

Appendix 2

Investment	Current Programme 2023/24 £000s	Projected Outturn 2023/24 £000s	Outturn Variance 2023/24 £000s	Committed Expenditure @ P10 £000s	Committed Expenditure % of Projected Outturn	Actual Expenditure @ P10 £000s
Enterprise & Communities	132,056	130,742	1,314	114,877	87.87%	85,525
Chief Executives	13,639	11,609	2,030	8,810	75.89%	5,177
Adult Health & Social Care	2,188	2,188	0	1,567	71.62%	1,317
Total General Services Investment	147,883	144,539	3,344	125,254	86.66%	92,019

General Services Resources;			
External Grants & Contributions 2023/24	43,601	43,601	0
External Grants & Contributions b/f 2022/23	16,325	16,325	0
External Grants & Contributions Unapplied cfwd to 2024/25	(2,115)	(2,115)	0
Net External Grants & Contributions	57,811	57,811	0
CFCR	3,783	3,783	0
Capital Receipts	1,000	1,859	859
Capital Receipts - Transfer to Capital Fund	0	(859)	(859)
Total Resources	62,594	62,594	0
<i>Borrowing Requirement:</i>			
General Services	85,289	81,945	(3,344)
Total General Services Borrowing Requirement	85,289	81,945	(3,344)
Total Resources incl Borrowing Requirement	147,883	144,539	(3,344)

HRA Capital Investment Programme Summary 2023/24 - as at 31 March 2024

Appendix 3

Investment	Current Programme 2023/24 £000s	Projected Outturn 2023/24 £000s	Outturn Variance 2023/24 £000s	Committed Expenditure @ P10 £000s	Committed Expenditure % of Projected Outturn	Actual Expenditure @ P10 £000s
Mainstream Programme	55,347	55,770	(423)	55,770	100.00%	40,661
New Build Programme	59,995	61,879	(1,884)	61,879	100.00%	40,007
Council Buy Back Scheme	10,050	15,920	(5,870)	15,423	96.88%	9,718
Total HRA Investment	125,392	133,569	(8,177)	133,072	99.63%	90,386

HRA Capital Resources;			
External Grants & Contributions	19,385	27,318	7,933
External Grants & Contributions Unapplied	0	0	0
Net External Grants & Contributions	19,385	27,318	7,933
CFCR	27,146	19,427	(7,719)
Capital Receipts	0	540	540
Total Resources	46,531	47,285	754
<i>Borrowing Requirement:</i>			
HRA - Mainstream	32,871	32,871	0
HRA - New Build	40,236	43,917	3,681
HRA - Buyback Scheme	5,754	9,496	3,742
Total Borrowing Requirement	78,861	86,284	7,423
Total Resources incl Borrowing Requirement	125,392	133,569	8,177

North Lanarkshire Council Report

Finance and Resources Committee

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

Ref EK/NL/PF

Date 28/02/24

Revenue Budget Monitoring Report; Chief Executive's Service 01.04.23 – 05.01.24 (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 2023 to 5 January 2024 (Period 10). The report illustrates the provisional outturn as at 31 March 2024, with major outturn variances highlighted and explained per the Council's approved Financial Regulations.

The Service is currently forecasting a year end underspend of £5.886m, predominately as a result of underspends within ICT contracts and employee vacancies coupled with an over recovery of income. This is a movement of £3.021m since the last report to Committee which is mainly the result of a successful claim of £2.394m from HMRC recovering an over payment of VAT on Sports and Leisure income. In addition there will be increased recoveries from NLP as a result of the recent refinancing agreement and increased income expected from trading surpluses and taxi license fees.

Recommendations

It is recommended that the Finance and Resources Committee:

- (1) Acknowledge the financial position of the 2023/24 Chief Executive's Service revenue budget.
- (2) Approve the virement request as detailed in section 2.5 of the report.

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.
-

2. Report

Summary of Financial Position

- 2.1 The Council approved its General Fund Revenue Budget on 23 February 2023, of which £93.198m (9.48%) represented the approved Revenue Budget for the Chief Executive's Service. In-year transfers from Enterprise and Communities and additional Discretionary Housing Payment Administration Grant results in a revised budget of £93.511m.
- 2.2 The overall projected outturn is an underspend of £5.886m. As detailed in Appendix 2 there are projected underspends within employee costs and ICT contracts, coupled with an over-recovery of income predominately in relation to VAT recoveries, offset by overspends in relation to postages and the Apprenticeship Levy.
- 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. It is currently anticipated there will be no material variance. Similarly, NDR and the Scottish Welfare Fund are under review with all areas assessed as part of the year end process. Further information on these will be provided in a future report.
- 2.4 The 2023/24 budget incorporates £0.127m savings in relation to Transitional Rates Relief, which has been fully achieved. Further information regarding savings is included in Appendix 5.

Analysis of Significant Variances

- 2.5 The service currently anticipates a projected underspend of £2.314m within Employee costs as a result of actual and projected vacancies.
- 2.6 An underspend of £0.907m is projected within Supplies and Services. Business and Digital are reporting a net underspend of £0.871m which represents the continued savings resulting from current usage levels of the cloud-based systems offsetting an approved overspend on the investment model spend. This net underspend is partially offset by overspends in various other lines across the service.
- 2.7 Transport & Plant is projected to underspend by £0.065m as a result of reduced travel claims following the implementation of hybrid working and within Taxi MOT/plating budgets.
- 2.8 The service is currently anticipating an overspend of £0.181m within Administration Costs predominately due to postages associated with Council Tax, NDR, Scottish Welfare Fund and Housing Benefits offset by reduced printing and photocopying costs.

- 2.9 An overspend of £0.353m is currently projected within Other Expenditure due to increased costs for the Apprenticeship Levy and Pensioner Fuel Payments.
- 2.10 The projected outturn for income is an over-recovery of £3.092m predominately attributable to the recovery of an historic overpayment of Sport and Leisure VAT following a successful claim against HMRC, higher than anticipated income in relation to rent allowances / rent rebates overpayments and increased income against budget on the volume discount received through the Mears contract, which is in line with previous years. These are partially offset by under-recoveries within legal insurance, licensing and registrars.
- 2.11 There are various minor variances across other budget areas resulting in the Service forecasting a favourable position of £5.886m at 31 March 2024.

Earmarked and One-off Reserves

- 2.12 In finalising the Council's draft accounts to 31 March 2023, the service was given approval to earmark £4.771m of resources to fund key projects and initiatives. During the course of the year additional funding of £0.312m has been identified to support the management and co-ordination of the Programme of Work Boards within Business & Digital, resulting in a revised balance of £5.083m. This has been profiled as £4.744m required in 2023/24 with the balance of £0.339m in future years.
- 2.13 It is anticipated that of the current year allocation, £3.476m of the reserves balances will be utilised in 2023/24 with £1.116m slipping for use in future years and a balance of £0.151m of reserves to be returned. Details of the Service's earmarked funds are provided in Appendix 4.
- 2.14 The Service has incurred £0.225m severance costs relating to previous year 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.

2023/24 Budget Savings

- 2.15 The Council approved savings of £0.127m savings in relation to Transitional Rates Relief, which has been fully achieved. Further information regarding savings is included in Appendix 5.

Virement Request

- 2.16 The Council's Insurance premiums for property, liability and motor have seen an overall increase in rates of 27%. This is the result of both claims history over the last 12 months as well as general premium increases being seen across the insurance market. These prices now exceed the budgets by £0.889m.
- 2.17 The claim budgets are projected to exceed budget by £1.6m this year however these overspends can be supported by the Insurance Fund set aside for this purpose. This fund is currently set at £13m.
- 2.18 Committee members are therefore asked to give approval to vire £0.487m budget from Property Claims and £0.402m from Liability Claims to reflect the increase in premiums. The final claim overspends will be charged directly to the fund.

- 2.19 Members should note that an external actuarial evaluation of the claims reserves is undertaken every 5 years. This review is currently underway which will provide an assessment of whether the fund levels are sufficient for the coming 5 years. The outcome of this review will be reported in Cycle 2 and any required changes to Fund levels will be considered as part of the Annual Accounts process.

Management Actions

- 2.20 The Service is being pro-active to ensure expenditure is contained within its approved 2023/24 budget.

3. Measures of success

- 3.1 The Service continues to operate within approved budget resources.

4. Supporting documentation

Appendix 1	Objective Summary
Appendix 2	Subjective Summary
Appendix 3	Payments to Other Bodies
Appendix 4	Earmarked Reserves
Appendix 5	Budget Savings



Elaine Kemp
Chief Officer (Finance)

5. Impacts

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 <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? https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments Yes <input type="checkbox"/> No <input type="checkbox"/>
5.2 Financial impact 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.
5.3 HR policy impact 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?
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 <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?
5.5 Data protection impact 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 dataprotection@northlan.gov.uk Yes <input type="checkbox"/> No <input type="checkbox"/>

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 <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	Environmental / Carbon impact
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	Communications impact
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	Risk impact
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?	
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.	
Reflecting the risk analysis matrix included within the Risk Management Strategy, the Service considers delays or amendments to savings proposals could present an ongoing risk to the financial outturn for 2023/24.	
To minimise risk this report has been prepared by service based Finance personnel in consultation with budget managers, in accordance with the Financial Regulations.	
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 <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
Revenue Budget Monitoring Report - Objective Analysis
Period 10 (01 April 2023 - 05 January 2024)
A - Chief Executives Service

DIVISION OF SERVICE	ANNUAL BUDGET	PROJECTED OUT-TURN	PROJECTED OUT-TURN VARIANCE	%	PERIOD MOVEMENT	ANALYSIS
[1]	[2]	[3]	[4]	[5]	[6]	[7]
DIRECTORATE & SUPPORT	412,144	348,180	63,964 FAV	15.5%	0	Underspend in Employee costs primarily due to implementation of Support Services Review.
FINANCE	45,193,083	44,555,058	638,025 FAV	1.4%	106,156	An over-recovery in income from Rent Allowances and Rent Rebate overpayments plus underspends associated with vacancies, ICT and travel offset by increased postages and agency fees.
AUDIT & RISK	614,959	554,111	60,848 FAV	9.9%	27,701	Underspends within Employee costs as a result of vacancies.
LEGAL & DEMOCRATIC	2,624,054	2,603,001	21,053 FAV	0.8%	118,062	Under-recovery in income within insurance, licensing, registrars plus overspends in relation to building costs and net position for printing and postages offset by underspends within employee costs, Taxi MOT and plating, advertising and training.
BUSINESS & DIGITAL	22,301,722	20,790,442	1,511,280 FAV	6.8%	180,270	Underspends within ICT contracts linked to the timing of costs associated with cloud based systems, vacancies and the over-recovery of income associated with the recycling of IT Equipment offset by costs in relation to the Investment Model and other services.
PEOPLE RESOURCES	8,582,504	8,295,671	286,833 FAV	3.3%	144,070	Net underspend associated with MA programme plus underspends within Employee costs.
STRATEGIC COMMUNICATIONS & ENGAGEMENT	5,342,667	5,311,847	30,821 FAV	0.6%	(111,954)	Underspends within Employee costs as a result of vacancies.
OTHER COPORATE SERVICES	(4,301,622)	(7,575,111)	3,273,489 FAV	(76.1%)	2,557,042	Over-recovery attributable to HMRC for Sports and Leisure Services VAT, PPP Contribution and NLP Financial Guarantee offset by projected overspend relating to MA Levy.
JOINT BOARDS	12,741,051	12,741,051	0	0.0%	0	
NET EXPENDITURE	93,510,562	87,624,248	5,886,313 FAV	6.3%	3,021,347	

NORTH LANARKSHIRE COUNCIL
Revenue Budget Monitoring Report - Subjective Analysis
Period 10 (01 April 2023 - 05 January 2024)
A - Chief Executives Service

CATEGORY [1]	ANNUAL BUDGET [2]	PROJECTED OUT-TURN [3]	PROJECTED OUT- TURN VARIANCE [4]	% [5]	PERIOD MOVEMENT [6]	ANALYSIS [7]
EMPLOYEE COSTS	44,531,351	42,216,874	2,314,476 FAV	5.2%	549,230	Underspends due to vacancies across all services and pensions
PROPERTY COSTS	2,416,670	2,455,529	(38,859) ADV	(1.6%)	0	Minor variance
SUPPLIES & SERVICES	10,681,408	9,774,866	906,542 FAV	8.5%	12,881	Underspend within B&D represents continued savings from current usage levels of cloud based systems offsetting an approved overspend on the investment model and various other lines across the service.
TRANSPORT & PLANT	168,015	103,000	65,015 FAV	38.7%	29,491	Hybrid working has resulted in reduced travel claims plus underspends within Taxi MOT and plating.
ADMINISTRATION COSTS	6,597,132	6,777,713	(180,581) ADV	(2.7%)	(151,773)	Postage costs for Council Tax, NDR, Scottish Welfare Fund and Housing Benefits offset by reduced printing and photocopying costs.
PAYMENTS TO OTHER BODIES	17,091,456	17,080,481	10,975 FAV	0.1%	(19,144)	Minor variance
TRANSFER PAYMENTS	105,923,287	105,923,287	0	0.0%	0	
CAPITAL FINANCING COSTS	5,048,700	4,978,400	70,300 FAV	1.4%	70,300	Over-recovery attributable NLP Financial Guarantee following re-financing in October 2023.
REVENUE FINANCING COSTS	0	0	0	0.0%	0	
OTHER EXPENDITURE	3,871,696	4,225,214	(353,518) ADV	(9.1%)	(74,433)	Overspend in relation to Apprenticeship Levy partially offset by historic underspends within miscellaneous costs.
TOTAL EXPENDITURE	196,329,715	193,535,364	2,794,350 FAV	1.4%	416,552	
INCOME	(102,819,153)	(105,911,116)	3,091,963 FAV	(3.0%)	2,604,795	Over-recovery attributable to HMRC for Sports and Leisure Services VAT, higher than anticipated income in relation to rent allowances / rent rebates overpayments and increased income against budget on the volume discount received through the Mears contract, which is in line with previous years, offset by under-recoveries within legal insurance, licensing and registrars.
NET EXPENDITURE	93,510,562	87,624,248	5,886,313 FAV	6.3%	3,021,347	

NORTH LANARKSHIRE COUNCIL
Revenue Budget Monitoring Report - Payments to Other Bodies
Period 10 (01 April 2023 - 05 January 2024)
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	347,122	347,122	0	0.0%	0	
MEDICAL FEES	9,859	10,094	(235) ADV	(2.4%)	(1,465)	Minor variance
AGENCY FEES	81,542	95,086	(13,544) ADV	(16.6%)	0	Recruitment agency costs which are being offset by vacancies within Employee Costs
TOWN TWINNING	0	0	0	0.0%	0	
CHILDRENS PANEL	25,035	17,035	8,000 FAV	32.0%	0	Lower than anticipated costs associated with training
COSLA ANNUAL LEVY	195,000	193,434	1,566 FAV	0.8%	0	Minor variance
COMMUNITY COUNCIL GRANTS	158,629	158,629	0	0.0%	0	
GRANTS TO ORGANISATIONS	837,505	837,505	0	0.0%	(17,868)	
EXTERNAL AUDIT FEE	529,389	529,389	0	0.0%	0	
ELECTION PROVISION	0	0	0	0.0%	0	
TOURISM - VISIT NORTH LANARKSHIRE	37,000	37,000	0	0.0%	0	
SCOTTISH WELFARE FUND	4,277,844	4,277,844	0	0.0%	0	
SUB-CONTRACTOR PAYMENTS	1,869	369	1,500 FAV	80.3%	1,500	Minor variance
LOCAL TAX PAYPOINT COMMISSION	35,000	21,312	13,688 FAV	39.1%	(1,312)	Anticipated costs within Council Tax Collection lower than budget
COSLA MIGRATION SCOTLAND	150,000	150,000	0	0.0%	0	
LANDS VALUATION CONTRIBUTION	2,105,910	2,105,910	0	0.0%	0	
SPT CONTRIBUTION	5,556,198	5,556,198	0	0.0%	0	
SPT CONCESSIONARY FARES CONTRIBUTION	572,943	572,943	0	0.0%	0	
CUSTOMER FIRST CONTRIBUTION	2,700,000	2,700,000	0	0.0%	0	
TOTAL EXPENDITURE	17,620,845	17,609,870	10,975 FAV	0.1%	(19,145)	

NORTH LANARKSHIRE COUNCIL
Revenue Budget Monitoring Report - Status of Earmarked Reserves
Period 10 (01 April 2023 - 05 January 2024)
A - Chief Executives Service

DESCRIPTION OF EARMARKED RESOURCE	FINANCIAL YEAR - 2023/24									
	Reserve Allocation 2023/24	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 Regards Usage
Service Specific Earmarked Reserves:										
Administration of Covid and Cost of Living related support scheme	25,000		25,000	12,257	25,000	100.0%	0	0	25,000	
Pensioners Fuel Grant Payment	38,247		38,247	38,247	38,247	100.0%	0	0	38,247	
Cost of Living Grant	310,593		310,593	226,252	310,593	100.0%	0	0	310,593	
DHP Additional Admin (Benefits Cap)	35,313		35,313	35,313	35,313	100.0%	0	0	35,313	
Modern Apprentices	86,000	(43,000)	43,000	0	10,000	23.3%	33,000	0	10,000	Delays in recruitment resulting in balance being carried forward.
Scottish Welfare Fund	1,518,000		1,518,000	1,518,000	1,518,000	100.0%	0	0	1,518,000	
Digitisation	771,381	0	771,381	390,386	585,835	76.0%	185,546	0	585,835	Balance required in 2024/25 to support ongoing commitments.
One-off resourcing following insourcing of CLNL	18,557	0	18,557	11,847	11,847	63.8%	0	6,710	11,847	Balance has been identified as no longer being required as staff member has resigned from post.
One-off resourcing following insourcing of CLNL (ICT Development)	84,704	0	84,704	24,997	24,997	29.5%	0	59,707	24,997	Balance no longer required as ICT Development has been completed
B&D - NLC10 posts	99,132	0	99,132	62,046	80,072	80.8%	19,060	0	80,072	Balance required in 2024/25 to support ongoing commitments.
B&D - NLC 12 post	312,055	(296,452)	15,603	0	15,603	100.0%	0	0	15,603	Funding approved at Sept WSCG, assume that post will be filled from January. Balance required in future years.
Learning Academy	100,000	0	100,000	0	0	0.0%	100,000	0	0	Balance required in 2024/25 to support ongoing commitments.
Construction Academy	300,000	0	300,000	0	90,000	30.0%	210,000	0	90,000	
Resources	63,000	0	63,000	80,985	87,549	139.0%	0	0	63,000	
One-off resourcing following insourcing of CLNL	109,608	0	109,608	84,933	123,241	112.4%	0	0	109,608	
ESC Staffing	109,840	0	109,840	71,657	71,657	65.2%	0	0	109,840	
CSH (NLC16 and NLC11 post)	141,616	0	141,616	87,232	141,616	100.0%	0	0	141,616	Delays in the implementation of the single number contact point in the Customer Service Hub has resulted in a requirement to reprofile this reserve to future years.
Recover NL - CSH extension of staff	172,521	0	172,521	82,591	90,399	52.4%	82,122	0	90,399	
CSH Recover NL 2022/23 (Single Number)	489,218	0	489,218	30,038	36,942	7.6%	452,276	0	36,942	
Cumbernauld Theatre	35,000	0	35,000	0	0	0.0%	0	35,000	0	The group had advised the service that this funding was not required.
Recover NL Grants	172,294	0	172,294	90,247	172,294	100.0%	0	0	172,294	
Cost of Living Grant	41,242	0	41,242	180	7,000	17.0%	34,242	0	7,000	
Councillor Surgeries	50,000	0	50,000	0	0	0.0%	0	50,000	0	Council (Mar 2023) approved advertising of surgeries via the Council's existing social media channels and websites.
TOTAL	5,083,321	(339,452)	4,743,869	2,347,667	2,446,208	51.5%	1,116,246	151,417	3,476,206	

NORTH LANARKSHIRE COUNCIL
Revenue Budget Monitoring Report - Savings
Period 10 (01 April 2023 - 05 January 2024)
A - Chief Executives Service

Ref.	DESCRIPTION OF APPROVED SAVING	APPROVED SAVINGS			
		Target Value £000	Value Deliverable £000	Savings Gap £000	Reasons for Savings Gap
CEBB01	Removal of Residual Transitional Rates Relief Budget	127	127	0	
	TOTAL	127	127	0	

North Lanarkshire Council Report

Finance and Resources Committee

Does this report require to be approved?

☐ Yes ☒ No

Ref EK/NL/PF

Date

28/02/24

Chief Executive Service – Capital Monitoring Report 1 April to 05 January 2024 (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 2023/24 Chief Executive capital programme for the period ended 5 January 2024 (Period 10).

In summary the Service has a total capital budget of £13.639m, comprising of £9.984m within Business and Digital and £3.655m within Strategic Communications and Engagement. This budget reflects the budget approved by the Policy and Strategy Committee in March 2023, balances carried forward from previous years and in-year adjustments.

The Service is currently projecting an underspend of £2.030m at this stage of the financial year.

Recommendations

It is recommended that the Finance and Resources Committee:

- (1) Considers the financial position of the 2023/24 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 2023 to 5 January 2024 (Period 10). The report illustrates the projected outturn as at 31 March 2024, 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 16 March 2023 with an allocated budget £14.345m for the current year. In addition, carry forwards from the previous year and in-year adjustments have resulted in a revised Capital Programme of £13.639m for the 2023/24 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 an underspend of £2.030m for the financial year 2023/24 of the Capital Programme. Capital budgets and expenditure are summarised by Project/Theme in Appendix 1.

Analysis of Significant Variances

- 2.2 An explanation of variances within Business and Digital is detailed below:
 - Digitisation & Innovation
The service is projecting an underspend of £0.425m as a result of delays in procurement and building issues associated with the Community Alarm Project and the Document Retention and Scanning Project.
 - Line of Business (LOB)
A year end underspend of £0.450m is anticipated due to delays in procurement relating to the Digital Telephony Project, with works now slipping into 2024/25.
 - End User Device (EUD)
There are delays associated with the Digital Classroom project due to building control issues and in procurement related to the Interactive Panel Refresh Programme resulting in a projected underspend of £0.190m.
- 2.3 Strategic Communications and Engagement have recently undertaken procurement exercises which has led to several projects slipping to 2024/25. This has resulted in an increased projected underspend of £0.965 for the current year.

Management Action

- 2.4 The Service will closely monitor all activities to ensure available budgets are maximised whilst monitoring and actively managing the ongoing external challenges in delivery of

projects. The Service will continue to review the programme with updates being provided to the SCDG and Committee.

3. Measures of success

- 3.1 The Service aim is to operate within approved budget resources over the term of the capital programme.

4. Supporting documentation

- 4.1 Appendix 1 Summary Expenditure by Project / Theme



Elaine Kemp
Chief Officer (Finance)

5. Impacts

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 <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? https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments Yes <input type="checkbox"/> No <input type="checkbox"/>
5.2 Financial impact 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.
5.3 HR policy impact 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?
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 <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?
5.5 Data protection impact 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 dataprotection@northlan.gov.uk Yes <input type="checkbox"/> No <input type="checkbox"/>

5.6	<p>Technology / Digital impact</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>Environmental / Carbon impact</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>
5.8	<p>Communications impact</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>Risk impact</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>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.</p> <p>5.9.2 To minimise risk this report was prepared by Finance personnel in consultation with budget managers, in accordance with the Financial Regulations.</p>
5.10	<p>Armed Forces Covenant Duty</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 ☐

Chief Executives Capital Programme 2023/24
Summary Expenditure by Thematic Categories
1st April 2023 - 5 January 2024 (Period 10)

Theme	Budget £	YTD			OUTTURN	
		Actual £	Committed £	Uncommitted £	Projected Outturn £	Outturn variance £
Digitisation & Innovation	6,395,059	3,577,585	4,977,491	992,569	5,970,059	425,000
Line of Business (LOB) System Portfolio	2,062,205	200,895	814,627	797,578	1,612,205	450,000
End User Device (EUD) Refresh	1,527,007	17,581	1,216,399	120,608	1,337,007	190,000
TOTAL BUSINESS and DIGITAL	9,984,271	3,796,061	7,008,517	1,910,754	8,919,271	1,065,000
Community Board Project Investment Fund	3,655,261	1,381,432	1,801,800	887,985	2,689,785	965,476
TOTAL STRATEGIC COMMUNICATIONS and ENGAGEMENT	3,655,261	1,381,432	1,801,800	887,985	2,689,785	965,476
TOTAL CHIEF EXECUTIVES	13,639,532	5,177,494	8,810,317	2,798,739	11,609,056	2,030,476

North Lanarkshire Council Report

Finance and Resources Committee

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

Ref EK/KS

Date 28/02/24

Review of 2023/24 to 2025/26 Budget Savings

From Elaine Kemp, Chief Officer (Finance)

E-mail KempE@northlan.gov.uk

Telephone 07939 280601

Executive Summary

This report provides the Finance and Resources Committee with an update on the achievement of the three-year financial savings total of £15.143m approved as part of the 2023/24 budget setting process (£7.486m 2023/24, £4.047m 2024/25 and £3.610m 2025/26).

It is projected that £7.418m of the 2023/24 savings (99%) will be delivered within the financial year, with replacement savings identified to fully address the shortfall of £0.068m.

In addition, it is currently anticipated that there will be no recurring savings gap arising from the 2023/24 to 2025/26 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
Programme of Work	Programme of Work Statutory / corporate / service requirement

1. Background

- 1.1. At its meeting of 23 February 2023, the Council approved a General Fund Revenue Budget of £978.624m which included spend offset by ring fenced grants of £50.586m and capital grant funding in lieu of pay award funding of £7.726m. Additional funding has since been confirmed as part of the Scottish Government budget setting, including additional directed funding for pay awards, resulting in an overall total budget of £942.485m.
- 1.2. Net savings totalling £7.951m were agreed at the budget set on 23 February 2023, with £0.976m incorporated into the 2023/24 budget and the balance £6.975 over 2024/25 and 2025/26. The budget also includes £7.192m of base budget adjustments over the three-year period, £6.510m of which will be realised in 2023/24.
- 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 the three-year approved savings for 2023/24 to 2025/26.

2. Report

Update on Approved 2023/24 to 2025/26 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 £7.418m (99%) of approved 2023/24 savings of £7.486m will be achieved in the current financial year, leaving an in-year savings gap of £0.068m. Replacement savings had been identified to fully address the shortfall, which includes management action such as control of vacancies and curtailment of expenditure. More information on the savings unachievable within 2023/24 are detailed at appendix 2. It should be noted that there is no anticipated recurring budget impact as a result of the in-year savings gap. This position is unchanged from the position previously reported.
- 2.3 At this stage there is no anticipated delay or shortfall expected in relation to future year savings, however these will continue to be monitored with updates reported to Committee as appropriate.
- 2.4 However, as previously advise, in order to support the transition to the new Early Years operating model (total approved savings of £3.000m across 2024/25 and 2025/26), the Service have recruited temporary staff on short term contracts during 2023/24. The recruitment of these temporary staff will ensure there will be no diminution of statutory staff: pupil ratios during the vacancy gap that will occur as a result of existing staff who have elected to take VRS departing the Service, and new permanent employees being appointed. This action ensures nursery provision will continue on a business as usual basis for pupils and parents. The cost of the temporary staff will be met from the Early Years earmarked reserve.


3. Measures of success

3.1 The Council continues to operate within approved budgeted resources.

4. Supporting documentation

Appendix 1 Approved 3 Year Savings Summary

Appendix 2 Budget Savings by Exception 2023/24



Elaine Kemp
Chief Officer (Finance)

5. Impacts

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 <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? https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments Yes <input type="checkbox"/> No <input type="checkbox"/>
5.2 Financial impact 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?
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5.5 Data protection impact 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 dataprotection@northlan.gov.uk Yes <input type="checkbox"/> No <input type="checkbox"/>

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 <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	Environmental / Carbon impact
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	Communications impact
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	Risk impact
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	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 <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 <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	2023/24				2024/25				2025/26				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	0.127	0.127	0.000	0.000	0.125	0.125	0.000	0.000	0.000	0.000	0.000	0.000	0.252	0.252	0.000	0.000
Enterprise & Communities	2.133	2.065	0.068	0.000	0.230	0.230	0.000	0.000	0.210	0.210	0.000	0.000	2.573	2.505	0.068	0.000
Education & Families	1.226	1.226	0.000	0.000	3.692	3.692	0.000	0.000	3.400	3.400	0.000	0.000	8.318	8.318	0.000	0.000
Other Corporate	4.000	4.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4.000	4.000	0.000	0.000
Total Service Savings	7.486	7.418	0.068	0.000	4.047	4.047	0.000	0.000	3.610	3.610	0.000	0.000	15.143	15.075	0.068	0.000

Appendix 2
North Lanarkshire Council
Review of Budget Savings by Exception 2023/24

Service	Division	Saving Detail	2023/24			
			Approved Saving £m	Projected Savings £m	In Year Savings Gap £m	Recurring Gap £m
E&C	Community Operations	Countryside Rangers - Income Generation	0.022	0.000	0.022	0.000
E&C	Community Operations	Greenspace Income - Increased charging for services	0.031	0.026	0.005	0.000
E&C	Community Operations	Protective - Reduction in Environmental Health resources	0.041	0.000	0.041	0.000
		Total Savings	0.094	0.026	0.068	0.000

North Lanarkshire Council Report

Finance and Resources Committee

Does this report require to be approved?

☐ Yes ☒ No

Ref EK / GT

Date

28/02/24

Council Tax – Second Homes

From Elaine Kemp, Chief Officer (Finance)

E-mail kempe@northlan.gov.uk

Telephone

01698 302408

Executive Summary

The Scottish Parliament has approved new regulations allowing local authorities to charge up to double the full rate of Council Tax on second homes. Following the Council budget decision on 15 February 2024 to introduce the 100% additional levy, this paper outlines to Committee the change in policy to be implemented from 1 April 2024.

There are 68 properties in North Lanarkshire currently categorised as second homes. The future occupation and active use of these properties would deliver economic, social and wellbeing benefits. The potential net increase in Council Tax liability for these properties is estimated at £0.050m, with billing and recovery activities progressed in the normal way.

Recommendations

It is recommended that the Finance and Resources Committee:

- (1) Acknowledges the changes to the Council Tax Second Homes charge and implement a 100% additional levy for second homes in North Lanarkshire from 1 April 2024.

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 Second homes are currently subject to a default 50% discount on Council Tax. However, individual local authorities can vary Council Tax charges and the majority already charge home-owners the full rate of Council Tax, the maximum currently allowed. North Lanarkshire Council currently provides a 10% discount on Council Tax when the property is deemed to be a second home.
- 1.2 The change to Council Tax on second homes was a Programme of Government commitment for the Scottish Government and was the subject of a recent joint consultation with COSLA.
- 1.3 Following consultation, the revised legislation was approved in the Scottish Parliament in December 2023 in the Council Tax (Variation for Unoccupied Dwellings) (Scotland) Amendment Regulations 2023. This change brings the Council Tax treatment of second homes in line with the Council Tax treatment of long-term empty properties.
- 1.4 The consultation analysis is available from the Scottish Government website ([Council tax for second and empty homes: consultation analysis](#)). The headline outcome of the consultation was that 58% of respondents thought that local authorities should be able to charge a Council Tax premium on top of regular Council Tax for second homes. Support for that position increased to 89% from organisations answering the question.

2. Report

- 2.1 A second home is a property which is furnished and lived in for at least 25 days in a 12-month period but is not someone's sole or main residence.
- 2.2 In North Lanarkshire, second homes are currently eligible for a discount of 10%. Following the budget decision on 15 February 2024, second homes will not be subject to a discount. Instead they will be subject to a 100% additional levy (essentially a 200% charge). This increase in charge will not apply to any water and sewerage costs applied by Scottish Water but billed and collected by the Council.
- 2.3 There are currently 69 properties in North Lanarkshire in receipt of the 10% discount. In amending its policy to charge an additional 100% levy (effectively doubling the Council Tax charge), the Council is mirroring the approach taken by a number of other local authorities since the new regulations were agreed by the Scottish Parliament, including Perth and Kinross Council and City of Edinburgh Council. Both of these local authorities have highlighted the economic, social and wellbeing benefits that the future occupation and active use of these properties would bring to their local authority areas. While the lower numbers of second homes in North Lanarkshire lessen the potential benefits it is nonetheless an important consideration.
- 2.4 It is anticipated that the net additional income generated from the change in policy is £0.050m and this has already been reflected in the Council's budget decision on 15 February 2024.
- 2.5 The number of properties and income generated is subject to change as the implementation of the new policy may encourage property owners to market for long-term rent or sell the property. Therefore, the Finance service will continue to monitor the effectiveness of the policy through its normal Council Tax monitoring arrangements.

Next Steps

- 2.6 The changes will apply from 1 April 2024 and the Finance service will engage with affected property owners to explain the change. Furthermore, the service will make the appropriate updates to the Council's website and other relevant documentation.

3. Measures of success

- 3.1 Increased availability of housing for long-term occupation and / or the generation of additional income for the Council.

4. Supporting documentation

Not applicable.



Elaine Kemp
Chief Officer (Finance)

5. Impacts

5.1	<p>Public Sector Equality Duty and Fairer Scotland Duty</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? https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments</p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p>
5.2	<p>Financial impact</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 type="checkbox"/> No <input type="checkbox"/></p> <p>If Yes, please provide a brief summary of the impact?</p> <p>The revised policy will generate additional income for the Council.</p>
5.3	<p>HR policy impact</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>
5.4	<p>Legal impact</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>
5.5	<p>Data protection impact</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 dataprotection@northlan.gov.uk</p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p>

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 <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	Environmental / Carbon impact
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	Communications impact
Does the report contain any information that has an impact on the council's communications activities?	
Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	
If Yes, please provide a brief summary of the impact?	
The Finance service has engaged with the Strategic Communication and Engagement service on a communication strategy for the upcoming change.	
5.9	Risk impact
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?	
The risks associated with this change are linked to the potential for non-compliance, however, the service has processes in place to conduct regular reviews of applicable charges and will require the provision of appropriate evidence from property owners to ensure the charge is applied per the policy.	
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 <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

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

Ref EK/KS/RM/GM

Date 28/02/24

Treasury Management Monitoring Report for quarter ended 31 December 2023

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 July 2023 to 31 December 2023 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 2023 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 2023/2024 and Treasury and Prudential Indicators 2023/2024 to 2025/2026" was approved by Committee at its meeting on 1 March 2023. The Treasury activity undertaken in the third quarter of 2023/24 reflects the key requirements of the Council's 2023/24 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 2023/24 investment strategy.
-

2. Report

2.1 Summary Position

- 2.1.1 The net overall borrowing position to 31 December 2023 is £878.2m, which is an increase of £22.6m from the position at the 30 September 2023. A detailed breakdown of the net cash movement is shown in column (6) within Appendix 1, and is discussed below.

2.2 Borrowing

- 2.2.1 At the end of the quarter, total external debt amounted to £939.4m, an increase of £46.0m. This was primarily due to additional net longer-term borrowing of £48.5m being undertaken, comprising new PWLB borrowing of £50.0m partially offset by repayment of existing PWLB debt of £1.4m, and a £0.1m reduction in energy efficiency loans.
- 2.2.2 During the quarter the Council sourced PWLB loans totalling £50.0m on an equal instalment payment (EIP) basis, which provides a smoother debt maturity profile, thus spreading the refinancing risk. Loans were sourced at interest rates ranging from 3.97% to 4.78%, over 10 to 12 years. The interest rates have reduced during the quarter and are within anticipated budgeted levels. All loans were sourced taking advantage of the new PWLB HRA rate (see para 2.2.6).
- 2.2.3 In addition, there was net decrease in net temporary borrowing of £0.5m, due to £63.0m of new borrowing being offset by £63.5m falling due for repayment, and a reduction of £2.0m in finance leasing liabilities in respect of existing PPP obligations.
- 2.2.4 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, where possible, as well as using internal cash balances, to meet the principal repayments, daily revenue account requirements and the capital financing requirement, in lieu of future 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.

- 2.2.5 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 2024.
- 2.2.6 A new PWLB HRA rate, which is 0.4% below the certainty rate, has been available from 15th June 2023. This rate will now be available until June 2025, 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.
- 2.2.7 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.
- 2.2.8 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 held the base rate at 5.25%. It should be noted that the Council's cost of short-term borrowing also continued to increase, with the in-year rise in the base rate and short-dated market rates. The average rate on the Authority's short-term loans at 31st December 2023 was 4.92%.
- 2.2.9 Gilt yields have remained volatile, facing upward pressure following signs that UK growth had been more resilient and inflation stickier than expected. However more recent signs of slowing inflation and the perception of an increasingly struggling economy have now begun to change this sentiment, resulting in falling gilt yields and, consequently, PWLB rates. On 31 December, the PWLB certainty rates for maturity loans were 4.37% for 10-year loans, 4.90% for 20-year loans and 4.67% for 50-year loans.

2.3 Debt Restructuring

- 2.3.1 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.
- 2.3.2 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.
- 2.3.3 Further reports regarding future activity will be presented to Committee as appropriate.

2.4 Investments

- 2.4.1 Treasury management investments are those that arise from cash flows or treasury risk management activity, that results in balances that need to be invested, until the cash is required for use in the course of business.
- 2.4.2 At the end of the third quarter of 2023/24, the Council held total investments of £61.2m, which is a net increase of £23.3m in cash and cash equivalents, primarily due to a £17.6m increase in short-term investments, which reflects maturing temporary investments of approximately £317.4m and undertaking new short-term investments of £335.0m. See summary at Appendix 1, column 6.
- 2.4.3 At quarter end, the bank overdraft including cash in transit was £1.6m which is a positive cash position compared to the position at the end of the previous quarter. The £5.7m net positive cash movement reflects the impact of the festive period closedown as no significant BACS payment runs fell due for clearance at the quarter end date. The balance at 31 December 2023 comprises £1.6m of net BACS credits outstanding due for clearance within 3 days of the quarter end date, cash in transit balance of £0.2m, partly offset by cheques unrepresented of £0.2m.
- 2.4.4 In line with the approved strategy to manage liquidity, the Council maintained a minimum balance of £3.0m available on an overnight basis (instant access), ensuring a prudent level of funds is maintained to meet all service requirements.
- 2.4.5 At each of the meetings during the quarter, the MPC voted to keep the Bank of England base rate at 5.25%. This stabilising of the base rate over the period under review, resulted in short-dated cash rates also stabilising, with rates ranging between 5.19% at the beginning of October to 5.14% at the end of December, a small reduction of 0.05% 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.
- 2.4.6 Overall the Treasury Management team continues to take a prudent approach to investing surplus funds in line with the approved 2023/24 Investment Strategy. Security of investment followed by ensuring sufficient liquidity are key investment criteria governing Council investment decisions. This approach is aligned to the prudent management of liquidity to meet current commitments and future cash demands based on the latest cashflow projections.
- 2.4.7 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

- 2.4.8 During the quarter, no repayments were due in respect of third-party advances in connection with the Cumbernauld Academy DBFM and Greenfaulds DBFM.

2.5 Interest Rate Movements & Other Economic Updates

- 2.5.1 As advised by our treasury management advisors, UK inflation rates finally started to decline, mirroring the sharp but earlier drop seen in the Eurozone and US. Despite the fall, the Consumer Price Index (CPI) remained substantially in excess in the Bank of England's (BoE) 2% target, at 3.9% for November 2023, before unexpectedly rising slightly to 4.0% in December. Market expectations for further rises in Bank Rate fell from October through to year end, indicating that the 5.25% level reached in August 2023 was indeed the peak for base rate. Financial market base rate expectations moderated over the period as falling inflation and weakening data showed that higher interest rates were working in the UK, US, and Eurozone.
- 2.5.2 The Bank of England's Monetary Policy Committee (MPC) continued tightening monetary policy over most of the period, deciding to hold the base rate as per para 2.4.5. Following the December MPC meeting, the Councils' treasury adviser maintained its central view that 5.25% is the peak in the base rate. Short term risks are broadly balanced, but over the remaining part of the forecast horizon the risks are to the downside from economic activity weakening more than expected.
- 2.5.3 Inflation continued to fall from its peak as annual headline CPI declined to 3.9%, down from 4.6% in November 2023. The largest downward contribution came from energy and food prices. The core rate also surprised on the downside, falling to 5.1% in November from 5.7%. In December, the headline CPI rate rose slightly to 4.0%, the first time the rate has increased since February 2023. The downward trend in inflation rates ended in December, but levels remain below those forecast by the Bank of England for Q4 2023. While food and fuel price inflation eased, this was offset by strong alcohol and tobacco price growth, partly due to tax changes. More concerning is the rise in services inflation, which was led by a variety of items within the recreation and culture categories. While this could be temporary, it is suggestive of robust consumer spending in the run up to Christmas. Headline inflation is likely to fall further into Q2 2024, but these figures are unlikely to convince MPC members that a near term rate cut is currently necessary.
- 2.5.4 Recent data showed the unemployment rate 3month/year remained largely unchanged at 4.2% for the quarter to October. Pay growth edged lower as the previous strong pay rates waned with total pay (including bonuses) at 7.2% at October and 7.3% for regular pay. Adjusting for inflation, pay growth in real terms were positive at 1.3% and 1.4% for total pay and regular pay respectively.
- 2.5.5 The lagged effect of monetary policy together with the staggered fixed term mortgage maturities over the next 12-24 months means the full impact from base rate rises are still yet to be felt by many households. As such, while consumer confidence continued to improve over the period, it is likely this will reverse at some point and spending will struggle. Higher rates will also impact exposed business and recent survey data highlighted that the UK manufacturing and services sector contracted during the quarter.
- 2.5.6 Financial market sentiment and bond yields remained volatile, but the latter rapidly trended downwards towards the end of 2023 on signs of sharply moderating inflation and economic growth.
- 2.5.7 Over the period gilt yields fell towards the end of the period. The 10-year UK benchmark gilt yield rose from 4.57% to peak at 4.67% in October before reducing to 3.54% by end of December. The Sterling Overnight Rate (SONIA) averaged

5.19% over the period. This resulted in the standard PWLB 10 year borrowing rate increasing from 5.50% at the start of the quarter to 4.58% at the end of the quarter, showing a spread of 1.21% between the highest and lowest interest rates which were 5.73% and 4.52% respectively, averaging 5.29%.

2.5.8 Due to holding of the base rate during the period, short-term borrowing interest rates stabilised with the short term 7-day offer rate ranging between 5.30% and 5.44% 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.

2.5.9 The Treasury Management Section will continue to monitor financial and economic policy and their impact upon the Council's investment and borrowing activity.

2.6 The Prudential Code for Capital Finance in Local Authorities

2.6.1 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.

