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Council Building  
2 High Street  
Perth  
PH1 5PH

6 June 2018

A Meeting of the **Strategic Policy and Resources Committee** will be held in the **Council Chamber, 2 High Street, Perth, PH1 5PH** on **Wednesday, 13 June 2018** at **10:00**.

If you have any queries please contact Committee Services on (01738) 475000 or email [Committee@pkc.gov.uk](mailto:Committee@pkc.gov.uk).

**BERNADETTE MALONE**  
Chief Executive

***Those attending the meeting are requested to ensure that all electronic equipment is in silent mode.***

***Please note that the meeting will be recorded and will be publicly available on the Council's website following the meeting.***

**Members:**

Councillor Murray Lyle (Convener)	Councillor Caroline Shiers
Councillor Peter Barrett (Vice-Convener)	Councillor Lewis Simpson
Councillor Colin Stewart (Vice-Convener)	
Councillor Alasdair Bailey	
Councillor Bob Band	
Councillor Stewart Donaldson	
Councillor Dave Doogan	
Councillor Angus Forbes	
Councillor Grant Laing	
Councillor Roz McCall	
Councillor Sheila McCole	
Provost Dennis Melloy	
Councillor Andrew Parrott	
Councillor Callum Purves	



**Strategic Policy and Resources Committee**

**Wednesday, 13 June 2018**

**AGENDA**

***MEMBERS ARE REMINDED OF THEIR OBLIGATION TO DECLARE ANY FINANCIAL OR NON-FINANCIAL INTEREST WHICH THEY MAY HAVE IN ANY ITEM ON THIS AGENDA IN ACCORDANCE WITH THE COUNCILLORS' CODE OF CONDUCT.***

- 1 WELCOME AND APOLOGIES**
- 2 DECLARATIONS OF INTEREST**
- 3 MINUTES**
  - 3(i) MINUTE OF MEETING OF THE STRATEGIC POLICY AND RESOURCES COMMITTEE OF 18 APRIL 2018 FOR APPROVAL AND SIGNATURE** **7 - 10**  
(copy herewith)
  - 3(ii) MINUTE OF MEETING OF THE EXECUTIVE SUB-COMMITTEE OF THE STRATEGIC POLICY AND RESOURCES COMMITTEE OF 24 APRIL 2018 FOR NOTING** **11 - 12**  
(copy herewith)
  - 3(iii) MINUTE OF MEETING OF THE CHIEF EXECUTIVE APPOINTMENTS SUB-COMMITTEE OF THE STRATEGIC POLICY AND RESOURCES COMMITTEE OF 14 MARCH 2018 FOR NOTING** **13 - 14**  
(copy herewith)
  - 3(iv) MINUTE OF MEETING OF THE CHIEF EXECUTIVE APPOINTMENTS SUB-COMMITTEE OF THE STRATEGIC POLICY AND RESOURCES COMMITTEE OF 26 MARCH 2018 FOR NOTING** **15 - 16**  
(copy herewith)
  - 3(v) MINUTE OF MEETING OF THE CHIEF EXECUTIVE APPOINTMENTS SUB-COMMITTEE OF THE STRATEGIC POLICY AND RESOURCES COMMITTEE OF 24 APRIL 2018 FOR NOTING** **17 - 18**  
(copy herewith)
  - 3(vi) MINUTE OF MEETING OF THE CHIEF EXECUTIVE APPOINTMENTS SUB-COMMITTEE OF THE STRATEGIC POLICY AND RESOURCES COMMITTEE OF 3 MAY 2018 FOR NOTING** **19 - 20**

(copy herewith)

<b>3(vii)</b>	<b>MINUTE OF MEETING OF THE CHIEF EXECUTIVE APPOINTMENT SUB-COMMITTEE OF THE STRATEGIC POLICY AND RESOURCES COMMITTEE OF 22 MAY 2018 FOR NOTING</b> (copy herewith)	<b>21 - 22</b>
<b>3(viii)</b>	<b>MINUTE OF MEETING OF THE PROPERTY SUB-COMMITTEE OF THE STRATEGIC POLICY AND RESOURCES COMMITTEE OF 25 OCTOBER 2017 FOR NOTING</b> (copy herewith)	<b>23 - 24</b>
<b>3(ix)</b>	<b>MINUTE OF SPECIAL MEETING OF THE PROPERTY SUB-COMMITTEE OF THE STRATEGIC POLICY AND RESOURCES COMMITTEE OF 15 DECEMBER 2017 FOR NOTING</b> (copy herewith)	<b>25 - 26</b>
<b>3(x)</b>	<b>MINUTE OF MEETING OF THE PROVOST'S SUB-COMMITTEE OF THE STRATEGIC POLICY AND RESOURCES COMMITTEE OF 28 MARCH 2018 FOR NOTING</b> (copy herewith)	<b>27 - 28</b>
<b>3(xi)</b>	<b>MINUTE OF MEETING OF THE ECONOMY AND LIFELONG LEARNING OUTCOME DELIVERY GROUP OF 8 DECEMBER 2017 FOR NOTING</b> (copy herewith)	<b>29 - 32</b>
<b>3(xii)</b>	<b>MINUTE OF MEETING OF THE ECONOMY AND LIFELONG LEARNING OUTCOME DELIVERY GROUP OF 23 FEBRUARY 2018 FOR NOTING</b> (copy herewith)	<b>33 - 38</b>
<b>3(xiii)</b>	<b>MINUTE OF MEETING OF THE TAY CITIES REGION JOINT COMMITTEE OF 8 DECEMBER 2017 FOR NOTING</b> (copy herewith)	<b>39 - 42</b>
<b>4</b>	<b>AUTHORITY TO WRITE OFF DEBTS AND OBSOLETE STOCK</b> Report by Head of Finance (copy herewith 18/193)	<b>43 - 62</b>
<b>5</b>	<b>CULTURAL TRUSTS TRANSFORMATION PROJECT: OUTLINE BUSINESS CASE AND NEXT STEPS</b> Report by Depute Chief Executive (Chief Operating Officer) (copy herewith 18/194)	<b>63 - 80</b>
<b>6</b>	<b>DEVELOPMENT OF THE CREATIVE EXCHANGE IN THE FORMER ST JOHN'S PRIMARY SCHOOL</b> Report by Depute Chief Executive (Chief Operating Officer) (copy herewith 18/195)	<b>81 - 94</b>

<b>7</b>	<b>COMMUNITY INVESTMENT FUND</b> Report by Depute Chief Executive (Chief Operating Officer) (copy herewith 18/196)	<b>95 - 104</b>
<b>8</b>	<b>TRANSFORMATION PROGRAMME 2015-2020</b> Report by Depute Chief Executive (Chief Operating Officer) (copy herewith 18/197)	<b>105 - 124</b>
<b>9</b>	<b>PROCUREMENT UPDATE 2017/18</b> Report by Depute Chief Executive (Chief Operating Officer) (copy herewith 18/198)	<b>125 - 168</b>

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PERTH AND KINROSS COUNCIL  
STRATEGIC POLICY AND RESOURCES COMMITTEE  
18 APRIL 2018

## STRATEGIC POLICY AND RESOURCES COMMITTEE

Minute of meeting of the Strategic Policy and Resources Committee held in the Council Chamber, Council Building, 2 High Street, Perth on Wednesday 18 April 2018 at 10.00am.

Present: Councillors M Lyle, P Barrett, C Stewart, A Bailey, B Band, S Donaldson, D Doogan, A Forbes, G Laing, R McCall, S McCole, A Parrott, C Purves, C Shiers and L Simpson.

In Attendance: B Malone, Chief Executive; J Valentine, Depute Chief Executive and Chief Operating Officer; V Francis, S MacKenzie, C Mackie, L Simpson, G Taylor, S Walker and C Irons (all Corporate and Democratic Services); S Devlin (Education and Children's Services); B Renton, F Crofts, S D'all, C Haggart, C Mailer, P Marshall, K McNamara, A Strang, J Wharrie and W Young (all Housing and Environment Service).

Apologies for Absence: Provost D Melloy

Councillor M Lyle, Convener, Presiding.

### . **WELCOME AND APOLOGIES**

The Convener welcomed all those present to the meeting and an apology was noted as above.

### . **DECLARATIONS OF INTEREST**

There were no declarations of interest in terms of the Councillors' Code of Conduct.

### . **MINUTES OF PREVIOUS MEETINGS**

#### (i) **Strategic Policy and Resources Committee**

The minute of meeting of the Strategic Policy and Resources Committee of 7 February 2018 (Arts.59 - 68) was submitted, approved as a correct record and authorised for signature.

In relation to Article 66, the Committee noted that the statutory guidance on Placemaking and on Renewable & Low Carbon Energy will now be presented to the meeting of the Committee on 28 November 2018, in association with the remaining supplementary guidance to be adopted with LDP2. This is to avoid public confusion over the consultation for the suite of statutory guidance to be adopted for LDP2 which is scheduled to begin in June 2018.

PERTH AND KINROSS COUNCIL  
STRATEGIC POLICY AND RESOURCES COMMITTEE  
18 APRIL 2018

**(ii) Corporate Health, Safety and Wellbeing Consultative Committee**

The minute of meeting of the Corporate Health, Safety and Wellbeing Consultative Committee of 11 December 2017 was submitted and noted. **(Appendix I)**

**(iii) Perth and Kinross Integration Joint Board**

The minute of meeting of the Perth and Kinross Integration Joint Board of 26 January 2018 was submitted and noted.

**REVENUE BUDGET 2017/18 – MONITORING REPORT NUMBER 4**

There was submitted a report by the Head of Finance (18/133), providing an update (1) on progress with the 2017/18 General Fund Revenue Budget based on the January 2018 ledger, updated for subsequent known material movements; and (2) on the projected financial position of the Housing Revenue Account.

**Resolved:**

- (i) The contents of Report 18/133 be noted.
- (ii) The adjustments to the 2017/18 Management Revenue Budget, as detailed in Sections 2 and 3 of and Appendix 1 to Report 18/133, be approved.
- (iii) The 2017/18 Service virements, as summarised in Appendices 2 and 4 to Report 18/133, be approved.
- (iv) The adjustments to the 2018/19 Council approved Revenue Budget, as detailed in Appendix 5 to Report 18/133, be approved.
- (v) The inclusion of figures last reported to Committee for Service Budgets, be approved.

**COMPOSITE CAPITAL BUDGET 2017/23 & HOUSING INVESTMENT PROGRAMME 2017/22 – MONITORING REPORT NUMBER 4**

There was submitted a report by the Head of Finance (18/134), (1) providing a summary position to date for the Composite Capital Programme for 2017/18 to 2022/23 and the Housing Investment Programme 2017/18 to 2021/22 and (2) seeking approval for adjustments to the Programmes.

**Resolved:**

- (i) The contents of Report 18/134 be noted.
- (ii) The proposed budget adjustments to the six year Composite Capital Budget 2017/18 to 2022/23, as set out in Sections 2 and 3 of and summarised at Appendices 1 and 2 to Report 18/134, be approved.
- (iii) The proposed budget and monitoring adjustments to the Housing Investment Programme Budget 2017/18 to 2021/22, as set out in Section 4 of and summarised at Appendix 3 to Report 18/134, be approved.



