

Agenda Item	6
Report No	RES/36/21

THE HIGHLAND COUNCIL

Committee:	Corporate Resources Committee
Date:	24 November 2021
Report Title:	Resources and Finance - Revenue and Performance Monitoring to 30 September 2021
Report By:	Executive Chief Officer, Resources and Finance

1. Purpose/Executive Summary

- 1.1 This report provides information relating to the Quarter 2 Revenue and Performance monitoring position for the period to 30 September 2021 for the Resources & Finance Directorate.
- 1.2 In addition to the main revenue budget variances for which the Directorate has direct responsibility, contextual information is also incorporated into this report. Bringing together revenue and performance into a single monitoring report supports financial governance, informs decision making, and enables improvement actions to be identified. This approach is also intended to improve the accessibility of this monitoring report for Members and the wider readership by embedding contextual information, enhancing transparency, and enabling an informed view to be made of overall financial and service delivery performance for the Directorate.
- 1.3 The performance information contained within this report includes the Accounts Commission's Statutory Performance Indicators (SPIs) for the Directorate, local key performance measures and where available, comparisons to Scottish averages. Trend information is also provided to evidence areas of strong performance and those requiring improvement. Presenting information in this way also provides opportunities for learning and sharing across the Directorate and the wider Council. A list of the current SPIs for the Resources & Finance Directorate, together with the frequency of reporting, is provided at **Appendix 4** to this report. Future reports will also include comparisons against other Councils with similar profiles, where this is available, and will expand performance reporting for the activities undertaken by the Directorate.
- 1.4 Some activities delivered by the Resources & Finance Directorate, such as Loans Fund and Council Tax Income, are contained within the Corporate Revenue Monitoring Report which is a separate item on today's agenda. To ensure transparency, performance information relating to council tax is contained within this report.

- 1.5 As agreed at the Recovery Board meeting held 25 January 2021, this report also contains the progress being made with Procurement & Contract Management Transformation project.

2. Recommendations

2.1 Members are invited to:

- i. consider the Revenue position for the Quarter 2 period to 30 September 2021;
- ii. scrutinise the statutory performance indicators, local key performance measures and where available, comparisons to Scottish averages;
- iii. review the effectiveness of the standard and level of services provided by the Resources & Finance Directorate and alignment with the Council's commitment to Best Value and continuous improvement;
- iv. examine the analysis of the Scottish Index of Multiple Deprivation as set out in Appendix 7 to this report, note the limitations of the Index and the advantages of combining data available from a range of sources, including the Scottish Index of Multiple Deprivation and the Social Economic Performance Index to measure deprivation; and
- v. note the progress on the Procurement & Contract Management Transformation Project and the ongoing engagement with Directorates.

3. Implications

- 3.1 **Resource:** The budget of £13.691m available to the Resources & Finance Directorate is 2.2% of the total general fund for the totality of the Council's services with a budgeted staffing establishment of circa 500 FTEs. Corporate leadership in financial governance, human resources and provision of shared business support services are key responsibilities of the Directorate. Also, the Directorate provides the corporate leadership role for the core revenues streams (Council Tax, Non-Domestic Rates and Sundry Debt Income), and the strategic and operational delivery of financial assessments and provision of welfare services for our citizens. Our responsibilities within the Revenues section of the Directorate involve engaging with every household and business in Highland.
- 3.2 **Community (Equality, Poverty and Rural):** The extent of the strategic role and significant support provided by the Directorate to reduce poverty, alleviate financial insecurities and promote equalities are evidenced by the Welfare Budget.
- 3.3 **Legal:** The Local Government (Scotland) Act 1973 requires the Council to set its budget and thereafter budget holders are responsible for providing services within the budget allocated for that purpose.
- 3.4 For the provision of welfare support, the Council has a legal duty to provide such services for specified groups, which, as detailed in the Welfare Budget, includes for example the outsourced services delivered by Citizens Advice. These duties are specified in the Social Work (Scotland) Act 1968, the Carers (Scotland) Act 2016 and the Child Poverty (Scotland) Act 2017.
- 3.5 The Directorate is also responsible for ensuring policies are in place, and support is provided for managers and employees to ensure the Council continues to comply with all employment and health and safety requirements.

3.6 **Risk:** There is a risk that pandemic and other wider impacts, and resulting mitigations continue to result in additional and increased costs for the Directorate. This includes for example, for the provision of critical demand-led financial assessments and welfare services as reported in the welfare budget set out in **Appendices 2 and 3** to this report.

3.7 There are no **Climate Change/Carbon Clever or Gaelic** implications arising as a direct result of this report.

4. **Appendix 1 Resources and Finance Revenue Budget Monitoring 2021/22**

4.1 **Appendix 1** to this report shows the forecasted year end outturn for the Directorate at Quarter 2, 2021/22. The Directorate is showing an outturn of £13.492m against a net annual budget of £13.691m, representing an underspend of £0.199m. This section of the report provides narrative and budget information for each of the activities detailed in the monitoring report at **Appendix 1**. This does not include the Welfare Budget, which is discussed separately in Section 9 below and detailed in **Appendices 2 and 3** to this report.

4.2 **Directorate**

The Directorate overspend of £0.229m includes unallocated efficiency savings relating to prior years offset by other expenditure underspends. Work is continuing to address these historic issues and future budgets will be aligned to service requirements.

4.3 The Directorate continues to focus on savings targets while recognising that all Heads of Service and their teams continue to focus on and support pandemic impacts. The ongoing unpredictable nature of the pandemic has also resulted in pressures that were not foreseen and have hampered the Directorate's spending controls and deliverability of some savings targets. Attendance management continues to be a key focus as is the support available for managers and their teams including via Occupational Health and the Employee Assistance Programme. Performance is detailed below:

Average days lost	2021-22	
	Q1	Q2
All Highland Council	1.8	1.5
Resources and Finance	1.1	1.5

4.4 **People (Annual Budget: £2.357m)**

The budget for People mainly relates to staff and training. The composition of this budget needs careful management and is reporting a predicted year end overspend of £0.029m. The main reason for this overspend relates to a corporate training saving that was applied last year to this budget. Recruitment has taken place to the Programme Manager post which will lead on the replacement of the HR/Payroll system.

4.5 **Revenues and Business Support (Annual Budget: £7.414m)**

For this section, the forecasted underspend is £0.368m which includes £0.225m administration funding to support future delivery of pandemic payments. Underspends are offsetting pressure from warrant income which has improved since

Quarter 1. The main reason for the movement in the outturn of £0.250m is increased staffing in Business Support to support the Council's needs and increased functional workloads, along with increased computer/ICT related costs and also debt collection costs.

4.6 **Corporate Finance (Annual Budget: £3.540m)**

The forecasted underspend in Corporate Finance of £0.090m is mainly arising from underspends in the Accounting and Insurance Section of £0.062m and Payroll & Creditors £0.028m. These underspends are mainly staffing and other expenditure underspends, as well as one-off income. The increase in forecast underspend of £0.023m is due to a reduction in forecasted other expenditure.

5. **Performance Information**

5.1 As described in section 1 of this report, a single report containing both revenue and performance information has several benefits. The following paragraphs provide performance information for the Directorate and while this mainly focuses on those responsibilities for the Head of Revenues & Business Support, the aim is to expand the breadth of information provided in future reports to reflect the responsibilities of each Head of Service. With the support and guidance of the Corporate Audit & Performance Manager best use will be made of the Performance and Risk Management System (PRMS) for future reporting and to enable progress to be monitored.

5.2 Performance for outsourced activities led by the Directorate is reported separately to this Committee at various points throughout the year.

5.3 **Revenues and Business Support - Council Tax In-year Collection Rate**

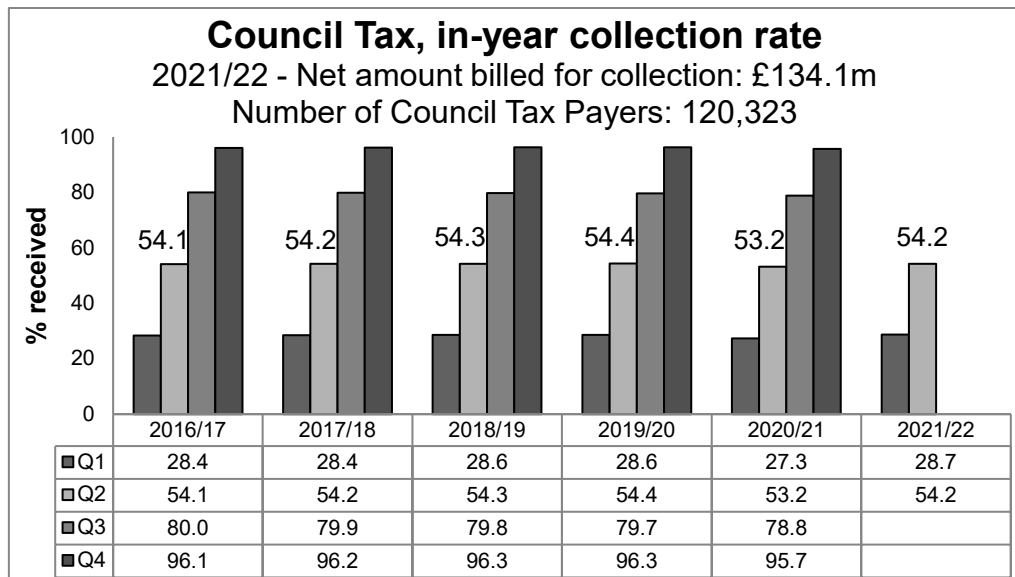
5.3.1 The Q2 Council Tax in-year collection rate is 54.2%, representing an increase of 1.0% on the comparable period last year and 0.2% reduction when comparing to 2019/20.

5.3.2 The Directorate continues to have a sharp focus on the council tax collections with a view to maximising this important income stream for the Council. Steps are taken regularly by the Welfare Support Team to promote the Council Tax Reduction scheme using social media and, in every case, when undertaking welfare checks for all citizens choosing this service. The availability of this financial support to reduce council tax bills is also promoted on the reverse side of council tax bills and on all recovery notices. A useful ready reckoner to entitlement is published on the Council's [website](#) to encourage take-up by enabling council tax payers to compare their household composition and income with the qualifying thresholds for their council tax band. Through the Council's outsourced services provided by Citizens Advice, advisers routinely support clients to apply for this valuable support. A planned annual recovery schedule is in place to ensure that recovery and enforcement actions are progressed in accordance with the appropriate regulations. This encourages payments and helps to identify council tax payers who require additional time to pay and welfare support.