2.6.2 Committee, at its meeting on 1 March 2023, approved a report titled, "Treasury Management Strategy 2023/2024 and Treasury and Prudential Indicators 2023/2024 to 2025/2026". 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 2023/24 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 £19.5m in 2023/24. This reflects a reduction of £22.9m in the General Fund capital investment and an increase of £3.4m for the HRA Mainstream and New Build programmes, primarily due to opportunities presented to buy land and 'off the shelf' developments earlier than anticipated during 2023/24. 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 2023/24.
- (ii) The mix of resources used to finance the capital expenditure in 2023/24 reflect the updates to the forecast capital investment outlined above. Therefore, the level of in-year borrowing is anticipated to be lower by £27.6m due to a reduction in General Fund programme of £32.8m partly offset by an increase of £5.0m for HRA programme. This forecast level of borrowing also reflects a net increase in capital grants and external contributions of £11.6m with additional funds available to the General Fund and HRA programmes of £6.0m and £5.6m respectively. A reduction of £3.9m of CFCR is also anticipated, due to a decrease of £7.7m in HRA, and an increase of £3.8m in General Fund.
- (iii) As a result of accounting issues arising from the pandemic recovery, the implementation of IFRS 16 Lease Accounting has been further delayed. Therefore, a restatement of existing liabilities for operating leases to the credit arrangement category will be applied in 2024/25 with an estimated impact of £3.5m. In addition,

implementation of the Service Concessions flexibility in 2023/24 on PPP liabilities, and subsequent impact of IFRS16 implementation in 2024/25, is estimated to result in capital investment of £67.9m being recognised in the period to 2025/26. It should be noted that this does not represent cash expenditure and is offset by 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 which is not resourced by capital grants, receipts or CFCR - and any new borrowing will increase the CFR. The CFR is projected to rise to £1,414m as at 31 March 2024.
- (v) The Prudential Code requires the Council's capital investment to be affordable and prudent. To demonstrate this, a Prudential Margin (the need to borrow versus actual borrowing) is calculated. Indicator 1(c) demonstrates a healthy prudential margin of £292.9m as at 31 December 2023. 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 2023 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 external interest payable which may vary over the term of the borrowing, and which exposes the Council to the effects of interest rate changes. At 31 December 2023, the level of borrowing subject to variability is deemed to be within acceptable levels.
- (ix) Indicator 2(b) highlights a projected loan charge overspend of £5.4m compared to the initial prudential estimates for 2023/24. This projection takes into account treasury management activity, internal Interest on Revenue Balances (IORB) recharges due to increasing 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 reprofile the capital programme in response to the significant delivery related challenges. This current loan charge variance is made up of:
 - A net treasury management overspend of £6.1m is projected (£3.1m General Fund, HRA £3.0m), 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 2023/24 it is anticipated there will be reduction in anticipated loans fund advance repayments of £0.7m (£0.5m and £0.2m for the General Fund and

HRA respectively). This is primarily due to lower final outturn capital borrowing in 2022/23 than 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 is a new indicator. 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.

	31/3/23 Actual £m	31/3/24 Forecast £m	31/3/25 Forecast £m	31/3/26 Forecast £m
Loans CFR	1,052.7	1,200.1	1,390.2	1,589.0
less Balance Sheet Resources	(387.4)	(330.3)	(294.3)	(280.9)
Net Loans Requirement	665.3	869.8	1,095.9	1,308.1
plus: Liquidity Allowance	30.0	30.0	30.0	30.0
Liability Benchmark	695.3	899.8	1,125.9	1,338.1
Existing Borrowing	749.2	737.9	508.5	480.7
New Borrowing Required	0.0	161.9	617.5	857.4

- (xiii) The Loans CFR (solid light blue) represents the total cost of the capital expenditure plans based on the current profile of the 5-year Capital Programme 2020/2021 to 2025/2026. 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 2023/24 Treasury Management Strategy. Prudential indicators have remained in accordance with those approved by Committee on 1 March 2023. 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 2023
Appendix 2: Summary of Treasury and Prudential Indicators as at quarter ended 31 December 2023
Appendix 3: Liability Benchmark as at quarter ended 31 December 2023



Elaine Kemp
Chief Officer (Finance)

5. Impacts

5.1	<p>Public Sector Equality Duty and Fairer Scotland Duty</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? https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments</p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p>
5.2	<p>Financial impact</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>Financial impacts are outlined within the report.</p>
5.3	<p>HR policy impact</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>
5.4	<p>Legal impact</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>
5.5	<p>Data protection impact</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 dataprotection@northlan.gov.uk</p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p>

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 <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	Environmental / Carbon impact
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	Communications impact
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	Risk impact
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.	
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 <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 2023
Appendix 1

	BALANCE 1-October-23 (1)	DEBT RESTRUCTURING		NEW BORROWING / LONG-TERM LIABILITIES (4)	PRINCIPAL REPAYMENTS (5)	NET CASH MOVEMENTS (6)	BALANCE 31-December-23 (7)
		EARLY REDEMPTION (2)	REFINANCING (3)				
<u>LONG-TERM LOANS</u>							
PWLB	430,468,647	0	0	50,000,000	(1,430,375)	48,569,625	479,038,272
MONEY MARKET LOANS	57,000,000	0	0	0	0	0	57,000,000
ENERGY EFFICIENCY LOAN	853,606	0	0	0	(98,006)	(98,006)	755,600
	488,322,253	0	0	50,000,000	(1,528,381)	48,471,619	536,793,872
<u>SHORT-TERM LOANS</u>							
TEMPORARY	242,000,000	0	0	63,000,000	(63,500,000)	(500,000)	241,500,000
INTERNAL LOANS	6,280	0	0	0	0	0	6,280
	242,006,280	0	0	63,000,000	(63,500,000)	(500,000)	241,506,280
<u>LONG -TERM LIABILITIES</u>							
FINANCE LEASE OBLIGATIONS	1,289,305	0	0	0	0	0	1,289,305
LONG TERM LIABILITY	161,859,534	0	0	0	(2,008,154)	(2,008,154)	159,851,380
	163,148,838	0	0	0	(2,008,154)	(2,008,154)	161,140,685
<u>TOTAL EXTERNAL DEBT</u>	893,477,371	0	0	113,000,000	(67,036,535)	45,963,465	939,440,837
<u>INVESTMENTS</u>							
THIRD PARTY ADVANCES	1,168,251	0	0	0	0	0	1,168,251
BANKS & OTHER FINANCIAL INSTITUTIONS	40,794,260	0	0	0	0	17,597,962	58,392,221
BANK OVERDRAFT INCL CASH IN TRANSIT	(4,107,990)	0	0	0	0	5,761,341	1,653,351
<u>CASH & CASH EQUIVALENTS</u>	37,854,520	0	0	0	0	23,359,302	61,213,823
<u>NET BORROWING</u>	855,622,851	0	0	113,000,000	67,036,535	22,604,163	878,227,014

Summary of Treasury and Prudential Indicators as at quarter ended 31 December 2023

1. Prudential Indicators

(a) Capital Expenditure	<u>Initial Estimate</u> <u>2023/2024</u> (£m)	<u>Projected Outturn</u> <u>2023/2024</u> (£m)	<u>Variance</u> <u>2023/2024</u> (£m)	<u>Forecast</u> <u>2024/2025</u> (£m)	<u>Forecast</u> <u>2025/2026</u> (£m)
Capital Expenditure: General Services	167.4	144.5	(22.9)	192.2	162.0
Capital Expenditure: HRA	131.0	134.4	3.4	137.8	153.8
Total spend : Capital Expenditure	298.4	278.9	(19.5)	330.0	315.8
Total spend : Credit Arrangement	49.3	49.3	0.0	13.0	9.1
Total Capital Investment	347.7	328.2	(19.5)	343.0	324.9
Financed By:					
Capital Grants & Other External Contributions	73.7	85.3	11.6	86.7	61.2
Capital from Current Revenue	27.1	23.2	(3.9)	27.9	27.1
Capital receipts	1.0	4.4	3.4	1.0	1.0
Capital receipts transfer to Capital Fund	0.0	(2.9)	(2.9)	0.0	0.0
CFR : Borrowing - General Services	114.7	81.9	(32.8)	126.3	122.9
CFR : Borrowing - HRA	81.9	87.0	5.1	88.1	103.6
Credit Arrangements	49.3	49.3	0.0	13.0	9.1

(b) Capital Financing Requirement (CFR)	<u>Initial Estimate</u> <u>2023/2024</u> (£m)	<u>Projected Outturn</u> <u>2023/2024</u> (£m)	<u>Variance</u> <u>2023/2024</u> (£m)	<u>Forecast</u> <u>2024/2025</u> (£m)	<u>Forecast</u> <u>2025/2026</u> (£m)
General Services	948.5	898.5	(50.0)	1,021.7	1,136.0
HRA	519.5	515.0	(4.5)	589.9	678.6
Total CFR	1,468.0	1,413.5	(54.5)	1,611.6	1,814.6
Movement in CFR	220.9	166.4		198.1	203.0

(c) Gross Debt and the Capital Financing Requirement	<u>Initial Estimate</u> <u>2023/2024</u> (£m)	<u>Projected Outturn</u> <u>2023/2024</u> (£m)	<u>Variance</u> <u>2023/2024</u> (£m)	<u>Forecast</u> <u>2024/2025</u> (£m)	<u>Forecast</u> <u>2025/2026</u> (£m)
Gross Borrowing : Loan Debt	961.5	907.1	(54.4)	1,133.1	1,345.2
Long-term Liabilities	213.5	213.4	(0.1)	221.4	225.6
Gross Debt	1,175.0	1,120.6	(54.4)	1,354.5	1,570.8
Capital Financing Requirement	1,468.0	1,413.5	(54.5)	1,611.6	1,814.6
Prudential Margin	293.0	292.9	(0.1)	257.1	243.8

(d) Authorised Limit and Operational Boundary	<u>Initial Authorised Limit</u> <u>2023/2024</u> (£m)	<u>Initial Operational Boundary</u> <u>2023/2024</u> (£m)	<u>Maximum Borrowing Level Q3</u> <u>2023/2024</u> (£m)
Borrowing	1,350.0	1,300.0	755.1
Other Long-term Liabilities	235.0	235.0	161.1
Total Debt	1,585.0	1,535.0	916.2

(e) Proportion of Financing Costs to Net Revenue Stream	<u>Initial Estimate</u> <u>2023/2024</u> (£m)	<u>Projected Outturn</u> <u>2023/2024</u> (£m)	<u>Variance</u> <u>2023/2024</u> (£m)	<u>Forecast</u> <u>2024/2025</u> (£m)	<u>Forecast</u> <u>2025/2026</u> (£m)
General Fund Loan Charges	34.5	37.2	2.7	44.7	51.2
General Fund Finance Lease/PPP Costs	18.0	17.9	(0.1)	16.3	15.3
General Fund : Capital Financing Costs	52.5	55.1	2.6	61.0	66.5
General Fund : Net Revenue Stream	896.2	896.2	0.0	896.2	896.2
Proportion of Financing Costs to Net Revenue Stream - GF	5.9%	6.1%	0.3%	6.8%	7.4%

	<u>Initial Estimate</u> <u>2023/2024</u> (£m)	<u>Projected Outturn</u> <u>2023/2024</u> (£m)	<u>Variance</u> <u>2023/2024</u> (£m)	<u>Forecast</u> <u>2024/2025</u> (£m)	<u>Forecast</u> <u>2025/2026</u> (£m)
Proportion of Financing Costs to Net Revenue Stream					
HRA Loan Charges	28.0	30.9	2.9	38.0	42.7
HRA Finance Lease/PPP Costs	0.3	0.3	(0.0)	0.3	0.3
HRA : Capital Financing Costs	28.4	31.2	2.8	38.3	43.0
HRA : Net Revenue Stream	148.2	148.2	0.0	155.7	164.8
Proportion of Financing Costs to Net Revenue Stream - HRA	19.1%	21.1%	1.9%	24.6%	26.1%

Appendix 2 (cont)

Summary of Treasury and Prudential Indicators as at quarter ended 31 December 2023

2. Treasury Management Indicators

a) Interest Rate Exposures on External Interest Payments

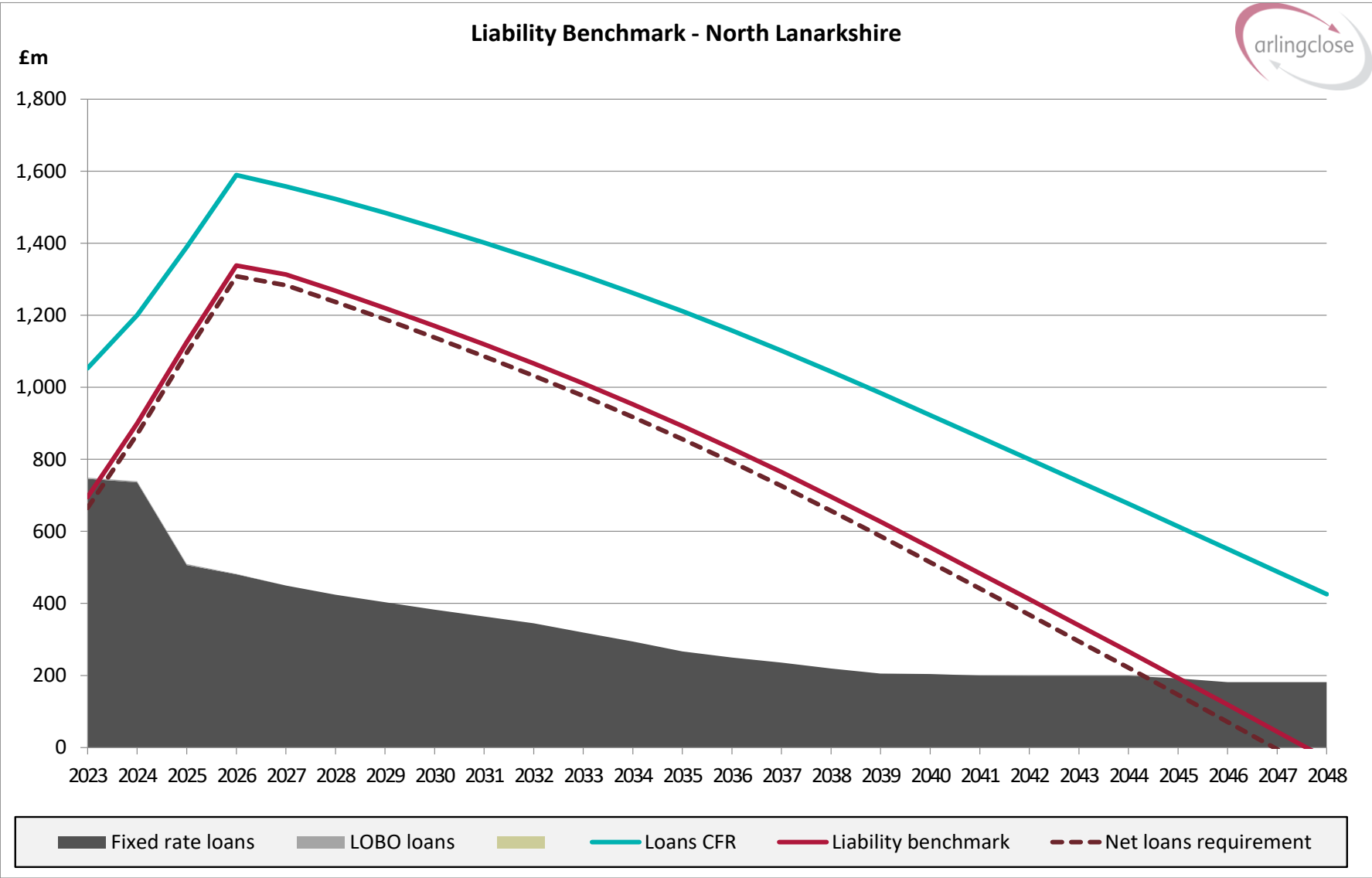
	<u>Position as at</u> <u>31/12/2023</u> <u>(£m)</u>	<u>%</u>
External Interest Payable on Fixed Rate Loan Debt	31.2	99.0%
External Interest Payable on Variable Rate Loan Debt	0.3	1.0%

b) Loans Fund Revenue Account

	<u>Initial</u> <u>Estimate</u> <u>2023/2024</u> <u>(£m)</u>	<u>Projected</u> <u>Outturn</u> <u>2023/2024</u> <u>(£m)</u>	<u>Variance</u> <u>2023/2024</u> <u>(£m)</u>	<u>%age</u>
Loans Fund Interest Payments	41.3	48.6	(7.3)	(17.6%)
Loans Fund Expenses	0.4	0.4	0.0	7.0%
Total Loans Interest Payments & Expenses	41.7	49.0	(7.3)	(17.4%)
Loans Funds Investment Income	(1.3)	(2.5)	1.2	(92.3%)
Total Loans Fund Interest Payments Investment Income & Expenses	40.4	46.5	(6.1)	(15.0%)
Allocated as follows :				
Loans Fund Interest Payments Investment Income & Expenses:General Fund	24.0	27.1	(3.1)	(12.8%)
Loans Fund Interest Payments Investment Income & Expenses:HRA	16.4	19.4	(3.0)	(18.6%)
Capital Advances Repayments - General Fund	10.5	10.0	0.5	4.7%
Capital Advances Repayments - HRA	11.7	11.5	0.2	1.5%
Total Capital Advances	22.2	21.5	0.7	3.0%
Total Loan Charges	62.6	68.0	(5.4)	(8.6%)

c) Maturity Structure of Borrowing

	<u><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>>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	5.2%	4.4%	13.1%	16.6%	19.9%	35.5%	5.3%
Maturity structure at the end of Q3	5.8%	5.0%	14.1%	19.3%	18.7%	32.2%	4.8%



North Lanarkshire Council Report

Finance and Resources Committee

Does this report require to be approved?

☒ Yes ☐ No

Ref EK/KS/RM

Date

28/02/24

Treasury Management Strategy 2024/2025 Treasury Management and Prudential Indicators 2024/2025 to 2028/2029

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 2024/2025 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 and Resources Committee:

- (1) Approves the Treasury Management Strategy 2024/2025 and adopts the Treasury Management and Prudential Indicators for 2024/2026 to 2028/2029, set out within Appendix 1 to this report.
- (2) Remits the Treasury Management Strategy 2024/2025 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 2024/2025.
- 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.

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 2024/2025 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 2024/2025 to 2028/2029. 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, incorporating the proposed 5-year Capital Programme 2024/2025 to 2028/2029 which is due to be reported for approval at the Policy & Strategy Committee on 14th March 2024. 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

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 2024/2025 onwards are prudent and affordable. Healthy prudential margins from 2024/2025 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 2024/2025 and the Treasury Management and Prudential Indicators for 2024/2025 to 2028/2029.



Elaine Kemp
Chief Officer (Finance)

5. Impacts

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 <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? https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments Yes <input type="checkbox"/> No <input type="checkbox"/>
5.2 Financial impact 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.
5.3 HR policy impact 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?
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 <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?
5.5 Data protection impact 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 dataprotection@northlan.gov.uk Yes <input type="checkbox"/> No <input type="checkbox"/>

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 <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	Environmental / Carbon impact
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	Communications impact
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	Risk impact
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	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 <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 2024/2025 & Treasury Management Indicators & Prudential Indicators 2024/2025 to 2028/2029

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Treasury Management Strategy 2024/2025, Treasury Management Indicators and Prudential Indicators 2024/2025 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

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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 2024/2025 Treasury Management Strategy and in the preparation of the Treasury Management Indicators & Prudential Indicators for 2024/2025 to 2028/2029.
- 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 2024/2025.
- 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 2024/2025 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, assuming the approval of the 5-year Capital Programme 2024/2025 to 2028/2029 at the Policy and Strategy Committee on 14th March 2024, based on current confirmed resources. 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 2024/2025

- 2.1 At the beginning of 2024/2025, it is anticipated that the Council's total debt outstanding including long term liabilities will amount to £1,112.6m. The Capital Programme for the period 2024/2025 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 2024/2025 there will be a total capital investment of £312.3m which comprises the General Fund Community Investment programme of £156.5m and the Housing Revenue Account programme of £155.8m.
- 2.2 The forecast capital expenditure will be resourced by capital grants, external contributions and capital funded from current revenue (CFCR) of £95.4m, with the balance of £216.9m 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 2024/2025 to 2028/2029.
- 2.3 During 2023/2024 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 2024/2025 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 requirements, it is estimated that the Council will require to source long-term borrowing of £269.0m in 2024/2025, £243.5m in 2025/2026, £149.5m in 2026/2027, £170.0m in 2027/28 and £159.5m in 2028/29.

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- 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. However, 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 18 months, due to economic and inflationary pressures, but it is currently forecast that these rates are anticipated to stabilise over time as the base rate is forecast to be reduced by the Bank of England.
- 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 higher interest rates and inflation, a weakening economic outlook, an uncertain political climate due to an upcoming general election, together with war in Ukraine and the Middle East, will be major influences on the Council's treasury management strategy for 2024/25.
- 3.2 The Bank of England (BoE) base rate was increased by 5.25% in August 2023 before being maintained at this level for the rest of 2023.
- 3.3 The Bank of England forecasts a prolonged period of weak Gross Domestic Product (GDP) economic growth with the potential for a mild contraction due to ongoing weak economic activity. The BoE forecasts economic growth will likely stagnate through 2024 and forecasts that higher interest rates will constrain GDP economic growth, which will remain weak over the entire forecast horizon.
- 3.4 The outlook for CPI inflation is deemed to be highly uncertain, with upside risks to CPI falling to the 2% target coming from potential energy price increases, strong domestic wage growth and persistence in price-setting. Looking ahead, using the interest rate path implied by financial markets the BoE expects CPI inflation to continue falling slowly, but taking until early 2025 to reach the 2% target before dropping below target during the second half 2025 and into 2026.
- 3.5 Arlingclose forecast that the base rate has peaked at 5.25% despite UK inflation and wage growth remaining elevated. Arlingclose forecasts that the BoE will start reducing rates in 2024 to stimulate the UK economy but will be reluctant to do so until it is sure that there will be no lingering second-round effects. Arlingclose forecasts rate cuts from Q3 2024 to a low of around 3% by early to mid 2026.
- 3.6 Arlingclose expects long-term gilt yields to be broadly stable at current levels (amid continued volatility), following the decline in yields towards the end of 2023, which reflects the expected lower medium-term path for base rate. Yields will remain relatively higher than in the past, due to quantitative tightening and significant bond supply. As ever, there will undoubtedly be short-term volatility due to economic and political uncertainty and events.
- 3.7 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.
- 3.8 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.
- 3.9 The Council's main source of borrowing is the Public Works Loan Board (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.

Treasury Management Strategy 2024/2025, Treasury Management Indicators and Prudential Indicators 2024/2025 to 2028/2029

- 3.10 Table 1 below includes forecast average PWLB rates anticipated for a range of maturity periods over the next 3 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 2024/2025. 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 2024 and 2025 only.

Annual Average	Bank Rate	3 months Money Market Rate	PWLB Rates			
			5 Year	10 Year	20 Year	50 Year
2024	5.06%	5.16%	4.50%	4.60%	5.00%	4.66%
2025	3.88%	3.88%	4.23%	4.55%	5.00%	4.70%
2026	3.00%	3.05%	4.15%	4.50%	5.05%	4.75%
2027	3.00%	3.05%	4.15%	4.50%	5.05%	4.75%
2028	3.00%	3.05%	4.15%	4.50%	5.05%	4.75%

Table 1 - Medium Term Interest Rate Estimates (averages)

- 3.11 These projections underpin the borrowing and investment strategies outlined in the following paragraphs.

4.0 Annual Borrowing Strategy 2024/2025

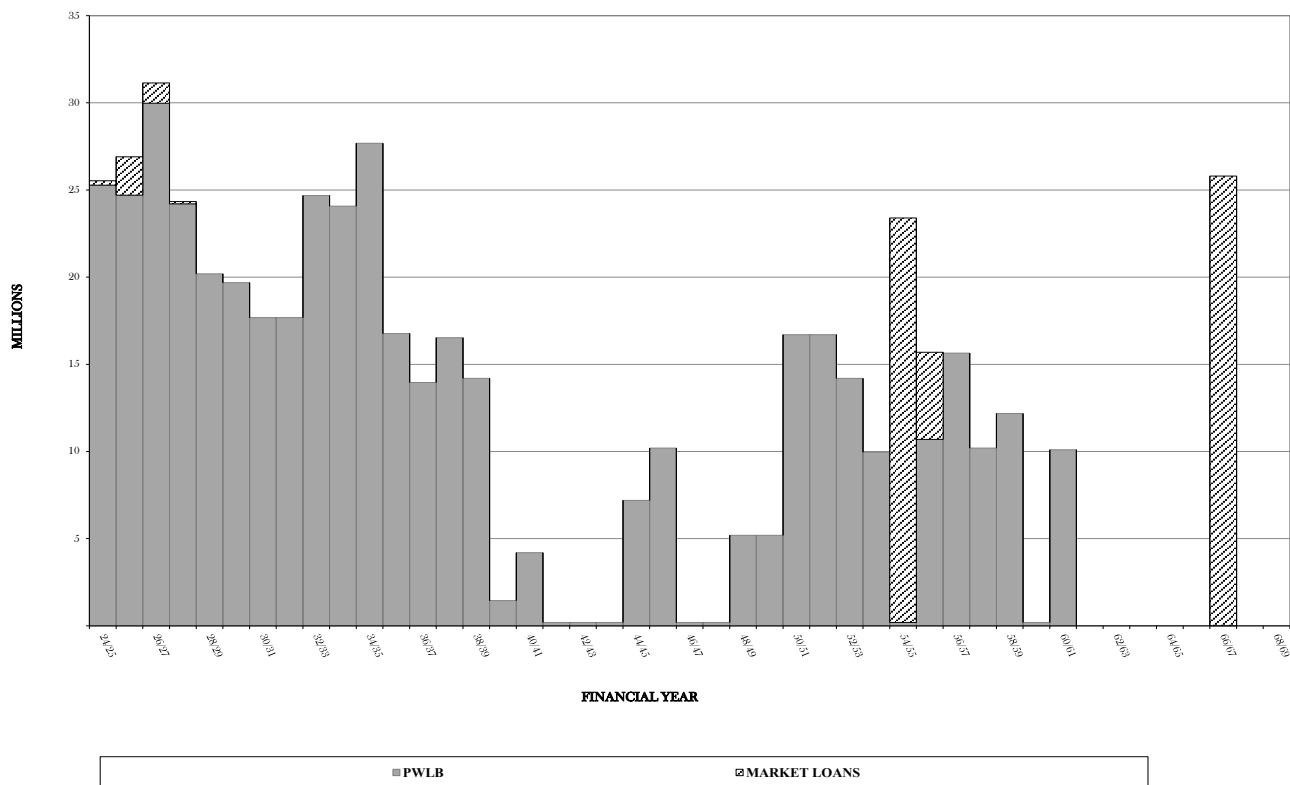
- 4.1 The Council uses a combination of internally accumulated cash funds i.e. its revenue reserves/balances plus working capital, temporary borrowing (up to 364 days) and external borrowing from both the markets and PWLB, to fund its capital financing requirement (CFR). This minimises the amount of 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 (2023/2024) capital programme financing requirement of £169.0m (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 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 £216.9m in 2024/2025.
- 4.3 The successor to IAS17 Leases, IFRS16 Accounting for Leases is 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 1st 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. When implemented, it is currently anticipated 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 a forecast increase in the Council's 2024/2025 Capital Financing Requirement of approximately £88.7m (PPP £86.4m, VPE £2.3m). This is reflected in Table 7 within Section 8.0 below.
- 4.4 For 2024/2025, it is anticipated that the Capital Financing Requirement will increase by £276.6m, which comprises the capital investment funded by borrowing and movement in balances held under credit arrangements due to implementation of IFRS16 Accounting for Leases.

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- 4.5 It is estimated that the Council will require to source long-term borrowing of £269.0m in 2024/2025, £243.5m in 2025/2026, £149.5m in 2026/2027, £170.0m in 2027/28 and £159.5m in 2028/29 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 attractive due to lower rates generally 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 2024 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 exercises its 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 2024/2025, Treasury Management Indicators and Prudential Indicators 2024/2025 to 2028/2029

Forecast Long Term Debt Maturity Profile 31 March 2024



- 4.14 The Council currently has a £3.0m exposure to LOBO loans which can be called within 2024/2025, which represents less than 0.57% of the projected long-term debt held at the 31 March 2024 of £526.130m. 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 2024/2025 call dates to the maturity date is provided within Table 2 below:

Loan Value	2023/2024 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 2024/2025 to 2028/2029, the PWLB borrowing rates may average between 4.15% and 4.50% (up to 5 years) and between 4.66% and 4.75% (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 Public Works Loan Board (or its successor body), unless expressly approved by the Chief Officer (Finance) in line with current policy.

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- 4.20 The Council must apply annually to be eligible for a certainty rate discount. The Council was successful in its application to the PWLB in April 2023, meeting the criteria and obtaining eligibility for the certainty rate discount on PWLB loans, accessible from 1 April 2023. Note within Table 1 above the medium-term interest rate average forecasts for the PWLB interest rates include the 20 basis point (bps) discount.
- 4.21 A new PWLB HRA rate, which is 0.4% below the certainty rate, has been available from 15th June 2023. This rate has recently been extended until June 2025, 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 2024/2025 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.

- **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 although short-term rates are currently at a 15 year high but are expected to fall in the coming years and are therefore likely to be more cost effective over the medium-term. 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.

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- **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 2024/2025 to 2028/2029.

- **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.

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 2024/2025

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 2024/2025, Treasury Management Indicators and Prudential Indicators 2024/2025 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. Therefore, the Council requires to develop a formal ESG Policy, which may include ESG scoring or other real-time ESG criteria at an individual investment level. However, the framework for evaluating investment opportunities is still developing. In the meantime, when investing in banks and funds, the Council 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 2024/2025 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 £30.0m throughout the period 2024/2025 to 2028/2029.

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 2024/2025 to 2028/2029

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	2024/25		2025/26		2026/27		2027/28		2028/29	
	£m	%	£m	%	£m	%	£m	%	£m	%
External Interest Council is due to pay:										
Fixed rate loan debt	45.1	99.3%	57.4	99.6%	64.0	100.0%	70.3	100.0%	78.2	100.0%
Variable rate loan debt	0.3	0.7%	0.3	0.4%	0.0	0.0%	0.0	0.0%	0.0	0.0%
	45.5	100.0%	57.6	100.0%	64.0	100.0%	70.3	100.0%	78.2	100.0%
External Interest Council is due to receive:										
Investments - variable terms	1.9	100.0%	1.4	100.0%	1.1	100.0%	1.1	100.0%	1.1	100.0%
Net Loan Interest Payments	43.6		56.2		62.9		69.2		77.1	

Table 3 - Loan Indicators Interest Rate Exposures 2024/25 to 2028/29

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 £43.6 million for 2024/2025. Of this total, £45.1 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 (£1.9) 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: 2024/2025	Estimate £m	+1% £m	-1% £m
Net Impact on Council	(1.6)	(0.4)	+0.4

Table 4 - Sensitivity to Interest Rate Movements 2023/24

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 2024/25

8.0 Prudential Indicators 2024/2025 to 2028/2029

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 2023/2024 (Revised) and forecast for the period 2024/2025 to 2028/2029 as per the 5 year Capital Programme to be approved by the Policy and Strategy Committee on 14 March 2024, and will be 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.

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Capital Expenditure	2023/24 Revised £m	2024/25 Forecast £m	2025/26 Forecast £m	2026/27 Forecast £m	2027/28 Forecast £m	2028/29 Forecast £m
Capital Expenditure: General Services	144.5	156.5	129.1	94.3	85.9	102.2
Capital Expenditure: HRA	134.4	155.8	183.9	138.5	173.9	153.9
Total Capital by Expenditure	278.9	312.3	313.0	232.8	259.8	256.2
IFRS16: Vehicles & Buildings	0.0	2.3	0.0	0.0	0.0	0.0
IFRS16: PPP Contracts	0.0	86.4	0.3	1.0	2.1	4.1
Service Concessions: PPP Schools	44.8	0.0	0.0	0.0	0.0	0.0
Total Capital by Credit Arrangements	44.8	88.7	0.3	1.0	2.1	4.1
Total Capital Investment	323.8	401.0	313.3	233.7	261.9	260.3
Financed By:						
Capital Grants	85.3	72.1	66.2	67.5	53.2	48.1
Capital from Current Revenue	23.2	20.1	16.1	19.3	21.3	22.8
Capital Receipts	1.5	3.3	5.0	3.0	1.5	4.0
CFR: Borrowing: General Services	81.9	114.9	91.3	48.5	52.9	67.3
CFR: Borrowing: HRA	87.0	102.0	134.4	94.5	130.9	114.1
Credit Arrangements	44.8	88.7	0.3	1.0	2.1	4.1
Total Capital Funding Resources	323.8	401.0	313.3	233.7	261.9	260.3

Table 7 - Capital Expenditure Plans 2023/24 to 2028/29

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 Town and Community Hubs, Schools Modernisation, Digital Infrastructure and Innovation, Children & Young People, Asset Management Plan Priorities, and the City Deal whilst HRA includes the New Build, Buy Back Scheme and the Ambition programmes.

8.1.4 For 2024/2025, an estimate of £88.7m has been included to reflect the potential implications of IFRS16 Accounting for 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. This is a change in accounting for leases and does not represent cash expenditure.

8.1.5 For 2023/2024, £44.8m has been included to reflect the forecast impact due to implementation within 2023/2024 of a change in accounting for existing service concession agreements following the publication of new statutory guidance published in September 2022; *Local government finance circular 10/2022 – accounting for service concession arrangements, leases and similar arrangements*. It should be noted this change does not represent cash expenditure, nor does it impact the cash payments to the contractors for such arrangements.

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 CFR - and any new borrowing will increase the CFR. The CFR includes long term liabilities representing outstanding obligations under the education PPP, finance leasing arrangements and the projects in relation to Cumbernauld Academy/Theatre, the Clyde Valley Waste Facility plus IFRS16 implications from 2024/2025.

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.

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Capital Financing Requirement	2023/24 Revised £m	2024/25 Forecast £m	2025/26 Forecast £m	2026/27 Forecast £m	2027/28 Forecast £m	2028/29 Forecast £m
General Services	894.0	1,081.8	1,155.9	1,185.8	1,220.0	1,269.0
HRA	515.0	603.8	723.2	800.3	912.6	1,005.4
Total CFR	1,409.0	1,685.6	1,879.1	1,986.1	2,132.6	2,274.4
Movement in CFR	189.5	276.6	193.5	107.0	146.5	141.8

Table 8 - CFR Projections 2023/24 to 2028/29

8.2.3 The year on year movement in CFR is shown in Table 9 below.

	2023/24 Revised £m	2024/25 Forecast £m	2025/26 Forecast £m	2026/27 Forecast £m	2027/28 Forecast £m	2028/29 Forecast £m
CFR : Borrowing : General Services	81.9	114.9	91.3	48.5	52.9	67.3
CFR : Borrowing : HRA	87.0	102.0	134.4	94.5	130.9	114.1
Credit Arrangements	44.8	88.7	0.3	1.0	2.1	4.1
Scheduled Loan Debt Amortisation	(21.5)	(24.4)	(27.9)	(31.8)	(34.3)	(38.3)
Leasing Amortisation	(0.5)	(1.0)	(1.0)	(1.1)	(0.8)	(0.8)
Education PPP Amortisation	(2.3)	(3.7)	(3.8)	(4.0)	(4.2)	(4.5)
Movement in CFR	189.5	276.6	193.4	107.1	146.5	141.8

Table 9 - Movements in CFR 2023/24 to 2028/29

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 5 year Capital Programme 2024/2025 to 2028/2029, and implementation of the changes to accounting for service concessions as a result of Scottish Government fiscal flexibilities options in 2023/2024 and IFRS16 Accounting for 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 2024/2025 and the next two financial years.

	2023/24 Revised £m	2024/25 Forecast £m	2025/26 Forecast £m	2026/27 Forecast £m	2027/28 Forecast £m	2028/29 Forecast £m
Gross Borrowing : Loan Debt	903.6	1,147.1	1,363.7	1,482.1	1,627.7	1,767.1
Long Term Liabilities	208.9	293.0	288.5	284.4	281.4	280.2
Gross Debt	1,112.6	1,440.1	1,652.2	1,766.5	1,909.2	2,047.2
Capital Financing Requirement	1,409.0	1,685.6	1,879.0	1,986.1	2,132.6	2,274.4
Prudential Margin	296.5	245.5	226.8	219.6	223.4	227.2
Gross Debt =< Future 3 Year CFR	Yes	Yes	Yes	Yes	Yes	Yes

Table 10 - Prudential Margins 2023/24 to 2028/29

8.3.2 The above table demonstrates that healthy prudential margins will continue to exist from 2024/2025 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.

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.

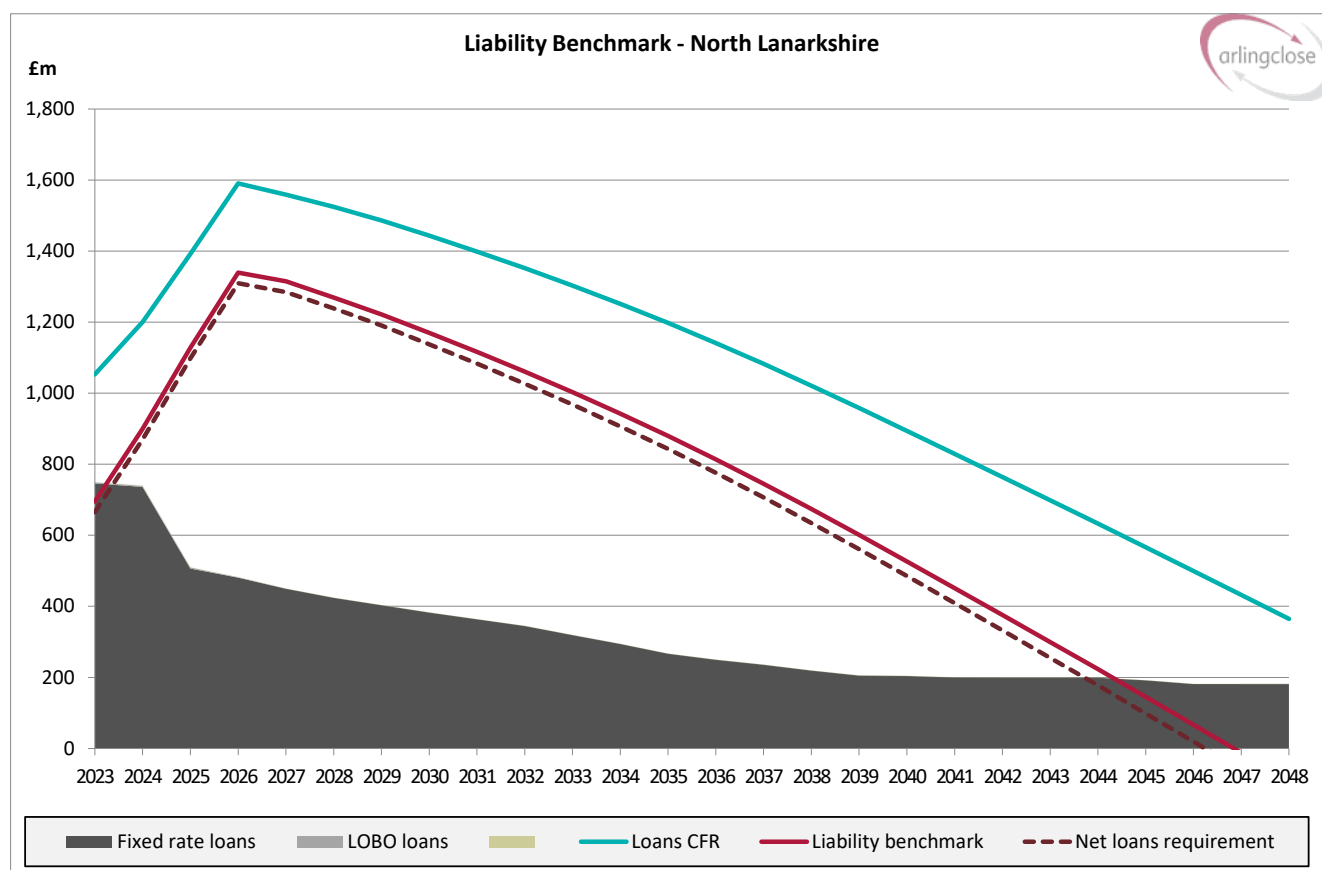
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The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shapes its strategic focus and decision making. Essentially this benchmark identifies 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.

	31/3/23 Actual £m	31/3/24 Forecast £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	1,052.7	1,200.1	1,392.6	1,590.5	1,558.7	1,524.4	1,486.2
less Balance Sheet Resources	(387.4)	(330.3)	(294.3)	(280.9)	(274.0)	(285.9)	(295.7)
Net Loans Requirement	665.3	869.8	1,098.3	1,309.6	1,284.7	1,238.5	1,190.4
plus: Liquidity Allowance	30.0	30.0	30.0	30.0	30.0	30.0	30.0
Liability Benchmark	695.3	899.8	1,128.3	1,339.6	1,314.7	1,268.5	1,220.4
Existing Borrowing	749.2	739.1	509.6	481.7	449.6	424.2	403.0
New Borrowing Required	0.0	160.6	618.7	857.9	865.1	844.3	817.4

8.4.3 This is shown in the chart below together with the maturity profile of the Council's existing borrowing;



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 5-year Capital Programme 2024/2025 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

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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 2024/2025 through to 2028/2029. The initial level set for 2023/2024 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	2023/24 Initial Limit £m	2024/25 Estimated £m	2025/26 Estimated £m	2026/27 Estimated £m	2027/28 Estimated £m	2028/29 Estimated £m
Gross Borrowing : Loan Debt	1,300.0	1,515.0	1,685.0	1,805.0	1,940.0	2,040.0
Long Term Liabilities	255.0	340.0	335.0	330.0	325.0	320.0
Total External Debt	1,555.0	1,855.0	2,020.0	2,135.0	2,265.0	2,360.0

Table 11 - Authorised Limit 2023/24 to 2028/29

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	2023/24 Initial Limit £m	2024/25 Estimated £m	2025/26 Estimated £m	2026/27 Estimated £m	2027/28 Estimated £m	2028/29 Estimated £m
Gross Borrowing : Loan Debt	1,250.0	1,465.0	1,635.0	1,755.0	1,890.0	1,990.0
Long Term Liabilities	255.0	340.0	335.0	330.0	325.0	320.0
Total External Debt	1,505.0	1,805.0	1,970.0	2,085.0	2,215.0	2,310.0

Table 12 - Operational Boundary 2023/24 to 2028/29

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 to revenue forecasts for the next 3 years are illustrated in Table 13 below showing that the General Services loan charges represent up to 7.46% of the total revenue budget available. The increase in the proportion still remains within the acceptable range demonstrating that the capital programme investment appears to be affordable and sustainable.