**ANNUAL REVIEW OF CYBER SECURITY**

There was submitted and noted a report by the Head of Legal and Governance Services (18/135) providing an overview of Cyber Security in the Council and providing an assurance as to current risks and threats.

**IMPLEMENTATION OF THE GENERAL DATA PROTECTION REGULATION**

There was submitted a report by the Head of Legal and Governance Services (18/136) providing an update on progress towards implementing the General Data Protection Regulation in the Council.

**Resolved:**

- (i) The contents of Report 18/136, be noted.
- (ii) The appointment of a Data Protection Officer for the Council, be noted.
- (iii) The Council's Scheme of Administration be amended to take account of the appointment of the Data Protection Officer.

**TRANSFORMATION PROGRAMME 2015-2020**

There was submitted a report by the Depute Chief Executive and Chief Operating Officer (18/137), providing (1) an update on the Transformation Programme approved by Council on 1 July 2015 and (2) details of proposals for Phase 4 of the Transformation Programme.

**Resolved:**

- (i) The progress related to the Transformation Programme, as detailed in Appendices 1 and 2 to Report 18/137, be noted.
- (ii) The allocation of funding to address the existing project cost pressures as detailed in Appendix 3 to Report 18/137, be approved.
- (iii) The initial Phase 4 Transformation Programme be approved, including the allocation of funding from the earmarked Transformation Reserve as detailed in Appendix 4 to report 18/137.
- (iv) Case studies be included in future reports to illustrate projects being undertaken as part of the programme.

**APPOINTMENTS**

**(i) JOINT CONSULTATIVE COMMITTEE**

The Convener to advise the Head of Democratic Services of the elected member to be appointed to the Joint Consultative Committee.

**NOTE:** The Head of Democratic Services was later advised that Councillor R McCall had been appointed to the Committee.

**(ii) CHARITABLE AND PUBLIC TRUSTS ADMINISTERED BY THE COUNCIL**

The appointment of Councillor C Stewart as Vice-Convener of the Strategic Policy and Resources Committee to the Charitable and Public Trusts Administered by the Council, be noted.

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## **EXECUTIVE SUB-COMMITTEE OF THE STRATEGIC POLICY AND RESOURCES COMMITTEE**

Minute of Meeting of the Executive Sub-Committee of the Strategic Policy and Resources Committee held in the Council Chamber, Ground Floor, Council Building, 2 High Street, Perth on Tuesday 24 April 2018 at 2.30pm.

Present: Councillors M Lyle, P Barrett, C Stewart, D Doogan and G Laing.

In Attendance: L Brady, Revenues and Benefits Service Manager and K Fraser, Assistant Revenues Manager, Perth and Kinross Council; M Griffiths and P Hood, Horsecross Arts Limited; J Valentine, Depute Chief Executive and Chief Operating Officer; G Fogg, C Irons, S Mackenzie, G Taylor and S Walker (all Corporate and Democratic Services).

Councillor M Lyle, Convener, Presiding.

### **1. WELCOME AND APOLOGIES**

The Convener welcomed everyone present to the meeting. There were no apologies.

### **2. DECLARATIONS OF INTEREST**

There were no Declarations of Interest made in terms of the Councillors' Code of Conduct.

### **3. PROCEDURE**

#### **Resolved:**

The procedure to be used for a non-domestic rates relief appeal be adopted.

**IT WAS AGREED THAT THE PUBLIC AND PRESS SHOULD BE EXCLUDED DURING CONSIDERATION OF THE FOLLOWING ITEM IN ORDER TO AVOID THE DISCLOSURE OF INFORMATION WHICH WAS EXEMPT IN TERMS OF SCHEDULE 7A TO THE LOCAL GOVERNMENT (SCOTLAND) ACT, 1973**

### **4. APPEAL AGAINST REFUSAL OF APPLICATION FOR RELIEF OF NON-DOMESTIC RATES**

The Executive Sub-Committee was convened to consider an appeal against refusal by the Rating Authority of an application for relief of Non-Domestic Rates under the terms of the Local Government (Scotland) Act 1947.

The Executive Sub-Committee considered documentation lodged and heard evidence from both parties. Thereafter the parties summed up their cases and withdrew.

The Executive Sub-Committee then considered the case.

**Resolved:**

The decision by the Rating Authority to refuse the application for discretionary relief of Non-Domestic Rates be upheld.

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## CHIEF EXECUTIVE APPOINTMENT SUB-COMMITTEE

Minutes of Meeting of the Chief Executive Appointment Sub-Committee held in Room 410, Council Building, 2 High Street, Perth on Wednesday 14 March 2018 at 2.00pm.

Present: Councillors P Barrett, D Doogan, G Laing, M Lyle and R McCall (substituting for C Shiers).

In attendance: G Taylor, Head of Democratic Services; K Donaldson, Corporate Human Resources Manager and C Irons, Committee Officer (all Corporate and Democratic Services).

### 1. REMIT OF SUB-COMMITTEE

The Sub-Committee noted that the remit was to approve the recruitment and selection arrangements for the appointment of a new Chief Executive, to undertake interviews and to make an appointment.

### 2. APPOINTMENT OF CONVENER

Councillor D Doogan, seconded by Councillor P Barrett, nominated Councillor M Lyle as Convener of the Sub-Committee.

Councillor M Lyle was unanimously elected as Convener and took the Chair.

**IT WAS AGREED THAT THE PUBLIC AND PRESS BE EXCLUDED DURING CONSIDERATION OF THE FOLLOWING ITEM IN ORDER TO AVOID THE DISCLOSURE OF INFORMATION WHICH WAS EXEMPT IN TERMS OF SCHEDULE 7A TO THE LOCAL GOVERNMENT (SCOTLAND) ACT 1973**

#### P1. APPOINTMENT OF INDEPENDENT EXTERNAL PROFESSIONAL ADVISOR

The Corporate Human Resources Manager reported on the appointment of an independent external professional advisor to assist in the process for the recruitment and selection of a new Chief Executive.

#### **Resolved:**

Mr David Martin, Chief Executive of Dundee City Council, be invited to act as the independent external professional advisor to the Sub-Committee.

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## CHIEF EXECUTIVE APPOINTMENTS SUB-COMMITTEE

Minute of Meeting of the Chief Executive Appointments Sub-Committee held in Room 410, Council Building, 2 High Street, Perth on Monday 26 March 2018 at 11.30am.

Present: Councillors P Barrett, D Doogan, G Laing, M Lyle and C Shiers.

In attendance: Mr D Martin, Independent Professional Adviser to the Sub-Committee; K Donaldson, Corporate Human Resources Manager and C Irons, Committee Officer.

Councillor M Lyle, Convener

### 1. MINUTE

The minute of meeting of the Sub-Committee of 12 March 2018 was submitted and approved.

**IT WAS AGREED THAT THE PUBLIC AND PRESS BE EXCLUDED DURING CONSIDERATION OF THE FOLLOWING ITEM IN ORDER TO AVOID THE DISCLOSURE OF INFORMATION WHICH WAS EXEMPT IN TERMS OF SCHEDULE 7A TO THE LOCAL GOVERNMENT (SCOTLAND) ACT 1973**

### 2. APPOINTMENT OF CHIEF EXECUTIVE

There was submitted a report by the Corporate Human Resources Manager (18/116) on the appointment process for a new Chief Executive. The following appendices were discussed:- Job Profile and Specification; Recruitment Information Pack; Terms and Conditions; Advert. It was agreed that amended versions of the Job Profile and Advert be circulated to members of the Sub-Committee.

#### **Resolved:**

- (i) The recruitment process, as detailed in Report 18/116, be approved with the option of a one-stage or two-stage interview process.
- (ii) The vacancy be advertised on MyJobScotland and the S1 jobsite.
- (iii) The vacancy be promoted using a range of social media channels.
- (iv) A procurement process be undertaken for the appointment of a company to run an assessment centre for candidates.
- (v) References be obtained for short listed candidates.
- (vi) Members of the Appointments Sub-Committee attend a fair selection and unconscious bias briefing session.

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## CHIEF EXECUTIVE APPOINTMENTS SUB-COMMITTEE

Minute of Meeting of the Chief Executive Appointments Sub-Committee held in Room 415, Council Building, 2 High Street, Perth on Tuesday 24 April 2018 at 9.00am.

Present: Councillors P Barrett, D Doogan, G Laing, M Lyle and C Shiers.

In attendance: K Donaldson, Corporate Human Resources Manager.

Also in Attendance: J Robertson, Dundee University and E Dougherty, Solace in Business.

Councillor M Lyle, Convener

### 1. MINUTE

The minute of meeting of the Sub-Committee of 26 March 2018 was submitted and approved.

**IT WAS AGREED THAT THE PUBLIC AND PRESS BE EXCLUDED DURING CONSIDERATION OF THE FOLLOWING ITEMS IN ORDER TO AVOID THE DISCLOSURE OF INFORMATION WHICH WAS EXEMPT IN TERMS OF SCHEDULE 7A TO THE LOCAL GOVERNMENT (SCOTLAND) ACT 1973**

### 2. UNCONSCIOUS BIAS AND FAIR SELECTION TRAINING

Joan Robertson, Equality & Diversity Officer, University of Dundee gave a presentation to members on unconscious bias in the context of recruitment and selection.

The Convener thanked J Robertson for her attendance and contribution to the appointment process.

### 3. ASSESSMENT CENTRE

Evelyn Dougherty, Solace in Business provided details to members on the proposed assessment centre for candidates and feedback to members ahead of the final interviews.

There followed discussion and agreement on the main competencies which would be evaluated during the Assessment Centre.

The Convener thanked E Dougherty for her attendance and contribution to the appointment process.

### 4. ISSUE OF APPLICATIONS PACK

K Donaldson, Corporate Human Resources Manager, issued an applications pack to each member for consideration at the next meeting. K Donaldson outlined

the process to be followed in assessing job applicants against the Job Requirements and reiterated the need for fairness and transparency in the selection decision making process and for confidentiality.

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## CHIEF EXECUTIVE APPOINTMENTS SUB-COMMITTEE

Minute of meeting of the Chief Executive's Appointments Sub-Committee held in Room 415, Fourth Floor, 2 High Street, Perth on Thursday 3 May 2018 at 12.00pm.

Present: Councillors M Lyle, P Barrett, D Doogan, G Laing and C Shiers.

In Attendance: K Donaldson, Corporate Human Resources Manager, D Martin (Professional Adviser) and G Taylor, Head of Democratic Services.

Councillor Lyle in the Chair

### 1. DECLARATIONS OF INTEREST

There were no Declarations of Interest in terms of the Councillors' Code of Conduct.

### 2. MINUTE OF MEETING OF THE APPOINTMENTS SUB-COMMITTEE OF 24 APRIL 2018

The minute of meeting of the Chief Executive's Appointment Sub-Committee of 24 April 2018 was submitted and approved.