5.3.3 Council Tax Reduction reduces the council tax liability by up to 100% for individual households and in these circumstances, limits the bill to Scottish Water's water and wastewater charges. Council tax payers can apply for this support via the Council's Apply Once online application [form](#), by contacting the Welfare Support Team at welfare.support@highland.gov.uk or by calling 0800 090 1004.

5.3.4 Council Tax contributes around 20.6% of the Council's general fund and is used to bridge the difference between the block grant and the Council's estimated expenditure. There is therefore a sharp focus on council tax collections performance and actions to mitigate performance fluctuations. For example, Direct Debits now make up 76% of council tax bill payments, representing 84.2% of receipts, comparable to the prior year position of 74.6% and 84.7%, respectively.

5.3.5 Direct Debit is the Council's preferred payment method. Increasing the number of Direct Debit payers and the associated value of receipts, supports collections performance, reduces bank charges resulting in financial savings, and enables the Council to better predict future income levels, which are important for treasury management and financial planning purposes.



5.3.6 The Revenues Team continues to focus on recovering unpaid sums in respect of the current and prior years and is working closely with the Council's appointed Sheriff Officers to focus on those debts where Summary Warrants have been granted.

5.3.7 The number of council tax payers (120,323) included in the above bar chart shows the position as at March 2021 when the 2021/22 council tax bills were being prepared and issued. As new builds come onto the market and are made available for ownership, private rented and social housing, there is natural movement in the tax base and number of council tax payers throughout the year. The March annual billing position is therefore used year on year to provide trend data and to develop business intelligence. Having such rich data, helps to inform improved performance and decision making.

5.3.8 A significant undertaking during Q2 has been preparation for the Low-Income Pandemic Payment (£130 each) to more than 19,000 citizens. While individual payments were made during October 2021, preparation involved writing to each eligible citizen to collect the required information digitally via the Council's website. Payment was made either by BACS or by crediting the relevant council tax accounts. The impacts of these payments on council tax income will be included in Q3 reporting.

5.3.9 The Digital Transformation project includes development of a council tax portal to enable citizens to self-serve from Spring 2022.

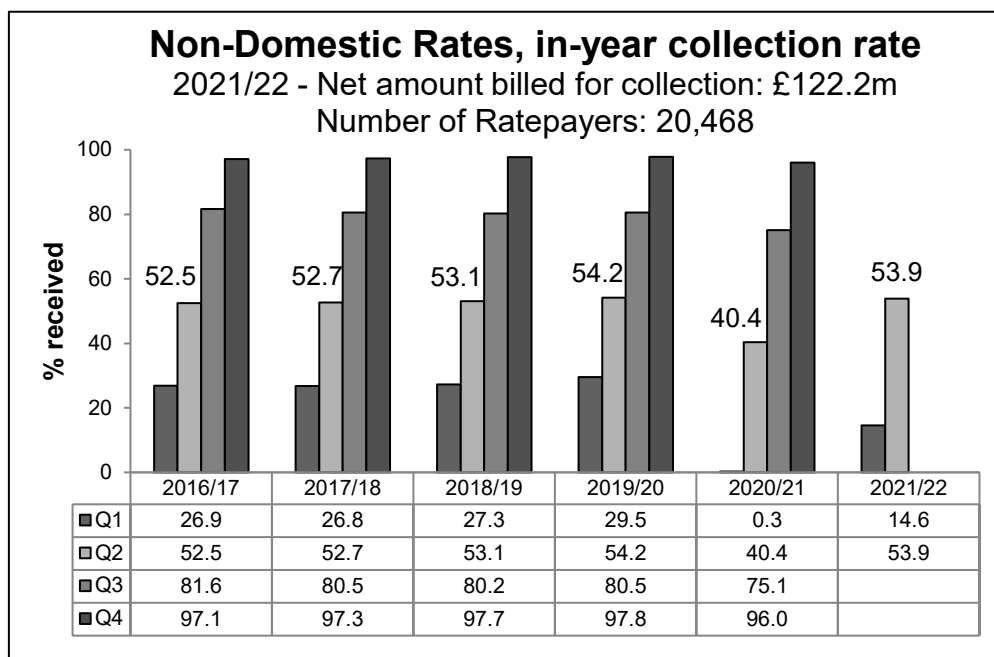
5.4 Revenues and Business Support - Non-Domestic Rates In-Year Collection Rate

5.4.1 The Council's total revenue funding provided by the Scottish Government is made up of 3 components: General Revenue Grant (GRG): Distributable Non-Domestic Rate Income (NDRI) and specific ring-fenced grants.

5.4.2 Non-Domestic Rates are collected and retained by the Council. The Scottish Fiscal Commission is responsible for preparing the national forecast for NDR income to be collected, based on several factors including revaluations, appeals and the likely poundage set. The forecast is then redistributed to local authorities using the most recent prior year Non-Domestic Rates income returns submitted by councils, adjusted to reflect variations between the estimated Non-Domestic Rates Income and the actual amount collected. This means the amount collected by an individual authority has no direct impact on the total funding as the Scottish Government provides each local authority with their formula share of GRG plus NDRI.

5.4.3 Economic volatility is very quickly evident from fluctuations in Non-Domestic Rates income and underlines the importance of understanding and acting upon the trend information detailed in the table below. Keeping abreast of and responding to external influences remains an important focus for the Revenues Team.

5.4.4



5.4.5 While Q2 performance is showing a significant improvement when compared with Q1, the 0.3% reduction on the 2019/20 indicates the ongoing challenges facing businesses. Historically, relief from Non-Domestic Rates has been available to achieve competitive equity and fairness. For 2021/22, the Scottish Government is providing a comprehensive package of relief to help mitigate the impacts of Covid-19 for the [retail](#), hospitality, leisure and aviation sectors. The Revenues Team has managed well with the associated workload to ensure prompt consideration, and where appropriate, award of this relief.

5.4.6 Each year, processes are in place, the Council's website is updated, and the Revenues Team is trained to identify qualifying properties and to automatically award other available relief wherever possible. To raise awareness and to relieve ratepayers from rates bills, information regarding relief is provided on the non-domestic rates bill and published on the Council's website.

5.4.7 For those reliefs that require application forms to be submitted by the ratepayers, the Revenues team proactively invites applications where sufficient information is available. However, this is not possible in all cases and relies on some ratepayers applying independently. Steps continue to be taken to identify properties that may be entitled where ratepayers have not yet applied for relief, including the Small Business Bonus Scheme.

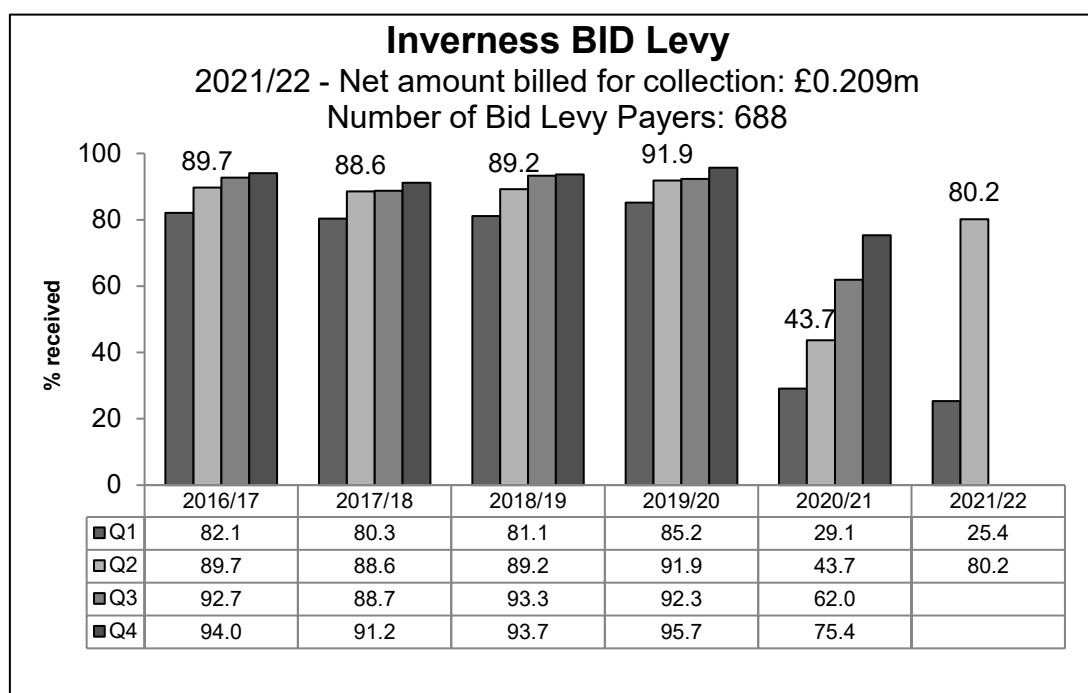
5.5 Revenues and Business Support - Business Improvement Districts (BID)

5.5.1 The Revenues Team is responsible for administration and collection of the 3 BIDs currently operating within Highland and for the recovery of the associated annual administrative costs from each BID. Officers continue to progress billing and recovery in accordance with a planned schedule.

5.5.2 Billing for the Inverness and the Inverness & Loch Ness Tourism BID levies was undertaken in line with previous years, i.e., April 2021. The Nairn BID billing year commences in October each financial year.

