#### **Cabinet Committee**

Committee Room 2, Fife House, North Street, Glenrothes / Blended Meeting



Thursday, 12 September 2024 - 10.00 am

#### <u>AGENDA</u>

		Page Nos.
1.	APOLOGIES FOR ABSENCE	
2.	<b>DECLARATIONS OF INTEREST</b> – In terms of Section 5 of the Code of Conduct, members of the Committee are asked to declare any interest in particular items on the agenda and the nature of the interest(s) at this stage.	
3.	MINUTE – Minute of meeting of the Cabinet Committee of 15 August 2024.	3 - 8
4.	<b>COST OF LIVING SUPPORT - FUNDING AND PRIORITIES -</b> Report by the Executive Director (Communities).	9 - 16
5.	<b>BUDGET 2025-28 UPDATE -</b> Report by the Executive Director (Finance and Corporate Services).	17 - 26
6.	<b>REVENUE MONITORING 2024-25</b> – Report by the Executive Director (Finance and Corporate Services).	27 - 40
7.	<b>CAPITAL INVESTMENT PLAN - PROJECTED OUTTURN 2024-25</b> – Report by the Executive Director (Finance and Corporate Services).	41 - 52
8.	HOUSING REVENUE ACCOUNT: CAPITAL INVESTMENT PLAN 2024-27 – Joint report by the Head of Housing Services, Head of Finance and Head of Environment and Building Services.	53 - 59
9.	REVISED HOUSING ESTATES MANAGEMENT APPROACH - HOUSING GARDEN FENCING POLICY - Report by the Head of Housing Services.	60 - 69
10.	FORTH GREEN FREEPORT - DELIVERY UPDATE AND PROPOSED RATES RELIEF POLICY – Report by the Executive Director (Place).	70 - 79
11.	WORKFORCE MATTERS: STRATEGY, WORKFORCE PLANNING AND EMPLOYEE ENGAGEMENT – Report by the Head of Human Resources.	80 - 110
12.	APPOINTMENTS TO EXTERNAL ORGANISATIONS - CIRECO (SCOTLAND) LLP, RIVER LEVEN TRUST AND FIFE SPORTS AND LEISURE TRUST - Report by the Head of Legal and Democratic Services.	111 - 113
13.	CABINET COMMITTEE - OUTSTANDING REMITS FROM COMMITTEES	114 - 116

The Committee is asked to resolve, under Section 50(A)(4) of the Local Government (Scotland) Act 1973, as amended, to exclude the public and press from the meeting for the following item of business on the grounds that it involved the likely disclosure of exempt information as defined in paragraphs 8 and 9 of Part 1 of Schedule 7A of the Act.

14. AFFORDABLE HOUSING PROGRAMME - MILESMARK, DUNFERMLINE (PRIVATE REPORT) – Joint report by the Head of Housing Services and Head of Property Services.

117 - 122

Members are reminded that should they have queries on the detail of a report they should, where possible, contact the report authors in advance of the meeting to seek clarification.

Lindsay Thomson
Head of Legal and Democratic Services
Finance and Corporate Services
Fife House
North Street
Glenrothes
Fife, KY7 5LT

5 September 2024

If telephoning, please ask for:

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#### **BLENDED MEETING NOTICE**

This is a formal meeting of the Committee and the required standards of behaviour and discussion are the same as in a face to face meeting. Unless otherwise agreed, Standing Orders will apply to the proceedings and the terms of the Councillors' Code of Conduct will apply in the normal way

For those members who have joined the meeting remotely, if they need to leave the meeting for any reason, they should use the Meeting Chat to advise of this. If a member loses their connection during the meeting, they should make every effort to rejoin the meeting but, if this is not possible, the Committee Officer will note their absence for the remainder of the meeting. If a member must leave the meeting due to a declaration of interest, they should remain out of the meeting until invited back in by the Committee Officer.

If a member wishes to ask a question, speak on any item or move a motion or amendment, they should indicate this by raising their hand at the appropriate time and will then be invited to speak. Those joining remotely should use the "Raise hand" function in Teams.

All decisions taken during this meeting, will be done so by means of a Roll Call vote.

Where items are for noting or where there has been no dissent or contrary view expressed during any debate, either verbally or by the member indicating they wish to speak, the Convener will assume the matter has been agreed.

There will be a short break in proceedings after approximately 90 minutes.

Members joining remotely are reminded to have cameras switched on during meetings and mute microphones when not speaking. During any breaks or adjournments please switch cameras off.

#### THE FIFE COUNCIL - CABINET COMMITTEE - BLENDED MEETING

#### Committee Room 2, Fife House, North Street, Glenrothes

15 August 2024 10.00 am - 12.35 pm

PRESENT: Councillors David Ross (Convener), Tom Adams (substituting for

Councillor Jan Wincott), David Alexander, David Barratt,

James Calder, Fiona Corps, Altany Craik, Linda Erskine, Derek Glen, Peter Gulline, Judy Hamilton, Cara Hilton, Gary Holt, Allan Knox, Kathleen Leslie, Rosemary Liewald, Lynn Mowatt (substituting for Councillor John Beare), Sam Steele (substituting for Councillor

Sarah Neal), Ross Vettraino and Craig Walker.

**ATTENDING:** Ken Gourlay, Chief Executive; Eileen Rowand, Executive Director

(Finance and Corporate Services), Elaine Muir, Head of Finance, Emma Lennon, Accountant, Helena Couperwhite, Committee Services

Manager, Steven Paterson, Solicitor, Legal Services and

Michelle McDermott, Committee Officer, Legal and Democratic Services, Finance and Corporate Services; John Rodigan, Head of Environment and Building Services and Fiona Duncan, Legacy Systems Replacement Programme Manager, Environment and Building Services; Alan Paul, Head of Property Services, Liz Murphy, Bereavement Services Manager and Michael O'Gorman, Service Manager, Property Services; and John Mills, Head of Housing

Services.

**APOLOGIES FOR** Councillors John Beare, Sarah Neal and Jan Wincott. **ABSENCE:** 

**NOTICE OF MOTION - HARLAND AND WOLFF -** Following a request from Councillors Alexander and Walker to withdraw their motion, this was agreed. The Convener, however, advised that he had recently written to the UK and Scottish Governments raising the council's concerns and requesting support for the facility at Methil.

**CHANGE OF MEMBERSHIP** - The committee noted that Councillor Brian Goodall had replaced Councillor Lesley Backhouse as a member of the Cabinet Committee and that, due to the recent change in political balance, Councillor Sarah Neal had taken up the additional SNP seat.

#### 265. DECLARATIONS OF INTEREST

No declarations of interest were submitted in terms of Standing Order No. 22.

#### 266. MINUTES

(i) Minute of the Cabinet Committee of 6 June 2024.

#### **Decision**

The committee agreed to approve the minute.

- (ii) The following minutes were submitted for noting:-
  - East Fife Educational Trust Committee of 8 April 2024 and West Fife Educational Trust Committee of 8 April and 20 May 2024.
  - Education Appointment Committee of 15 May 2024
  - Appeals Sub-Committee of 18 June 2024

#### Decision

The minutes were noted.

#### 267. REVENUE MONITORING - PROVISIONAL OUTTURN 2023-24

The committee considered a report by the Executive Director (Finance and Corporate Services) providing a strategic overview of Fife Council's finances and reported the provisional outturn for 2023-24.

#### **Decision**

The committee:-

- (1) noted the high-level outturn position as detailed in the report;
- (2) noted that there were ongoing financial impacts arising from the current economic climate which continued to be managed by services with an element of protection from inflationary risk being accounted for centrally;
- (3) noted that detailed monitoring reports would be submitted to the relevant Scrutiny Committees;
- (4) requested that Scrutiny Committees ensured appropriate level of support and challenge in relation to financial reports; and
- (5) noted a review of commitments against balances would be undertaken.

#### 268. CAPITAL INVESTMENT PLAN - PROVISIONAL OUTTURN 2023-24

The committee considered a report by the Executive Director (Finance and Corporate Services) providing a strategic financial overview of the Capital Investment Plan and advising on the provisional outturn for the 2023-24 financial year.

#### Decision

The committee noted:-

- (1) the provisional outturn position and that the level of financial risk continued to be heightened due to high levels of inflation and supply chain challenges;
- (2) that more detailed capital outturn reports for 2023-24 would be submitted to relevant Scrutiny Committees of the council;
- (3) that budget variances would be managed by the appropriate Directorate in conjunction with the Investment Strategy Group; and
- (4) the updated prudential indicators provided.

## 269. LEGACY SYSTEMS REPLACEMENT PROGRAMME IN THE PLACE DIRECTORATE

The committee considered a report by the Head of Environment and Building Services providing an updated Programme Business Case with detailed costs and requested approval of the funding solution identified.

#### **Decision**

The committee:-

- (1) approved the updated Legacy System Replacement Programme (Place Directorate) Business Case reflecting increased cost;
- (2) agreed the funding solution for £2.273m to be funded from contingencies; and
- (3) agreed that the report be referred to the Finance and Corporate Services Scrutiny Committee for more detailed scrutiny considering revised and improved processes which could be adopted by Fife Council in future with a further report being submitted to Cabinet if required.

#### 270. BEREAVEMENT SERVICES CEMETERY STRATEGY

The committee considered a report by the Head of Property Services providing the outcome of a public consultation and consultation with Area Committees on a Bereavement Services Cemetery Strategy and seeking agreement of the Strategy.

#### **Decision**

The committee:-

- (1) noted the key points from the consultation exercise; and
- (2) agreed the Cemeteries Strategy 2023-28.

## 271. APPOINTMENT TO PARTNER ORGANISATION - KIMO UK/KIMO INTERNATIONAL

The committee considered a report by the Head of Legal and Democratic Services seeking a nomination to be represented on KIMO UK/KIMO International.

Councillor Walker, seconded by Councillor Alexander, moved that Councillor Barratt be appointed as the council's representative on KIMO UK / KIMO International.

Councillor Calder, seconded by Councillor Knox, moved that Councillor Corps be appointed as the council's representative on KIMO UK / KIMO International.

#### Roll Call

For Councillor Barratt - 9 votes

Councillors David Alexander, David Barratt, Derek Glen, Brian Goodall, Rosemary Liewald, Lynn Mowatt, Sam Steele, Ross Vettraino and Craig Walker.

#### For Councillor Corps - 12 votes

Councillors Tom Adams, James Calder, Fiona Corps, Altany Craik, Linda Erskine, Peter Gulline, Judy Hamilton, Cara Hilton, Gary Holt, Allan Knox, Kathleen Leslie and David Ross.

#### **Decision**

The committee agreed:-

- to appoint Councillor Corps as the council's representative on KIMO UK/KIMO International; and
- (2) that an annual report be submitted back to this committee by the council's representative on KIMO UK / KIMO International providing feedback on the work undertaken by the organisation throughout the year.

#### 272. CABINET COMMITTEE - OUTSTANDING REMITS FROM COMMITTEES

#### **Decision**

The committee noted the list of outstanding remits from committees.

The meeting adjourned at 11.30 am and reconvened at 11.45 am.

## 273. NOTICE OF MOTION - OPERATION OF ARMS LENGTH EXTERNAL ORGANISATIONS (ALEOS)

#### Motion

Councillor David Barratt, seconded by Councillor Craig Walker, moved as follows:-

"Committee requests a report be tabled at a Cabinet Committee meeting by the close of 2024 addressing how the council and its elected members can influence policy in areas where our Arms Length External Organisations (ALEOs) operate".

Councillor Barratt then moved an amendment to his original motion, seconded by Councillor Walker, however, the Convener deemed this to be not competent and therefore the amendment was not accepted.

#### <u>Amendment</u>

Councillor Craik, seconded by Councillor Adams, moved as follows:-

"In preparing this report, members note the Council's current governance arrangements, being that the Council appoints elected member representatives to the Boards of the Council's ALEOs, that Scrutiny Committees receive performance reports from the ALEOs and that the ALEOs operate on the basis of Operational Agreements or Service Level Agreements agreed with the Council. Therefore the requested report should provide a summary of the governance arrangements for each ALEO".

Following detailed debate, Councillor Craik advised that he wished to withdraw his amendment.

#### **Decision**

- (1) That the motion was unanimously agreed; and
- (2) That the Convener meet with the Chief Executive, Executive Director (Place), local members and representatives of Cireco (Fife Resource Solutions) to discuss ongoing issues at recycling centres.

#### 274. NOTICE OF MOTION - HARLAND AND WOLFF

The motion was withdrawn.

The committee resolved, under Section 50A(4) of the Local Government (Scotland) Act 1973, as amended, to exclude the public and press from the meeting for the following items of business on the grounds that they involved the disclosure of exempt information as defined in paragraphs 8 and 9 of Part 1 of Schedule 7A of the Act.

## 275. AFFORDABLE HOUSING PROGRAMME - CONSCIENCE BRIDGE, CAIRNEYHILL (PRIVATE REPORT)

The committee considered a joint report by the Head of Housing Services and the Head of Property Services providing an update on progress to conclude legally binding agreements for the acquisition of land and delivery of 18 affordable homes for social rent at the site known as Conscience Bridge, Cairneyhill.

#### **Decision**

The committee authorised the Head of Legal and Democratic Services to enter into legally binding agreements on terms to their satisfaction:-

- (1) for the acquisition of the site known as Conscience Bridge, Cairneyhill; and
- (2) to enter into a Design and Build Contract for the development of 18 new affordable homes at the site recognising that the indicative figure may be adjusted as detail of the proposal was finalised.

# 276. DECISION TAKEN UNDER DELEGATED AUTHORITY - DEVELOPMENT OF AFFORDABLE HOUSING BY CALA HOMES LTD AT MAIN STREET, ABERDOUR (PRIVATE REPORT)

The committee considered a joint report by the Head of Housing Services and the Head of Property Services advising of a decision taken by the Executive Director (Communities) and the Executive Director (Place), acting under delegated authority, to enter into a contract for the acquisition of land and the delivery of 21 affordable homes for social rent at the site known as Main Street, Aberdour.

#### **Decision**

The committee noted the decision taken under delegated authority to enter into a contract for the acquisition of land and the delivery of 21 affordable homes for social rent at the site known as Main Street, Aberdour.

## 277. PROPOSED DEMOLITION - WOODMILL AND ST COLUMBA'S HIGH SCHOOLS (PRIVATE REPORT)

The committee considered a report by the Head of Property Services advising that, following the relocation of staff and pupils to the Dunfermline Learning Campus at Halbeath, the existing Woodmill and St. Columba's High Schools would be surplus to requirement. To minimise holding costs and to remove the scope for fires and similar incidents, early demolition of the premises was proposed and agreement was sought for the proposal to offset the demolition costs arising against the future land sale receipts.

#### **Decision**

The committee agreed:-

- (1) that demolition of Woodmill and St. Columba's High Schools be undertaken at the earliest opportunity noting that works were currently the subject of a tender verification exercise; and
- (2) that the expenditure be incurred with the costs recovered from the future sale of the land.

12 September 2024 Agenda Item No. 4



## **Cost of Living Support – Funding and Priorities**

Report by: Michael Enston, Executive Director (Communities)

Wards Affected: All Wards

#### **Purpose**

To propose priorities for continuing funding of cost-of-living support in 2024/25, review the evaluation of the programme to date and consider extending flexibility for the allocation of Community Recovery Funding.

#### Recommendation(s)

The committee is asked to:

- 1. review the delivery and learning from the provision of Cost-of-Living support programme 2022/23 and 2023/24;
- 2. agree the allocations proposed for temporary funding in 2024/25 noting the need for flexibility between headings; and
- 3. agree the extension of the Community Recovery Funding flexibility into 2025/26.

#### **Resource Implications**

There is temporary funding for cost-of-living support carried forward from 2023/24 totalling £1.2m. The HRA budget for 2024/25 continues the provision for energy support of £0.4m.

The 2024/25 council revenue budget approved temporary funding for the Scottish Welfare Fund (SWF) of £2m. A further £0.5m is also allocated as a reserve to meet excess demands in any of the welfare funds administered by the council including those within the Housing Revenue Account.

Community Recovery Funding totalling £10m was approved by Cabinet in 2022 with a minimum of £1m allocated per Area Committee (supplemented with allocation based on population and deprivation) and £1m for projects across Fife. Funded from balances, the criteria included flexibility to support projects across two financial years (i.e. to end March 2025).

#### **Legal & Risk Implications**

There are no immediate legal implications arising from this report.

#### Impact Assessment

An EqIA is not required as this report does not propose any changes to existing policies or practices.

There has been continuous dialogue with partners, area teams, community groups and elected members as part of the shaping and coordination of the cost-of-living support programme.

In May, the Poverty Alliance facilitated a workshop to review the impact of the cost-of-living programme. This drew together all the learning and evaluation work to date. This process included people with lived experience currently working with Area teams as community connectors.

#### 1.0 Context

- 1.1 In September 2022, Cabinet agreed an extensive programme of measures designed to enhance support to people struggling to cope with cost-of-living pressures. The winter programme 2022/23 was supported with £8.6m drawn from covid grant carry forward, council revenue budget allocation and balances. The programme continued beyond that winter with support provided in winter 2023/24 and into the current financial year. Additionally, £10m was allocated in 2022/23 for Community Recovery, with £9m for the seven Areas and £1m for Fife-wide responses.
- 1.2 It is proposed to continue with specific cost of living measures for winter 2024/25 recognising that, for many people, the challenges of the cost-of-living crisis have not gone away.
- 1.3 Work to maximise people's incomes, bring people together and provide support which helps people manage should be a core feature of continuing tackling poverty work beyond the acute challenges brought about by the sharp price rises of recent years. This report therefore also draws out lessons from the experience of providing crisis support and highlights the key priorities for support beyond these temporary programmes.

### 2.0 Cost of Living Programme – Review and Priorities

- 2.1 The cost-of-living programme has involved the following:
  - Income maximisation across three strands of work getting people on the right benefits through welfare rights campaigns, launching the Fife Benefit Checker (Benefit calculator (entitledto.co.uk)) to identify under claiming of benefits and developing a tiered advice framework. 8,865 completed benefit checks were made over the past 12 months. The Our Fife/Get Help website had 44,190 views over the last financial year with the most popular page being "Increase income". The financial gain from large scale benefit campaigns to date is estimated to be £6.7 million.
  - Co-ordinated crisis fuel support through the partnership with the Fuel Bank (a national charity) and with Cosy Kingdom. A single point of contact operates for people needing immediate help with a fuel top up. Since October 2023 when the partnership with the fuel bank started, 2,048 council tenants have received £134,390 and 431 vouchers have been awarded to non-council tenants totalling £20,927. The Housing Service has proactively provided additional support to tenants in low fuel efficiency houses and those experiencing damp and mould where fuel poverty is a factor. Through Cosy Kingdom, a Handy Service is also funded providing small energy saving measures and products.

- Household support is provided through Cosy Kingdom, the Scottish Welfare Fund and the Big Hoose project. A trial has been running, through Community Care grant funding, from last winter offering better quality carpets with underlay and offering carpeting in all rooms requested. Out of the 212 houses being awarded carpets, the likelihood of the person being in extreme fuel poverty is 31.5%, compared to Fife average of 11%. However, in estimating potential energy saving for the household, the estimate is low at £36 per annum. The social value of people feeling more comfortable is harder to calculate. Maintaining this will be a challenge given the costs involved and a project has been initiated to review all aspects of household support and propose an improved and better coordinated offer.
- Warm and Welcoming Places have been supported providing community-led local provision. Experience to date is that this works best at a local level when linked to wider activities and opportunities to socialise. It is recognised that these spaces should be a year-round offering with benefits not limited to winter months.
- Poverty Awareness Training has been scaled up with 722 people being trained.
  Fuel poverty and benefits advice training are frequently delivered to different staff
  groups together. The impact of the training for front line staff can be immediate. For
  example, in Leven recently food bank referrals from council staff fell significantly
  following a joint training session.
- Welfare Grants For the last two years, the council has added significantly to the Scottish Welfare Fund recognising the demand for crisis support. The first winter programme in 2022/23 also saw the provision of locally available hardship funds, the final year of a provision introduced as part of Covid welfare support. In 2022/23, the council also made provision for an enhanced school clothing grant. A recent evaluation of crisis grants funding does however highlight significant repeat applications for support and for reasons (e.g. food/energy) which might be better addressed through direct provision. This would also enable better follow up and help to avoid recurring crisis.
- **Data** The use of data to evidence both current and future need is helping to target support. The Low-Income Family Tracker (LIFT) is helping services maximise household income through better targeting of support and take-up of benefits. This work is being built on through the No Wrong Door programme and will be key to moving from the current temporary provision toward a sustainable service offer.
- 2.2 Appendix 1 summarises proposed budget allocation for this financial year with a focus on the winter months. This is consistent with the initiatives supported in each of the last two years. As in previous years, there is a need to build in flexibility between budget headings. There continues to be a need to mitigate the impact of benefit and welfare changes on vulnerable groups and this will be monitored closely. One example of this is eligibility for school clothing grants. The lower income threshold under Universal Credit compared to tax credits means that some families are now finding themselves ineligible for this support. A report on the impact and possible mitigations will be brought to Cabinet shortly.
- 2.3 There has been continuous monitoring and evaluation of the programme of support. Fortnightly dashboards are used and shared with key staff as part of the co-ordination of support. The Poverty Alliance facilitated a workshop on 1 May, with staff from across the Fife Partnership, to identify the impact and learning from the Cost-of-Living programme. Frontline staff placed value on training and awareness building, the co-ordination of approaches and initiatives across different agencies and the development of better targeted and year-round approaches. Supporting and equipping staff to take a personcentred approach and build relationships was also highlighted.

- 2.4 Looking beyond this financial year, it is proposed to build on the lessons learned from this work and therefore place priority on supporting initiatives which:
  - Maximise household income through benefits and financial advice.
  - Help people to better manage including initiatives around energy efficiency.
  - Bring people together, reduce isolation, improve connectedness and provide a basis for support and advice.
  - Enable voluntary and community initiatives to develop and maintain local support.
  - Enable key and front-line workers to work effectively together.

### 3.0 Community Recovery Funding

- 3.1 The Community Recovery Fund has supported cost of living and tackling poverty work locally and across Fife. In June 2023, Cabinet reviewed progress with the Area Community Recovery Funds and allocated an additional £0.7m to provide additional support and to tackle gaps identified through cost-of-living support. This supported Citizens Advice and Rights Fife (CARF) to develop and broaden a three-tier advice framework across more staff, volunteers and services (£0.2m). It provided additional Energy Support and Advice through Cosy Kingdom (£0.25m) and enabled additional Active Communities support to reduce barriers to participation in physical activity (£0.25m).
- 3.2 The Community Recovery Fund was approved by Cabinet to be used flexibly over the 2023/24 and 2024/25. There are some local projects however where spend will carry over into 2025/26. Approval is sought to extend the use of the Community Recovery Fund into 2025/26. Additionally, the CARF staffing element is only funded for part of 2024/25. It is proposed to extend this to the end of the current financial year utilising underspend (£0.050m) from the Active Communities Fife wide allocation.

### 4.0 Conclusion

- 4.1 The priorities and proposals for 2024/25 aim to take Fife into a more focused prevention agenda, whilst still enabling immediate and emergency food, fuel and crisis support. These approaches are based on evidence and learning from our experience to date from working through the pandemic and the cost-of-living crisis. A summary of proposals for use of remaining funding is contained within the appendix together with a summary of spend and commitments from the Community Recovery Fund allocations.
- 4.2 These focus on building capability and shifting emphasis from crisis support toward prevention. This shift will be further supported through the development of the No Wrong Door approach with proposals for service redesign and a programme of change currently in development. These will be reported to Cabinet before the end of 2024.

#### **List of Appendices**

- 1. Cost of Living Support Programme 2024/25 Continued Need
- 2. Community Recovery Fund Fife Wide and Area Allocation Spend to date

#### **Background Papers**

The following papers were relied on in the preparation of this report in terms of the Local Government (Scotland) Act, 1973: -

- Cabinet Committee (5 October 2023) Cost of Living Support Winter Programme
- Cabinet Committee (29 June 2023) Community Recovery Funding
- Cabinet Committee (20 November 2023) Cost of Living Crisis Household Support

#### **Report Contact**

Sheena Watson

Programme Manager (Tackling Poverty & Preventing Crisis)

Communities

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## Appendix 1

## **Cost of Living Support Programme 2024/25**

Temporary Funding 2024/25	Allocation (£)
Cost of Living Programme 23/24 carry forward	1,218,000
Scottish Welfare Fund Temporary Budget	2,000,000
HRA	400,000
Fife Wide Community Recovery Funding	50,000
Total Temporary Funding	3,668,000

Description	Requirement 2024/25	Comment
	£	
Additional Staffing for Scottish Welfare Fund and Helpline	24,000	Staffing for helpline and SWF - temp staff.
Rates relief funds	80,000	Additional support fund to help protect jobs in Fife
Fuel Top ups - Temp Accommodation	60,000	Targeted support for people moving into temporary accommodation.
Boiler repair and Handy Service	60,000	Support for those on low incomes for boiler repairs and increased handy service for private tenants.
National Fuel Bank Contribution	50,000	Support to provide emergency fuel top ups.
Handy Service Private Tenants	40,000	Small works and energy saving items offered along with home visit to those in privately rented accommodation (FC tenants have this service).
Carpets SWF upgrade	230,000	Continue improved quality SWF procured carpets and carpets for additional rooms.
Welcoming Places	280,000	Provision of community hubs providing advice, food and wrap around support in the 7 areas.
Winter warmer packs	30,000	Winter warmer packs for most vulnerable groups.

Description	Requirement 2024/25	Comment
	£	
Household Support via Big Hoose	80,000	Reduced level of support in line with Business Case.
Cafe Inc – additional provision	25,000	There are 7 weeks in the summer holidays in 2024 and an additional week's funding is required.
Benefit Maximisation	217,000	£66k funding for CARF/Council post coordinating welfare benefit take up. Additional £151k is needed for staff delivering Advice Framework to continue for additional period.
Sub - Total	1,176,000	
Mould and Damp Issues/Fuel Top Up contingency - HRA	400,000	There will be an ongoing commitment to the £0.400m Fuel Poverty Support HRA budget in 2024/25, 2025/26, 2026/27.
Total - Cost of Living Support	1,576,000	
Scottish Welfare Fund	2,000,000	
Total - Temporary Spend	2,000,000	

Total 3,576,000

Unallocated 92,000

## **Community Recovery Fund**

#### Fife Wide CRF

Description of Award	Budget 2023/24	Actual Expenditure	Committed Expenditure	Budget Remaining*
Local Benefits Maximisation	200,000	200,000	0	0
Active Communities	250,000	140,000	60,000	-50,000
Energy Support and Advice	250,000	250,000	0	0
Unallocated	200,000	0	0	-200,000
Total Community Recovery Fund	900,000	590,000	60,000	-250,000

Total Area CRF	Budget	Actual Expenditure 2023/24	Total Committed Budget	Budget Remaining**
Cowdenbeath	1,297,000	186,840	1,028,198	268,802
Dunfermline	1,266,000	610,724	1,158,677	107,323
Glenrothes	1,303,000	542,742	1,064,538	238,462
Kirkcaldy	1,360,000	356,427	1,242,339	117,661
Levenmouth	1,338,000	299,737	1,309,849	28,151
North East Fife	1,240,000	670,025	1,232,851	7,149
South & West Fife	1,196,000	840,588	1,209,345	-13,345
Total	9,000,000	3,507,083	8,245,797	754,203

<sup>\*</sup> The £50,000 remaining Fife Wide CRF funding is being allocated in Appendix 1 under Benefit Maximisation.