**IT WAS AGREED THAT THE PUBLIC AND PRESS BE EXCLUDED DURING CONSIDERATION OF THE FOLLOWING ITEM IN ORDER TO AVOID THE DISCLOSURE OF INFORMATION WHICH WAS EXEMPT IN TERMS OF SCHEDULE 7A TO THE LOCAL GOVERNMENT (SCOTLAND) ACT, 1973**

### 3. APPOINTMENT OF CHIEF EXECUTIVE – COMPLETED APPLICATION FORMS

The Sub-Committee reviewed each of the completed application forms received for the post of Chief Executive and assessed them against the requirements for the post.

The Sub-Committee agreed on a short list of candidates to take part in the next stages of the process which will be the Assessment Centre on 11 May 2018 and final interview on 22 May 2018.

#### **Resolved:**

- (i) The sub-committee agreed to invite six candidates to proceed to Assessment Centre and Final Interview.
- (ii) The Corporate Human Resources Manager be instructed to correspond with candidates on this basis.

### 4. DATE OF NEXT MEETING

#### **Resolved:**

It was noted the next meeting would be held on 22 May 2018 at 9.00am in the Civic Lounge, 2 High Street, Perth.



## CHIEF EXECUTIVE APPOINTMENTS SUB-COMMITTEE

Minute of meeting of the Chief Executive Appointments Sub-Committee held in Room 215, Second Floor, 2 High Street, Perth on Tuesday 22 May 2018 at 8.45am.

Present: Councillors M Lyle, P Barrett, C Shiers, D Doogan and G Laing.

In Attendance: D Martin, Dundee City Council (Professional Adviser) and K Donaldson, Corporate Human Resources Manager.

Councillor M Lyle, Convener, Presiding.

### 1. DECLARATIONS OF INTEREST

There were no Declarations of Interest made in terms of the Councillors' Code of Conduct.

### 2. MINUTE OF PREVIOUS MEETING

The minute of meeting of the Chief Executive Appointments Sub-Committee of 3 May 2018 was submitted and approved.

**IT WAS AGREED THAT THE PUBLIC AND PRESS BE EXCLUDED DURING CONSIDERATION OF THE FOLLOWING ITEM IN ORDER TO AVOID THE DISCLOSURE OF INFORMATION WHICH WAS EXEMPT IN TERMS OF SCHEDULE 7A TO THE LOCAL GOVERNMENT (SCOTLAND) ACT, 1973**

### 3. POST OF CHIEF EXECUTIVE

There was submitted an interview pack containing details relating to the candidates selected for interview, together with interview questions.

It was noted that six candidates had been invited for interview and as one had withdrawn, five were to be interviewed.

The Sub-Committee having received information from K Donaldson, Corporate Human Resources Manager on the Assessment Centre feedback, interviewed the five candidates and asked detailed questions of the candidates. The Sub-Committee thereafter considered the matter.

#### **Resolved:**

The Sub-Committee unanimously agreed that an offer of appointment be made to Karen Reid, currently Chief Executive of the Care Inspectorate in respect of the post of Chief Executive, on the advertised terms and conditions, with the start date to be agreed.

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## PROPERTY SUB-COMMITTEE

Minute of meeting of the Property Sub-Committee of the Strategic Policy and Resources Committee held in the Council Chambers, Ground Floor, Council Building, 2 High Street, Perth on Wednesday 25 October 2017 at 10.00am.

Present: Councillors B Band, P Barrett, I Campbell, D Doogan, G Laing, M Lyle and C Purves (substituting for R McCall)

In Attendance: B Renton, S Crawford and J Janes (all The Environment Service); G Boland (Education and Children's Services); G Taylor, G Fogg, C Irons, K Molley, A Thomson and M Willis (all Corporate and Democratic Services).

### 1. APPOINTMENT OF CONVENER

Councillor Barrett seconded by Councillor Purves, nominated Councillor Campbell for the position of Convener of the Sub-Committee.

Councillor I Campbell was unanimously elected as Convener of the Sub-Committee.

Councillor I Campbell took the chair.

### 2. WELCOME AND APOLOGIES/SUBSTITUTES

The Convener welcomed all those present to the meeting. An apology and substitution were noted as above.

### 3. DECLARATIONS OF INTEREST

There were no Declarations of Interest made in terms of the Councillors' Code of Conduct.

### 4. MINUTES

- (i) The minute of meeting of the Property Sub-Committee of 1 March 2017 was submitted and approved as a correct record.
- (ii) The minute of meeting of the School Estate Sub-Committee of the Lifelong Learning Committee of 2 March 2017 was submitted and noted.

### 5. SCHOOL ESTATE PROGRAMME PROGRESS REPORT

There was submitted a report by the Executive Director (Education and Children's Services) (17/347) (1) updating the Committee on the progress and proposals for delivering the current school projects within the Education and Children's Services School Estate Programme, (2) detailing key milestones which had been achieved since the last update to the School Estate Sub-Committee on 2 March 2017; and (3) detailing future projects.

**Resolved:**

- (i) The significant milestones achieved since the report to the School Estate Sub-Committee on 2 March 2017, as detailed in paragraphs 3.1 to 3.5 of Report 17/347, be noted.
- (ii) The forward planning, as detailed in paragraphs 4.1 to 4.4 of Report 17/347, be noted.

**IT WAS AGREED THAT THE PUBLIC AND PRESS SHOULD BE EXCLUDED DURING CONSIDERATION OF THE FOLLOWING ITEM IN ORDER TO AVOID THE DISCLOSURE OF INFORMATION WHICH IS EXEMPT IN TERMS OF SCHEDULE 7A TO THE LOCAL GOVERNMENT (SCOTLAND) ACT 1973**

*COUNCILLOR LYLE ENTERED THE MEETING DURING THE FOLLOWING ITEM*

**6. THE PROPOSED SALE AT AUCTION OF VARIOUS PROPERTIES**

There was submitted a report by the Director (Environment) (17/348) seeking approval for the sale at auction of various properties within Perth and Kinross.

**Resolved:**

- (i) The properties, as detailed in Report 17/348, be sold in compliance with the Disposal of Land by Local Authorities (Scotland) Regulations and the relevant property's market value, and otherwise on terms to the satisfaction of the Director (Environment) and the Head of Legal and Governance Services.
- (ii) If any property fails to sell at auction, it be remarketed for sale through the traditional manner or at auction in compliance with the Disposal of Land by Local Authorities (Scotland) Regulations and the relevant property's market value, and otherwise on terms to the satisfaction of the Director (Environment) and the Head of Legal and Governance Services.

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## PROPERTY SUB-COMMITTEE

Minute of special meeting of the Property Sub-Committee of the Strategic Policy and Resources Committee held in Room 410, Fourth Floor, Council Building, 2 High Street, Perth on Friday 15 December 2017 at 14.30.

Present: Councillors B Band, I Campbell, R McCall and A Parrott  
(substituting for D Doogan).

In Attendance: T Flanagan, K Leer and J Janes (all The Environment Service);  
G Taylor, G Fogg and C Flynn (all Corporate and Democratic  
Services).

Apologies: Councillors P Barrett, D Doogan, G Laing and M Lyle.

Councillor I Campbell, Presiding.

### 1. WELCOME AND APOLOGIES/SUBSTITUTES

The Convener welcomed all those present to the meeting. Apologies and substitutions were noted as above.

### 2. DECLARATIONS OF INTEREST

There were no Declarations of Interest made in terms of the Councillors' Code of Conduct.

**IT WAS AGREED THAT THE PUBLIC AND PRESS SHOULD BE EXCLUDED DURING CONSIDERATION OF THE FOLLOWING ITEM IN ORDER TO AVOID THE DISCLOSURE OF INFORMATION WHICH IS EXEMPT IN TERMS OF SCHEDULE 7A TO THE LOCAL GOVERNMENT (SCOTLAND) ACT 1973**

### 3. PROPOSED SALE OF ACORN BUSINESS CENTRE, PERTH

There was submitted a report by the Interim Executive Director (Environment) (17/410) seeking approval for the sale of Acorn Business Centre, Arran Road, Perth to Northern Trust Company Ltd or their nominees.

#### **Resolved:**

- (i) Acorn Business Centre, Perth be sold to Northern Trust Company Ltd or its Nominee on the basis of the terms contained in Report 17/410 and otherwise on terms and conditions to the satisfaction of the Interim Executive Director (Environment) and the Head of Legal and Governance.
- (ii) In the event that the offer from Northern Trust Company Ltd fails to deliver a concluded bargain, the competing offers that meet the asking price of £1.2 million be pursued in descending order as outlined in paragraphs 2.2 to 2.4 of Report 17/410, all to the satisfaction of the Interim Executive Director (Environment) and the Head of Legal and Governance.
- (iii) If any of the acceptable offers fail to reach a concluded bargain, the property be remarketed as soon as possible in the traditional manner, all to the

satisfaction of the Interim Executive Director (Environment) and the Head of Legal and Governance.

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## **PROVOST'S SUB-COMMITTEE OF THE STRATEGIC POLICY AND RESOURCES COMMITTEE**

Minute of meeting of the Provost's Sub-Committee of the Strategic Policy and Resources Committee held in the Council Chamber, Ground Floor, 2 High Street, Perth on Wednesday 28 March 2018 at 3.30pm.

Present: Provost D Melloy and Councillors S Donaldson, M Lyle, R McCall and A Parrott.

In Attendance: G Taylor and C Irons (both Corporate and Democratic Services).

Provost D Melloy, Presiding.

### **1. WELCOME AND APOLOGIES**

The Provost welcomed everyone to the meeting.

### **2. DECLARATIONS OF INTEREST**

There were no Declarations of Interest made in terms of the Councillors' Code of Conduct.

### **3. MINUTES OF THE PREVIOUS MEETING**

The minute of meeting of the Provost's Sub-Committee of 20 April 2016 was submitted and noted.

### **4. PROPOSED TWINNING VISIT TO ASCHAFFENBURG, GERMANY – JUNE 2018**

There was submitted a report by the Head of Democratic Services (18/117) advising of an invitation extended by the Oberbürgermeister of Aschaffenburg to the Provost and a Council delegation to visit Aschaffenburg, Germany from 28 June to 2 July 2018, to participate in the opening ceremony of the 31<sup>st</sup> Aschaffenburg Culture Festival.

It was noted a trio of young musicians would accompany the Provost and Chief Executive.

#### **Resolved:**

- (i) The invitation to visit Aschaffenburg, Germany from 28 June to 2 July 2018, be accepted.
- (ii) The Council be represented by the Provost and Chief Executive, supported by the Council Officer.
- (iii) The costs, estimated to be £732 covering flights for the Provost and Council Officer, airport transfers and civic gifts, be met from the 2018/19 twinning budget.

**NOTE:** Subsequent to the meeting, further correspondence was received from the Oberbürgermeister's office inviting the Council's representative from the Friends of Aschaffenburg, Councillor B Pover, to accompany the Provost on this trip and offering to pay for accommodation costs. The members of the Sub-Committee subsequently agreed to accept the invitation for the Council's representative from the Friends of Aschaffenburg, to also visit Aschaffenburg from 28 June to 2 July 2018 at a cost of £330 to be met from the 2018/19 twinning budget.