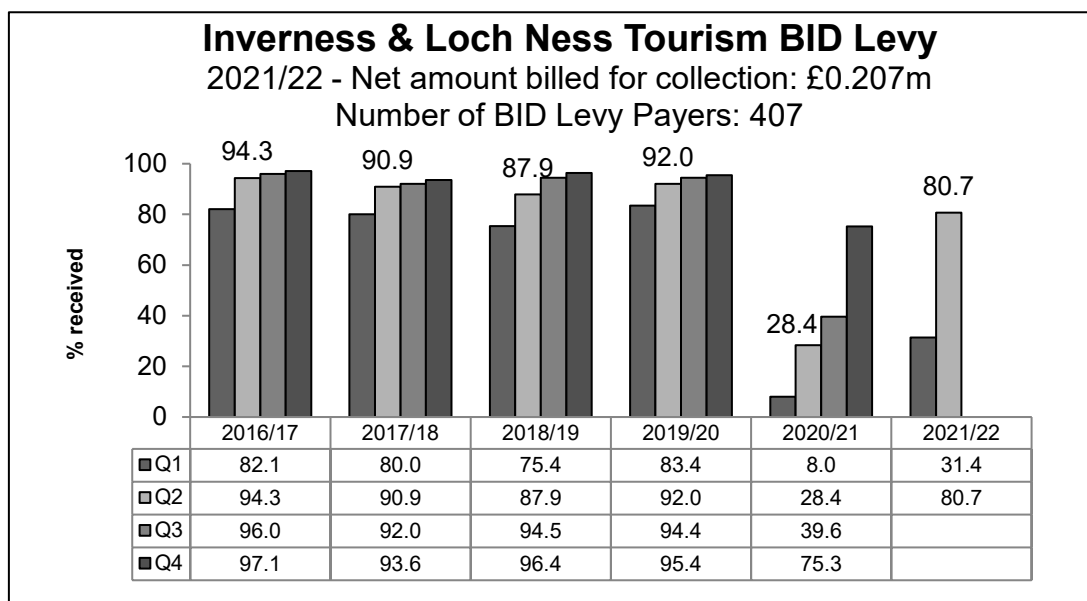
5.5.3 Inverness BID Levy

By the end of Q2, 80.2% of the Inverness BID Levy income had been received, a significant increase on the prior year Q2 position. This level of performance is however lower than financial years 2016/17 to 2019/20 indicating the competing pressures for levy payers.



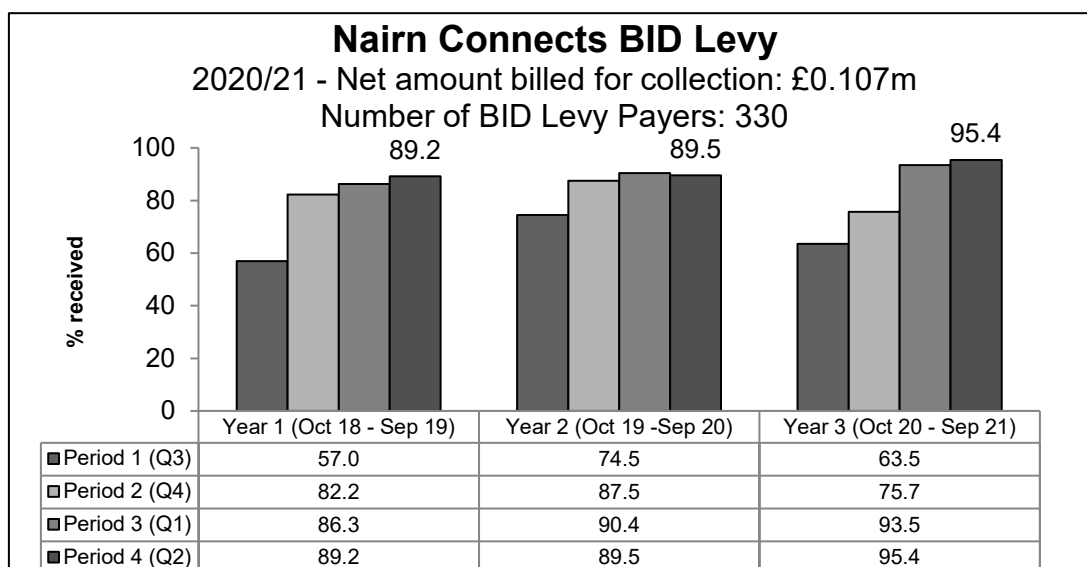
5.5.4 Inverness & Loch Ness Tourism BID Levy

By the end of Q2, 80.7% of the BID levies had been paid compared with 43.7% at the same point in 2020/21 and 91.9% during 2019/20 underpinning the particular pressures within the tourism sector.



5.5.5 Nairn Connects BID Levy

The Nairn Connects billing year commences 1 October each year. Performance in Period 4 (Quarter 2) shows a collection rate of 95.4%, a 5.9% improvement on the prior year and an increase of 6.2% on the Year 1 position.



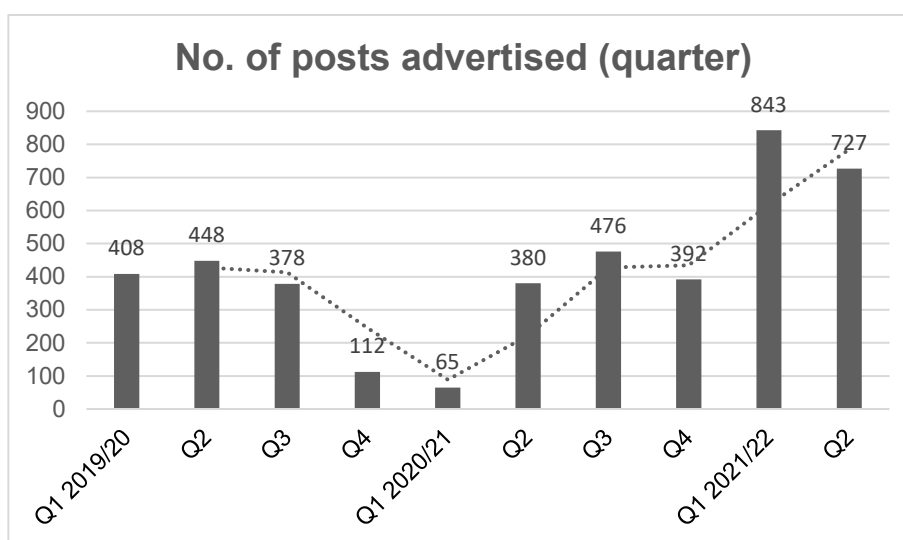
6. Revenues & Business Support and People - TalentLink

6.1 The teams reporting to the Heads of Revenues & Business Support and People are responsible for ensuring prompt advertising of vacancies once approved by the Resources & Governance Board and thereafter for the efficient processing of applications received. CoSLA's on-line recruitment system, *TalentLink*, is used for this purpose enabling vacancies to be advertised electronically and for applicants to apply online while still ensuring that paper applications can be made. *TalentLink* also enables Council Managers to complete the selection and recruitment process electronically, streamlining processes, eliminating paper and helping to support the Green agenda. The platform used to advertise the range of vacancies that are currently being advertised by the Council can be accessed [here](#).

6.2 The following tables evidence continuing strong performance for processing paper forms within the target of 2 days and when advertising posts via TalentLink.

TalentLink	15/16	16/17	17/18	18/19	19/20	20/21	21/22 YTD
Number of posts advertised	2,403	1,914	1,947	1,258	1,346	1,313	1,570
Percentage of posts advertised on time	100%	100%	100%	100%	100%	100%	100%
Number (& percentage) of electronic applications	15,217 95.9%	14,427 95.3%	17,206 97.5%	11,044 97.2%	11,608 96.53%	12,254 98.28%	7,451 99.2%
Percentage of paper applications processed within 2 working days	100%	99.3%	100%	99.7%	100%	100%	100%

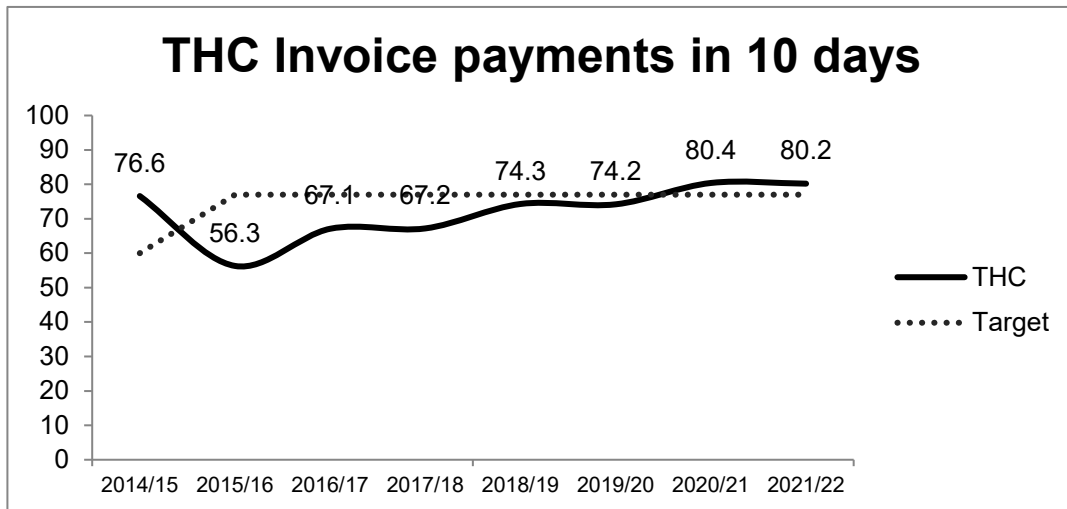
6.3



6.4 While the Q2 position shows a slight drop in recruitment when compared with Q1, the workload is still well above the average of the previous 8 quarters as set out in the bar chart at paragraph 6.3 above. 1,570 posts were advertised in the 6 months to 30 September 2021 whereas 1,313 posts were advertised during the whole of 2020/21, In the previous 8 quarters, an average of 452 posts were advertised. This significant increase in workload (+72% in Q2) continues to stretch capacity. This has been offset by additional staff being recruited into the Business Support HR Hub as reflected in the budget monitoring at paragraph 4.5 to this report. Such significant increases in recruitment across Directorates reflect the Council's ongoing commitment to economic recovery and growth as set out in the Health and Prosperity Strategy for the Highlands and comprises permanent and fixed term contracts, including modern apprenticeships and graduate interns.