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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	2024/25 Estimated £m	2025/26 Estimated £m	2026/27 Estimated £m	2027/28 Estimated £m	2028/29 Estimated £m
Total General Fund (GF) Loan Charges	43.8	49.8	52.7	56.0	59.6
Total General Fund Finance Lease / PPP Costs	15.8	15.3	15.0	14.4	14.1
Total General Fund : Capital Financing Costs	59.6	65.1	67.7	70.4	73.7
General Fund : Net Revenue Stream	990.3	988.8	988.8	988.8	988.8
GF - Proportion of Financing Costs to Net Revenue Stream	6.01%	6.58%	6.85%	7.12%	7.46%
Total Housing Revenue Account (HRA) Loan Charges	37.3	42.8	48.6	53.9	62.1
Total Housing Revenue Account Finance Lease Costs	0.3	0.3	0.3	0.3	0.3
Total HRA : Capital Financing Costs	37.6	43.2	49.0	54.2	62.4
HRA : Net Revenue Stream	160.5	167.1	175.8	186.0	196.3
HRA - Proportion of Financing Costs to Net Revenue Stream	23.45%	25.83%	27.85%	29.16%	31.80%

Table 13 - Proportion of Financing Costs to Net Revenue Stream 2023/24 to 2028/29

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 5 year Capital Programme 2024/2025 to 2028/2029, and implementation of the changes to accounting for service concessions as a result of Scottish Government fiscal flexibilities options in 2023/2024 and IFRS16 Accounting for 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.

9.0 Policy on Repayment of Loans Fund Advances 2024/2025

9.1 The Local Authority (Capital Finance and Accounting) (Scotland) Regulations 2016 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.

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- 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 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.
- 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 2024/25.
- 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 the 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 allows 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. 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 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 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 5 year Capital Programme 2024/2024 to 2028/2029 and the

Treasury Management Strategy 2024/2025, Treasury Management Indicators and Prudential Indicators 2024/2025 to 2028/2029

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.

- 9.14 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.

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 Head of Financial Solutions, 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"> • a Public Debt CNAV (assets invested in government debt); and • a ‘Low Volatility NAV’ (LVNAV) <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. 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 Head of Financial Solutions.	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 Head of Financial Solutions. 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 Head of Financial Solutions. 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 Head of Financial Solutions.	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 Head of Financial Solutions	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 2024 until September 2026 (Source: Arlingclose Ltd December 2023)

	2024				2025				2026		
Central Forecast	March	June	Sept	Dec	March	June	Sept	Dec	March	June	Sept
Official Bank Rate*	5.25%	5.25%	5.00%	4.75%	4.25%	4.00%	3.75%	3.50%	3.25%	3.00%	3.00%
3-mth MM Rate**	5.40%	5.30%	5.15%	4.80%	4.30%	4.10%	3.80%	3.50%	3.25%	3.05%	3.05%
5-yr PWLB***	4.55%	4.55%	4.50%	4.40%	4.30%	4.30%	4.20%	4.10%	4.10%	4.10%	4.15%
10-yr PWLB	4.60%	4.60%	4.60%	4.60%	4.60%	4.60%	4.55%	4.45%	4.40%	4.45%	4.50%
20-yr PWLB	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.05%
50-yr PWLB	4.60%	4.65%	4.70%	4.70%	4.70%	4.70%	4.70%	4.70%	4.75%	4.75%	4.75%

*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 2024/25 to 2028/29

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

<u>Prudential Indicators : Affordability</u>	<u>CFR Movement</u>	<u>24/25</u>	<u>25/26</u>	<u>26/27</u>	<u>27/28</u>	<u>28/29</u>
		£m	£m	£m	£m	£m
Total Composite Capital Financing Costs	+10%	59.84	66.08	69.20	72.20	75.87
	No Change	59.56	65.09	67.75	70.39	73.75
	-10%	59.28	64.10	66.29	68.58	71.62
Total HRA Capital Financing Costs	+10%	37.85	44.03	50.60	56.51	65.52
	No Change	37.64	43.17	48.97	54.23	62.40
	-10%	37.43	42.30	47.34	51.94	59.28
General Fund : Ratio of financing costs to net revenue stream	+10%	6.04%	6.68%	7.00%	7.30%	7.67%
	No Change	6.01%	6.58%	6.85%	7.12%	7.46%
	-10%	5.99%	6.48%	6.70%	6.94%	7.24%
HRA : Ratio of financing costs to net revenue stream	+10%	23.58%	26.34%	28.78%	30.39%	33.39%
	No Change	23.45%	25.83%	27.85%	29.16%	31.80%
	-10%	23.32%	25.31%	26.93%	27.93%	30.21%

SENSITIVITY ANALYSIS OF PRUDENTIAL INDICATORS: AFFORDABILITY 2024/25 to 2028/29

(ii) a plus or minus 50bps change in the interest rates achievable for new long-term borrowing i.e. 1/2 per cent movement

Prudential Indicators : Affordability	Interest Rate	24/25	25/26	26/27	27/28	28/29
	Movement	£m	£m	£m	£m	£m
Total Composite Capital Financing Costs	+50bps	60.41	66.84	69.92	72.89	76.51
	No Change	59.56	65.09	67.75	70.39	73.75
	-50bps	58.71	63.34	65.58	67.90	71.00
Total HRA Capital Financing Costs	+50bps	38.26	44.48	50.72	56.35	64.94
	No Change	37.64	43.17	48.97	54.23	62.40
	-50bps	37.01	41.86	47.23	52.12	59.88
General Fund : Ratio of financing costs to net revenue stream	+50bps	6.10%	6.76%	7.07%	7.37%	7.74%
	No Change	6.01%	6.58%	6.85%	7.12%	7.46%
	-50bps	5.93%	6.41%	6.63%	6.87%	7.18%
HRA : Ratio of financing costs to net revenue stream	+50bps	23.84%	26.61%	28.85%	30.30%	33.09%
	No Change	23.45%	25.83%	27.85%	29.16%	31.80%
	-50bps	23.06%	25.04%	26.86%	28.03%	30.51%

SENSITIVITY ANALYSIS OF PRUDENTIAL INDICATORS: AFFORDABILITY 2024/25 to 2028/29

(iii) a plus or minus 10% change in the net revenue stream used to calculate the proportion of financing costs to net revenue

<u>Prudential Indicators : Affordability</u>	<u>Movement in</u>					
	<u>Net Revenue</u>					
	<u>Steam</u>	<u>24/25</u>	<u>25/26</u>	<u>26/27</u>	<u>27/28</u>	<u>28/29</u>
General Fund : Ratio of financing costs to net revenue stream	+10%	5.47%	5.98%	6.23%	6.47%	6.78%
	No Change	6.01%	6.58%	6.85%	7.12%	7.46%
	-10%	6.68%	7.31%	7.61%	7.91%	8.29%
HRA : Ratio of financing costs to net revenue stream	+10%	21.32%	23.48%	25.32%	26.51%	28.91%
	No Change	23.45%	25.83%	27.85%	29.16%	31.80%
	-10%	26.06%	28.70%	30.95%	32.40%	35.33%

LOANS FUND REPAYMENT SCHEDULE

Loans Fund Repayments Schedules	Composite Estimated Loans Fund Pool Open Balance	HRA Estimated Loans Fund Pool Open Balance	Total
Estimated Loans Fund Pool Open Balance	£m	£m	£m
Estimated New Advances 24/25	686.4	513.7	1,200.1
Estimated New Advances 25/26	114.9	102.0	216.9
Estimated New Advances 26/27	91.3	134.4	225.8
Estimated New Advances 27/28	48.5	94.5	143.0
Estimated New Advances 28/29	52.9	130.9	183.8
Estimated New Advances 28/29	67.3	114.1	181.3
Total Debt Repayments Due	1,061.1	1,089.7	2,150.8
Scheduled Debt Amortisation	Composite	HRA	Total
	£m	£m	£m
Within 1 year	(11.3)	(13.0)	(24.4)
Within 2 to 5 years	(61.0)	(71.2)	(132.2)
within 5 to 10 years	(105.3)	(129.3)	(234.6)
within 10 to 15 years	(133.4)	(159.9)	(293.3)
within 15 to 20 years	(161.6)	(163.7)	(325.3)
within 20 to 25 years	(173.1)	(164.4)	(337.5)
within 25 to 30 years	(151.0)	(165.9)	(317.0)
within 30 to 35 years	(122.9)	(130.3)	(253.2)
within 35 to 40 years	(102.9)	(64.7)	(167.6)
within 40 to 45 years	(38.6)	(27.2)	(65.8)
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
	(1,061.1)	(1,089.7)	(2,150.8)

North Lanarkshire Council Report

Finance and Resources Committee

Does this report require to be approved?

☒ Yes ☐ No

Ref EK / GT

Date

28/02/24

Revenues and Benefits Update

From Elaine Kemp, Chief Officer (Finance)

E-mail kempe@northlan.gov.uk

Telephone

07939 280601

Executive Summary

This report provides an update on the performance within the Revenues and Benefits functions of Finance as at 31 December 2023.

Key points to note include:

- As at 31 December 2023, 81.81% of Council Tax due for 2023/24 had been collected. This is a reduction of 1.29% for the same period last financial year linked to the Cost of Living award of £150 received by many households during 2022/23.
- Non-Domestic Rates collection has shown a year-on-year decrease from 68.80% to 31 December 2022 to 64.26% to 31 December 2023.
- 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) Approve the continuation of the existing Non-Domestic Rates Empty Property Relief Policy as set out in paragraph 2.7.
- (2) 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

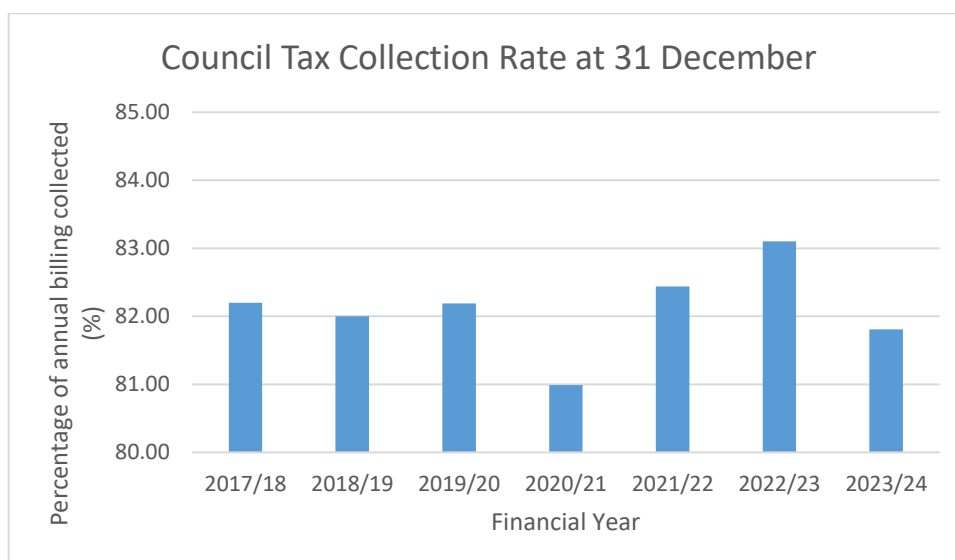
1. Background

- 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 and Clothing Grants.

2. Report

Council Tax

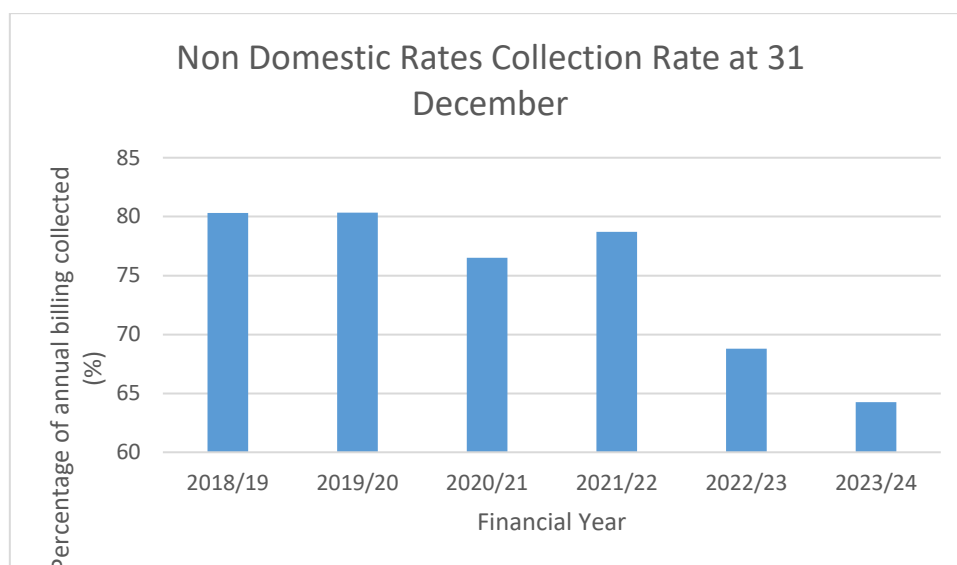
- 2.1 The graph below shows the cash collected at 31 December for each financial year. It is worth noting that cash is allocated to specific Council Tax years so the graph represents cash received against the initial billing year (i.e. billed and received in 2023/24) and does not include cash collected in subsequent years (i.e. billed in 2022/23 but received in 2023/24). This ensures a like for like comparison.



- 2.2 The collection figure for the current financial year of 81.81% is 1.29% lower than the same period last financial year. However, the prior year collection figure benefits from the impact of the Scottish Government's Cost of Living Award of £150 for eligible households with total cash received of £18.6m improving the in-year collection figure.
- 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.

Non-Domestic Rates

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



2.5 The collection figure for 2023/24 at 31 December is 64.26%; 4.54% lower than the same period last financial year. This reduction is largely down to two factors. Firstly, the later than normal internal payment of North Lanarkshire Council non-domestic rates charges as Council services review eligibility for relevant rates reliefs. Secondly, the impact of the revaluation at 1 April 2023 has increased the number of accounts under review with the Assessor and delayed payment from many businesses while their reviews conclude.

2.6 The Finance and Resources Committee approved North Lanarkshire Council's policy on Empty Property Relief following the devolution of this relief to local government from 1 April 2023. That policy expires on 31 March 2024.

2.7 The previous report to Committee highlighted the intention to develop a revised policy with effect from 1 April 2024. However, given the continuing cost of living challenges including inflationary pressures on cost of materials, labour, utilities and the continuing impact of the property revaluation from 1 April 2023 it is proposed that the current policy is extended to 31 March 2025 to ensure a degree of stability while some of these inflationary pressures persist.

Housing Benefits

2.8 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 shows the cumulative figures for the year to 31 December 2023. The Scottish average comparator is based on the latest information published by DWP at Q4 2022/23.

Days to Process	2022/23	2023/24	Latest available Scottish average
New Claims	15	15	19
Change of Circumstances	8	8	3

- 2.9 The service continues to perform well in the speed of processing for new claims compared to the most recent Scottish average. The service also continues to meet statutory requirements for the speed of processing changes of circumstance. Performance so far in the current financial year has been affected by both increasing demand and a number of staff vacancies. 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. The Landlord Portal has gone live recently; therefore, it is anticipated that this action will see an improvement in the handling of correspondence received direct from landlords

Council Tax Reduction Scheme

- 2.10 As at 31 December 2023 a total of £26.036m in Council Tax Reduction has been awarded for the 2023/24 financial year. This compares to £24.544m to the same period during 2022/23, representing an increase of £1.492m (6.08%).
- 2.11 The service received 5,653 applications between 1 April and 31 December 2023 compared with 5,119 during the same period during 2022/23, representing an increase on 10.4%
- 2.12 The service received an increased number of notifications for changes in circumstances. From 1 April to 31 December 2023 a total of 81,561 changes were processed compared to 60,618 during the same period in 2022/23; an increase of 34.55% albeit below historical levels.

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 2023/24 the Scottish Government has provided funding of £0.301m to mitigate the benefit cap. As at 31 December 2023 the amount paid and committed in respect of the benefit cap was £0.101m (33.47%).
- 2.15 As at 31 December 2023 the total paid in respect of Bedroom Tax was £5.715m. In comparison this sum was £5.232m as at the same point in 2022.
- 2.16 In addition the Council also receives £0.467m in respect of non-bedroom tax related issues. A further £0.122m has been carried forward from the previous financial year and an additional £0.109m has been received for 2023/24 bringing the total budget for the current financial year to £0.698m. As at 31 December 2023 £0.393m (56%) has been paid or committed from the fund.
- 2.17 The Service will continue to liaise with colleagues in Housing Management and Housing Associations to encourage applications to the fund.

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. A further £1.518m one-off funding has been allocated following a decision of the Wellbeing and Tackling Poverty Committee on 5 May 2023. Therefore, the total award budget for 2023/24 is £4.278m. It is hoped that this additional one-off allocation will allow the fund to remain at Medium priority level for much of 2023/24 but this will be kept under continual review.
- 2.20 There are two grant schemes and their relative performance during 2023/24 and prior year comparison is as follows:

2023/24

	Applications Assessed	Awards	Unsuccessful Applications	Acceptance Rate
Crisis Grants	15,020	11,285	3,735	75.1%
Community Care Grants	4,179	3,416	763	81.7%
Total	19,199	14,701	4,498	76.6%

2022/23

	Applications Assessed	Awards	Unsuccessful Applications	Acceptance Rate
Crisis Grants	14,054	10,617	3,437	75.5%
Community Care Grants	3,752	2,886	866	76.9%
Total	17,806	13,504	4,303	75.8%

- 2.21 As at 31 December 2023, the total financial value of grants paid from the Scottish Welfare Fund amounted to £3.960m which represents 92.6% of the total budget for the current financial year.
- 2.22 During 2023/24, the Scottish Welfare Fund has seen a significant increase in demand with an increase of 6.9% in Crisis applications assessed to 31 December in the current financial year compared to the previous financial year. Similarly, there has been an increase of 11.4% in the volume of Community Care Grant applications assessed over the same period.
- 2.23 The Service strives to assess applications within the timescales outlined within Scottish Government guidance. Throughout the period the service has continued to assess Crisis applications within the two working day time limit. However, Community Care Grants are not currently assessed within the fifteen working day limit recommended by the Scottish Government as a result of increasing volumes of demand across both Crisis and Community Care Grants. The service prioritises resources to ensure Crisis Grant applications are assessed timeously. The service has put in additional measures, including transferring staff from other service areas, to improve assessment timescales.

3. Measures of success

- 3.1 Continuous improvement in processing and collection rates.

4. Supporting documentation

None

A handwritten signature in black ink, appearing to read 'EKemp', written in a cursive style.

**Elaine Kemp
Chief Officer (Finance)**

5. Impacts

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 <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? https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments Yes <input type="checkbox"/> No <input type="checkbox"/>
5.2 Financial impact 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?
5.3 HR policy impact 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?
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 <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?
5.5 Data protection impact 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 dataprotection@northlan.gov.uk Yes <input type="checkbox"/> No <input type="checkbox"/>

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 <input checked="" type="checkbox"/> No <input 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"/>	
5.7	Environmental / Carbon impact
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	Communications impact
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	Risk impact
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	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 <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 <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 EK / GT

Date

28/02/24

Local Taxation Debt Write-Off 2023/24

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 2023/24 is £5,584,406.25.

Recommendations

It is recommended that the Finance and Resources Committee:

- (1) Acknowledge the decision of the Chief Officer (Finance) to write off £1,127,589.65 for debts under £500 under delegated responsibilities.
- (2) Approve the write-off of all items over £500 to the value of £4,456,816.60.

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 2023/24, the Council has billed £207m Council Tax and Water Charges and £131m 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.

2. Report

- 2.1 An analysis of outstanding balances has been conducted and £5,584,406.25 has been identified as uncollectible:

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
Total	3,115,585.78	2,468,820.47	5,584,406.25

Value Analysis			
< £500	1,109,504.09	18,085.56	1,127,589.65
>£500	2,006,081.69	2,450,734.91	4,456,816.60
Total	3,115,585.78	2,468,820.47	5,584,406.25

- 2.2 The values written off during 2022/23 were as follows:

Cause Analysis	Council Tax £	Non Domestic Rates £	Total £
Deceased	2,381,249.08	38,568.35	2,419,817.43
Liquidation / sequestration etc	1,149,152.94	1,781,639.15	2,930,792.09
Total	3,530,402.02	1,820,207.50	5,350,609.52

- 2.3 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.

- 2.4 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.
- 2.5 Council Tax debt for years up to and including 2015/16 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.
- 2.6 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.
-

3. Measures of success

- 3.1 The Council continues to take all reasonable steps to recover outstanding debt.
-

4. Supporting documentation

Not applicable.



Elaine Kemp
Chief Officer (Finance)

5. Impacts

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 <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? https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments Yes <input type="checkbox"/> No <input type="checkbox"/>
5.2 Financial impact 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.
5.3 HR policy impact 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?
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 <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?
5.5 Data protection impact 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 dataprotection@northlan.gov.uk Yes <input type="checkbox"/> No <input type="checkbox"/>

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 <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	Environmental / Carbon impact
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	Communications impact
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	Risk impact
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	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 <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 <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/AJ

Date

14/02/24

Former Tenant Arrears Write Off to 31 March 2022

From Stephen Llewellyn, Chief Officer (Housing Management)

E-mail TelferG@northlan.gov.uk

Telephone

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 2022. The total recommended write-off is £2,553,973.58 which equates to 1.76% of the total rent income of £145,513,220.

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 £365,921.99 under delegated responsibilities;
- (2) Approves the write off of £2,188,051.59 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 £54,706.29;
- (4) Remit this report to the Finance and Resources Committee.

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

1. Background

- 1.1 The Housing Service has a turnover in tenancies each year of approximately 3,000 with tenancies terminating for a variety of reasons.
- 1.2 The Housing Service has a full rent arrears process in place ranging 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.
- 1.5 As a result of these proactive efforts, the Council's collection rate has improved by over 1% from 2021/22 collection levels to 98.9% and remains above the Scottish Local Authority Average of 98.8%. In addition, the arrears position has stabilised through the significant efforts from the Housing Rents team in securing more direct Universal Credit payments, pursuing other non-Universal Credit tenant debt and the ongoing benefits of the Universal Credit Assistance Fund and various rent relief funds made available.
- 1.6 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.
- 1.7 It should be noted that the Council moved onto full Universal Credit status in April 2018 and as a result, has since seen a significant 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.

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 highlighted below.
- 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:

Cause Analysis	Write off Value	No. of Tenancies	Average Write off Value 2024	Average Write off Value 2023
	£		£	£
Abandoned	480,367.85	403	1,191.98	1,496.25
Deceased	271,825.16	574	473.56	444.52
Eviction	27,303.09	26	1,050.12	2,352.91
Liquidations/Sequestrations	99,471.52	39	2,550.55	1,446.78
No Forwarding Address	142,576.25	167	853.75	855.83
Recovery Exhausted	1,532,429.71	2,103	728.69	827.56
Total Debt	2,553,973.58	3,312	771.13	847.53
Credit Balances	(54,706.29)	516	(106.02)	(35.00)

Value Analysis				
< £500	365,921.99	2,199	166.40	164.26
>£500	2,188,051.59	1,113	1,965.90	1,999.03
Total Debt	2,553,973.58	3,312	771.13	847.53

2.4 The write off being proposed to 31 March 2022 represents 1.76% of the total rental income of £145,513,220. The following table outlines the value of the annual former tenant arrears write-off over the previous 5 years:

Former Tenant Arrears Written Off	Value	% of Income
	£	
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
31 March 2017	1,518,109.00	1.36

2.5 Following peaks in the write off values for 2018/19 and 2019/20, the level has now reduced and been maintained with the overall average value of write off also reduced to March 2022. This reflects the continued efforts of the Housing service over the last few years in relation to early engagement with tenants and offering the income maximisation service. In addition, this highlights the benefits of the Universal Credit Assistance Fund and various rent relief funds made available over this two year period.

2.6 It should be noted that the Council will continue to seek collection of the outstanding balance if the circumstances of the debtor alter, and recovery is deemed practical.

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. [OBJ]

4. Supporting documentation

Not Applicable



Stephen Llewellyn
Chief Officer (Housing Management)

5. Impacts

<p>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 <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? https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments Yes <input type="checkbox"/> No <input type="checkbox"/></p>
<p>5.2 Financial impact 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?</p> <p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?</p> <p>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.</p>
<p>5.3 HR policy impact 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?</p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact?</p>
<p>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 <input type="checkbox"/> No <input checked="" type="checkbox"/> 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"/> If Yes, please provide a brief summary of the impact?</p>
<p>5.5 Data protection impact 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 dataprotection@northlan.gov.uk</p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p>

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 <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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5.9	Risk impact 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	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 <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.
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North Lanarkshire Council

Report

Audit and Scrutiny Panel

Does this report require to be approved?

☒ Yes ☐ No

☐ approval ☒ noting

Ref KA/ASP/Feb24

Date 26/02/24

Accounts Commission: Local government financial bulletin 2022-23

From: Ken Adamson, Chief Officer (Audit and Risk)

E-mail: adamsonk@northlan.gov.uk

Telephone 07939 280602

Executive Summary

The purpose of this report is to present to elected members the Accounts Commission Local Government Financial Bulletin 2022-23 published in late-January 2024. The Accounts Commission report (copy of full report at Appendix 1) presents the Accounts Commission's consideration of Councils' financial performance in 2022-23 together with commentary on the financial outlook for local government and issues arising.

The report highlights that effective financial management within councils is crucial as budget gaps increase and comments that Councils continue to rely on savings, reserves and other financial flexibilities to balance budgets which helps with immediate budget pressures but defers costs to later years and fails to tackle underlying challenges to financial sustainability.

The report also highlights that despite more core funding from the Scottish Government for 2023-24, there was a significant increase in councils' total funding gap, due to pressures including increased demand for services, inflation and the cost-of-living. Capital budgets were also significantly strained, risking knock-on impacts on the maintenance of key public buildings and infrastructure, for example schools, libraries, and roads. The Commission acknowledges that Councils recognise the risks ahead but concludes that Councils need to innovate at pace and make difficult decisions about cuts to services to remain financially sustainable. They also note that some councils have experienced opposition from within their communities when seeking to reduce services to balance budgets which they consider reinforces the need for frank consultation and engagement with communities when planning change. The Accounts Commission report contains a small number of audit recommendations and management responses to these are included in this report.

Recommendations

The Committee is invited to:

- (a) note the findings and recommendations contained within the Accounts Commission report and the management response to the issues raised and
- (b) note that financial sustainability remains a key corporate risk with relevant existing controls and future planned actions subject to regular review by the Council's senior management; and
- (c) agree, given the scope of the Accounts Commission report, to remit the report to the Finance and Resources Committee for their consideration.

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 Accounts Commission in mid-January 2024 published a bulletin (at Appendix 1) which provided a high-level independent analysis of the financial performance of councils during 2022-23.
- 1.2 The bulletin considers:
- councils' funding and expenditure in 2022-23;
 - councils' financial position at the end of 2022-23 and the financial outlook; and
 - some of the potential impacts of the Verity House Agreement (New Deal with Local Government) made between COSLA and the Scottish Government in June 2023.
- 1.3 The bulletin is part of a series of outputs produced by the Accounts Commission which together provide an independent overview of the local government sector. In Spring 2024 they will also publish a budget briefing examining the 2024-25 budgets set by councils, including analysis of anticipated budget gaps and actions to set a balanced budget.
-

2. Report

Accounts Commission key findings - funding and outturn in 2022-23

- 2.1 Despite councils receiving more funding and income in cash terms, due to high inflation in 2022-23, total revenue funding from all sources fell by £619 million (2.8 per cent) in real terms to £21.3 billion compared to 2021-22.
- 2.2 Councils received more core revenue funding from the Scottish Government than in 2021-22, rising from £12.1 billion to £12.2 billion (0.7 per cent) in real terms. However, an increasing proportion is ring-fenced or provided with the expectation it will be spent on specific services. This means that the amount of funding available for councils to spend freely on local priorities is reducing. There are commitments in the Verity House Agreement to move to a default position of removing ring-fencing or direction of funding wherever possible.
- 2.3 There is pressure on all public-sector capital budgets, and this presents risks to the viability of local government capital programmes, many of which impact on key services (e.g., the construction and maintenance of schools, libraries, roads). Capital funding from the Scottish Government rose in 2022-23 but remains lower than before the pandemic and has been volatile over the past decade. Driven by increased borrowing councils' capital expenditure increased in 2022-23 by 16 per cent in cash terms to £3.6 billion. Borrowing costs have reduced in recent years as many councils have used permitted financial flexibilities to reprofile debt payments. While helping with immediate budget pressures, these decisions defer costs to later years and do not tackle the underlying challenges to financial sustainability. Additional borrowing also places further pressure on revenue budgets over the longer term.
- 2.4 At the time of setting their 2022-23 budgets, councils anticipated budget gaps of over £476 million for the year, higher than the previous year. Councils are increasingly having to rely on savings and reserves to balance budgets. Achievement of savings targets was good in 2022-23 and improved on 2021-22. Greater transparency is required in the reporting of financial outturn in council accounts, including savings performance. This transparency and timely public engagement are essential as councils make increasingly difficult decisions to reduce or stop services to help balance budgets.

Accounts Commission key findings - Councils' financial position and outlook from 2023-24

- 2.5 Despite the financial pressures of recent years, half of councils increased their usable reserves in 2022-23, and overall usable reserves grew to £4.45 billion. This is driven by growth in committed reserves. Some of this is remaining Covid-19 funding, some is attributable to the permitted use of financial flexibilities for the repayment of longer-term debt, but there are also indications councils are building up reserves to manage the known financial challenges in future years. However, the lack of transparency in some councils' annual accounts makes it difficult to draw firm conclusions on councils planned use of reserves.
- 2.6 Local appointed auditors did not identify any councils in Scotland as being financially unsustainable in the short term. However, the financial outlook is extremely challenging with Scottish councils facing unprecedented financial and service demand pressures which present real risks for the future. Although Scottish Government core funding increased in cash and real terms in 2023-24, councils reported a significant increase in the total budget gap to £725 million
- 2.7 Councils' medium- and longer-term financial plans demonstrate a clear recognition of the difficult financial context and the need to continue to innovate at pace and make difficult decisions to become more financially sustainable. But some councils are already experiencing significant resistance when seeking to make service reductions to balance budgets. This reinforces the need for effective consultation and engagement with communities on planned local service changes.
- 2.8 The Verity House Agreement includes a commitment to offer councils longer term funding and greater local financial flexibility. These proposed changes will be important, in providing greater financial certainty to support better long-term planning and more flexible direction of resources to meet local need. However, the recent announcement of a proposed council tax freeze significantly reduces discretion and flexibility at individual council level. The impact this will have on financial sustainability is not yet known, but councils have placed an increased reliance on raising council tax to help deliver a balanced budget over the past two years

Recommendations

- 2.9 The report contains a small number of recommendations for Councils. These are that Councils should:
- 1) Prioritise the achievement of recurring savings and avoid reliance on non-recurring savings to enhance longer-term financial sustainability;
 - 2) 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;
 - 3) 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;
 - 4) Ensure effective and timely consultation and engagement with communities on the options that must be considered to achieve a balanced budget;
 - 5) 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; and
 - 6) 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.

Management commentary on the Commission's findings and recommendations

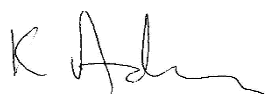
- 2.10 The Council remains fully committed to the key principle of the Revenue Resources Budget Strategy to develop budgets covering a three-year period. However, single year settlements make this extremely difficult to achieve. Despite this, members endeavour to ensure that a strategic approach is taken to addressing identified budget gaps, whilst trying to maintain the delivery of vital services. The Council has a strong track record of taking difficult decisions to agree recurring savings to ensure the Council remains financially sustainable. Use of reserves or other one-off solutions are only permitted in accordance with the relevant policies, to help manage the timing of implementing approved savings and to smooth budget pressures. This continues to be the recommended strategy for the 2024/25 to 2026/27 budget due to be set in February 2024.
- 2.11 Senior management will continue to ensure management commentaries are open and transparent and will provide details showing a reconciliation between budget outturn and the financial performance in the accounts and report on the achievement of planned savings target.
- 2.12 The Council's accounts will continue to show clear statements about reserves policy and explicitly set out the purpose of committed reserves within the annual accounts, to provide the assurance over the ongoing financial sustainability. The summary financial monitoring report to Committee continues report on the use of committed reserves and advises of the cumulative unallocated reserves balances for use to help manage future budget challenges. It should be noted that whilst North Lanarkshire Council is shown in the Commission report to have reserves that are 35% of Net Revenue expenditure, most of these reserves are committed for specific purposes.
- 2.13 Management acknowledges that the Council has already taken difficult decisions to address budget gaps through implementation of recurring savings options. However, the Council is acutely aware of the public opposition to some of these decisions and has reversed some decisions. that related to the reduction or cessation of services as part of savings put forward for 2024-25. This demonstrates the increasing challenges that councils are facing in delivering balanced budgets and the Council recognises the need for proper and timely consultation over budget proposals.
- 2.14 Financial Sustainability is a key priority for the Council and is monitored by Business Management Team as a Corporate Risk. Most of the financial resilience indicators are a component of councils' medium and longer-term financial plans to provide assurance that that short-term pressures are being balanced with robust planning for long-term financial sustainability. However, the Council will consider any additional opportunities for reporting of financial resilience including clearer and more public-facing use of performance against financial resilience indicators and measures.
- 2.15 The Council continues to welcome the opportunity to 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.

3. Measures of success

- 3.1 The Council is committed to delivering effective financial management arrangements which underpin the delivery of Council services and the achievement of planned outcomes and corporate priorities and ambitions.
- 3.2 External Audit report to the Audit and Scrutiny Panel on their assessment of the Council's financial governance arrangements as part of their annual audit.

4. Supporting documentation

Appendix 1 Accounts Commission – Local government financial bulletin 2022-23



5. Impacts

5.1	Public Sector Equality Duty and Fairer Scotland Duty Does the report contain information that has an impact because of the Public Sector Equality Duty and/or Fairer Scotland Duty? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
5.2	Financial impact Does the report contain any financial impacts? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
5.3	HR policy impact Does the report contain any HR policy or procedure impacts? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
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 <input type="checkbox"/> No <input checked="" type="checkbox"/>
5.5	Data protection impact Does the report / project / practice contain or involve the processing of personal data? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
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 <input type="checkbox"/> No <input checked="" type="checkbox"/>
5.7	Environmental / Carbon impact 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"/>
5.8	Communications impact 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"/>
5.9	Risk impact Is there a risk impact? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If yes, please provide a 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? Effective responses by management to the issues identified by the Accounts Commission will increase the likelihood of the Council achieving its ambitions by improving relevant control frameworks, delivering financial sustainability and more effectively mitigating potential risks and threats to the achievement of corporate ambitions and planned outcomes.
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 <input type="checkbox"/> No <input checked="" type="checkbox"/>
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 <input type="checkbox"/> No <input checked="" type="checkbox"/>

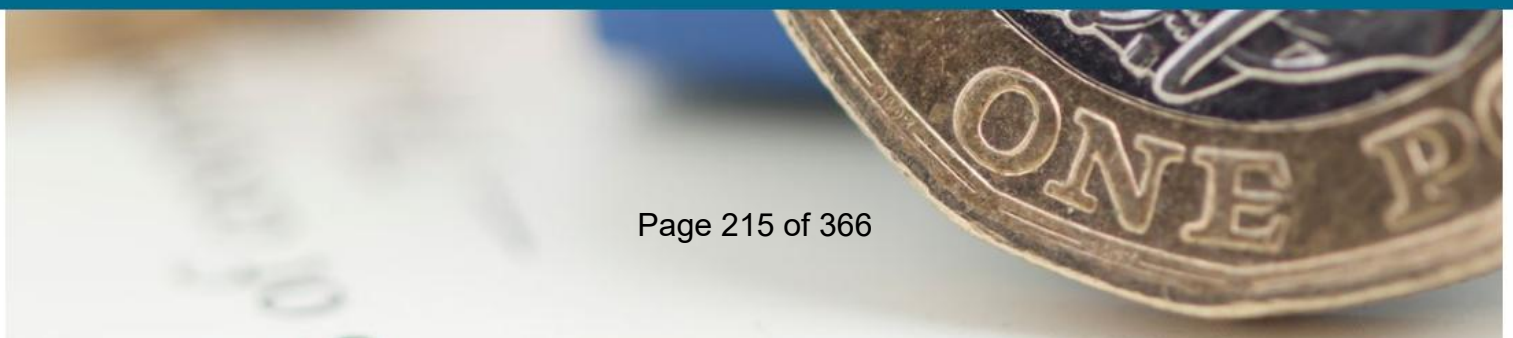
Local government in Scotland

Financial bulletin 2022/23



ACCOUNTS COMMISSION 

Prepared by Audit Scotland
January 2024



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Key messages

Funding and outturn in 2022/23

- 1** Despite councils receiving more funding and income in cash terms, due to high inflation in 2022/23 total revenue funding from all sources fell by £619 million (2.8 per cent) in real terms to £21.3 billion compared to 2021/22.
- 2** Councils received more core revenue funding from the Scottish Government than in 2021/22, rising from £12.1 billion to £12.2 billion (0.7 per cent) in real terms. However, an increasing proportion is ring-fenced or provided with the expectation it will be spent on specific services. This means that the amount of funding available for councils to spend freely on local priorities is reducing. There are commitments in the Verity House Agreement to move to a default position of removing ring-fencing or direction of funding wherever possible.
- 3** There is pressure on all public-sector capital budgets, and this presents risks to the viability of local government capital programmes, many of which impact on key services (eg, the construction and maintenance of schools, libraries, roads). Capital funding from the Scottish Government rose in 2022/23 but remains lower than before the pandemic and has been volatile over the past decade. Driven by increased borrowing councils' capital expenditure increased in 2022/23 by 16 per cent in cash terms to £3.6 billion. Borrowing costs have reduced in recent years as many councils have used permitted financial flexibilities to reprofile debt payments. While helping with immediate budget pressures, these decisions defer costs to later years and do not tackle the underlying challenges to financial sustainability. Additional borrowing also places further pressure on revenue budgets over the longer term.
- 4** At the time of setting their 2022/23 budgets, councils anticipated budget gaps of over £476 million for the year, higher than the previous year. Councils are increasingly having to rely on savings and reserves to balance budgets. Achievement of savings targets was good in 2022/23 and improved on 2021/22. Greater transparency is required in the reporting of financial outturn in council accounts, including savings performance. This transparency and timely public engagement are essential as councils make increasingly difficult decisions to reduce or stop services to help balance budgets.

Councils' financial position and outlook from 2023/24

- 5 Despite the financial pressures of recent years, half of councils increased their usable reserves in 2022/23, and overall usable reserves grew to £4.45 billion. This is driven by growth in committed reserves. Some of this is remaining Covid-19 funding, some is attributable to the permitted use of financial flexibilities for the repayment of longer-term debt but there are also indications councils are building up reserves to manage the known financial challenges in future years. However, the lack of transparency in some councils' annual accounts makes it difficult to draw firm conclusions on councils planned use of reserves.
- 6 Local appointed auditors did not identify any councils in Scotland as being financially unsustainable in the short term. However, the financial outlook is extremely challenging with Scottish councils facing unprecedented financial and service demand pressures which present real risks for the future. Although Scottish Government core funding increased in cash and real terms in 2023/24, councils reported a significant increase in the total budget gap to £725 million.
- 7 Councils' medium- and longer-term financial plans demonstrate a clear recognition of the difficult financial context and the need to continue to innovate at pace and make difficult decisions to become more financially sustainable. But some councils are already experiencing significant resistance when seeking to make service reductions to balance budgets. This reinforces the need for effective consultation and engagement with communities on planned local service changes.
- 8 The Verity House Agreement includes a commitment to offer councils longer-term funding and greater local financial flexibility. These proposed changes will be important, in providing greater financial certainty to support better long-term planning and more flexible direction of resources to meet local need. However, the recent announcement of a proposed council tax freeze significantly reduces discretion and flexibility at individual council level. The impact this will have on financial sustainability is not yet known, but councils have placed an increased reliance on raising council tax to help deliver a balanced budget over the past two years.

Recommendations

Councils should:

- Prioritise the achievement of recurring savings and avoid reliance on non-recurring savings to enhance longer-term financial sustainability ([paragraph 29](#)).
- 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 ([paragraph 46](#)).
- 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 ([paragraph 55](#)).
- Ensure effective and timely consultation and engagement with communities on the options that must be considered to achieve a balanced budget ([paragraph 73](#)).
- 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 ([paragraph 83](#)).
- 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 ([paragraph 89](#)).

About this report

1. This bulletin provides a high-level independent analysis of the financial performance of councils during 2022/23. The bulletin considers:

- councils' funding and expenditure in 2022/23
- councils' financial position at the end of 2022/23 and the financial outlook
- some of the potential impacts of the Verity House Agreement (New Deal with Local Government) made between COSLA and the Scottish Government in June 2023.

2. This bulletin is part of a series of outputs produced by the Accounts Commission which together provide an independent overview of the local government sector. In Spring 2024 we will publish a budget briefing examining the 2024/25 budgets set by councils, including analysis of anticipated budget gaps and actions to set a balanced budget.

Methodology

3. Our primary sources of information for this bulletin are councils' 2022/23 accounts, a data request issued to auditors in October 2023 and Scottish Government budget documents.

4. The analysis of accounts is based on audited accounts where available. As at our 6 November 2023 deadline, 18 councils' accounts were still to be certified; therefore, the analysis in this bulletin is based on 14 sets of audited accounts and 18 sets of unaudited accounts.

5. We received 30 data requests back from auditors. In places our analysis is therefore based on a sample rather than the full population. Returns were not received for two councils.

6. Scottish Government funding analysis uses the spring revision funding position unless otherwise stated.

7. When looking at trends, we convert some financial data to real terms using GDP deflators. This adjusts financial information from past and future years to prices for the year under review, ie 2022/23. This is to take account of inflation so that the trend information is comparable. Any financial trend data (both capital and revenue) relating to funding, income or expenditure will be shown in real terms. The exception to this is that any financial information from the councils' accounts' balance sheet remains in cash terms, even when it is adjusted for inflation. This includes reserves, debt and borrowing. These are not adjusted to real terms as they are already subject to revaluation to reflect current prices.

1. Funding and outturn

Revenue funding and income

Total funding and income fell by 2.8 per cent in real terms in 2022/23 compared to the previous year

8. In 2022/23, Scotland's 32 councils received a total of £21.3 billion in revenue funding and income (funding for day-to-day spending). In cash terms this is £757 million more than the year before but in real terms (that is adjusting for inflation) it represents a real-terms decrease of 2.8 per cent (£619 million).