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**ECONOMY AND LIFELONG LEARNING GROUP**  
**COUNCIL CHAMBERS, COUNCIL BUILDING, 2 HIGH STREET, PERTH**  
**FRIDAY 8 DECEMBER 2017**

Minute of meeting of the Community Planning Economy and Lifelong Learning Group held in the Council Chamber, 2 High Street, Perth on Friday 8 December 2017 at 2.00pm.

- Present:** Councillors C Purves; A Jarvis (substituting for Councillor C Shiers) and F Sarwar; L Baillie, Perth and Kinross Health and Social Care Partnership; L Cairns, Perth College UHI (substituting for D Gourlay); N Moran, TACTRAN; K MacPherson, PKAVS (Third Sector Interface); C Mella, Federation of Small Businesses; and O Robertson, Perth and Kinross Social Enterprise Network.
- In Attendance:** J Alexander, Department of Work and Pensions; N Christison, VisitScotland; S Cumiskey, L McIntyre, K Molley, E Paul, D Stokoe and D Williams; all Perth & Kinross Council.
- Apology:** Councillor C Shiers; A Burnett, VisitScotland; J Dernie, NHS Tayside; D Gourlay, Perth College UHI; E Guthrie, TACTRAN; J Hunter, Skills Development Scotland; and V Unite, Perthshire Chamber of Commerce.

Councillor C Purves, Chair, Presiding.

**1. WELCOME AND APOLOGIES**

Councillor Purves welcomed all those present to the meeting and an apology was noted as above.

**2. DECLARATIONS OF INTEREST**

There were no Declarations of Interest made in terms of the relevant codes of Conduct.

**3. MINUTE OF PREVIOUS MEETING**

The Minute of the Meeting of the Economy and Lifelong Learning Group on 22 September 2017 was submitted and approved as a correct record.

**4. MATTERS ARISING**

There were no matters arising from the previous minute.

## **5. ANNUAL UPDATE**

N Christison, VisitScotland, and S Cumiskey, Perth & Kinross Council, delivered a slide based presentation on tourism in Perth and Kinross.

During the presentation, specific reference was made to the following;

- The visitor economy;
- Tourism and employment in Perth and Perthshire;
- Stakeholders in the public sector and tourism associations, and also business engagement;
- Infrastructural investment and people development;
- Plans going forward.

N Christison added that there was a changing information strategy with VisitScotland, with the closure of a number of information centres and the restructuring to 26 regional hubs, in order to adapt to the needs of the visitor. N Christison further highlighted the importance of staff knowledge, and highlighted both a global campaign and more local-level investment. He added that Perth and Kinross was in a strong tourism position compared to other areas, but there was still work improvement work to be done.

C Mella, Federation of Small Businesses, raised the possibility of using QR Codes as a means towards generating further traffic through to the VisitScotland website and mobile application on mobile devices. C Mella added that there were issues with 'double-booking' of accommodation occurring in rural areas due to connectivity issues, to which N Christison responded that VisitScotland were actively working towards a solution. L Cairns commented that recognition of a target audience is vital and making tourism more accessible through technology could have a positive impact in terms of the number of people visiting Perth and Kinross. N Christison emphasised the potential of tourism as a catalyst for economic development.

Councillor Sarwar highlighted issues regarding living wage and zero-hour contracts in the tourism industry. L McIntyre, Perth and Kinross Council, there was active encouragement for those in the tourism industry, in particular with regards to meeting the living wage, and that market forces would naturally drive an increase in wages. L McIntyre added that whilst this would not be a short-term process, progress was being made. S Cumiskey and N Christison highlighted SSE Pitlochry Dam and Blair Castle as examples of good practice and initiatives having a positive effect in this regard.

## **6. SCOTLAND'S YEAR OF YOUNG PEOPLE 2018**

C HOLGATE ENTERED THE MEETING DURING THIS ITEM

L McIntyre, Perth and Kinross Council, delivered a verbal update with accompanying slide based presentation on Scotland's Year of Young People 2018.

During the accompanying presentation, specific reference was made to the following;

- A background to Scotland's Year of the Young People 2018;
- Details on 'Communcat18', a group of 35 young people from across Scotland offering support and advice to partners on involving young people in their Year of Young People activity. There are two Communicat18 representatives from Perth and Kinross;
- Year of Young People signature event, Diverse CiTay Festival, which will take place on 23 June 2018, involving Perth and Kinross Council, Horsecross Arts Ltd., Culture Perth and Kinross and Perth College UHI, and featuring a number of events in Perth and Kinross;
- Progress made so far and access to further details on Scotland's Year of Young People 2018.

L McIntyre informed members that Scotland is the first country in the world to have a dedicated year of young people, and that there were now 500 young people ambassadors across Scotland. Councillor Purves expressed his happiness that Scotland's Year of Young People 2018 and related events were being designed in collaboration with young people.

In response to a query from Councillor Jarvis on the role of young people, L McIntyre informed members that the approach was less about inviting young people into existing forums, and more about allowing young people to create their own forums.

In response to a question from E Paul, Perth and Kinross Council, regarding any work done within schools in Perth and Kinross regarding Scotland's Year of Young People, L McIntyre informed members that work was being undertaken regarding this with Education and Children's Services and the Council's Communications team, with other partners also involved. S Cumiskey added that there was relevance from a tourism perspective, with there being promotion of Perth and Kinross as a family-friendly destination.

## **7. SOCIAL ENTERPRISE**

There was submitted a Report by K Macpherson, PKAVS (Third Sector Interface), and O Robertson, Perth and Kinross Social Enterprise Network (G/17/215), providing an update on the development and increase of Social Enterprise in Perth and Kinross since the last update in December 2015. The report also highlights PKAVS (Third Sector Interface) and Perth and Kinross Social Enterprise Network's local contribution to the Scottish Government's Social Enterprise Strategy and Action Plans, and an inclusive local economy. Slides displaying photographs were displayed to accompany the report.

O Robertson highlighted the growth in social enterprise and the positive economic impact emanating from this growth. D Stokoe noted the increase in start-up organisations outlined in Paragraph 4.4 of the Report, but highlighted the continuing challenge in this regard in rural areas.

**Resolved:**

Members agreed to;

- (i) The content of Report G/17/214, be noted.
- (ii) Continue to work with PKAVS and Perth and Kinross Social Enterprise Network to relise market opportunities for Social Enterprise.

**8. ECONOMY & LIFELONG LEARNING GROUP – ACTION PARTNERSHIP PROFILES**

There was a Report submitted (G/17/214) by D Stokoe, on action partnership profiles around Perth & Kinross. C Holgate, Perth and Kinross Council, introduced these profiles and gave an update on the current statistics of employment throughout different areas across Perth & Kinross and explained what these figures represent.

C Holgate informed members that there were differences within localities themselves and not just between the different localities. C Holgate added that although Perth and Kinross was below the Scottish average in terms of deprivation, there was apparent deprivation in the area. C Holgate further added that there was a difference in prominent employment in different areas within Perth and Kinross.

J Alexander, Department of Work and Pensions, raised a query as to why only those claiming Universal Credit and JSA had been included in the claimant count. C Holgate responded that these had been the only factors, as these were employment related benefits, to which J Alexander suggested that it could possibly be beneficial to include those in ESA categories.

In response to a query from Councillor Purves, C Holgate explained that the median as opposed to the mean had been used in the statistics as it was considered to be more representative.

**Resolved:**

The content of Report G/17/214, be noted.

**9. ANY COMPETENT BUSINESS**

No other competent business.

**10. DATE OF NEXT MEETING**

The date of the next meeting of the Economy and Lifelong Learning Group to be arranged, and members will be notified in due course.



**ECONOMY AND LIFELONG LEARNING GROUP**  
**COUNCIL CHAMBERS, COUNCIL BUILDING, 2 HIGH STREET, PERTH**  
**FRIDAY 23 FEBRUARY 2018**

Minute of meeting of the Community Planning Economy and Lifelong Learning Group held in Room 410, 2 High Street, Perth on Friday 23 February 2018 at 2.00pm.

**Present:** Councillors C Purves, H Anderson (substituting for Councillor F Sarwar) and A Jarvis (substituting for Councillor C Shiers); A Burnett, Elevator; A Carrington, Skills Development Scotland; J Clarkson, VisitScotland; E Dear, Federation of Small Businesses; D Gourley, Perth College UHI; J Padmore (substituting for E Guthrie), TACTRAN; O Robertson, PKSEN.

**In Attendance:** F Kerr, G Glover, A Graham, R Hill, L McIntyre, and D Williams, all Perth and Kinross Council.

**Apologies:** Councillors F Sarwar and C Shiers; E Guthrie, TACTRAN; V Unite, Perthshire Chamber of Commerce.

Councillor C Purves, Chair, Presiding.

**1. WELCOME AND APOLOGIES**

Councillor Purves welcomed all those present to the meeting and apologies were noted as above.

It was noted that E Dear would be replacing C Mella as the representative of the Federation of Small Businesses.

**2. DECLARATIONS OF INTEREST**

There were no Declarations of Interest made in terms of the relevant codes of Conduct.

**3. MINUTE OF PREVIOUS MEETING**

The Minute of the Meeting of the Economy and Lifelong Learning Group on 22 September 2017 was submitted and approved as a correct record.

**4. MATTERS ARISING**

Councillor Jarvis raised the issue of exploring a deeper involvement of Young People in the organisation of Scotland's Year of Young People in Perth and Kinross. L McIntyre informed Councillor Jarvis that there would be an opportunity for young people to be further involved through an event on 23

June 2018, and that Perthshire Youth Voice had since been established and was becoming active.

## **5. ANNUAL UPDATE – BUSINESS SUPPORT – FOOD & DRINK**

G Glover, Perth and Kinross Council, delivered an annual update on business support for the Perthshire Food & Drink sector, with an accompanying slide based presentation.

During the presentation, specific reference was made to the following;

- Food and Drinks place in the top business sectors in Perth and Kinross;
- Scottish Food and Drink award winners from Perth and Kinross in 2017;
- PKC Food & Drink Action Plan 2017/18;
- The future of the sector in Perth and Kinross.

G Glover highlighted the importance of the food & drink sector to both the local economy in Perth and Kinross and the Scottish economy, adding that the food & drink sector was attractive to those looking to move into small business.

In response to a query from Councillor Jarvis, G Glover highlighted that there was a sense of pride within the sector of using the Perthshire banner. A Burnett added that there was a good opportunity to utilise the returning Business Month in May 2018, highlighting a workshop taking place in the AK Bell Library, Perth.

## **6. UPDATE ON REGIONAL TOURISM CAMPAIGN – TAY COUNTRY**

A Graham, Perth and Kinross Council, delivered an update on the Regional Tourism Campaign – Tay Country, with an accompanying slide based presentation.

During the presentation, specific reference was made to the following;

- Regional tourism performance;
- Regional tourism approach;
- Marketing activities;
- Consumer marketing;
- Digital focus.

A Graham informed members that the tourism focus which had previously been on the East of Scotland was now focused on the 'Tay Country' of Perth & Kinross, Dundee, Angus and Fife. A Graham added that although there was lower productivity in the region than the Scottish tourism average, there was a strong asset base to build on, highlighting the soon to be open V&A Museum in Dundee and the regional linking asset of the River Tay.