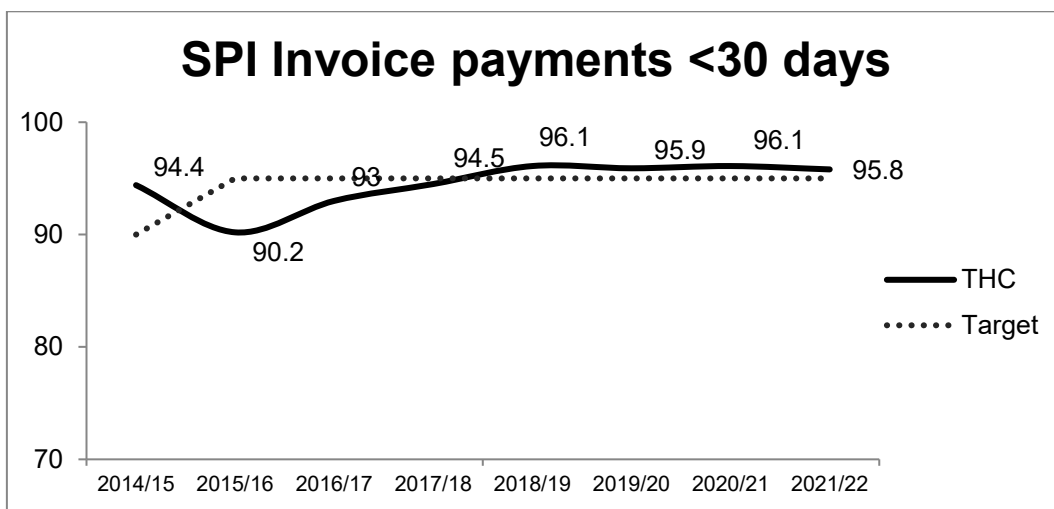
7. Corporate Finance and Revenues & Business Support - Payment of Invoices

7.1 These indicators measure the Council's efficiency of paying invoices and analyses the number of invoices paid within 10 days and 30 days of receipt as a percentage of all invoices paid. The Creditors Team, reporting to the Head of Corporate Finance, and the Shared Business Support Team reporting to the Head of Revenues & Business Support, are responsible for payment of invoices once approved by budget holders and for those matched to Purchase Orders. Q2 performance for the Council exceeds the corporate target of 77%, by 3.2%.



7.2 Performance by Directorate is detailed at **Appendix 5** to this report. Budget holders and their teams are mindful of the importance of prompt payment although there are valid reasons why some invoices cannot be paid within the 10-days timescales. The Council introduced the 10-day local measure several years ago to support businesses, sole traders and others through prompt payment of invoices.

7.3



For the statutory performance indicator of 30 days to pay an invoice, Q2 saw a slight decrease on performance from the prior year of 0.3% to 95.8% compared to 96.1% in Q2 20/21, while still remaining above the corporate target of 95%, by 0.8%.

8. Directorate Complaints Performance

8.1 Led by the Communities & Place Directorate, the Council recently migrated to a new complaint management system. The new [Model Complaint Handling Procedure](#) was also introduced in April 2021 and sets out the Council's ambitions to improve performance. It is anticipated that more detailed business intelligence on complaints performance and analysis of complaint type will be developed in due course and once available will be incorporated into this monitoring report. Monitoring complaints and the business intelligence available from doing so, helps to inform service design and decision making. When received, complaints are categorised as follows (a) front line resolution, not requiring investigation with a resolution target of 5 days and (b) more complex complaints, requiring investigation with a resolution target of 20 days.

8.2 The measures presented below represent the end-to-end process, and therefore the combined performance of the Communities & Place Directorate (allocation, quality assurance and issue) and the Resources & Finance Directorate (checking records, investigation, responding to complaints and approval).

8.3 The combined performance across these Directorates during Q2 was as follows against a corporate target of 70% for both categories:

	Resources & Finance	Highland Council
5-days frontline resolution	63.2%	62.3%
20-days investigation	66.7%	62.5%

8.4 Collaboration across the Directorates continues to identify process and other quality improvements.

9. Appendix 2 Welfare Budget 2021/22

9.1 The Welfare Budget is delivered by the Revenues & Business Support section. **Appendix 2**, and the supplementary information detailed at **Appendix 3** to this report sets out the actual expenditure and the outturn against the budget. The Welfare Budget is showing a year end outturn of £24.187m against a net annual budget of £23.918m, representing an overspend of £0.270m for 2021/22. Welfare take-up across a range of entitlements is used to determine national distribution of funding. As such, in addition to recognising the direct social, health and economic benefits for individual recipients, monitoring of this budget should be considered in terms of these broader funding factors plus the positive impacts for communities and businesses alike.

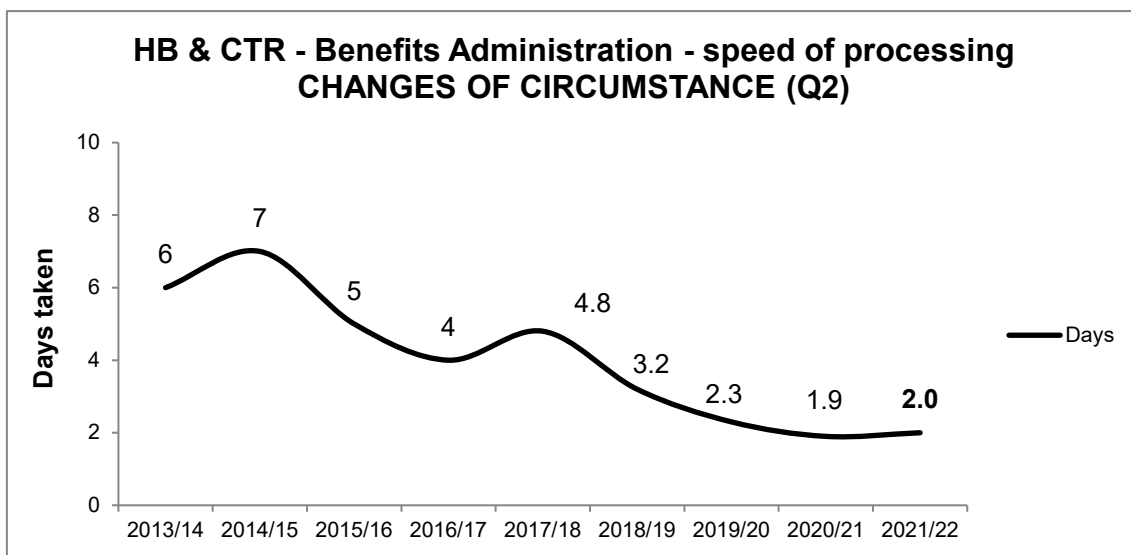
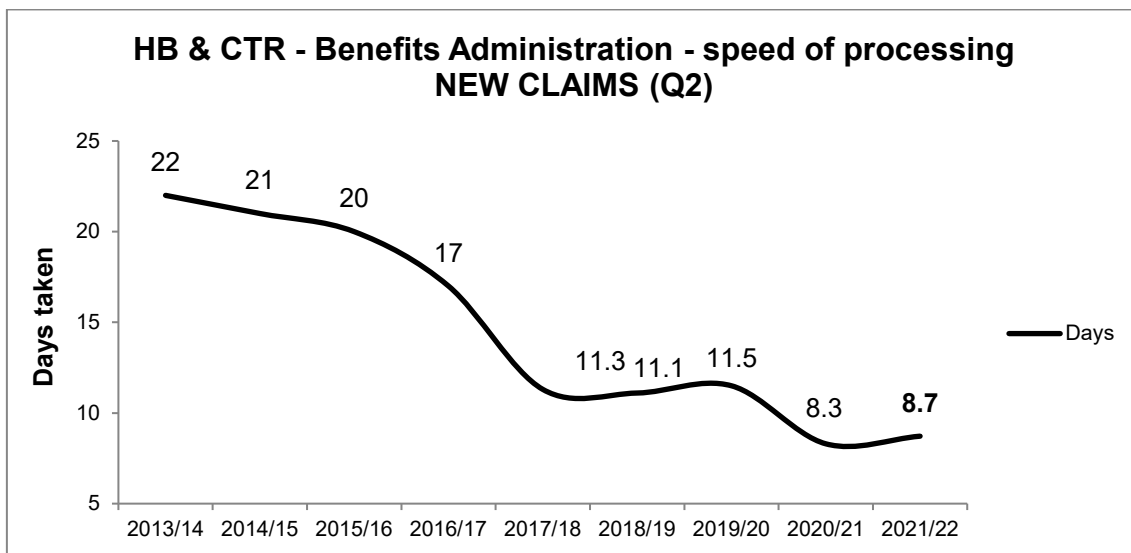
9.2 Council Tax Reduction

Reflecting the net position, an underspend of £0.076m is reported as some citizens move off this demand-led Council Tax Reduction Scheme (CTRS).

9.3 Housing Benefit: Annual Expenditure Budget

The Housing Benefit budget reports a year end outturn of £2.523m, representing an overspend of £0.006m for 2021/22. Whilst Housing Benefit is generally funded by the Department for Work and Pensions (DWP), it is not fully funded, eg where Housing Benefit has been overpaid because the customer had not advised the Council timeously of a material change in their circumstances. As a result of Covid-19, the DWP suspended local authorities' abilities to recover overpayments of housing benefit, impacting the reported overspend. Although this suspension is now lifted, this national policy decision has reduced the amount of recovered overpaid housing benefit via the DWP. Close monitoring of DWP recovery of overpaid benefit is therefore in place.

9.3.1 Prompt processing times for New Claims and Changes in Circumstances by the Service Delivery Team are positive for customers as they mean the right benefit is paid, to the right people, at the right time. This level of performance, as shown below also helps council tax collection levels, supports the Housing Benefit budget heading and maximises subsidy from the Department for Work and Pensions.



9.4 Scottish Welfare Fund: Annual Budget £1.243m 2021/22

A balanced budget is forecast for Scottish Welfare Fund at this stage in the financial year. The unpredictable nature of the pandemic and cost of living increases requires very close monitoring of this budget.

9.5 School Clothing Grants: Annual Budget £0.565m 2021/22

A balanced budget is forecast for the School Clothing Grants spend with the budget being topped up by funding from the Scottish Government. Grants of £140 per academic year are available for primary school children and £150 for secondary pupils.

9.6 Free School Meals Holidays: Budget £0.722m 2021/22

A balanced budget is forecast for this budget at this stage in the financial year. In advance of the summer school holidays, the Service Delivery Team made payments equivalent to £12.50 per week to the children and young people entitled to free school meals due to low income.

9.7 Fuel Support Fund: Budget £0.764m 2021/22

Forecast spend for the locally designed fuel support fund is £1.062m resulting in an overspend of £0.298m. This fund is now closed.

9.8 Fuel Poverty

9.8.1 The Scottish Government considers a household to be in fuel poverty if, after housing costs, more than **10%** of its income is required to pay for reasonable fuel needs and the remaining money is insufficient to maintain an “acceptable standard of living”. If more than **20%** of the remaining income is required, the household is considered to be facing extreme fuel poverty.

9.8.2 A report published in February 2021 *Scottish House Condition Survey: Local Authority Analysis 2017-2019* and analysis undertaken by Energy Action Scotland of Ofgem data (the government energy regulator), reveals more than a third of households in some local authority areas in Scotland are already living in fuel poverty, while nearly a quarter in others are in extreme fuel poverty.

9.8.3 The data for Highland shows:

- **33%** of households in Highland are experiencing fuel poverty compared to the national average of **24%***.
- **22%** of households in Highland are facing extreme fuel poverty, which is nearly double the national average, at **12%***.