9. Revenue funding and income comes from a variety of sources. Almost 60 per cent of total revenue funding comes from the Scottish Government ([Exhibit 1](#)).

Exhibit 1.

Sources of funding and income 2022/23 compared to 2021/22, real terms (£ billion)

2021/22	2022/23		2021/22	2022/23
		Interest receivable	0.03	0.11
		Housing Revenue Account rents	1.42	1.36
		Customer and client receipts	1.85	1.82
		Council tax	2.82	2.75
		Grants including Scottish Government and other sources	4.01	3.56
		Non-domestic rates	2.23	2.77
		Cost of living award grant	0.00	0.28
		General revenue grant Covid-19 funding	0.55	0.00
		General revenue grant	9.09	8.72
Total funding and income (£ billion)			22.00	21.38

10. The source of the largest increase in funding was non-domestic rates, although levels are still below pre-pandemic levels ([Exhibit 16, page 28](#)).

11. The largest decreases were to grants, which fell by 11 per cent in real terms compared to 2021/22, and housing rents which, despite a cash increase of 2.3 per cent, fell by 4.1 per cent in real terms.

12. Council tax is an important source of income for councils, accounting for 13 per cent (£2.7 billion) of total funding in 2022/23. Councils received more income from council tax, due to an overall increase of 4.5 per cent in the amount of council tax billed and an increase in in-year collection rates of 0.5 per cent (from 95.7 per cent to 96.2 per cent). However, the amount received has not kept pace with inflation and in real terms this represents a fall in income of 2.5 per cent compared to 2021/22.

Core revenue funding from the Scottish Government to councils increased in cash and real terms from 2021/22 to 2022/23

13. Scottish Government core revenue funding to councils amounted to £12.2 billion in 2022/23. This is an increase to core funding in both cash and real terms from the previous year ([Exhibit 2](#)).

Exhibit 2.

Scottish Government core revenue 2021/22 and 2022/23

Scottish Government revenue funding	Cash terms			Real terms		
	2021/22 £ million	2022/23 £ million	change %	2021/22 £ million	2022/23 £ million	change %
Core revenue	11,384	12,231	7.4%	12,144	12,231	0.7%
General revenue grant	8,489	8,679	2.2%	9,056	8,679	-4.2%
Non-domestic rates	2,090	2,766	32.3%	2,230	2,766	24.1%
Specific revenue grants	805	786	-2.4%	859	786	-8.5%

Source: Scottish Government budget documents (spring revision)

14. The increase in core revenue funding was driven by a significant increase in income from non-domestic rates. The general revenue grant and specific revenue grants both fell in real terms.

15. In 2021/22, councils received an additional £0.5 billion in non-recurring revenue funding from the Scottish Government to support their Covid-19 response. When this is included, councils experienced a real terms reduction of 3.6 per cent in revenue funding from the Scottish Government in 2022/23 compared to 2021/22. In 2022/23,

a one-off grant of £278 million was received by councils, to distribute the £150 Cost of Living Award to eligible households.

An increasing proportion of Scottish Government funding is formally ring-fenced or provided with the expectation it will be spent on specific services

16. Specific revenue grants funding totalled £786 million in 2022/23 and must be used to fund specific policies or initiatives such as for early learning and childcare expansion and the pupil equity fund.


17. In addition to specific revenue grants, other funding received by councils is directed for national policy initiatives. Though not formally ring-fenced, this funding is provided with the expectation that it will be spent on specific services.

18. Examples of directed funding in 2022/23 include: £140 million for Local Government pay deals, £145 million for additional teachers and support staff and £234 million for the annual pay uplift to social care staff in commissioned services.

19. We calculate that ring-fenced and directed funding increased to 25.7 per cent in 2022/23 ([Exhibit 3](#)).

Exhibit 3.

Proportion of Scottish Government funding to local government that is ring-fenced or directed

 Source	2021/22 £ million	2022/23 £ million
From initial allocation		
Specific revenue grant	805	786
Directed funding within general revenue grant	347	475
Directed funding from transfers from other portfolios	488	648
From in year allocations		
Directed funding from budget revisions and recalculations	1,061	1,236
Total ring-fenced or directed funding	2,701	3,145
Total revenue funding	11,384	12,231
Percentage ring-fenced or directed	23.7%	25.7%

Note: We have updated our methodology from last year. This changes the total ring-fenced amount for 2021/22 from 23.1% to 23.7%. **Page 223 of 366**

Source: Scottish Government budget documents and financial circulars

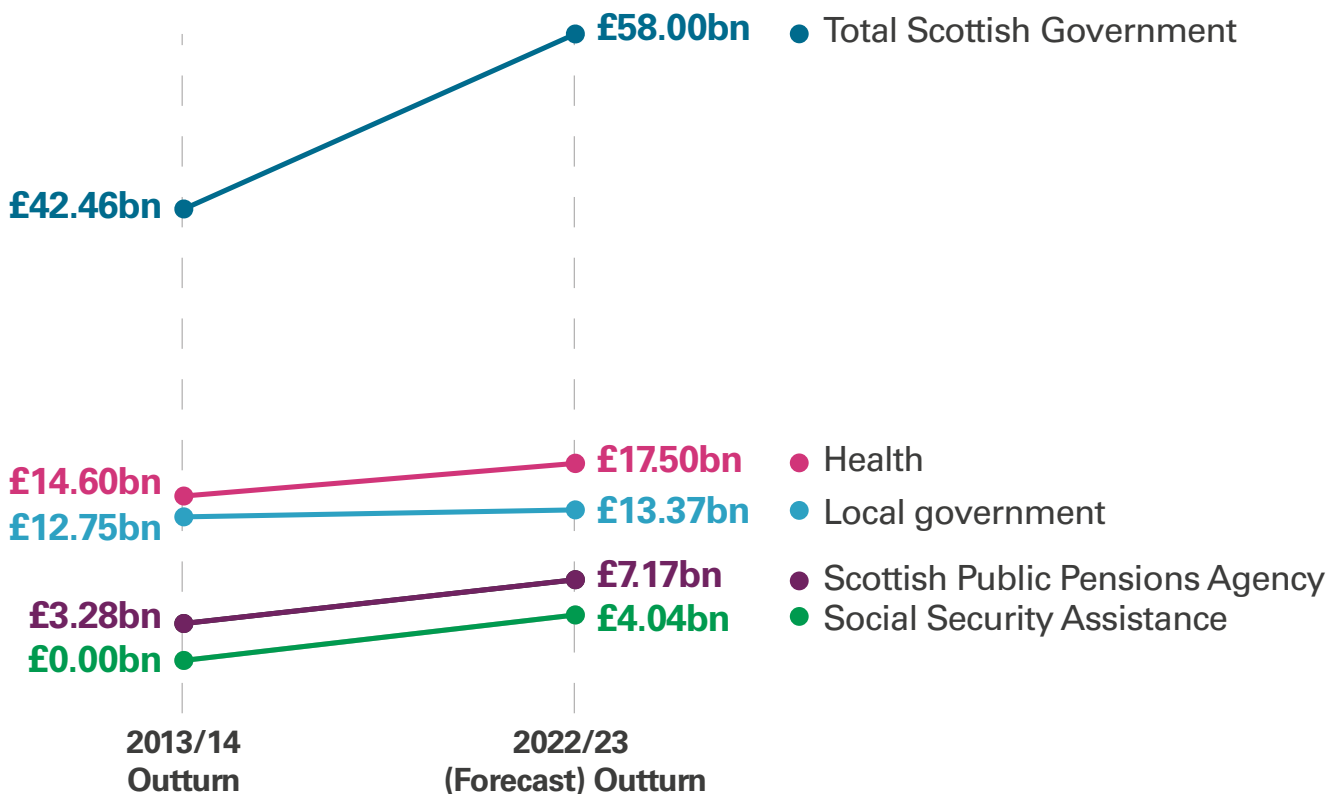
20. While directed funding is important to help deliver national priorities, it restricts councils from making decisions about how funds can be used at a local level to meet local need. The Verity House Agreement, signed in June 2023, includes a commitment to a default position of ending ring-fencing or directed funding unless there is a clear joint understanding of the rationale for such arrangements. We discuss this further in [Part 2](#) of the report.

Over the last decade, the proportion of the Scottish Budget allocated to local government has been reduced

21. Local government is the second largest area of Scottish Government spending; however, this proportion has reduced over the last decade. In 2013/14 local government (capital and revenue) accounted for 30 per cent of the total spend. In 2022/23, it had fallen to 23 per cent. Over this period, local government spend has been relatively static in real terms while total Scottish Government spend increased by 37 percent. Areas of growth include health and social security ([Exhibit 4](#)).

Exhibit 4.

Local government spend (outturn) compared to other areas of the Scottish Budget, 2013/14 to 2022/23, real terms



Source: Scottish Budget 2023/24, Annex D: Outturn Comparison 2013/14 to 2021/22 and Scottish Budget 2024/25, Annex H: Outturn Comparison 2014/15 to 2022/23

Council budget-setting

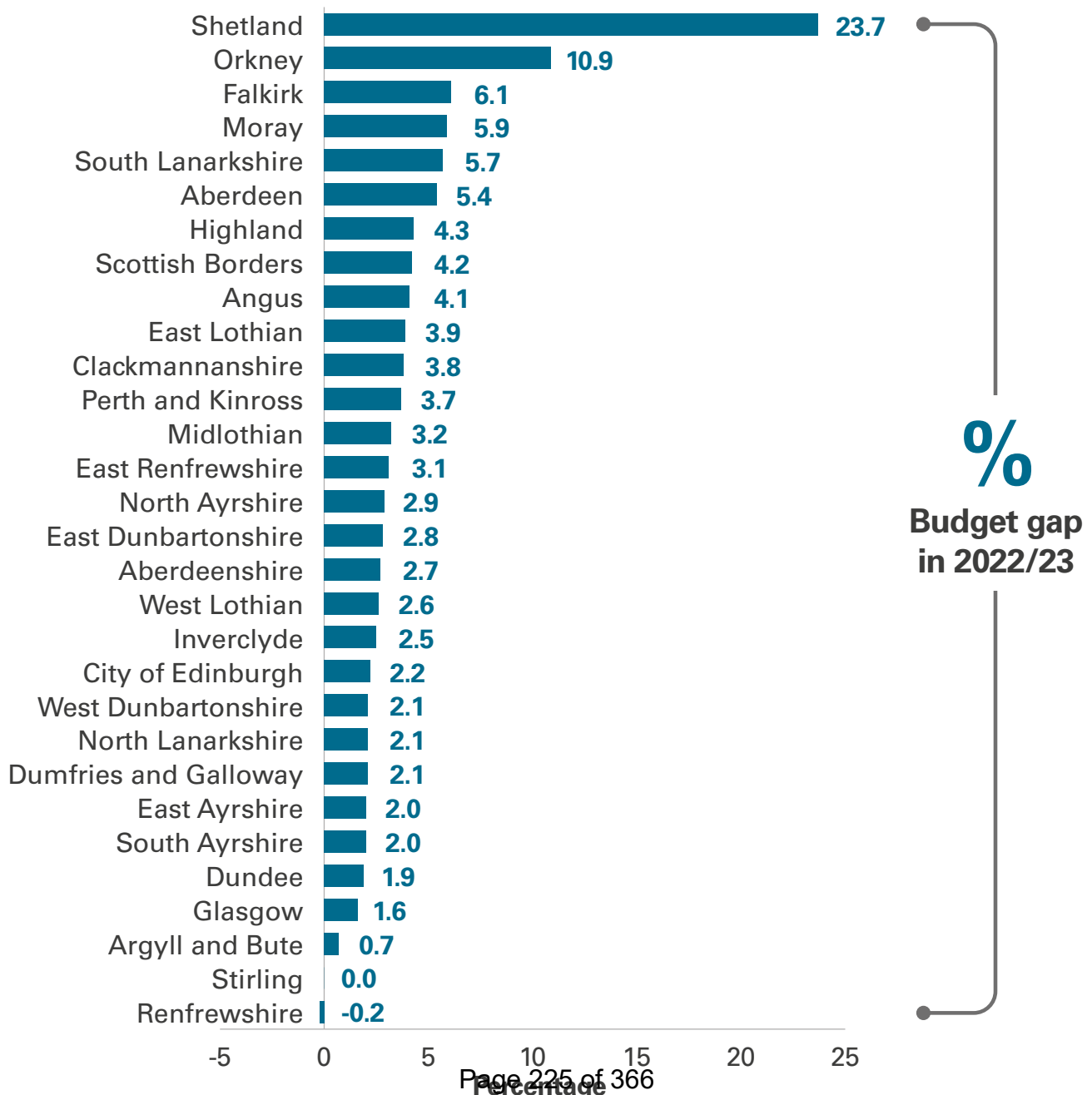
At the time of setting their 2022/23 budgets, councils in our sample identified budget gaps of over £476 million for the year

22. At the time of budgeting, the 30 councils in our sample identified **budget gaps** totalling £476 million for 2022/23, compared to £350 million for the same sample of councils for 2021/22. This represents a budget gap of 2.9 per cent of the net cost of services ([Exhibit 5](#)).

Budget gaps reflect a point in time when councils begin to set their budgets and is the difference between anticipated expenditure and funding and income.

Exhibit 5.

Budget gap as a percentage of net cost of services, 2022/23

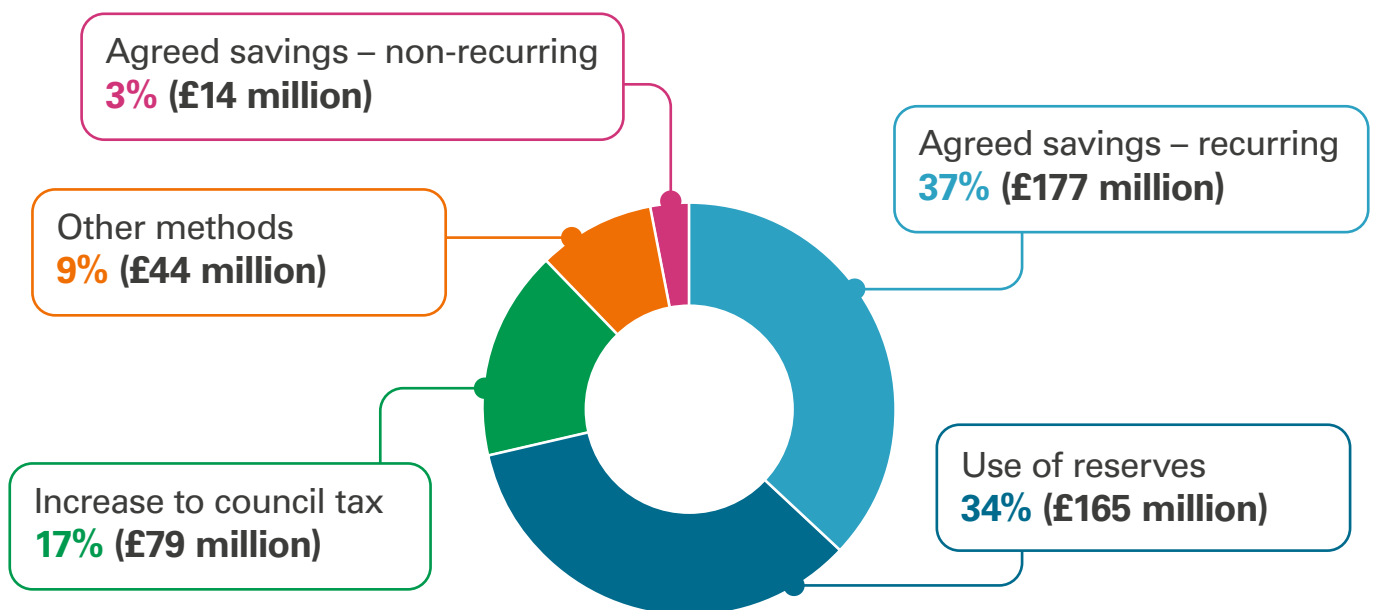


23. Within our sample, the budget gap for 2022/23 ranged from a surplus of £1.1 million (0.2 per cent of net cost of services) in Renfrewshire to a gap of £53 million (5.7 per cent net cost of services) in South Lanarkshire. Shetland had the largest budget gap as a proportion of net cost of services, at 23.7 per cent (with a value of £34 million). One council, Stirling, reported no budget gap.

Councils largely relied on reserves and making recurring savings to deliver a balanced budget

24. From our sample of 30 councils, a range of bridging actions were used to set balanced budgets for 2022/23 ([Exhibit 6](#)).

Exhibit 6. Councils' bridging actions to set their 2022/23 budget



Note: The chart elements add up to £479 million which is higher than the total anticipated budget gap. This is because Dundee identified bridging actions of greater value than their budget gap to allow for additional expenditure in priority areas.

Source: Auditor data returns (30 councils in the sample)

25. Use of reserves and making **recurring savings** were expected to bridge 71 per cent (£342 million) of the budget gap. The relative use of reserves to bridge the budget gap has doubled from 17 per cent in 2021/22 to 34 per cent in 2022/23.

26. Examples of other bridging actions include the use of:

- fiscal flexibilities for service concessions and capital receipts
- additional Scottish Government funding
- increased service charges
- non-recurring Covid-19 funding
- a reduction in IJB funding.

These actions are largely non-recurring and therefore not sustainable.

Outturn

Achievement of savings targets was high, but improvements are required in the transparency of reporting

27. From our sample of 30 councils, the aggregate savings target for 2022/23 was £216 million.¹ Three councils did not have a savings target.

28. Twenty-five councils provided information about savings performance in 2022/23. Fourteen councils (56 per cent) achieved their savings target in full or more and a further eight councils (32 per cent) achieved over 80 per cent. Overall, 98 per cent of the aggregate savings target was met. This compares to 92 per cent across all councils in 2021/22 ([Exhibit 7, page 14](#)).

29. Where we have a breakdown of how savings were achieved, 82 per cent (£126 million), were achieved on a recurring basis, which is higher than the 76 per cent achieved across all councils in 2021/22.



Recurring savings are savings, that once achieved, recur year-on-year from that date. Non-recurring savings are one-off savings that apply to one financial year and do not result in ongoing savings in future years.

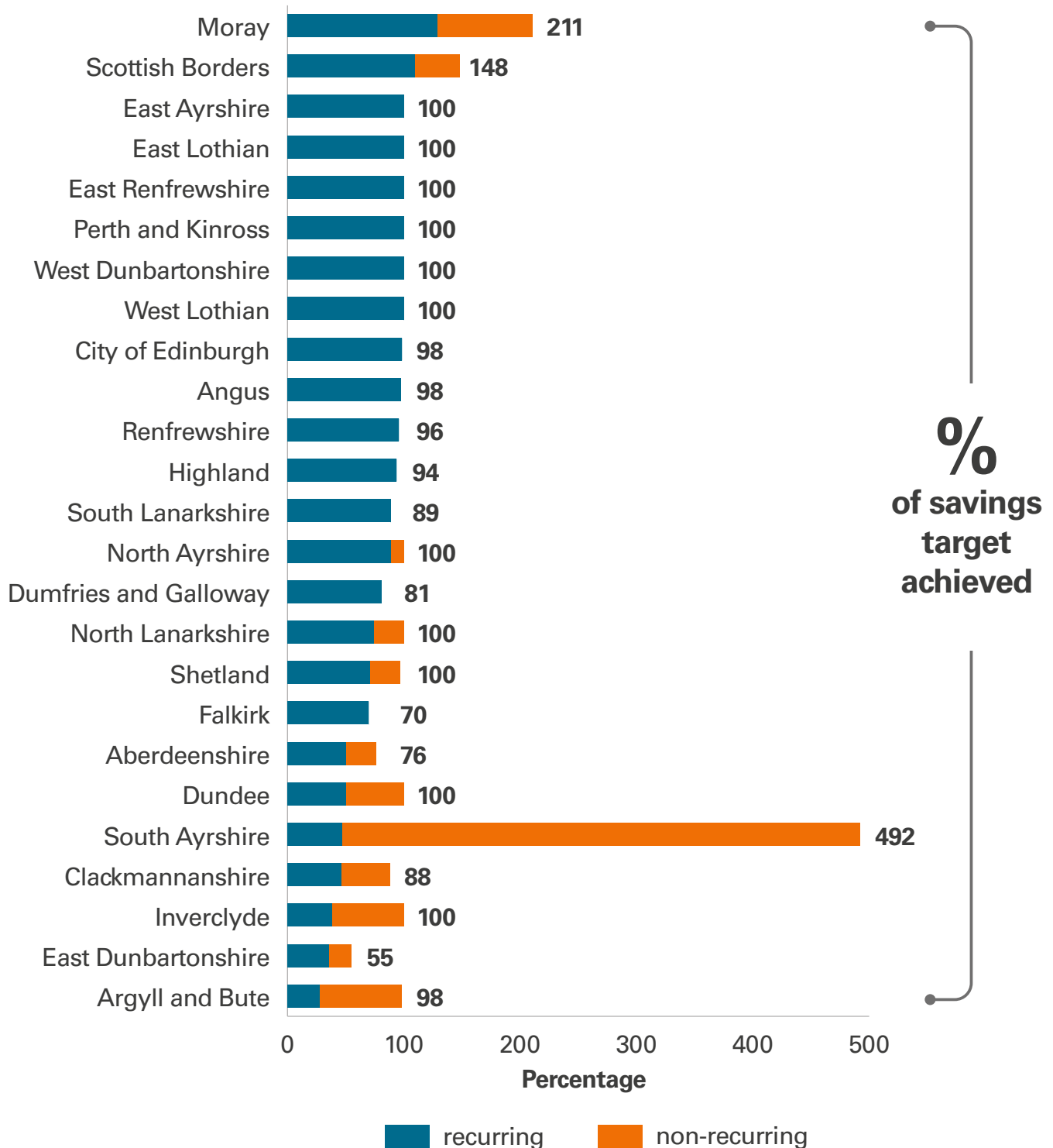
Recommendation

Councils should prioritise the achievement of recurring savings and avoid reliance on non-recurring savings to enhance longer-term financial sustainability.

¹ This savings target does not match the planned savings (recurring and non-recurring combined) identified as bridging actions in Exhibit 6. Savings identified during budget setting that have not been revised before a savings target is agreed.

Exhibit 7.

Percentage of savings target achieved, split by recurring and non-recurring, 2022/23



Note: Information on the split of savings achieved was not available for Dundee. South Ayrshire's savings performance was 492% due to a large (non-recurring) underspend. Five councils within the sample are not included in the chart: Midlothian, Orkney and Stirling did not have a savings target in place for 2022/23. Information on savings performance was not available for Glasgow and Aberdeen.

Source: Auditor data returns (30 councils in the sample)

30. A review of councils' management commentaries identified that 66 per cent of council accounts provided no or insufficient commentary on performance against savings targets. Further detail on the transparency of management commentaries is included at [paragraphs 44–46](#)).

Over half of councils used financial flexibilities in 2022/23

31. In recent years, the Scottish Government has introduced a number of financial flexibilities to help alleviate ongoing financial and funding pressures.

32. The three main flexibilities available are:

- The use of capital receipts for revenue costs.
- The ability to apply for revised loans repayments.
- Changes to service concession arrangements which allow councils to write off the debt costs associated with these schemes over the expected lives of the respective assets rather than over the contract period of each arrangement.

33. Of our sample of 30 councils, 18 (60 per cent) reported that they used some of the financial flexibilities allowed by the Scottish Government in 2022/23.

34. Using flexibilities to meet immediate spending pressures may help councils to balance their budgets, but it defers costs to later years and does not tackle the underlying challenges to financial sustainability.

Capital funding and expenditure

Increases in capital expenditure were driven by increased borrowing

35. Councils' **capital expenditure** in 2022/23 was £3.6 billion. This is a 16 per cent (£0.5 billion) increase in cash terms compared to 2021/22.

36. The increase in capital expenditure in 2022/23 was driven by a 52 per cent increase in borrowing. At £1.41 billion, this was the largest source of capital financing, surpassing government grants which accounted for £1.35 billion of capital expenditure. The higher costs associated with borrowing place further pressure on revenue budgets over the longer term ([Exhibit 8, page 16](#)).

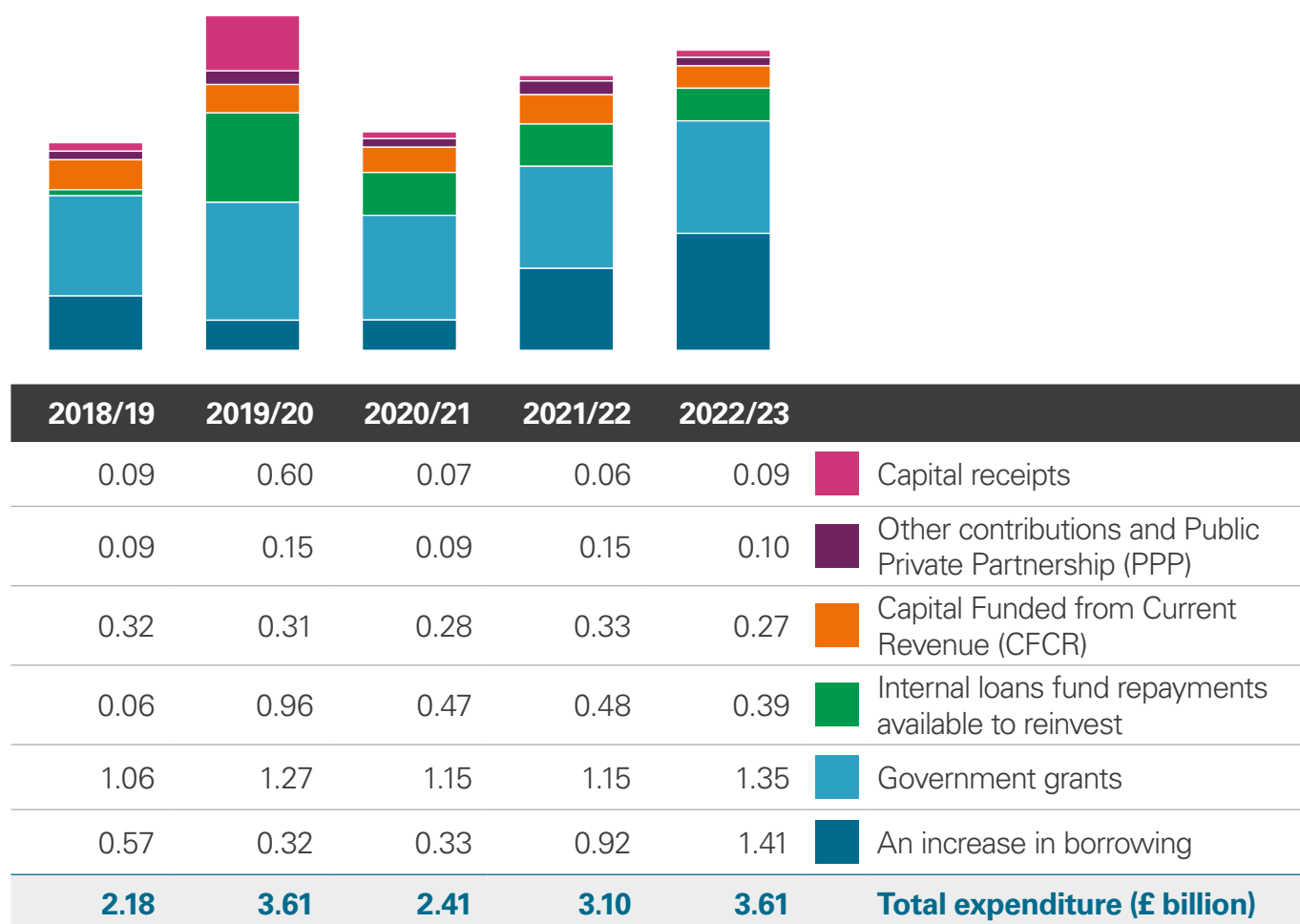
37. Twenty-two councils reported higher capital expenditure than in 2021/22. At a council level, year-on-year movement ranged from a £207 million increase (Glasgow) to a £54 million decrease (Angus).



Capital expenditure is the money spent by councils to maintain or improve their assets, for example school buildings and roads. It cannot be used on day-to-day running costs.

Exhibit 8.

Capital expenditure split by sources of finance in cash terms, 2018/19 to 2022/23 (£ billion)



Source: Councils' annual accounts 2018/19 to 2022/23 (audited and unaudited)

38. Slippage against capital projects was noted by auditors in some Annual Audit Reports for 2022/23. Factors included higher costs for goods and services including utilities, fuel and labour; and wider economic circumstances including inflation, war, Covid-19, interest rates and pay awards.

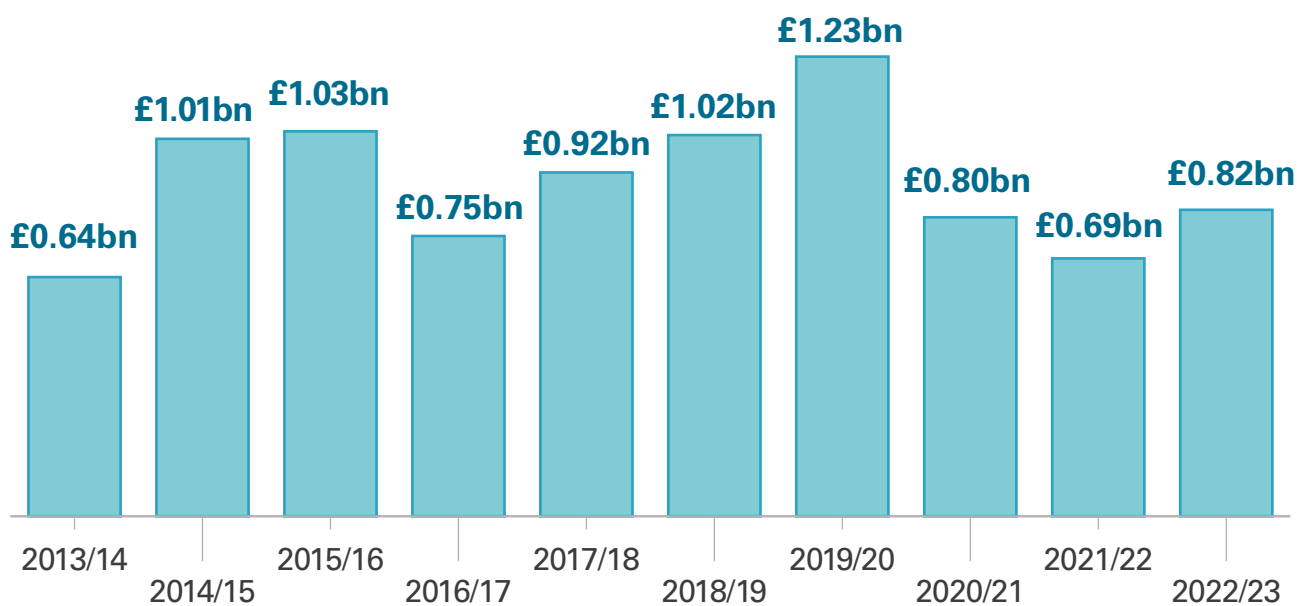
Capital funding from the Scottish Government rose in 2022/23 but remains lower than before the pandemic

39. Councils receive capital funding from the Scottish Government in the form of the capital grant, distributed by means of a funding formula based largely on population and road-length.

40. In 2022/23 capital funding from the Scottish Government rose by 19 per cent in real terms to £0.82 billion compared to 2021/22. However, it remains lower than many of the years leading up to the Covid-19 pandemic ([Exhibit 9](#)).

Exhibit 9.

Scottish Government capital funding to local government 2013/14 to 2022/23, real terms



Source: Scottish Government budget documents (spring revision)

41. Some capital funding is directed towards specific policies. For example, in 2022/23 around £120 million was allocated to support the local government pay deal in 2022/23 and £30 million to fund expansion of free school meals.

42. Scottish Government capital funding is volatile. Some of the more significant movements can also be attributed partly to reallocation of capital funding payments from one financial year to another, as agreed between the Scottish Government and COSLA. For example, the 2016/17 figure excludes £150 million that was reallocated and included in the 2019/20 capital settlement.

Reporting on financial outturn in management commentaries

Councils could improve the transparency of their reporting on financial outturn and progress against savings plans

43. A management commentary is a report by the council, set out within its annual accounts. It should provide information on the council's strategic priorities and key risks, as well as a balanced analysis of the financial and wider performance of the council over the year.

We undertook a review of councils' management commentaries to assess the transparency of their reporting against three elements that the Accounts Commission has previously recommended should be included:

- Is the outturn against budget position for the year clearly shown with the reasons for significant variances obvious?
- Is the outturn reported in the narrative reconciled to the movement in the general fund contained in the financial statements and major differences explained?
- Is progress against agreed savings reported?

44. Twenty councils included commentary related to outturn against budget including the main reasons for the variances. Of the remaining, nine provided insufficient detail or no commentary on variances and three lacked clarity on the outturn against budget.

45. Half of councils provided a table within the management commentary which showed the reconciliation of outturn to the movement on the general fund. Of the remaining, 12 did not provide sufficient detail within the management commentary to demonstrate a reconciliation of the general fund against reserves and four did not provide any information.

46. Eleven councils outlined progress against savings targets to some extent, with some providing a table of savings performance trends and/or links to other documents. Of the remaining, 12 provided generic statements or insufficient detail, seven provided no information and two referred only to previous or future savings plans.

Recommendation

Councils should 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.

2. Councils' financial position and outlook

2022/23 financial position

In 2022/23, councils increased their total usable reserves by £0.31 billion to £4.46 billion

47. Reserves play an important role in good financial management of councils. They may be used to invest in a major project, transform services or respond to unexpected events. Reserves are a one-off resource, so councils need to plan carefully for their use. In doing so, they should consider the strategic, operational, and financial risks facing the council.

48. In 2022/23, councils increase their total usable reserves by £0.31 billion, from £4.15 billion to £4.46 billion ([Exhibit 10, page 20](#)).

49. Revenue reserves increased by 2.2 per cent (£80 million) and capital reserves increased by 40 per cent (£232 million). The increase in capital reserves may be linked to slippage against capital projects ([paragraph 38](#)).

50. Half of councils increased their usable reserves in 2022/23. A review of management commentaries for those councils with the greatest increases found these were largely attributable to accounting adjustments related to the permitted use of financial flexibilities for the repayment of longer-term debt. Some councils are also committing reserves to contingency or financial sustainability funds to cushion the impact of known financial challenges in the years ahead or to help fund transformation, potential workforce reconfiguration or pay settlements.

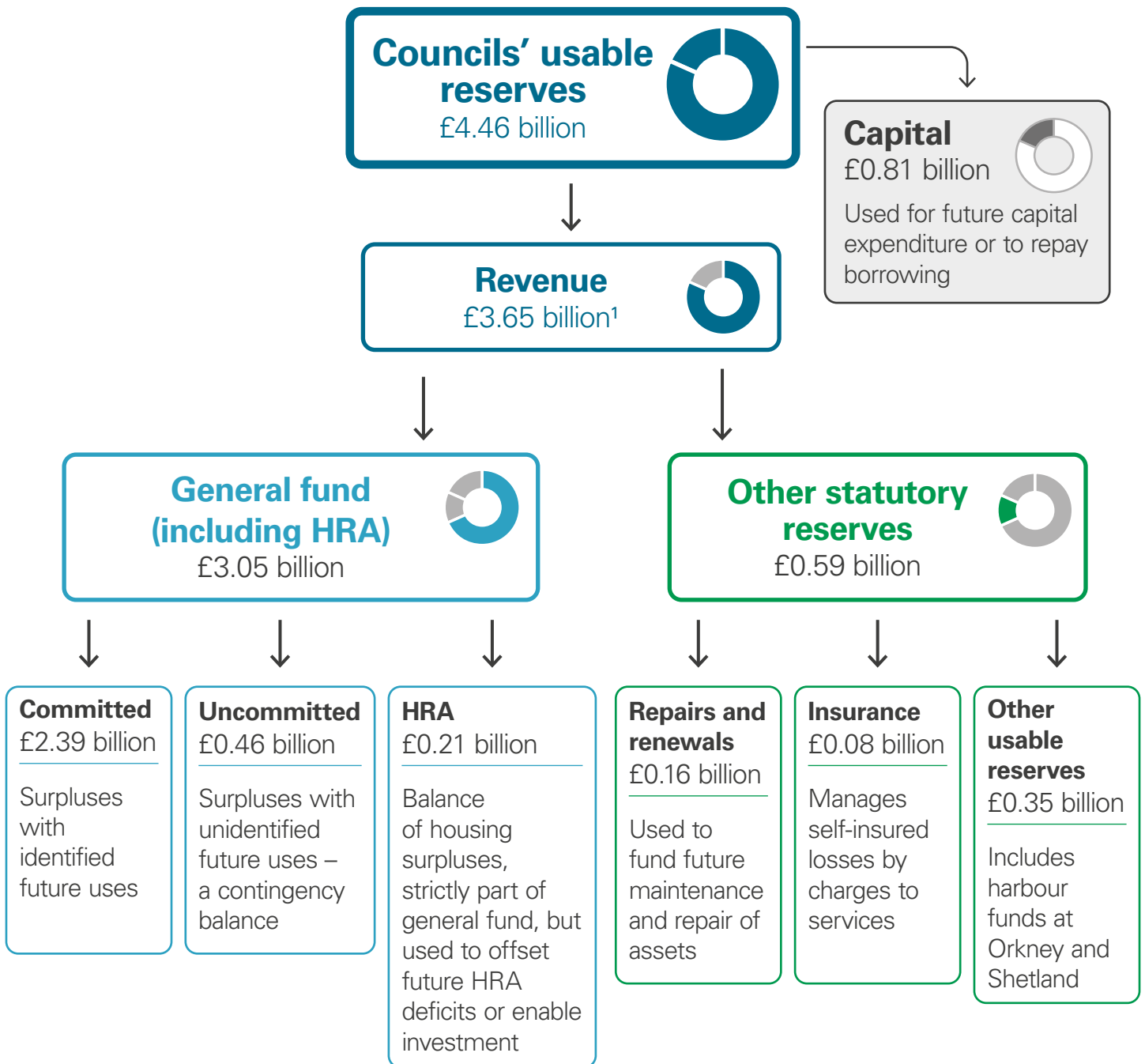
The level of reserves as a proportion of total net revenue expenditure is higher in 2022/23 than before the pandemic

51. In 2022/23, the total usable reserves across all councils as a proportion of total net revenue expenditure was 27.3 per cent compared to 20.4 per cent in 2019/20 before the pandemic ([Exhibit 11, page 21](#)).

52. In 2022/23, no council had usable reserves that were less than ten per cent of net revenue expenditure compared to four councils in 2019/20. Twenty councils had reserves that were over 20 per cent of net revenue expenditure, compared to nine in 2019/20.



Looking at the level of **reserves as a proportion of total net revenue expenditure** is one way of assessing financial sustainability. A low figure may suggest that a council will struggle financially if it experiences a financial shock or is unable to deliver a budget where income matches expenditure.

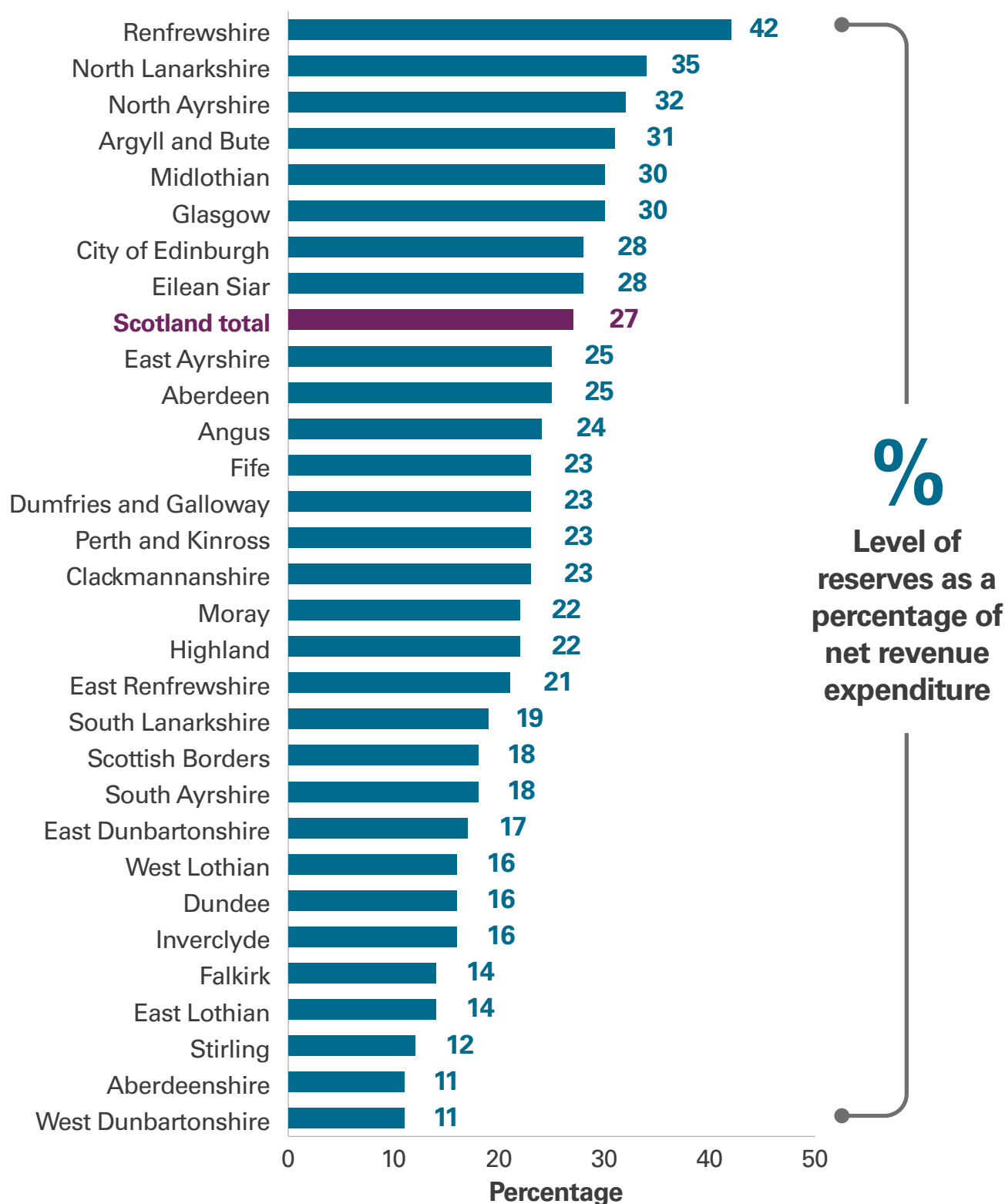
Exhibit 10.**The nature and value of councils combined usable reserves, 2022/23**

Note 1. Total figure doesn't match subtotals due to rounding.

Source: Councils' annual accounts 2022/23 (discretely audited)

Exhibit 11.