In response to a query from Councillor Anderson regarding the types of accommodation there was a demand for, A Graham informed members that there would be demand for numerous types of accommodation, depending upon the preference of the individual visitor. A Graham added that there was a lack of a branded hotel in Perth and, in response to a query from Councillor Anderson on the potential for this, informed members that it was important to have a driver for this, highlighting the increased hotel development in Dundee with the V&A Museum.

## **7. UPDATE ON THE FAMOUS GROUSE IDEAS CENTRE**

F Kerr, Perth and Kinross Council, delivered an update on the Famous Grouse Ideas Centre, with an accompanying slide based presentation.

During the presentation, specific reference was made to the following;

- The creative pipeline;
- Creative incubator;
- Creative accelerator.

F Kerr informed members that development was presently being undertaken at the former St. John's Primary School, and the building will operate under the name 'Creative Exchange'. F Kerr added that the lower ground would consist of 26 artists' studios, and that the operator, WASPS, already had 30 notes of interest for the spaces.

F Kerr informed members that it was intended that the Council would own the building, with WASPS having a long-term lease, and that there would be £500,000 investment from The Famous Grouse.

## **8. REGIONAL SKILLS ASSESSMENT FOR PERTH AND KINROSS**

A Carrington, Skills Development Scotland, delivered a slide based presentation on the Regional Skills Assessment for Perth and Kinross.

During the presentation, specific reference was made to the following;

- Population projections: change by age band 2014 – 2039;
- School Leavers' Destinations 2009/10 and 2015/16;
- Total employment projections;
- Proportion of occupations forecast;
- Proportion of requirement forecast;
- Resident and workplace based earnings 2016;
- Tayside Local Authorities' out-commuting.

A Carrington informed members that although there was forecasted growth in employment in Perth and Kinross over the next few years, contrary to the predicted fall across Tayside, she exercised caution that much of this was replacement demand as opposed to expansion areas.

A Carrington highlighted Health and Social Care as a key employment sector in Perth and Kinross, also highlighting a large number of jobs in professional occupations. A Carrington emphasised that the majority of jobs becoming available were at a lower level and that many higher level jobs saw people commuting out of Perth and Kinross, adding that employers focused more upon qualifications than skills.

## **9. MIGRATION IN PERTH AND KINROSS**

L McIntyre, Perth and Kinross Council, delivered a slide based presentation on Migration in Perth and Kinross.

During the presentation, specific reference was made to the following;

- Changing migration since vote to leave the European Union;
- Citizenship applications since 2016;
- Migration to Perth and Kinross 2004-2017.

L McIntyre informed members that net migration in Perth and Kinross was falling, primarily due to Britain's forthcoming exit from the European Union. She added that the number of European Union citizens coming to look for employment had halved, but highlighted that there had been a rise in citizenship applications in Perth and Kinross since 2016.

In response to a query from Councillor Jarvis regarding the performance of Perth and Kinross in a national context, L McIntyre informed members that there was a high dependency upon the agricultural and food and drink sectors in Perth and Kinross. J Clarkson, VisitScotland, highlighted the pressing time issue in filling the employment gap left by the reduced number of European Union citizens, and stated the need to build on anecdotal evidence.

Councillor H Anderson highlighted the importance of removing stigma around certain employment sectors, and the need for salaries to reflect the removal of stigma.

## **10. CLOSING THE ATTAINMENT GAP**

R Hill, Perth and Kinross Council, delivered a slide based presentation on Raising Attainment Strategy and an update on Tay Learning and Attainment.

During the presentation, specific reference was made to the following;

- National Improvement Framework priorities;
- S4/S5/S6 Attainment;
- School leavers' literacy and numeracy;
- Attainment versus deprivation;
- Vocational qualifications;
- Positive leavers' destinations and participation;

- Tayside regional collaborative priorities;
- Tay Learning and Attainment Group;
- Areas of progress;
- Areas for continued focus.

R Hill informed members that there had been a slight drop in literacy and numeracy attainment, but informed members that the latest figures were not available. R Hill later highlighted the Tayside Children's Plan and particularly the importance of numeracy.

R Hill informed members that Perth and Kinross was above the national average in terms of positive destinations. He added that many Perth and Kinross students undertook gap years, and work was being undertaken with the government to look beyond the figures in this regard.

R Hill informed members of the importance of leadership development for schools, and added that Perth and Kinross was a high performing authority in national qualifications.

In response to a query from Councillor Jarvis regarding discrepancies in deprived areas, R Hill stated the importance of changing culture and development over time.

In response to a query from Councillor Anderson regarding the Pupil Equity Fund, R Hill informed members that £1200 was issued per student with a free school meal entitlement.

## **11. ANY COMPETENT BUSINESS**

Councillor Purves paid tribute to Laura McIntyre, as this was her final meeting of the Economy and Lifelong Learning Outcome Delivery Group before leaving the Council. On behalf of members, Councillor Purves thanked Laura for all her hard work and wished her all the very best for the future.

## **12. DATE OF NEXT MEETING**

The next meeting of the Economy and Lifelong Learning Outcome Delivery Group will take place Friday 23 April 2018 at 2pm.



At a MEETING of the **TAY CITIES REGION JOINT COMMITTEE** held at Dundee on Friday, 8th December, 2017.

Present:-

Angus Council

Councillor Bill DUFF

Councillor Bob MYLES

Councillor Angus MacMillan DOUGLAS

Dundee City Council

Councillor John ALEXANDER

Councillor Lynne SHORT

Councillor Richard McCREADY

Fife Council

Councillor Tim BRETT

Councillor Karen MARJORAM

Perth & Kinross Council

Councillor Ian CAMPBELL

Councillor Dave DOOGAN

Councillor Colin STEWART

Non-Elected Members

Gordon McGUINNESS, Skills Development Scotland

Tim ALLAN, Tay Cities Enterprise Forum

Professor Sir Pete DOWNES, Principal, University of Dundee Regional HE/FE Forum

Also Present

Jim REID, Scottish Enterprise

Steve GRIMMOND, Fife Council

David MARTIN, Dundee City Council

Mike GALLOWAY, Dundee City Council

Eric KNOX, Third Sector

Alan McKEOWN, Angus Council

Jim VALENTINE, Perth & Kinross Council

Apologies

Apologies were intimated from Councillor David Ross, Linda Hanna, Ellis Watson and Julie Farr.

# **I MEMBERSHIP**

Reference was made to Clause Three of the Minute of Agreement between Angus Council, Dundee City Council, Perth and Kinross Council and Fife Council establishing the Joint Committee. The Joint Committee noted the following appointments:-

Angus Council

Councillor Bob Myles

Councillor Angus MacMillan Douglas

Councillor Bill Duff

Dundee City Council

Councillor John Alexander

Councillor Lynne Short

Councillor Richard McCready

#### Fife Council

Councillor David Ross  
Councillor Karen Marjoram  
Councillor Tim Brett

#### Perth and Kinross Council

Councillor Ian Campbell  
Councillor Colin Stewart  
Councillor David Doogan

#### Non-Elected Members

Gordon McGuinness, Skills Development Scotland  
Linda Hanna, Scottish Enterprise  
Ellis Watson, Chair, Tay Cities Enterprise Forum  
Tim Allan, Tay Cities Enterprise Forum  
Professor Sir Pete Downes, Principal, University of Dundee Region HE/FE Forum  
Julie Farr, Dundee Social Enterprise Network, Third Sector

## **II DECLARATION OF INTEREST**

Elected members were reminded that, in terms of The Councillors Code, it was their responsibility to make decisions about whether to declare an interest in any item on the agenda and whether to take part in any discussions or voting.

This included all interests, whether or not entered on their Register of Interests, which would reasonably be regarded as so significant that they would be likely to prejudice your discussion or decision-making.

No declarations of interests were made.

## **II CONVENER AND VICE-CONVENER**

In terms of Clause Twelve of the Minute of Agreement, the Joint Committee agreed to appoint a Convener and Vice-Convener as follows:-

| <u>Year</u> | <u>Convener</u>         | <u>Vice-Convener</u>    |
|-------------|-------------------------|-------------------------|
| 2017/2018   | Angus Council           | Perth & Kinross Council |
| 2018/2019   | Perth & Kinross Council | Fife Council            |
| 2019/2020   | Fife Council            | Dundee City Council     |
| 2020/2021   | Dundee City Council     | Angus Council           |

Accordingly Councillor Bob Myles was appointed as Convener and took the Chair.

## **IV GOVERNANCE ARRANGEMENTS**

The Joint Committee remitted to the Clerk to submit proposed governance arrangements to the next meeting of the Joint Committee.

## **V PRESENTATION**

A presentation was given to the Joint Committee by Jim Reid of Scottish Enterprise highlighting factors of economic importance when relevant to the bid process for the Tay Cities, which would also reflect the four priorities of the Scottish Government's Economic Strategy.

Members noted the three key elements of the bid:-

- Inclusive Tay – delivering of a smarter, fairer economy over the next 20 years which would in turn provide better economic outcomes for citizens



- Innovative, International Tay – support to businesses for innovation of growth, and also creation of new skilled jobs within the region.
- Connected Tay – improved digital connectivity to enhance the development of knowledge intensive business across the Tay Cities Region.

Members agreed that it was imperative to build upon existing strengths within the region and that this was an important time to be ambitious about attracting new talent and opportunities for the area.

Jim Reid was thanked for his interesting and informative presentation.

## **VI      PROGRESS REPORT**

There was submitted Report TCRJC 1-2017 by David Littlejohn, Head of Tay Cities Deal provided Committee Members with an update on progress since the submission of the Tay Cities Deal in March 2017 and the anticipated timescale for its inclusion.

The Committee agreed to:-

- (i)      note the content of this report; and
- (ii)     request a further report on the progress of negotiating the Tay Cities Deal at its next meeting.

## **VII     PROPOSED TIMETABLE 2018**

| <u>Date</u>   | <u>Time</u> |
|---------------|-------------|
| 16th February | 10 am       |
| 18th May      | 10 am       |
| 24th August   | 10 am       |
| 9th November  | 10 am       |

All meetings to be held in Committee Room 1, 14 City Square, Dundee.

The Joint Committee agreed the timetable as detailed.

Bob MYLES, Convener



## **PERTH AND KINROSS COUNCIL**

### **Strategic Policy and Resources Committee**

**13 June 2018**

### **AUTHORITY TO WRITE OFF DEBTS AND OBSOLETE STOCK**

#### **Report by Head of Finance (Report No. 18/193)**

#### **PURPOSE OF REPORT**

This report seeks approval to write off identified debts in respect of Sales Ledger; Council Tax (including Water & Waste Water charges); Non-Domestic Rates; Irrecoverable Rents; Housing Benefit Overpayments and Car Park Trading Account Income. In addition approval is sought to write off obsolete stock and write on outstanding credit balances.