<sup>\*\*</sup> The overcommitted budgets will be funded from other Area Budgets.

12 September 2024 Agenda Item No. 5



## **Budget 2025-28 Update**

**Report by:** Eileen Rowand, Executive Director (Finance and Corporate Services)

Wards Affected: All

#### **Purpose**

The purpose of this report is to provide Cabinet Committee with an update on the General Fund Revenue Budget for 2025-28 following a review of our financial planning assumptions and our planned approach to achieve a sustainable and balanced budget.

#### Recommendation(s)

Cabinet Committee are asked to note:-

- (1) the updated financial planning assumptions;
- (2) the continuing uncertainty around these planning assumptions; and
- (3) the planned approach to achieve a sustainable and balanced budget for 2025-26 onwards.

#### **Resource Implications**

The report identifies significant resource implications that must be considered in the planning of the budget for 2025-26 and future years.

#### **Legal & Risk Implications**

It is a statutory requirement for the council to set a balanced budget.

#### **Impact Assessment**

An EqIA is not required because the report does not propose a change or revision to existing policies and practices.

#### Consultation

None in relation to this report.

### 1.0 Background

- 1.1 Following the Council setting its budget on 22 February 2024, there remained an indicative budget gap of £16.158m for 2025-26, rising to £34.310m for 2026-27. Using the same assumptions, the budget gap would rise further to £51.278m for 2027-28. These assumptions have now been reviewed and baseline figures revised.
- 1.2 While reviewing the budget planning assumptions, we have considered the Scottish Government's Resource Spending Review, last published in May 2022, their Medium Term Financial Strategy (MTFS), last published in May 2023, and the Public Sector Pay Policy 2024-25, published in May 2024.

## 2.0 UK and Scottish Government Policies and Strategies

- 2.1 There have been recent announcements from both the UK and Scottish Governments about the challenging financial position in the public sector. The Prime Minister has said that October's UK Budget will be "painful" and the Chancellor has said "difficult decisions" will have to be made without yet giving details of what the Budget will contain.
- 2.2 The Scottish Government has introduced spending constraints on non-essential expenditure across its departments and the Cabinet Secretary for Finance and Local Government has made a statement to parliament on 3 September 2024 outlining measures to balance the 2024-25 Scottish Budget. The First Minister has also said that "things are so tight and so tough within the public finances" in relation to funding the latest pay offer and there will be "implications for the provision of Scottish government programmes and services."
- 2.3 The Scottish Fiscal Commission has said in its recent Fiscal Update that "Since our December 2023 publication, the pressure on the Scottish Government's finances has increased. The Scottish Government is now facing a challenge in balancing its budget." pointing towards potential further challenges to local government budgets in the current and future financial years.
- 2.4 The Scottish Government's most recent MTFS set out the financial outlook from 2024-25 to 2027-28 and, although not a detailed budget, does give a background for financial planning over that timeframe. An updated MTFS was expected to be published in May 2024 but was delayed following the change in First Minister and then cancelled due to the General Election.
- 2.5 The Scottish Government was already expecting the financial outlook to remain challenging over the medium-term as outlined in the published MTFS. Revenue funding is forecast to increase from £45.260bn in 2023-24 to £50.971bn in 2027-28 while spending requirements are anticipated to increase to £52.846bn by 2027-28, creating a gap of £1.875bn. Table A breaks this down to show local government estimated spending requirements against social security, health and social care, and other budgets. As the Scottish Government is also required to set a balanced budget, difficult decisions on spending priorities will be needed.

**Table A. 1: Central Resource Spending Outlook** 

	2023-24	2024-25	2025-26	2026-27	2027-28
Social Security	5,290	6,192	6,638	7,000	7,389
Health and Social Care	18,176	18,903	19,660	20,446	21,264
Local Government	10,958	11,403	11,720	12,054	12,417
Other	10,836	11,076	11,513	11,513	11,777
Total	45,260	47,575	49,304	51,013	52,846
Central Funding Outlook	45,260	46,535	47,917	49,415	50,971
Modelled Shortfall	0	-1,040	-1,387	-1,598	-1,875
		-2%	-3%	-3%	-4%

- 2.6 The recently published Public Sector Pay Policy 2024-25 sets out a pay framework of 2% increases from April and 1% from January for three years starting April 2024. However, the recent 5.5% pay offer to NHS nurses and healthcare staff, backdated to April 2024, and the existing average 4.27% pay offer for non-teaching Local Government staff are higher than this policy and point towards greater financial challenges. Although not covered by this Pay Policy, Local Government can use it as a guide for potential cost increases.
- 2.7 There is a great deal of uncertainty for local government funding given the wider economic situation, the continuing effect of inflation and the unknown scale of future UK and Scottish Government budget decisions. Key points are:
  - The Scottish Government's MTFS used a central pay award scenario of 2% for all sectors from 2024-25 onwards.
  - For Health and Social Care, the previous modelling assumption of 3.5% annual growth rate had been increased to 4.0% each year.
  - Non-pay inflation was based on forecasts by the Office for Budget Responsibility (OBR) that fell from the peak and varied between 1.0% and 1.7% during the period shown.
  - The Scottish Government acknowledged the risk of inflation not falling as anticipated by the OBR and that any additional costs would need to be managed within available budgets.
  - Demand-led expenditure and demographic change both carry a degree of forecast risk.
  - Although the Local Government line increased over time, the Scottish Government is facing an overall shortfall, and that shortfall could be partly met from the Local Government outlook.

### 3.0 Impact on Fife Council's Financial Planning

#### Review of General Fund Revenue Budget Gap

- 3.1 The council has its own MTFS and it is regularly reviewed and relied upon when planning for the future. The council has taken the opportunity to review the principles and assumptions contained in its MTFS and determined that no changes are required. The MTFS is attached as Appendix 2 to this report.
- 3.2 The Resource Spending Review (RSR), published in May 2022, provided flat line (in cash terms) revenue funding for local government for the following three years (2023-2026). That assumption was used during the last year to forecast the level of government grant funding the council would receive. The figures the Scottish Government published in last year's MTFS, paragraph 2.5 above, suggest this is still a reasonable assumption as their shortfall could be partly met from the local government outlook. Recognising the difficulty in accurately forecasting into the future, three scenarios are shown in Table 1 below. The most positive scenario assumes a 1% increase in government grant, the central scenario assumes flat cash and the least positive scenario a 1% decrease.
- 3.3 In line with the MTFS, an annual increase of 3% for council tax has been assumed in the budget model although this is ultimately a political decision. Each 1% increase in council tax would generate approximately £1.9m additional income for the council.
- 3.4 A pay award for non-teaching staff has not yet been agreed for 2024-25. The current pay offer is the greater of a £0.67/hour increase or 3.6% effective from 1 April 2024. Provision has been made in the council's budget model for a 3.0% increase with additional funding from the Scottish Government anticipated to cover the majority of the remaining costs. A pay award for teaching staff has also not yet been agreed for 2024-25. The latest pay offer is a 2.0% increase effective from 1 August 2024 with a further increase of 1.0% effective from 1 May 2025. This is significantly different from the SNCT pay claim of 6.5% effective from 1 August 2024. There is a risk that any settlement greater than the budgeted 3.0% would increase the budget gap if no additional funding is provided. For 2025-26 onwards, allowance has been made in the budget model for 2.5% pay awards for all employee groups.
- Inflation (CPI) is currently 2.2% at July 2024 after falling steadily from 7.9% in June 2023. The Bank of England, in their August monetary policy report, expect that to rise again to around 2.75% before falling again next year. Given the uncertainty and risk surrounding that forecast, it is considered prudent to allow for 2.5% inflation in Fife's budget model.
- 3.6 Although the council has significant reserves as detailed in the revenue monitoring report elsewhere on this agenda, these cannot be used as a sustainable solution to close the budget gap as they are one-off in nature. In addition, the council's forecast position is considerably worse than it has been in recent years with costs associated with Health and Social Care increasing sharply. As a result, it would not be prudent to plan to use reserves to balance the budget. A plan is required in order to manage overspends down to a sustainable level. There are significant commitments earmarked against reserves and these will also need to be reviewed in light of the changing financial outlook. Reserves can only be used to fund one-off cost pressures.
- 3.7 The current policy is to maintain a minimum of uncommitted General Fund balances of 2% of budgeted expenditure over a three-year period. General Fund balances are currently forecast to be in a negative position within the next three years. It is imperative that a, a recovery plan is developed to reduce overspends along with a review of all commitments against balances will be the initial steps to bring the forecast uncommitted balances within the policy minimum. This will be monitored closely.

3.8 Shown below is a summary of the updated budget gap. A summary of the main changes in budget planning assumptions are detailed in Appendix A.

Table 1	2025-26	2026-27	2027-28
Budget Gap (before Council Tax increase)	£m	£m	£m
Most Positive Scenario	13.7	24.6	37.7
Central Scenario	22.6	42.5	64.6
Least Positive Scenario	31.5	60.2	91.1

For planning purposes we will work with the central scenario and, in line with the MTFS, plan for a 3% Council Tax increase.

Table 2	2025-26	2026-27	2027-28
Revised Budget Gap (including Council Tax increase)	£m	£m	£m
Central Scenario	22.6	42.5	64.6
Annual 3% Council Tax Increase	-5.8	-11.9	-18.1
Revised Central Scenario	16.8	30.6	46.5

#### Strategy to Close the Budget Gap

- 3.9 Budget constraints and increasing cost pressures are putting council finances under severe strain. With a proportion of funding being ringfenced or directed for national policy initiatives, there is less scope to properly plan ahead and target resources to local needs. As a result, councils are being faced with having to make increasingly difficult choices about spending priorities and service provision. In recent years, Fife Council has managed its budget by taking a more corporate approach and without needing to make significant changes or reductions to services but the position going forward is now much more challenging and it is likely that significant change will be required.
- 3.10 CET continue to consider the change planning requirements and develop three-year Service Change Plans aligned to the council's strategic intent and ambitions. In addition, a Corporate Change programme is being developed that will cover three themes, namely, No Wrong Door, Place and Digital.
- 3.11 Further detail will be provided and shared with political groups. There will also be Trade Union and employee engagement by the end of October.

### 4.0 Capital Strategy and Investment Plan

4.1 Initial work has begun to review the Council's Capital Strategy to ensure that the strategy is in line with the refreshed Plan 4 Fife. The strategy will inform the Capital Investment Plan. Members will have an opportunity to contribute to the development of the Capital Strategy with a view to agreeing the updated strategy in February 2025.

- 4.2 The current economic conditions bring significant financial uncertainty and there is significant pressure on projects and resources already contained within the current Capital Investment plan. The plan is reviewed on a biannual basis and work so far has been aimed at reviewing the costs, profiling, likely costs and delivery timescales for current and approved projects already contained in the current plan.
- 4.3 The results will be tested against affordability criteria and will be shared with members toward the end of the year.

### 5.0 Conclusions

- 5.1 The previously published indicative budget gap has been updated following a review of the underlying assumptions. The resultant budget gap has not changed significantly since that reported in February 2024, however, the Scottish Government's MTFS is still awaited and may influence the underlying assumptions to some degree.
- 5.2 The financial challenge that the council faces in the coming years has increased given there is little scope to close the budget gap using a more corporate approach as has been the case over the last few years. Work is continuing provide a sustainable response to the challenge.
- 5.2 The financial outlook continues to be extremely challenging and significant change will be needed to safeguard the financial sustainability of the council.

#### **List of Appendices**

- 1. General Fund Revenue Budget Planning Assumptions
- 2. Fife Council Medium Term Financial Strategy

#### **Background Papers**

The following papers were relied on in the preparation of this report in terms of the Local Government (Scotland) Act, 1973:-

- The Scottish Government's Medium-Term Financial Strategy
- Scottish Fiscal Commission Fiscal Update Aug 2024
- Scottish Government Public Sector Pay Policy 2024-25
- Bank of England Monetary Policy Report August 2024
- Office of National Statistics Consumer Price Inflation
- OBR Inflation Forecast
- Audit Scotland Local government in Scotland: Overview 2023

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## Appendix 1

## **General Fund Revenue Budget - Planning Assumptions**

	Feb-24		Centra	l Scenario	Sep-24	
	2025-26	2026-27	2027-28	2025-26	2026-27	2027-28
General Fund	£m	£m	£m	£m	£m	£m
Revised Budget Gap (including assumed Council Tax increases)	16.158	34.310	51.278	16.8	30.6	46.5
Assumptions						
Inflation:						
Pay & Pension	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Other Inflation	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Demographic Growth	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grant Level	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Council Tax	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Health & Social Care Partnership Reduction	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

# Fife Council Medium Term Finance Strategy – 2025-28

#### Introduction

The Medium-Term Finance Strategy (MTFS) has been developed against a backdrop of an increasingly complex and uncertain environment. The principles contained within this strategy provide a basis for modelling and estimating the future budget gap. Members take the actual decisions that will close the budget gap and the MTFS is designed to support them in their decision making and to capture the scale of the future financial challenge.

In its report last year, the Accounts Commission recognised that Councils have had a very difficult period recovering from the pandemic as well as facing challenges in dealing with increased demand, backlogs and meeting expectations. This has all been against a backdrop of a long-standing pressures such as increased demand from an ageing population and rising poverty and inequality.

The Council has operated in challenging circumstances for several years. Since dealing with the response to the COVID-19 pandemic, there are several factors which UK and Scottish Governments are addressing which also impact directly on Councils. These include increasing levels of inflation, the impact of war in Ukraine on energy prices, employee pay deals across several sectors as well as continuing the recovery from the pandemic.

Increased inflation levels have resulted in pressure areas for both pay and non-pay costs. Further, the Cost-of-Living crisis is putting pressure on individuals who require support from the Council.

The Council is committed to addressing these challenges with robust financial planning and, as such, has set out, in full, the principles of the MTFS.

Given the challenging environment, the MTFS sets out the framework/principles for financial planning, budgeting, change programme, risks and reserves. The MTFS will out set out the assumptions used when arriving at the budget gap.

#### **Principles of Medium-Term Financial Strategy**

The Council will adopt the following principles as the foundation for the revenue budget strategy:

#### **Financial Planning Assumptions**

- Make provision for pay inflation in the budget gap calculations based on assumptions of inflationary increase.
- Make provision for non-pay inflation in budget gap calculations for contracts and legislative requirements only (e.g. PPP). Additional inflation may be provided for in exceptional circumstances such as Energy Costs.
- Demographic cost pressures will be considered following the development of relevant strategies and evidenced based modelling. It should be recognised that any net growth will result in an increase to the budget gap and will require cost reductions elsewhere to fund.
- It's assumed all Scottish Government priorities (New Burdens) will be fully funded.

- Service pressures will be monitored both by Directorates and corporately. A small level of contingencies will be retained to provide a modest level of cover to deal with unmanageable pressures.
- Business Cases for capital expenditure should demonstrate revenue costs and financial affordability and sustainability. No corporate funding to be assumed in business cases.
- The level of funding provided to the H&SC partnership will be based on the requirements of the finance circular and will factor in the level of grant that is received.
- Council Tax will be increased by a minimum of 3% per annum and will be reviewed annually.
   An allowance for buoyancy will also be made.
- Income from Fees and Charges will be factored into the budget process and partially offset any corporate increase provided for inflation.

#### **Budgeting**

- Passporting of Scottish Government funding will be based on need rather than grant received.
- Inflation provisions will be added to Service budgets.

#### **Change Programme**

 A corporate change programme will support Directorates to redesign their services with the aim to drive out savings and efficiencies.

#### **Risks and Reserves**

- The main purpose for holding balances is to manage risk, smooth uneven cashflow and provide flexibility for unforeseen circumstances. The strategy is based on holding a level of balances to mitigate against risk rather than providing for this elsewhere in the revenue budget.
- A financial risk register is used to record risk and the action being taken to mitigate against that risk. The risk register is presented to Fife Council as part of budget strategy reporting.
- The Council will not provide for the financial risks in full, however, will hold sufficient balances to provide a level of coverage, with the policy being to hold uncommitted balances of a minimum of 2% of general fund budget over a rolling 3-year period. This means that balances can be greater or less than 2% in any one financial year.
- Commitments against Balances are regularly reviewed and reported to Committee.

#### **General Principles**

- The Council will balance its budget.
- A 3-year planning horizon is used for the Medium Term.
- Movement in budget assumptions will be reviewed during the year and updated when required.
- The budget strategy will be agreed by Elected Members. The strategy will be reviewed on annual basis and key factors such as level of grant and new burdens and the priorities of the Council will influence any refinement.

#### **Revenue Budget 2025-28 Assumptions**

When calculating the Estimated Budget Requirement (EBR), anticipated funding levels and subsequent gap several assumptions are used. These are summarised in the following tables:

Budget Assumption for MTFS	Assumption Applied
Council Tax	Council Tax increase of a minimum of 3% and will be reviewed annually with Council Tax Buoyancy included
Government Grant	In line with grant levels provided in the Local Government Finance Settlement
Pay Awards	In line with agreed pay settlements for all bargaining groups
Pension Contributions	Per the Actuarial Valuation
National Insurance	Agreed rates
Non-Pay Inflation	Reflecting significant contracts
Discretionary Fees and	The lower of Charges policy CPI +1% or in line with the
Charges	Council Tax assumption detailed above (minimum 3%).
Health and Social Care Grant	As per the requirements of finance circular taking
Reduction	recognition of grant received.

12 September 2024 Agenda Item No. 6



## **Revenue Monitoring 2024-25**

**Report by:** Eileen Rowand, Executive Director (Finance and Corporate Services)

Wards Affected: All

#### **Purpose**

The purpose of this report is to provide members with a strategic overview of Fife Council's finances and to report the current forecast position for 2024-25.

#### Recommendations

It is recommended that members:-

- (i) note the worsening high-level financial position as detailed in this report;
- (ii) note that there are ongoing financial impacts and pressures which continue to be managed by Services with an element of protection from financial risk being accounted for centrally;
- (iii) instruct Directors to identify plans to mitigate overspends in order to manage within overall service budgets in the current year and ensure strong financial management;
- (iv) approve the proposal to de-commit £8.752m of balances;
- note that detailed monitoring reports will be submitted to the relevant Scrutiny Committees; and
- (vi) request that Scrutiny Committees ensure appropriate level of support and challenge in relation to financial reports.

#### **Resource Implications**

Whilst the current forecast presents an overspend of £16.672m in the current year, some service underspends of £5.945m will immediately be committed to ensure certain conditions of funding are met next year. To account for the ring-fenced nature of the variances, commitments against balances have been updated accordingly. This results in balances being overcommitted by £7.970m. In order to avoid balances being overcommitted, it is proposed to de-commit £8.752m of balances which will result in a relatively small level of uncommitted balances of £0.782m.

The current forecast assumes that the financial impact of ongoing pay negotiations for non-teaching staff is fully funded. It is possible that the budget provision combined with any grant funding provided may be less than the eventual costs incurred. This would have a detrimental impact on the council's financial position.

The scale of financial pressures on the council linked to the considerable cost pressures and service overspends going forward remain substantial and uncertain. Some Services are managing large overspends and actions to minimise or mitigate these should be taken.

#### **Legal & Risk Implications**

There are no direct legal implications arising from this report.

#### **Impact Assessment**

An EqIA is not required because the report does not propose a change or revision to existing policies and practices.

#### Consultation

None.

### 1.0 Background

- 1.1 Savings from services were not required to balance the Revenue Budget for 2024-25. Prior to setting the budget in February, a report was considered at Cabinet in January, approving a council tax increase for second homes which was due to a change in legislation. The remaining budget gap was then closed by increasing fees and charges budgets by 5% and the funding received from the Scottish Government for the council tax freeze. This is why there is no savings tracker included in this report.
- 1.2 This resulted in creating a surplus that was then targeted to fund additional expenditure within Education (Educational Psychologists) and Place Directorates (Bus Contracts, Street Cleansing and Grounds Maintenance).
- 1.3 Temporary investment was also approved as part of the budget. This additional investment was used to deal with the pressures relating to the cost of living crisis, a number of pressures within Roads and Transportation Services and Environmental and Building Services, preparatory work for 1:1 devices within schools, support for FCCT and support for the HSCP.
- 1.4 More recently, the council approved the Capital Plan Review for the period 2023-33 and committed the use a further £17.0m from general fund balances to fund capital projects and enhance the capital investment plans of the council.
- 1.5 This report reflects the decisions taken in respect of the Revenue Budget 2024-25 and the Capital Plan Review 2023-33. The report focuses on the overall financial position of the council commenting on significant financial issues which impact on the overall financial position of the council. Detailed explanations of forecast variances and analysis by Service is detailed in Appendices 1 to 4 of this report.
- 1.6 Significant overspends are now forecast across various services, with over half attributed to Health and Social Care. High level explanations are included in section 2 of this report, with further detail included in Appendix 2. The prolonged impact of higher inflation on all supply chains (notably energy, fuel, construction costs and other commodities) and employee costs continues to be a challenge. Further commentary relating to financial planning in the medium term is provided in a separate report on this agenda and considers the scale of future budget challenges.
- 1.7 More detailed financial reports will be presented to the relevant Scrutiny Committees as part of the council's wider scrutiny and performance management reporting arrangements. It is the role of the Scrutiny Committees to carry out in-depth scrutiny of the financial performance of functions within their remit.

### 2.0 Financial Overview - General Fund

#### **Pay Award**

2.1 The level of pay award for 2024-25 for non-teaching and teaching staff has yet to be agreed. The council has made provision for an anticipated pay award which is being held in contingencies until costs are known. Once the pay award is agreed, service budgets will be increased accordingly in line with the agreed settlement. It is possible that the budget provision combined with any grant funding provided may be lower than the eventual costs incurred. This would have a detrimental impact on the financial position.

#### Other pressures – Economic/Cost of Living Crisis

- 2.2 The economic situation continues to cause concern in terms of the financial repercussions of previous high inflation and continuing high interest rates. These pressures mean the council is already experiencing increased costs, most notably, energy costs along with others such as food, fuel, other commodities and large contracts.
- 2.3 The cost-of-living crisis continues to affect households and, as such, additional funding was set aside as a reserve to meet excess demand in any of the welfare funds administered by the Council.

#### 2024-25 Revenue Budget

2.4 The current revenue budget of £1,098m is shown in Appendix 1. Changes have been made to the budget since it was approved in February 2024 and these all relate to previous commitments made against general fund balances now being allocated to the relevant Service budgets. The table below shows all budget changes since the revenue budget was approved.

Table 1 – General Fund – Revenue Budget Movement

	Total
	Expenditure
	£m
2024-25 Budget (Financial Plans)	1,059.940
- Additional GRG Funding	5.622
- Budgets Funded from/(to) Balances	32.453
Current 2024-25 Budget (June 2024)	1,098.015

#### 2024-25 Annual Forecast

2.5 The current forecast suggests an overspend in the current year of £16.672m. This is a combined result of service overspends of £18.605m (1.8% of budgeted expenditure) and an underspend of £1.933m in Additional Items as shown in the Table 2 below:-

Table 2 - General Fund - 2024-25 Summarised Forecast Statement

				Variance
	Annual			excluding cfwd
	Budget	Forecast	Variance	commitments
	£m	£m	£m	£m
Service Totals	1,022.013	1,040.618	18.605	24.550
Additional Items	76.002	74.069	(1.933)	(1.933)
Total Expenditure	1,098.015	1,114.687	16.672	22.617
Financing	(1,098.015)	(1,098.015)	0.000	0.000
CONTRIBUTION (TO) / FROM BALANCES	0.000	16.672	16.672	22.617

- 2.6 The overspend of £18.605m on service expenditure is partially offset by an underspend of £1.933m in Contingencies. The Contingencies underspend is due to the additional General Revenue Grant received from the Scottish Government.
- 2.7 Whilst the forecast position for the year is an overspend of £16.672m, there are some items that skew the reported position as they are ringfenced and funding must be made available in the next financial year for a specific purpose. Pupil Equity Fund (PEF) is the most significant example. To assist members understand the underlying position, a column has been added to Appendix 1 which aims to highlight the likely position after the year end and the impact on general fund balances. Service underspends of £5.945m will be committed to ensure the conditions of funding and these will not increase uncommitted balances. This column shows that the final impact on the level of general fund balances will be a reduction of £22.617m. Section 4 of the report provides more information on the balances position.
- 2.8 The current forecast will be detrimental to the balances position, bringing the level of balances to a negative position unless corrective action is taken. The policy position is to hold balances of 2% over a three year period. In addition, the outcome of the pay settlement for non-teaching and teaching staff is still unknown. This may have a further detrimental impact on the reported position.
- 2.9 Given the forecasted position, it is recommended that Executive Directors identify plans to reduce the level of overspends to within budget. Further control measures will also be considered.
- 2.10 The service level variances and movement are set out and explained in more detail at Appendices 1 and 2 with higher level explanation as follows:

Within **Education**, a £4.449m overspend on non-devolved budgets is offset by a £3.471m underspend on devolved and the overall directorate position is an overspend of £0.978m. The main areas of overspend within non-devolved relate to maternity and long-term absence cover, Nursery Education and Special Education.

**Health and Social Care** are reporting a net projected overspend of £11.243m which assumes £4.049m will be received from the NHS as per the directions of the IJB. Adult Placements are reporting an overspend of £6.438m, the majority of which relates to non-achievement of savings. Other significant areas of overspend are Care at Home, £3.542m, mainly due an increase in care packages and Direct Payments and Older People Nursing & Residential, £4.771m mainly due to an increase in demand for LTC and Assessment beds. A recovery plan is currently being finalised and will be published in September.

**Place Directorate** is reporting an overspend of £3.529m with just over half relating to Sustainability due to supplementary management fee to be paid to Fife Resource Solutions as a result of unavoidable cost pressures. Facilities Management (Catering) is also reporting an overspend relating to a shortfall in income within schools.

**Communities Directorate** is reporting an overspend of £4.534m, which is mainly within the Children and Families Service. The service is reporting a net overspend of £3.916m, with Purchase Placements projecting an overspend of £5.498m. There are some offsetting underspends with a forecasted underspend of £1.296m reported in relation to staffing and £0.822m relating to the Whole Family Wellbeing funding which will be carried forward into 2025/26.

**Finance and Corporate Services** is reporting an underspend of £1.679m, mainly relating to staff turnover/non-filling of vacancies. The directorate is facing significant recruitment challenges which is contributing to the level of vacancies.

Within **Additional Items**, contingencies is forecasting an underspend of £1.933m due to additional government grant received.