*as measured by the 2021 Scottish House Condition report.

9.8.4 The Scottish Government set statutory targets in 2019 that by 2040 no more than **5%** of households should be in fuel poverty, and no more than **1%** should be in extreme fuel poverty. These targets must be met in each of Scotland’s 32 local authority areas.

9.8.5 Energy Action Scotland highlight households living “[off the gas grid](#)” - not connected to the national mains gas network - often struggle most to cope with fuel costs with analysis showing many areas with the highest rate of households living off the grid, such as the Highlands and Islands, also had the largest number in fuel poverty. These findings were produced prior to the current increases in gas prices and should therefore be considered within that context.

9.8.6 In addition, while the average UK dual fuel bill comes to **£1,138**, Scottish consumers face an average bill of **£1,759** and for those with electricity only, the figure rises to **£2,276**.

9.8.7 Scottish House Condition Survey: Local Authority Analysis 2017-2019 can be found at [Scottish House Condition Survey: Local Authority Analysis 2017-2019 - gov.scot \(www.gov.scot\)](#)

9.8.8 On 29 October 2021, the Scottish Government announced a £41m Winter Support Fund for low-income families which includes £10m nationally to help those struggling to pay their fuel bills.

9.9 Covid Spring Hardship Payments

With pandemic funding from the Scottish Government, hardship payments of £100 per pupil were paid to those in receipt of means-tested free school meals for Easter 2021. An overspend of £0.030m is anticipated.

9.10 Family Pandemic Payments

£100 Family Pandemic Payments were made by the Service Delivery Team for summer 2021 to the 4,852 children and young people entitled to free school meals based on low income. Those awaiting their first Universal Credit payment also

received this payment as did those whose immigration status meant they could not Government-funded receive financial support. Funded by the Scottish Government, a balanced budget is forecast.

9.11 **The Scottish Child Payment Bridging Payments**

Funded by the Scottish Government, payments of £160 per eligible person, bring together the Covid Spring hardship payments and the Family Pandemic Payment into one payment. During Q2, the Service Delivery Team put a plan in place to enable payments to be made during Quarters 3 (October) and 4 (December) for each P1 to S6 pupil who is entitled to Free School Meals due to low income. This plan includes ensuring up to date data is available, including payment details to enable BACS payments. During 2022/23, four equal payments of £130 will be made at Easter, Summer, October and Christmas and will be made in line with the start of the school holidays. Further information will be provided as part of future monitoring.

9.12 **Winter 2021/22 Support Fund**

The funding package referenced at paragraph 9.8.8 above, promotes cash-first approaches and includes £25m flexible funding to help Scottish local authorities to support wellbeing and respond to financial insecurity based on local needs. £6m is also available for third sector partners to support low-income families.

10. **Milton Holiday Activity Hub – Summer 2021**

10.1 The Scottish Government has welcomed the evaluation report, the positive outcomes from the Summer Hub and associated learning. Insights from the evaluation include that:

- Participants' health and well-being (physical and mental) improved through the provision of nutritious lunches and snacks;
- Participants had the opportunity to access new activities and excursions which helped them develop new interests, skills and hobbies;
- Some parents who took part in the adult sessions were encouraged to continue with other qualifications and adult learning after the Hub ended to help support employment, self-confidence and wellbeing;
- There are inherent financial pressures during school holiday periods. The combination of food provision and activities available for participants alleviated some of these pressures usually felt by families.

10.2 91% of participants who completed the survey said that they would like to take part in the Holiday Hub again – an encouraging indication that the vast majority of participants enjoyed the activities and food on offer at the Hub, the friendships nurtured, new experiences, and the positive outcomes for health and wellbeing.

11. **Scottish Index of Multiple Deprivation (SIMD)**

11.1 As agreed at the August 2021 meeting of this Committee, **Appendix 7** to this report provides an analysis for Highland of the most up to date Scottish Index of Multiple Deprivation, which was published by Scotland's Chief Statistician on 28 January 2020. Previous SIMDs were published in 2004, 2006, 2009, 2012 and 2016.

11.2 SIMD is a tool for identifying the places in Scotland where people are experiencing disadvantage across different aspects of their lives and is a relative measure of multiple deprivation across 6,976 small areas (data zones) in Scotland rather than focusing only on low income. In order to measure multiple deprivation, the Index analyses 7 indicators: Income, Employment, Education, Health, Access to Services, Crime and Housing.

- 11.3 SIMD should not be used to identify how much more deprived one area is from another as the differences between two ranks can be tiny or large. Conversely, the Index should not be used to identify affluent areas as the definitions of low or a lack of deprivation is not the same as being income/asset rich.
- 11.4 There is significant data available within the Index and as a result, **Appendix 7** does not reflect the full data set for each data zone and instead identifies the most and least deprived data zones in Highland. Should any Member require more detailed analysis in respect of their Ward, then they should contact the Head of Revenues & Business Support. Further information relating to SIMD is available on the Scottish Government's website at the following [link](#) which provides access to an interactive map.
- 11.5 Highland is one of six local authority areas that have a larger share of the 20% most deprived areas in Scotland compared with the 2016 SIMD (Highland, Aberdeen City, North Lanarkshire, Moray, East Lothian, North Ayrshire). Furthermore, Merkinch in Inverness is identified as one of 14 data zones in Scotland experiencing deep-rooted deprivation across 6 local authority areas (Highland, Inverclyde, Renfrewshire, Glasgow, North Lanarkshire, North Ayrshire), ie consistently among the 5% most deprived in Scotland since SIMD 2004. There is a cautionary note to this data as changes in SIMD rank for one area may be due to other areas becoming more or less deprived.
- 11.6 Deprivation at local authority level is measured by the proportion of data zones in that area which are classified as 'deprived'. The Scottish Government highlights that:
- “SIMD identifies deprived areas, not people. Over half of people on low income do not live in the 20% most deprived areas in Scotland. So using SIMD to identify individuals experiencing deprivation will not work in some areas, such as remote rural areas and the islands.”*
- 11.7 It is therefore important to understand the limitations of SIMD. For example, the current domains do not have equal weighting and the geographical access domain accounts for 9% of the overall SIMD. Furthermore, the Index does not capture rural deprivation where this is spatially dispersed. For example, in Highland, 81.1% of people who are income deprived and 81.2% of people who are employment deprived live out with the 15% most deprived areas, as identified through SIMD.
- 11.8 In 2016, in recognition of the limitations of SIMD in effectively capturing rural deprivation, the Community Planning Partnership agreed to utilise the Socio-Economic Performance Index (SEP), alongside SIMD, as a way of better understanding inequality and deprivation across Highland and specifically to identify communities to target for action. Designed by the James Hutton Institute, the SEP index combines 20 indicators including health, income, benefits, access, education and population data. A number of these indicators are more sensitive to capturing rural issues. Within Highland, the highest ranking data zones identified in the SEP index are a mixture of remote small towns, accessible rural and remote rural communities. It was also agreed to consider the wider community for action and not just utilising the individual data zone.

12. Service Plan Update

- 12.1 As set out in **Appendix 6** to this report, the Directorate's Service Plan comprises 4 key themes:
- Valuing our People and Advancing Wellbeing
 - Delivering Excellence and Maximising Revenue for the Council
 - Social and Economic Empowerment
 - Strategic Leadership and Innovation
- 12.2 Resources from within the Directorate continue to have an increased focus on budget-related matters, HR advice and Business Support to support redesign and the notable increase in recruitment activities across Directorates as set out elsewhere in this report.
- 12.3 Some of the resources within the People section have been focused on the Defence Employers' Recognition Scheme which culminated in the Council's recent Gold Award. This requires the Council to advocate the benefits of supporting those within the Armed Forces community by encouraging others to sign the Armed Forces Covenant and engage in the Employer Recognition Scheme.
- 12.4 The Council must also provide 10 extra paid days leave for Reservists and have supportive HR policies in place for veterans, Reserves, and Cadet Force Adult Volunteers, as well as spouses and partners of those serving in the Armed Forces.
- 12.5 Good progress is being made across several actions within the Directorate's Service Plan, which include collaborating with all Directorates to establish suitable apprenticeships; ongoing implementation of the internal recharge review; collaboration with partners to implement a food distribution hub for Highland; development of the procurement strategy and annual report; refreshing the performance management framework for the Directorate; and stable performance of corporate key line of business systems; processing backpay for holiday pay to staff in October payrolls; training 10 in-house mediators who will support employee relations across the Council; support TUPE transfer of Wipro staff to the Council as part of the ICT services restructure; and supported recruitment to senior leadership posts as part of the corporate restructure.
- 12.6 There is some slippage on the Plan mainly involving those improvement actions where measures need developed and accessibility of data sources need confirmed. Action will be taken to address this slippage and to continue progressing the improvement actions in the Service Plan.

13. Procurement & Contract Management Transformation Project

13.1 Activities undertaken/ongoing

The Project Board continues to meet at least weekly and has overseen the completion of the following activities:

- Project Roles & Responsibilities agreed
- Detailed Project Plan drafted, reviewed and agreed
- Project Initiation Document finalised
- Initial Risk Register completed – this is subject to continued review and update as appropriate
- Workstream benefits and outcomes identified

Project updates are provided regularly to the Transformation Programme Office, The Recovery Improvement and Transformation Board and will continue to be reported to Corporate Resources Committee until project completion.

13.2 **Planned Activities (next reporting period September to December 2021)**

Activity	Status	Notes
Recruitment to vacant posts	Completed	Completed during September 2021
Completion of project documentation and work plans	Ongoing	
Critical appraisal and development of Procurement and Contract Management Roles & Responsibilities, including Roles Matrix	Ongoing	Consultation with ECOs and key contract managers scheduled for completion by September 2021
Engagement with stakeholders	Ongoing	Following on from an informative seminar on 28 th April 21 with ECOs, engagement with individual ECOs and contract managers is planned.
To ensure value for money, and in conjunction with contract managers/owners, detailed data analysis and review of contracts.	Ongoing	A significant and important activity which involves a number of stages. This activity initially involves interrogating the ledger and other data, and thereafter developing a robust Contracts Register in conjunction with Directorates. A review of governance arrangements is also planned.
Incorporate feedback from Directorates and approve Procurement & Contract Management Roles and Responsibilities Documentation	Ongoing	Initial engagement with key ECOs and Contract Owners/Managers. Thereafter the Executive Leadership Team will be provided with an opportunity to review.
Report to Corporate Resources Committee	Ongoing	Next Corporate Resources Committee 24 November 2021.