#### **1. BACKGROUND / MAIN ISSUES**

- 1.1 In order that the appropriate entries may be made in the Council's Annual Accounts for the year ending 31 March 2018, it is necessary to consider the write off of debts and obsolete stock and the write on of outstanding credit balances.
- 1.2 To accommodate year end accounting processes and timescales, some of the Council's systems have already been amended to reflect the proposed adjustments, pending approval by the Committee of the recommendations within this report.
- 1.3 The debts included within this report have progressed through the Council's debt recovery process using the various legislative procedures available for each type of debt to collect the amounts outstanding. The amounts that still remain due, after exhaustive recovery procedures have been undertaken, are included within this report for write off as a last resort. Should any additional information be received the debt will be written back. Every effort is made to collect the outstanding debt wherever possible.
- 1.4 This report includes all the recommended write off and on amounts for financial year 2017/18.

#### **2. PROPOSALS**

##### **2.1 Sales Ledger**

- 2.1.1 Appendix 1 details Sales Ledger debt which it has not been possible to collect for various reasons. The majority of these debts have been placed with Sheriff Officers, including instances where debtors are deceased or are untraced.

The Council has introduced a number of measures to maximise income collection including “set-off” (which, in certain circumstances, allows the Council to apply customer debt against payments due by the Council) and encouraging customers to pay at point of sale, therefore, reducing cost of collection and the level of debt. Appendix 1 sets out the debt recovery process for Sales Ledger debt.

- 2.1.2 After consultation with the Services who raised the original invoices, it is recommended that the Council write off £163,373.60 as shown in Appendix 1. This amount includes debt relating to ten financial years from 2007/08 through to 2017/18. A Service by Service comparison has been shown below between the current and the previous financial year.

| <b>Write off By Service</b>     | <b>Total 2017/18</b> | <b>Total 2016/17</b> |
|---------------------------------|----------------------|----------------------|
| Corporate & Democratic Services | 0.00                 | 0.00                 |
| Education & Children's Services | 9,476.13             | 14,272.15            |
| Health & Social Care            | 67,837.01            | 85,106.86            |
| Housing & Community Safety      | 52,540.56            | 220,313.05           |
| The Environment Service         | 33,519.90            | 67,744.97            |
|                                 | <b>163,373.60</b>    | <b>387,437.03</b>    |

- 2.1.3 The total provision included within the Council’s accounts for bad and doubtful Sales Ledger debt at 31 March 2017 was £720,882.00. The total value of Sales Ledger invoices raised in financial year 2017/18 totalled approximately £25 million and the proposed write off for all years represents approximately 0.7% of this amount.

- 2.1.4 In most instances, accounts raised prior to 30 September 2016 carry a 50% provision whilst those raised prior to 31 March 2016 are fully provided for. Where debts fall into this category, part or all of the amount to be written off will be met from the provision.

- 2.1.5 Where no provision or only partial provision has previously been made, the balance of the write off will be charged against the issuing Service’s Revenue Account for 2017/18.

## **2.2 Council Tax and Non-Domestic Rates**

- 2.2.1 Appendices 2 and 3 set out the debt recovery processes for Council Tax and Non-Domestic Rates respectively. To maximise levels of collection and reduce collection costs, the Council continues to promote the use of electronic forms and payment by Direct Debit, Council Tax currently have 74% of customers paying by Direct Debit.
- 2.2.2 Appendix 2 details Council Tax (including Water and Waste Water Charges) where the sum of £479,983.47 has been deemed uncollectable. There is an

overall provision for bad and doubtful Council Tax debt of £12,515,547.59 as at 31 March 2017.

The total amount of Council Tax billed for financial year 2017/18 was £101.7 million (including Water and Waste Water Charges). With an in-year collection rate for Council Tax in 2017/18 of 97.35% (97.33% in 2016/17).

- 2.2.3 The proposed write offs relate to the last 25 financial years during which time the Council has raised over £1.8 billion in Council Tax and has continually delivered high collection levels.
- 2.2.4 Appendix 3 details Non-Domestic Rates income totalling £411,517.12 which it has not proved possible to collect for the reasons shown in the appendix (£302,803.71 was written off in 2016/17).
- 2.2.5 It is recommended that the Council write off £411,517.12 of Non-Domestic Rates. In terms of write offs relating to Non Domestic Rates the costs at present are met by the Scottish Government through the “pool” mechanism. The provision for bad and doubtful Non-Domestic Rates debt was £752,074.99 at 31 March 2017.
- 2.2.6 The amount recommended to be written off for all years represents approximately 0.7% of the £58.6 million of Non Domestic Rates income raised in financial year 2017/18. The in year collection rate for Non Domestic Rates was 98.37% as at 31 March 2018 (98% in 2016/17).
- 2.2.7 These proposed write offs relate to the last 14 financial years during which time the Council has raised over £727 million in Non-Domestic Rates and has continually delivered high collection levels.
- 2.2.8 Appendices 2 and 3 also include accounts where the balance is for a small value either in debit or credit (£0.99) for Council Tax and Non-Domestic Rates. It is uneconomical to collect or refund/transfer such small amounts and, therefore, an automated process is in place to adjust these accounts.

## **2.3 Housing Revenue Account**

- 2.3.1 Appendix 4 details rent charges raised in respect of former tenants and court expenses incurred which it has not been possible to collect for the reasons shown in the appendix.
- 2.3.2 A comprehensive review of Former Tenant Arrears has been undertaken within Housing and Environment which has identified a requirement to write off £998,921.60 of outstanding housing rent (£331,502.80 was written off in 2016/17) – see Appendix 4. The provision for bad and doubtful Housing Revenue Account debt was £1,754,813 as at 31 March 2017. The in year collection rate for Housing Rents was 98.73% as at 31 March 2018 (99.59% in 2016/17). The total rental charges raised in 2017/18 were approximately £25.5 million.

- 2.3.3 The proposed write off for mainstream rents primarily relates to the last 8 financial years, during which time the total amount of rent charged is approximately £182million. The proposed write off for mainstream rents within the report represents approximately 0.55% of the rent charged over the last 8 years.
- 2.3.4 These arrears have built up over a number of financial years and have consistently proven extremely difficult to collect, placing an additional burden on the Service at a time of reducing staff resources for limited financial return. The current situation is exacerbated as, legally, the Council cannot refuse to accept the termination of a tenancy by a tenant on the grounds of outstanding rent arrears nor can it insist that as part of the termination a forwarding address is provided.
- 2.3.5 As with all outstanding debt, if any additional information becomes available, the debt will be written back and every effort is made to collect the outstanding debt.
- 2.3.6 The approval of this proposed write off will allow the Service to focus on tenant priorities including improved rent collection, early intervention and prevention and focus on the roll out of Full Service Universal Credit which takes place on 13 June 2018.
- 2.3.7 Authority is also requested to write off garage sites and lock ups £16,248.62 (£15,022.77 was written off in 2016/17).

## **2.4 Housing General Fund**

- 2.4.1 Appendix 5 details charges for those housing services administered through the Council's rent system, provided to Homeless clients placed in temporary accommodation where the tenancy has ended and where it has not proved possible to recover outstanding income, in part, due to the vulnerable nature of the client group.
- 2.4.2 Authority is requested to write off £189,126.12 in 2017/18 (£1,100,235.63 was written off in 2016/17) for charges for housing services provided to Homeless clients placed in temporary accommodation. The provision for bad and doubtful debt in relation to this activity was £3,615,204 as at 31 March 2017. The total amount billed during 2017/18 for housing service charges was £520,268.
- 2.4.3 Authority is also requested to write off Housing Benefit overpayment debt of £77,860.43 for 2017/18 (£77,887.29 was written off in 2016/17) which it has not proven possible to recover. During 2017/18 the Council was able to recover 74% of Housing Benefit overpayments which, based on previous benchmarking would place it near the top quartile of performance. The provision for bad and doubtful Housing Benefit overpayment debt was £904,014 as at 31 March 2017. The total value identified for overpayments within 2017/18 was £1.1 million and the proposed write off value for all years represents approximately 7.11% of this amount.

## **2.5 Car Park Trading Account Income**

### **2.5.1 Car Park Trading Account Income**

Authority is requested to write off £70,374 in respect of Car Park Trading Account Income (£97,620 was written off in 2016/17). This amount equates to all amounts charged and still outstanding in relation to the period prior to October 2016. The provision for bad and doubtful Car Park Trading Account debt was £98,980 as at 31 March 2017. The proposed write off is equivalent to 10.02% of the number of Penalty Charge Notices issued during 2016/17.

## **2.6 Stock Write Offs**

### **2.6.1 The Environment Service**

Authority is requested to write off obsolete stock of £5,000 in respect of vehicle parts at Friarton Depot (£5,076 was written off in 2016/17). Full provision was made for the write off in the 2016/17 financial statements and there is, therefore, no financial impact on the 2016/17 financial year.

## **2.7 Outstanding Balances**

2.7.1 Authority is requested to write on a small number of outstanding balances over various accounts. These balances relate to transactions before 31 March 2017. The net amount of the outstanding balances is a write on totalling £8,995.17 (£5,804.98 was written off in 2016/17).

2.7.2 In addition there has been a comprehensive review of the Council's Balance Sheet which has identified £504,968.58 that is available to be written back to the Council's unearmarked Reserves. These balances have developed over a number of financial years. There are a number of sources of this proposed write on, including, where the Council has made provision for a possible expense that has failed to materialise; where income has been received with limited information and therefore been unallocated; where cheques were issued but were not cashed and a replacement had not been requested and where monies are received from insurance companies in relation to road traffic accidents.

## **3. CONCLUSION AND RECOMMENDATIONS**

3.1 In all of the above cases it has either not been possible to recover monies due to the Council or to utilise stocks held by the Council. The write off of debt is a last resort and only recommended after all means of recovery have been exhausted. Although the amounts may be written off for accounting purposes, the files are not closed and every effort will be made to collect the outstanding debt wherever possible.

3.2 It is recommended that the Committee:

- 1 Approve that all amounts detailed in section 2 and the attached appendices to this report are written off or on for accounting purposes.

- 2 Note that whilst these amounts are written off or written on, the files are not closed and every effort will be made to collect outstanding debt wherever possible.

**Author(s)**

| <b>Name</b> | <b>Designation</b>            | <b>Contact Details</b>                                           |
|-------------|-------------------------------|------------------------------------------------------------------|
| Lynn Law    | Financial Systems Team Leader | <a href="mailto:CHXFinance@pkc.gov.uk">CHXFinance@pkc.gov.uk</a> |

**Approved**

| <b>Name</b>   | <b>Designation</b>                               | <b>Date</b> |
|---------------|--------------------------------------------------|-------------|
| Jim Valentine | Depute Chief Executive (Chief Operating Officer) | 16 May 2018 |

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## 1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

| <b>Strategic Implications</b>                       | <b>Yes / None</b> |
|-----------------------------------------------------|-------------------|
| Community Plan / Single Outcome Agreement           | None              |
| Strategic Plan                                      | Yes               |
| <b>Resource Implications</b>                        |                   |
| Financial                                           | Yes               |
| Workforce                                           | None              |
| Asset Management (land, property, IST)              | None              |
| <b>Assessments</b>                                  |                   |
| Equality Impact Assessment                          | Yes               |
| Strategic Environmental Assessment                  | Yes               |
| Sustainability (community, economic, environmental) | Yes               |
| Legal                                               | None              |
| Risk                                                | None              |
| <b>Consultation</b>                                 |                   |
| Internal                                            | Yes               |
| External                                            | None              |
| <b>Communication</b>                                |                   |
| Communications Plan                                 | None              |

### 1. Strategic Implications

#### Strategic Plan

- 1.1 The Council's Corporate Plan 2013 – 2018 lays out five outcome focussed strategic objectives which provide clear strategic direction, inform decisions at a corporate and service level and shape resources allocation. They are as follows:

- (i) Giving every child the best start in life;
- (ii) Developing educated, responsible and informed citizens;
- (iii) Promoting a prosperous, inclusive and sustainable economy;
- (iv) Supporting people to lead independent, healthy and active lives; and
- (v) Creating a safe and sustainable place for future generations.