### 3.0 Financial Overview - Housing Revenue Account

#### **Housing Revenue Account (HRA)**

- 3.1 The Housing Revenue (HRA) Account forecast position is shown in Appendix 3.
- 3.2 As a result of significant pressures across the HRA, it is projected that the CFCR will need to reduce the planned CFCR of £2.722m to £1.589m to offset overspends across the HRA.
- 3.3 The HRA is forecasting an overspend of £2.722m which is relating to a planned withdrawal from balances. The net withdrawal relates to projects previously approved at committee and the withdrawal of contributions made into balances at the end of 2023-24. There is a requirement for the HRA to maintain uncommitted balances at 2% of Net Rental Income. Contributions required to maintain minimum balances at this level are built into business planning assumptions.
- 3.4 Appendices 3 and 4 provide further detailed variance analysis and commentaries on all variances that exceed +/- £250k.

#### 4.0 Balances

#### **General Fund Balances**

- 4.1 Appendix 5 details the forecast General Fund balances position which are held to fund specific one-off expenditure, provide funding to contribute to change initiatives, accumulate funds for a specific or "earmarked" purposes and to mitigate against risk by providing a level of uncommitted reserves which can be drawn on to respond to "shocks" such as unforeseen cost increases. It is important to note balances are split into two categories committed and uncommitted and the breakdown is detailed in the Appendix.
- 4.2 Over recent years, balances have been high as a direct result of grant funding received and not used in year. The opening balance for 2024/25 is £157.282m. Budgets of £29.535m have been transferred to Services and to Capital to fund the Capital Plan. The current year forecast overspend of £16.672m detailed in Section 2 will reduce the level of balances, with the estimated level before commitments being £111.075m.
- 4.3 As part of the Revenue Budget 2024-25, a full review of the commitments against balances was carried out. In doing so, commitments were updated to reflect the council's decision to use £14.250m for temporary investment and a further £5.260 to be set aside for future pressures.
- 4.4 Some of the current service underspends must be immediately committed to honour guaranteed carry forward arrangements such as Devolved School Management (DSM), Pupil Equity Funding (PEF) and Energy Management Revolving Fund (EMRF). There is a variance of 16.672m that will reduce balances and in addition, carry forward of specific underspends will reduce balances available in future years by a further £5.945m.

4.5 During the year and in future, commitments against balances will be added to Service budgets on the basis of need as it arises.

#### **Earmarked and Commitments against Balances**

- 4.6 The earmarked balances reflect unused grants and ring-fenced income which will fund specific expenditure. Balances are also earmarked for dealing with the ongoing costs associated with the cost of living and the impacts of inflation and supply chain disruption.
- 4.7 Commitments represent items for which provision has been made but the costs are yet to be incurred.
- 4.8 Given the forecasted financial position, an initial review of earmarked balances has been undertaken and some earmarked funds have been identified that can be de-committed.
- 4.9 After taking account of all current earmarked balances and commitments, the forecast level of balances as at 31 March 2027 is expected to be over committed by £7.970m. This is not a sustainable position, therefore, it is proposed that £8.752m be decommitted. These earmarked balances relate to funds which were originally earmarked to deal with the financial consequences of COVID-19. However, it was noted in the revenue outturn report for 2023/24 that these financial consequences have been significantly reducing over time and that it was no longer sustainable to continue to fund these costs from balances. If approved, the impact of this de-commitment will mean there would be a relatively small level of uncommitted balances of £0.782m
- 4.10 The policy minimum is to maintain a level of 2% balances over a rolling three year period which means that the level can dip below 2% level provided it returns to 2% within three years. In order to work within the policy, the remaining earmarked balances and commitments will be critically reviewed between now and budget setting in February to assess whether any further funds can be de-committed. In addition, cost control measures will be introduced to reduce the level of overspend across services and improve the forecast balances position over the coming three years.
- 4.11 There is no plan, at this stage, to reflect the restoration of balances in the budget given the potential scope to further de-commit items that have been earmarked and the ability to reduce the level of overspend as the year progresses. However, the outcome of the ongoing pay negotiations remains uncertain and there is a possibility that the impact could have a further negative impact on the balances position. Given how precarious the current financial position is, this will be kept under close scrutiny and committee will be provided with regular updates in future reports.

#### **HRA Balances**

4.12 The opening HRA balance was £5.315m. There are planned withdrawals in year totalling £2.722m which are detailed in Appendix 4.

### 5.0 Conclusions

5.1 There is currently a forecast overspend of £16.672m. However, there are some Service underspends which will need to be committed next year, meaning the projected impact on balances is more significant. Executive Directors are asked to plan and implement corrective/mitigating actions to bring costs down to a more sustainable to the budgeted level.

- 5.2 The positive balances position in the current financial year is providing the council with an immediate level of protection from significant cost increases and other financial risks but, given balances is one off in nature, will only assist the council's financial sustainability in the immediate term, leaving challenges ahead for the medium and longer term. Allowing for all commitments, and if the proposal to de-commit £8.752m is approved, the uncommitted level of balances is estimated as 0.782m in future years which is below the policy minimum. No plans are underway at the moment to budget to restore balances. This will be closely monitored over the year and a critical review of committed and earmarked balances will be undertaken.
- 5.3 The forecast position for the Council's Housing Revenue Account in 2024-25 is an overspend of £2.722m. The level of HRA balances, allowing for all commitments, is £2.593m which is in line with the policy minimum.

#### **List of Appendices**

- 1. General Fund Revenue Summary 2024-25
- 2. General Fund Variance Analysis
- 3. Housing Revenue Account Summary 2024-25
- 4. Housing Revenue Account Variance Analysis
- 5. Summary of Balances

#### **Background Papers**

None.

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# FIFE COUNCIL GENERAL FUND REVENUE SUMMARY 2024-25

	Annual Budget	Forecast	Variance	Variance excluding funding commitments
EDUCATION	£m	£m	£m	£m
Education (Devolved)	247.493	244.022	(3.471)	0.000
Education (Non Devolved)	177.467	181.916	4.449	4.449
LIFALTIL & COCIAL CARE	424.960	425.938	0.978	4.449
HEALTH & SOCIAL CARE  Health & Social Care	233.130	248.422	15.292	15.292
Drawdown from Reserves	233.130	240.422	0.000	0.000
H&SC Payment from Health per Risk Share		(4.049)	(4.049)	(4.049)
·	233.130	244.373	11.243	11.243
PLACE				
Assets, Transportation and Environment	112.851	116.169	3.318	4.548
Planning Protective Services	1.939 2.953	2.166 2.927	0.227 (0.026)	0.227 (0.026)
Business & Employability Service	6.180	6.189	0.009	0.009
Property Repairs and Maintenance	14.581	14.581	0.000	0.000
, , ,	138.503	142.032	3.529	4.759
COMMUNITIES				
Housing & Neighbourhood Services	16.886	17.001	0.115	0.115
Communities & Neighbourhood	56.216	57.343	1.127	1.127
Customer & Online Services	15.762	15.762	0.000	0.000
Children and Families Criminal Justice Service	69.823 0.461	73.739 (0.163)	3.916 (0.624)	4.738 (0.624)
Chiminal Sustice Service	159.148	163.682	4.534	5.356
FINANCE & CORPORATE SERVICES	1001110			
Assessors	2.127	2.127	0.000	0.000
Finance	5.582	5.582	0.000	0.000
Revenue & Commercial Services	16.472	15.794	(0.678)	(0.678)
Human Resources	7.908	7.173	(0.735)	(0.313)
Business Technology Solutions	20.030	19.764	(0.266)	(0.266)
Legal & Democratic Services	4.434 <b>56.553</b>	4.434 <b>54.874</b>	0.000 (1.679)	0.000 (1.257)
Miscellaneous	0.099	0.099	0.000	0.000
Benefits and Taxation	5.774	5.774	0.000	0.000
Corporate and Democratic Core	3.527	3.527	0.000	0.000
·	65.953	64.274	(1.679)	(1.257)
CHIEF EXECUTIVE			_	
Chief Executive	0.319	0.319	0.000	0.000
	0.319	0.319	0.000	0.000
SERVICE TOTALS	1,022.013	1,040.618	18.605	24.550
ADDITIONAL ITEMS				
ADDITIONAL ITEMS  Loan Charges (including interest on revenue balances)	56.591	56.591	0.000	0.000
Capital Expenditure Financed from Current Revenue	7.007	7.007	0.000	0.000
Obligations / Contingencies	12.404	10.471	(1.933)	(1.933)
G G	76.002	74.069	(1.933)	(1.933)
TOTAL EXPENDITURE	1,098.015	1,114.687	16.672	22.617
FINANCED BY:				
General Revenue Grant	(730.155)	(730.155)	0.000	0.000
Non Domestic Rates	(143.486)	(143.486)	0.000	0.000
Council Tax Income	(194.839)	(194.839)	0.000	0.000
Budgets transferred to/(from) Balances (previous years carry forwards etc)	(29.535)	(29.535)	0.000	0.000
TOTAL INCOME	(1,098.015)	(1,098.015)	0.000	0.000
CONTRIBUTION (TO)/FROM BALANCES	0.000	16.672	16.672	22.617

# FIFE COUNCIL VARIANCE ANALYSIS

	GENERAL FUND			
Area	Current underspend / overspend	Provisional Outturn £m	Commentary	
EDUCATION				
Education (Devolved)	underspend	(3.471)	<ul> <li>Schools' devolved budgets (DSM) - (£1.472m) underspend reflects the level of carry forward from 2023-24. School budgets will be adjusted to reflect new rolls from August in due course.</li> <li>Pupil Equity Funding (PEF) budgets - an underspend of (£2.000m) is estimated for 2024-25 based on previous years trends in expenditure across schools.</li> </ul>	
Education (Non Devolved)	overspend	4.449	<ul> <li>Maternity and long term absence cover costs across schools +£2.977m overspend</li> <li>Nursery Education projected overspend of +£0.598m due to additional staffing costs for nurseries and long term absence / maternity cover costs</li> <li>Special Education - projected overspend of +£2.353m due to employee costs of +£0.455m for additional staff costs, transport costs of +£1.350m in relation to transport of pupils and a projected overspend of +£0.548m on the Education Directorate share of the cost of secure placements</li> <li>General Education - projected underspend of (£1.680m) due to budget setting for schools, which will be adjusted when school budgets are amended for the new session from August. Adjustments for the new teaching complement, including probationers, will be actioned and budgets updated as required per school rolls. The impact of this will be reported as part of the October monitor and included in future committee reports. Partially offsetting this is unachieved savings of £0.756m mainly in relation to income generation.</li> </ul>	

HEALTH & SOC	CIAL CARE		
Health & Social Care	overspend		• Adult Placements overspend +£6.438m, of this £2.028m is related to a greater volume of adult packages being commissioned, increase in demand for taxis transporting service users to college or day care provision and an underrecovery on Housing Benefit income. £4.400m relates to the non achievement of savings - Commissioning and Transforming Overnight Care.  • Adults Supported Living underspend (£0.984m) due to vacancies across the service which will not be filled until the future design of the service is established;  • Fieldwork Teams underspend (£0.986m) due to delays in recruiting staff.  • Care at Home (CAH) overspend +£3.542m, of this £2.792 is due to an increase in the commissioning of older people care packages and Direct Payments, smaller overspends on Travel, Vehicles (spot hires have seen a significant increase in cost in June), Meals on Wheels and Community Alarms which is partly offset by an underspend in staffing due to difficulties in recruiting staff. £0.750m relates to the partial non achievement of the Single Handed Care saving due to training starting end of July and still to be rolled out prior to reviewing existing double up packages  • Older People Residential & Daycare overspend +£1.559m due to increased agency costs, catering and cleaning recharge, partly offset by vacancies.  • Older People Nursing & Residential overspend +£4.771m, of this £3.521m is due to increased demand for LTC and Assessment beds, partially offset by over-recovery on Income. £1.250m relates to the partial non achievement of half of the Reprovison of Care saving.  Actions taken to reduce overspends and to help meet savings are- finance involvement in the POC to be commissioned process and all Care at Home requests being assessed through the START team to ensure that each POC is subject to the same assessment. Scrutiny on Agency spend ensuring Agency is used as a last resort and concentrating efforts on recruitment to vacant front line posts which are being covered by Agency. Establishing reconciliations between the
H&SC Payment from Health per Risk Share		(4.049)	

PLACE			
Assets, Transportation and Environment	overspend	<ul> <li>Domestic Waste &amp; Street Cleaning overspend of +£0.950m Mostly due to continuing historical issue around transport, hires and repairs;</li> <li>Sustainability overspend of +£2.332m relates primarily to an anticipated additional management fee paid from Fife Council (FC) to Fife Resource Solutions (FRS) due to arising and unavoidable cost pressures for FRS;</li> <li>Property Services underspend of (£1.230m) relates to an anticipated underspend on the Energy Management Revolving Fund as a result of a number of jobs meeting the key criteria expected to materialise in 25/26;</li> <li>Facilities Management (Catering) overspend of +£1.583m relates mostly to School Catering where there is a shortfal of income mainly in Secondary Schools, along with increased costs for food provisions as a result of inflationary pressures across all of Catering.</li> </ul>	

# FIFE COUNCIL VARIANCE ANALYSIS

	GENERAL FUND			
Area	Current underspend / overspend	Provisional Outturn £m	Commentary	
COMMUNITIES				
Communities & Neighbourhood	overspend	1.127	A legacy from the pandemic continues to impact on level of demand and income received for some services. These include:- • Fife Sports and Leisure Trust (FSLT) has an projected deficit of +£0.500m, FSLT continue to recived temporary Financial support from the Council. Council officers continue to review the areas where the level of income received has been impacted by the pandemic. • Within Community Use and Halls and Centres there is an proejcted under-recovery of income of +£0.947m. Work is underway as part of the Community Use Plan for increased marketing and consultation with communities to ensure they are offering what communities want and that there are no barriers preventing the community from accessing these services.	
Children and Families	overspend	3.916	<ul> <li>Projected overspend of +£5.498m on Purchased placements due to full year effect of placements made during the previous year and a number of new high cost placement packages placed since start of April (11 new packages).</li> <li>Projected overspend of +£0.488m on continuing care, +£0.420m on Direct Payments, +£0.252m on throughcare rents, all in line with last year's spend.</li> <li>Overspends are partially offset with projected underspends in Community Social Work of (£0.263m) as these staff have been redeployed, (£0.249m) overachievement of income for Unaccompanied Asylum Seeking Children, (£1.296m) staffing due to staff turnover and budget for permanent posts/staff who are currently undertaking other work, and (£0.822m) Whole Family Wellbeing funding which will be carried forward into 2025/26 to support the planned spend for next year.</li> </ul>	
Criminal Justice Service	Underspend	(0.624)	<ul> <li>Projected underspend on the permanent flexible element of CJS funding due to staff turnover creating vacant substantive posts as staff have been redeployed to undertake Covid and Bail Funded work. The funding for this work is temporary. The Service may require to fill some of these posts going forward so underspend may reduce.</li> <li>Underspend also due to the fact that central support services are allowable within the grant funding, but are not charged out to services within this report.</li> </ul>	

FINANCE & CORPORATE SERVICES			
Revenue & Commercial Services	underspend	(0.678)	• Underspend mainly relates to pay costs - staff turnover/non filling of vacancies (£0.678m).
Human Resources	underspend	(0.735)	• Underspends on staff costs due to vacancies (£0.200m), higher than anticipated employee benefits (SCAVC) NI savings (£0.113m) and the Youth Investment Fund (£0.422m). The Youth Investment Fund (£0.422m) would be carried forward to 2025-26.
Business Technology Solutions	underspend	(0.266)	• Overspend relates to IT Support Contracts <b>+£0.108m</b> , offset by an underspend on staff costs due to vacancies <b>(£0.374m)</b> .

ADDITIONAL IT	EMS		
Obligations / Contingencies	underspend	(1.933)	

# **Appendix 3**

# FIFE COUNCIL HOUSING REVENUE ACCOUNT SUMMARY 2024-25

		Provisional	
	Annual	Outturn	
	Budget	£m	Variance
	£m	£m	£m
BUDGETED EXPENDITURE			
Repairs and Maintenance	46.239	46.239	0.000
Supervision and Management	21.579	21.579	0.000
Funding Investment:-			
Cost of Borrowing	39.153	39.153	0.000
Revenue Contribution (incl CFCR)	21.746	23.334	1.589
	128.717	130.306	1.589
Voids	2.571	2.262	(0.308)
Housing Support costs	(0.467)	(0.467)	0.000
Garden Care Scheme	0.446	0.446	0.000
Bad or Doubtful Debts	3.108	3.108	0.000
Other Expenditure	12.261	13.820	1.559
	146.635	149.474	2.839
FINANCED BY			
Dwelling Rents (Gross)	(139.112)	(139.112)	0.000
Non Dwelling Rents (Gross)	(3.774)	(3.774)	0.000
Hostels - Accommodation charges	(2.257)	(2.441)	(0.183)
Other Income	(1.492)	(1.426)	0.066
<del>-</del>	(146.635)	(146.752)	(0.117)
CONTRIBUTION (TO) / FROM BALANCES	0.000	2.722	2.722

# FIFE COUNCIL VARIANCE ANALYSIS

	HOUSING REVENUE ACCOUNT						
Area	Current underspend / overspend	Variance £m	Previous variance £m	Movement in variance £m	Commentary		
Revenue Contribution (incl CFCR)	overspend	1.589	0.000	1.589	There are planned withdrawals from balances in year of £2.5m which will help to support the delivery of the Transitional Affordable Housing Programme and £0.222m which is to help increase the CFCR contribution to the Capital Programme in Year. A total increase to funding for the Capital Programme of £2.722m  The total overachievement of CFCR is reduced from the planned amount of £2.722m to £1.589m as a result of overspends across HRA Revenue. The service will need to work to mitigate these overspends in year so the use of CFCR is not required. The impact on the overall HRA Capital Plan will also need to be considered.		
Voids	underspend	(0.308)	0.000	(0.308)			
Other Expenditure	overspend	1.559	0.000	1.559	• +£1.341m relates to Hostel Expenditure. Each hostel has high operating costs which have continued to represent a pressure for the HRA. The Homelessness service are working on delivery models which will look to reduce / eliminate the hostels overspend. This will include measurements proposed in the Fife's Homelessness Reduction Plan 2023/25 presented to Cabinet on 5th October. • +£0.218m relates to Property Insurance. Property insurance costs are estimated to be 20% higher than the previous financial year. Although the budget for property costs was increased for 24-25 the increase has not been sufficient to cover a rise of 20%		
CONTRIBUTION (TO) / FROM BALANCES	overspend	2.722	0.000	2.722	There are planned withdrawals from balances in year of £2.5m which will help to support the delivery of the Transitional Affordable Housing Programme and £0.222m which is to help increase the CFCR contribution to the Capital Programme in Year. A total increase to funding for the Capital Programme of £2.722m		

# FIFE COUNCIL BALANCE - GENERAL FUND SERVICES

	2024-25 £m	2025-26 £m	2026-27 onwards £m
Balance at 1 April	(157.282)	(54.139)	(12.110)
Budgets transferred (to)/from balances	29.535		
Add Overall budget variance (Appendix 1)	16.672		
Estimated General Fund Balance at 31 March	(111.075)	(54.139)	(12.110)
Earmarked Balance			
Council Tax - Second Homes	6.900	3.926	0.000
Specific Carry Forwards			
DSM		1.471	
Energy Management Fund		1.230	
Pupil Equity Fund		2.000	(2.663)
Whole Family Wellbeing Fund		0.822	
Workforce Youth Investment		0.422	
Other Carry Forwards	0.050	0.402	0.098
Cost of Living Crisis Commitments:			
Business Support & Low Income Household	0.024		
Continuing Financial Consequences	3.646	4.000	1.106
Community Recovery Fund	0.772	4.876	0.000
COMIS/SWIFT delay	0.772		
Inflation - Supplies & Services	1.671		
Capital Investment Plan:			
CFCR	17.243		
Service Concessions	1.191	10.000	14.539
Capital Plan Review – Additional Funding	8.360		
Revenue Budget 2024-25 - Welfare Funding	0.300		
Revenue Budget 2024-25 - Unallocated	5.260		
Total Earmarked	46.189	29.149	13.080
	(64.886)	(24.990)	0.970
Commitments against balance			
Budget Carry Forward Scheme			
Change Programme	4.715	5.000	
Dempgraphics/Pay/Pensions	5.330	5.000	3.000
Fife Job Contract		0.816	
Barclay Funding - Assessors		0.064	
Workforce Change	0.123	2.000	4.000
Lease Surrender - The Kirkcaldy Centre	0.150		
Election	0.342		
Other Commitments	0.087		
Total Commitments	10.747	12.880	7.000
Estimated uncommitted balance at 31 March	(54.139)	(12.110)	7.970

# Appendix 5 (Con'd)

# FIFE COUNCIL BALANCE - HOUSING REVENUE ACCOUNT

	2024-25 £M	2025-26 £M	2026-27 onwards £M
Balance at 1 April	(5.315)	(2.593)	(2.593)
Add Overall budget variance 2024-25 (Appendix 3)	2.722		
Estimated Balance at 31 March	(2.593)	(2.593)	(2.593)
Estimated uncommitted balance at 31 March	(2.593)	(2.593)	(2.593)



# Capital Investment Plan – Projected Outturn 2024-25

**Report by:** Eileen Rowand, Executive Director (Finance and Corporate Services)

Wards Affected: All

#### **Purpose**

The purpose of this report is to provide a strategic financial overview of the Capital Investment Plan and to advise on the provisional outturn for the 2024-25 financial year.

#### Recommendations

The Cabinet Committee is asked to:-

- i) approve the Capital Investment Plan re-profiling in Appendix 1 to deal with carry forward budgets from 2023-24 into later years of the plan;
- ii) note the projected outturn position and that the level of financial risk continues to be heightened due the impact of inflation and supply chain challenges;
- iii) instruct Services to plan projects within the approved resource within the Capital Investment Plan;
- iv) note that more detailed capital outturn reports for 2024-25 will be submitted to relevant Scrutiny Committees of the council;
- v) note that budget variances will be managed by the appropriate Directorate in conjunction with the Investment Strategy Group; and
- vi) note the updated prudential indicators provided.

#### **Resource Implications**

The overall projected outturn position for 2024-25 is total expenditure of £311.386m which represents an increased level of capital investment compared to previous financial years. The level of investment is greater than planned and there is expected advancement of £1.520m across the plan. The advancement relates to compulsory purchase orders for Glenwood Regeneration and Property Maintenance.

The rephased capital plan has resulted in increased levels of investment towards the early years of the plan to deal with some of the increased cost pressures being faced due to inflationary pressures and difficulties in supply chains. There is no increase to the value of the plan overall, however, there is a reduction in later years to reflect the rephasing.

Additionally, interest rates remain at their highest level for 16 years which will likely have an impact on the cost of borrowing in future years of plan.

#### **Legal & Risk Implications**

Potential risks include continuing difficulties across supply chains, the impact of inflation on costs of construction and availability of funding streams for larger capital projects, e.g. Developers' Contributions and estimated funding levels from Scottish Government. Further detail relating to the current risks is contained in section 2.3.

There is also a risk that due to the level of slippage that the cost of borrowing to finance the expenditure is greater than originally anticipated.

#### **Impact Assessment**

An EqIA is not required because the report does not propose a change or revision to existing policies and practices.

#### Consultation

The forecast positions are agreed in consultation with each Directorate and are based around the expected progress and delivery of individual projects over the lifetime of the plan.

## 1.0 Background

- 1.1 The purpose of this report is to advise members of the high-level projected outturn position for the council's Capital Investment Plan (the Plan) for the financial year 2024-25. The report also highlights the forecast over the life of major projects over £5.000m along with any potential risks associated with these projects. Section 2.1 highlights areas where there is deemed to be a greater level of financial risk linked to major projects. The Plan covers capital expenditure across all council Services including the Housing Revenue Account which is managed and accounted for separately from the General Fund.
- 1.2 The report also includes details of the re-phasing of the capital plan reflecting the slippage from 2023-24 which has been carried forward and phased appropriately across the plan reflecting likely timing of delivery of projects. Details are provided in Appendix 1.

## 2.0 Issues

#### **Major Projects**

- 2.1 Appendix 2 provides a summary of the major projects within the Plan. There are 31 projects/programmes in this category with an overall budget of £826.667m.
- 2.2 At this stage, cost estimates suggest that there could be an overspend of £2.129m across the life of several major projects in the programme.
  - Methil Care Home is projecting a £0.800m overspend which is the last part of the estimated final bill for Methilhaven Care Home and relates to various elements including new fire safety measures and the emergent requirement regarding Legionella.

Anstruther Care Home is projecting a £3.342m overspend, this is due to the latest Stage Two Cost Plan reporting increased costs on Individual components, e.g. internal walls and partitions have more than doubled in cost at 166.3% and windows and doors at 71.6%. In addition, Cabinet agreed to bring forward the programme budget to meet the increases for Methilhaven and Cupar which has also impacted the budget remaining for Anstruther.

The overspends for both Methilhaven and Anstruther will be considered as part of the forthcoming Capital Plan Review.

Abbeyview Integrated Hub is projecting a (£2.013m) underspend as the tender returns were lower than anticipated.

#### **Potential Risks and Issues**

- 2.3 Across the Capital Investment Plan, budgets were increased to reflect the likely inflationary pressures and there continues to be risk that both the timing and the costs of projects could be adversely affected by the current economic climate. Monitoring of the impact of additional costs on projects continues and any significant impact on timescales and associated risks will be reported to this committee.
- 2.4 The council's approved Capital Plan includes £213.000m investment in respect of Secondary Schools in West Fife, which includes Dunfermline Learning Campus (DLC) and the Inverkeithing High School (South and West Fife) replacement. The budgets for the projects reflect the funding arrangements of the Scottish Government's Learning Estate Investment Programme (LEIP) which requires the council to fund the up-front cost of construction, with government support coming in the form of a revenue contribution based on the achievement of outcomes. The DLC project is concluding with the schools opening to pupils as planned in August of this year. The council also gained approval through LEIP Phase 2 for a replacement Inverkeithing High School which is due to open in August 2026 and work has commenced on site. Following the Scottish Government advising their decisions in terms of LEIP Phase 3 projects, there is a requirement to consider alternative options in relation to the Glenrothes secondary schools alongside the wider school estate. A review of the condition and suitability of schools has been undertaken, with emerging priorities being considered as part of the forthcoming Capital Plan Review.
- 2.5 The Affordable Housing Programme is continuing to deliver new affordable homes through all approved phases of the programme which includes the completion of Phase 3 and Transitional Affordable Housing Programmes and the commencement of the Phase 4 Programme. Investment into the Affordable Housing Programme across 2024-27 is outlined in the Housing Revenue Account: Capital Investment Plan 2024-27 paper also presented at this Cabinet Committee. The continuation of the Affordable Housing Programme in the medium term is under review and will be assessed through further work on the overall affordability within the HRA Capital Plan.

#### Financial Performance – 2024-25 Total Expenditure - Projected Outturn

- Appendix 3 provides a summary by capital theme of projected expenditure and income for 2024-25 showing the total reprofiled expenditure budget of £309.867m and projected spend of £311.386m in the 2024-25 financial year, including £1.520m advancement across the plan. Comparable expenditure for the previous three years was £242.073m (2023-24) £189.362m (2022-23) and £163.805m (2021-22).
- 2.7 This level expenditure is significant in comparison to previous years with an increase of 29% on expenditure compared to last year's outturn position.