Level of usable reserves as a proportion of net revenue expenditure, split by council, 2022/23



Note: Orkney and Shetland are excluded from this chart as both hold large reserves (over 200 per cent of net cost of services) related to oil, gas and harbour related activities.

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

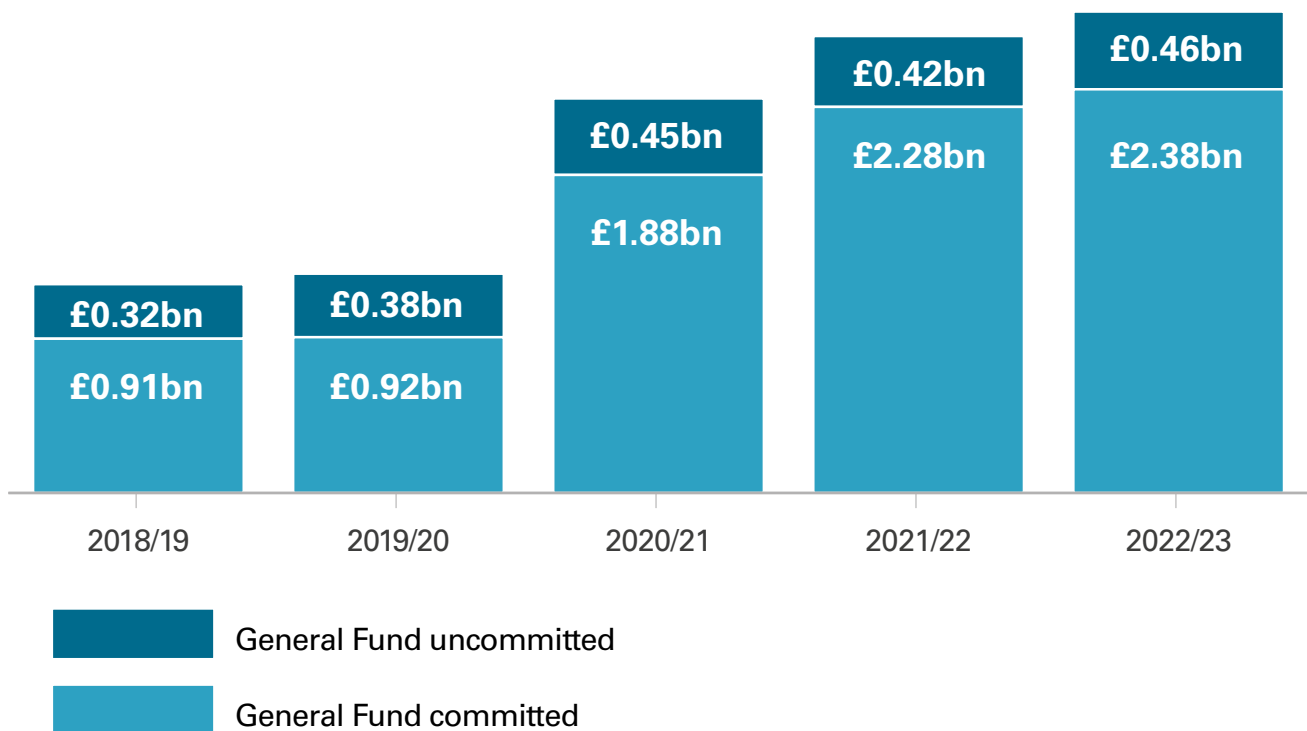
Councils increased their general fund reserves, but this is driven by growth in committed funds

53. In 2022/23, councils increased their total General Fund reserves (excluding any HRA element which not all councils have) by £0.1 billion (4.8 per cent) to £2.84 billion compared to 2021/22.

54. Committed funds have increased by £0.1 billion (4.6 per cent) since 2021/22 and by £1.47 billion (159 per cent) since 2019/20 ([Exhibit 12](#)).

Exhibit 12.

National General Fund balance, 2018/19 to 2022/23, cash terms



Note: This chart excludes HRA.

Source: Councils' annual accounts (audited and unaudited)

55. Paragraph 50 outlines some of the reasons for growth in committed funds in the past year. Based on data extracted from 2022/23 accounts, we calculate that remaining Covid-19 funding makes up around nine per cent of the total committed General Fund balance, but it is difficult to provide an exact figure for this and it may actually be higher. The continued lack of consistent transparency and detail in annual accounts around what and when reserves are committed for, and their associated spending plans, makes conclusions in this area difficult to draw.

Recommendation

Councils should 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.

Some councils hold very low levels of uncommitted reserves but have specific reserves earmarked for contingency instead

56. Councils have reserves policies in place that set out the rationale for the minimum reserves levels set by the council. Most councils plan to maintain uncommitted reserves at around 2 to 4 per cent of net budgeted expenditure as a contingency to respond to unforeseen events and associated cost pressures.

57. In 2022/23, five councils had an uncommitted reserve balance below two per cent of net budgeted expenditure. Low levels of uncommitted reserves present a risk as it limits a council's ability to cushion the impact of uneven cash flows, unexpected events or emergencies. However, a review of 2022/23 annual accounts for those with the lowest uncommitted balances found that these were planned decisions with specific reserve funds earmarked for contingency.

Councils' total net debt increased by £1 billion (six per cent) between 2021/22 and 2022/23

58. Total net debt (total debt less cash and investments) increased by £1 billion from £16.4 billion in 2021/22 to £17.4 billion in 2022/23 ([Exhibit 13, page 24](#)).

59. At a council level, net debt increased in 24 councils between 2021/22 and 2022/23. This compares to an increase in net debt in 15 councils in 2021/22, and eight in 2020/21.

Exhibit 13.

Councils' total net debt, 2018/19 to 2022/23



	2018/19	2019/20	2020/21	2021/22	2022/23
Net debt (£ billion)	15.7	17.1	16.2	16.4	17.4
Year-on-year % change		9.1%	-5.3%	1.4%	5.8%

Note: Orkney is excluded from the total net debt analysis as it has net investments.

Source: Councils' annual accounts (audited and unaudited)

60. There is significant variation between councils. Some councils have experienced very large increases in their net debt, with the highest increases being in South Ayrshire (29 per cent) and East Dunbartonshire (21 per cent). Both these councils were also among those with the highest increases in the previous year. West Dunbartonshire saw the largest decrease between these years, at seven per cent.

61. Glasgow City Council had the highest net debt at £2.1 billion, which represents a 10 per cent increase on the previous year. Shetland had the lowest net debt, but this had increased by 14 per cent compared to the previous year.

Councils' borrowing costs have reduced over the past nine years. However, decisions to reschedule debt repayment in recent years may create financial pressure in the longer-term

62. LGBF financial sustainability data for 2022/23 shows that the proportion of councils' general fund revenue budget being used to service debt has fallen from 8.4 per cent in 2013/14 to 5.4 per cent in 2022/23.

63. A key contributory factor to this has been the decision by councils to re-profile principal repayments over a longer period, in line with 2016 Loans Fund regulations. Some councils also used the financial flexibility afforded by the Scottish Government that permitted a reduction in the statutory repayment of debt in 2020/21, 2021/22 and 2022/23.

64. Although borrowing costs have reduced, the long-term affordability of these payments is an important element of councils' financial sustainability. There is a risk that decisions to reschedule debt repayments may add pressure on future budgets as it defers costs to later years and does not tackle the underlying challenges to financial sustainability.



Financial sustainability indicators included within the Local Government Benchmarking Framework (LGBF)

consider the affordability of councils' borrowing costs. The ratio of borrowing costs to net revenue budget highlights the revenue implications of existing and proposed capital expenditure. The indicator included in the LGBF identifies the proportion of the general fund revenue budget that is required to meet the cost of borrowing.

Scottish Government funding for 2023/24

Revenue funding to local government from the Scottish Government in 2023/24 saw a cash and real-terms increase on 2022/23

65. The initial core revenue funding settlement for local government in 2023/24 was £10.9 billion. At the 2023/24 autumn revision, an additional £1.5 billion in general revenue grant funding increased total funding to £12.5 billion. This is a 13.5 per cent increase in cash terms and a 7.0 per cent increase in real terms (in 2022/23 prices) on the 2022/23 position. Almost £1 billion was transferred from health to support social care and integration, over £0.25 billion was additional funding for school staff pay and £0.2 billion was transferred from education. ([Exhibit 14](#)).

Exhibit 14.

Scottish Government revenue funding (autumn budget revision), 2023/24 compared to 2022/23, in real terms

Scottish Government revenue funding	Cash terms			Real terms		
	2022/23 £ million	2023/24 £ million	change %	2022/23 £ million	2023/24 £ million	change %
Core revenue	10,999	12,482	13.5%	10,999	11,765	7.0%
General revenue grant	7,458	8,683	16.4%	7,458	8,184	9.7%
Non-domestic rates	2,766	3,047	10.2%	2,766	2,872	3.8%
Specific revenue grants	775	752	-3.0%	775	709	-8.5%

Note: Real terms calculation uses 2022/23 as base year.

Source: Scottish Government budget documents (autumn revision)

66. Over the past decade, the total value of specific revenue grants has steadily increased – see [Exhibit 16 \(page 28\)](#) for further details. However, at the latest 2023/24 budget revision (autumn) it decreased in both cash terms and real terms.

Councils' capital funding allocation for 2023/24 represents a real-terms decrease on 2022/23

67. The initial capital funding settlement for local government in 2023/24 was £747 million. At the autumn revision, capital funding was increased to £767 million. This represents a 2.6 per cent fall in cash terms and an 8.2 per cent fall in real terms compared to the same position in 2022/23.

68. Some capital funding is directed for specific policies. For example, £50 million capital to help with the expansion of the Free School Meals policy.

69. The capital funding outlook for the whole Scottish public sector is challenging and the Scottish Government is currently undertaking a programme of reprioritisation of capital projects. The continued pressure on capital budgets presents risks to local government capital programmes, many of which impact on key services (eg, schools, libraries, roads, etc). However, councils did increase their capital reserves by 40 per cent in 2022/23.

Councils' budget-setting for 2023/24

Councils' budget gaps increased significantly in 2023/24 compared to 2022/23

70. At the time of budgeting, from our sample of 30 councils, a total budget gap of £725 million was identified for councils' 2023/24 budgets, a significant increase on the £476 million identified in 2022/23. This represents 4.2 per cent of the net cost of services (in real terms) compared to 2.9 per cent in 2022/23.

71. All but three councils (East Lothian, Dundee and Highland) in the sample reported a higher budget gap in 2023/24 than 2022/23. The budget gaps for 2023/24 ranged from £5 million in Highland (0.6 per cent of net cost of services) to £77 million in South Lanarkshire (7.8 per cent of net cost of services). The wide range may be in part due to different approaches to budgeting rather than significant differences in cost and service pressures.

72. The most common bridging actions taken to set balanced budgets in 2023/24 were recurring savings (33 per cent), the use of reserves (27 per cent) and increases to council tax (18 per cent) ([Exhibit 15, page 27](#)).

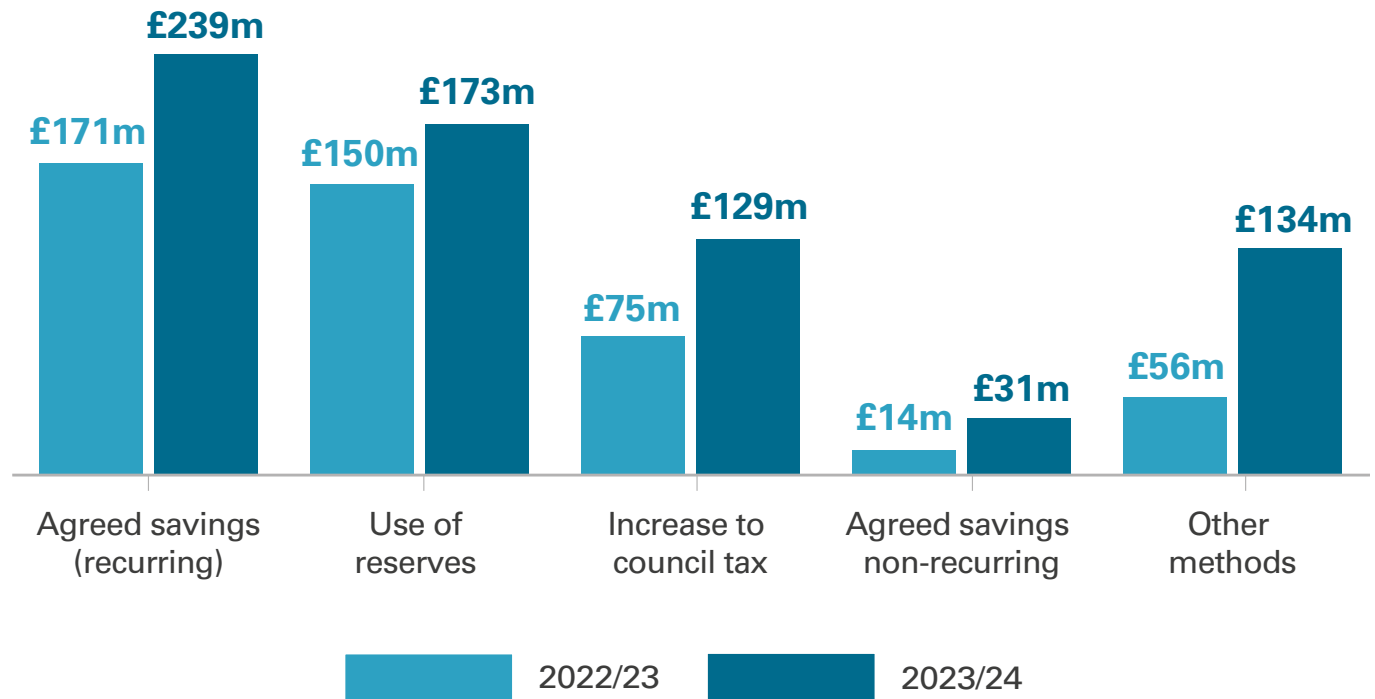
73. Some councils have already taken difficult decisions to address budget gaps through implementation of recurring savings options. However, in the face of public opposition, some councils have reversed decisions that related to the reduction or cessation of services as part of savings put forward for 2024/25. This illustrates the increasing challenges that councils are facing in delivering balanced budgets and highlights the need for proper and timely consultation over budget proposals.

Recommendation

Councils should ensure effective and timely consultation and engagement with communities on the options that must be considered to achieve a balanced budget.

Exhibit 15.

Councils' bridging actions to set their 2023/24 budget compared to 2022/23



Note: The chart elements for 2023/24 add up to £733 million which is higher than the total anticipated budget gap for 2023/24. This is because Dundee and North Lanarkshire reported bridging actions of greater value than their budget gap.

Source: Auditor data returns (30 councils in the sample)

Financial sustainability

In real terms, councils' core revenue funding is similar to levels a decade ago. However, over that time, councils' have experienced periods of reduced budgets and increasingly ring-fenced funding

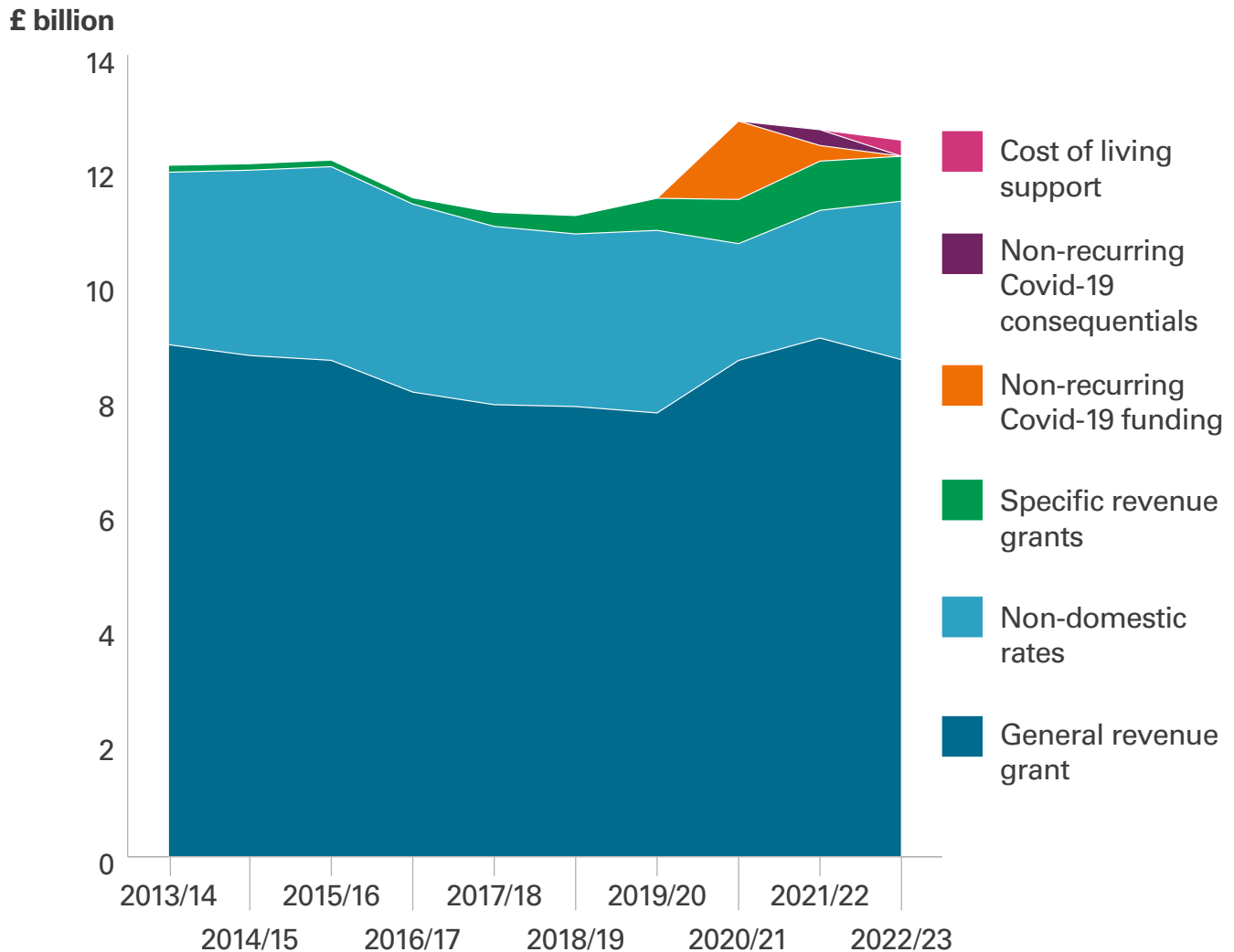
74. The £12.2 billion core allocation received by councils in 2022/23 compares to a real-terms value of £12.1 billion in 2013/14, a 1.3 per cent increase ([Exhibit 16, page 28](#)).

75. Over this period, in real terms the general revenue grant decreased year-on-year until 2020/21 and non-domestic rates also fell over the same period. During the pandemic, councils received additional core and specific non-recurring Covid-19 funding.

76. In real terms, the general revenue grant in 2022/23 is 2.9 per cent (£262 million) lower than in 2013/14 and income from non-domestic rates is 8.1 per cent (£244 million) lower.

Exhibit 16.

Scottish Government revenue funding to local government, real terms, 2013/14 to 2022/23



Source: Scottish Government budget documents (spring revision) for 2014/15 to 2022/23 and actual figures for 2013/14 (from 02/2014 circular) as budget documents were not available

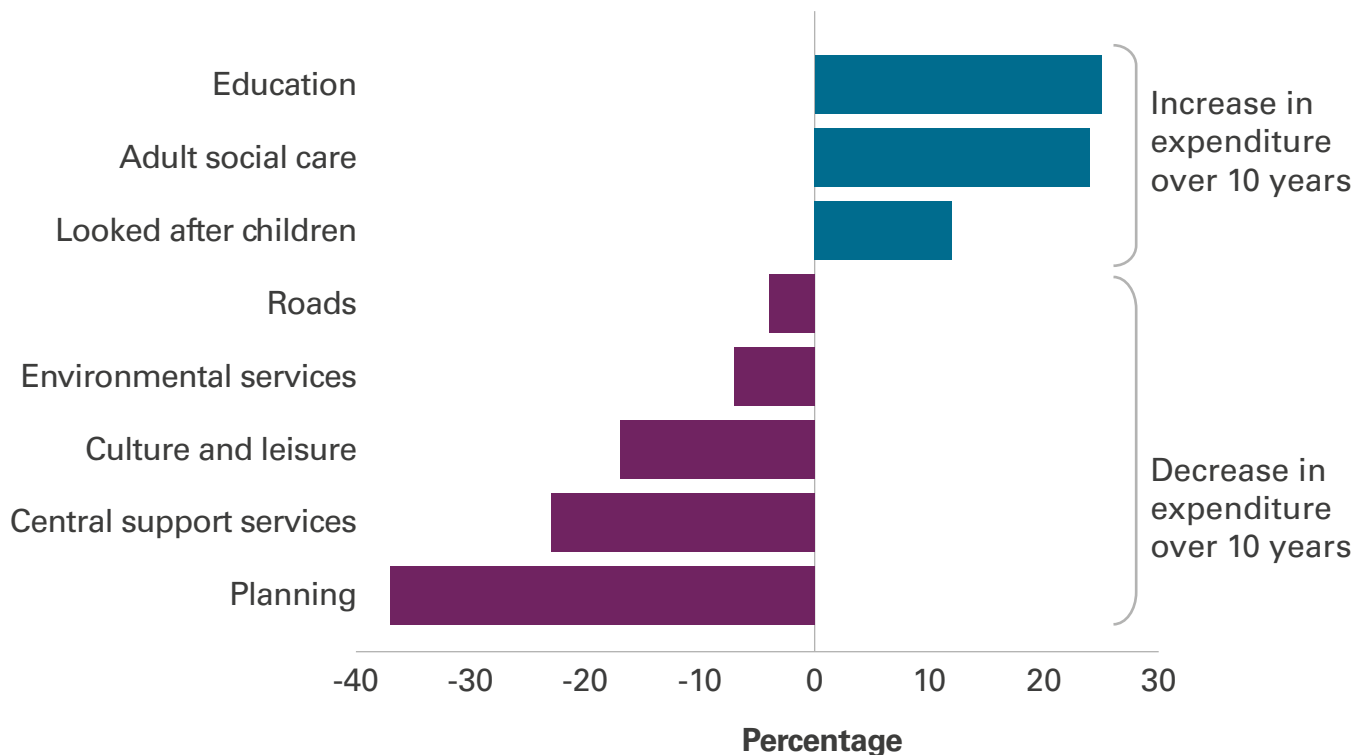
77. Specific revenue grants have increased by over 500 per cent (£663 million) across the same period in real terms (although there was a reduction in 2022/23). This significant increase has been a key contributory factor in keeping the overall local government budget at a similar level. These grants are to support the delivery of specific national policies, for example the expansion of early learning and childcare, rather than provision of flexible funding for councils to use at their discretion.

As demand for council services continues to rise, councils have reduced spending on 'unprotected' services to balance budgets

78. As we reported in our [Local government in Scotland: Overview 2023](#) report in May 2023, over the last decade, there is a clear divergent pattern of spending on council services. Spending on children's services (education and looked after children) and adult social care has been protected and increased because of increased demand and national policy directives. This means that the remaining 'unprotected' services have borne a disproportionate level of spending reductions ([Exhibit 17](#)).

Exhibit 17.

Percentage change in expenditure (in real terms) over ten years, 2012/13 to 2021/22



Source: Improvement Service

Councils' medium- and longer-term financial plans demonstrate a clear recognition of the significant financial challenges that lie ahead

79. Councils' medium- and longer-term financial plans provide a clear picture of the challenging and volatile financial landscape that they face. Significant pressures resulting from increased demand for services, inflation, and legislative reform, as well as the continuing financial impacts of the Covid-19 pandemic and cost of living crisis, feature strongly.

80. Generally, these plans also set out projected budget gaps over the medium and longer term, highlighting the scale of the challenge and the level of savings required to continue to deliver balanced budgets in the years ahead.

81. As the whole public sector faces the most difficult financial outlook seen for many years, councils are having to make increasingly difficult choices about their spending priorities and need to balance short-term pressures with robust planning for long-term financial sustainability.

Some councils use indicators to assess their financial resilience but the extent to which they are used and their effectiveness varies

82. From a sample of 30 councils, an assessment of financial resilience arrangements found all but five use the **financial sustainability indicators** from the local government benchmarking framework (LGBF) in local reporting. Of the same sample, only six use the CIPFA Resilience Index. The extent of this reporting also varies. Some councils provide regular reports to elected members, while others include detail on a less frequent basis in other documents, such as service plans or strategies.

83. Auditor returns indicated that in some cases, financial resilience indicators are not used to any great extent by councils on a regular basis. Financial resilience is instead built into day-to-day financial processes and strategies. In other cases, auditors highlighted the use of key financial ratios recommended by CIPFA Directors of Finance within the management commentary of the accounts or reporting upon financial resilience monitoring in their medium-term financial plans.



Financial sustainability indicators are a helpful tool for councils to measure performance and resilience on an ongoing basis. Councils have adopted different approaches to how they use indicators to monitor financial resilience.

Recommendation

Given the scale of the challenges, councils should 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.

The pensions' triennial funding valuation as at 31 March 2023 is not yet complete, but preliminary results suggest a potential positive impact on finances at some councils in the short term

84. The most recent triennial funding valuation took place across Local Government Pension Scheme pension funds at 31 March 2023. The main purpose of the valuation is to review the financial position of each fund and to set appropriate contribution rates for each employer for the upcoming three-year period as part of the fund's overall funding strategy.

85. Preliminary results across some pension funds show an improved funding position. An improved funding position may allow the fund to retain a surplus, change the investment strategy, take less funding risks, or reduce employer contributions.

86. Reducing employer contributions has the potential to create a 'windfall' effect for some councils, thus potentially reducing some of the cost pressures likely to be faced in 2023/24. This may allow councils some additional flexibility to manage immediate financial pressures while taking steps to enhance financial sustainability over the longer term. This will however require careful consideration at a local level. It is likely that auditors will monitor this closely as part of 2023/24 audits.

The Verity House Agreement and looking to the future

87. In June 2023, a new partnership agreement, the Verity House Agreement, was agreed between the Scottish Government and COSLA.

88. The partnership committed to:

- **From June 2023, a default position of no ring-fencing or direction of funding unless there is a mutual understanding of the reasons for a ring-fenced funding arrangement.** A reduction in the level of ring-fencing is likely to have a positive impact on the efficient and effective use of resources at a local level. Councils will experience increased local flexibility, providing greater scope to respond well to local needs in a targeted manner. However, good accountability for the use of public funds remains crucial. It is important therefore that the Scottish Government and COSLA work together to establish the right balance between direction and flexibility.
- **By the end of October 2023, undertake a joint review of specific grants and in-year transfers to local government.** The purpose of the review is to identify what funding can be baselined into the General Revenue Grant or General Capital Grant from the 2024/25 financial year to create more flexibility for councils in terms of their spending.
- **By the end of September 2023, agree a new fiscal framework which will govern the allocation of funding for local authorities and provide councils with increased control over their budget-setting processes. This includes multi-year settlements wherever possible to support strategic planning and investment.** The Accounts Commission has previously highlighted the importance of longer-term certainty in funding for councils, and the ongoing need for effective and robust financial management. This commitment in the Verity House Agreement is a welcome development.

89. Work in these areas remains ongoing, although at mid-December 2023 these milestones had not been met.

Recommendation

Councils should 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.

90. In October 2023, the First Minister unexpectedly announced a council tax freeze for 2024/25 and the postponement of Scottish Government proposals to increase the council tax multipliers for properties in bands E to H, by 7.5 per cent, 12.5 per cent, 17.5 per cent and 22.5 per cent. This was done without consultation with COSLA. Following greater reliance on increasing council tax to help deliver a balanced budget over the past two years, indications were that many councils were planning to increase council tax again for 2024/25.

91. The [Fraser of Allander Institute](#) modelled that 'if councils were planning increases that mirrored last year's (5.4 per cent), fully funding the freeze and cancellation of the multipliers would cost £329 million – £148 million for the former and £182 million for the latter'.

92. In the Scottish Budget on 19 December 2023, £144 million was allocated to 'fully fund' the council tax freeze, with the Scottish Government stating this is equivalent to a five per cent increase. Details on what this means for individual councils were not available at this time.

93. The impact of the freeze on councils' financial sustainability is not yet known and we will monitor this in our future audit work. However, 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 potentially lower than if councils were able to make tax raising decisions at a local level. The latest council tax freeze follows decisions by the Scottish Government to freeze council tax between 2008/09 and 2016/17 and in 2021/22, as well as cap increases at three per cent in 2017/18 and 2018/19.

94. The Scottish Government published their single year 2024/25 budget on 19 December 2023. The 2024/25 initial core revenue and capital settlement for local government is £12.3 billion which is a 1.7 per cent cash increase on the 2023/24 initial settlement. An additional £144 million has been allocated to fund the council tax freeze. A number of elements that were previously specific grants have been baselined into the general revenue grant including early learning and childcare expansion and the Living Wage funding. We will examine the implications of the Scottish Budget for councils' own budget setting in a budget briefing in spring 2024.

Local government in Scotland
Financial bulletin
2022/23



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North Lanarkshire Council Report

Finance and Resources Committee

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

Ref JMcK/BF

Date 28/02/24

Procurement Strategy 2024/25

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', the council prepares and publishes a Procurement Strategy on an annual basis.

This paper outlines the evolution of the procurement strategy with refinements to produce our new "**Procurement Strategy 2024/25**" to cover the period 1 April 2024 to 31 March 2025.

The refinements to the procurement strategy (provided at Appendix 1) include:

- reflection on local and national priorities including the supporting role of procurement (section 2);
- the revised objectives of our procurement strategy (section 5.1);
- recognition of the new national procurement strategy and our alignment to this (section 5.2);
- an outline of the council's procurement function (section 6);
- an outline of our procurement toolkit and procedures (section 7);
- an outline of monitoring and reporting applied to our procurement activity (section 8); and,
- our approach and policies to meet the requirements of procurement legislation (section 9).

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 2024/25; 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	All programmes of work

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.

2. Report

- 2.1. We are currently operating with [Procurement Strategy 2023/24](#) as approved by Finance and Resources Committee 14 September 2022.
- 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 2024/25 are:
 - The current local and national priorities are updated to reflect the Plan and vision for North Lanarkshire, linking the programme of work, and giving reference to the new national procurement strategy for Scotland.
 - The revised objectives of our procurement strategy are:
 - to support delivery of the local and national priorities;
 - to demonstrate that the council is transparent and fair in its procurement approach, wanting to attract interest and greater participation from businesses of all types and size;
 - to give assurance that our toolkit and procedures for procurement comply with regulatory and legislative requirements; and
 - to demonstrate our desire to appoint the best Contractors who share our vision and want to work with us to help us achieve our priorities and ambitions.
 - An outline of monitoring and reporting applied to our procurement activity to demonstrate our commitment to governance and transparency.

- 2.3. The full Procurement Strategy 2024/25 is included at Appendix 1 of this report covers the period 1 April 2024 to 31 March 2025.
-

3. Measures of success

- 3.1 Procurement Strategy 2024/25 fully complies with the legislative requirements of the Procurement Reform (Scotland) Act 2014
-

4. Supporting documentation

- 4.1 Appendix 1 – Procurement Strategy 2024/25

A handwritten signature in black ink, reading "James McKinstry". The signature is written in a cursive, flowing style with a long horizontal stroke at the end.

James McKinstry
Chief Officer (Assets and Procurement)

5. Impacts

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 <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, please provide a brief summary of the impact? The procurement strategy 2024/25 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">Equality Duty - https://www.gov.scot/policies/public-sector-procurement/procurement-equality-duties/; andFair Work First - https://www.gov.scot/publications/implementation-of-fair-work-first-in-scottish-public-procurement-sppn-6-2021/ If Yes, has an assessment been carried out and published on the council's website? https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
5.2 Financial impact 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 2024/25 sets an overarching approach for undertaking regulated procurements; each individual procurement undertaken will have its own review of Financial Impacts.
5.3 HR policy impact 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?
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 <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 2024/25 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.

5.5	<p>Data protection impact</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 dataprotection@northlan.gov.uk</p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p>
5.6	<p>Technology / Digital impact</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>Environmental / Carbon impact</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 2024/25 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"> • Sustainable Procurement Duty per the requirements of the Procurement Reform (Scotland) Act 2014; • guidance on climate change and circular economy https://www.gov.scot/publications/public-procurement-taking-account-of-climate-and-circular-economy-considerations-3-2022/; and • the Council's Climate Plan ACT 2030 https://www.northlanarkshire.gov.uk/your-council/council-strategies-and-plans/council-strategies/climate-plan-act2030
5.8	<p>Communications impact</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.</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 2024/25

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 2022/23 the council spent £547 Million excluding VAT on goods, services and works to carry out 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 2023/24](#).
- 1.6 This document outlines the continuation of the existing procurement strategy with some refinements to produce our new “**Procurement Strategy 2024/25**” which shall cover the period 1 April 2024 to 31 March 2025.
- 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 workstream has project boards headed by our most senior leaders to keep activities aligned and on track.
- 2.1.8 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.
- 2.1.9 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 when revising their next procurement strategy.
- 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 2024/25

5.1 Procurement Strategy Objectives

5.1.1 This procurement strategy should:

- build upon the council's progress to date with an overarching purpose to support delivery of the local and national priorities;
- 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;
- confirm that our procurement toolkit and procedures, which are complemented by national tools and guidance, set out to deliver best value while giving assurance of regulatory and legislative compliance in our procurement activity; and
- ensure that through our robust contract award procedures, we will appoint the best Contractors who share our vision and want to work with us to help us achieve our priorities and ambitions.

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 these enablers and they 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 We have adopted 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 grouping of those procuring officers across the council with devolved procurement responsibilities.
- 6.6.2 We utilise internal communication channels inclusive of all procuring officers those with strong procurement links (service procurement leads, contract officers etc.) allowing us to facilitate sharing of procurement toolkits and communications (guidance notes, policy updates etc.). These channels act as a repository for sharing examples of best practice and lessons learned.
- 6.6.3 There is a reasonable sized group meeting held with many of these procuring officers planned on a quarterly basis to have live briefings and engagement.
- 6.6.4 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 We will achieve this by committing to the [national procurement competency framework](#) which will help staff self-appraise their existing competencies and identify areas to be worked on and/or continuous professional development (“CPD”).
- 6.7.4 We will support the training and development of our procurement network to maintain and raise standards across the profession. This will include informal coaching and training and where appropriate more formal training.
- 6.7.5 We will encourage professional qualification through the Chartered Institute of Purchasing and Supply “CIPS” which is the professional body for procurement, and ensure that subscribing officers can benefit from the CPD opportunities it has, with ability to recommend practices found through CIPS that may benefit the councils procurement approach.
- 6.7.6 We will participate in the national Procurement People of Today and Leaders of Tomorrow programme which aims to improve procurement and commercial skills by working across the Scottish public sector to support a joined-up approach to developing procurement professionals and existing and future talent through identified career paths.

7. THE COUNCIL’S PROCUREMENT TOOLKIT AND PROCEDURES FOR 2024/25

- 7.1 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 Initially we can build a contract strategy using the from outputs from the higher-level category strategy and commodity groupings, but the contract strategy will 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 to achieve the desired quality outcomes and best value.
- 7.3.3 The contract strategy will link the procurement to the aforementioned priorities helping the procuring officers focus on setting the desired procurement objectives.

- 7.3.4 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;
 - establishing 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 where supported businesses are identified as being 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](#);
 - setting the evaluation criteria; and
 - capture key decisions.
- 7.3.5 As mentioned, 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.
- 7.3.6 The Contract Strategy can also be written bespoke and/or deviate from the Category Strategy as required to meet particular contract objectives.
- 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 including standard questions for net zero / carbon reduction, fair work first and community benefits has been produced and available to support all procurements with a consistent approach.
- 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 3rd 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 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, primarily used 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 In accordance with the council’s award and reporting procedures as covered in [GCSOs](#), either:

- the Chief Officer of the procuring service area will present a recommendations-based contract award report to their relevant committee seeking approval to award a contract; or
- the Chief Officer (Assets and Procurement) will provide a summarised report of contract awards made under his approval responsibilities, taken retrospectively to the relevant Service Committees for acknowledgement of contract awards made in their focus area.

7.7.4 As soon as the relevant approval has been obtained 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 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 2024/25 will be produced as soon as possible after the financial year and used to report the performance and effectiveness of Procurement Strategy 2024/25.

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 include:

- Summary of Regulated Procurements Completed
- Review of Regulated Procurement Compliance with Procurement Strategy
- Community Benefits Requirements Summary
- Fair Work and the Real Living Wage
- Payment Performance

- Supported Business Summary
 - Spend and Savings Summary
- 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 for the production of this metric will be gathered from the same sources as 8.1.2 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 8.1.2 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. Specific internal audits conducted across the procurement function during the current financial year 2023/24 have included:

- Contract and supplier management
- 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 action is 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 PCIP assessments; these are conducted by Scotland Excel, designed in a specific sector-format to add most value, with general alignment to an overall national format that can consolidate and correlate results across all public bodies.

8.5.2 Scotland Excel provide the council with a formal output report following PCIP assessment, providing commendations and recommendations.

8.5.3 The PCIP assessment report becomes the prop generally used by CPT to set a "procurement improvement plan" that goes on to spur continuous improvement actions for the procurement function to address. The procurement improvement plan becomes subject to review by CPWG as the executive oversight.

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.
- 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 should 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 taken into account. The procurements must properly reflect need and opportunity, and take account of the wider context, including the local and national priorities.

- 9.5.2 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.

- 9.5.3 The council engages with stakeholders in a number of ways, including our [Comments, Compliments and Complaints procedure](#), surveys, public and community consultations, and comply with its duty to respond to requests received under freedom of information.

- 9.5.4 For a recent contract award, a multi-disciplinary team comprising procuring officers, the council's service lead and a representative group of care experienced young people, collaborated to design the procurement approach and co-produce the service specification and evaluation parameters in order to establish a bespoke contract for counselling services for care experienced young people in North Lanarkshire. It is regarded as an exemplar for our internal services, particular for health and social related services where the supporting guidance of the Act encourages service user involvement in the commissioning of the services and contracts that they are the end user.

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 have stepped forward with a commitment to Fair Work First in the approach with our own workforce and operations, underlined by our [website statement](#).

- 9.6.2 Furthermore, the council are an [accredited Living Wage employer](#); this is a clear commitment to pay at least the Living Wage for all staff we directly employ.

- 9.6.3 From its approach, the council sets a standard which encourages the Contractors we work with and want to attract, recognising and promoting the positive effect on people's lives, and the ways this can help to create a fairer and more equal society.

- 9.6.4 The council policy on paying the Living Wage to those who deliver its public contracts is influenced by those Contractors which adopt fair work practices, including the Living Wage (for example 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.

- 9.6.5 Our default position in our procurement is to assess and score (where appropriate) the extent to which potential Contractors commit to engaging in fair work practices in delivering contracts, and we seek information on the potential Contractors commitment to paying the [real Living Wage](#).
- 9.6.6 Where conditions of the national guidance, such as [SPPN 6/2021](#) (as updated July 2023) 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](#).
- 9.6.7 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.
- 9.6.8 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.
- 9.9.3.1 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** Any potential Contractor with interest in contract opportunities with the council are encouraged to be registered on both the national advertising platform "[Public Contracts Scotland Portal](#)" and the national eTendering system "[PCS-Tender](#)", and be in a position to participate in tendering for procurements which we administer across these online Platforms.
- 10.2** The council's [buyer portal](#) is a public resource acting as an online directory featuring links to the contract register and notices for contract opportunities and awards.
- 10.3** The council's [Annual Procurement Report](#) sets out the expected contract opportunities over the next 2 years, and the Council's [contract register](#) holds current contract details (allowing any supplier browsing to determine opportunities, when current contracts expire and when the Council are likely to re-tender).
- 10.4** The corporate procurement team and procuring officers across the council Service Areas support Lanarkshire and National "Meet the Buyer" events, which are generally the key networking days our procuring officers are allocated time for liaising with potential Contractors who are looking to promote their services or learn how to optimise their profiles on [Public Contracts Scotland portal](#) (which tends to be a key supplier directory for procuring officers).
- 10.5** The [Supplier Development Programme \("SDP"\)](#) offer 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, or seeking training support on changing tender procedures, and we have [successful exemplars](#) of this working well in the past.
- 10.6** Further links to the council's procurement activity and publications can be found on our website, please visit <https://www.northlanarkshire.gov.uk/business/procurement>.
- 10.7** 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.
- 10.8** 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 2024/25

- 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 monitored, with reporting produced after the financial year end, with output report expected to be approved and published by 30 September 2025.

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 extensions, and creation and improvements to roads and bridges and open spaces.

North Lanarkshire Council Report

Finance and Resources Committee

Does this report require to be approved?

☒ Yes ☐ No

Ref KH/SL

Date

28/02/24

Strategic Performance Framework - latest performance results for Business and Digital

From Katrina Hassell Chief Officer (Business and Digital)

E-mail HassellK@northlan.gov.uk

Telephone 07903 096 121

Executive Summary

Business and Digital comprises two areas of activity that work corporately across the council:

- Technology Strategy Solutions, who are responsible for the live delivery and operational management of technology solutions required to support services and schools in delivering front line day to day operations and in progressing activities which facilitate delivery of the council's strategic place-based ambition. A key aspect of this area of activity is also the development of the technology estate, its solutions, and integrations with third party suppliers.
- Business Strategy, who are responsible for driving business change, improvement, and service redesign in order to provide efficient and effective services in line with the council's, and the North Lanarkshire Partnership's, strategic aims and plans. This area of activity also includes measuring success against The Plan for North Lanarkshire and ensuring the established frameworks and supporting governance remains relevant and up to date.

Business and Digital maintains a range of performance indicators which are monitored in various ways, including subject matter specific monthly review meetings as well as quarterly business management meeting discussions. These meetings make use of the evidence base provided by the performance results to inform discussions around the best use of resources and decide priorities in this respect, as well as to highlight areas requiring improvement. The service's four weekly risk management meetings also consider the impact of performance achieved within critical areas of the service.

For strategic overview and scrutiny purposes, this report provides Members of the Finance and Resources Committee with an update of the latest results for the suite of performance indicators used by Business and Digital to inform service delivery and underpin operational decisions.

Recommendations

It is recommended that the Finance and Resources Committee:

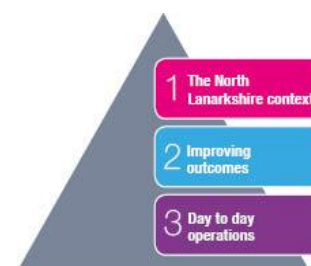
- (1) Review the high-level performance overview presented in Appendix 1, and the supporting data contained within the linked Excel spreadsheet, and identify where further information is required to understand or investigate performance further.