- 1.2 This report relates to all of these objectives.

### 2. Resource Implications

#### Financial

- 2.1 There are no direct financial implications arising from this report other than those reported within the body of the main report.

### **3. Assessments**

#### Equality Impact Assessment

- 3.1 Under the Equality Act 2010, the Council is required to eliminate discrimination, advance equality of opportunity, and foster good relations between equality groups. Carrying out Equality Impact Assessments for plans and policies allows the Council to demonstrate that it is meeting these duties.
- 3.2 The information contained within this report has been considered under the Corporate Equalities Impact Assessment process (EqIA) and has been assessed as **not relevant** for the purposes of EqIA.

#### Strategic Environmental Assessment

- 3.3 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals.
- 3.4 The information contained within this report has been considered under the Act. However, no action is required as the Act does not apply to the matters presented in this report.

#### Sustainability

- 3.5 Under the provisions of the Local Government in Scotland Act 2003 the Council has to discharge its duties in a way which contributes to the achievement of sustainable development. In terms of the Climate Change Act, the Council has a general duty to demonstrate its commitment to sustainability and the community, environmental and economic impacts of its actions.
- 3.6 The information contained within this report has been considered under the Act. However, no action is required as the Act does not apply to the matters presented in this report.

### **4. Consultation**

#### Internal

- 4.1 The Chief Executive and all Executive Directors have been consulted in the preparation of this report.

### **5. BACKGROUND PAPERS**

No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above report.

## **6. APPENDICES**

Appendix 1 – Sales Ledger debt written off in financial year 2017/18 by year and reason.

Appendix 2 – Council Tax debt written off in financial year 2017/18 by year and reason.

Appendix 3 – Non Domestic Rates debt written off in financial year 2017/18 by year and reason.

Appendix 4 – Irrecoverable Rents written off in financial year 2017/18 by year and reason.

Appendix 5 – Homeless debt written off in financial year 2017/18 by year and reason.



## Appendix 1

| Sales Ledger Debt Written off in financial year 2017/18 by year and reason |                  |                  |                         |                     |                 |                 |                      |                   |                 |                   |
|----------------------------------------------------------------------------|------------------|------------------|-------------------------|---------------------|-----------------|-----------------|----------------------|-------------------|-----------------|-------------------|
| YEAR                                                                       | GONE AWAY        | NO FUNDS         | UNECONOMICAL TO COLLECT | DECEASED (NO FUNDS) | SEQ/LIQ OR REC  | DEBT PRESCRIBED | HCC DISCRETION PANEL | TOTAL VAT EX      | VAT VALUE       | TOTAL DEBT        |
| 2007/08                                                                    | 0.00             | 0.00             | 0.00                    | 316.06              | 0.00            | 0.00            | 0.00                 | 316.06            | 0.00            | 316.06            |
| 2008/09                                                                    | 0.00             | 0.00             | 0.00                    | 0.00                | 0.00            | 0.00            | 0.00                 | 0.00              | 0.00            | 0.00              |
| 2009/10                                                                    | 0.00             | 0.00             | 0.00                    | 0.00                | 0.00            | 1,323.26        | 0.00                 | 1,323.26          | 0.00            | 1,323.26          |
| 2010/11                                                                    | 2,294.73         | 1,899.29         | 0.00                    | 0.00                | 0.00            | 132.13          | 0.00                 | 4,326.15          | 0.00            | 4,326.15          |
| 2011/12                                                                    | 0.00             | 0.00             | 45.11                   | 0.00                | 0.00            | 2,225.42        | 0.00                 | 2,270.53          | 0.00            | 2,270.53          |
| 2012/13                                                                    | 398.60           | 127.10           | 187.07                  | 0.00                | 0.00            | 46.82           | 0.00                 | 759.59            | 0.00            | 759.59            |
| 2013/14                                                                    | 380.28           | 1,307.02         | 245.96                  | 0.00                | 0.00            | 0.00            | 0.00                 | 1,933.26          | 0.00            | 1,933.26          |
| 2014/15                                                                    | 1,022.65         | 29,086.73        | 32.83                   | 1,988.51            | 0.00            | 0.00            | 0.00                 | 32,130.72         | 0.00            | 32,130.72         |
| 2015/16                                                                    | 11,536.56        | 26,903.51        | 671.41                  | 17,027.50           | 3,035.02        | 0.00            | 0.00                 | 59,174.00         | 597.99          | 59,771.99         |
| 2016/17                                                                    | 11,134.26        | 12,972.67        | 5,233.53                | 7,524.43            | 2,983.38        | 0.00            | 2,395.76             | 42,244.03         | 512.05          | 42,756.08         |
| 2017/18                                                                    | 4,475.18         | 10,654.78        | 326.34                  | 1,708.77            | 500.00          | 0.00            | 54.75                | 17,719.82         | 66.14           | 17,785.96         |
| <b>TOTAL</b>                                                               | <b>31,242.26</b> | <b>82,951.10</b> | <b>6,742.25</b>         | <b>28,565.27</b>    | <b>6,518.40</b> | <b>3,727.63</b> | <b>2,450.51</b>      | <b>162,197.42</b> | <b>1,176.18</b> | <b>163,373.60</b> |

The Council can claim back VAT due to the VAT Bad debt relief (The Council cannot claim for the first 6 months, however the Council can claim back 4 years prior to this to 30 September 2013).

#### Sales Ledger Debt Recovery Process (excluding Commerical Rent)

Day 1 - Invoice Issued

If not paid, Day 29 - Final Notice issued,

If not paid, Day 44 - 7 Day letter issued

Thereafter, each case is looked at individually and most cases are then passed to either the Sheriff Officer or for Legal Action.

#### Commercial Rent Debt Recovery Process

Day 1 - Invoice Issued (min 4 weeks prior to due date)

Day 29 - reminder sent to first time defaults

Day 29 - legal letter issued to persistent late payers

Day 38 - If no payment made, surveyor contacts tenant to discuss.

Day 44 - Thereafter, each case is looked at individually and most cases are then passed to either the Sherriff Officer or Legal Action.

Day 44 - Interest will be added, where appropriate to late rent.



## Appendix 2

## Council Tax Written-Off During Financial Year 2017/18 - Summary of Write-Off Reasons

| Financial Year | Statutory Additions | Deceased - No Estate | No Trace    | Sequestration etc. | Small Balances | Uneconomical to Pursue/Collect | Total       |
|----------------|---------------------|----------------------|-------------|--------------------|----------------|--------------------------------|-------------|
| 1993           | £2,189.43           | £229.25              | £14,866.51  | £0.00              | £0.00          | £0.00                          | £17,285.19  |
| 1994           | £2,069.75           | £472.26              | £15,973.47  | £233.69            | -£0.10         | £0.00                          | £18,749.07  |
| 1995           | £1,417.59           | £879.88              | £9,359.38   | £45.45             | -£0.01         | £0.00                          | £11,702.29  |
| 1996           | £1,215.82           | £548.07              | £6,154.74   | £861.50            | -£1.37         | £0.00                          | £8,778.76   |
| 1997           | £1,073.95           | £846.87              | £5,382.81   | £443.67            | £0.00          | £0.00                          | £7,747.30   |
| 1998           | £861.59             | £1,841.53            | £3,261.35   | £576.60            | £0.00          | £0.00                          | £6,541.07   |
| 1999           | £724.78             | £1,898.95            | £3,283.95   | £923.99            | -£0.02         | £0.00                          | £6,831.65   |
| 2000           | £978.45             | £2,650.89            | £2,679.77   | £2,031.67          | -£5.47         | £0.00                          | £8,335.31   |
| 2001           | £1,527.11           | £2,824.82            | £4,239.60   | £3,927.13          | £4.02          | £0.00                          | £12,522.68  |
| 2002           | £1,182.84           | £3,613.05            | £1,260.17   | £4,405.28          | £2.25          | £55.17                         | £10,518.76  |
| 2003           | £1,210.31           | £5,054.39            | £3,100.82   | £2,590.57          | -£7.39         | £740.65                        | £12,689.35  |
| 2004           | £1,182.84           | £4,189.18            | £2,135.84   | £1,964.48          | £0.00          | £75.36                         | £9,547.70   |
| 2005           | £1,869.80           | £4,696.32            | £5,127.27   | £3,710.14          | £1.35          | £0.00                          | £15,404.88  |
| 2006           | £1,880.97           | £3,987.54            | £2,570.86   | £4,724.21          | £1.47          | £231.86                        | £13,396.91  |
| 2007           | £2,351.84           | £5,447.88            | £3,031.84   | £9,539.29          | -£1.58         | £34.00                         | £20,403.27  |
| 2008           | £2,687.76           | £5,656.51            | £6,153.87   | £12,514.86         | £0.68          | £23.27                         | £27,036.95  |
| 2009           | £2,701.06           | £5,461.49            | £9,060.75   | £7,567.54          | -£3.28         | £0.00                          | £24,787.56  |
| 2010           | £2,243.08           | £7,040.80            | £6,129.90   | £4,798.84          | £8.22          | £0.00                          | £20,220.84  |
| 2011           | £2,421.91           | £6,045.15            | £5,917.99   | £4,648.01          | £2.06          | £0.00                          | £19,035.12  |
| 2012           | £3,878.64           | £7,807.61            | £13,643.41  | £4,150.17          | £3.29          | £90.16                         | £29,573.28  |
| 2013           | £4,440.55           | £7,817.54            | £11,135.67  | £4,792.28          | -£0.25         | £247.12                        | £28,432.91  |
| 2014           | £3,698.76           | £9,107.23            | £6,402.22   | £11,548.41         | -£5.90         | £196.87                        | £30,947.59  |
| 2015           | £5,199.24           | £9,359.83            | £3,291.48   | £26,213.85         | £10.01         | £239.55                        | £44,313.96  |
| 2016           | £7,035.66           | £11,785.74           | -£4,070.99  | £39,411.60         | -£68.99        | £974.39                        | £55,067.41  |
| 2017           | £4,041.71           | £3,338.21            | -£16,544.90 | £29,214.52         | -£37.66        | £101.78                        | £20,113.66  |
| Totals         | £60,085.44          | £112,600.99          | £123,547.78 | £180,837.75        | £98.67         | £3,010.18                      | £479,983.47 |

## Council Tax Debt Recovery Process

Day 1 - Bill Issued with instalment details

If not paid, Day 14 Reminder issued giving 14 days to payment

If not paid, Day 28 Summary Warrant applied for - 10% penalty applied, charge becomes payable in full

If not paid, Day 49 Sheriff Officer instructed to collect debt

If not paid, Sheriff Officer will use professional judgement to recover debt using all Legal Action permitted under the terms of the Summary Warrant.