## 3.0 Budgets and Funding

### Budget

3.1 The Capital Investment Plan 2023-33 was approved by Fife Council in June 2023. At the end of each financial year, any budget which has not been spent is rolled forward into the next financial year as slippage. Services are asked to re-profile their project budgets considering this slippage and the result of this can be seen in the movement from the approved budget to the current budget as detailed in Appendix 1.

The re-profiled budget has also been updated to reflect changes in respect of additional income received, as per the table below. The results of these amendments are fully reflected in Appendix 3 and become the Current Budget. The proposed changes below have followed agreed governance processes and have been endorsed by the Investment Strategy Group, chaired by the Head of Finance.

	Total Expenditure £m
Approved Capital Investment Plan	316.982
Slippage from 2023-24	89.099
Re-profiling	(111.755)
Rephased Capital Plan per Appendix 1	294.326
Increased Grant and Contribution Income	15.541
Current Capital Investment Plan as at June 2024	309.867

The increased level of grant and contributions income, in the main, relates to Capital Grant Allocation towards Active Travel £2.307m, additional Sustrans Places for Everyone grant of £0.975m, Cycling Walking Safer Routes Grant of £2.307m and Active Travel Network Levelling Up Fund of £8.219m.

#### **Expenditure**

3.2 Variances are projected across all themes within the plan, the most significant being:

#### 3.2.1 Thriving Places

#### Area Community and Corporate Development – £0.879m

Community Facilities has a projected overspend of £0.800m due to the value of Compulsory Purchase Orders for the Glenwood Regeneration project. Funding options to offset this overspend are being explored.

#### 3.2.2 <u>Maintaining Our Assets – Rolling Programmes</u>

#### Asset, Transportation and Environment – £0.844m

Property Maintenance has a projected advancement of £0.844m due to key projects that were originally not included within the original programme for 2024-25 as it was anticipated resources would not be able to meet the full delivery programme, now expected to be advanced into 2024-25. Where the opportunity has been presented, projects have been advanced to provide early delivery of improvements.

#### **Total Income**

- 3.3 Capital expenditure is funded from several income sources, some of which contribute specifically to individual projects in the plan. These income sources are Capital Financed from Current Revenue (CFCR), Scottish Government Specific Capital Grant and other grants and contributions (e.g. lottery funding).
- 3.3.1 Appendix 3 shows that there is a total income budget of £103.384m against a forecast of £104.494m giving a variance of £1.109m. This variance is in relation to two main factors, lower than planned CFCR contribution and higher than planned Scottish Government Grants both relating to the Housing Revenue Account. The CFCR variance also includes a lower than planned contribution from the HRA of £1.471m. Overspends and pressures within the Housing Revenue Account means that the planned level of CFCR is not feasible, further detail is presented in the revenue monitoring report on this agenda. The increase in Scottish Government Grants relates to an announcement by Scottish Government that £80m would be made available to support property acquisitions across

- 2024-25 and 2025-26. It is estimated that Fife could claim in the region of £2.4m of this in 2024-25 to help support the Property Acquisitions Programme.
- 3.3.2 HRA Borrowing is projected to be £0.942m lower than budget. This is due to the net impact of receiving the additional £2.4m grant income and the reduction of CFCR detailed in para 3.3.2.

#### **Total Funding**

3.4 Within the total funding section of Appendix 3, the other income such as General Capital Grant and Capital Receipts are not specifically related to any capital project but provide funding for the plan overall. The underspend on borrowing reflects the slippage in the overall capital plan.

#### 4.0 Prudential Indicators

- 4.1 The council operates within the CIPFA Prudential Code framework. The Prudential Code is designed to support local authorities in taking their decisions in capital finance and expenditure. There is a statutory requirement to operate within the code.
- 4.2 As outlined in the previous Capital Investment Plan report presented to this committee, the Prudential Code requires the monitoring and reporting of performance against prudential indicators to be reported quarterly. The introduction of quarterly monitoring facilitates increased reporting to ensure that the council continues to operate within the indicators and boundaries approved.
- 4.3 Appendix 4 provides details of Fife Council's Prudential Indicators based on the Provisional Outturn figures. The information includes the outturn position for the previous two years, the indicators approved within the Treasury Strategy 2023-26 and the estimates for the current and following two years based on most recent estimated expenditure and income profiles.
- 4.4 A detailed description of each indicator is included in the Appendix. Commentary on movements is provided below:

#### **Capital Expenditure**

4.4.1 This reflects the capital expenditure for 2023-24 along with the estimates for the next two financial years. The total expenditure has reduced by £17.738m from that reported to last committee. The main reason for the movement is in relation to HRA which has decreased by £10.890m since the last report. This is in relation to the Affordable Housing Programme.

#### **Financing Costs**

4.4.2 These are the costs to the council of borrowing money to pay for capital projects and include principal repayment and interest charges, known as Loan Charges. The council has two types of borrowing, short term for cash flow purposes and long term for capital purposes. The council also uses its own internal balances to meet cash flow demands and interest is paid to the General Fund and the HRA from the Loans Fund for the use of this cash.

#### **External Debt**

4.4.3 The projected external debt has increased compared to that previously reported to this committee and remains above the limit approved in August 2023 as noted in Appendix 4. The cash position of the council is continually changing and, as a result, borrowing may be required to ensure that the council has sufficient funds to meet its ongoing obligations. The debt position is within the operational boundary and the authorised limits approved in the Treasury Strategy for 2023-26 and is not a cause for concern.

### 5.0 Conclusions

- 5.1 The current total expenditure budget for the financial year 2024-25 is £309.867m and the council is estimated to deliver £311.386m (101%) investment in the year, with an advancement of £1.520m.
- 5.2 This level of expenditure represents continued progress on the delivery of a wide range of capital projects. Major capital investment by Fife Council continues, however, there is a level of uncertainty associated with speed of delivery and future costs.
- 5.3 There are 31 projects/programmes within the Plan which have a value of £5.000m or greater. The overall budget for these projects is £826.667m, with anticipated expenditure of £828.796m and an estimated overspend of £2.129m (0.26%).
- 5.4 Where significant variances arise, these are reviewed by the appropriate Directorate in conjunction with the Investment Strategy Group and would be reflected in future capital plan reports to committee.
- 5.5 There is a requirement to report quarterly on the council's Prudential Indicators and to monitor these or the course of the year. These can be seen in Appendix 4.

#### **List of Appendices**

- 1. Capital Investment Plan 2024-33 Report Re-Profiling
- 2. Major Capital Projects total Cost Monitor
- 3. Monitoring Report by Capital Theme
- 4. Prudential Indicators

#### **Report Contact**

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	Budget 2024-25	Budget 2025-26	Budget 2026-27	Budget 2027-28	Budget 2028-29	Budget 2029-30	Budget 2030-31	Budget 2031-32	Budget 2032-33	TOTAL BUDGET
Capital Theme	£m	£m								
Opportunities for All	45.683	78.474	59.775	60.645	38.409	20.254	22.190	5.567	0.363	331.360
Thriving Places	34.219	39.393	14.394	11.477	16.616	5.095	0.350	0.931	2.260	124.735
Inclusive Growth and Jobs	6.799	16.403	5.661	3.355	1.251	0.193	0.193	0.193	0.101	34.149
Maintaining Our Assets - Rolling Programmes	64.285	43.385	46.050	40.270	31.742	27.804	26.379	24.677	23.224	327.815
Maintaining Our Assets - Specific Programmes	15.090	9.650	8.377	9.455	5.777	3.588	1.529	1.540	1.551	56.557
Housing Revenue Account	121.514	137.399	128.446	59.238	47.996	50.256	51.145	52.585	54.026	702.605
Corporate Items	6.737	1.000	1.000	2.000	2.000	2.000	2.000	2.000	3.000	21.737
TOTAL EXPENDITURE	294.326	325.704	263.703	186.440	143.790	109.190	103.786	87.494	84.525	1,598.957
Scottish Government Specific Capital Grants	(2.494)	(2.146)	-	-	-	-	-	-	-	(4.640)
Other Grants and Contributions	(37.298)	(24.279)	(15.931)	(13.668)	-	-	-	-	-	(91.176)
Developer Contributions	(1.860)	(12.042)	(15.275)	(13.727)	(21.953)	(29.556)	(11.962)	(21.063)	(34.354)	(161.793)
Capital Financed from Current Revenue (CFCR)	(48.361)	(31.547)	(29.860)	(22.256)	(24.709)	(31.103)	(29.953)	(34.699)	(38.707)	(291.194)
TOTAL INCOME	(90.013)	(70.015)	(61.066)	(49.651)	(46.661)	(60.659)	(41.915)	(55.762)	(73.061)	(548.803)
TOTAL NET EXPENDITURE	204.313	255.689	202.637	136.789	97.128	48.531	61.871	31.732	11.463	1,050.154
Scottish Government General Capital Grant	(25.744)	(25.000)	(25.000)	(25.000)	(25.000)	(25.000)	(25.000)	(25.000)	(25.000)	(225.744)
Capital Receipts	(1.779)	(3.751)	(6.954)	(2.607)	(1.727)	(0.420)	(0.601)	(1.298)	(1.799)	(20.937)
NHT Loan Repayments										-
Borrowing from Loans Fund - General Fund	(95.969)	(121.543)	(73.725)	(82.884)	(44.114)	(2.807)	(15.077)	12.452	30.654	(393.014)
Borrowing from Loans Fund - HRA	(80.821)	(105.395)	(96.958)	(26.297)	(26.288)	(20.303)	(21.193)	(17.886)	(15.319)	(410.459)
TOTAL FUNDING	(204.313)	(255.689)	(202.637)	(136.789)	(97.128)	(48.531)	(61.871)	(31.732)	(11.463)	(1,050.154)

		Original Approved	Current Project	Total Projected				
		Budget	Budget	Outturn	Variance	Variance	Current Project	Expected Project
	Service	£m	£m	£m	£m	%	_	Completion Date
Opportunities for All								
Madras College Extension	E&CS		5.713	5.713	0.000	0.00%	Future Project	2027-28
Dunfermline Learning Campus	E&CS		120.678	120.678	0.000	0.00%	Current Project	2024-25
Extension Secondary School - Viewforth	E&CS	5.989	6.335	6.335	0.000	0.00%	Future Project	2030-31
New Secondary School - Glenrothes /Glenwood	E&CS	27.532	86.831	86.831	0.000	0.00%	Future Project	2029-30
Queen Anne High School Extension	E&CS		6.626	6.626	0.000	0.00%	Future Project	2030-31
Inverkeithing High School	E&CS		85.000	85.000	0.000	0.00%	Future Project	2026-27
Primary School Development Future Projects	E&CS		97.638	97.638	0.000	0.00%	Future Project	2032-33
Methil Care Home	H&SC	6.620	8.876	9.676	0.800	9.01%	Current Project	2024-25
Cupar Care Home	H&SC	5.580	10.254	10.254	0.000	0.00%	Current Project	2025-26
Anstruther Care Home	H&SC	6.145	8.864	12.206	3.342	37.70%	•	2026-27
		51.866	436.814	440.956	4.142	0.95%	j	
Thriving Places								
Northern Road Link East End	ATE		14.845	14.845	0.000	0.00%	Preparatory Works	2026-27
Western Distributer Road	ATE		9.299	9.299	0.000	0.00%	Future Project	2030-31
Northern Road A823	ATE		14.596	14.596	0.000	0.00%	Preparatory Works	2029-30
Levenmouth Reconnected	ATE	2.000	8.187	8.187	0.000	0.00%	Current Project	2027-28
Mountfleurie Bridge	ATE		8.500	8.500	0.000	0.00%	Preparatory Works	2025-26
River Park Routes	ATE		5.566	5.566	0.000	0.00%	Preparatory Works	2025-26
Glenrothes - Riverside Park	Bus & Employ	4.980	5.070	5.070	0.000	0.00%	Current Project	2024-25
Abbeyview Integrated Hub	Communities	1.500	9.506	7.493	(2.013)	-21.18%	Current Project	2024-25
Templehall Community Hub	Communities	1.500	15.304	15.304	0.000	0.00%	Current Project	2026-27
Cowdenbeath LC Phase 2	Communities	1.600	7.368	7.368	0.000	0.00%	Current Project	2025-26
East Sands LC Redevelopment Project	Communities	6.000	6.000	6.000	0.000	0.00%	Future Project	2026-27
		17.580		102.229	(2.013)	-1.93%	•	
Inclusive Growth and Jobs								
Fife Interchange Business Units - Phase 1 & 2	Bus & Employ	8.130	11.519	11.519	0.000	0.00%	Current Project	2024-25
John Smith Business Park Business Units	Bus & Employ	3.644	5.517	5.517	0.000	0.00%	Current Project	2025-26
	1 ,	11.774	17.036	17.036	0.000	0.00%	,	
Housing Revenue Account								
Affordable Housing over £5m			205.092	205.092	0.000	0.00%	Future Project	2027-28
<u> </u>		0.000	205.092	205.092	0.000	0.00%	,	
Maintaining Our Assets								
Lochgelly Primary School	E&CS	9.000	8.984	8.984	0.000	0.00%	Current Project	2024-25
Leven Railway Bridge & Bawbee Bridge	ATE	2.279	10.150	10.150	0.000	0.00%	Current Project	2025-26
Den Burn Bridge	ATE	2.120	10.710	10.710	0.000	0.00%	-	2028-29
Broad Street Bridge Cowdenbeath	ATE	3.678	11.808	11.808	0.000	0.00%	Preparatory Work	2028-29
Lyne Burn	ATE	1.217	6.217	6.217	0.000	0.00%	Future Project	2030-31
Local Area Network	BTS	7.200	7.314	7.314	0.000	0.00%	Current Project	2029-30
Balwearie High School	E&CS	8.300	8.300	8.300	0.000	0.00%	Future Project	2027-28
		33.794	63.482	63.482	0.000	0.00%		
Grand Total		115.014	826.667	828.796	2.129	0.26%		

# FIFE COUNCIL CAPITAL INVESTMENT PLAN 2024-33 MONITORING REPORT

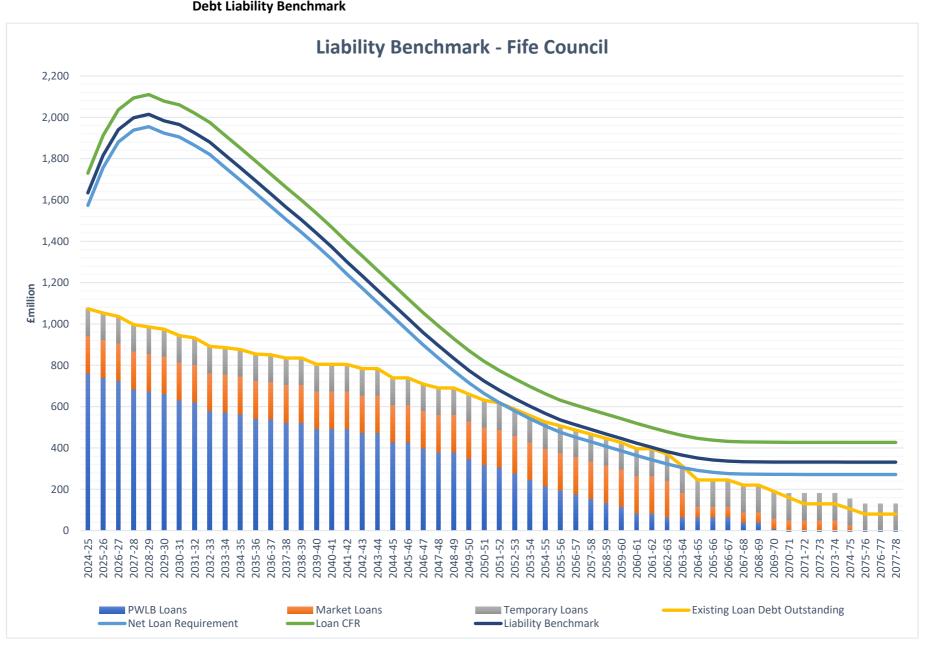
	Approved	Current	Actual	Projected	Projected	Projected
	Budget	Budget	to Date	Outturn	Variance	Outturn as
Capital Theme	£m	£m	£m	£m	£m	% of Plan
Opportunities for All	85.528	46.452	4.100	46.452	0.000	100%
Thriving Places	17.896	44.392	3.454	45.295	0.902	102%
Inclusive Growth and Jobs	11.116	6.906	0.457	6.906	0.000	100%
Maintaining Our Assets - Rolling Programmes	45.657	68.636	9.316	69.210	0.574	101%
Maintaining Our Assets - Specific Programmes	13.387	15.230	2.955	15.273	0.043	100%
Housing Revenue Account	100.315	121.514	25.252	121.514	0.000	100%
Corporate Items	14.597	6.737	0.000	6.737	0.000	100%
TOTAL EXPENDITURE	288.496	309.867	45.534	311.386	1.520	100%
Scottish Government Specific Capital Grants	(3.856)	(5.502)	(1.206)	(7.902)	(2.400)	144%
Other Grants and Contributions	(46.863)	(48.752)	(3.213)	(48.933)	(0.180)	100%
Capital Financed from Current Revenue (CFCR)	(61.426)	(49.130)	(6.807)	(47.659)	1.471	97%
TOTAL INCOME	(112.144)	(103.384)	(11.226)	(104.494)	(1.109)	101%
TOTAL NET EXPENDITURE	176.352	206.482	34.308	206.892	0.410	100%
Scottish Government General Capital Grant	(40.776)	(28.417)	(6.436)	(28.417)	0.000	100%
Capital Receipts	(5.024)	(1.275)	(0.414)	(2.272)	(0.997)	178%
NHT Loan Repayments	0.000	0.000	0.000	0.000	0.000	0%
Borrowing from Loans Fund - General Fund	(96.140)	(95.969)	0.000	(96.325)	(0.356)	100%
Borrowing from Loans Fund - HRA	(34.412)	(80.821)	0.000	(79.879)	0.942	99%
TOTAL FUNDING	(176.352)	(206.482)	(6.850)	(206.892)	(0.410)	100%

# Fife \*\*

# FIFE COUNCIL **PRUDENTIAL INDICATORS 2024-27**

ACTUAL	ACTUAL		PROJECTION	ESTIMATE	ESTIMATE
2022-23	2023-24	Affordability Indicators	2024-25	2025-26	2026-27
Cons	C	Canital Evacaditura	C	Con	Com
<b>£m</b> 103.964	<b>£m</b> 153.167	<u>Capital Expenditure</u> General Fund	<b>£m</b> 189.872	<b>£m</b> 194.160	<b>£m</b> 135.257
85.399	88.906	Housing Revenue Account	121.514	137.399	128.446
189.362	242.073	Housing Nevertue Account	311.386	331.559	263.703
169.302	242.073		311.380	331.333	203.703
£m	£m	Financing Costs	£m	£m	£m
11.996	49.791	General Fund	60.524	62.151	66.131
30.519	32.665	Housing Revenue Account	40.230	45.555	51.003
42.515	82.455		100.754	107.705	117.134
£m	£m	Net Revenue Stream	£m	£m	£m
942.946	968.749	General Fund	1,060.943	1,038.338	1,038.338
128.401	135.327	Housing Revenue Account	142.795	146.701	153.968
1,071.347	1,104.077		1,203.738	1,185.039	1,192.306
		Ratio of Financing Costs to Net Revenue Stream			
1.27%	5.14%	General Fund	5.70%	5.99%	6.37%
23.77%	24.14%	Housing Revenue Account	28.17%	31.05%	33.13%
£m	£m	The Capital Financing Requirement	£m	£m	£m
785.892	831.339	General Fund	901.924	1,002.473	1,051.236
414.161	437.174	Housing Revenue Account	495.288	576.916	648.008
1,200.053	1,268.513		1,397.212	1,579.389	1,699.244
225 525	4 472 022	5 · 18 · 1	4 222 706	4 540 477	4 657 605
995.595	1,172.932	External Debt	1,323.796	*	1,657.605
1,489.036	1,528.856	Authorised Limit for Total External Debt	1,691.865		•
1,418.129	1,456.053	Operational Boundary for Total External Debt	1,611.300	1,671.279	1,710.895
		Prudence Indicators			
		Trodefied malediois			
£m	£m	External Debt and the Capital Financing Requirement	£m	£m	£m
995.595	1,172.932	Forecast External Debt	1,323.796	1,519.177	1,657.605
1,200.053	1,268.513	Forecast Capital Financing Requirement	1,397.212	1,579.389	1,699.244
(204.458)	(95.581)		(73.416)	(60.212)	(41.638)
		Adoption of the CIPFA Code on Treasury Management			
		Code adopted in 1996 and compliance maintained through the			
		Treasury Management Strategy			
100%	100%	Fixed Interest Rate Exposure Upper Limit	100%	100%	100%
75%	75%	Variable Interest Rate Exposure Upper Limit	75%	75%	75%
0%	0%	Total Principal Sums Invested Beyond 364 days Upper Limit	0%	0%	0%

### **Debt Liability Benchmark**



# FIFE COUNCIL PRUDENTIAL INDICATORS 2024-27 - EXPLANATORY NOTE

#### **CAPITAL EXPENITURE**

This reflects the budgeted capital expenditure for the next 3 financial years.

#### FINANCING COSTS

These are the costs to the Council of borrowing money to pay for capital projects and include principal repayments and interest charges which are charged against the relevant revenue budgets, known as Loan Charges. These costs will vary over time as capital expenditure estimates and interest rates change.

#### **NET REVENUE STREAM**

This provides details of the income anticipated from General Government Grant, Council Tax, Non-Domestic Rates and Housing Rents. The estimates used are consistent with the assumptions in medium term finance strategy.

#### RATIO OF FINANCING COSTS TO NET REVENUE STREAM

This is a key indicator and highlights how much of the Council's annual income is used to meet the costs of the Council borrowing to fund Capital Expenditure Plans. The cost of borrowing becomes a fixed cost, which is increasing over time as revenue streams decrease and capital expenditure increases.

#### THE CAPITAL FINANCING REQUIREMENT

This indicator quantifies the Council's need to borrow to fund Capital Projects. It takes account of capital expenditure and income estimates along with the estimates for the repayment of loan charges in each of the financial years.

#### **EXTERNAL DEBT**

This is the amount the Council borrows externally to fund Capital Projects. Council's can only borrow on a long term basis to meet the cost of new capital expenditure.

#### **AUTHORISED LIMIT / OPERATIONAL BOUNDARY FOR EXTERNAL DEBT**

These are approved limits which are used to monitor the total borrowings of the Council on a day-to-day basis. The Operational Boundary is set to reflect the estimated need to borrow for a capital purpose in the current and two following financial years as permitted by the CIPFA code on Treasury Management. It is not normally expected to be exceeded. The Authorised Limit is the upper limit of gross external debt which should not be exceeded. It reflects the level of external debt which could be afforded in the short term but is not necessarily sustainable in the longer term. If any breach of either of these limits were to occur, members should be formally advised of the occasions and reason for the breach. These limits are contained in the Treasury Strategy 2023-26 and approved by Cabinet Committee in August 2023 and will not change until new limits are approved in 2024-25.

#### FIFE COUNCIL

#### PRUDENTIAL INDICATORS 2024-27 - EXPLANATORY NOTE (Confinued)

#### EXTERNAL DEBT AND THE CAPITAL FINANCING REQUIREMENT

This is another key indicator which highlights whether the Council has borrowed to meets it needs or not. If the limit has been exceeded, it may indicate that the Council has borrowed in advance of its needs. This indicator requires to be closely monitored to ensure premature borrowing does not happen.

#### **DEBT LIABILITY BENCHMARK**

understands the relationship between the gross loan debt and its loan debt less investments made for treasury purposes. The Council is required to estimate and measure the Liability Benchmark for future years. The Liability Benchmark is not a single measure and therefore presented as a chart detailing four components:

**Existing Loan Debt Outstanding** – Council's existing loans still to be repaid.

**Loan CFR** – this is calculated in accordance with the Prudential Code guidance and projected into the future. It represents future estimated borrowing requirements.

**Net Loans Requirement** – this shows the Council's gross loan debt less treasury management investments at the end of each financial year based on the approved prudential borrowing, estimated loan fund principal repayments and any other major cash flow forecasts.

**Liability Benchmark** – this equals the net loan requirement plus short-term liquidity allowance for day-to-day cash flow purposes

The graph is intended to illustrate the gap between the current level of outstanding debt and the liability benchmark. Where the debt outstanding or actual loans are below the benchmark, this indicates a future borrowing requirement. This is shown between 2023-24 and 2049-50. In any year where the loans are greater than the benchmark demonstrates an overborrowed position which will mean there is a requirement for cash investment.

The graph depicts the borrowing requirement in the earlier years because of the planned levels of capital expenditure in those years based on the 10 year Capital Investment Plan.

12 September 2024 Agenda Item No. 7



# Housing Revenue Account: Capital Investment Plan 2024-27

Report by: John Mills, Head of Housing Services, Elaine Muir, Head of Finance and

John Rodigan, Head of Environment and Building Services

Wards Affected: All

#### Purpose

The report proposes a Housing Revenue Account (HRA) Capital Investment Plan 2024-27, aligned to council priorities for investment in component replacements, wider works and new affordable housing.

#### Recommendations

Members are asked to:-

- 1. approve the proposed investment of £164.427m over the three years 2024-2027 for Wider Works which maintains existing HRA Assets;
- 2. note the investment into the Affordable Housing Programme of £216.251m and the Property Acquisitions Programme of £8.993m;
- note the planned spend on the various areas of the HRA Capital Investment Plan; and
- 4. note the current financial position and the required borrowing of £275.018m to fund the capital plan.

#### **Resource Implications**

The resource requirements set out in this report have been accounted for in the 2023 HRA Business Plan and the Housing Revenue Account (HRA) Budget 2024-25 approved by full Council in February 2024. Updated affordability testing has been carried out to review the level of financial risk the HRA currently faces. The 2024 HRA Business Plan is currently underway with results to be fed back later in the year.

All resources required for the Affordable Housing Programme and Property Acquisitions Programme have been approved at previous Cabinet Committees and full Council meetings.

#### Legal & Risk Implications

Relevant legal requirements and risk implications have been considered. As noted in the Housing Revenue Account (HRA) Budget 2024-25, the HRA is currently exposed to a high level of financial risk. Revised testing carried out on the current HRA position shows this has remained unchanged. The level of risk the HRA is exposed to will be considered further as part of the HRA Rent Consultation 2025-26 paper due to be presented to Cabinet later this year and in the Housing Revenue Account (HRA) Budget 2025-26 budget due to be presented to full Council in February. These papers will consider how the HRA will be impacted by several factors including, future rental increases and policy options, cost pressure such as inflation and the HRA's ability to make efficiencies to offset pressures.