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 assessing the success of The Plan for North Lanarkshire and monitoring 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 reporting areas of improvement that have been achieved and not achieved.
 - (b) Reporting that is undertaken in a timely manner.
 - (c) Easy access to performance information for all citizens and communities.
- 1.5 A Performance Reporting Schedule supports the timely submission of a range of performance information that facilitates Elected Members and senior management to undertake regular performance reviews that inform scrutiny, challenge, and decision making processes. This Schedule, endorsed by the Audit and Scrutiny Panel in February 2023, includes Chief Officer's individual six monthly 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 Business and Digital for Members' further review and scrutiny.



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:

- 18. Ensure our digital transformation is responsive to all people's needs and enables access to the services they need.
- 24. Review and design services around people, communities, and shared resources.
- 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 (Place).

2.3 The information in Appendix 1 comprises the following:

- 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 last five 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	
Green	Performance is on target and/or within acceptable thresholds
Red	Performance does not meet target and is outwith acceptable thresholds
Blue	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 five financial 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 the effect of the pandemic on service delivery, 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 Business and Digital*** 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 Business and Digital.xlsx](#)

Current context

2.5 The service's operating environment has changed significantly in recent years and, as such, the performance information presented in Appendix 1 should be considered within the context of the following:

- Service specific advancements in terms of the procurement of the Connectivity project in December 2021.
- The end of the contract with Agilisys in April 2022 and the ensuing significantly reduced resource available from 2022/23 onwards.
- The development of the Business and Digital Integrated Programme Plan which aims to capture all areas of activity across the service and serve as a guide to support resource planning and operational delivery, as well as the relevant project management and governance controls.
- The changing structure required following approval to insource those services previously outsourced to Wipro (supplier of the ICT service delivery contract), the alignment of service provision following the insourcing of culture, sport, and leisure services (previously delivered through Culture and Leisure NL Limited), and the final steps in the integration of the schools' technician's service.
- The extent to which the service has supported the council in terms of responding to and recovering from the pandemic, while resuming business as usual activities at pace.

- 2.6 A report to the Policy and Strategy Committee in September 2022 provided detailed findings following a root and branch review of the DigitalNL programme and outlined both the Year 4 Roadmap (of the five-year programme) and the anticipated benefits realisation programme. A follow up report in December 2022 set out the programme deliverables achieved to date against those outlined within the Full Business Case approved by Elected Members in March 2019 and outlined the next steps for Year five (the final year of the initial DigitalNL transformation programme).

Over the course of 2023/24, planned service sprints continued, resulting in five additional services now available online including Anti-Social Behaviour; Special Uplifts; Rents On-line and debt advice. Paragraph 2.7 below details progress against the planned connectivity changes, and the separate report available on today's agenda (Contract Award - Unified Communications Solution) highlights the good progress continuing to be made in respect of the single telephone number and customer services hub model.

Moving forward Digital North Lanarkshire has been maintained as one of the seven priorities for delivery in the Programme of Work for 2023 to 2028, as approved at the Policy and Strategy Committee in March 2023, with any residual activity from the original Digital NL programme appropriately transitioned. Through the delivery of this Programme of Work activities will focus on developing a skilled digital workforce, promoting an innovative sustainable culture, and providing digital leadership for an evolving North Lanarkshire. This means building on existing achievements and embedding digital thinking into everyday delivery, embracing digital technology to do business significantly differently, and always considering a digital-first approach. This will require a focus on skills, culture, and empowerment of the workforce. Digital North Lanarkshire has strong links to the One Service Programme of Work as both are enablers to facilitate the delivery of all other linked Programme of Work priorities.

Recent performance highlights

- 2.7 According to the Ofcom Connected Nations update, 98.7% of properties in North Lanarkshire receive superfast broadband - the 4th highest of all 32 local authority areas in Scotland. Ofcom define superfast broadband as supporting download speeds of at least 30Mbit/s. Fibre connectivity - which requires fibre optic cabling which supports higher speeds than the copper cables used in traditional networks has increased to 32.2% across North Lanarkshire. The Connectivity contract currently being delivered aims to transform the area's digital infrastructure and as at December 2023, 290km of

fibre has been deployed with 270 of the 300 sites live, with the remaining extended out to be completed by early 2024. As the separate report on today's agenda demonstrates, benefits of this new digital network include:

- New web filtering provisions and a boost to school internet bandwidth via upgrades for primary school bandwidth to 1Gb and secondary schools to 5Gb with a second resilient 5Gb connection for secondary schools.
- Providing the capacity to support a free public Wi-Fi network across town centres, libraries, schools, leisure, and community centres.
- Enhancing the coverage and reach of gigabit-capable fibre networks to businesses, private and council-owned social housing.
- Attracting inward investment to local communities from a range of business sectors resulting in increased access to employment, health, and leisure opportunities.

A report to the Communities Committee in cycle 1 of 2024 also provided an update on the delivery of the added value and community benefits experienced to date within this contract.

Areas of performance requiring improvement

- 2.8 As advised in the performance report to Finance and Resources Committee in March 2023, an area of activity under review has been that in relation to *service desk incidents resolved within target*. Following the insourcing of Wipro, this indicator was changed to capture all *severity level 3* tickets in order to provide a more complete picture of all incidents that require to be resourced by the service. This has increased the volume of incidents recorded within this indicator and required ongoing and closer analysis of demand in order to fully understand the asks of the service and manage these in a way that takes into consideration all the related component parts of the service to be delivered as well as improvements required in the longer term (which can often result in an initial backlog of issues which require to be resolved in order to ensure a successful transition to a new approach).

The most recent analysis shows that the number of incidents has settled into a steady monthly pattern, excepting holiday periods that tend to create a drop, then a rise (normally to do with forgotten passwords, etc). This pattern continues to show a slight annual reduction in volume over the past four years that can be attributed to the improvement in the management of the device estate. However, the overall *resolved within service level agreement* performance has fallen into a pattern that is consistently below the revised target of 85%. This figure tends to be skewed as it is an amalgamation of traditional corporate and schools' IT incidents, (with the school environment having a range of older technology and many supported on a best endeavor only basis, but still captured within support statistics). However, the corporate trend also falls below the target.

Two key areas have a direct influence on that performance, namely the rise of agile working and the increased adoption of third-party services. These have raised the overall complexity of incident types, and frequently involve both interaction with those third parties and staff moving from differing environments. Additionally, over the last calendar year the service areas directly aligned as resolver groups have been carrying significant vacancies, (>20%) which frequently exist (when approved for recruitment) for over six months due to competition in the marketplace and multiple attempts to recruit. It is highly likely that many of these vacant positions will be captured under service restructuring following budget setting for 2024/25 to 2026/27, therefore the overall resolver capacity is likely to stay at current levels, which will continue to impact ability to achieve target in the longer-term.

Next steps

- 2.9 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 Business and Digital areas of work for 2024 to 2025.

Report	Description	Committee	Committee cycle
Senior Information Risk Owner (SIRO) annual report	This report provides an update relating to the responsibilities of North Lanarkshire Council's Senior Information Risk Owner (SIRO) and outlines activity and performance related to information governance. It provides assurances that information risks are being effectively managed, what is going well, and where improvements can be made. It complements the data protection annual report by the council's Data Protection Officer (DPO). <ul style="list-style-type: none"> Latest report in February 2023: link to report 	Finance and Resources Committee	Cycle 1 in 2024
North Lanarkshire Community Planning Partnership - annual report	The Community Empowerment (Scotland) Act 2015 introduced a range of new requirements on local authorities and community planning partners to empower and strengthen community involvement in the design, planning, and delivery of local services. The statutory duty of community planning requires all public sector agencies to work collaboratively in agreeing both strategic and local priorities for their areas to improve outcomes and address poverty and inequalities. Community Planning Partnerships must also annually review and report on their progress. <ul style="list-style-type: none"> Latest report in February 2023: link to report 	Communities Committee	Cycle 1 in 2024
Arm's Length External Organisations (ALEOs): Governance and Risk Management oversight and assurance report	The council's arm's length external organisations (ALEOs) undergo ongoing monitoring to ensure best value. A regular reporting process is in place to provide the Audit and Scrutiny Panel with oversight and assurance of governance, financial governance, and risk management arrangements within each ALEO. <ul style="list-style-type: none"> Latest report in September 2023: link to report 	Audit and Scrutiny Panel	Cycle 1 and 3 each year
Performance in handling complaints	The Scottish Public Services Ombudsman Act 2002 provides the legislative basis for the Scottish Public Services Ombudsman (SPSO) to publish Model Complaints Handling Procedures for bodies under its jurisdiction. Since it was implemented in 2013, the council	Audit and Scrutiny Panel	Cycle 1 of 2024

	has implemented the Local Authority Model Complaints Handling Procedure (CHP). The council also manages and reports performance in terms of complaints handling in order to fulfil the requirements of good governance.		
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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.

4. Supporting documentation

Appendix 1 - High-level performance overview



Katrina Hassell
Chief Officer (Business and Digital)

5. Impacts

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 <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? https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments Yes <input type="checkbox"/> No <input type="checkbox"/>
5.2	Financial impact 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?
5.3	HR policy impact Does the report contain any HR policy or procedure impacts?

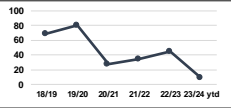
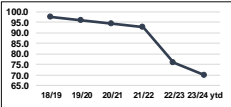
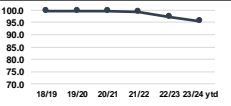
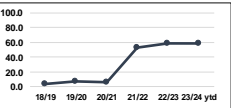
	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>If Yes, have all relevant HR impacts been discussed and agreed with People Resources?</p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> <p>If Yes, please provide a brief summary of the impact?</p>
5.4	<p>Legal impact</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>
5.5	<p>Data protection impact</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 dataprotection@northlan.gov.uk</p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p>
5.6	<p>Technology / Digital impact</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 checked="" type="checkbox"/> No <input type="checkbox"/></p> <p>If Yes, please provide a brief summary of the impact?</p> <p>Improvements in the presentation of performance information to various audiences is being advanced further in line with the development of the DigitalNL work package for the Business Intelligence Hub.</p> <p>Paragraph 2.7 of the report also includes a brief update regarding the delivery of the council's world class digital infrastructure.</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 checked="" type="checkbox"/></p>
5.7	<p>Environmental / Carbon impact</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>
5.8	<p>Communications impact</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>Risk impact</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</p>

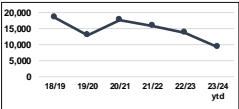
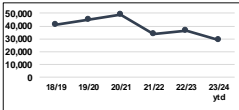
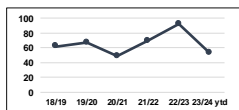
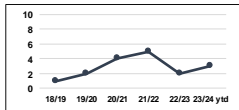
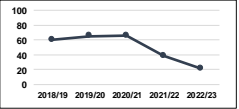
	<p>Service or Project Risk Registers), and how they are managed?</p> <p>The implementation of the Strategic Performance Framework, and Member's scrutiny of individual services therein, contributes towards the mitigation of the risks on the Corporate Risk Register for <i>Governance, Leadership, and Decision Making</i> and <i>Managing Strategic Change</i>.</p>
<p>5.10</p>	<p>Armed Forces Covenant Duty</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>5.11</p>	<p>Children's rights and wellbeing impact</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). 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>

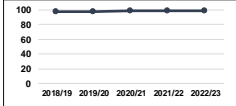

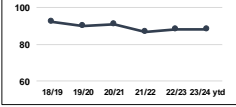
Appendix 1

Business and Digital

High-level performance overview - as at January 2024

Indicator	id	ideal direction	unit of measurement	2018/19	2019/20	2020/21	2021/22	2022/23	2022/23 target	2022/23 RAG status	2023/24 ytd	2023/24 ytd target	2023/24 RAG status	trend	comments as at 19/01/24
											(for monthly or quarterly monitored indicators only)		(for monthly or quarterly monitored indicators only)		
IT systems - number of priority 1 outages	i082	lower figure is better	number	69	80	27	34	45	60	blue		9	16	blue	 <p>The number of occasions that a priority service (P1) has not been available to users decreased to 27 in 2020/21 after a high volume the previous three years. The level of system availability remained low and below target in 2021/22 with 34 outages in total. However performance has increased to 45 in 2022/23 and while this remains below target, it is the second consecutive increase. Following a review of the target (which was set in 2019) and considering the increasing age of the technology assets, the annual target has been reduced from 60 per year to 48 for 2023/24 (a decrease from 5 outages per month to 4). Outages in 2023/24 to date (as at December 2023) remain low at 9 to date.</p>
Service desk - % of all Severity Level 3 incidents resolved within target	i083	higher figure is better	%	97.4	96.0	94.4	92.7	76.0	95.0	red		70.0	85.0	red	 <p>Prior to April 2022 this measure related to the performance of the service delivery partner Wipro before insourcing. From April 2022, performance monitoring was expanded to capture all Severity Level 3 tickets in order to provide a more accurate picture of all incidents that require to be resourced across the whole of Business and Digital. This is reflected in the increase in the volume of incidents to be resolved which was 6,933 in 2020/21 to 7,941 in 2021/22 to 11,802 in 2022/23. Performance against the target of 95% has been monitored since the insourcing and as it relates to the previous indicator measurement, the target has now been revised to 85% in 2023/24 to be more reflective of the current trends and resourcing requirements. Performance to date (as at December 2023) remains below the revised target at 70% with 5,186 out of 7,405 incidents resolved within target.</p>
Service desk calls - % respondents who replied to say they were satisfied with the service	i084	higher figure is better	%	99.6	99.6	99.6	99.4	97.3	95.0	green		95.4	95.0	green	 <p>Customer satisfaction levels over the years have remained on a steady trend and above target. Prior to March 2022 a non response was counted as satisfied. After March 2022 only responses received (with a satisfied or dissatisfied response) are counted. This has significantly reduced the volume of responses recorded within this indicator by more than 80%, with responses now averaging less than 400 per month (compared to over 3,000 prior to March 2022); however it does mean a more accurate record of satisfaction. It is a low response rate however (on average less than 6%) considering the volume of service desk calls now recorded in the indicator above. Performance to date (as at December 2023) remains above target at 95.4% for 2,561 out of 2,684 responses.</p>
Service desk - % tickets logged through the self-help portal	i128	higher figure is better	%	3.5	6.8	6.2	53.0	58.4	n/a			58.8	70.0	red	 <p>New arrangements were implemented in May 2021 to push all non-critical traffic down a self-serve digital channel. This indicator monitors the usage of that channel and thus the effectiveness of the digital transformation. 58.4% of calls made in 2022/23 have been made through the portal, compared to 53% at the 2021/22 year year, and 6.2% at the 2020/21 year end. Usage of the portal has levelled out in recent months as the corporate estate is now fully enabled to utilise this functionality, thus impacting on the ability to further maximise usage of the portal. However, work is planned to enable primary schools to use the portal and maximise usage further, with a developer and partner now commissioned and reviewing requirements. To continue to monitor usage of the portal by the corporate estate and ensure this is maximised, a target of 70% has been set for 2023/24 onwards. Performance to date (as at December 2023) shows performance remains below the target at 59%. When broken down further this reflects a year to date position of 66% corporate and 38% schools.</p>

Indicator	id	ideal direction	unit of measurement	2018/19	2019/20	2020/21	2021/22	2022/23	2022/23 target	2022/23 RAG status	2023/24 ytd	2023/24 ytd target	2023/24 RAG status	trend	comments as at 19/01/24
											(for monthly or quarterly monitored indicators only)	(for monthly or quarterly monitored indicators only)	(for monthly or quarterly monitored indicators only)		
IT incidents	i129	lower figure is better	number	18,261	12,935	17,602	15,668	13,589	n/a		9,081	n/a			The volume of corporate IT incidents has remained relatively steady over the years, with no significant trends occurring in the corporate or school estates. 2023/24 ytd data is as at December 2023.
IT service requests	i130	lower figure is better	number	40,971	44,955	49,155	33,684	36,633	n/a		28,857	n/a			The volume of corporate IT requests has remained relatively steady over the years, with no significant trends occurring in the corporate or school estates. 2023/24 ytd data is as at December 2023.
Data protection - number of breaches	i126	lower figure is better	number	62	67	49	69	92	n/a		53	n/a			<p>The number of data breaches in 2022/23 (92) shows a 33% increase compared to the previous year.</p> <p>The volumes of breaches and near misses are kept under review by the Data Governance Board, where any learning or remedial actions are identified; these are subsequently cascaded council wide through the Data Management Team. Due to a higher than usual increase in the volume of data breaches in 2022/23, an analysis was undertaken to ascertain the root cause. The increased volume was found mainly to be due to operating error (for example keeping details on systems up to date to avoid information being sent to wrong addresses, the use of auto-fill in Outlook, ensuring blank forms are sent to those that request them (and are not already completed with someone else's details), ensuring the correct attachments for letters / e-mails, and the importance of knowing how to use Glow.</p> <p>Remedial action is undertaken as at the point the breach is found (i.e. staff training, learning from mistakes, and reiterating the need to avoid basic admin errors) to try and ensure the same issue does not recur. In addition, work is currently underway to address the dangers of auto-fill in Outlook. All Chief Officers, and the council's senior management team, are continuing to monitor employee uptake of the mandatory e-learning modules, including the module for information security awareness.</p> <p>There were 53 breaches in 2023/24 to date, as at the end of December 2023.</p>
Data protection - number of near misses	i127	lower figure is better	number	1	2	4	5	2	n/a		3	n/a			The volume of near misses has remained low over the years but this continues to be monitored by the council's Data Governance Board. There were 3 near misses in 2023/24 to date, as at the end of December 2023.
Master citizen record - % of NL population with a master citizen record	Pi108	higher figure is better	%	59.9	65.4	66.1	38.2	21.0	40.0	red	only measured annually	n/a			Figures for 2022/23 are lower than usual as the Multivue system, which provides the master citizen record (the single view of the customer) was undergoing an upgrade. Due to work being carried out, the connections to the system which creates each citizen's account were temporarily suspended which meant there are no updates between the two systems during this time. As at December 2023, the testing is underway but the connections are not yet ready to be switched back on again. As this is an annual indicator, testing is expected to be complete well in advance of the year end, at which point the performance figures will be able to be brought back up to date.

Indicator	id	ideal direction	unit of measurement	2018/19	2019/20	2020/21	2021/22	2022/23	2022/23 target	2022/23 RAG status	2023/24 ytd	2023/24 ytd target	2023/24 RAG status	trend	comments as at 19/01/24
											(for monthly or quarterly monitored indicators only)		(for monthly or quarterly monitored indicators only)		
Broadband - % of properties receiving superfast broadband	ECON8a	higher figure is better	%	97.7	97.9	98.1	98.6	99.0	n/a		only measured annually	n/a			According to the Ofcom Connected Nations update, 99% of properties in North Lanarkshire receive superfast broadband - the 4th highest of all 32 local authority areas in Scotland. Ofcom define superfast broadband as supporting download speeds of at least 30Mbit/s. However, fibre connectivity - which requires fibre optic cabling which supports higher speeds than the copper cables used in traditional networks - is currently sitting at 32.2% across North Lanarkshire and therefore the undernoted indicator has been introduced to ensure fibre connectivity is reflected as well.
Fibre - % of residential premises in North Lanarkshire with full fibre availability	ECON8b	higher figure is better	%	4.2	7.2	9.7	14.4	26.8	n/a		32.2	n/a			Using the same data source as the Broadband indicator above (i.e. the Ofcom Connected Nations annual report), this indicator measures the proportion of residential premises that have coverage from a full fibre service from a fixed broadband. Full fibre coverage is defined as services that provide a fibre optic cable from the exchange to the end user's home or office. To match the Broadband indicator source used by the IS in the indicator above, the <i>annual</i> Ofcom report is used; the <i>annual</i> report as at December 2023 shows fibre coverage to have increased to be 32.2%. The Connectivity contract currently being delivered aims to transform the area's digital infrastructure and aim (by the summer of 2024) to ensure that 85% of homes across North Lanarkshire have access to gigabit capable broadband earlier than planned; as at December 2023, 290km of fibre has been deployed with 270 of the 300 sites live, with the remaining extended out to be completed by early 2024.
Complaints - % complaints dealt with at the frontline at stage 1	i113a	higher figure is better	%	92.1	89.9	91.0	86.8	88.3	90.0	green		88.1	90.0	green	 <p>The Complaints Handling Procedure (CHP) sets out the council's aim to provide a quick, simple, and streamlined process for responding to complaints early and locally by capable, well-trained staff. Where possible, the council aims to deal with the complaint at stage 1, i.e. at the frontline. This indicator measures the ratio of complaints closed at stage 1. Historical figures in this respect show that the council has consistently responded to 9 out of 10 complaints received at stage 1; however, this ratio dropped to just over 8 out of 10 complaints in 2021/22 and 2022/23.</p> <p>Following further analysis of the complaints performance data, various discussions with the Corporate Complaints Group, and a workshop to delve deeper into the way complaints were being handled a number of areas for improvement have been identified (such as training and awareness raising, maintaining consistency in complaints handling, and ensuring a common understanding of implementing the local authority model Complaints Handling Procedure in practice). Following this, an improvement plan has been developed and responsibilities and timescales agreed with the Complaints Working Group. Implementation of the improvement actions are underway and the position will be re-assessed as at the end of 2023/24.</p> <p>A report providing an initial analysis of complaints performance is scheduled to be submitted to the Audit and Scrutiny Panel in cycle 1 of 2024; this provides further details and analysis and the next steps in terms of areas potentially requiring improvement that will be examined further.</p>

North Lanarkshire Council Report

Finance and Resources Committee

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

Ref EK / GT

Date 28/02/24

Strategic Performance Framework - latest performance results for Finance

From Elaine Kemp, Chief Officer (Finance)

E-mail KempE@northlan.gov.uk

Telephone 01698 302408

Executive Summary

This report has been prepared in line with the Council's Strategic Performance Framework and enables progress against strategic priorities and day to day operations to be regularly reported to service committees to support Elected Members in their role of monitoring and scrutinising service performance. This can support the identification of areas requiring further investigation or improvement.

The report represents the six-monthly Performance Review for Finance across a range of measures. The Service continues to deal with demand pressures and additional workloads as a result of the lingering effects of the pandemic and cost-of-living support payments, however performance continues to be strong across a number of areas including Council Tax collection and administration of Benefits and Scottish Welfare Fund.

There are, however, areas where performance is lower than expected, including with Creditors processing times. The service has an action plan in place to improve service resilience and continues to work with services to lessen the time taken for invoices to be authorised for payment.

Recommendations

It is recommended that the Finance and Resources Committee:

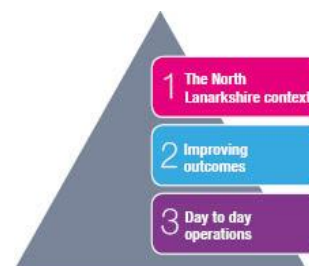
- (1) Review the high-level performance overview presented in Appendix 1, and the supporting data contained within the linked Excel spreadsheet, and identify where further information is required to understand or investigate performance further.

The Plan for North Lanarkshire

Priority	All priorities
Ambition statement	(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 There are six inter-related strategic frameworks which are key to assessing the success of The Plan for North Lanarkshire and monitoring delivery towards achieving the overall vision by ensuring each stage is appropriately aligned, planned, guided, implemented, monitored, and governed.
- 1.2 These 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 reporting areas of improvement that have been achieved and not achieved.
 - (b) Reporting that is undertaken in a timely manner.
 - (c) Easy access to performance information for all citizens and communities.
- 1.5 A Performance Reporting Schedule supports the timely submission of a range of performance information that facilitates Elected Members and senior management to undertake regular performance reviews that inform scrutiny, challenge, and decision making processes. This Schedule, endorsed by the Audit and Scrutiny Panel in February 2023, includes Chief Officer's individual six monthly 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 Finance for Members' further review and scrutiny.



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

- 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

(Finance).

2.3 The information in Appendix 1 comprises the following:

- 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 last five 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	
	Performance is on target and/or within acceptable thresholds
	Performance does not meet target and is outwith acceptable thresholds
	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 five financial 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 the effect of the pandemic on service delivery, 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 Finance 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 Finance.xlsx](#)

Current context

2.5 The Finance restructure implemented from April 2022 aimed to support greater resilience and effectiveness which has helped the service improve performance across a number of areas. However, during 2023/24 the service continues to experience increasing demand for services such as Scottish Welfare Fund and other benefit applications as the cost of living crisis continues.

Recent performance highlights

2.6 The service continues to demonstrate positive trends across several cost measures including improvements in the cost of the closure of the annual accounts, the cost of collecting Council Tax and cost per case for Housing Benefits and Council Tax. These improvements are largely as a result of the service's ability to absorb additional demand.

2.7 For Council Tax collection, 2022/23 witnessed the highest percentage of income

collection in year across the five year period. However, this can largely be attributable to the Scottish Government's Cost of Living Award payment during 2022/23.

Areas of performance requiring improvement

- 2.8 Payment of invoices - % paid within 30 calendar days of receipt shows a 2022/23 figure of 76.0% compared to 84.2% in the prior financial year. The service area has seen a significant surge in demand following the insourcing of Culture and Leisure NL and had to commit resources to support improvements to purchase to pay processes, electronic invoicing and payment cards. During 2023/24 the Creditors function is processing invoices received within three working days. This follows the service restructure in April 2022 which provided greater capacity and resilience within the team. The service continues to work with administrators and authorisers across the council to reduce the time taken for invoices to reach the Creditors team for processing. To support this process a suite of performance information is issued to services each month highlighting the numbers of invoices returned to services for non-compliance with procedure and the number of late invoices received per service area.

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 statutory, and Strategic Performance Framework reporting to committee. In this respect the relevant committee can expect to receive the following in respect of Finance areas of work for 2024 to 2025.

Report	Description	Committee	Committee cycle
Payment of local taxation and benefit update	This report provides an update on the payment performance for council tax and non-domestic rates and the administration of welfare benefits and Council Tax Reduction Scheme. • Latest report in November 2023: link to report	Finance and Resources Committee	Each cycle
Treasury Management annual activity report	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 and reports on the council's performance in complying with the mandatory prudential indicators. • Latest report in September 2023: link to report	Finance and Resources Committee	Cycle 3 in 2024
Treasury Management quarterly monitoring report	This report fulfils the key requirements of the council's quarterly 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 and reports on the council's performance in complying with the mandatory prudential indicators. • Latest report in November 2023: link to report	Finance and Resources Committee	Each cycle
Financial	This report presents the council's revenue	Finance and	Each cycle

monitoring report - council summary (revenue)	monitoring position for the General Fund Account, Housing Revenue Account, and Adult Health and Social Care. • Latest report in November 2023: link to report	Resources Committee	
Financial monitoring report - council summary (capital)	This report presents the council's capital monitoring position for the council's capital programmes, including general services, housing revenue account, City Deal, etc. • Latest report in November 2023: link to report	Finance and Resources Committee	Each cycle
Financial monitoring - savings	This report provides an update on the achievement of the three-year financial savings targets and progress in implementing one-off investment priorities. • Latest report in September 2023: link to report	Finance and Resources Committee	Cycle 1 and 3 each year
Annual accounts (audited)	The Local Authority Accounts (Scotland) Regulations 2014 require the council to prepare an annual Statement of Accounts in accordance with proper accounting practices. These regulations also required that, as a committee of the authority whose remit includes audit or governance functions, the Audit and Scrutiny Panel meet to consider the audited annual accounts with the aim to approve these for signature no later than 30th September, and to publish these by 31st October immediately following the financial year to which they relate. <small>Note, statutory Annual Accounts timescales means that a special meeting of the Audit and Scrutiny Panel often requires to be set.</small> • Latest report (audited accounts) in October 2023: link to report	Audit and Scrutiny Panel	Cycle 2 in 2024 (unaudited accounts) Cycle 3 in 2024 (audited accounts)

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.

4. Supporting documentation

4.1 Appendix 1 - High-level performance overview



Elaine Kemp
Chief Officer (Finance)






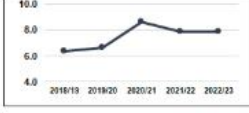
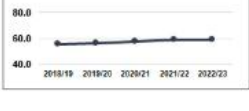
5. Impacts

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 <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? https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments Yes <input type="checkbox"/> No <input type="checkbox"/>
5.2 Financial impact 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?
5.3 HR policy impact 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?
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 <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?
5.5 Data protection impact 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 dataprotection@northlan.gov.uk Yes <input type="checkbox"/> No <input type="checkbox"/>

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 <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	Environmental / Carbon impact 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	Communications impact 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	Risk impact 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	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 <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 <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"/>

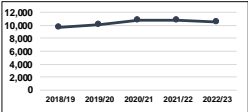
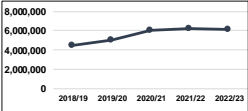
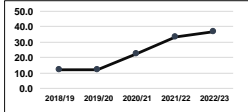

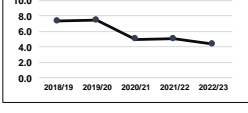
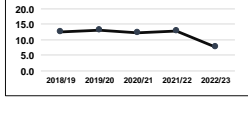
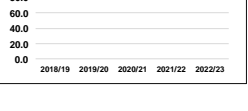
Finance

High-level performance overview - as at January 2024

Indicator	id	ideal direction	unit of measurement	2018/19	2019/20	2020/21	2021/22	2022/23	2022/23 target	2022/23 RAG status	2023/24 ytd (for monthly or quarterly monitored indicators only)	2023/24 target	2023/24 RAG status (for monthly or quarterly monitored indicators only)	trend	comments
Statutory financial reports - % completed by deadline date	i099	higher figure is better	%	100.0	100.0	100.0	100.0	100.0	100.0	green	only measured annually	100.0			All statutory financial reports continued to be completed by the deadline date.
Treasury - % of prudential indicators complied with	i100	higher figure is better	%	100.0	100.0	100.0	100.0	100.0	100.0		only measured annually	100.0			The council continues to achieve 100% compliance with the suite of prudential indicators.
Accounts - cost of closure of accounts as a % of gross expenditure	i095	lower figure is better	%	0.021	0.019	0.019	0.016	0.012	0.030	blue	only measured annually	0.030			There has been an increase in Gross Expenditure in the Annual Accounts compared with prior year coupled with decreases in costs of completion due to staff vacancies.
Accounts - % variation between forecast outturn and actual outturn	i096	ideal direction is as close to zero as possible	%	-0.837	-0.157	0.029	-0.776	0.446	0.000	green	only measured annually	0.000			Increased year end allocations to earmarked reserves as services seek to manage future year risks. In addition, year end assessment of the provision for expected credit losses associated with historical Council Tax arrears.
Council tax - % of income due from council tax collected in the year	Pf119	higher figure is better	%	94.08	94.08	93.32	94.61	94.95	95.0	green	The figures for this indicator accumulate during the year; it is only at the year end that the YTD figure is comparable to the target	95.0			The improvement in the Council Tax collection rates during 2022/23 is largely attributable to the impact of the Scottish Government's Cost of Living Award (£150 allocated to Council Tax accounts of eligible properties).
Council tax collection - cost of collecting council tax per dwelling	i093	lower figure is better	£	6.37	6.65	8.65	7.90	7.88	10.50	blue	only measured annually	9.50			The cost of collecting Council Tax reduced marginally during 2022/23 as the number of dwellings on the Council Tax roll increased more significantly than costs of administering Council Tax.
Council tax - % payers opting to pay by direct debit	i115	higher figure is better	%	55.3	55.9	57.5	59.2	59.0	54.0	blue	only measured annually	59.0			The total number of Council Tax payers paying by Direct Debit increased by 0.5% but the total number of additional properties exceeded this, resulting in a slight drop in performance during 2022/23. Over the period of the data provided the number of council tax payers paying by direct debit has increased by 22.5% from 77,154 in 2015/16 to 94,545 in 2022/23.

Indicator	id	ideal direction	unit of measurement	2018/19	2019/20	2020/21	2021/22	2022/23	2022/23 target	2022/23 RAG status	2023/24 ytd (for monthly or quarterly monitored indicators only)	2023/24 target	2023/24 RAG status (for monthly or quarterly monitored indicators only)	trend	comments
Non domestic rates - % collected in the year	Pr120	higher figure is better	%	96.30	96.12	92.65	93.68	94.43	95.8	green		95.8	The figures for this indicator accumulate during the year, it is only at the year end that the YTD figure is comparable to the target		Non domestic rates collection rates as at the end of 2022/23 (94.43%) show an increase from the previous year (93.68%), but this is still showing signs of being impacted by the wider economic pressures as the levels of collection remain below pre-pandemic and pre-cost of living crisis levels.
Payment of invoices, council wide - % paid within 30 calendar days of receipt	i094	higher figure is better	%	89.9	84.2	82.5	84.2	76.0	96.0	red		96.0			Council performance in processing invoices in 30 days dipped in 2019/20 as the service was required to support a number of other priorities such as improving Purchase to Pay processes, introduction of electronic invoicing, the introduction / maintenance of Purchase Cards and the initial impact of the pandemic. During the early part of 2023/24 the Creditors function is processing invoices received within three working days. This follows the service restructure in April 2022 providing greater capacity and resilience within the team. The service continues to work with administrators and authorisers across the council to reduce the time taken for invoices to reach the Creditors team.
Benefits administration - gross cost per case for housing benefits and council tax reduction	i039	lower figure is better	£	30.54	12.48	18.09	23.42	20.83	27.50	blue	only measured annually	25.00			Recent costs of processing claims continues to be significantly below historical levels.
Benefits administration - average days to process new claims	Pr062	lower figure is better	number	24.6	16.8	15.0	13.2	14.6	21.0	blue	annual indicator measures average days taken for processing; volume of transactions is monitored monthly	19.0			The service continues to process new claims within statutory guidance levels and is working with colleagues in Business and Digital to develop business processes to continue to improve processing times.
Benefits administration - average days to process claims for changes of circumstances	Pr063	lower figure is better	number	7.4	4.7	4.3	4.1	5.0	7.0	green	annual indicator measures average days taken for processing; volume of transactions is monitored monthly	6.0			Performance during 2022/23 was impacted by a number of staff absences. The service continues to process new claims within statutory guidance levels and is working with colleagues in Business and Digital to develop business processes to continue to improve processing times.

Indicator	id	ideal direction	unit of measurement	2018/19	2019/20	2020/21	2021/22	2022/23	2022/23 target	2022/23 RAG status	2023/24 ytd (for monthly or quarterly monitored indicators only)	2023/24 target	2023/24 RAG status (for monthly or quarterly monitored indicators only)	trend	comments
Scottish Welfare Fund crisis grants - % decisions made within one day	CORP9	higher figure is better	%	97.5	99.7	94.8	92.8	85.8	n/a		Only measured annually. Benchmarking indicator.	n/a			This is one of four measures have newly been introduced into the Local Government Benchmarking Framework (LGBF) by the Improvement Service as they aim to provide useful and timely insight on policy critical issues such as vulnerability, poverty, and inequality and which will be increasingly important considering the impact of the cost of living. The service has seen significant increases in demand for Crisis Grants and aims to process applications within the statutory two working day limit.
Scottish Welfare Fund community care grants - % decisions made within 15 days	CORP10	higher figure is better	%	95.1	98.9	88.1	90.3	88.5	n/a		Only measured annually. Benchmarking indicator.	n/a			This is one of four measures have newly been introduced into the Local Government Benchmarking Framework (LGBF) by the Improvement Service as they aim to provide useful and timely insight on policy critical issues such as vulnerability, poverty, and inequality and which will be increasingly important considering the impact of the cost of living. The service has seen significant increases in demand for Community Care Grants and aims to process applications within the statutory fifteen working day limit. Performance during 2023/24 has improved to better than ten working days.
Scottish Welfare Fund - % of budget spent	CORP11	higher figure is better	%	100.7	102.0	66.1	103.2	161.2	n/a		Only measured annually. Benchmarking indicator.	n/a			This is one of four measures have newly been introduced into the Local Government Benchmarking Framework (LGBF) by the Improvement Service as they aim to provide useful and timely insight on policy critical issues such as vulnerability, poverty, and inequality and which will be increasingly important considering the impact of the cost of living. The year end overspend of £0.210m is reflective of the increased demand for grants with an increase in awards for Crisis Grant of 17.6% in 2022/23 compared to 2021/22. In addition, the average value of awards has increased during 2022/23, with a 8.5% increase in average award for
Discretionary housing payments - % of funding spent	CORP12	higher figure is better	%	110.0	111.7	111.2	104.2	100.3	n/a		Only measured annually. Benchmarking indicator.	n/a			This is one of four measures have newly been introduced into the Local Government Benchmarking Framework (LGBF) by the Improvement Service as they aim to provide useful and timely insight on policy critical issues such as vulnerability, poverty, and inequality and which will be increasingly important considering the impact of the cost of living.
Scottish Welfare Fund community care grant - number of applications received	i120a		number		4,213	4,696	6,417		n/a			n/a			This demonstrates an 52% increase in applications received from the position in 2019/20. In response to increasing demands, the restructure implemented in April 2022 aimed to provide greater resilience in managing peaks in demand for Scottish Welfare Fund. As a result, the service currently manages to assess these applications within the parameters outlined by statutory guidance.
Scottish Welfare Fund community care grant - council spend	i120b		£		1,630,684	1,782,166	2,833,341		n/a			n/a			Council spending during 2021/22 was augmented by additional resources provided by the Scottish Government and through the Council's own resources. This ensured applications could continue to be assessed at Medium priority level.
Scottish Welfare Fund crisis grant - number of applications received	i121a		number		15,795	15,965	18,233		n/a			n/a			The service has witnessed a 15% increase in applications received relative to the position in 2019/20. In response to increasing demands, the restructure implemented in April 2022 aimed to provide greater resilience in managing peaks in demand for Scottish Welfare Fund. As a result, the service currently manages to assess these applications within the parameters outlined by statutory guidance.
Scottish Welfare Fund crisis grant - council spend	i121b		£		983,240	1,036,228	1,380,299		n/a			n/a			Council spending during 2021/22 was augmented by additional resources provided by the Scottish Government and through the Council's own resources. This ensured applications could continue to be assessed at Medium priority level.

Indicator	id	ideal direction	unit of measurement	2018/19	2019/20	2020/21	2021/22	2022/23	2022/23 target	2022/23 RAG status	2023/24 ytd	2023/24 target	2023/24 RAG status	trend	comments
											(for monthly or quarterly monitored indicators only)				
Discretionary housing payments - number of applications	i122a		number	9,735	10,122	10,804	10,861	10,561	n/a			n/a			Following increases in the number of applications during 2018/19 and 2019/20, the service has seen the volume of applications largely stabilise since, with a marginal reduction of around 3% during 2022/23 in this demand led area.
Discretionary housing payments - value of awards	i122b		£	4,495,281	5,071,258	6,008,692	6,192,883	6,149,719	n/a			n/a			Council spend in this respect mirrors the volume of applications.
Reserves - total useable reserves as a % of council annual budgeted net revenue	FINSUS1	higher figure is better	%	11.9	12.2	22.4	33.2	36.7	n/a		Only measured annually. Benchmarking indicator.	n/a			This is one of five financial sustainability measures newly been introduced into the Local Government Benchmarking Framework (LGBF) by the Improvement Service.
Reserves - uncommitted General Fund Balance as a % of council annual budgeted net revenue	FINSUS2	higher figure is better	%	1.1	1.0	2.8	3.4	4.4	n/a		Only measured annually. Benchmarking indicator.	n/a			This is one of five financial sustainability measures newly been introduced into the Local Government Benchmarking Framework (LGBF) by the Improvement Service.
Affordability - ratio of Financing Costs to Net Revenue Stream	FINSUS3	lower figure is better	number	7.3	7.5	5.0	5.0	4.3	n/a		Only measured annually. Benchmarking indicator.	n/a			This is one of five financial sustainability measures newly been introduced into the Local Government Benchmarking Framework (LGBF) by the Improvement Service.
Affordability - ratio of Financing Costs to Net Revenue Stream, Housing Revenue Account	FINSUS4	lower figure is better	number	12.6	12.9	12.1	12.8	7.6	n/a		Only measured annually. Benchmarking indicator.	n/a			This is one of five financial sustainability measures newly been introduced into the Local Government Benchmarking Framework (LGBF) by the Improvement Service.
Annual budget - actual outturn as a percentage of budgeted expenditure	FINSUS5	higher figure is better	%	97.64	99.03	97.93	99.95	95.43	n/a		Only measured annually. Benchmarking indicator.	n/a			This is one of five financial sustainability measures newly been introduced into the Local Government Benchmarking Framework (LGBF) by the Improvement Service.

North Lanarkshire Council Report

Finance and Resources Committee

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

Ref KH/RL/SC

Date 28/02/24

Senior Information Risk Owner (SIRO) – Information Governance – Assurance and Performance Report April 2022 to November 2023

From Katrina Hassell, Chief Officer (Business and Digital)

E-mail 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 April 2022 to November 2023. It outlines what is going well, highlights key matters of concern, and details the improvement actions which the Data Management Team (DMT) will be asked to progress from January 2024 to further improve awareness, understanding and compliance.

Recommendations

It is recommended that Finance and Resources Committee:

- (1) Note the activities which have been undertaken or are underway to enable the SIRO to provide assurances that information risks are being effectively managed, and
- (2) Note activities and next steps planned from January 2024 onwards to further improve the Council's information governance 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 collectively 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 April 2022 to November 2023, detailing what is going well, any matters of concern, and where improvements can be made.
-

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 SIRO responsibilities have been aligned with the Chief Officer (Business & Digital) remit since September 2019. Previous SIRO reports – relating to financial years 2019-2020 through to 2021-2022 – confirmed the Council operates effective information governance management arrangements, having undertaken and delivered significant technical and process improvements over recent years.
- 2.3 This report extends beyond the routine annual reporting, with details provided in respect of April 2022 to November 2023 enabling members to consider a more up to date snapshot of current information governance management arrangements. Sections 13 to 61 of the SIRO report provided as Appendix 1 detail activity and performance undertaken over the reporting period to ensure personal data is held securely, and information disseminated effectively. Key highlights include:
 - Information Security and Information Governance corporate risk monitored in accordance with residual risk ratings, with corresponding mitigating actions identified and deployed.
 - Several activities undertaken to mitigate against cyber risk, with the findings of an Internal Audit review and detailed Supplementary Cyber Security Assessment reported to the Audit and Scrutiny Panel.
 - Significant focus on modernising and improving the Council's ICT Disaster Recovery (DR) and incident response arrangements.
 - Good progress demonstrated in delivering the improvement actions previously identified by the DGB self-evaluation, particularly those relating to deployment of the Data Custodian Model, Data Governance and

Management Framework, and Data and Information Management Strategic Roadmap.

- Increased oversight and scrutiny arrangements deployed to improve compliance levels with the mandatory information governance and security training modules.
- 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.
- Full refresh, and subsequent promotion, of the Council's Information Governance Policies and associated user guidance.