13.3 Key Risks Issues and Mitigation

Description	Risk or Issue	Status (High, Medium or Low)	Mitigation
Non-alignment of Procurement & Council Strategies	Risk	Medium	Should this occur, the identified risk will be considered within the context of the broader impacts for the Council and Shared Service. Issues will be resolved at Board level with escalation arrangements in place, if required.

13.4 The Commercial & Procurement Shared Service Business Partner and Strategic Procurement Manager are engaging with Directorates to support decision-making, for the provision of advice and guidance, and to scrutinise spend. This approach is already proving successful and will be undertaken on an ongoing basis.

Designation: Executive Chief Officer, Resources and Finance

Date: 29/10/2021

Authors: Rachel Rae, Trainee Accountant
Lucy Lallah, Business Management Analyst
Caitlin Thomson, Graduate Intern (Welfare)
Sheila McKandie, Interim Head of Revenues & Business Support

Background Papers: Scottish Index of Multiple Deprivation

RESOURCES AND FINANCE SERVICE Revenue Expenditure Monitoring Report

1 April 2021 to 30 September 2021

	£000 Actual Year To Date	£000 Annual Budget	£000 Year End Estimate	£000 Year End Variance
BY ACTIVITY				
Directorate	468	380	609	229
Resources & Finance - COVID	1	-	1	1
People	1,198	2,357	2,386	29
Revenues & Business Support	4,327	7,414	7,046	(368)
Corporate Finance	1,592	3,540	3,450	(90)
Total	7,585	13,691	13,492	(199)
BY SUBJECTIVE				
Staff Costs	7,723	13,664	13,555	(109)
Other Costs	1,002	2,698	2,535	(163)
Gross Expenditure	8,725	16,362	16,089	(273)
Grants	(354)	(745)	(741)	4
Other Income	(786)	(1,925)	(1,856)	69
Total Income	(1,140)	(2,671)	(2,597)	74
	7,585	13,691	13,492	(199)

Notes

1. % age of Annual Expenditure*	-	-	-	-
	Sep 2122	55%		
	Sep 2021	56%		

*These percentage figures represent the proportion of budget spent at the end of the quarter reported, with comparison to the same reporting position last year.

Appendix 2

Welfare Monitoring

1 April to 30 September 2021/22

	£000 Actuals To Date	£000 Annual Budget	£000 Year End Outturn	£000 Year End Variance
BY SERVICE				
Housing Benefit	3,063	2,517	2,523	6
Council Tax Reduction Scheme	13,202	13,278	13,202	(76)
Scottish Welfare Fund Grants	1,167	1,243	1,243	0
Educational Maintenance Allowances	33	-	-	0
School Clothing Grants	664	565	565	0
Advice Services	737	1,010	1,021	11
Milton Activity Hub Grant	(61)	-	0	0
Welfare COVID	2,001	5,305	5,633	328
Paypoint prepayment*	1,127	-	-	0
Welfare Total	21,933	23,918	24,187	270
BY SUBJECTIVE				
Staff Costs	0	0	0	0
Other Costs	39,264	60,303	62,182	1,879
Gross Expenditure	39,264	60,303	62,182	1,879
Grants	(17,205)	(36,249)	(36,243)	6
Other Income	(126)	(136)	(1,752)	(1,616)
Total Income	(17,330)	(36,385)	(37,995)	(1,609)
Welfare Total	21,933	23,918	24,187	270
% of Annual Expenditure				
This year	91.7%			
Last year	101.6%			

* As required by the Financial Conduct Authority in relation to Crisis Grants, School Clothing Grants, Winter Hardship Payments and Free School Meals

Free School Meals Holidays	722	365	798	76	0	0	(76)	(76)	722	365	722	0
Fuel Poverty	764	1,068	1,062	298	0	0	0	0	764	1,068	1,062	298
Family Pandemic Payments	1,527	435	1,677	150	0	0	(150)	(150)	1,527	435	1,527	0
Low Income Pandemic Payments	2,292	8	2,292	0	0	0	0	0	2,292	8	2,292	0
Hardship Payments		125	43	43	0	0	(13)	(13)	0	125	30	30
Paypoint prepayment*	0	1,127	1,127	1,127	0	0	(1,127)	(1,127)	0	1,127	0	0
TOTAL	60,303	39,264	62,182	1,879	(36,385)	(17,330)	(37,995)	(1,609)	23,918	21,933	24,187	270

* As required by the Financial Conduct Authority in relation to Crisis Grants, School Clothing Grants, Winter Hardship Payments and Free School Meals

Appendix 4

Other performance measures	Frequency
Processing time benefit – new claims (average days)	Quarterly
Processing time benefit – change in circs (average days)	Quarterly
Welfare Support	Quarterly
Business Improvement District (BID) Levy	Quarterly
Business Support - Talentlink	Quarterly
Business Support – Single Grant Applications	Quarterly

Statutory Performance Indicators	Frequency
The average number of working days per employee lost through sickness absence for: b) All other local government employees	Quarterly
The gross administration cost per benefits case	Annual
The cost of collecting Council Tax per dwelling	Annual
Current year income from Council Tax: a) The income due from Council Tax for the year, net of relief and rebates b) The percentage of a) that was received during the year	Quarterly
The number of invoices paid within 30 calendar days of receipt as a percentage of all invoices paid	Quarterly
The number of invoices paid within 10 calendar days of receipt as a percentage of all invoices paid	Quarterly
Insurance - cost/claim processed	Annual
Creditors - unit cost/creditor invoice issued	Annual
Payroll - cost/payslip produced	Annual
Pensions - cost per member	Annual
Cost of Accounting % Net Rev Budget + HRA	Annual
Cost of completing the Annual Accounts	Annual
Cost NDR collection/chargeable property	Annual
% NDR collected by year end	Quarterly
Cost sundry debtors/debtors account issued	Annual
% income sundry debtors collected during year	Annual
Cost Corporate Finance % Net Revenue Budget	Annual
Cost Procurement section % Net Revenue Budget	Annual

Invoice Payments <10 days										
Service	TARGET 21/22	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22 Q1	21/22 Q2
C&P								83.6	85.6	88.3
E&L								79.2	82.8	74.8
HW&SC								82.0	86.7	89.9
I&E								85.7	85.6	86.0
P&G	77%							87.4	91.8	91.9
P&H								71.7	74.2	75.9
R&F								83.1	89.0	91.4
TRANS								84.0	-	75.0
Capital								82.1	78.1	77.5
Highland Council		76.9	56.5	63.3	79.5	73.7	75.3	77.6	79.5	80.2

Invoice Payments <30 days										
Service	TARGET 21/22	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22 Q1	21/22 Q2
C&P								96.6	96.1	97.4
E&L								92.2	94.5	89.4
HW&SC								95.7	97.3	96.2
I&E								96.6	96.2	96.8
P&G	95%							96.8	96.9	96.6
P&H								92.9	97.8	96.6
R&F								96.9	98.4	97.9
TRANS								99.0	100.0	87.5
Capital								95.4	95.6	94.5
Highland Council		94.3	91.3	94.0	96.8	95.7	95.9	94.1	96.8	95.8

Valuing our People and Advancing Employee Wellbeing
% attainment of all training offered
% attendance/uptake of training provision
% staff satisfaction for New Ways of Working
Formal Flexible Working Arrangements agreed
Implementation of Strategy Review
Improved H&S data and reporting
Updated OHS&W guidance implemented
Workforce Planning introduced
Workplace H&S management system implemented
Delivering Financial Excellence and Maximising Revenue for the Council
% increase of apprenticeship take up
% increase offset against apprenticeship levy
% more revenue to grow Learning & Development
Implement findings of internal recharge review
Periodic review of spend against individual budget lines - Improved financial performance reporting
Reduced time spent by senior officers on financial governance
Revised financial regulations published
Social and Economic Empowerment
Educational financial entitlement reviewed/recommendations agreed
Further review the Scottish Welfare Fund - comparison with Scot Avg
Online local taxation facilities implemented/available
Partnership outcomes - Further alleviate food insecurities
Revised lower pay grades - fully consolidate Living Wage
Strategic Leadership and Innovation
Develop/agree Procurement Strategy & Annual Performance Report
Develop/implement a People Strategy
Develop/implement Leadership Development Programme
Develop/implement Senior Leadership Structure
E-invoicing project plan - review options for solution
Evidence-based decision making - critically analyse BI
Governance Board outcomes - enhanced financial governance
Implement Talent Management Strategy - development complete
Improved reporting on equalities - improved workforce data system
IOSH Training for Leaders accreditation gained
Performance management framework review - new measures
Stability of corporate systems performance

Scottish Index of Multiple Deprivation

1. SIMD Background

- 1.1 The Scottish Index of Multiple Deprivation is an area-based measure of relative deprivation – it is important to note that not everyone in a deprived area is deprived and not all deprived people live in deprived areas.
- 1.2 The SIMD measure is based on small data zones; the theory being that the use of data from smaller areas helps identify concentrated deprivation that may be missed in the analysis of a larger area. For each zone, a deprivation score is calculated based on the following indicators in several domains – a further breakdown of the indicators can be found in **Appendix 1**.
- Income
 - Employment
 - Health
 - Housing
 - Education
 - Crime
 - Geographical Access
- 1.3 The calculated deprivation score is used to determine the rankings ranging from 1 (most deprived) to 6,505 (least deprived). The identification of smaller pockets of deprivation is intended to allow the index to be used as a tool for informing policy to target interventions and additional resources in the areas with greatest need.
- 1.4 Based on the deprivation score, the SIMD allocates each data zone into a decile within Scotland to represent the most deprived 10%; 2nd; 3rd and so on through to the 8th; 9th and least deprived 10%.

2. Limitations of SIMD

- 2.1 There are limitations of any area-based measure however, there are potential implications in relying on the SIMD to identify deprivation within Scotland and across dispersed, and densely populated geographies such as Highland. For example, poverty within rural areas is often invisible. The geographical mix within rural areas can result in individuals experiencing extreme poverty living alongside households of considerable affluence.
- 2.2 These pressures, although less transparent than areas of concentrated multiple deprivation, have considerable effects on the population. It is therefore important to recognise spatially dispersed deprivation and poverty within rural and urban locations.
- 2.3 Households experience deprivation in different ways and to various degrees over their lifecycle with poorer households more likely to experience worse outcomes with regard to physical and mental health, educational attainment and employment prospects. This emphasises the links between deprivation, poverty, social exclusion and social injustice.