The council is legally obliged to maintain statutory duties and standards for council housing stock. The Energy Efficiency Standard for Social Housing (EESSH2) has been reviewed by the Scottish Government and is likely to be replaced by the Social Housing Net Zero Standard (SHNZS) in 2025. The revised standard is due to be confirmed in Autumn 2024 and currently contains a range of options different from EESSH2. The HRA Capital Investment Plan presented to committee does not currently account for the anticipated costs of meeting SHNZS by the new completion date 2040 and, depending on the standard adopted, the cost could be comparable to the estimate costs of EESSH2 which was assessed at £325 million.

#### **Impact Assessment**

An Environmental Assessment was previously carried out using the Fife Environmental Assessment Tool (FEAT) for the delivery of the HRA Capital Plan 2023-2026. This FEAT assessment remains valid for the period up to 2027. No negative environmental impacts were assessed. A range of beneficial and mixed impacts were identified. There is a potential short-term impact due to construction process and activities. Long-term benefits resulting from the provision of high quality, energy efficient affordable homes result in lower carbon emissions and increased health and wellbeing of tenants.

#### Consultation

HRA investment proposals are subject to regular consultation with local members and Area Housing Managers. Tenants are invited to review investment priorities through tenant surveys and through discussion with their representative TRAs and Federations.

### 1.0 Introduction

- 1.1 This report provides the overall proposed budget requirements over the next three years to deliver the HRA Capital Investment Plan including the component replacement, wider works and affordable housing programmes. These programmes are aligned to the assumptions of the 30-year HRA Business Plan and their affordability is tested within that framework.
- 1.2 The Capital Plan presented incorporates the council's policy to continue to improve existing council house conditions in line with tenants' priorities, but also to continue with the Affordable Housing Programme and Property Acquisitions Programme to meet growing housing needs in Fife.

## 2.0 HRA Current Financial Position

- 2.1 The Capital Investment Plan 2024-27 has been tested for affordability and financial sustainability. Prudential limits are used as a measure of debt affordability to assess the HRAs long-term level of exposure to financial risk. A borrowing level below 30% is deemed low risk and between 30%-33% is deemed to be medium risk. Anything over 33% is classed as high risk. The HRA Capital Investment Plan outlined in this paper has been tested for affordability and it is expected to see the prudential limit peak at 35% which is a high risk position.
- 2.2 The affordability of the 30 Year HRA Business Plan is tested annually with updated testing carried out as required in year. As outlined in the HRA Revenue report reported to Fife Council in February 2024, the affordability of the plan will be impacted by several factors including future rental increases and policy options, cost pressure such as inflation and the HRA's ability to make efficiencies to offset pressures.

2.3 Approving the Capital Investment Plan 2024-27 allows the HRA to continue to deliver the capital projects outlined in this paper whilst options for additional investment in future years are explored. The options being explored include a review into continuing both the Affordable Housing Programme and Property Acquisitions programme into future years to allow for the continued delivery of new affordable homes in Fife.

# 3.0 Wider Works Programme 2024-27 – Existing Housing Stock

3.1 The HRA Capital Investment Plan includes £164.427m for maintaining and upgrading existing Housing Stock across a range of capital programmes. Delivery of all statutory, health and safety items remains a priority. Non-statutory components have been subject to review with a number of factors being considered. These include current condition, anticipated lifespan, repair and maintenance options and discussions with manufacturers on standardised interchangeable components.

#### **Minor Works**

3.2 There is £3.153m available for Minor Works which will allow for statutory projects to continue. Works funded from this budget include reinforcement and replacement of retaining walls, cracking to external staircases and minor structural repairs.

#### **Policy Options**

- 3.3 There is a total of £13.333m for Policy Options which will support the delivery of Energy Efficiency programmes and energy innovation which contributes to the Climate Fife Plan and addresses fuel poverty including improvements to Non-Traditional properties. The Energy Efficiency Scotland Area Based Scheme (EES: ABS) programme also improves energy efficiency in both council and owner-occupied stock. The HRA benefits from economy of scale by improving council properties at the same time as uptake by owners.
- 3.4 Although it was reported to Cabinet Committee in April 2023 that the EESSH 2 programme in its current form is unaffordable at an estimated total cost of £325m, any energy efficiency projects that do go ahead will meet the current EESSH 2 standards. EESSH2 is being replaced by the Social Housing Net Zero Standard. The detail of which remains to be confirmed. There are a range of options currently under consideration with the highest proposed standard estimated to cost around £325m to deliver.

#### **Regeneration / Estates Action**

3.5 There is a total budget of £8.479m to deliver Regeneration, Estate Actions and Lock-Up Programmes. These programmes deliver works to existing housing estates and assets to modernise and improve estates for local residents and the wider community.

#### **Component Replacement**

3.6 There is £110.809m available for Component Replacement Programmes. Roofs and roughcast are replaced under a responsive schedule of works when warranted by condition. Roof replacements is a specific focus for the HRA Capital Plan 2024-27, with increased investment in roof renewals planned for 2025-26. The suite of component replacement programmes ensures compliance with Energy Efficiency Standards for Social Housing (EESSH2) and other current and emerging legislation through the planned replacements of kitchens, bathrooms, boilers and other elements of the home to ensure they remain up to required standards for tenants.

#### **Specific Needs / Sheltered Housing**

- 3.7 There is a total of £15.499m available in the plan under Specific Needs and Sheltered Housing Properties which funds a range of projects. This includes projects to refurbish and improve standards at all Gypsy Traveller sites. Work is underway at Tavit Mill, Cupar. Further projects will be carried out at Heatherywood and Thortonwood. These works will ensure Traveller Sites meet the cultural requirements of their tenants and meet current health and safety standards and can provide the accommodation required and desired by residents. As part of the improvement works, Tarvit Mill House will be fully converted into a community resource for the tenants of the Tarvit Mill site.
- 3.8 Improvements to Sheltered Housing properties will address the issues of modernising our stock. Some funding will be used to address accessibility issues, upgrade communal areas and facilities and assist with the installation of Technology Enabled Care provision across the stock. The aim is to create Sheltered Housing provision which is fit for 21st century living.
- 3.9 A Land Acquisitions budget of £2m is included for investment in land assets to continue to build the HRA land bank suitable for future new build programmes. The focus on acquiring Fife council owned land will continue to maximise the use of Fife Council assets.

#### Structural Works

3.10 There is a total budget of £3.934m within the plan for the delivery of structural repair and replacement works, ensuring the highest levels of safety in council housing. This includes works such as the upgrading of fire doors and replacement of lift systems in high rises.

#### **Major Projects**

3.11 There is a total budget of £9.221m for the delivery of specific projects for improvement and replacement works to assets which do not fall under the various headings above. This includes an ongoing extensive project at Swan and Memorial Courts, Methil to remove and replace external wall insulation, to modernise internal fire safety measures and upgrade heating, kitchens and bathrooms within the flats.

# 4.0 HRA Affordable Housing and Property Acquisitions Programmes

- 4.1 There is £8.993m for the Property Acquisitions programme for 2024-25 which it is estimated would fund the purchase and refurbishment of 68 properties. This is the remainder of the £16.5m approved by Cabinet on 6 April 2023. The programme acquires properties to provide permanent affordable homes more quickly than new build housing for tenants and other housing applicants in greatest need, including for homeless families.
- 4.2 The Affordable Housing Programme is continuing into the fourth phase which was approved at Cabinet Committee on 6 April 2023. There is £216.251m included within the plan across 2024-27 which will fund the completion of Phase 3 and the Transitional Affordable Housing Programme (TAHP) as well as the first two years of Phase IV. This will result in an additional 968 properties becoming available to rent across 2024-27.

4.3 Additional Investment into both the Property Acquisitions and Affordable Housing Programme to allow these to continue into future financial years is currently being reviewed by both the Housing Service and Finance. This includes a range of options and considers the potential level of Scottish Government Subsidy available in future years for both programmes. Proposals for future investment into these programmes will be brought back to Cabinet or full Council at a future date for approval.

# 5.0 HRA Funding Strategy and Borrowing

- 5.1 The HRA Capital Investment Plan currently relies on borrowing to fund a large proportion of capital expenditure which is not funded from Scottish Government Subsidy, specific project grants or CFCR (Capital from Current Revenue). The cost of this borrowing must be met from the HRA's revenue budget for loan charges. The council will seek to maximise income from all sources to maintain the affordability of the Capital Investment Plan.
- 5.2 The Capital Investment Plan outlined in this paper will require total borrowing of £275.018m across 2023-2033 which is equivalent to 70.58% of the total planned expenditure. The level of HRA capital borrowing required is based on current estimates and will be impacted by the level of income generated from all other sources. The level of borrowing required directly impacts HRA Revenue through the cost of the loan charges required to repay borrowing.
- 5.3 The estimated loans charges which the HRA Revenue Account will be required to fund as a result of the proposed investment plan totals £138.679m across 2024-27. This sees the forecast level of loan charges rise from £39.304m to £52.553m per annum across the three years of the plan. As a result, the CFCR reduces from £21.528m to £14.779m across 2024-27 due to the increased pressure of loan charges.
- 5.4 In order for the HRA Revenue account to continue to afford the increasing cost of borrowing, an assessment of rental increases, pressures and potential mitigations will continue to form part of future HRA revenue and capital budgeting processes. These factors will be reviewed as part of the HRA Rent Consultation Paper 2025-26 due to be presented to Cabinet later this year. It should be noted that the cost of borrowing estimates outlined in this paper do not include the impact of any potential future investment into the Affordable Housing Programme, Acquisitions or potential future pressures such as EESSH 2 and SHNZS.

## 6.0 Conclusions

- 6.1 The HRA Capital Plan 2024-27 includes a total investment of £389.671m which will improve existing assets and deliver new affordable housing in Fife.
- 6.2 Affordability Testing shows the HRA is currently in a high risk position. The level of risk the HRA is exposed to will be considered further as part of the HRA Rent Consultation 2025-26 paper due to be presented to Cabinet later this year and in the Housing Revenue Account (HRA) Budget 2025-26 budget due to be presented to full Council in February. These papers will consider and assess all current financial pressures faced by the HRA and the rental increases required in future years.

John Mills, Head of Housing Elaine Muir, Head of Finance John Rodigan, Head of Environment and Building Services

### **List of Appendices**

1. HRA Capital Investment Plan 2024-27

### **Report Contacts**

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# HRA Capital Investment Programme / Summary of Proposals 2024-2027

				Total Investment
	2024-25	2025-26	2026-27	2024-27
Capital Plan Investment Expenditure	£m	£m	£m	£m
Wider Works				
Minor Works	1.025	1.051	1.077	3.153
Policy Options	2.588	3.618	7.128	13.333
Regeneration / Estates Action	1.547	4.772	2.160	8.479
Component Replacement	34.500	38.675	37.634	110.809
Specific Needs / Sheltered Housing	1.804	6.939	6.755	15.499
Structural Works	1.381	1.261	1.292	3.934
Major Projects	1.455	5.266	2.500	9.221
Total Wider Works	44.299	61.582	58.546	164.427
Affordable Housing Programme	83.646	93.343	39.263	216.251
Property Acquisitions Programme	8.993	0.000	0.000	8.993
Total Investment Plan Expenditure	136.939	154.924	97.808	389.671
Capital Plan Income				
CFCR	(21.528)	(17.379)	(14.779)	(53.686)
Affordable Housing Subsidy & Other Income	(22.011)	(21.499)	(15.058)	(58.568)
Property Acquisitions Subsidy	(2.400)	0.000	0.000	(2.400)
Borrowing Required	(91.000)	(116.047)	(67.971)	(275.018)
Total Funding	(136.939)	(154.924)	(97.808)	(389.671)

12 September 2024 Agenda Item No. 9



# Revised Housing Estates Management Approach - Housing Garden Fencing Policy

Report by:	John Mills, Head of Housing Services
Wards Affected:	All

#### **Purpose**

This report details the findings from the Fencing Test of Change, developed under the Revised Housing Estates Management Approach that tested the principles and associated funding requirements to develop a Housing Garden Fencing Policy.

The lessons learned from the completion of five of the Fencing Test of Change projects has informed the recommended policy position.

#### Recommendation(s)

Members are asked to:

- 1. approve the Housing Garden Fencing Policy (Section 4);
- 2. approve an annual budget of £1.7m to support the Housing Garden Fencing Policy; and
- 3. note that £1.7m budget is funded from a realignment of both HRA Revenue and HRA Capital Budgets.

#### **Resource Implications**

An annual budget of £1.7m to support the Housing Garden Fencing Policy will be funded from existing HRA resources. There will be no additional financial pressure placed on the HRA as a result.

Of this £0.700m will be funded by realigning existing HRA revenue budgets currently used for fencing.

The remaining £1m will be funded by permanently reducing the HRA Capital Plan budgets by £1m each year and increasing HRA Revenue Budgets by £1m.

#### Legal & Risk Implications

There are no additional legal or risk implications arising from this report.

#### **Impact Assessment**

An EqIA summary form has been completed and attached in Appendix 1.

#### Consultation

Consultation was carried out with tenants, residents, the Tenant Participation Team, Councillors, Area Housing Teams and Building Service colleagues as part of the Tests of Change. Further discussions were held with the Fife Tenants' Forum as part of the budget planning exercise.

# 1.0 Background

- 1.1 The former Sub-Committee previously gave approval for seven Tests of Change which would inform a policy position going forward. It was agreed that the Tests of Change would focus on defined geographies and would help identify:
  - the quantity of garden fences, and their condition
  - the challenges faced within mixed tenure estates
  - the potential demand from tenants who do not currently have clearly defined space
  - the costs associated with a fencing programme implementation.

# 2.0 Completed Test of Change Projects

2.1 The cost of the five completed Tests of Change projects are detailed in the table below.

#### Table 1

	Fencing costs
Lismore Avenue, Kirkcaldy	£64,458
Herriot Crescent, Methil	£66,249
Maryfield Crescent, Leslie	£66,609
Balgarvie Crescent, Cupar	£79,147
Blair Street, Kelty	£39,809

2.2 The photos below shows before and after examples of the first three projects.

#### **Herriot Crescent, Methil**









#### **Lismore Avenue, Kirkcaldy**

<u>Before</u> <u>After</u>





#### Maryfield Crescent, Leslie

<u>Before</u> <u>After</u>





Most recent projects at Balgarvie Crescent, Cupar and Blair Street, Kelty

2.3 Local tenants and residents were notified of the project and of the request to access their garden. They were provided with contact details and encouraged to make contact if they had any concerns or wanted further information. As both Balgarvie Crescent and Blair Street are large streets, it was decided to focus on one side of the street and furthermore for Blair Street to target only the four in block properties. For both projects it was the odd numbered side which was chosen following a site visit which highlighted this side as having a greater need.

#### 2.4 Residents

#### Table 2

	Total Residents (tenants & owners	Total included in project
Balgarvie Crescent, Cupar	76	37
Blair Street, Kelty	37	25

- 2.5 The tenants and residents who already had adequate fencing were not included in the project. It was identified that their fencing was the result of maintaining existing or erecting new fencing without Fife Council contribution or because they had already received new fencing by Fife Council, following an individual request. Table 2 above shows the number of properties that received fencing compared to the total that were originally in scope at the start of the project
- 2.6 Due to the complicated nature of the garden divides at Balgarvie Crescent, a consultation event was held at the YMCA in Cupar to encourage tenants and residents to attend to discuss proposals with officers.

#### Replacement and installation of new fencing

2.7 Table 3 below shows the breakdown for both tenants and mutual owners where replacing existing fencing in poor condition was required and where new fencing installed for the first time to create garden divisions. Building Service confirmed most of the existing fencing in the project areas was in poor condition and this was due to a lack of maintenance. This meant that all projects required a mix of full replacement and new fencing. However, in Blair Street there were sections of fencing where repairs to slats and/or posts were completed.

Table 3

	Balgarvie Crescent	Blair Street
New Fencing (Tenants)	27	13
Replacement Fencing (Tenants)	8	12
New Fencing (Mutual owners)	0	0
Replacement Fencing (Mutual owners)	2	0

#### Initial feedback

- 2.8 Tenant and resident consultation surveys were sent to all households and landlord owners prior the the start of projects to gain individual feedback. Feedback from the surveys highlighted the main concerns as:
  - inadequate fencing with a lack of security/privacy
  - existing fencing felt to be in a poor, dilapidated condition
  - a preference for timber palisade fencing
  - a feeling that fencing issues within their street had been ignored. This was
    particularly prevalent at Balgarvie Crescent in Cupar with various fencing types and
    complex garden layouts.

# 3.0 Findings

- 3.1 Alternative materials to the traditional timber palisade fencing were explored further.
  - Composite. Current UK government guidance advises against the use of this material due to fire safety concerns. Specifically, the high volume of smoke produced when the material is set alight can cause considerable damage compared to other materials. Fife Council's Technical Forum were consulted to explore the industry to ascertain if a solution had been found to address these concerns. At this time, a proven solution has not been found. As such, until this issue is resolved, we would not recommend composite fencing as an alternative. Should a solution be found, consideration would still need to be given to the comparatively increased cost for materials and the requirement for training for this to be carried out by our inhouse fencing teams. It was also anticipated that there would be difficulties sourcing materials and that there would be increased costs for repairs caused by any wilful damage.
  - Galvanised steel bow top fencing. This was not a popular choice for tenants surveyed on fence type options, with their preference being timber palisade. This material is significantly more expensive than timber and is comparatively maintenance free.

#### **Garden Divisions and Boundaries**

- 3.2 The on-site inspections combined with the public consultation revealed properties that would benefit from having the garden divided between residents with the division providing residents with a safe, secure, and clearly defined space. There was a particular need and want from tenants and residents for this within the four in a block flatted properties with many of the large communal gardens no longer used for shared purposes.
- 3.3 The current garden divisions created when properties were previously sold under the right to buy legislation were problematic to understand the shared boundaries and then to establish a safe, secure space for our tenants. This has proven impossible in some instances when owners have not agreed to the project, particularly in Balgarvie Crescent with an example of a typical garden layout shown below.



3.4 From the 22 owners originally consulted at Balgarvie Crescent, Cupar only three consented to proposals. This then resulted in further work to identify any non-mutual garden ground to the side or front to be utilised, so tenants were not disadvantaged.

- 3.5 Often tenants and residents were not aware of their garden layouts and had assumed it was a more traditional 50/50 split. An option to consider rectifying these garden layouts would be to undertake corrective conveyancing work to create a more straightforward divide. However, this would also likely be time consuming, expensive and require owner's consent.
- 3.6 Planning permission was originally sought for an area in Maryfield Crescent, Leslie where the rear garden boundary is directly onto a road. Tenants' feedback was that they lacked privacy due to this and the residents from neighbouring streets using the adjacent footpath. They requested a 1.8m high fence to replace the 1.2m currently in-situ. We were advised planning permission was required initially. However, through further discussions, it was later confirmed that it constitutes permitted development under Class 33 of The Town and Country Planning (General Permitted Development) (Scotland) Amendment Order 2011.

#### Subsidised costs for owners

3.7 The price of fencing was a deciding factor for many private owners in agreeing to the works. The decision to subsidise the works (removal of 15% Building Services fee, removal costs, contingencies and mutual owner's admin fee) therefore helped make the price competitive with some owners, who initially declined, asking to be included in the programme after seeking their own quotes.

Table 4

	Cost
Total Charged to Owners with subsidisation (Labour and materials only)	£7027.28
Total Owner Cost without subsidisation (True Cost)	£9075.83
Mutual Owners team fee that would normally be charged	£1020.44
Total Cost of subsidisation (Including Mutual Owners team fee)	£3,069

- 3.8 Overall, it cost the council an additional £3,069 to subsidise the project in the four streets from a total cost of £18,757 (for the council and owners share) of the mutual works. The exclusion of the Mutual owner's admin fee was particularly significant in low costing works as a minimum charge of £35.79 and 10% thereafter (£250 Max) is usually applied. This equally applies to the many smaller mutual repairs that Fife Council currently try to carry out with this aspect becoming a noted barrier to works proceeding.
- 3.9 The fee, however, covers the average time the mutual repairs team needs to invest into carrying out each mutual repair on average.

#### Findings from consultation with owners

- 3.10 Many owners declined the works despite the subsidisation for a variety of reasons as follows:
  - Preference for existing shrubbery over a fence.
  - A feeling that the price was still too expensive.
  - Disagreement regarding current condition of fencing in situ.
  - Unwilling to co-operate with Fife Council.

- A feeling that the funds would be better spent on services other than fencing.
- Previous requests had been denied in the past.
- Poor relationship with our tenant.

#### Feedback and outcomes

- 3.11 The intention of the Fencing Tests of Change was to provide tenants with a safe, secure, clearly defined space where the allocated garden ground allowed and improve the aesthetics of the estate. Final resident survey results show that these projects have been successful in achieving that. From the responses received, all were satisfied with the standard of work stating it was very good or good. With respondents saying that the project met their expectations of providing a safe, secure clearly defined garden space. One tenant who said it did not meet expectations advised that their secure space was at the front of the garden rather than the rear. However, this was because a section of the rear garden was solely owned by a private owner.
- 3.12 Overall, the tests of change projects have developed better working practices between all services involved including Housing Services, Building Services and Grounds Maintenance. This has resulted in a blueprint model with a more collaborative approach to this type of larger scale projects and other individual garden fencing work in general. Building Services (Fencing) have also expanded their team to be able to better meet the demand, improve customer service and provide technical assistance to Housing Management Officers.
- 3.13 However, these larger scale projects are resource intensive both in monetary terms and officer time to project manage with no two projects being the same and each garden having their own complexities. A significant proportion of time was spent on mutually shared boundaries created when properties were sold under the right to buy.

  Understanding title deeds, engaging with owners and awaiting costs via the Public Contracts Scotland tender process before any formal engagement process can begin.

## 4.0 Proposed Garden Fencing Policy

- 4.1 The Fencing Test of Change has informed the development of the proposed Housing Garden Fencing Policy based on the lessons that have been learned from this exercise. The previous management guidelines focused on health and safety criterion, and this will not be the sole determinant of the policy. The Area Housing Manager will be responsible for spend on garden fencing and this can only be authorised within their budget allocation. It is important there is clear guidance available for staff to deal consistently with requests from tenants for repairs and new fencing. It is therefore recommended:
  - Individual tenant requests for new or replacement fencing will be considered where there is available budget.
  - Use FSC (Forest Stewardship Council) certified timber palisade up to 1.8m for rear boundaries and up to 1.2m for divisional fencing.
  - The Housing Service will only contribute to owner-led fence installations where there is available budget, or the street has been prioritised for a programme of fencing works. The proposed works would need to be of benefit to council tenants.
  - Tenants be responsible for the ongoing painting/treatment of their fence. This is similar to the obligation tenants must maintain their gardens and to keep the internal decoration of their home to a reasonable standard.

- Repairs to existing fences to be undertaken in accordance with the current Repairs and Maintenance policy.
- To not actively seek to remove healthy hedgerows to replace with fencing and offer the Garden Care Scheme, which includes hedge trimming, for elderly tenants or those with disabilities who are unable to maintain them.

# 5.0 Funding Strategy for Garden Fencing Policy

- 5.1 It is proposed that a budget of £1.7m will be made available for the Garden Fencing Policy. This budget will be devolved to Area Housing Managers on a pro rata basis for fencing repairs and to agree priorities for new fencing in consultation with local elected members at Ward meetings.
- 5.2 The £1.7m budget will be funded from existing resources within the HRA. Of the total budget required, £0.7m will be realigned from existing HRA Revenue Budgets. For the remaining £1m, there will be a permanent reduction to the HRA Capital Plan of £1m which will allow HRA Revenue expenditure to increase by £1m without putting additional financial pressure on the HRA. The reduction of the HRA Capital Plan is made possible by the removal of the Opportunity Fund. The Opportunity Fund is a rolling capital programme set at £1m each financial year. The fund is used for small, non-statutory works which help to enhance local areas. The Opportunity Fund budget is typically underspent each year and after a review of the types or projects normally carried out it was determined that moving forward, these projects could be funded from alternative budgets within the HRA Capital Plan.
- 5.3 There will be no additional financial pressure placed on the HRA as a result of Garden Fencing Policy at £1.7m per annum. Levels of demand for fencing across Fife will be monitored going forward. Any additional investment into the Garden Fencing Policy in future years will need to be considered within the wider context of the HRA Budget setting process.

# 6.0 Conclusions

- 6.1 The Fencing Tests of Change have made a visible improvement to these areas and it has been evidenced there is a desire from tenants for garden fencing to provide them with a safe and secure space. Improvement to garden fences is something that has been requested repeatedly over the years via the Annual Tenants Survey and is in the top three of priorities for external improvements. Most recently in the 2023 survey, 8.8% of the 700 tenants surveyed listed an improved garden fence as one of the main external improvements sought. This compared to 11.4% in the previous year.
- 6.2 It is not viable to provide a fencing painting/maintenance programme and, as with hedging or garden maintenance, this becomes the responsibility of the tenant.
- 6.3 Consultation was undertaken with Fife Tenants Forum as part of the budget planning exercise to determine the Housing Service priorities within existing budget constraints. It is important to give tenants a voice and to ensure they are informed of the need to rationalise resources in the current climate.
- 6.4 There are complexities due to the mixed tenure of our estates and the requirement to check title deeds, consult and negotiate owner contributions. It is not sustainable for the HRA to subsidise the owners share of the work. Requests from owners will only be considered where there is available budget, and fencing will benefit our tenant.

6.5 The fencing tests of change have resulted in process improvements. However, it has been a resource intensive exercise both in terms of total expenditure and dedicated staff time. To allow the policy to be implemented, the fencing budget has been set at a level which does not put additional financial pressure on the HRA and spend will need to be managed within the proposed budget of £1.7m. Requests for new or replacement fencing will be agreed in consultation with local elected Members and dependent on budget availability.

John Mills Head of Housing Services

#### **List of Appendices:**

1. Copy of EQIA

#### **Report Contacts**

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#### **Equality Impact Assessment Summary Report**

#### Which Committee report does this IA relate to (specify meeting date)?

Cabinet Committee to be held on the 9<sup>th of</sup> May 2024

#### What are the main impacts on equality?

No impact as the Housing Garden Policy will apply consistently to all Council tenants across Fife.

In relation to a strategic decision, how will inequalities of outcome caused by economic disadvantage be reduced?

Whilst tenants within the protected characteristics living in Fife Council housing will be affected by the proposal, there will be no difference in the treatment of tenants who share a protected characteristic and those who do not.

# What are the main recommendations to enhance or mitigate the impacts identified?

No recommendations other than to monitor any potential impacts through future review.

If there are no equality impacts on any of the protected characteristics, please explain.

See above – specific policy proposals will be impact-assessed through the planning and policy framework.

Further information is available from: Name / position / contact details:

John Mills, Head of Housing John.Mills@fife.gov.uk

12 September 2024 Agenda Item No. 10



# Forth Green Freeport – Delivery Update and Proposed Rates Relief Policy

Report by: Carol Connolly, Executive Director (Place)

Wards Affected: Fife Wide

#### **Purpose**

To authorise officers to progress ongoing development of the Forth Green Freeport, in conjunction with the Forth Green Freeport Operating Company. To seek Cabinet approval to implement Fife Council's policy approach for the delivery of Forth Green Freeport Non-Domestic Rates relief in line with Scottish Government requirements.