- 2.4 Complementing the Corporate Data Protection Officer's annual reports to the Finance and Resources Committee, sections 20 to 29 of the SIRO report highlight for CMT and Committee consideration any breaches of confidentiality and security considered by the DGB for this reporting period, alongside assessment of the remedial actions identified.
- 2.5 Sections 30 to 38 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 mitigate cyber risks and maintain a positive information governance assurance.
- 2.6 Sections 39 to 58 detail the corporate governance activities – training, data quality improvements etc - being undertaken to enhance and strengthen the Council's approach to managing its information risks.
- 2.7 Paragraphs 59 to 61 detail actions taken to maintain compliance with the Public Records (Scotland) Act 2011.

Next steps

- 2.8 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 period April 2022 to November 2023, the live improvement plan detailed in section 63 of the Appendix highlights activity planned from January 2024 to strengthen existing arrangements.
- 2.9 By way of summary, the key priorities identified within the improvement plan include:
- a. Refresh and strengthen our approach to mitigating Cyber security risks and vulnerabilities.
 - b. Continued implementation of improvement actions identified in the previous DGB Self-evaluation exercise.
 - c. Raise profile and prioritisation of Information Governance and Data Protection responsibilities; and
 - d. Incremental implementation of the Data and IM Strategic Roadmap (the roadmap).

- 2.10 Improvements can always be made to our information governance arrangements, and with a residual risk score of 20 (July 2023) 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 documentation

- 4.1 Appendix 1 – SIRO Information governance – assurance & performance – April 2022 to November 2023 Report.



Katrina Hassell
Chief Officer (Business & Digital)

5. Impacts

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? <https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments>

Yes ☐ No ☐

5.2 Financial impact

Does the report contain any financial impacts?

Yes ☐ No ☒

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

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, the SIRO report so appended illustrates action is required through available capital and revenue resources to ensure continued achievement with PSN accreditation and compliance with good practice standards.

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 been discussed and agreed with People Resources?

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 ☐

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

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.

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 ☐

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

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 29 also highlight any breaches of confidentiality and security considered by the DGB during the reporting period April 2022 to November 2023, with corresponding remedial actions identified.

Yes ☒ No ☒

If Yes, has a Data Protection Impact Assessment (DPIA) been carried out and e-mailed to 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 30 to 38 of the SIRO report focuses specifically on ICT Security and Cyber risks. Paragraph 31 provides context regarding the council's complex technology network, which we plan to rationalise and modernise via the Digital North Lanarkshire programme and improved connectivity.

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 significant technology change, has an assessment been carried out (or is scheduled to be carried out) 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 63 (c) of the SIRO report highlight everyone – staff and elected members – must understand the importance of information governance and security, which when combined with lower than desired mandatory training take-up does illustrate 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) 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. Vulnerabilities within ageing business applications therefore continue to cause concern, therefore the SIRO report so appended illustrates action is required through available capital and revenue resources to enhance and expand the Council's existing risk mitigation measures.

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

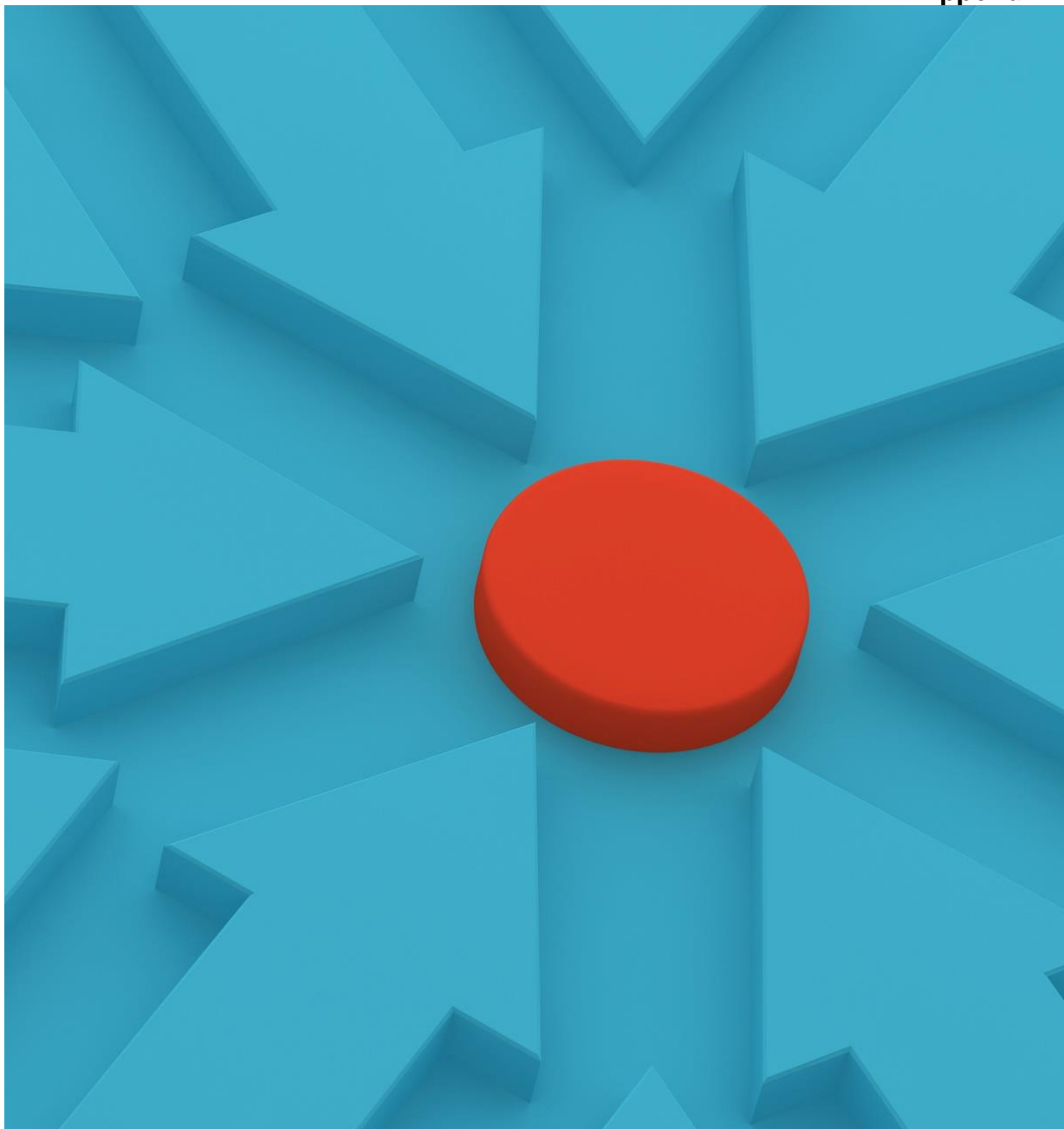
Does the report contain any information regarding any council activity, service delivery, policy, or plan that has an impact on children and young people up to the age of 18, or on a specific group of these?

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: APRIL 2022 – NOVEMBER 2023
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, and indicates where improvements can be made. This report primary relates to the period April 2022 to March 2023, but where appropriate and available, additional context has been provided up to and including the month of November 2023.

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 April 2022 to November 2023.
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
 - 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 the Council's Senior Information Risk Officer. 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, processed 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).

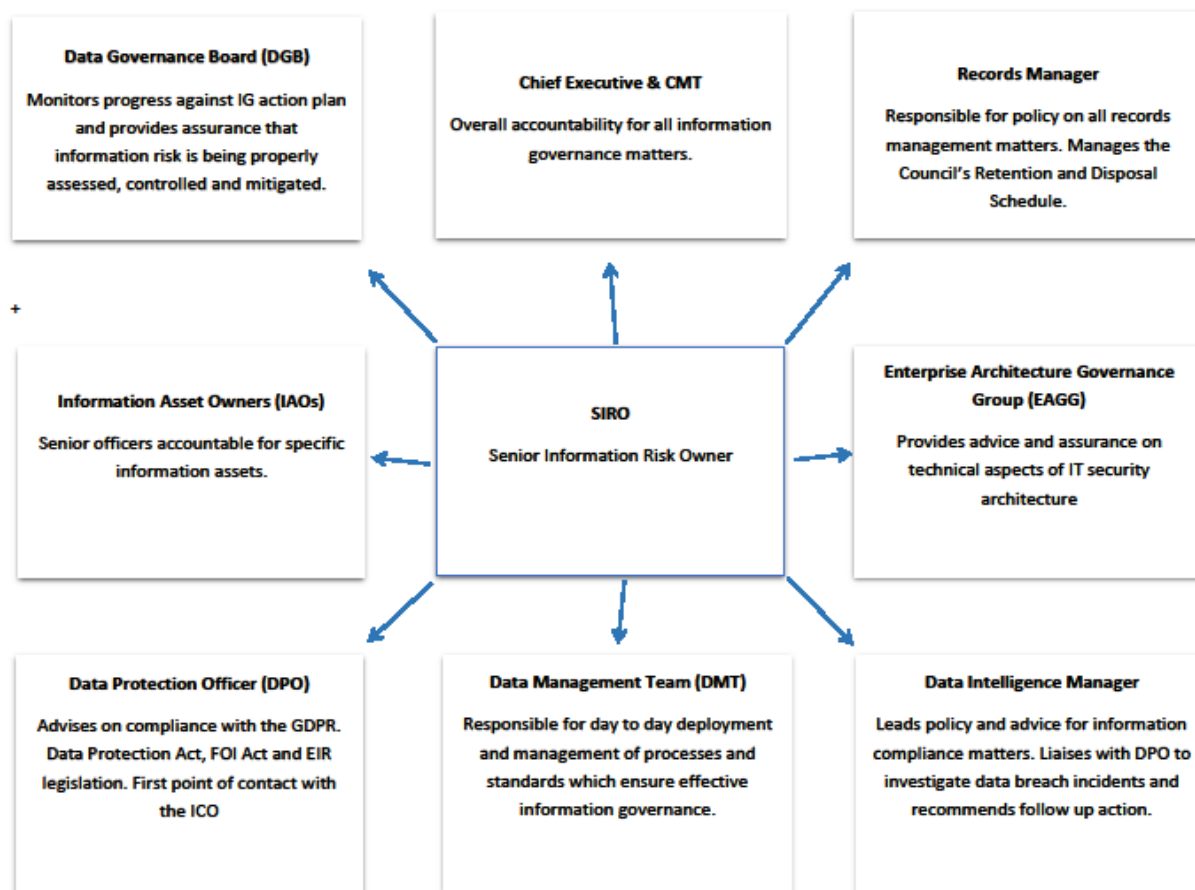


Diagram 1

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 2022-23 responsibility for data sharing, data breaches, Information Commissioner Office (ICO) complaints and training is yet to be considered by the Finance & Resources Committee. The Committee did however consider a [snapshot of data](#) breaches and near misses at its 13th September 2023 meeting. The second [report](#) detailing Freedom of Information (FOI) and Environmental Information Requests (EIR) for financial year 2022-23 was most recently considered by the Finance & Resources Committee on 13th November 2023.

Governance and Monitoring Arrangements

9. The Council's Data Governance Board (DBG) 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 within the Data and Information Management Strategic Roadmap, and for ensuring measures are in place, through the Data Management Team, to monitor compliance with approved policies and standards.
10. The DGB is chaired by the SIRO, includes the Corporate Records Manager, Data Protection Officer (DPO), Chair of the Data Management Team (DMT) and key representation from all Council functions.
11. The key Terms of Reference of the DGB include:
 - a. To ensure the Council's information governance policies and management arrangements reflect current legislation, guidance/policies, and relevant professional codes of practice.
 - b. To ensure that the Council undertakes or commissions annual assessments and/or audits of its information governance policies, procedures, and arrangements, with all findings included within improvement plans as appropriate.
 - c. To receive the Annual Data Protection Officer report and scheduled internal audit reports, reviewing progress against required and identified actions as appropriate.
 - d. To receive and consider reports into breaches of confidentiality and security and where appropriate undertake or recommend remedial action.
 - e. To establish an information governance improvement plan, secure the relevant resources and monitor implementation of the plan.
 - f. To 'sign off' the information governance assurance annual return and corporate information governance risk reviews prior to submission in line with the timetable issued each year.
 - g. To promote a Council wide culture that information governance is the responsibility of all elected members and staff and to promote learning that arises out of investigations into breaches in information governance.
 - h. To ensure that staff are trained in information governance, comply with, and understand the consequences of not adhering to relevant policies and procedures, monitoring the provision and uptake of such training in accordance with identified targets.
 - i. To assist the Senior Information Risk Owner (SIRO) in producing information appropriate for inclusion within an annual Information Governance Report. Through this report, the Data Governance Board provides assurance to the Corporate Management Team and Audit and Scrutiny Panel.
 - j. To ensure the Council develops and maintains an appropriate framework for the management and protection of information which is appropriately supported by information asset owners and administrators.
 - k. To ensure the Council achieves positive movement on the data maturity curve, directing activities towards achievement of the 'advancing' stage of the maturity curve.
12. These Terms of Reference are reviewed annually to ensure the Board continues to meet the Council's business needs. Terms are regularly referenced at Board meetings, with agendas constructed to enable members to fulfil their responsibilities. Meetings held during April 2022 to November 2023 routinely considered information governance policies, agreed performance information (on breaches and mandatory training), areas of risk management, and progress against the strategic data improvement roadmap and self-improvement action plan.

RISK MANAGEMENT AND ASSURANCE

13. 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”*.
14. 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.
15. 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) identified as the Corporate Risk Lead.
16. The formal annual review of the [Corporate Risk Register 2022-23](#) was considered by the Audit and Scrutiny Panel in September 2022. This review confirmed that Information Governance and Information Security would remain as a corporate risk given the impacts which breached, inaccurate or lost data could have on the Council achieving its priorities and stated objectives. At time of consideration by the Panel, the Information Governance and Information Security Risk was identified within the report as the Council’s highest scoring risk, carrying a residual risk assessment of 20 “almost certain” likelihood (5) and “major” impact (4). This risk was monitored quarterly but was not one of the corporate risks subject to formal reporting to the Corporate Management Team and Audit & Scrutiny Panel during 2022-23.
17. Throughout 2019-20 and 2020-21, this risk carried a residual risk assessment of 20, and was therefore monitored quarterly. This was revised down to 16 over the course of 2021-22 as controls implemented over the course of the COVID-19 pandemic and around remote working took effect. Owing to the worsening geopolitical climate, particularly the situation in Ukraine, the residual risk assessment was revised upwards to 20 in the March 2022 review and has remained there since.
18. The July 2023 review confirmed the likelihood of a breach was high, as it had been throughout 2022-23. The following provides illustrative examples of information security and governance controls that are either directly referenced within the Council’s risk register or that more generally manage cyber and information risk, as well as enhancements made over the course of this reporting period.

Control (C) / Action (A)

Description

- CON0000233 Information Governance Policy Framework brings together the Council's information governance policies, and associated user guidance.
- ACT0000539 Review of the above, carried out on a biennial frequency, completed during 2022/23.

Control (C) / Action (A)**Description**

- CON0001054 Corporate and Service Business Continuity Plans in place and stress tested to inform priorities and decision making, with improvements being delivered through a business impact assessment process.
- CON0001056 Guidance issued to managers and staff on home working which includes reference to data security, supported with ongoing messaging to users.
- CON0001064 Secured Premises with secure storage and monitoring of security arrangements.
- CON0001386 In place and operational following the move to hybrid working and revised use of buildings is a programme that ensures premises are assessed with appropriate secure storage and monitoring of security arrangements in place.
- 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.
- CON0002060 PROTECTIVE technical cyber security controls in place such as device authentication checks, multi-factor authentication, network segmentation, web gateways, email filtering solutions, etc.
- 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.
- CON0002051 Data and Information Management Roadmap in place.
- ACT0000907 Identified Business Data Owners and Line of Business Data Stewards.
- 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. The DGB will continue to review controls and actions in accordance with the residual risk rating, which is presently quarterly. Reporting to CMT and the Audit & Scrutiny Panel will continue to be scheduled in accordance with the timelines identified by the Chief Officer (Audit and Risk).

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 April 2022 and November 2023, alongside assessment of the remedial actions identified.
22. The Chief Officer (Business and Digital Solutions) reported a summary of breaches and near misses to the Finance & Resources Committee on 13th September 2023. The Chief Officer (Legal and Democratic) will present fuller details of the Council's 2022-23 data protection compliance in his Annual Data Protection report to the Finance & Resources Committee in due course.
23. Paragraph 11(d) above illustrates numbers of breaches and near misses are reported to the Data Governance Board (DGB), with remedial and learning actions arising from investigations discussed to ensure clarity of change and/or requirement, with such subsequently cascaded council wide through the Data Management Team (DMT).
24. In financial year 2022-23, the Council recorded and investigated 92 potential data breaches, a significantly higher level (33% increase) compared to the previous year level of 69. These figures can be interpreted in two ways. Firstly, higher numbers reported demonstrate employees are aware – per the approved Data Protection Policy and associated mandatory training – of the requirement to report incidents, ergo demonstrating good awareness of data protection and information security requirements. Secondly however, higher levels of breaches do give cause for concern as these have the potential to lead to information falling into the wrong hands. Considering this alongside the timescales for reporting of breaches is therefore key to ensuring the Council is compliant with the Data Protection principles.
25. To enable the Council to comply with its obligation to report high-risk personal data breaches to the Information Commissioner's Office (ICO) within 72 hours of becoming aware of said breach, the DGB recently agreed that all NLC officers, staff, elected members, and third-party contractors must inform Legal Services of personal data breaches and 'near misses' within 24 hours of becoming aware of an incident. The DGB considers 90% to be a realistic KPI for reporting potential breaches to Legal Services, with performance against this monitored quarterly. For financial year 2022-23, actual performance averaged 57.1%, with only 52 breaches reported within 72 hours. Improvement is therefore required, and an action to raise awareness of the internal 24-hour and statutory 72-hour reporting timeframes will be factored into the DMT's action plan.
26. Chart 1 below compares recorded breaches from 2018-19 to November 2023. The high volumes recorded in November 2022 and August 2023 follow targeted promotion of mandatory

training on GDPR and Data Protection, thereby demonstrating that increasing – and then maintaining - awareness of personal responsibility on the use and protection of information better enables the Council to identify and address data breaches, near misses or information security incidents.

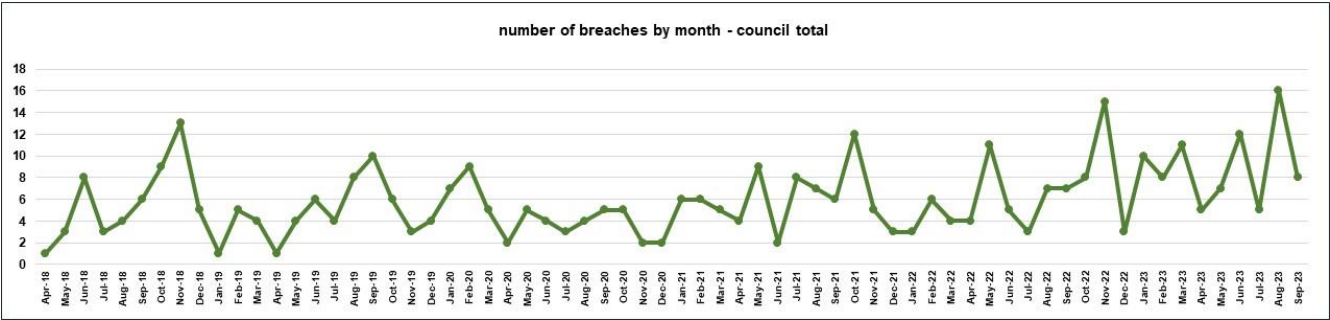


Chart 1

27. Chart 2 below compares the recorded breaches, per service, from 2018-19 to November 2023.

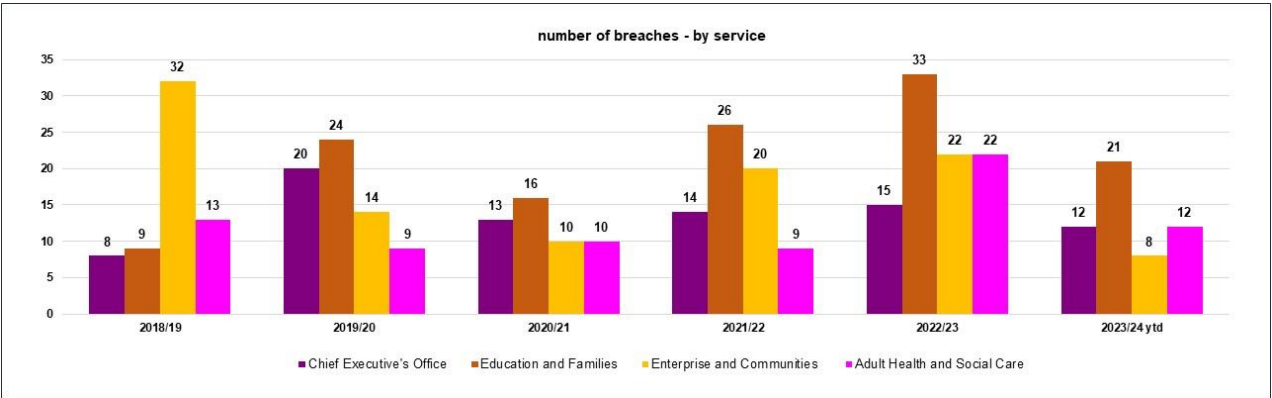


Chart 2

28. In investigating recorded incidents, consideration is given to whether such should be referred to the Information Commissioner’s Office (ICO). Reportable incidents are considered to present a risk to the rights and freedoms of individuals, and for financial year 2022-23, 10 incidents satisfied this threshold and were reported accordingly. This is a significant deterioration on the previous year position of 4 incidents being reported to the ICO.

29. Categories of breaches include device/documents left in insecure locations, unauthorised system/app use, failure to redact data and wrongful disclosure of 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 include reviewing existing policies and practices, disabling the autofill function within email, working towards a high completion rate for information governance training, 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

30. 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.
31. 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 7,000 emails as being sufficiently suspicious to warrant delivery to an email quarantine facility, with many thousands more prevented altogether at the email gateway. Of the 686,000 sign-in attempts made in that same month, 48,000 were either deemed sufficiently suspicious or lacked the access permissions to be allowed through. Furthermore, 48 new risky users were detected, with 945 new risky sign-ins identified. Recognising there are further layers of protection and response in place to mitigate a successful intrusion alongside it being unlikely all suspicious events would relate to the actions of malicious threat actors or include content with scope to lead to significant damage to council systems and/or data, these numbers go some way towards highlighting the very real threats that face all organisations. Publicised breaches in respect of SEPA and more recently the Western Isles Council demonstrate how significantly compromised public sector organisations can be following just one successful intrusion.
32. 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 the National Cyber Security Centre's (NCSC) Annual review 2023, *"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."* With the Western Isles Council being a very recent victim of a major cyber-attack in Scotland, it is very clear that the likelihood of such attacks is indeed very real. Furthermore, given Western Isles' systems were significantly compromised (and remain impaired at time of writing this report), it is also very clear that the impact of such attacks can range from significant to catastrophic.
 - 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 there 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 technical staff are currently expected to support 669 servers, circa. 275 server software/applications and 3415 unique desktop/device types of software.

- 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.

33. 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 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's most recent submission for PSN accreditation is currently being evaluated by the PSN assessor.
- b. Compliance with the Payment Card Industry Data Security Standard (PCI DSS), with the Council now fully compliant across both person present and ecommerce payment channels, and work under way to achieve the same for the telephony channel.
- 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.
- 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, with such now of significance given the continuation of home and mobile working by individuals in the period since the Covid-19 pandemic.

- 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 awareness training through ‘toolbox’ delivered sessions.
- j. External assurance of the Council’s cyber security posture provided through accreditation against HMG’s PSN ‘Code of Connection’.
- k. Continued adoption of NCSC’s active cyber defence toolkit as promoted through the Scottish Government’s cyber security Public Sector Action Plan.

34. The Information Security and Information Governance risk process described in paragraphs 13 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’s¹ 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:

- Resourcing within the Information Risk and Security Team was maintained at the increased level of 4.8 FTE, with funding set aside to also employ one temporary member of staff to deliver the Disaster Recovery (DR) improvement plan and major incident response plan, as well as a modern apprentice. This short-term increase in the resource base could not be maintained however given the projected medium-term budget constraint facing the Council.
- ICT resiliency capability was re-evaluated once more through use of the NCSC developed ‘Exercise-in-a-Box’ toolkit.
- 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.
- Management of 3rd party cyber security risks, in particular supply chain risk, through focussed use of the Scottish Government’s ‘Cyber Security Procurement Support Toolkit.’
- 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 began to explicitly develop documented security standards against the Scottish Government’s Cyber Resiliency Framework (CRF). The CRF in turn aligns with much of the internationally adopted ISO 27001 security standard, ensuring value will be maintained should the CRF be withdrawn or become unsupported.
- Ensuring password usage meets NCSC’s recommendations for length and structure, and marketing NCSC’s ‘three random words’ approach to password creation.

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¹ Globally recognised as independent digital and ICT specialists.

- Implementation of an automatically configured 'virtual private network' for all Council devices used remotely.
- Continued awareness programme targeting all Council staff and employees, including focused sessions where appropriate e.g., for the new intake of elected members in May 2022 and the Operational Management Team. This work has continued with targeted executive training sessions in this financial year.
- An Internal Audit Assessment of the effectiveness of the Council's cyber security controls. Reporting to the Audit and Scrutiny Panel in February 2023, Internal Audit categorised their findings as offering 'reasonable assurance', with two 'medium risk' improvement actions identified, and an acknowledgement recorded that the prevalent threat landscape we now operate within makes it extremely challenging to achieve a 'substantial assurance' audit opinion. Business and Digital provided the Panel with a [supplementary 'Cyber Security Assessment' report](#), which contained enhanced details regarding the cyber security activities performed by the Council.

35. Whilst the Digital North Lanarkshire Programme of Work Delivery Plan will continue to transition all products to more secure and modern cloud-hosted solutions, such cannot be achieved overnight. In considering that several business-critical systems rely on older – and often unsupported – software and applications and require significant resource (people and money) to effectively address known vulnerabilities, concern exists regarding the Council's ability to fully secure critical data held on business-critical applications.

36. Previous SIRO reports highlighted Business and Digital aim to protect the Council from common cyber-attacks through PSN accreditation and regular threat assessments. In recognising our concerns regarding ageing legacy applications alongside the increasing cyber threat landscape, Business and Digital are resourcing a risk evaluation of critical 'legacy' systems to highlight key vulnerabilities for the organisation to address. This evaluation – which fulfils an improvement action identified from the earlier Information Security Maturity Assessment exercise - is scheduled to complete in March 2024 and is over and above the service's routine and regular threat assessment activities.

37. The council was not affected directly by any notable ICT or cyber security incidents between April 2022 and November 2023. However, it was and 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 ICT service delivery through alerts provided by Scottish Government and the National Cyber Security Centre.

38. In summary, there continue to be successes in managing ICT and cyber risk, but challenges will grow given the Council's ageing business system portfolio. Vulnerabilities within ageing business applications are an ongoing cause of concern. This report therefore highlights that action is required through available capital and revenue resources, and service Business Continuity Planning (BCP), to enhance and expand the Council's existing risk mitigation measures to ensure that positive and effective information governance and information security arrangements can be maintained.

CORPORATE GOVERNANCE ACTIVITY

39. 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. These policies and the associated user guidance were most recently reviewed and approved by the Policy and Strategy Committee in [June 2023](#). In line with Diagram one above, the agreed remits of the Data Governance Board (DGB) and Data Management Team (DMT) require that Business Data Owners be identified and assigned to manage the data classifications of customers, cases, people, and the organisation.
40. The Senior Information Risk Owner (SIRO) Information Assurance report 2021-2022 presented to members in February 2023 informed readers of the self-assessment undertaken during that year to ensure the DGB was effectively discharging its responsibility to develop, implement, and ensure compliance with data governance and management strategies, policies, and standards.
41. By way of a reminder, the evidence obtained from the self-evaluation demonstrated the DGB has a clear vision, effective leadership, sound approach and clear direction for its work. The approach is underpinned by well-defined processes, is aligned to The Plan for North Lanarkshire, and supports the council's aims and objectives. Findings also confirmed the DGB regularly reviews its approaches and makes improvements as a matter of course to ensure the security of the council's information resource.
42. Four improvement actions were identified and included within the live action plan detailed in the 2021-22 Information Assurance report. Progress in relation to the delivery of these improvement actions is outlined below, with further required actions also detailed in Section 62 below.

➤ **Improvement Action One: Enhancing the knowledge and understanding of all DGB members, especially those new to the role**

Actions	Progress
Develop induction pack for members, comprising role profile, FAQ, and jargon buster	On hold - awaiting completion of DMT review to ensure alignment
Provide opportunities for members to have oversight of Disaster Recovery plans to ensure systems remain resilient	On hold – linking into oversight timetable agreed, and now operational, for all Service Management Teams
Implement membership monitoring scheme to ensure regular attendance of knowledgeable individual	Complete – attendance recorded for each meeting
DGB members to confirm completion of all mandatory e-learning	Complete – screenshots of 'attendance' submitted by all
Occasionally focus agendas on deployment of the Data Custodian Model.	Complete – Data Custodian Model a standing item on DGB agenda

- **Improvement Action Two: Raising awareness and understanding of information security and governance, and managing information as a strategic resource across the Council, and with the public through the Community Boards**

Actions	Progress
Develop a targeted communication plan to raise the profile of the work of the DGB and DMT	In Progress - Regular updates provided to Committee, CMT, Audit and Scrutiny Panel and NLP Strategic Board and Community Boards as appropriate. Future communication will be driven through Programme of Work Boards.
Develop a process and protocols regarding sharing data sets and dealing with information requests arising from the work of Community Boards	In Progress – Draft process in place within the Council but further work required to include Community Boards

- **Improvement Action Three: Fully deploying the various processes and practices more systematically and consistently across the Council**

Actions	Progress
Develop champion process / lead Data Steward for each master data entity	Complete - Line of Business Data Steward Lead role descriptor agreed, individuals identified and embedding in progress
Develop information governance guidance on working with O365, focussing on file creation, file migration, effective use of Teams etc	In Progress - Service-based Digital Adopters identified, with remit of group and individual roles clarified. Aim is to sustain delivery of focused support and training within services on use of SharePoint and Teams, with such tailored/bespoke to service needs and requirements

- **Improvement Action Four: Making better use of a range of tools, techniques, and measures to regularly assess and promote the effectiveness and success of the work of the DGB**

Actions	Progress
Develop measures of success for the DGB, establishing a baseline which facilitates measurement of outcomes	Not started - Included within live improvement action plan

43. Having previously concluded a self-evaluation and progressed the subsequent improvement activity as shown above, Board membership continues to focus on the key master data entities of customers, cases, people, and organisation. There were however several changes to identified Business Data Owners during the period of this report (April 2022 to November 2023), but the group continues to remain effective as a result of all 'new' members being provided opportunities to understand what is required of them as members of this key corporate governance group.

Information Governance Training

44. 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 11(h) above specifically references the importance of information governance training, an identified area of improvement and activity over the last few years.
45. Previous SIRO reports have detailed steps being taken to promote and monitor completion of the mandatory Data Protection Essentials, Records and Information Management and Information Security training modules. Given levels of compliance continued to remain low upon reviewing 2022-23 year-end completion levels (chart 3 overleaf) and therefore unacceptable given their importance in supporting employees to ensure data is held securely, processed appropriately and safely destroyed when not required, the Corporate Management Team and Data Governance Board increased their oversight and monitoring over the period of this report (April 2022 to November 2023) to improve compliance levels across the council on all mandatory training, not solely information governance.
46. Table 2 below details the Information governance training provided within the Council to enable employees to comply with approved information governance requirements:

'Course'	Employees in scope	Context	Existing KPI
Data Protection Essentials Information Security Awareness Records and Information Management	All except frontline workforce	12,880	√
Data Protection Advanced	Those with staff management responsibility	1,976	√
Frontline Toolbox Talk	Frontline workforce	2,300	

Table 2

47. Mandatory training modules need to be completed biennially, with compliance against requirements forming the starting point: firstly, for the DGB 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.
48. Acknowledging that work remains ongoing to improve training and to complete the roll out of the tailored toolbox training for frontline employees, chart 3 below details the level and percentage of completions, per service, as at March 2023.

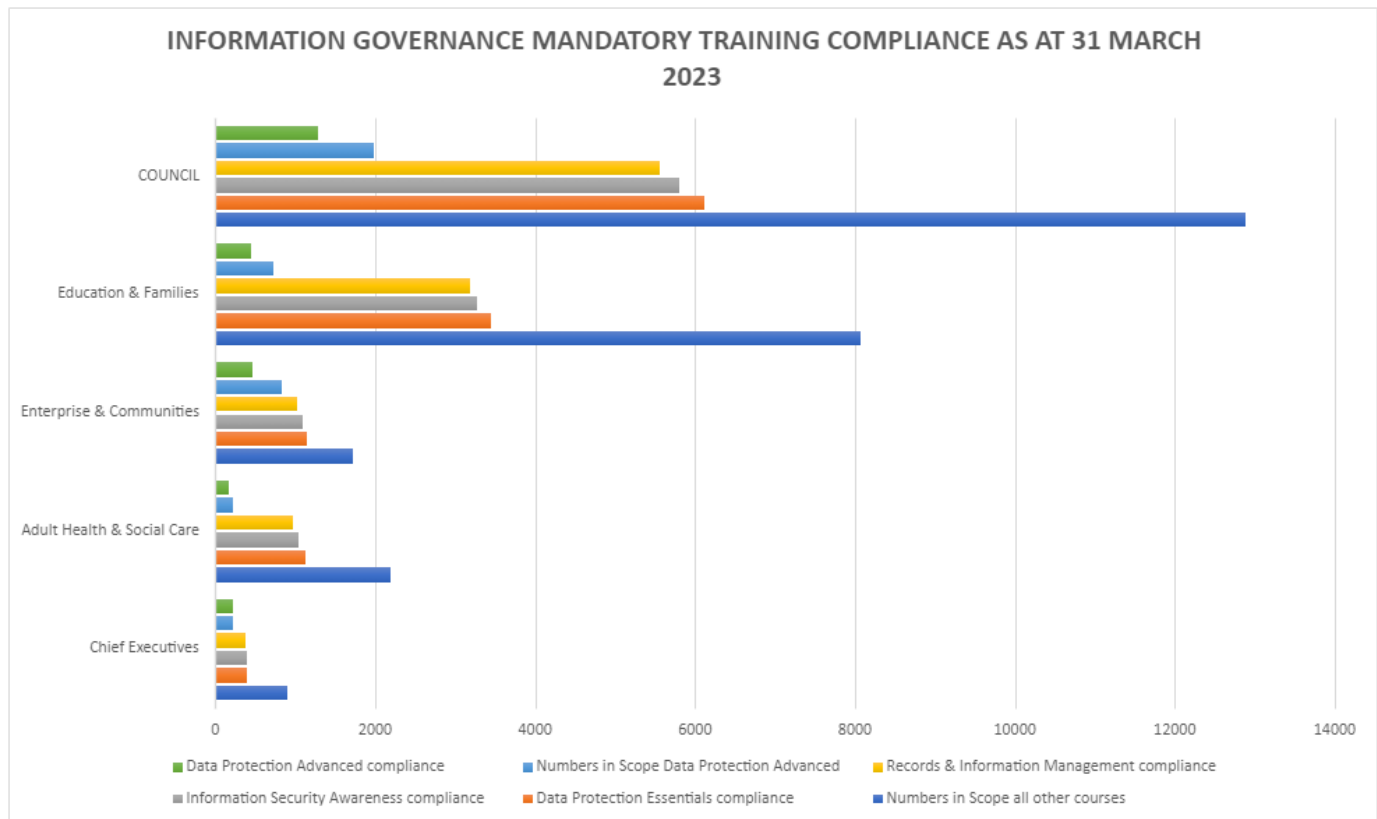


Chart 3

49. Chart 3 illustrates by way of an example, that the Data Protection Essentials course had the highest ‘attendance’ over the period to 31st March 2023, with 6,121 (48%) of employees having completed the mandatory courses. Whilst “attendance” at each of the essential mandatory courses remains largely consistent in overall terms, the comparison of completions against those expected – per service – can be seen to be below 50% in many instances. These statistics clearly highlight a need for further targeted activity, with additional oversight and scrutiny arrangements subsequently developed during the summer months and deployed from September 2023.

50. These revised arrangements include quarterly highlight reports being issued to the Corporate Management Team, with Chief Officers thereafter scheduling detailed discussion at each of their Senior Management Team meetings. Chief Officers also receive a monthly report 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. This is in addition to the managers dashboard within the learning management system.

51. Chart 4 below provides the CMT and Committee with additional context, through analysing the peaks and troughs of training activity progressed from April 2020 to November 2023, which illustrates a sharp increase in the number of module completions following the targeted activity and oversight.

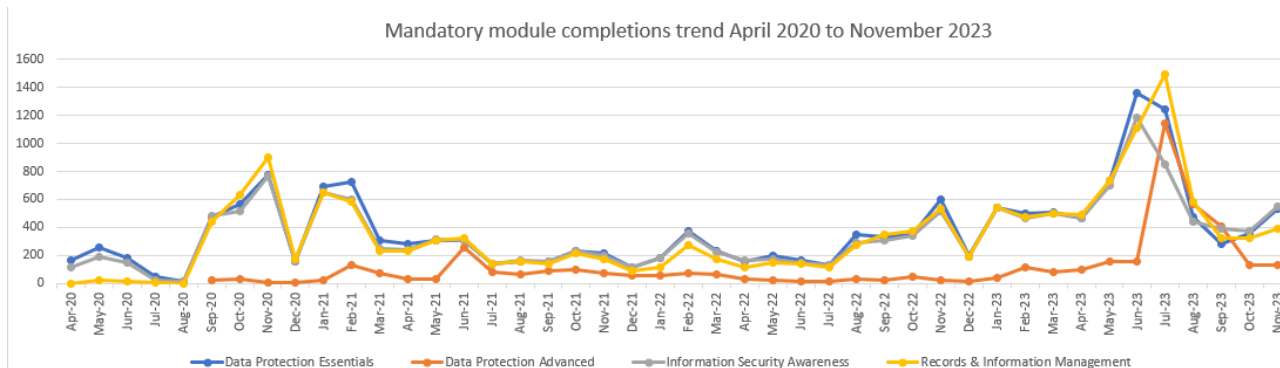


Chart 4

52. Notwithstanding the obvious improvements made in recent months, there are still elements of percentage compliance which provide cause for concern and necessitate continuation of the currently focussed oversight and scrutiny arrangements. To this end, continued awareness raising and GDPR compliance will remain as key activities on the live information governance improvement action.

Data and IM Strategic Roadmap

53. CMT and Committee are aware from previous SIRO reports that the development of a data-driven decision-making model was a key deliverable of the original DigitalNL transformation programme. With this model being the core component of the Data and Information Management Strategic Roadmap (the Roadmap) endorsed by the former Transformation and Digitisation Committee on 24th February 2021, this has remained as a key deliverable of the new Digital North Lanarkshire Programme of Work and The Plan for North Lanarkshire ("The Plan").

54. The Roadmap provides a strategic vision for data, supported by the development of both the Data Custodian Data Governance model and a Business Intelligence Hub to transition the Council from its existing 'basic' data maturity score to an 'advancing' score, with all data being virtualised and available as 'a single view'; firstly to assist services in monitoring performance against The Plan for NL outcomes, and secondly, to support strategic decision making, service delivery, cost reduction and risk management arrangements.

55. The roadmap presents as a series of work packages to provide opportunities to facilitate an incremental improvement in the Council's data maturity score. To enable the Council to establish clear timelines for the transition, the Data Governance Board:

- a. Successfully changed membership from service specific representation to functional master data representation. with Business Data Owners identified for the key master data entities of customers, cases, people, and organisation effective from January 2021.
- b. manages the development and delivery of the Data Custodian Model including role descriptors, data quality guidance and critical data audit as outlined in paragraph 57 below.

56. The former Transformation and Digitisation Committee reviewed the roadmap progress in February 2021, noting such would be driven forward through the DGB over an envisaged 3-year timeframe. Paragraphs 12 and 40 above illustrate the DGB routinely consider progress against the data roadmap and required improvement plan.

57. Table 3 below aims to provide assurance that through its clear vision, effective leadership, sound approach and clear direction for its work, that DGB oversight of the strategic data roadmap positively impacts the Council's overall data management arrangements:

Roadmap Recommendation	Update
Formalise and cascade the Council's data and information management vision, ensuring such aligns with The Plan for NL, DigitalNL objectives, and the approved Digital & IT Strategy.	<ul style="list-style-type: none"> Continued focus on the vision with ongoing oversight through the Data Governance Board and progress reviewed at each meeting. Data Governance Board completed self-evaluation during 2021/22 and Data Management Team review process completed in June 2023. This will embed the Data Custodian model fully within the governance framework and strengthen the role of DMT in delivery of the roadmap.
Ensure data is viewed and used as an asset by implementing a revised Data Governance and Management framework and appropriately defining and using Business Data Owners, Line of Business Data Stewards, and Data Architect roles.	<ul style="list-style-type: none"> In May 2021 Framework agreed. Roles of Business Data Owners and Line of Business Data Stewards defined and DGB members shared with Service Management Teams to ensure appropriate consideration in development of new Programme of Work. Data Quality Checklist agreed in principle in May 2021 with data quality assessment guidance in development supported by DMT. Introductory session for nominated Line of Business Data Stewards across the council took place in January 2022. This session introduced the new Data Governance Framework, outlined the role of Line of Business Data Steward role, and launched the Critical Data Audit. As the Data Custodian Model developed across the council a need for effective communication and co-ordination was recognised by DGB, who agreed in December 2022 to establish a new role of Line of Business Data Steward Lead. These individuals are now identified and will be key members of revised DMT Planned development phases 1 to 4 of the BI Hub completed in June 2023. Development thereafter will become Business as Usual supported by the Data Intelligence Team. BI Hub Operating Model approved to guide future development
Within the Data Governance Board, structured around four new key 'entities' of Master Data, Customer, Cases, Employees and Place, develop clear oversight of use and quality of data for each.	<ul style="list-style-type: none"> In progress - identification of Business Data Owners for each data entity complete. Mapping exercise for each complete. Critical Data Audit for all council data completed Summer 2022 and thereafter outcomes considered by DGB in October 2022. DGB agreed role of Line of Business Data Steward Lead role and further development of the Data Quality Framework, planned for approval in January 2024.