- 2.4 Expanding the indicators of SIMD domain rankings, alongside a range of other indicators that are more sensitive and relevant to rural deprivation, such as the frequency and cost of public transport (Geographic Access); and poor physical environment such as air quality and derelict land (Housing) may enable SIMD to be more meaningful for policy and decision making. For example, current domains do not have equal weighting and the geographical access domain accounts for 9% of the overall SIMD.
- 2.5 SIMD indicators may however still be useful for rural areas should the data be analysed separately from urban data zones and when combined with other data. There remain various opinions as to whether or not a single index of deprivation can legitimately be applied to both rural and urban areas.

3. Highland

- 3.1 The Highland Council area makes up a third of Scotland's land area comprised of the most remote and sparsely populated parts of the UK. With the 7th highest population of the 32 authorities in Scotland and the lowest population density of 8 persons per square km, the area is split into 312 different SIMD data zones.
- 3.2 The top 20 most deprived Highland data zones identified by SIMD are set out in **Table 1** below.

Table 1

Area	Data Zone	Ward	Overall SIMD Rank of Data Zone
Inverness Merkinch	S01010644	14 – Inverness Central	8
Inverness Merkinch	S01010643	14 – Inverness Central	174
Wick South	S01010778	3 - Wick and East Caithness	215
Invergordon	S01010740	6 - Cromarty Firth	216
Inverness Merkinch	S01010641	14 – Inverness Central	240
Inverness Merkinch	S01010642	14 – Inverness Central	436
Inverness Central, Raigmore and Longman	S01010620	14 – Inverness Central	458
Inverness Drummond	S01010608	15 – Inverness Ness-side	535
Nairn West	S01010564	18 - Nairn and Cawdor	575
Alness	S01010735	6 - Cromarty Firth	628
Wick North	S01010784	3 - Wick and East Caithness	659
Inverness Muirtown	S01010637	14 – Inverness Central	682
Seaboard	S01010751	7 – Tain and Easter Ross	689
Inverness Hilton	S01010614	15 – Inverness Ness-side	714
Alness	S01010733	6 - Cromarty Firth	776
Inverness Ballifeary and Dalneigh	S01010633	13 – Inverness West and 14 – Inverness Central	791

Alness	S01010734	6 - Cromarty Firth	905
Wick South	S01010777	3 - Wick and East Caithness	912
Fort William South	S01010523	21 - Fort William and Ardnamurchan	941
Inverness Muirtown	S01010639	14 – Inverness Central	972

3.3 The most deprived 20% in Scotland expands the areas in **Table 1** and identifies the areas that are located within Highland, these areas and data zones can be found in **Table 2** below.

Table 2

Area	Data Zone	Ward	Overall SIMD Rank of Data Zone
Wick South	S01010779	3 - Wick and East Caithness	1004
Inverness Central, Raigmore and Longman	S01010622	16 – Inverness Milburn	1096
Invergordon	S01010743	6 – Cromarty Firth	1099
Fort William South	S01010522	21 - Fort William and Ardnamurchan	1129
Dingwall	S01010714	8 - Dingwall and Seaforth	1132

3.4 According to the Index, the topmost deprived area in Highland is Inverness Merkinch (S01010644) which sits in Ward 14; this area has an overall ranking of 8, meaning it is also one of the top ten most deprived areas in Scotland. This zone has a population of 672 people of which 453 are of working age.

3.4.1 Almost 50% of the population in this zone of Merkinch are income deprived (the proportion of the population in an area experiencing deprivation relating to low income) and ¼ are employment deprived (the proportion of the working-age population in an area involuntarily excluded from the labour market). The overall rank for each domain alongside the decile are detailed below in **Table 3**.

Table 3

Inverness Merkinch (S01010644) Ward 14 - Inverness Central Overall SIMD Rank of Data Zone - 8		
	Overall SIMD Rank of Data Zone	Decile within Scotland
Income	14	Most deprived 10%
Employment	21	Most deprived 10%
Health	12	Most deprived 10%
Education	154	Most deprived 10%
Housing	1386	2nd
Geographic Access	3441	5th
Crime	81	Most deprived 10%

- 3.5 In contrast to this area of Merkinch, around 4.5 miles away to the East of Inverness, the Index places Culloden and Balloch as the least deprived area in all of Highland. The rank for each domain alongside the decile is detailed below in **Table 4**. The disparity between these two data zones is highlighted in their ranks at opposite ends of the scale.

Table 4

Inverness Culloden and Balloch (S01010574) Ward 17 – Culloden and Ardersier Overall SIMD Rank of Data Zone - 6776		
	Overall SIMD Rank of Data Zone	Decile within Scotland
Income	6109	9th
Employment	6446	Least deprived 10%
Health	6299	Least deprived 10%
Education	5475	8th
Housing	6566	Least deprived 10%
Geographic Access	5099	8th
Crime	5386	8th

- 3.5.1 Alongside, Culloden and Balloch; other areas of Inverness, Nairn West, Alness, Dingwall and Fort William make up the 20 least deprived data zones in Highland as set out in **Table 5** below.

Table 5

Area	Data Zone	Ward	Overall SIMD Rank of Data Zone
Inverness Culloden and Balloch	S01010574	17 - Culloden and Ardersier	6776
Inverness Drummond	S01010607	15 - Inverness Ness-side	6577
Inverness Crown and Haugh	S01010625	16 - Inverness Millburn and 14 - Inverness Central	6532
Alness	S01010736	6 - Cromarty Firth	6517
Inverness Culloden and Balloch	S01010576	17 - Culloden and Ardersier	6496
Inverness Drakies	S01010617 S01010618	16 - Inverness Millburn	6404 6353
Inverness Lochardil and Holm Mains	S01010604	15 - Inverness Ness-side	6350
Nairn West	S01010561	18 - Nairn and Cawdor	6403
Inverness Smithton	S01010579	17 – Culloden and Ardersier	6114
Inverness Drakies	S01010616	16 - Inverness Millburn	6105

Dingwall	S01010717	8 - Dingwall and Seaforth	6066
Inverness Slackbuie	S01010598	15 - Inverness Ness-side	6045
Inverness Westhill	S01010586	19 – Inverness South	6008
Fort William North	S01010513	11 - Caol and Mallaig	6005
Inverness Scourguie	S01010646	13 – Inverness West	5976
Inverness Inshes	S01010590	19 – Inverness South	5832
Inverness Lochardil and Holm Mains	S01010603	15 – Inverness Ness-side	5774
Inverness Westhill	S01010583	19 – Inverness South	5766

3.5.2 Badenoch and Strathspey North (S01010545) sits in Ward 20 and is ranked 5482 - the 26th least deprived data zone out of a total 312 data zones in Highland. according to SIMD. Two data zones in Aird and Loch Ness (Ward 12) are also ranked in the top 100 least deprived in Highland; S01010664 with an overall ranking of 4869 and S01010668 with an overall ranking of 4590.

3.6 Two different sections of Inverness Drummond (Ward 14) feature on both lists, the data zones can be seen on the map below with S01010608 in dark red being one of the most deprived, and S01010607 in dark blue one of the least deprived.



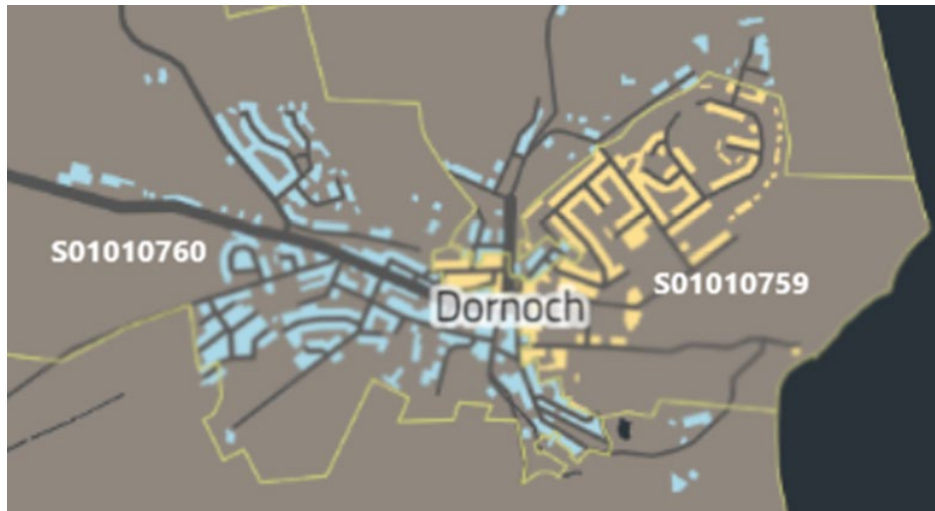
3.6.1 Similar to large cities where there can be a stark contrast in living conditions i.e., extreme wealth and acute poverty living side by side, the same applies in smaller scale rural settings like the Highlands, where it is not uncommon for pockets of poverty to be prevalent within areas deemed as affluent, as highlighted in paragraph 3.7 of this report. Another example exists in Alness in Ward 6 (Cromarty Firth) where two data zones rank in the most and least deprived 10%. This is shown in the map below.



3.6.2 As seen on the map of Fort William below, which sits in Ward 21 (Fort William and Ardnamurchan) the central data zones including S01010522 and S01010523 fall into the 2nd most deprived decile in Scotland bordered by blue zones on either side (S01010520 and S01010516) which fall into the more affluent 6th and 7th deciles.