#### Recommendation(s)

It is recommended that committee members: -

- (i) delegate to the Executive Director of Place and Executive Director of Finance and Corporate Services, in consultation with the Spokesperson for Finance, Economy and Strategic Planning, to:
  - progress joint working arrangements with the FGF Operating Company in line with established FGF governance processes and delivery of the economic priorities within the Fife Economic Strategy (2023-30) and the Plan 4 Fife (2017 – 2027); and
- (ii) approve use of Fife Council's policy approach for the delivery of Forth Green Freeport Non-Domestic Rates relief and delegate to the Head of Revenues and Commercial Services the execution of this policy **Appendix 1** refers.

#### **Resource Implications**

Resource requirements are covered within approved service budgets via existing staff resources within the Economic Development team. Co-funding of the Forth Green Freeport Operating Company (OpCo) has been approved by Fife Council (Cabinet Committee – 11 January 2024) for a period of three years recognising the council's role as an FGF economic delivery partner.

Awarding rates relief will have no determinant to Fife Council resources as there is a funding mechanism (income retention scheme) provided by the Scottish Government as detailed in Finance Circular 4/2004 - <u>Local government finance circular 4/2024: Green Freeports Non-Domestic Rates relief and income retention - gov.scot (www.gov.scot)</u>

#### Legal & Risk Implications

Falkirk Council remains the required FGF 'accountable public body' and a FGF Board independently chaired by Dame Susan Rice is overseeing all strategic decision-making including monitoring risk. The FGF Board approved submission of the FBC to UK Government at its meeting on 23 August 2024.

The FGF Operating Company (Op-Co) is limited by guarantee and will be led by the recently appointed Chief Executive. The Op-Co will monitor risk and compliance on behalf of the Board.

Cllr Altany Craik, The Spokesperson for Finance, Economy and Strategic Planning sits on the FGP Governance Board of Directors on behalf of Fife Council.

#### **Impact Assessment**

The three key areas currently of relevance are:

The Fairer Scotland Duty legislation, which came into force on 1 April 2018, requires the council to consider how it can reduce inequalities of outcome caused by socio-economic disadvantage when making strategic decisions. The commitment to developing a green economy and fair work aligns with this Duty in its commitment to working towards achieving Inclusive Growth.

An **Equality Impact Assessment** (EqIA) is not required for the proposed Non-Domestic Rates Relief policy (**Appendix 1**). However, an **Equalities and Poverty Impact Assessment** has been prepared for FGF outline business case (OBC). Within that and the FBC, a FGF Skills Fund is highlighted to complement existing employability and skills funding provisions. It will also ensure that upskilling and re-skilling occurs to support a range of socio-economic backgrounds in addition to extending the capabilities of SMEs.

For Fife, focus has been placed on ensuring that the benefits of FGF generated economic investment are not only port specific or are limited to supporting the communities of Rosyth and Burntisland but also serve to support supply chain locations throughout the Mid Fife Corridor in addition to City of Dunfermline and South-West Fife.

#### Consultation

The Head of Legal and Democratic Services, Head of Finance and the Head of Revenue and Commercial Services have been consulted on this report. Input to the FGF, FBC to date has also been provided from Planning, Transport, Employability and Legal Services, respectively. There have been no financial matters to consult on, at this point in time.

No separate consultation has been carried out for this policy, however, the three councils involved in the Forth Greenport areas have agreed that each rates relief policy will use the same criteria for eligibility.

# 1.0 Background

- 1.1 On 13 January 2023, the UK Government announced that the Forth Green Freeport (FGF) was one of two shortlisted locations for Green Freeport status in Scotland. Interim Governance arrangements were established (as reported to Fife Council Cabinet Committee on 22 September 2022) and an independent FGF Board Chair (Dame Susan Rice) appointed. An Outline Business Case (OBC) was prepared and submitted to Scottish and UK Governments on 24 November 2023 with the Full Business Case (FBC) approved, in principle, for submission by the FGF Board on 23 August 2024.
- 1.2 The UK and Scottish Government confirmed approval of the submitted OBC during May 2024 with the relevant Statutory Instrument confirming this and the formal enactment of the identified Tax sites respectively, from 12 June 2024.

- 1.3 Three tax sites are therefore now live within the Forth Green Freeport area (Rosyth, Grangemouth and Mid Forth comprising Burntisland / Leith). These sites provide an estimated 552Ha of underdeveloped additional investment land and will be supplemented by designated customs sites as relevant.
- 1.4 Such investment requires to be facilitated by the accelerated delivery of new or improved economic infrastructure within the tax sites to improve their investment readiness. That will be funded in part by the allocation of up to £25M seed capital from the UK Government in addition to landowner contributions. Seed Capital will be released on approval of the Full Business Case (FBC) which is anticipated in early 2025.
- 1.5 For the Fife Council area directly, relevant seed capital proposals are funding delivery support to the Arrol Gibb Innovation Campus and Integrated Energy System respectively at Rosyth. In addition, support is being sought for feasibility scoping of the reactivation for the Rosyth rail freight network and improved utility power network capability/s. The FGF Operating Company and its relevant 'Infrastructure, Placemaking and Communities' sub-committee will support the council and partners in delivering these and other proposals as monies are approved and allocated through FBC conclusion.
- 1.6 Other key commitments within the original approved OBC include undertakings that a dedicated Skills Fund and Economic Investment Fund (from retained FGF company generated NDR growth) will be established. All is however predicated on levels of new eligible sector growth and additional investment being achieved.

# 2.0 Issues and Options (Progress and Governance Update)

- 2.1 At the Forth Green Freeport Governance Board of 23 January 2024, it was agreed that:
  - The Forth Green Freeport Ltd (Top-Co) was to be set up comprising of FGF Board members. The company was incorporated on 28th of February 2024 to support the strategic direction and overall governance of the Forth Green Freeport.
  - Thereafter, the wholly owned subsidiary company, Forth Green Freeport Company Ltd (OpCo) was incorporated on 15 May 2024. The Op-Co will be engaged in the day-to-day operations of the FGF and will work directly with partner organisations in implementation of key projects and initiatives.
  - The four largest landowners have nominated non-executive directors for the Board
    of this subsidiary company. An OpCo Chief Executive was also appointed in July
    2024 with three OpCo staff members due to be recruited soon. The FGF Board
    have now established arrangements to support the Op-Co in discharging its duties
    on behalf of the FGF Board.
  - A scheme of delegation set by the FGF Board is currently being developed that will
    outline the authorities and/or powers which are delegated and to whom they are
    delegated including OpCo.
- 2.2 To aid early development within the Forth Green Freeport, several policy statements and strategies have been established.

#### **FGF Trade and Investment Strategy**

2.2.1 A set of "Investment Principles" have been developed which focusses on using the suite of Green Freeport incentives across the tax/customs sites. The Strategy will inform marketing promotion and publicity processes for FGF partners including a FGF Investment Prospectus, Marketing Brochure and Investor Information Pack due for publication in Autumn of 2024.

#### **Non-Domestic Rates Relief**

- 2.2.2 The implementation of discretionary non-domestic rates relief occurs in line with Scottish Government Finance Circular 4/2024 (Green Freeports Non-Domestic Rates relief and income retention). Local government finance circular 4/2024: Green Freeports Non-Domestic Rates relief and income retention gov.scot (www.gov.scot).
- 2.3 For Fife, the proposed Non-Domestic Rates Relief policy approach **Appendix 1** has been written to support the enactment of the Forth Green Freeport as agreed by the UK and Scottish Governments on 12 June 2024. Noting **Appendix 1** to this report provides full detail: Summary of the content of the policy is as follows:
  - Policy is effective from confirmation of tax site status 12 June 2024
  - The end date of the policy is 30 September 2034
  - Eligible businesses must apply for the relief and must supply any relevant information requested to support the GF relief application
  - All applications must meet one or more of the following overarching criteria:
    - o Promoting regenerations and high-quality job creation.
    - o Promoting decarbonisation and just transition to a net zero economy.
    - Establishing hubs for global trade and investment
    - Fostering an innovation environment.
  - All applications will be assessed by the Forth Greenport Operating Company who will make the decision to award or decline applications
  - There will be a review process within the policy for companies who disagree with any decision reached by the operating company
  - Mandatory reliefs (Business Growth Accelerator, Fresh Start, etc.) will be awarded first then GF Relief will be awarded after these expire
  - Maximum period of relief is five years from award date
  - Relief will be granted at 100% for properties that are newly occupied new builds or newly occupied existing properties
  - Relief will be granted at 100% for properties rateable values which have increased due to improvements, expansions or extensions
  - Any reliefs awarded will be subject to the Subsidy Control regime (a special scheme has been created by the UK government for green freeports)

#### **NDR Re-Investment Strategic Themes**

- 2.4 Future NDR retained income (still to be projected) will be ring-fenced and re-invested at local authority level and will follow the strategic themes and principles as agreed by the Forth Green Freeport Board on 22 May 2024. The FGF strategic retained NDR reinvestment themes are as follows:
  - A. Efficient and effective operation of the Forth Green Freeport
  - B. **Placemaking** for example: creating Fife's place assets which enable economic development
  - C. **Fair work and skills** for example: investing in projects and programmes which will ensure inclusive growth from skills development
  - D. **Energy efficiency and heat decarbonisation** for example energy infrastructure projects including port specific (Rosyth/Burntisland) port adjacent/outer boundary and supply chain locations across Fife
  - E. Workspace development for example place based modern business infrastructure to support local economic growth and sustainability for Fife's places
  - F. **Enabling and coastal infrastructure** for example port specific infrastructure development at Rosyth to support freight development.

- G. **Investment readiness** for example investments in Fife's economic infrastructure including employment site acquisition and remediation
- H. **Competitiveness** for example interventions which support Fife's ability to compete on a national and global scale
- I. Innovation for example AGIC Innovation Centre and direct SME innovation support, R&D development
- J. **Regeneration** for example place based economic regeneration projects across Fife locations
- 2.5 Given the approval of the identified Tax Sites, Outline Business Case and the submission of Full Business Case (FBC), the landowners across the Forth Green Freeport area have been required to undertake legal agreement/s governing their practice and co-operation in delivering eligible investment activity with/for end users. This occurred in August 2024 and will require to be kept under regular review.
- 2.6 Similarly, UK and Scottish Government will require formal undertaking concerning the delivery of FBC plans and commitments between the Green Freeport governing body and the accountable body.
- 2.7 These undertakings will be supported by the Scheme of Delegation put in place by the FGF Board but will also be ensured via the signing of a Memorandum of Understanding (MoU) by all members.
- 2.8 Reflecting the need for such collegiate approaches, the Scottish Government circulated on 17 June 2024, a finalised 'Green Freeports Planning Protocol' which was signed off by the Fife Council Head of Planning Services on 3 July 2024. This is a non-statutory framework. The purpose in doing so is to require commitment to efficient processing and joint working to deliver economic benefits from the Forth green Freeport timeously.
- 2.9 As previously reported to the Cabinet and Scrutiny Committees respectively in January 2024, the delivery of seed capital projects continues to be a key priority to unlock and a accelerate investment readiness across the tax sites.
- 2.10 Fife Council will continue to have a lead interest and/or partnership delivery interface with the delivery of the Arrol Gibb Innovation Campus (AGIC), Rosyth and supporting Babcock in realising their Integrated Energy System in addition to proactively supporting feasibility work for Rosyth Rail Freight, Electricity Grid Utility Enhancement/s.
- 2.11 To continue to support creating the conditions to stimulate, unlock, accelerate, and support inclusive economic growth at local and regional level, the re-investment of any future retained NDR secured through FGF development investment will require to showcase additionality and not displace existing core funding but can support complimentary opportunities.

# 3.0 Conclusions

3.1 Rosyth Waterfront and Burntisland Port are now formally identified by HMRC as FGF tax sites. Rosyth will comprise 158Ha of development land including space for the Arrol Gibb Innovation Campus (AGIC). At Burntisland, a conjoined tax site and cluster (150Ha) is identified with Leith (named 'Mid Forth') and will serve to create an innovative floating offshore wind facility for marshalling and high-capacity integration of floating offshore wind components.

- 3.2 The proposed policy approach on Fife Council Non-Domestic rates relief as set out in this report and **Appendix 1**, is in line with Scottish Government finance circular policy and the associated retained NDR Re-investment strategic themes and principles now set by the FGF Board, will enable a place led approach to investment.
- 3.3 Fife will also continue to support sector led growth in target investment areas to achieve the successful 'reindustrialisation' of the Fife Forth corridor. In doing so, the council area can embrace advanced manufacturing opportunities alongside clean growth and innovation investment within the tax sites. This will ensure that Fife business supply chains, the local economy and local skills or labour market providers maximise benefits from FGF growth.

#### **List of Appendices**

1. Fife Council Forth Green Freeport Rates Relief Policy Approach

#### **Background Papers**

- 1. Fife Council Cabinet Committee 11 Jan 24
- 2. Fife Council Finance, Economy, and Corporate Services Scrutiny Committee 25 Jan 24
- 3. NDR Reinvestment Strategy as approved by FGF Board 22 May 2024

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#### Fife Council

## Forth Free Greenport Area Non-Domestic Rates Relief Policy

#### **Effective Date**

This policy will become effective from 12 June 2024.

#### **End Date**

Unless otherwise changed – this policy will cease on the 30<sup>th of</sup> September 2034.

#### Legislative Background

This policy is introduced in terms of Section 3A to the Local Government (Financial Provisions etc) (Scotland) Act 1962 as amended by Section 140 (Part 11) to the Community Empowerment (Scotland) Act 2015.

#### Policy - Context & Purpose

The policy has been written to support the introduction of the Forth Green Freeport as agreed by the UK and Scottish Governments on 13 January 2023. Green Freeports are areas designated to benefit from economic incentives to encourage economic activity.

The policy encapsulates the full requirements for awarding relief as contained within the Scottish Government's Finance Circular 4/2024:

Link: <a href="https://www.gov.scot/publications/local-government-finance-circular-4-2024/">https://www.gov.scot/publications/local-government-finance-circular-4-2024/</a>)

This policy sets out the requirements to allow businesses to apply for Free Greenport Rates Relief (GRR) if they meet the criteria set out within this policy statement.

Policy Requirements to be eligible for Green Freeport Non-Domestic Rates Relief.

#### 1) Requirement for an application

Any business that wishes to claim Green Freeport NDR (Non-Domestic Rates) relief must make an application via the relevant local authority or Green Freeport operating company in a manner acceptable to that authority (i.e. by online application etc) as detailed within the relevant application.

#### 2) Information and Evidence

Any application must be supported with relevant evidence and supporting information to allow the GF Operating Company to determine eligibility. Any application which (after being requested) which does not supply sufficient information or evidence will be rejected as invalid.

#### 3) Overarching Eligibility Criteria

To be eligible for relief, all applicants must meet one or more of the following criteria:

- Promoting regeneration and high-quality job creation.
- Promoting decarbonisation and just transition to a net zero economy.
- Establishing hubs for global trade and investment.
- · Fostering an innovation environment

In addition to the above four key principles, it is expected that, to obtain relief, any business operating from a Green Freeport designated area seeking rates relief must embed fair work practices in their business operating model.

#### 4) Rate and Period of Rates Relief

#### a) New Build and New Occupation

100% relief will be granted on properties that become occupied for the first time within the set timeframe (12/06/24 to 30/09/34) regardless of whether they are occupied by new or existing businesses (the latter so long as it is expanding into further properties. (a) covers the following situations:

- (1) Newly occupied new builds (these will be identified by a mark on the valuation role under section 2A of the Local Government (Scotland) Act 1975.
- (2) Newly occupied existing property (if the property is occupied by a "new business" for the first time regardless of whether the property has been occupied previously; or by an "existing business", providing the existing business is expanding into a separate further property in addition to the one(s) it already occupies in the Green Freeport designate area. The relief is only available when properties become occupied for the first time within the specified timeframe (12/06/24 to 30/09/34), regardless of any previous occupation that ended prior to this timeframe).

No relief will be awarded in this provision (a) where it is deemed that the business has just moved from an area out with the Green Freeport designated area into the Green Freeport designated area (displacement) unless it can demonstrate that in doing so it has met one of the 4 overarching principles and delivers additionality.

#### b) New Part-property Occupation and Property Improvements

100% relief will be awarded based on any increased rateable value of new space that has been newly built or occupied, or to the increased rateable value of a property attributed to improvements to an existing occupied space. This covers the following situations:

- (1) Where the occupier of a property creates a new space by expanding the property (e.g. builds an extension)
- (2) Where the occupier of a property newly occupies a previously unoccupied part of a property (e.g. newly occupies a previously unoccupied new room/floors in an existing property).
- (3) Where the occupier of an existing property makes new space useable through a property development or other improvement (e.g. installation of a mezzanine level or any other improvement work). These improvement changes can be identified by the Assessor marking the valuation roll as a property improvement in terms of Section 2A of the Local Government (Scotland) Act 1975.

No GF NDR relief will be awarded under this provision (b) where: -

- a) The expansion is merely into a part of a property that is already in use.
- b) The improvement is to a space that prior to the Green Freeport designation, was already occupied and in use (i.e. no relief awarded for general refurbishments/improvements such as heating or air conditioning)
- c) The expansion pre-dates the Green Freeport designation.

d) As with provision (a) – where it is deemed that the business has displaced from another area out with the green freeport area unless it can demonstrate that in moving it has met one of the 4 overarching principles.

#### 5) Overlapping Reliefs – Interaction

A property may be eligible for Green Freeport relief and another relief such as Business Growth Accelerator relief or Fresh Start relief. Within this policy the other relief will be awarded first and then the Green Freeport relief will be awarded when the other relief ends (with an overall period of 5 years rates relief being awarded).

In the unlikely event that a property is eligible for another mandatory relief such as chartable relief, then this will be awarded first (and if required the Green Freeport relief would make up any shortfall to ensure 100% rates relief is awarded for the maximum period of 5 years).

#### 6) Fraud and Overpaid Relief

Fife Council has a zero tolerance to any attempt to defraud the scheme.

Any applicant found to have deliberately provided false information or misrepresented any fact to obtain relief will be referred to the appropriate authorities and have any relief awarded removed.

If any relief is awarded in error or based on the absence of any fact (including fraudulent attempts to obtain relief), then the Local Authority will remove the Green Freeport relief and seek recovery of any sums that fall due. Normal operating/recovery processes would apply in these circumstances.

#### 7) <u>Decisions and Review Process</u>

All applications for Green Freeport relief will be required to be made on the appropriate online form which will be available from either Fife Council or the Green Freeport operating company. Where such an application is submitted the Green Freeport Operating Company will be required to assess the application to ensure that the applicants meet the overarching principles within this policy to award of the relief have been met and will provide Fife Council with written confirmation that this is the case.

Fife Council will administer the Green Freeport relief and issue the appropriate Rates Demand Notices where relief is awarded and ensuring that all relief awarded is properly accounted for and reported.

If an applicant is dissatisfied with the decision regarding Green Freeport relief, the decision notice issued will contain the right of review/appeal. The right of appeal will require the appellant to make the request for review/appeal within 28 days from the date of notification, any such request must contain the appellants full reasons, including any supporting information, as to why they believe the decision is incorrect.

Any such Review/Appeal will be carried out by Head of Revenue and Commercial Services (or delegated to another appropriate officer) who may decide to uphold or overturn the outcome of the original application. The review should be completed, and outcome notified to the appellant within 14 days or as soon as practicable thereafter.

The decision of the review is final and no further appeal rights, except by judicial review, exist.

#### 8) Subsidy Control

Green Freeport rates is subject to the Subsidy Control Act 2022 and awarding the relief will require compliance with this Act.

Applicants, as part of the application process, must agree to awards being made under the scheme prior to any award being made by Fife Council.

The local authority may notify the UK or Scottish Government of any award it makes under the Scheme. Local authorities will also have obligations to report certain individual subsidies awarded under the Scheme in order to comply with the transparency requirements in the 2022 Act. For every individual subsidy award above £100,000, including those awarded under the Scheme, the local authority must include details of the subsidy on the subsidy control database and link that award to the Scheme.

Recipients of GF Relief are required to fulfil any requirements requested by the Council to ensure compliance with those obligations in advance of, during, and after claiming relief.

Guidance for public authorities in respect of their international subsidy control obligations has been published by the UK Government's Department for Business and Trade.

Guidance on GF NDR has also been published by the Scottish Government Local Government and Housing Directorate and Economic Development Directorate (**the Scottish Government Guidance**). The Scheme provides that GF Relief awards made in accordance with the Scottish Government Guidance are deemed to be consistent with the subsidy control principles and therefore in accordance with the terms of the 2022 Act.

Local authorities therefore do not require to take further steps in respect of compliance with the 2022 Act where they have satisfied themselves that the award is consistent with the Scottish Government Guidance.

There is no cap to the value of a non-domestic rates relief award that can be made under the Scheme. GF Relief awarded under the Scheme does not constitute Minimal Financial Assistance under the 2022 Act and should not be cumulated or declared for the purpose of any application for Minimal Financial Assistance.

#### 9) Amendments to Policy

The Head of Revenues & Commercial Services (or another nominated officer) reserves the right to make changes to this policy for the purposes of ensuring the policy meets the requirement of the Scheme and any further guidance issued by either the UK or Scottish Government in respect of Green Freeports.

12 September 2024 Agenda Item No. 11



# Workforce Matters: Strategy, Workforce Planning and Employee Engagement

Report by: Sharon McKenzie, Head of Human Resources

Wards Affected: N/A

#### **Purpose**

To report progress in delivering the workforce strategy, Our People Matter (OPM) and to provide an update on the plans to review and refresh the strategy for the period 2025-2028. The report also gives an update on our workforce planning activity, the identified key priority themes and sets out the next steps in developing a Corporate People Plan. This report also includes information on the recent Heartbeat 2024 employee engagement survey and the workforce insight it provides.

#### Recommendations

The Cabinet Committee is asked to:

- note progress in delivering the workforce strategy (OPM) and endorse the planned work including the development of a refreshed OPM 2025 – 2028;
- 2) note the workforce planning activity undertaken, priority themes identified and the plans to develop a Corporate People Plan 2025 2028;
- 3) agree the objective of our workforce planning activity as set out in paragraph 3.12 of the report; and
- 4) note the findings from the Heartbeat 2024 employee engagement survey and the improvement work which will be undertaken.

#### **Resource Implications**

OPM work undertaken and planned has been carried out by existing resources both within Services and HR. With the support of HR, there is also work required from services to further develop the maturity of their Service People Plans. The resources required to support workforce planning activity is being reviewed within HR. Work will also be required at Directorate/Service level to support the development and delivery of employee engagement actions.

#### Legal & Risk Implications

Improving organisational effectiveness through our people is the key aim of our workforce strategy activities. Effective workforce planning work is essential to ensure our workforce can deliver services/priorities both now and in the future. If this work is not undertaken, there is a risk that our workforce aspirations won't be realised and the workforce needed to support delivery of the Plan for Fife and sustainable services will not have the required capacity or capability. For the Heartbeat survey, all GDPR requirements around protected characteristic data have been documented and complied with and the necessary controls around data access are in place.

#### **Impact Assessment**

The requirements of the Equality Act 2010 have been considered and the Equality Impact Assessment highlighted that there is no impact on any specific equality group.

#### Consultation

Key stakeholders and the Trade Unions were consulted in the development of the workforce strategy and will be again as we move to refresh the strategy for 2025 onwards. The Council Leadership Team Organisational Development (OD) Group continue to be a key stakeholder consultation group in relation to the ongoing development and implementation of OD activity across the council. Further consultation will take place with Services in the development of the Corporate People Plan.

# 1.0 Background

- 1.1 The council's workforce strategy, Our People Matter (OPM) 2022 2025, sets out our ambitions and our commitment to providing a working environment in which employees can make an optimised contribution to delivering sustainable services, the Plan for Fife and other agreed priorities. It aims to promote a positive culture, good leadership, inclusive experiences, development opportunities and support for employee wellbeing. A self-assessment process is undertaken annually both at corporate and directorate level to assess maturity/progress against delivering the strategy and improvement actions are identified.
- 1.2 Our workforce strategy works in a complementary way with our workforce planning approach which ensures that our workforce capacity and capability meets our organisational needs now and in the future. Our workforce planning approach was refreshed during 2023 to ensure alignment with our workforce strategy and to ensure our approach meets organisational needs.
- 1.3 In December 2022, the Cabinet Committee agreed annual reporting to the committee on both progress towards delivering the OPM and our workforce planning activities. The report planned for December 2023 was delayed since, at that time, services had not completed their Service People Plans. As a result, there was no organisational wide workforce planning insight available. This information is now available.
- 1.4 The second annual Best Value thematic audit has recently been completed by Azets, the council's external auditors. The audit this year reviewed workforce innovation and how the council is responding to workforce challenges. The audit has a specific focus on workforce strategy and workforce planning. The audit report is a positive one and the report will be considered by the Standards Risk and Audit Committee on 30 September 2024.
- 1.5 The Heartbeat employee engagement survey is designed to give us an insight into how our employees are thinking and feeling about work. The first council wide survey ran at the end of 2021 and just over a quarter of the workforce gave their views. The same survey ran in the Spring of 2024 and that has enabled us track progress against the 2021 results.

# 2.0 Our People Matter (OPM) – Fife Council's Workforce Strategy 2022- 2025

- 2.1 The OPM describes our strategic workforce agenda and sets out the framework for how we recruit, manage, develop and support our workforce. The OPM was implemented in April 2022 and this report sets out the progress towards meeting the aims of our workforce strategy for year two. There are five priority themes within the OPM:
  - Culture and Behaviour
  - Leadership and Management
  - Employee Experience
  - Employee Development
  - Safety and Wellbeing

#### **Progress Towards Delivering on our Workforce Strategy**

- 2.2 The OPM sets out delivery actions corporately and for Directorates. Progress is measured against maturity levels (see Directorate and Corporate Maturity Models in background papers). The OPM is a three-year strategy which does not set defined delivery dates for individual actions. With this flexible approach, Directorates are encouraged to prioritise their actions allowing focus on key areas relevant to them, whilst ensuring full delivery within the overall timescale. Our organisation differs across Directorates and the starting point in respect of delivering on the OPM actions is not the same.
- 2.3 This flexible approach is supported by a maturity self-assessment process. The Directorate maturity model aids understanding of what good looks like and ensures all areas are self-assessing progress on the same basis annually. The maturity model levels range from starting out to optimised levels of maturity. The maturity level for each action is recorded along with the priority level attached and future planned work. This feeds to a dashboard which displays the information in a simple and accessible format and creates an automatic action plan for use in tracking progress.
- 2.4 Appendix 1 provides an OPM analysis of progress in delivering the strategy at the end of year two and shows the comparative journey from the end of year one reporting. Page 2 shows that, on average, council wide there has been an increase in maturity across each priority theme. Progress is also mapped out in a spider diagram which highlights the lowest level of maturity (starting out) to the highest level (engaged).
- 2.5 Pages 3 and 4 of Appendix 1 provides information on the commonalities between Directorates in their identified OPM actions to be taken during 2024/2025.
- 2.6 A similar self-assessment process and maturity model is in place for the corporate actions. The self-assessment is undertaken by HR and the actions and associated next steps are also delivered by HR. Appendix 1 (page 5) shows an increase in maturity across each priority theme. A spider diagram is also provided to show overall progress.
- 2.7 Page 6 9 within Appendix 1 show some of the key corporate next step actions which are planned during 2024/2025 to enable further maturity and delivery of the strategy. These actions are informed by existing activity aligned to the priority themes, common OPM actions identified by Directorates and the priority themes identified through the workforce planning process in the Service People Plans.