Develop a hub and spoke Business Intelligence (BI) Hub, with key roles embedded in directorates, and the core hub based in Business and Digital Solutions.	<ul style="list-style-type: none"> • In Progress – Data Intelligence team created and BI Hub development phases completed end June 2023. BI Hub Operating Model approved and being implemented, • Phase 4 undertaken July 2022 - June 2023 with a clear focus on skills and knowledge transfer from the contracted provider to Council staff to ensure the Business Intelligence Hub can be developed and maintained in-house by Council staff following contract expiry. This included finalisation of the Operating Model which contains role descriptors and skills requirements both basic and advanced linked to the Data Custodian model.
Develop a formalised data quality improvement framework to increase trust in data, facilitate more effective data sharing, and to ultimately use a single source of information to predict future trends and demographics, thereby supporting effective resource allocation and service delivery.	<ul style="list-style-type: none"> • In progress - draft data quality assessment guidance approved by DGB in November 2021. • Critical Data Audit completed Summer 2022 • Critical Data Audit learning fed back to DGB in October 2022. Further development of the Data Quality Framework underway. Was submitted to DGB late 2023, and thereafter approved. • New Line of Business Data Steward Lead role incorporated into this team from June 2023.

Table 3 - Data and Information Management Strategic Roadmap (the Roadmap) Progress

58. Business and Digital are presently leading a second Data Maturity Assessment to identify priority areas and activities with scope to positively impact the Council's data maturity score and information governance arrangements. Outcomes and linked resourcing requirements will be reported to Committee and Corporate Management Team as appropriate.

Records Management Plan

59. The Public Records (Scotland) Act 2011 (PRSA) Assessment Team has a mechanism that allows authorities to self-assess on its records management arrangements and the commitments it laid out in its current 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-councils-progress-update-review-pur-report-by-the-prsa-assessment-team-15th-november-2022).

60. The Records Management Team continues to work on the specific areas that the Keeper of the Records of Scotland identified for improvement in the Council, namely File Plan, Destruction Arrangements, Vital Records and Audit Trail. Much of this work is currently being addressed by migration to a file plan within O365 and the detailed implementation of 'Avepoint Opus' which supports physical records management and automated retention periods.

61. The PRSA team has now started to issue invitations to authorities to provide a second Records Management Plan. It is known that there are some delays in issuing invitations as determined by the Assessment Team's own schedule. The Assessment Team generally give a six-month timeline to complete and submit a new Records Management Plan.

LIVE IMPROVEMENT PLAN

62. Paragraph 11e above highlights the DGB Terms of Reference require the group to establish, resource and monitor an information governance improvement plan. Such an action plan is maintained, and outlines key tasks required, together with details of the responsible officers, completion timescales, status, and percentage complete. The plan is monitored by the DMT and is a standing agenda item at meetings of the DGB, enabling progress updates and escalation of specific tasks as required.
63. By its nature, the plan must be flexible and dynamic, with any new improvement areas identified by for example services, Business Data Owners, management, and Internal Audit appropriately incorporated. The following represents a summary of the key actions included within the improvement plan at November 2023. It is envisaged these will be progressed from January 2024 and beyond to further strengthen the Council's information governance and data accuracy arrangements.

a. Refresh and strengthen approach to mitigating Cyber Security risks and vulnerabilities

- With Cyber Essentials cost prohibitive for the Council to use, our focus over recent years shifted to using PSN accreditation as the principle means of demonstrating external oversight of the Council's security posture. The Council has maintained compliance with PSN requirements, despite having to deal with the implications of having a range of legacy ICT applications. Issues associated with these are regularly discussed with the UK Cabinet Office, which is the PSN sponsor and accreditor, and the current reaccreditation process is in process.
- Continual improvement to manage risk is the bedrock of information security practice within the Council. From a thematic perspective, improvement actions currently underway can crudely be separated into the adoption of technical and non-technical controls. The programme of work to improve technical security includes examination and where necessary upgrading access and authentication controls. As intimated, separation between what may be termed technical and non-technical controls is crude, and this line of activity extends to the less technical elements such as user onboarding and offboarding practices. Other technical improvements on the current roadmap include the procurement of new backup tools to provide better assurance around the integrity of backups, and the onboarding of a new and improved security event and incident management system.
- The application of technical cyber security controls is one dimension where the council will continually seek to make improvements where warranted. At the same time, processes for managing risk and assuring the council's posture will continue to be taken forward. A programme of documenting baseline security controls is under way to demonstrate alignment with Scottish Government expectations for the Scottish public sector. Awareness-raising for staff will continue to be a significant theme, with formal council training materials being scheduled for a major review. Compliance will continue to be a significant theme with PCI DSS and PSN regimes being the focus. Internally, collaboration with Internal Audit will continue to take place to ensure appropriate controls and practices are adopted as necessary.

- Several other initiatives were planned for 2022-2023 onwards and completed, including procuring a cyber incident retainer partnership with a third-party organisation experienced in managing major cyber outages, and on a related note improving ICT disaster recovery and incident response practice. Looking forward, improving the gathering of metrics about security posture and threat will be a key focus of live improvement activity, as will elements of supply chain security, and benefits of cyber insurance. Supply chain security – a subset of 3rd party risk management – will become a growing consideration for the Council as it increasingly adopts Cloud-based ICT products. With the provider of a Scottish public sector-wide supply chain assessment tool having withdrawn from this market, the Council must look to independently develop a process for managing supply chain security, which will be a challenge given capability and capacity constraints within its workforce and budgetary pressures.
- The ongoing concerns about use of legacy applications within the Council and their impact on cyber security posture remain. The products in question are line of business and owned by a range of services and therefore require services to support their phasing out and replacement with modern applications. To support development of business cases to usher along such developments cyber security risk assessments of identified legacy platforms are being performed, with a view to these completing by the end of March 2024.
- In the previous SIRO report, priority workstreams were identified from the findings of the Information Security Maturity Assessment (IT Score) exercise carried out in January 2021. Given this aids targeted allocation of scarce resources, the service repeated this exercise between December 2022 and January 2023, and following a detailed review of findings, ultimately agreed in April 2023 to include the following 'top 3' areas of improvement within its live improvement action plan:
 - Development of strategy
 - Measuring performance
 - Managing security events
- As has been highlighted above, security event management is now a major theme with work underway to implement security event and incident management tooling, performance management being on the Council's roadmap, and a strategy developed as outlined throughout this report.

b. Continued implementation of Improvement Actions identified in DGB Self-evaluation exercise

Section 42 above provides an update on the improvement actions identified through the previous DGB self-evaluation exercise. Recognising progress made to date, the activities noted below will continue to be progressed from January 2024 and beyond:

- Enhancing the knowledge and understanding of all DGB members, especially those new to the role
 - Develop induction pack for members, comprising role profile, FAQ, and jargon buster.
 - Provide opportunities for members to have oversight of Disaster Recovery plans to ensure systems remain resilient.

- Raising awareness and understanding of information security and governance, and managing information as a strategic resource across the Council, and with the public through the Community Boards
 - Develop a targeted communication plan to raise the profile of the work of the DGB and DMT linked to Programme of Work Boards
 - Further develop the draft process for sharing data sets to include use, as appropriate, within Community Boards.
- Fully deploying the various processes and practices more systematically and consistently across the Council
 - Further develop information governance guidance on working with O365, focussing on file creation, file migration, effective use of Teams etc through Digital Adopters process
- Making better use of a range of tools, techniques, and measures to regularly assess and promote the effectiveness and success of the work of the DGB.
 - Develop measures of success for the DGB, establishing a baseline which facilitates measurement of outcomes.

c. Raise the profile and prioritisation of Information Governance and 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.
- Paragraph 52 above states that mandatory training completion rates in respect of this reporting period remain lower than desired. In considering this alongside the less than satisfactory level of data breaches reported within the required 72 hours (paragraph 25), awareness raising, and targeted promotion clearly remains a key priority on the information governance improvement plan. To improve scope for this activity to further increase and maintain compliance levels, the feedback received through LearnNL training evaluations will be used to improve and tailor course content to the needs of individual posts.
- Additional discretionary training, linked to the new requirements associated with Business Data Owners, Data Stewards, and Data Architects, is required, and will continue to be developed and deployed in coming months.
- The Business Data Owner for the 'people' data entity (Employee Service Centre Manager) and Relationship Manager within Business and Digital will continue to work with services as a priority to fully deploy tailored toolbox training for frontline employees.
- Both will also work with the Talent and Organisation Development (TOD) team to identify training to appropriately increase the awareness of other roles and elected members regarding their responsibilities to ensure information and data is held securely, processed appropriately and safely destroyed when not required.

d. Incremental implementation of the Data and IM Strategic Roadmap (the Roadmap)

- Section 57 provides an update on Roadmap delivery over the period of this report. Two main areas of focus from 2023-2024 onwards will be (a) the completion of an updated Data Maturity Assessment to gauge progress and revised priorities across the organisation and (b) the DGB will consider and approve the revised priorities and work packages to be taken forward through the revised DMT over the next 3 years ensuring alignment with Programme of Work activity. Other aspects will be taken forward incrementally through the DGB and DMT, with detailed timescales for delivery established.
- The new Data Governance and Management Framework is approved. Next step is to complete review of DMT including Terms of Reference to ensure alignment with DGB and implement revised structure.
- Further development of Quality Assessment Framework including processes, timescales, and tools with focus on data audit, data assessment (including risk) and identification of improvement actions led by Line of Business Data Steward Leads supported by Line of Business Data Stewards and overseen by Business Data Owners
- Continued development of the BI Hub in line with the BI Hub Operating Model including development and upskilling of service-based teams with linked training and accreditation pathways.

CONCLUSION

64. In summary, significant progress to strengthen the Council's approach to managing its information risks continued over the period of this report with sections 39 to 61 above providing relevant context and detail.
65. 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 (July 2023), and PSN accreditation still subject to ongoing assessment and dialogue with UK HMG Cabinet Office, this subject matter remains a high priority improvement area for the Council.
66. A detailed improvement plan exists and is monitored by the DMT. A summary of the priority actions at January 2024, is detailed in section 63 above. Progress against these will be managed through DGB oversight arrangements from 2023-24 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.
67. 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. Action is therefore required through available capital and revenue resources, and Business Continuity Planning, to address this growing risk.



Katrina Hassell
Chief Officer (Business and Digital)

North Lanarkshire Council Report

Finance and Resources Committee

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

Ref: NLC-CPT-22-016

Date: 29 February 2024

Contract Award for Audio Visual Panels

From Katrina Hassell, Chief Officer (Business & Digital)

E-mail hassellk@northlan.gov.uk

Telephone: 07903 096121

Executive Summary

The Committee is asked to approve the award of a contract for Audio Visual Panels (the 'Agreement') to AVMI Kinly Ltd.

The Agreement is for an initial period of thirty-six months anticipated to commence on March 31st, 2024. The council reserves the right to extend the Agreement for additional periods up to a maximum of a further twelve months.

The maximum value of the Agreement is Five Million pounds Sterling (£5,000,000.00) exclusive of VAT.

Recommendations

It is recommended that the Finance and Resources Committee:

- (1) Approves the award of the Agreement to AVMI Kinly Ltd at the maximum value of Five Million pounds Sterling (£5,000,000.00) exclusive of VAT.

The Plan for North Lanarkshire

Priority All priorities

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 This contract will provide a call off catalogue for the Council to purchase audio visual (AV) interactive panels, initially supporting areas of work within Education and Families and Business and Digital but anticipated to be utilised by all other service areas when requiring AV panels.
- 1.2 The requirement within the contract has previously been facilitated by various suppliers on the Scotland Excel Audio visual framework.
- 1.3 The contract will support services to offer an enhanced refresh of existing panels within establishments. Primarily, enabling Education and Families to ensure delivery of a high-quality digital learning experience across all establishments within North Lanarkshire, benefitting from cost advantages due to the potential reduction in unit price through this consolidated procurement.
- 1.4 It will additionally create a process for improved investment planning and alignment with procurement practices.
- 1.5 The contract offers the supply of hardware, installation, maintenance, support, training, and any futureproofing on the product(s) for the duration of the contract.
- 1.6 The contract will deliver certified training for end users, this will enhance the knowledge and improve the digital skills of staff across the Council.
- 1.7 The creation of a focus group made up of nominees from Education and Families defined the learning and teaching needs, whilst representatives from Business and Digital focused more on determining technical requirements that fed into the specification.
- 1.8 Supplier event days took place in October 2023 to notify our potential supplier market, enhance communication and collaboration and improve our awareness of the marketplace and its offerings by way of demonstrations of the products on offer. This helped enable the council to refine requirements relating to quality, reliability, delivery, and service.
- 1.9 The contract will allow North Lanarkshire Council to streamline purchasing of Audio-Visual Panels, creating a consistent approach across the estate delivering a quality digital learning experience.

2. Report

- 2.1 A group of technical and procurement representatives was formed to develop and agree the procurement strategy for the Agreement to enable the council to achieve maximum benefit for the requirements.
- 2.2 The initial estimated value of the Agreement dictated that the procurement procedure be undertaken in accordance with the Public Contracts (Scotland) Regulations 2015.
- 2.3 The procurement procedure was undertaken as a mini competition from the Scotland Excel framework agreement for Audio Visual Agreement number 0618 Lot 1 (the "Framework Agreement").

- 2.4 Invitation to Tender documentation was issued to four companies appointed to the Framework Agreement with the council receiving three tender submissions.
- 2.5 This recommendation to award the Agreement follows the completion of a procurement procedure where AVMI Kinly Ltd has been evaluated as demonstrating Best Value for the council.
- 2.6 Appendix 1 confirms the scoring achieved by each tenderer, further details of the procurement procedure is provided in Appendix 2 and the SME status and location of all tenderers is located within Appendix 3.

Financial / Budget Consideration

- 2.7 The pre-tender whole life estimate budget for the Agreement was £5, 000,000.00. Following completion of the procurement procedure, the maximum value of the Agreement to be awarded is Five Million Pounds Sterling (£5,000,000.00) exclusive of VAT.
- 2.8 Historical spend data shows North Lanarkshire Council's spend from April 2020 – October 2023 was £1,260,484.00.
- 2.9 Costs associated with specific use of the Agreement will be met by individual budget holders.

Price Stability

- 2.10 The pricing is fixed for the duration of the contract.

Community Benefits

- 2.11.1 The council is committed to maximising the delivery of community benefits associated with this framework.
- 2.11.2 Within their tender, AVMI Kinly Ltd committed to deliver the following community benefits within the Agreement:

Community Benefit Type	Quantity Committed
Donation of materials and or labour	4
Donation of IT equipment	4

Fair Work First

- 2.12 Within their tender submission, AVMI Kinly Ltd advised that they will commit to key areas of the Scottish Governments "Fair Work First" initiative.

Contract Management

- 2.13 Officers from Business and Digital will be responsible for managing the Agreement which will be undertaken in accordance with the contract and supplier management conditions applied within the Agreement.

3. Measures of success

3.1 The Agreement will deliver the following outcomes;

- Best Value demonstrated through the completion of a mini competition from the Scotland Excel, Audio Visual framework.
- Delivery of a high-quality digital learning experience using the latest technology.
- Consistency across all schools, establishments, and other council service areas.
- Futureproofing the experience of learning and teaching.
- Full support model in place for all establishments with service level agreements in place.
- Certified training on new technology.

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



Katrina Hassell
Chief Officer (Business and Digital)

5. Impacts

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 <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? https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments Yes <input type="checkbox"/> No <input type="checkbox"/>
5.2 Financial impact 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? An initial commitment will be made from capital funding, ongoing spend will come from service revenue or associated capital budgets.
5.3 HR policy impact 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?
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 <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?
5.5 Data protection impact 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 dataprotection@northlan.gov.uk Yes <input type="checkbox"/> No <input type="checkbox"/>

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 <input checked="" type="checkbox"/> No <input type="checkbox"/>	
If Yes, please provide a brief summary of the impact?	
This contract will deliver new and improved technology, with a consistent approach across NLC.	
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 checked="" type="checkbox"/> No <input type="checkbox"/>	
5.7	Environmental / Carbon impact
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	Communications impact
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	Risk impact
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	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 <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 <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 – Summary of Tender Evaluation Process

Final Rank	Tenderer Name	Total Tender Score (%)	Recommended for Award (Yes / No)
1	AVMI Kinly Ltd	97.50%	Yes
2	SSUK Ltd	91.76%	No
3	Mediascape Ltd	77.86%	No

Appendix 2 – Summary of Procurement Process

	Response			
CPT Contract Reference Allocated:	NLC-CPT-22-016			
Procurement Procedure Utilised:	Mini Competition			
Governing Legislation / Regulations:	Public Contracts (Scotland) Regulations 2015			
Date Contract Strategy Approved:	21 June 2023			
Framework / DPS Owner:	Scotland Excel			
Framework / DPS Title:	Audio Visual			
Framework / DPS Reference Number:	0822			
Lot Reference / Title:	Lot 1 Audio Visual Equipment			
Companies Appointed to Framework / Lot:	4			
Number of Companies Invited to Take Part:	4			
Date ITT Published:	08 December 2023			
Tender Platform Utilised:	PCS-Tender (PCST)			
Tender Return Deadline:	12 January 2024			
Number of Tenders Received:	3			
Tenders from SME's:	2			
Tenders from NLC Based Tenderers:	0			
Tenders from Supported Businesses:	0			
Number of Non-compliant Tenders:	0			
Number of Compliant Tenders:	3			
Number of Recommended Tenderers:	1			
Basis of Award:	Quality:	30%	Price:	70%
Evaluation Team:	Grant Reid, Ronnie Buick, Heather Mooty, Eileen Kerr			
Anticipated Start Date of the Agreement:	31 March 2024			
Total Agreement Period (Months):	48			
Awarded Value of the Agreement:	£5,000,000.00			

Appendix 3 – SME Status and location of all Tenderers

Name of Tenderer	Size of Tendering Organisation (Micro, Small, Medium or Large)	Location (Local Authority / Council Area)
AVMI Kinly Ltd	Large	Middlesex
SSUK Ltd	SME	Glasgow
Mediascape Ltd	SME	East Kilbride

North Lanarkshire Council Report

Finance & Resources Committee

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

Ref: NLC-SLP-23-029

Date: 28 February 2024

Contract Award for Mobile Voice & Data Services Inclusive of Hardware

From Katrina Hassell, Chief Officer (Business and Digital)

E-mail hassellk@northlan.gov.uk

Tel 07903 096121

Executive Summary

The Committee is asked to approve the award of a contract for Mobile Voice and Data Services inclusive of Hardware (the 'Agreement') to Vodafone Ltd.

The Agreement is for an initial period of 24 months anticipated to commence on 25th March 2024. The council reserves the right to extend the Agreement for additional periods up to a maximum of a further 24 months.

The value of the Agreement is £1,685,000 Pounds Sterling (£1,685,000) exclusive of VAT.

Recommendations

It is recommended that the Finance and Resources Committee:

- (1) Approves the award of the Agreement to Vodafone Ltd. at the value of One Million, Six Hundred and Eighty-Five Thousand Pounds Sterling (£1,685,000) exclusive of VAT.

The Plan for North Lanarkshire

Priority Improve North Lanarkshire's resource base

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 The requirements within this report are currently under contract with BT/EE Ltd. This contract is due to expire on 24th March 2024 with the Contract detailed within this report superseding it.
- 1.2 This contract relates to the council's mobile voice and data services inclusive of hardware and is used by staff across all council services.
- 1.3 The current services under contract are considered of high importance to enable council staff to communicate and access council information, especially under hybrid working.
- 1.4 The number of voice and data sim connections within the current contract were impacted through covid and the move to home working in February 2020 onwards whereby consumption of EE services increased by 32% over a 12 month period ending January 2021 as demonstrated in Appendix 3, connection trends strategic review.
- 1.5 A priority within the next contract will be to reduce the mobile phone estate and have processes in place as part of contract onboarding to demand-manage future connection requests, especially where the existing sim connection has been highlighted on management information as not in use, unless there is an agreed business case provided by an authorised signatory supporting the connection.
- 1.6 Although this contract is managed within Business and Digital, each service has a Mobile Service Champion (MSC) who support their service. The current contract also includes an onsite dedicated account manager who managed the day-to-day responsibilities including regular contact with the MSC's to handle enquiries and future demand.

2. Report

- 2.1 Business and Digital undertook a strategic review of the current mobile voice and data contract in October 2023 which considered services in use and future demand supported by a user intelligence group comprised of MSC's. The aim of this exercise was to understand future requirements for the next contract and create a contract specification.
- 2.2 One of the areas this strategic exercise highlighted was the need to rationalise mobile phones not in use. At the time of review in October 2023, it was reported that 19% of mobile phones were reported to be not in use for a period of 180 days or greater. As mentioned in section 1.5, the new contract will include an onboarding process to demand-manage future demand and target this category to support rationalisation.
- 2.3 The strategic review also looked at voice & data consumption trends over a 12-month period till September 2023. Voice/SMS and data were looked at individually to understand a) value of service and ongoing cost to the business, and b) highlight the strategy for future demand, usage costs and any new services in scope with cost implications. Both are detailed below:
 - 2.3.1 Voice/SMS – The current all-inclusive voice tariff works well and majority of costs are within scope of contracted services. Out of tariff premium rate numbers incur minimal additional costs and are itemised for MSC to review.

- 2.3.2 Data – The current data tariff of 2GB per sim connection has an aggregated model with a total ceiling of 12TB per month. Reports provided as part of contract management highlight that this volume of monthly data has been fit for purpose with no additional charges outside this allowance however, there has been steady growth in utilisation. The next contract will mirror this data aggregation model however have increase the ceiling to 15TB, a 25% increase, to accommodate growth.
- 2.4 The strategic review also undertook an assessment of the current mobile phone used throughout the council to understand the possibility to move from a Standard model to an Enterprise phone offering a longer supported 3-year warranty vs the current standard 12 months. The Enterprise phone also comes with 4-year software updates from the Manufacturer offering enhanced protection.
- 2.5 The Vodafone contract presented an opportunity to agree a fixed 24-month sim contract offering a £50 equipment credit per connection to be used on hardware. There is further opportunity to receive this credit again should the contract be renewed for a further 24 month period. This type of connection offer was seen as advantageous to help move to the more expensive Enterprise model phone, harnessing the benefits mentioned in section 2.4. and reducing impact on capital budgets.
- 2.6 The Vodafone tariff associated with the equipment credit has a fixed monthly cost of £2.89 per sim connection over a 24-month period, offering a small cost reduction against the current EE tariff of £3.00 per month. However, the new Vodafone tariff includes the increased data allowance and equipment credit.
- 2.7 To future proof the next contract, 5G has been included within the specification as a minimum requirement. All connections are 5G capable and Vodafone have shared a 5G heat map for the North Lanarkshire area and it is hoped that this contract will strengthen the case to increase the roll out of the 5G network across North Lanarkshire. This will be progressed through themes within Programme of Work items, Digital North Lanarkshire and Transforming Places.
- 2.8 The initial estimated value of the Agreement dictated that the procurement procedure be undertaken in accordance with the Procurement (Scotland) Regulations 2016.
- 2.9 The procurement procedure was undertaken as a “Direct Award” from the Scottish Procurement., Mobile Voice and Data Services Framework agreement.
- 2.10 Following the justification detailed and appraised within the associated contract strategy document, the Direct Award procedure was considered to demonstrate Best Value as all the services were within scope of the Scottish Procurement direct award framework and for the reasons provided in section 2.4 & 2.5 relating to the equipment credit and enhanced mobile hardware.
- 2.11 The tender received from Vodafone Ltd underwent appropriate appraisal to ensure it was complete / compliant with the council’s requirements and demonstrated best value.
- 2.12 Further details of the procurement procedure is provided in Appendix 1 and the SME status and location of the tenderer is located within Appendix 2.

Financial / Budget Consideration

- 2.13 The pre-tender whole life estimate budget for the Agreement was £1,680,000. Following completion of the procurement procedure, the value of the Agreement to be awarded is One Million, Six Hundred and Eighty Five Thousand Pounds Sterling (£1,685,000) exclusive of VAT.
- 2.14 The costs associated with delivery of the Agreement will be contained within the revenue and budget across all service areas.

Price Stability

- 2.15 Pricing is fixed for the duration of contact across all the voice and data sim connections. Hardware costs are not fixed.

Community Benefits

- 2.16 The procurement did not include a community benefit requirement as benefits were already delivered as part of the Framework with Scottish Procurement.

Fair Work First

- 2.17 Within the Framework buyers guide, Vodafone Ltd advised they are a Real Living Wage employer and deliver a range of benefits including:
- no use of zero-hour contracts;
 - providing an effective voice in the workplace via an employee consultation council comprising of employee representatives
 - a variety of learning and development programmes for employees including the use of artificial intelligence and automation to provide personalised learning opportunities.

Contract Management

- 2.18 Officers from Business and Digital will be responsible for managing the Agreement which will be undertaken in accordance with the contract and supplier management conditions applied within the Agreement.

3. Measures of success

The Agreement will deliver the following outcomes;

- 3.1 Best Value has been considered to be demonstrated under this procurement through all services being within scope of the direct award framework which will deliver the following:
- 3.1.1 25% data growth aggregated;
 - 3.1.2 Enhanced mobile phone specification with additional security features;
 - 3.1.3 Improved phone longevity supported with 4 years Manufacturer updates
 - 3.1.4 Strengthened business case to speed up the roll out of 5G across North Lanarkshire. Discussions ongoing as part of award.

4. Supporting documents

Appendix 1 Summary of Procurement Process

Appendix 2 SME Status and Location of All Tenderers
Appendix 3 Strategic Review Sim

A handwritten signature in black ink, appearing to read "Katrina M Hassell". The signature is written in a cursive, flowing style.

Katrina Hassell
Chief Officer (Business and Digital)

5. Impacts

5.1	<p>Public Sector Equality Duty and Fairer Scotland Duty</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? https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments</p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p>
5.2	<p>Financial impact</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>Contract within scope of service budgets.</p>
5.3	<p>HR policy impact</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>
5.4	<p>Legal impact</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>
5.5	<p>Data protection impact</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 dataprotection@northlan.gov.uk</p> <p>Yes <input type="checkbox"/> No <input type="checkbox"/></p>

5.6	<p>Technology / Digital impact</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 checked="" type="checkbox"/> No <input type="checkbox"/></p> <p>If Yes, please provide a brief summary of the impact?</p> <p>The contract will improve the mobile phone specification and offer a more enhanced standard of phone with better security features for mobile management.</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 checked="" type="checkbox"/></p>
5.7	<p>Environmental / Carbon impact</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>
5.8	<p>Communications impact</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>Risk impact</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>Armed Forces Covenant Duty</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>Children's rights and wellbeing impact</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 checked="" type="checkbox"/></p>

Appendix 1 – Summary of Procurement Process

CPT Contract Reference Allocated:	NLC-SLP-23-108
Procurement Procedure Utilised:	Direct Award From Framework Agreement
Governing Legislation / Regulations:	Procurement (Scotland) Regulations 2016
Date Contract Strategy Approved:	15 December 2023
Framework Owner:	Scottish Procurement
Framework Title:	Mobile Voice and Data
Framework Reference Number:	SP-22-005
Lot Reference / Title:	N/A
Companies Appointed to Framework / Lot:	Vodafone
Date ITT Published:	
Tender Platform Utilised:	Other
Tender Return Deadline:	
Number of Tenders Received:	1
Tenders from SME's:	0
Tenders from NLC Based Tenderers:	0
Tenders from Supported Businesses:	0
Number of Recommended Tenderers:	1
Assessment Team:	Contracts & Finance
Anticipated Start Date of the Agreement:	01 March 2019
Total Agreement Period (Months):	48
Awarded Value of the Agreement:	£1,685,000

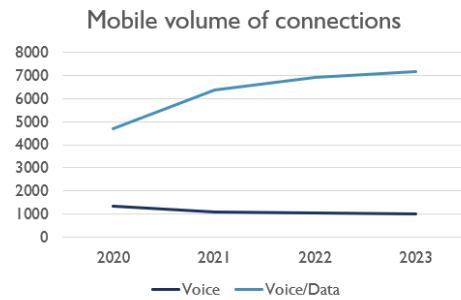
Appendix 2 – SME Status and location of all Tenderers

Name of Tenderer	Size of Tendering Organisation (Micro, Small, Medium or Large)	Location (Local Authority / Council Area)
Vodafone Limited	Large	

Appendix 3 – Connection Trends Strategic Review

CONNECTION TRENDS

Date	Voice Only	Voice and Data	Total	% Change
01/01/2020	1328	4700	6028	
01/06/2020	1335	6163	7498	
01/12/2020	1224	6743	7967	32%
01/06/2021	1087	6370	7457	-6%
01/12/2021	1055	6596	7651	3%
01/06/2022	1024	6918	7942	4%
01/12/2022	1017	7055	8072	2%
01/06/2023	986	7188	8174	1%



North Lanarkshire Council Report

Finance & Resources Committee

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

Ref: NLC-CPT-22-018

Date: 28 February 2024

Contract Award for Unified Communications Solution

From Katrina Hassell, Chief Officer (Business and Digital)

E-mail hassellk@northlan.gov.uk

Tel 07903 096121

Executive Summary

This report discusses the background to and requirements for change of our unified communications strategy and solutions. It recognises that business practices have changed following the significant increase in home-based working, the approved move to hub-based service delivery and the impact and prevalence of Microsoft Teams in business operation.

The use of other forms of customer interaction such as web chat, social media chat, self-service and on-line payments have become commonplace in the customer contact function, with increasing focus being placed upon AI chatbots and virtual voice assistants. It is clear that a sizeable percentage of the population now expect and accept these forms of interaction and the council will therefore look to maximise use of these technologies to aid its service delivery.

Requirements are currently met via several different contractual agreements, which are due to expire in the coming financial year.

Following a review of the marketplace and routes to market, Committee is asked to approve the award of a contract for Unified Communications Solution (the 'Agreement') to Virgin Media Business Ltd.

The Agreement is for an initial period of 60 months anticipated to commence on 5th March 2024, and the value of the Agreement is £4,323,000 Pounds Sterling (£4,323,000) exclusive of VAT.

Recommendations

It is recommended that the Finance and Resources Committee:

- (1) approves the award of the Agreement to Virgin Media Business Ltd at the value of Four Million, Three Hundred and Twenty-Three Thousand Pounds Sterling (£4,323,000) exclusive of VAT.

The Plan for North Lanarkshire

Priority	All priorities
Ambition Statement	All ambition statements
Programme of Work	Digital North Lanarkshire

1. Background

- 1.1 Pre-Covid, the organisation operated under the principle that every fixed desk user - and hence almost every office-based worker - required their own physical desk telephone handset and dedicated Direct Dial Inwards (DDI) number, resulting in thousands of publicly available contact points. Through the implementation of MS Teams and the change to agile working, many traditionally corporate back-office staff now routinely utilise MS Teams for internal voice/video calling, collaboration, and instant messaging. Where the requirement for external telephony remains, it is predominately delivered via a softphone on the PC rather than a physical handset. Handsets remain in use in schools and/or communal areas, however the current telephony landscape of having unused physical handsets on all office-based desks is no longer sustainable or fit for purpose.
- 1.2 Through the original DigitalNL Programme, the Policy and Strategy Committee approved (June 2020) several changes to its customer services delivery methods, including deployment of a Customer Services Hub approach and the introduction of a single unified number for all council services.
- 1.3 The use of telephone payments, commonly known as “card holder not present” or “MOTO” (Mail Order / Telephone Order), has spread across the council as service areas have developed isolated service orientated solutions. This has resulted in an increased risk profile, particularly around compliance with the regulators of the Payment Card Industry, Data Security Standard (PCI-DSS), which has been a focus area for previous Audit & Scrutiny Panels.
- 1.4 Modern solutions within the marketplace integrate secure payments services into their platforms, providing a complete end-to-end solution that can integrate with back-end payment systems, allowing customers to key in their card details using touchtone or voice technology without divulging sensitive information to council staff. This provides improved security for customers and reduces council risk as it ‘descopes’ areas of the council from PCI-DSS compliance perspectives.
- 1.5 The change in business practices in recent years saw the Council re-assessing its longer-term telephony options against current and future requirements - the need for MS Teams integrated softphones, secure PCI-DSS telephone payments and the ability to host a single number for all Council interactions. In doing so, it is clear that current working practices no longer fit with historical technologies and a modern solution delivering against identified demands and requirements is required.
- 1.6 A new solution will bring additional long-term benefits in areas such as cloud hosted, increased resilience, ability to introduce new features such as chatbots, AI and automation, whilst bringing in other communication channels through social media interaction. All requirements will be further underpinned against a strategic view of technology required for each job role to fulfil its communication with customers, colleagues, and suppliers.
- 1.7 The requirements within the proposed Agreement are currently met via a number of contracts with suppliers, such as Virgin Media and Netcall Ltd, who provide the overall technology stack, such as the main telephony lines and numbers, telephony control hardware, physical handset and dedicated contact centre functionality. These arrangements are due to expire over the coming financial year, with the Agreement detailed within this report due to supersede it.

2. Report

- 2.1 A group of technical and procurement representatives was formed to develop and agree the procurement strategy for the Agreement to enable the council to achieve maximum benefit for the requirements. During the evaluation phase, a total of 4 scenarios were considered using a mix of existing technology, i.e. do nothing, and 3 market leading products. The recommended product was selected based on both cost and the outcome of a 'statement of requirement' response to ensure all Council needs are met for present and future use.
- 2.2 The initial estimated value of the Agreement dictated that the procurement procedure be undertaken in accordance with the Procurement (Scotland) Regulations 2016.
- 2.3 The procurement procedure was undertaken as a "Direct Award" from the Crown Commercial Services framework agreement for Network Services 3 – Lot 4 Digital Communications Services.
- 2.4 Following the justification detailed and appraised within the associated contract strategy document, the Direct Award procedure was considered to demonstrate Best Value as the services are within scope of the Framework through a standard service offer which allows the council to continue to leverage the vast knowledge and experience of the Cisco products. In addition to this, there is an impending licence cost increase of circa £100k per year due to existing licences expiring. Utilising this available procurement route enables us to 'cost avoid' these additional charges on our existing estate. Furthermore, by direct awarding to Virgin Media Business Ltd, we can take advantage of existing software tools and reports for a faster migration from current to new systems, which will save on time, resources and cost.
- 2.5 The tender received from Virgin Media Business Ltd underwent appropriate appraisal to ensure it was complete / compliant with the council's requirements and demonstrated best value.
- 2.6 Further details of the procurement procedure is provided in Appendix 1. The SME status and location of the tenderer is located within Appendix 2.

Financial / Budget Consideration

- 2.7 The pre-tender wholelife estimate budget for the Agreement was £4,323,000. Following completion of the procurement procedure, the value of the Agreement to be awarded is Four Million, Three Hundred and Twenty-Three Thousand Pounds Sterling (£4,323,000) exclusive of VAT.
- 2.8 The costs associated with delivery of the Agreement will be contained within the Revenue and Capital budget for Business and Digital and Revenue charges relating to licenses to be met by all other services areas budgets.

Price Stability

- 2.9 Pricing is fixed for the duration of contact and has been developed to include several different user profiles tailored to user requirements. These profiles have a tiered cost per year however these are fixed per annum for the duration of the contract. This tiered pricing does provide scope to save circa. £96k over the duration of the contract.

Community Benefits

- 2.10.1 The council is committed to maximising the delivery of community benefits. The procurement included a community benefit requirement, this approach is designed to deliver local community benefits where possible.
- 2.10.2 At time of writing this report, and as part of the ongoing contract discussion with Virgin, a meeting is scheduled to take place in late February 2024 between senior stakeholders of the council's Value, Outcome and Realisation Board and Virgin's Social Value Team to discuss the council's ambitions and priorities. Virgin Media Business Ltd will thereafter consider further and propose Community Benefits as part of the signed call off contract.

Fair Work First

- 2.11 Within the Framework buyers guide, Virgin Media Business Ltd advised they are a Real Living Wage employer and deliver a range of benefits including:
- Building Skills for the future - We want to help equip the next generation with the skills they need to succeed in their chosen careers and support those in employment to continuously develop and maximise their job satisfaction.
 - We offer work experience placements, promote local vacancies at job fairs and recruitment events, and work closely with our supply chain to subcontract locally. Our Employee Ambassador Network also visits local schools and colleges to talk about career pathways.
 - Virgin believe in a fair, diverse and inclusive world. We're an equal opportunities employer and aim to attract and recruit employees from a diverse range of backgrounds for full and part-time employment. We're clear that employees should feel confident to be their whole selves at work.

Contract Management

- 2.12 Officers from Business and Digital will be responsible for managing the Agreement which will be undertaken in accordance with the contract and supplier management conditions applied within the Agreement.

3. Measures of success

The Agreement will deliver the following outcomes;

- 3.1 Best Value is demonstrated by combining technological features and cost. The features of the recommended Cisco Webex option has been benchmarked against the requirements laid out as part of the statement of requirements to provide a system that will provide a secure, future proof telephony platform for both standard users and CSH staff. The cost evaluation has taken existing platform costs and compared them against market leading products which has also led to the Cisco product being the best value option.
- 3.2 Defined communication model that accommodates staff roles and operating practices.
- 3.3 An integrated communications strategy that governs the use of telephone numbers and controls license use.
- 3.4 Reduction of legacy IT infrastructure in the Council estate

- Reduction in multiple communication products
 - Vast reduction of desk phones
 - Reduction of servers in the IT estate
 - Reduction of advertised and publicly available numbers
 - Reduced PCI scope
- 3.5 PCI-Compliance in relation to telephone payments, ensuring customers are given a safe, secure, and seamless method of transaction, that minimises risk to the council.
- 3.6 Reduced support overhead by adoption of cloud solutions.
- 3.7 Improved performance and reporting capabilities in line with a communications strategy.
- 3.8 Introduction of AI powered voice and digital assistants to modernise the delivery, provide aspects of self-serve 24/7 operations and reduced reliance upon dedicated staff to answer and direct calls.
- 3.9 Responsibility matrix (RACI) used effectively to appropriately report individual tasks and milestones to the One Service and Digital North Lanarkshire Programme of Work Boards.
-

4. Supporting documents

Appendix 1 Summary of Procurement Process
Appendix 2 SME Status and Location of All Tenderers



Katrina Hassell
Chief Officer (Business and 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 <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? https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments Yes <input type="checkbox"/> No <input type="checkbox"/>
5.2	Financial impact 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 financial implications of the contract award are detailed within the report. Financial Solutions are satisfied that projected costs (including year one transition costs) can be met from within existing capital and revenue budgets.
5.3	HR policy impact 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?
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 <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?
5.5	Data protection impact Does the report / project / practice contain or involve the processing of personal data? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If Yes, is the processing of this personal data likely to result in a high risk to the data subject? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Approving the proposed contract award enables the Council to deliver an end-to-end payment solution, thereby improving the security of cardholder data. Paragraph 1.4 above provides further details. If Yes, has a Data Protection Impact Assessment (DPIA) been carried out and e-mailed to dataprotection@northlan.gov.uk Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

5.6	<p>Technology / Digital impact</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 checked="" type="checkbox"/> No <input type="checkbox"/></p> <p>If Yes, please provide a brief summary of the impact?</p> <p>Several technical implications, service redesign/business change process and digital channel requirements are detailed throughout the report, with all currently contained within the delivery plans of the One Service and Digital North Lanarkshire Programme of Work Boards. Each SRO is aware of the solutions being recommended, with both committing to maintaining a responsibility (RACI) matrix to ensure that roles, responsibilities and reporting of individual tasks, milestone, and/or decisions is clear and effective.</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 checked="" type="checkbox"/></p>
5.7	<p>Environmental / Carbon impact</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> <ul style="list-style-type: none"> • Fixed telephony power (handsets) • Data Centre power • Reduction in physical handset refresh
5.8	<p>Communications impact</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 One Service Programme of Work will ensure appropriate governance of all publicly available numbers, actively supporting the single number strategy at the heart of the proposed contract.</p>
5.9	<p>Risk impact</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>Project risks will be recorded in project risk register, operational practice for the Customer Service Hub will be reviewed by the service and updated within the service risk register. Existing Corporate risk for Data Governance will be updated to reflect any relevant mitigation or new risk aspects.</p>

5.10	<p>Armed Forces Covenant Duty</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>Children's rights and wellbeing impact</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 Procurement Process

CPT Contract Reference Allocated:	NLC-
Procurement Procedure Utilised:	Direct Award From Framework Agreement
Governing Legislation / Regulations:	Procurement (Scotland) Regulations 2016
Date Contract Strategy Approved:	19 January 2024
Framework Owner:	Crown Commercial Services
Framework Title:	Network Services 3
Framework Reference Number:	RM6116
Lot Reference / Title:	Lot 4(b) Digital Communications Services (including Unified Communications Services)
Companies Appointed to Framework / Lot:	70
Date ITT Published:	
Tender Platform Utilised:	PCS-Tender (PCST)
Tender Return Deadline:	
Number of Tenders Received:	1
Tenders from SME's:	0
Tenders from NLC Based Tenderers:	0
Tenders from Supported Businesses:	0
Number of Recommended Tenderers:	1
Assessment Team:	Business and Digital
Anticipated Start Date of the Agreement:	04 March 2024
Total Agreement Period (Months):	60
Awarded Value of the Agreement:	£4,273,000

Appendix 2 – SME Status and location of all Tenderers

Name of Tenderer	Size of Tendering Organisation (Micro, Small, Medium or Large)	Location (Local Authority / Council Area)
Virgin Media Business Ltd	Large	

North Lanarkshire Council Report

Finance and Resources Committee

Does this report require to be approved?

☐ Yes ☒ No

Ref JMcK/CPT

Date

28/02/24

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.
-

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.
-

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.
-

4. Supporting documentation

Appendix 1 – Summary of contracts awarded.



James McKinstry
Chief Officer (Assets and Procurement)

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

Contract	Ref	NLC-SLP-23-081				
	Title	Hosting, Support & Licensing of Gladstone MRM Booking System 2023-2024				
	Classification	Supplies				
	Lead Service Area / Chief Officer	Katrina Hassell, Chief Officer (Business and Digital)				
Competition	Governance	The Framework terms & conditions, with adherence to the council's GCSO 13 on 3 rd party frameworks				
	Procurement Route	Direct Award, Call-off from a 3rd Party Framework				
	No. of Framework Contractors	1				
	Award Criteria	Best Value assessment, in accordance with the Framework Information and Objectives				
	Comments	This call-off was made using the Scottish Government's Software Value Added Re-seller ("SVAR") Services Framework, reference SP-21-034. SVAR was established with a single Contractor; their purpose then becomes leveraging the consolidated buying power of public bodies to secure the best value in contracting range of IT commercial off the shelf software, licenses, maintenance.				
Award Details	Value	£252,000				
	Contract Duration	12 months				
	Contractor Name	Computacenter (UK) Ltd				
	Contractor Size	Large				
	Contractor Location	Hertfordshire				
	Status - Payment of Living Wage?	Yes				
	Status - Living Wage Accredited?	Yes				
Impacts <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					