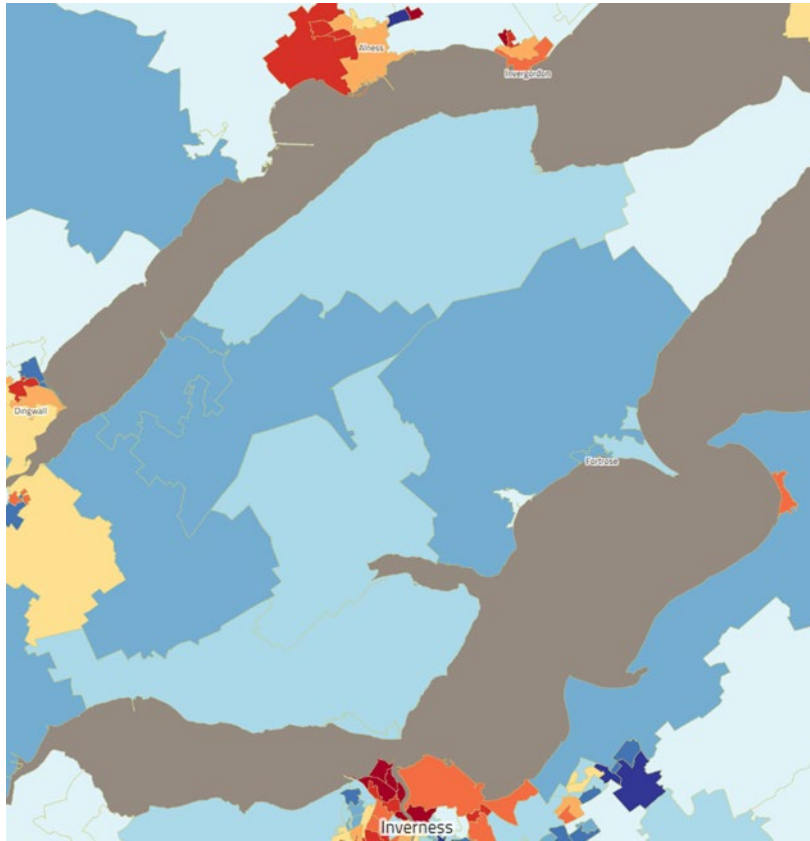
3.6.3 In East Sutherland and Edderton (Ward 4), it is challenging to identify a strong contrast between data zones due to the much more sparsely populated communities. However, as seen below in Dornoch it is evident that there is a division between S01010760 which sits in the 7th decile with an overall rank of 4650 and the adjacent data zone S01010759 in the 5th decile with an overall rank of 3035. The 9th decile indicates the least deprived.



3.6.4 Further North in Thurso and Northwest Caithness (Ward 2) none of the data zones fall into the most or least deprived deciles, however, as seen in the map of Thurso below the least deprived blue zones (S01010804; S01010805; S01010807 and S01010808) are surrounded by orange zones (S01010799; S01010803 and S01010806) which fall into the 3rd and 4th most deprived areas in Scotland.



3.6.5 The map below shows the Black Isle (Ward 9). All of these data zones fall into the upper 6th, 7th and 8th deciles in Scotland. The mass of land looks onto data zones which fall into the most deprived 20% in Scotland (red zones) including Inverness Merkinch, and areas of Dingwall, Alness and Invergordon.



3.7 **Table 6** below presents the data for the lowest ranking data zone for each of the seven domain categories in Highland to identify the most deprived.

Table 6

	Intermediate Zone	Data Zone	Ward Number	Domain Rank within Scotland	Overall SIMD Rank of Data Zone
Income	Inverness Merkinch	S01010644	14	14	8
Employment	Inverness Merkinch	S01010644	14	21	8
Health	Inverness Merkinch	S01010644	14	12	8
Education	Inverness Merkinch	S01010643	14	100	174
Housing	Inverness Central, Raigmore and Longman	S01010620	14	98	458
Geographic Access	Sutherland North and West	S01010814	1	2	3052
Crime	Inverness Central, Raigmore and Longman	S01010620	14	2	458

3.7.1 The data presented in **Table 6** above displays the rankings within Scotland, not just Highland with a ranking of 1 indicating the most deprived. Sutherland North and West ward is ranked second in Scotland for 'Geographic access' (the geographic access domain is intended to capture the issues of financial cost, time and inconvenience of having to travel to access basic services). A further eight Highland data zones feature in the top 20 most deprived in Scotland for this domain (**Table 7**):

Table 7

Area	Data Zone	Ward	Geographic Access Rank within Scotland	Overall SIMD Rank of Data Zone
Sutherland North and West	S01010814	1 - North, West and Central Sutherland	2	3052
Skye North East	S01010677	10 - Eilean a' Cheò	4	4066
Lochaber West	S01010504	11 - Caol and Mallaig and	6	3982
	S01010508	21 - Fort William and Ardnamurchan	8	3884
Ross and Cromarty South West	S01010688	5 - Wester Ross, Strathpeffer and Lochalsh	9	3983
Ross and Cromarty North West	S01010691	5 - Wester Ross, Strathpeffer and Lochalsh	14	4078
Lochalsh	S01010669	5 - Wester Ross, Strathpeffer and Lochalsh	15	3979
Nairn Rural	S01010553	18 – Nairn and Cawdor	20	3821

3.7.2 Although the Isle of Skye (Ward 11) and Wester Ross, Strathpeffer and Lochalsh (Ward 5) do not feature in any data zones ranked as the most deprived, every data zone in these Wards rank within the lowest decile in Scotland for 'Geographic Access'.

4. Measuring Deprivation in a Rural Context

4.1 Within the current context, it is apparent the impact of hardship and deprivation are no longer restricted to those on welfare benefits or low incomes. Deprivation is multi-dimensional, and this is evident within the Highland Council area.

4.2 Poverty in rural areas may be as a consequence of the lack of access to resources, fuel poverty and rural isolation, etc. The costs of living are generally higher within rural areas, whereas wages and incomes are on the whole lower. A Minimum Income Standard for Remote and Rural Scotland (2016) found that the cost of living for people in remote and rural areas varied between 10 and 33% more than elsewhere

in Britain, depending upon the household makeup¹. People are often restricted to these areas and are tied to these higher costs of living due to an inability to access adequate transport to reach cheaper market sources.

- 4.2.1 Rural deprivation is often difficult to identify and define. Rural communities can appear affluent and thriving, yet pockets of poverty are often hidden and spread throughout the area. Poverty in rural areas is not clustered but spread often over considerable distances. This has considerable implications when trying to quantify deprivation and demonstrates the limitations of SIMD if used in isolation.
- 4.2.2 It is important to note that the SIMD was designed to measure concentrations of deprivation. It does not identify rural deprivation where this is spatially dispersed. In Highland, 81.1% of people who are income deprived and 81.2% of people who are employment deprived live out with the 15% most deprived areas, as identified through SIMD.
- 4.2.3 Focusing on small areas (data zones) shows different issues that are present at a neighbourhood level. SIMD is most effective when:
 - Comparing overall deprivation of small areas.
 - Comparing the seven domains of deprivation (Income, Employment, Health, Education, Housing, Crime and Geographical Access).
 - Comparing the proportion of small areas in a local authority area that are very deprived.
 - Identifying areas where many people experience multiple deprivation.
 - Identifying areas in greater need of support.
- 4.3 In 2016, in recognition of the limitations of SIMD in effectively capturing rural deprivation, the Community Planning Partnership agreed to utilise the Socio-Economic Performance Index (SEP), alongside SIMD, as a way of better understanding inequality and deprivation across Highland and specifically to identify communities to target for action. Designed by the James Hutton Institute, the SEP index combines 20 indicators including health, income, benefits, access, education and population data. A number of these indicators are more sensitive to capturing rural issues. Within Highland, the highest-ranking data zones identified in the SEP index are a mixture of remote small towns, accessible rural and remote rural communities. It was also agreed to consider the wider community for action and not just utilising the individual data zone.

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27th October 2021

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<https://www.hie.co.uk/media/6441/aplusminimumplusincomeplusstandardplusforplusremotepusruralplusscotlandplus-plusapolicyplusupdateplus2016.pdf>

Appendix 7A

This details how SIMD define and calculate each of the indicators that are used to establish the Index.

Income

- Income Support and Income Based Employment Support Allowance claimants (16-59)
- Job Seekers Allowance and Guaranteed Pension Credit claimants (all ages)
- Universal Credit claimants with no employment marker
- Number of children in JSA, IS, or ESA households
- Number of adults and children dependent on adults in receipt of tax credits

Employment

- Unemployment Claimant Count averaged over 12 months
- Working age Incapacity Benefit or Employment Support Allowance recipients
- Working age Severe Disablement Allowance recipients

Health

- Standardised Mortality Ratio
- Hospital stays related to alcohol misuse
- Hospital stays related to drug misuse
- Comparative Illness Factor
- Emergency stays in hospital
- Proportion of population being prescribed drugs for anxiety depression or psychosis
- Proportion of live singleton births of low birth weight

Education

- School pupil attendance
- School pupil performance
- Working age people with no qualifications
- 17-21 year olds enrolling into full time higher education
- School leavers aged 16-19 not in education, employment or training

Housing

- Persons in households which are over-crowded
- Persons in households without central heating

Crime

Recorded crime rates for the following indicators:

- Domestic house breaking
- Drug offences

- Common assault
- Crimes of violence
- Vandalism
- Sexual offences

Geographical Access

- Drive time sub-domain
- Drive time to GP, retail centre, to petrol station, to primary and secondary schools, to post office
- Public transport sub-domain
- Public transport time to GP, to retail centre, to post office

The SEP Indicators

Table 4: The SEP Indicators Strategic Objective	Indicator	Source
Wealthier/ Fairer		
1	Median net equivalent household income after housing costs per week (£), 2008-9.	SNS
2	Per cent of families on low income (less than 70% median) and materially deprived, 2008-09	SNS
3	Per cent of population dependent on benefits (SIMD Income deprivation rate) 2012	SIMD
4	Unemployed as per cent of all people aged 16-74 2011	Census 2011
5	Average drivetime to key services (GP, petrol station, post office, primary school, secondary school, retail centre) 2012	SNS/SIMD
6	Average travel time by public transport to key services (GP, post office, retail centre) 2012	SNS/SIMD
Healthier		
7	Per cent of all people with one or more long term health conditions 2011	Census 2011
8	Per cent of all people assessing their general health as 'very good' or 'good' 2011	Census 2011
9	Per cent of all people whose day-to-day activities are limited by a long-term health problem or disability 2011	Census 2011
10	Comparative illness factor: standardised ratio 2011	SNS/SIMD
Safer/ Stronger		
11	Population change, 2001-2011 (% change)	Census 2001, 2011
12	Change in the economically active population, 2001-2011 (% change)	Census 2001, 2011
13	Old Age Dependency Ratio (persons 65+ as per cent of persons 16-64) 2011	Census 2011
14	Per cent change in the number of business sites 2008-13 (Intermediate geography)	SNS/IDBR
15	SIMD Crimes per 10,000 total population, 2010-2011.	SIMD
16	Rate of emergency stays in hospital 2007-10 (Scotland = 100)	SIMD
Smarter		
17	All people aged 16 and over: No qualifications. Expressed as % of expected count	SNS/SIMD
18	Percentage of 16-19 year olds not in education or training 2009-11	SNS
19	Per cent of population 16-74 who have level 4 qualifications or higher 2011	Census 2011
20	Per cent of population 16-74 who are in occupation groups 1-3 2011	Census 2011