- 2.8 The Recruitment and Retention Update report to the Finance, Economy and Corporate Services Scrutiny Committee in June 2024 highlighted, separately, the work being undertaken to ensure recruitment and retention challenges are monitored and mitigated as much as practicable to support delivery of the OPM. This work continues with a focus on recruiting hard to fill posts, implementing innovative approaches such as Life Chances and 'grow your own' initiatives funded by our Workforce Youth Investment Fund.
- 2.9 Within the OPM, we have set out several success measures to help us assess progress against our key outcomes. In year one, initial work was focussed on developing and identifying the metrics. The establishment of baseline data sources in year one has supported reporting against these measures. The strategy covers a three-year period and, at this point in time, the majority of the success measures have been met. Two of the success measures have recently been updated (to 'met' status) following the results from the recent Heartbeat and Health, Safety and Wellbeing surveys.
- 2.10 A summary assessment of progress in meeting the success measures is set out on page 10 of Appendix 1. Work is ongoing to improve attendance, one of our success measures. As reported to Finance, Economy and Corporate Services Scrutiny Committee on 13 June 2024, the strategy, which underpins all activity to improve attendance, is to get the basics right. This means ensuring compliance with our current processes and procedures, early intervention and preventative action:
  - The current focus for the Attendance Support Unit (ASU) is around engagement with colleagues who are absent from work due to sickness, managerial compliance and upskilling. Employees in the pilot areas are signposted to information on all our wellbeing supports available from day 1 of absence.
  - Attendance management induction sessions are also available for new managers and supervisors on a bi-monthly basis with the focus on getting the basics right and we are currently developing further training for managers on managing frequent absence.
  - We are continuing to develop our reporting processes and systems to provide senior managers with meaningful data to help them manage and reduce absence. Taking account of workforce pressures, our workforce strategy, sets out a framework for leaders which is essential to the supportive, positive and proactive management of attendance.
  - Further engagement with senior leadership teams across the council will be required as the ASU develops and implements a range of strategies to reduce absence levels across the Council.

#### **OPM Mid-term Review**

- 2.11 A mid-term review of the OPM was conducted in October/November 2023. Engagement sessions were held with Directorates, focused on their experience of interpreting the OPM and the self-assessment process and what further support was required.
- 2.12 Key findings from the review included:
  - Overall, the OPM is easy to interpret with respondents understanding its aims, purpose and actions.
  - Discussions around the self-assessment were most useful in prompting valuable debate and raising awareness of good practice across teams and services.
  - The processes in place to support self-assessment were useful.

#### **Refreshed OPM 2025 – 2028**

- 2.13 A process of engagement and review has begun to support the development of a refreshed OPM strategy document for the period April 2025-March 2028. The refreshed strategy will align and respond to the reset of the Plan for Fife 2024-27 and the council priorities therein, including, for example, the transformational programme around No Wrong Door, change planning and the whole-system working practices and Fife public service roles likely to come through that.
- 2.14 The refreshed strategy will be developed alongside our Corporate People Plan which will set out the actions we will take to address gaps in our workforce capacity and capability over the same period.

# 3.0 Workforce Planning

3.1 At its simplest, workforce planning is identifying the number of employees and types of employee skill sets required to best deliver our services to the people of Fife. We do this by identifying the workforce needed now and in the future, identifying any gaps and planning what actions we will take to address them. Our workforce planning approach is also influenced by a range of other elements such as service, change and financial plans, transformational change work and the delivery of council priorities.

#### Service Workforce Planning and Council wide Workforce Planning Themes

- 3.2 A refreshed approach to workforce planning was introduced during 2023 and services have been using the new workforce planning tools and guidance to develop Service People Plans. It is recognised that other mechanisms exist for workforce planning in schools and the Health and Social Care Partnership and there are established planning processes in place.
- 3.3 The Service People Plans set out the workforce planning people priorities for services, the actions they plan to take to address their priorities and the anticipated outcome of their actions. The Service People Plans have been shared with HR and, along with the intelligence from the other workforce planning processes in place, this has enabled the development of council wide workforce planning priority themes.
- 3.4 These priority themes provide valuable insight and direct corporate work to support services to ensure our workforce has the capacity and capability to meet the organisation's current and evolving needs. The themes are:
  - Succession planning
  - Recruitment and retention
  - Manager/leadership development
  - Employee learning and development
  - Managing change
  - Absence management
  - Workload, manager capacity and workforce flexibility
- 3.5 More information on these themes is provided in a Workforce Insights paper (Appendix 2) The paper also provides information on:
  - The current workforce profile
  - The challenges affecting workforce planning
  - Service and corporate workforce planning priority themes and actions

- 3.6 Over the last year, there has been no significant change to the size and shape of the workforce. There has been an increase in headcount by 216 and this is mainly within Early Years.
- 3.7 The importance of effective workforce planning and best practice is set out by Audit Scotland. Scotland's Local Government Workforce Report 2024 is being published early September 2024. The report includes recommendations on increasing the effectiveness and maturity of workforce planning at both a national and council level.
- 3.8 The recent Best Value annual thematic audit on workforce innovation focussed on how effectively are the council's workforce plans integrated with strategic plans and priorities. The audit team have confirmed that effective and appropriate arrangements are in place. It is recognised that there is still work to be done, both at a service level and corporately, to further develop the maturity of our workforce planning and we have identified a set of next step actions. We will review the next steps once the national report has been published.

#### Planning and Performance Improvement and Workforce development

- 3.9 Workforce strategy and planning is being integrated into the revised approach to service planning and performance management. Workforce data is included in the Annual Service Review Reports going to Scrutiny from August 2024 and workforce planning priorities and metrics, as appropriate, will feature in revised Service Plans being introduced in 2025. Service performance information, including workforce metrics as appropriate, will be available online through improved planning and performance pages on fife.gov.uk.
- 3.10 More widely, council workforce developments and organisational plans will feed into the work of the Fife Partnership Leadership Board through two sub groups: one looking at leadership and workforce development to support the delivery of the plan and another considering the design and development of the Plan for Fife from 2027 onwards.

#### **Developing a Corporate People Plan and the Role of Elected Members**

- 3.11 Using the key insights from the Service People Plans gives us a good foundation to develop our Corporate People Plan for the period 2025-2028 and work with services to develop the maturity of their Service People Plans. The Corporate People Plan will complement our refreshed workforce strategy and set out the actions we will take council wide to address gaps in our workforce capacity and capability. We will also consider our recruitment plans in this work.
- 3.12 Elected members should set the overall objective of workforce planning activity within the council. Detailed below is the proposed objective of our workforce planning activity and the Cabinet Committee are asked to agree this:
  - Through our workforce planning activity, we aim to create a workforce that has the capacity and capability to deliver sustainable high-quality services, the Plan for Fife and other agreed priorities.
- 3.13 With a focus on the agreed objective, work will commence to develop a Corporate Workforce Plan for the period 2025–2028. The refreshed OPM and newly developed Corporate Workforce Plan will come back to the Cabinet Committee for agreement in 2025. Following implementation, we will report annually on progress on delivering both documents. We will also report annually on the workforce profile, any significant changes and the reasons for the change.

# 4.0 Employee Engagement - Heartbeat Survey

- 4.1 The Heartbeat employee engagement survey is designed to give us an insight into how our employees are thinking and feeling about work. The survey first ran late 2021. The survey ran for a second time in the Spring of 2024, at the same time as Education's Staffwise survey. Both surveys were run between Monday, 29 April to Friday, 7 June 2024.
- 4.2 The Heartbeat survey asks employees to rate to what extent they agreed or disagreed with 12 statements based on How We Work Matters, our leadership behaviours' framework. The statements cover self-leadership, team leadership, community leadership and organisational leadership.
- 4.3 Employees were also asked to describe one change that would improve their working environment. The responses are a personal reflection on feelings, behaviours and relationships that matter at work.
- 4.4 The Health and Social Care workforce were not invited to complete the Heartbeat 2024 survey as the national iMatter survey was due to run around the same period. To ensure employee engagement data was available for the whole Fife Council workforce, it was agreed that an iMatter report for the Health and Social Care workforce will be made available to the council.
- 4.5 Once all individual survey analysis is complete (i.e. for Heartbeat, Staffwise, Health Safety and Wellbeing survey and iMatter), this will be considered alongside other relevant sources of data and information (i.e. from the First Line Manager Development Programme, broader organisational OD and Leadership work, HR Service data, Corporate and Directorate Our People Matter Actions/Service People Plans) and a holistic and collaborative approach will be taken to identifying and responding to key common areas for improvement across the Council.
- 4.6 After the survey has been run three times, an employee engagement index will be developed at a council wide, Directorate and Service levels. This metric will show us how employees are feeling about their experience working for the council. This can be used to measure the impact of employee engagement initiatives and track progress over time.

#### **Heartbeat Survey Results and Next Steps**

- 4.7 Set out in Appendix 3 is the Heartbeat survey 2024 council level results. The survey analysis was carried out by the Research and Insight Team. Please note where the report refers to insight at council wide level this excludes the Health and Social Care Partnership (see paragraph 4.4 above).
- 4.8 A total of 38% of eligible employees responded to the survey, marking a 12% increase from when the survey was run in 2021. There were 10% of respondents who did not know which Directorate/Service they worked in. We will not give this as an option going forward and we will ask services as part of the work they are undertaking to progress discussions around the survey results to consider how they ensure all employees are aware of the Directorate they work within.
- 4.9 Aligning Heartbeat with the Staffwise survey increased the number of respondents within Education. There was a low response rate from the Place Directorate and we will liaise with services within this Directorate to explore how we increase employee engagement in advance of Heartbeat 3 which will run in Spring 2026

- 4.10 Page 4 of Appendix 3 shows the high-level results council wide to the 12 statements. Overall, there has been an increase in the positive responses to the statements. The areas of strength and for improvement remain similar to those identified from the 2021 Heartbeat results.
- 4.11 Insight is provided from the statement responses on page 5 of Appendix 1. Specific areas for improvement continue to be focused on employees being involved in decisions relating to their working environment and employees' understanding of our plans for the future.
- 4.12 The statement about recommending Fife Council as a great place to work is a barometer of how employees feel overall about working for the council, as most people will only recommend their workplace to others if their overall experience of work is a positive one. The response for this statement increased by 5% in 2021 to 57% in 2024, which is a good move in the right direction, but it does highlight there is still work to be done overall to further improve our employees' experience of working within Fife Council.
- 4.13 As well as responding to the 12 statements, employees were asked to describe one change which we could make that would improve their working environment. There were 5,774 employees who provided a response to this question. Employees were asked to theme their response (for ease of analysis). The themes and the percentage of responses (at council wide level) received for each theme are detailed below:
  - Workload 24%
  - Communication 21%
  - Technology and Support 12%
  - Working Environment 10%
  - Leadership 9%
  - Recognition 9%
  - Training 7%
  - Management of Change 4%
  - Other 4%
- 4.14 Further analysis will be undertaken to identify what council wide actions can be taken, to enable improvement in the statement areas and to address any issues identified within the one thing responses. Engagement will also take place with the Trade Unions on the results, any identified corporate actions and the next steps. Based on the survey results, Directorates/Services will consider what improvement actions need to take place and these will be aligned with local workforce plans already in place. Directorate/Service actions may include the use of pulse surveys to gather more granular feedback on the survey results which require further exploration with specific employee Groups.
- 4.15 Supporting the Heartbeat survey, there are five pulse surveys which are available for Directorates/Services to use. The pulse surveys cover culture and behaviours, leadership and management, employee development, employee experience and teamwork.

# 5.0 Conclusions

- 5.1 There has been progress and enhanced levels of maturity overall at a council wide level and corporately to deliver on the OPM. Work has begun to refresh the OPM for the period 2025–2028 to ensure it meets our organisational needs going forward.
- We have identified workforce planning priority themes from our Service People Plans. This insight provides a good foundation for the development of our Corporate People Plan for the period 2025–2028. We will work to continue to develop the maturity of our workforce planning approach. With a focus on the agreed workforce planning objective.

- 5.3 The refreshed OPM and newly developed Corporate Workforce Plan will come back to the Cabinet Committee for agreement in 2025.
- 5.4 There was a 12% increase in responses from the Heartbeat survey run in 2021. Overall, there has been an increase in the positive responses to the statements.
- 5.5 The intelligence provided by the Heartbeat survey (and other staff surveys) is a rich source of insight into how employees think, feel and act at work and how these things impact our efforts to deliver our priorities. It helps identify actions which can be taken to improve employee engagement.

#### **List of Appendices**

- 1. OPM Maturity Progress and Planned Actions
- 2. Workforce Insights May 2024
- 3. Heartbeat 2024: Council Level Results

#### **Background Papers**

**OPM** 

<u>Directorate Maturity Model</u> <u>Corporate Maturity Model</u>

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# **OPM Maturity Progress and Planned Actions**

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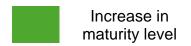
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Corporate Next Step Actions Planned 2024-2025	6-9
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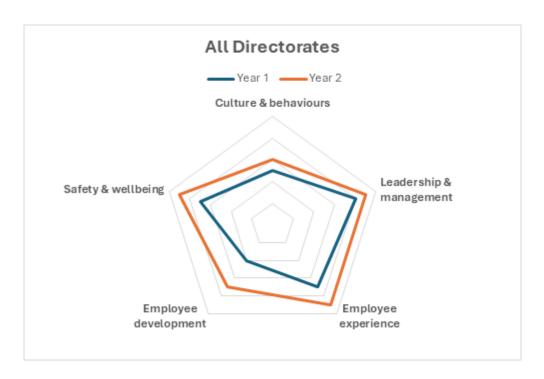
# **Maturity Level – Directorate Actions Progress**

The table and diagram below illustrate the movement in maturity levels from year 1 to year 2 (averaged within theme).

#### **Directorates**

Culture & Behaviours	<u> </u>
Leadership & management	<b>1</b>
Employee experience	<u> </u>
Employee development	<u> </u>
Safety & wellbeing	<u> </u>





The inner grey line represents the lowest level of maturity (starting out) and the outermost grey line represents the higher average level of maturity (engaged).

## **Actions planned Across Directorates**

The following narrative describes commonalities between Directorates in identified OPM actions during 2024/2025.

#### **Culture and behaviours**

Directorates discuss a range of approaches for communicating our cultural aspirations - using leadership development network, Talking Points, learning from other services and using Heartbeat survey results.

All Directorates discuss the How We Work Matters (HWWW) framework and increasing its awareness amongst staff - using senior staff and managers to help promote use of the HWWM framework through meetings.

Several Directorates discuss the importance of how managers feeling about implementing policies and ensuring staff feel comfortable escalating situations and raising where fairness has not been applied.

#### Leadership and management

Empowering staff to make decisions is addressed specifically by each Directorates. Examples include promoting behaviours such as accountability, self-leadership and creating a no blame culture

All Directorates understand the importance of networking and approaches tend to be Directorate specific.

Coach approach is mentioned by most Directorates as a development tool for staff and particularly managers. Similarly, tracking mandatory and development training.

#### **Employee experience**

All Directorates discuss the need to refine and target recruitment strategies, and the need for more creativity. Workforce planning and regular reviewing of people plans is also a key theme within this area.

All Directorates discuss the importance of employee surveys and the need to drive up engagement.

All Directorates discuss the importance of working closely with Trade Unions. There is a theme of engaging with the unions in early stages, as well as continuous open dialogue.

#### **Employee development**

A consistent theme across Directorates is to actively promote Talking Points, 1-1's and have 'good conversations' to give staff development focus. Most Directorates discuss workforce and people plans.

Directorates also highlight capacity issues causing friction with learning and development opportunities. All have acknowledged the need to help staff to make time for development.

All Directorates make reference to digital champions and digital coaches and the need to ensure that staff are aware of how to identify and make use of these resources.

#### Safety and wellbeing

Directorates aim to have regular HS&W discussions with staff and regularly assess risks to ensure compliance activities are completed in a timely manner. Some have staff with a dedicated HS&W remit.

There is a consistent theme of careful and considered risk mitigation. The process for this tends to be Directorate specific e.g. the use of risk registers, stress frameworks and resources reviews vs budget.

All Directorates discuss the importance of sharing wellbeing resources through a range of information, formats and touch points, including discussion during 1-1's and Talking Points conversations.

# **Maturity Level - Corporate Actions Progress**

The table and diagram below illustrate the movement in maturity levels from year 1 to year 2 (averaged within theme) for our Corporate actions.

#### **Directorates**

Culture & Behaviours	$\uparrow$
Leadership & management	$\uparrow$
Employee experience	$\uparrow$
Employee development	$\uparrow$
Safety & wellbeing	<b>↑</b>

Increase in maturity level
Same level of maturity
Decrease in maturity level



The inner grey line represents the lowest level of maturity (starting out) and the outermost grey line represents the higher average level of maturity (engaged).

# **Corporate Actions 2024/25**

Against each Corporate action within the OPM, the table below sets out the key next steps for the period April 2024-March 2025.

OPM Action	Corporate Next Steps
Culture and Behaviours	
Clearly communicate our cultural aspirations.	<ul> <li>Create new recruitment intranet page for managers, considering different ways to recruit, which will link from Oracle for hiring managers to intranet pages.</li> <li>Explore the use of multiple workforce data sources in a more connected way to better understand and direct our work to improve workforce culture.</li> <li>Use the OPM and HWWM together to set the frame for the development of a more holistic approach to communicating and embedding improvements in workplace culture.</li> </ul>
Set-out the mutual expectations of the Council and our workforce in our joint commitment to make a difference for the people of Fife.	<ul> <li>WYI funding set aside for Foundation Apprenticeship pathways in 24/25 and evaluate success.</li> <li>Further development/implementation of Life Chances model for employability participants.</li> <li>Continue to maintain and promote ESAW; Living Wage Employer; Armed Force Covenant and other accreditations.</li> </ul>
Embed the How We Work Matters (HWWM) framework which describes how we are all expected to work.	Build a greater understanding of how HWWM is being used to share stories of good practice, prioritise activities to further embed it, evidence its use to improve culture.
Demonstrate how we treat people around here by putting in place people policies in line with our cultural expectations.	<ul> <li>Consider other impacts on policy development and review e.g. Safer Staffing legislation; No Wrong Door.</li> <li>Implement 1 April legislative changes and continue to horizon scan for new legislation</li> <li>Launch agreed Sexual Harassment Policy and associated guidance and consider impact of new duties to prevent sexual harassment.</li> </ul>

Leadership and Management		
Create a shared understanding of self-leadership and support its practice at all levels.	Connect and thread core messages about self-leadership through all OD activities with the frame of HWWM and the OPM.	

Leadership and Managemen	t en la companya de
Deliver a community-led approach to leadership to ensure our Fife communities are at the heart of what we do.	<ul> <li>Our work to further embed HWWM will include the community leadership/No Wrong Door dimension and what this means for the workforce.</li> <li>Work with CLT and ECLT groups will continue to provide opportunities to collaborate on community leadership/organisational priorities.</li> </ul>
Create a shared understanding of what it means to have good conversations and provide support to develop individuals' skills.	<ul> <li>Connect and thread core messages about good conversations through all OD activities.</li> <li>Continue to further develop and promote activities focussing on improving the quality of conversations e.g. coach approach / personal development plans (PDPs) / Talking Points (TP).</li> </ul>
Make easily available, specific leadership learning and development opportunities.	<ul> <li>Use the learning and insights from the First Line Managers (FLM) Development Programme to build our understanding of leadership development needs and the impact of our interventions.</li> <li>Delivering further cohorts of the FLM Programme.</li> <li>We will explore broader/next level leadership development offerings, aligning with our succession planning/talent management action.</li> </ul>

Employee Experience	
Regularly review pay & conditions strategies to ensure we are fair and fit for the future	<ul> <li>Continue to promote the full employment package benefits of working for Fife Council.</li> <li>Pay Strategy consultation due to begin in second half 2024.</li> <li>Review application of agreed terms and conditions to ensure there is fair and consistent application across all Council services.</li> </ul>
Attract a broad range of applicants to help diversify our workforce and create an organisation whose diversity reflects our Fife communities	<ul> <li>Use the Life Chances programme to leverage change in the approach of recruiting managers.</li> <li>Undertake a range of activities including, sharing success stories, reviewing alternatives to recruitment, educating recruiting managers and continuing joint recruitment events with DWP.</li> <li>Implement improvement action plan.</li> </ul>
Create conditions which support a flexible workforce	<ul> <li>Continue to engage with and support Services promote flexible working.</li> <li>Implement corporate process for flexible working requests allowing monitoring and reporting.</li> <li>Agree revised flexible working policy and launch by end 2024.</li> </ul>

Employee Experience	
Deploy employee feedback tools to capture the employee voice	<ul> <li>Run Heartbeat 2 taking a collaborative and refreshed approach to communications and data analysis.</li> <li>Develop support tools for Managers to enable good conversations with an improvement focus. Respond to any corporate actions as appropriate.</li> <li>Review the pulse survey question bank and align with HWWM/heartbeat wording.</li> </ul>
Maintain a positive relationship with our recognised trades unions through direct engagement	Continue to promote early engagement with the Trades Unions.

Employee Development	
Deploy a consolidated performance management model based on the approach of 'having good conversations'	<ul> <li>Create opportunities to collect qualitative and quantitative data around performance management.</li> <li>The FLM Programme will include input on managing team performance and highlight talking points as good practice.</li> <li>Review and update talking points guidance from an improvement perspective.</li> </ul>
Deliver an accessible learning and development framework in support of How We Work Matters (HWWM)	<ul> <li>Update the induction checklist to link to the HWWM learning resources.</li> <li>Continue to review and update the HWWM resources.</li> <li>Promote the resources via a range of OD activities.</li> </ul>
Deploy succession planning and talent management tools to enable Services to grow talent and fill future business critical roles  Develop essential digital skills for all - no employee left behind	<ul> <li>Continue to widen talent pools through recruitment approaches, succession planning, supporting Services with skills development needs and strengthening the employer brand.</li> <li>Continue to develop the maturity of our People Plans and explore options to provide upskilling for managers in respect of workforce planning skills/capabilities.</li> <li>Review the exit interview and induction processes with an improvement focus.</li> <li>Develop, implement and embed a digital competencies framework and take a modular approach to the courses published in the Digital Training Catalogue.</li> <li>Develop a Digital Leaders Programme to address the need for advanced digital skills in the public sector in the Tay Cities Region. Explore the development and delivery of more general Digital Leadership skills.</li> <li>We will work collaboratively with UNISON and other Trades Unions to support the harder to reach staff.</li> </ul>

Safety and Wellbeing	
Health & Safety (H&S) governed through a single council wide governance structure backed by open, 2- way communications with directorates	<ul> <li>We will review service H&amp;S Forum structures and reporting processes to ensure effective Health and safety management.</li> <li>The governance model will be aligned with the approach set by the Risk Management Strategic Group.</li> </ul>
Manage risk by working to have processes and information available and accessible to meet legal requirements and management responsibilities understood and deployed.	<ul> <li>Reviews now underway for 24/25 of risk profiling and task-based risk assessments and monitoring compliance through workplace review visits for 24/25.</li> <li>Workplace review visits planned to measure H&amp;S compliance and performance and will ensure actions are developed to address any gaps.</li> <li>Up-to-date Health Safety Management Framework (HSMF) still being promoted to embed the culture.</li> </ul>
Engage with Directorates, employees and partners to create a culture of safety compliance and care for others	<ul> <li>Develop and deliver managers H&amp;S training on Accident investigation and the HSMF.</li> <li>Develop a schedule of directorate workplace review visits to measure compliance.</li> <li>Provide a report to CHSSG on Workplace review visit outcomes and areas of improvement required.</li> </ul>
Aid employee wellbeing through the provision of worklife guidance and policies, information sign-posting and practical mental health support	<ul> <li>Review Health, Safety and Wellbeing survey results and consider any new or emerging corporate actions and priorities.</li> <li>Incorporate Attendance and wellbeing inductions into the corporate induction process.</li> <li>Increase % of managers and supervisors trained in creating Mentally Healthy Workplaces. Explore with large services and low reach areas how with supports, this can be improved.</li> </ul>

# **Our Success Measures - Summary**

The table below sets out the summary data on Our Success Measures for the second year of the OPM.

Employee voice		Personal performance	
Increasing uptake of pulse and heartbeat surveys	~	All employees understand what they need to achieve in their job.	-
Improved scores in repeated Pulse Surveys.	-	All employees have access to development opportunities which help them to do their job better.	-
Improved engagement index	_		
Learning & development		Health & safety	
Increasing completion of all personal mandatory learning	~	Regular performance reporting to Corporate H&S Strategy Group by all Directorates.	<b>~</b>
Increasing use of Council online learning opportunities.	<b>~</b>	Annual H&S reporting to Scrutiny Committee undertaken by HR.	<b>✓</b>
Recruitment & retention		Attendance & wellbeing	
Reduced employee turnover for those Services with >15% turnover.	~	Improved attendance	×
Increasing recruiting manager esticiant			
Increasing recruiting manager satisfaction	-	Increasing employee awareness of available wellbeing supports	<b>~</b>
Equalities	-		<b>~</b>
	-	available wellbeing supports	



Met

Insufficient evidence at this time \*



Not met

#### \*Please note:

Improved scores in repeated Pulse surveys (see report section 4.15)	A number of pulse surveys have been completed but are yet to be repeated. Pulses will be actively promoted and it is anticipated that further surveys will be run on the back of the most recent Heartbeat scores having become available.
Improved engagement index	Index data requires 3 cycles of the Heartbeat survey and will therefore be available following the next, 3rd Heartbeat survey in 2026.

All employees understand	This question is measured using a question within the
what they need to achieve	Development Pulse survey. As stated, Pulses will be actively
in their job	promoted to encourage further rollout.
All employees have access	As above, this is measured using a question within the
to development	Development Pulse survey.
opportunities which help	
them to do their job better	
Increasing recruiting	Recruitment manager views have been sought and a 'You Said,
manager satisfaction	We Did' response published and actioned. Comparative data will
	be available following a future re-run of the survey



#### **APPENDIX 2 - WORKFORCE INSIGHTS - AUGUST 2024**

This paper provides workforce insights which includes:

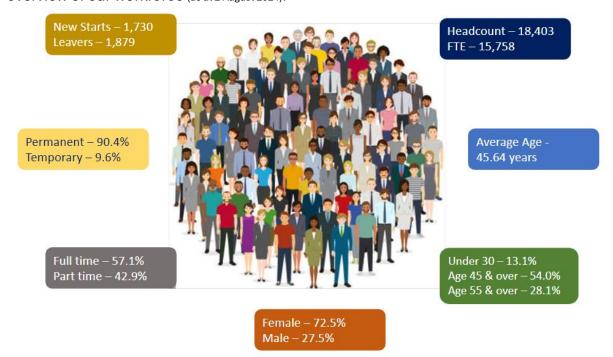
- Workforce profile information
- Challenges affecting workforce planning
- Service and corporate workforce planning priority themes and actions

The OPM describes our strategic workforce agenda and sets out the framework for how we recruit, manage, develop and support our workforce. The OPM works in a complimentary way with our workforce planning approach to ensure that our workforce capacity and capability enables delivery of services, the Plan for Fife and other agreed priorities.



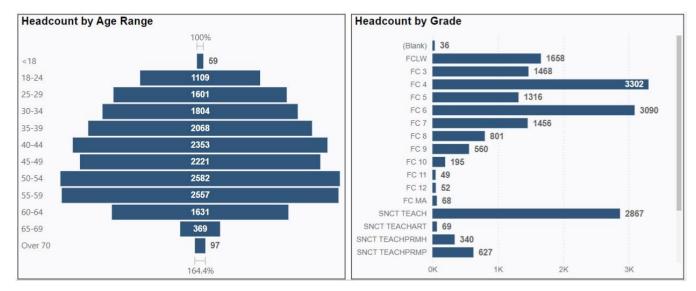
#### **OUR PEOPLE**

We are proud of our workforce. We recognise that our skills, knowledge, enthusiasm and dedication are what allow us to deliver our services and priorities. The image below gives an overview of our workforce (as at 2 August 2024).



To aid workforce planning insight, we have developed a Workforce Profile Dashboard to enable Directorates and Services understand their current and future workforce profile. These dashboards are interactive and allow users to sort, drill down and view data by category e.g. Directorate, Service, budget head; age, grade, gender; contract type and person status.





#### **Our Workstyles**

All Fife Council employees are assigned to one of our 6 workstyles:



A – Principal Customer Contact (telephony)



B - Principal Customer Contact (f2f) & Service Facility Role



C - Direct Care/Service Role



D - Caseworkers; Fieldwork, Supervision, or Inspection Role

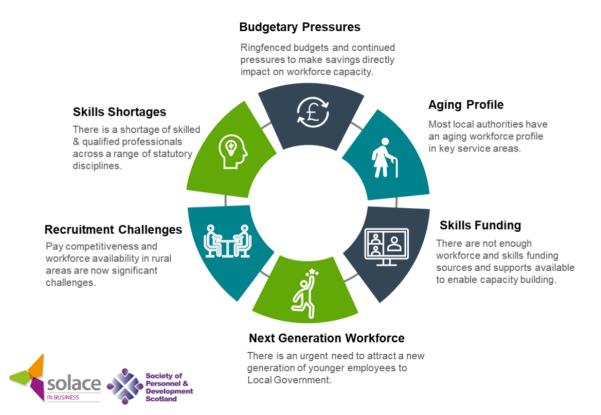


E1 & E2 - Support & Organisation Role

Those within workstyles E1&E2 are offered the opportunity to apply for blended working (a blend of working from home and in a council building). To date 94% of employees in these workstyles have chosen to adopt this approach.

#### **WORKFORCE CHALLENGES**

In Scotland's Local Government Workforce Report 2024 (due to be published early September), SOLACE, the Society of Personnel and Development Scotland (SPDS) and the Improvement Service set out the complex range of challenges facing all Scottish local authorities (diagram below). These are national pressures that cannot be simply addressed at local council level nor by individual authorities. We will continue to work with representative bodies such as SOLACE and the SPDS and with other councils, wherever possible to address issues that affect our ability to ensure we have the workforce capacity and capability to deliver services and deliver on the Plan for Fife.



At a local level within Fife, we have workforce gaps under 2 different categories:

- 1 regularly advertised posts, more posts available than we can fill
  - Social Care predominantly Care Assistant, Social Care Worker, Home Care
  - Catering and Cleaning predominantly Catering Assistant and Cleaner
  - Education predominantly Pupil Support Assistants
- 2 posts less often advertised, recognised issues at a national level
  - Mental Health Officers significant promotion and central support has elicited a small number of candidates.
  - Environmental Health Officers looking to grow-our-own to ensure a pipeline of talent e.g. trainees, student placements, technical officers.
  - Educational Psychologists struggle to attract candidates meeting required criteria.
  - Planning struggle to directly recruit Planners. Utilising grow-your-own approach through graduate, trainee and planning assistant roles.
  - Secondary Teachers specifically Maths, CDT, English and Home Economics.
  - Social Work

We continue to work to grow-our-own across a range of roles using internal workforce youth investment funding to create apprenticeships and to explore and implement alternative recruitment approaches, such as Life Chances, to support those struggling to get into the workforce.

In addition to the summary issues above which affect all local authorities, the expectations of work have changed and that candidates are seeking more flexibility of work/life balance which can be a challenge within particular roles. However, we continue to work to look at how we can introduce more flexible workforce arrangements where we can.

#### SERVICE AND CORPORATE WORKFORCE PLANNING -PRIORITY THEMES AND ACTIONS

Our workforce planning focus is directly influenced by a range of factors including service change planning, transformational change work such as no wrong door and the digital organisation, or work on Place, the Plan for Fife priorities, service delivery requirements, and workforce priorities such as reducing absence, wellbeing and employee development.

From the workforce planning tools and supports available to them, Services have developed People Plans which set out their workforce planning priorities, the actions to be taken to deliver on the priority and the anticipated outcome.

As part of our corporate workforce planning process, we have reviewed all of the Service People Plans and other workforce planning intelligence, to provide insight into the council wide workforce planning priority themes. These themes are set out in the table below along with narrative which summaries actions being taken both at a Service and corporate level.

Succession planning	Profiling the age of the workforce, identifying critical positions, creating career pathways, implementing shadowing and mentoring programs, recruiting with future needs in mind, and
	conducting skills analysis
Recruitment & retention	Priorities include addressing high-volume and hard-to-fill vacancies, promoting roles and the organisation on various social media platforms and at career events, establishing "grow your own" schemes, offering apprenticeships and traineeships, and conducting exit interviews
Manager/ leadership development	This encompasses new manager induction programs, upskilling current line managers, enhancing confidence and competence levels, and developing coaching skills among leaders
Employee learning & development	This involves conducting skills analysis to identify learning gaps and development needs
Managing change	Efforts are focused on supporting services with change plans and adaptations to workforce needs or business delivery methods
Absence management	Priorities include reducing overall workforce absence, identifying trends and hot spots, ensuring consistent policy application, providing manager training and support, and promoting early intervention strategies
Workload, manager capacity, & workforce flexibility	This involves maximising line manager capacity, analysing workloads to address resource shortages, facilitating redeployment and flexibility across services, and supporting employees on different work arrangements

As part of the OPM annual self-assessment and action setting process, corporate actions have been developed for 2024/2025 to address the priority workforce planning themes identified by Services and to progress the maturity of our Workforce Strategy. These can be found within Appendix 1 (pages 6-9).

These priorities provide valuable insight and direct corporate work to support Services to ensure our workforce has the capacity and capability to meet the organisation's current and evolving needs. We will continue to work with Services to develop the maturity of their People Plans and we will use this insight as part of our further work to develop our Corporate People Plan 2025-2028. This strategic workforce plan will set out the actions we will take to address the gaps between our current workforce and our future workforce needs.

# Heartbeat Survey 2024: Council Level Results

This report provides a high-level overview of Council level results from the 2024 Heartbeat survey which ran between April to June 2024. The Heartbeat survey is made up of 12 questions that correspond to the How we work matters framework. As this is the second time that Fife Council employees have been asked to complete the survey this enables us to start to track improvements in employee perception in relation to How we work matters.

# **Participation**

A total of 6,077 responses to Heartbeat 2024 were returned - an increase of 33% compared to 2021.

38% of eligible employees participated in the 2024 survey, marking a 12% increase from 2021 when 26% responded. Employees in the Health & Social Care Partnership were not asked to complete the Heartbeat 2024 survey due to the timing of the iMatters survey, which was due to run around the same time.

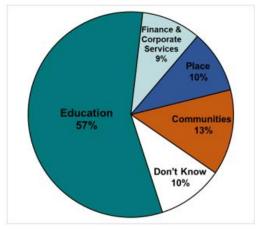


Chart 1. Proportion of response by Directorate

The largest proportion (57%) of responses came from Education (Chart 1). Education is slightly overrepresented, while Place (10%) is underrepresented compared to the size of the Directorate workforce that makes up the Council. Finance & Corporate Services and Communities response rate are proportionate to the workforce. It is unclear why 10% of the workforce surveyed don't know their directorate. There have been changes to Fife Council structure since the last Heartbeat survey in 2021.

# **Response Rate by Directorate**

Table 1. Directorate Response Rate as a Percentage of Directorate Workforce

Directorate	No. Of Responses	Headcount	Directorate Response Rate
Communities	820	2,460	33%
Do not know	633	N/A	N/A
Education	3,453	7,837	44%
Finance and Corporate Services	570	1,068	53%
Place	601	4,570	13%
Grand Total	6,077	15,935	38%

Note: Headcount figures taken from Oracle at the time of the Heartbeat survey

The highest response rate within a directorate was in Finance and Corporate Services at 53%, followed by Education at 44%.

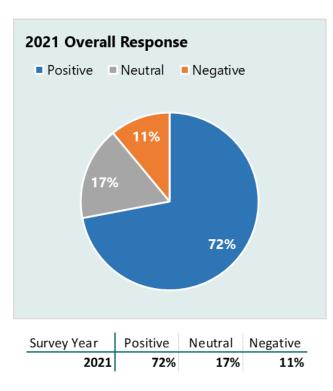
# **Heartbeat 2024 – Council Level Survey Results**

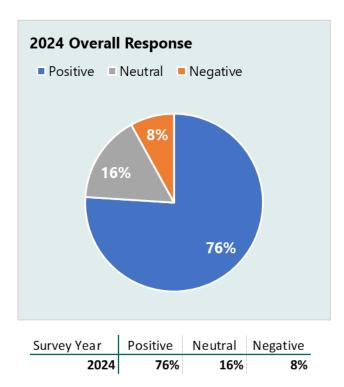
#### Terms used throughout this report are:

Positive – refers to strongly agree and agree

Negative - refers to strongly disagree and disagree

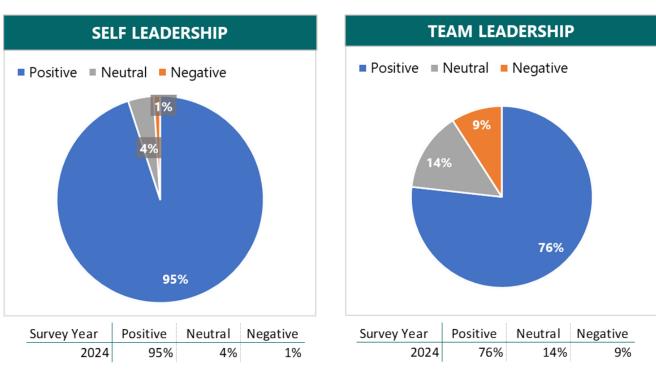
Figure 1. Overall Positive / Neutral / Negative Comparisons





Overall, in 2024, employees have a positive outlook towards How we work matters leadership areas (76%). There has been a 4% increase in positive perceptions and a 4% reduction in negative perceptions compared to 2021 results. Broadly the overall spread of results remains constant.

Figure 2. 2024 Percentage of Negative / Neutral / Positive responses across How We Work Matters Leadership Areas – Council level results



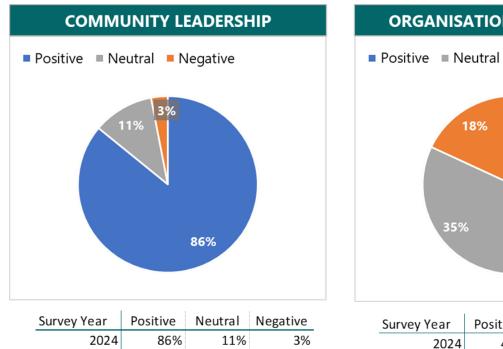




Figure 2 shows the largest proportions of positive responses are within the "self leadership" and "community leadership" questions, with more divergence apparent in the "organisational leadership" questions. Further reflection should be given as to why a significant proportion of employees felt neutral about "organisational leadership".

Table 2. 2024 High Level Question Results with Positive Response Comparison

	2024			Comparison of 2021 and 2024 Results	
Fife Council	Positive	Neutral	Negative	% Chang Positiv Respons	'e
gSelf Leadership Statements					
I can motivate myself to change the way I work when circumstances change.	93%	6%	1%		2%
I treat people in the way that I would like to be treated.	99%	1%	0%		0%
I act as a role model for Fife Council's values in my day-to-day work.	94%	5%	1%		2%
Team Leadership Statements					
I trust my direct Line Manager.	80%	12%	8%		5%
I feel involved in decisions relating to my job.	59%	24%	17%		9%
I have a clear understanding of how to do my job.	90%	7%	3%		6%
Community Leadership Statement	ts				
I work to build positive relationships with those I engage with.	98%	2%	0%		1%
I get the help and support I need from those I engage with to enable me to do my job well.	77%	16%	7%	1	7%
The work that I do makes a positive difference in my community.	82%	15%	2%	1	4%
Organisational Leadership Statements					
I understand Fife Council's plans for the future.	44%	38%	18%		3%
I would recommend Fife Council as a great place to work.	57%	32%	11%		5%
I feel involved in decisions relating to the environment that I work in.	41%	33%	25%		7%

Overall, there has been an increase of positive responses to the questions posed across each of the individual areas. The picture of employee's overall views of strength and areas for improvement remain similar to 2021. (See Appendix 1 for detailed individual questions comparisons).

# **Key Insight at a Council Level Across Question Responses** (Table 2)

#### **Motivation for change:**

The survey responses indicate that most employees (93%) feel capable of motivating themselves to adapt their work approach in response to changing circumstances.

#### Interpersonal behaviour:

Positive interpersonal behaviour was reported by many with 99% of people confirming that they treat people in a way that they would like to be treated. Most people (94%) believe they act as a role model for Fife Council's values and 98% of people work to build positive relationships with those they engage with.

#### Support to do the job:

90% of respondents confirm that they have a clear idea of how to do their job. Most people (80%) trust their line managers. Although, barriers to doing the job well are indicated to be experienced by some, most respondents 77% get the help and support they need from those they engage with.

#### **Decision making:**

Work is required to better understand the challenges around involvement in decision making at an individual job and organisational level. Over half 59% of employees feel they contribute to decision making related to their job and 41% feel involved in decisions relating to the environment they work in. These were areas for consideration in 2021 that have shown some improvement in 2024.

#### Plans for the future:

There is scope to improve the understanding of Fife Council Plans. There is some evidence of uncertainty about the future direction of Fife Council by some with 44% of people confirming an understanding about plans for the future. However, most people (82%) believe that the work they do makes a positive difference to the community.

#### Recommending Fife Council as a great place to work:

Responses to this gives a barometer of how employees feel overall about working for the council as most people will only recommend their workplace to others if they are satisfied themselves at work. Around half of employees (57%) responded positively to this, an improvement of 5% since 2021.

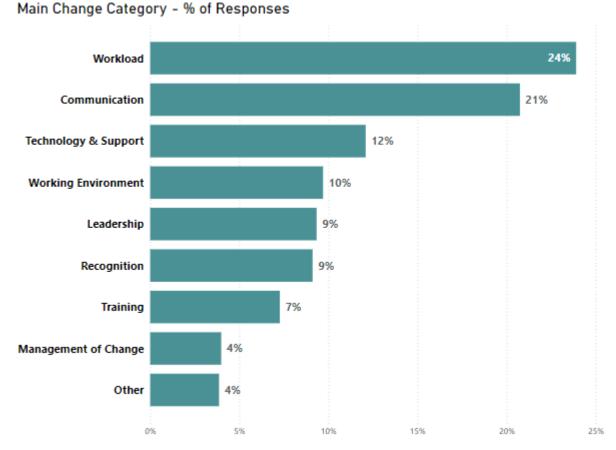
Overall, the survey highlights the presence of a motivated, respectful, and a values-driven workforce within Fife Council. To make Fife Council an even better place to work consideration should be given to effective involvement in decision making and reflection of how best to improve the understanding of Fife Council's plans.

# One Change for Improvement - Council Level

# Select an area/describe one change we could make that would improve your working environment?

A total of 5,774 employees completed the question that asked about one change we could make to improve your working environment. For the first time in 2024, respondents could select an option from a drop-down list, as well as give their own comments. The ability to select the category provides a baseline to track future trends. The chart below shows the percentage of respondents who selected each option. Further information on free comments will be contained in the Heartbeat Survey Power BI dashboard for each directorate.

Figure 3. 2024 % Total Respondents - One Change Category



Workload is flagged as the main area that requires attention with 24% of employees selecting this as an area for improvement, this is closely followed by communication at 21%.

12 September 2024 Agenda Item No. 12



# Appointments to External Organisations – Cireco (Scotland) LLP, River Leven Trust and Fife Sports and Leisure Trust

Report by: Lindsay Thomson, Head of Legal and Democratic Services

Wards Affected: All

#### **Purpose**

To consider appointments to external organisations detailed in the report.

#### Recommendation(s)

The committee is asked to:-

- nominate one Labour and one Liberal Democrat elected member to replace Councillors Eugene Clarke and Graeme Downie on Cireco (Scotland) LLP (formerly Fife Resource Solutions);
- (2) nominate an elected member from the Glenrothes or Levenmouth Area Committees to replace Councillor Eugene Clarke on the River Leven Trust; and
- (3) nominate one Labour elected member to replace Councillor Julie MacDougall on Fife Sports and Leisure Trust.

#### **Resource Implications**

None.

#### Legal & Risk Implications

External organisations have their own governance structures and members should seek advice from the Head of Legal and Democratic Services on any concerns they have on membership of the organisations. In particular, members may be subject to other legislation such as the Companies Acts (directors' responsibilities) and charity law.

Failure to make such appointments may mean the external organisation cannot function effectively or secure a quorum at meetings.

#### **Impact Assessment**

An EqIA is not required because the report does not propose a change or revision to existing policies and practices.

#### Consultation

# 1.0 Background

#### **Cireco (Scotland) LLP (formerly Fife Resource Solutions)**

- 1.1 At the meeting of Fife Council on 9 June 2022, the council were asked to appoint three members to Cireco (Scotland) LLP made up of 1 Labour, 1 SNP and 1 Liberal Democrat representative. Appointments to this organisation are usually made at the Cabinet Committee but it was agreed to make appointments at the council meeting to allow business to continue over the summer period.
- 1.2 Following the resignation of Councillors Graeme Downie on 31 July 2024 and Eugene Clarke on 18 August 2024, the committee are asked to appoint replacement Liberal Democrat and Labour representatives.
- 1.3 Fife Resource Solutions are responsible for waste treatment and disposal and strategies relating to waste, contaminated land, air quality and carbon management.

#### **River Leven Trust**

- 1.4 At the Cabinet Committee of 25 August 2022, the committee were asked to appoint three members to the River Leven Trust. It was agreed at that meeting that the membership would be made up of 1 Labour, 1 SNP and 1 Liberal Democrat from the Glenrothes and Levenmouth Area Committees.
- 1.5 Following the resignation of Councillor Eugene Clarke on 18th August 2024, there is a requirement to appoint a Liberal Democrat representative from the Glenrothes or Levenmouth Area Committees as per the Cabinet Committee decision in August 2022.
- 1.6 However, as there are no further Liberal Democrat members appointed to either the Glenrothes or Levenmouth Area Committees, the committee will require to come to a decision on who should take up this appointment.
- 1.7 The River Leven Trust is a statutory body set by the River Leven Act 1827. The main function of the River Leven trustees is to regulate the flow of water from Loch Leven into the River Leven for the benefit of the industries whose land adjoins the River Leven.

#### Fife Sports and Leisure Trust

- 1.8 At the meeting of Fife Council on 9 June 2022, the council were asked to appoint five members to Fife Sports and Leisure Trust made up of 2 SNP and one representative from each of the other political groups. Appointments to this organisation are usually made at the Cabinet Committee but it was agreed to make appointments at the council meeting to allow business to continue over the summer period.
- 1.9 Following the resignation of Councillor Julie MacDougall on 7th June, 2024 as a member of the Labour party, the committee are asked to appoint a replacement Labour representative.
- 1.10 The Fife Sports and Leisure Trust provides services for sport, recreation and physical activity which are of maximum benefit to the communities of Fife.

# 2.0 Conclusion

2.1 Following the resignations of Councillors Clarke and Downie as members of Cireco (Scotland) LLP, Councillor Clarke as a member of the River Leven Trust and Councillor Julie MacDougall as a member of Fife Sports and Leisure Trust, it is necessary for the committee to appoint council replacements to fill these vacancies.

#### **Background Papers**

The following background papers were relied on in the preparation of this report in terms of the Local Government (Scotland) Act, 1973:-

 Appointments to External Organisations - Report to Fife Council on 9 June 2022 and report to Cabinet Committee on 25 August 2022.

#### **Report Contact**

Michelle McDermott
Committee Officer
Legal and Democratic Services
Email – michelle.mcdermott@fife.gov.uk

# **Cabinet Committee**

# **Outstanding Remits from Committees**

Title	Service(s)	Comments		
10th October, 2024				
Community Wealth Building	Business and Employability	As agreed at 06.04.23 Cabinet meeting - para. 97 of 2023.CC.51 refers - Cabinet Committee Minute - 6th April 2023 - Six monthly update to be submitted to Cabinet		
7th November, 2024				
South and West Fife - Community Use Arrangements Update	Communities	As agreed at 07.03.24 Cabinet meeting - para. 221 of 2024.CC.121 refers - Cabinet Committee MInute - 7th March 2024 - A further report be submitted to Cabinet in Autumn 2024.		
Change Planning and Organisation Change	Communities	As agreed at 30.11.23 Cabinet meeting - Para. 5.2 of report refers - A further report will be brought to the Cabinet around June 2024 seeking agreement to the detail of change and to subsequent implementation.		
Anti-Bullying Policy	Education	As agreed at 02.11.23 Cabinet meeting – para. 169 of 2023.CC.93 refers – <u>Cabinet Committee Minute - 2nd</u> <u>November 2023</u> - Report to be brought back in a year's time		
Housing Service – Domestic and Sexual Abuse Policy – Review	Housing Services	As agreed at 02.11.23 Cabinet meeting – para. 173 of 2023.CC.95 refers – <u>Cabinet Committee Minute - 2nd</u> <u>November 2023</u> - Report to be brought back in a year's time		
5th December, 2024				
Operation of Arms Length External Organisations (ALEOs)	Communities	As agreed at 15.08.24 Cabinet meeting - para. 273 of 24.C.C.145 refers - Notice of Motion "report to be submitted addressing how the council and its elected members can influence policy in areas where our Arms Length External Organisations (ALEOs) operate".		
Housing Allocation Policy Review - Task & Finish Group Update	Housing	As agreed at 08.02.24 Cabinet meeting - para. 207 of 2024.CC.114 refers - Cabinet Committee Minute - 8th February 2024 - Report back to Cabinet Committee following completion of the Task and Finish Group remit in the Autumn.		

Title	Service(s)	Comments	
5th December, 2024			
Housing Emergency Action Plan (HEAP) 2024-27	Housing	As agreed at 06.06.24 Cabinet meeting - para. 256 of 2024.CC.138 refers - Cabinet Committee Minute - 6th June 2024 - Further reports back to Cabinet in due course on progress of HEAP.	
9th January, 2025			
Social Housing Net Zero Standard (SHNZS) - Scottish Government Consultation Response	Housing Services	As agreed at 07.03.24 Cabinet meeting - para. 223 of 2024.CC.122 refers - Cabinet Committee Minute - 7th March 2024 - A further report be brought back to Cabinet later in 2024.	
Houses in Multiple Occupation (HMO): Review of the Overprovision Policy	Housing Services	As agreed at 04.05.23 Cabinet meeting - para 107 of 2023.CC.57 refers – <u>Cabinet Committee Minute - 4th May</u> <u>2023</u> - Report to be presented during 2024	
6th February, 2025			
Local Heat and Energy Efficiency Strategy Delivery Plan	Planning	As agreed at 30.11.23 Cabinet meeting - para. 176 of 2023.CC.98 refers - Cabinet Committee Minute - 30th November 2023 - Detailed Delivery Plan to be reported to Cabinet by March 2025	
1st May, 2025			
Tackling Marine Pollution - Membership of KIMO UK - Update	Planning	As agreed at 09.05.24 Cabinet meeting - para. 243 of 2024.CC.132 refers - Cabinet Committee Minute - 9th May 2024 - Review of membership to be undertaken in a year's time May 2025	

Unallocated			
Transfer of Development Land at North Fod, Dunfermline Update	Estates	As agreed at Cabinet 09.03.23 – para. 92 of 2023.CC.48 refers - Cabinet Committee Minute - 9th March 2023 - Further report on the details surrounding the development of the site to be reported back in due course	
Wave Trust 70/30 Campaign	Education	As agreed at 16.03.23 Fife Council meeting – para. 60 of 2023.FC.70 refers - Fife Council Minute - 16th March 2023	

Title	Service(s)	Comments
Unallocated		
Policy on the return of items of local, cultural or historical significance for local displays and heritage centres	Communities and Neighbourhoods	As agreed at 07.09.23 Cabinet meeting - para. 147 of 2023.CC.78 refers - Cabinet Committee Minute - 7th September 2023 Fife Tourism Strategy report
Pay Strategy and Job Evaluation Project	Human Resources	As agreed at 30.11.23 Cabinet meeting - para. 188 of 2023.CC.103 refers - Cabinet Committee Minute - 30th  November 2023 - see also para. 4.1 of report - updates to be brought back to Cabinet
Pedestrian and Cyclist Access to Household Waste Recycling Centres	Environment and Building Services	As agreed at 11.01.24 Cabinet meeting - para. 199 of 2024.CC.110 refers - Deferred to a future meeting
Allotment & Community Growing Strategy 2024-2028 Update	Communities and Neighbourhoods	As agreed at 08.02.24 Cabinet meeting - para. 209 of 2024.CC.115 refers - Cabinet Committee Minute - 8th February 2024 - Further report back to Cabinet in due course.
Public Electric Vehicle Charging - Regional Collaboration	Roads and Transportation	As agreed at 06.06.24 Cabinet meeting - para. 258 of 2024.CC.138 refers - Cabinet Committee Minute - 6th June 2024 - Further report back to Cabinet in due course
Procurement Process Scrutiny/Review (Legacy Systems Replacement Programme in the Place Directorate)	Environment and Building Services	As agreed at Cabinet 15th August, 2024 - Report referred to F&CS Scrutiny with a possibility of a report being referred back to Cabinet, if required - para. 269 of 2024.CC.144 refers
KIMO UK/KIMO International Annual Update ( <b>August 2025)</b>	Cllr Fiona Corps	As agreed at 15.08.24 Cabinet meeting - para. 271 of 2024.CC.144 refers - Cabinet Committee Minute of 15th August, 2024 - Annual update to be brought back to August 2025 - Cabinet meeting providing feedback on the work of the organisation over the year.