## Appendix 3

## Non-Domestic Rates Written-Off During Financial Year 2017/18 - Summary of Write-Off Reasons

| Financial Year | Statutory Additions | Deceased | No Trace | Sequestration, Liquidation etc. | Ceased Trading | Wrongly Rated | Small Balances | Uneconomical to Pursue/Collect | Total       |
|----------------|---------------------|----------|----------|---------------------------------|----------------|---------------|----------------|--------------------------------|-------------|
| 2004           | £0.00               | -£133.60 | £0.00    | £0.00                           | £0.00          | £0.00         | £0.00          | £0.00                          | -£133.60    |
| 2005           | £0.00               | £0.00    | £0.00    | £0.00                           | £0.00          | £0.00         | £0.00          | £0.00                          | £0.00       |
| 2006           | £539.85             | £0.00    | £0.00    | £0.00                           | £5,398.46      | £0.00         | £0.00          | £0.00                          | £5,938.31   |
| 2007           | £577.71             | £0.00    | £0.00    | £0.00                           | £5,777.10      | £0.00         | £0.00          | £0.00                          | £6,354.81   |
| 2008           | £599.98             | £0.00    | £0.00    | £0.00                           | £5,999.80      | £0.00         | £0.00          | £0.00                          | £6,599.78   |
| 2009           | £630.11             | £0.00    | -£16.84  | £0.00                           | £6,301.10      | £0.00         | £0.00          | £0.00                          | £6,914.37   |
| 2010           | £745.73             | £0.00    | £0.00    | £0.00                           | £7,457.29      | £0.00         | £0.00          | £0.00                          | £8,203.02   |
| 2011           | £2,340.83           | £0.00    | £0.00    | £0.00                           | £23,408.30     | £1,965.42     | £0.50          | £0.00                          | £27,715.05  |
| 2012           | £2,238.07           | £0.00    | £0.00    | £164.00                         | £21,624.68     | £821.25       | £0.00          | £0.00                          | £24,848.00  |
| 2013           | £3,848.46           | £0.00    | £0.00    | £2,530.79                       | £35,897.40     | £843.15       | £0.00          | £0.00                          | £43,119.80  |
| 2014           | £5,671.12           | £0.00    | -£395.56 | £21,623.40                      | £39,877.83     | £3,120.38     | £2.77          | £0.00                          | £69,899.94  |
| 2015           | £8,260.36           | £0.00    | £153.44  | £28,482.23                      | £26,232.80     | £6,364.43     | £1.99          | £0.00                          | £69,495.25  |
| 2016           | £8,633.17           | £0.00    | £78.31   | £23,391.18                      | £54,188.97     | £0.00         | -£12.49        | £0.00                          | £86,279.14  |
| 2017           | £5,840.65           | £0.00    | £360.03  | £35,111.81                      | £14,980.43     | £0.00         | -£9.67         | £0.00                          | £56,283.25  |
| Totals         | £39,926.04          | -£133.60 | £179.38  | £111,303.41                     | £247,144.16    | £13,114.63    | -£16.90        | £0.00                          | £411,517.12 |

## Non-Domestic Rates Debt Recovery Process

Day 1 - Bill Issued

Formal recovery cannot take place until 30 September each year

If not paid, Ratepayer must be 2 instalments in arrears, final notice is issued

If not paid, Summary Warrant applied for - 10% penalty applied, charge becomes payable in full

If not paid, Sheriff Officer instructed to collect debt

If not paid, Sheriff Officer will use professional judgement to recover debt using all Legal Action permitted under the terms of the Summary Warrant.



## Appendix 4

## Irrecoverable Housing Rents Debt Written off in financial year 2017/18 by year and reason

| YEAR          | GONE AWAY          | NO FUNDS           | UNECONOMICAL TO COLLECT | DECEASED (NO FUNDS) | SEQUESTERED       | DEBT PRESCRIBED   | TOTAL DEBT         |
|---------------|--------------------|--------------------|-------------------------|---------------------|-------------------|-------------------|--------------------|
| Prior to 2010 | £0.00              | £0.00              | £0.00                   | £0.00               | £0.00             | £6,491.49         | £6,491.49          |
| 2010/11       | £0.00              | £0.00              | £0.00                   | £0.00               | £0.00             | £59.22            | £59.22             |
| 2011/12       | £0.00              | £0.00              | £0.00                   | £0.00               | £0.00             | £10,402.89        | £10,402.89         |
| 2012/13       | £0.00              | £0.00              | £0.00                   | £0.00               | £0.00             | £58,232.52        | £58,232.52         |
| 2013/14       | £91,483.40         | £1,999.21          | £1,205.26               | £0.00               | £0.00             | £0.00             | £94,687.87         |
| 2014/15       | £115,311.10        | £4,305.44          | £1,838.54               | £5,587.72           | £2,730.53         | £0.00             | £129,773.33        |
| 2015/16       | £177,480.71        | £28,340.28         | £4,575.56               | £2,274.90           | £1,233.53         | £0.00             | £213,904.98        |
| 2016/17       | £165,148.63        | £106,198.90        | £6,875.46               | £304.68             | £2,479.11         | £0.00             | £281,006.78        |
| 2017/18       | £0.00              | £109,391.20        | £15,322.82              | £19,997.77          | £59,650.73        | £0.00             | £204,362.52        |
| <b>TOTAL</b>  | <b>£549,423.84</b> | <b>£250,235.03</b> | <b>£29,817.64</b>       | <b>£28,165.07</b>   | <b>£66,093.90</b> | <b>£75,186.12</b> | <b>£998,921.60</b> |

**Irrecoverable Rents Debt Recovery Process**

Day 14 - Arrears reminder letter sent

If not paid, Day 21 - Attempt Contact with tenant

If not paid, Day 28 - Further investigation either 7 day non-occupation letter or Pre Notice of Proceedings letter sent

If not paid, Day 35 - Notice of Proceedings served by Sheriff Officer

If not paid, Day 42 - Visit to tenant

If not paid, Day 49 - Warning Letter Generated with effective date of Notice of Proceedings and possible court action

If not paid, Day 56 - Taken to Eviction Prevention Panel and authorisation for Court Action sought



## Appendix 5

## Homeless Debt Written Off in financial year 2017/18 by year and reason

| YEAR         | GONE AWAY        | NO FUNDS          | UNECONOMICAL TO COLLECT | DECEASED         | SEQ/LIQ OR REC    | DEBT PRESCRIBED   | TOTAL DEBT         |
|--------------|------------------|-------------------|-------------------------|------------------|-------------------|-------------------|--------------------|
| Pre 2010     | £0.00            | £0.00             | £0.00                   | £0.00            | £0.00             | £0.00             | £0.00              |
|              |                  |                   |                         |                  |                   |                   |                    |
| 2010/11      | £0.00            | £0.00             | £0.00                   | £0.00            | £2,370.00         | £2,192.05         | £4,562.05          |
|              |                  |                   |                         |                  |                   |                   |                    |
| 2011/12      | £0.00            | £0.00             | £0.00                   | £0.00            | £0.00             | £23,707.43        | £23,707.43         |
|              |                  |                   |                         |                  |                   |                   |                    |
| 2012/13      | £0.00            | £0.00             | £501.30                 | £0.00            | £0.00             | £61,435.95        | £61,937.25         |
|              |                  |                   |                         |                  |                   |                   |                    |
| 2013/14      | £0.00            | £122.98           | £1,329.23               | £0.00            | £0.00             | £0.00             | £1,452.21          |
|              |                  |                   |                         |                  |                   |                   |                    |
| 2014/15      | £1,573.30        | £4,785.49         | 3150.07                 | £0.00            | £4,398.20         | £0.00             | £13,907.06         |
|              |                  |                   |                         |                  |                   |                   |                    |
| 2015/16      | £0.00            | £3,055.82         | 6781.33                 | £0.00            | £6,147.63         | £0.00             | £15,984.78         |
|              |                  |                   |                         |                  |                   |                   |                    |
| 2016/17      | £1,092.93        | £28,948.41        | 10849.80                | £4,710.89        | £6,754.33         | £0.00             | £52,356.36         |
|              |                  |                   |                         |                  |                   |                   |                    |
| 2017/18      | £327.72          | £5,601.80         | 7499.34                 | £1,790.12        | £0.00             | £0.00             | £15,218.98         |
|              |                  |                   |                         |                  |                   |                   |                    |
| <b>TOTAL</b> | <b>£2,993.95</b> | <b>£42,514.50</b> | <b>£30,111.07</b>       | <b>£6,501.01</b> | <b>£19,670.16</b> | <b>£87,335.43</b> | <b>£189,126.12</b> |

**Homeless Debt Recovery Process**

Day 14 - Arrears reminder letter sent

If not paid, Day 21 - Attempt Contact with tenant

If not paid, Day 28 - Further investigation either 7 day non-occupation letter or Pre Notice of Proceedings letter sent

If not paid, Day 35 - Notice of Proceedings served by Sheriff Officer

If not paid, Day 42 - Visit to tenant

If not paid, Day 49 - Warning Letter Generated with effective date of Notice of Proceedings and possible court action

If not paid, Day 56 - Taken to Eviction Prevention Panel and authorisation for Court Action sought



## PERTH AND KINROSS COUNCIL

### Strategic Policy and Resources Committee

13 June 2018

### CULTURAL TRUSTS TRANSFORMATION PROJECT: OUTLINE BUSINESS CASE AND NEXT STEPS

Report by Depute Chief Executive (Chief Operating Officer) (Report No. 18/194)

#### PURPOSE OF REPORT

This report asks the Committee to approve the scope for reviewing current delivery models for culture services commissioned by the Council, as part of the wider 2018/19 Transformation Programme.

#### 1. BACKGROUND/KEY ISSUES

- 1.1. Perth and Kinross Council commissions 100% of the culture and sport services which it funds from three Arms-Length External Organisations (ALEOs):
  - Operation of Perth Concert Hall and Perth Theatre, and delivery of performing arts programmes – Horsecross Arts Limited (HX, est 2005)
  - Operation of public library, archives, local studies, museum and gallery services – Culture Perth and Kinross (CP&K, est 2016)
  - Operation of all leisure centres and delivery of sport and leisure activities except school PE activities – Live Active Leisure (LAL, est 1967)
- 1.2. These arrangements have been in place since April 2016. In July 2015 Perth and Kinross Council carried out Phase 1 of a review of its culture and sport delivery models. This was required to achieve £542,000 approved savings from April 2016 onwards. Council approved a further shift to the commissioning of culture and sport through ALEOs. Report 15/295 refers.
- 1.3. The options appraisal completed in the Phase 1 review identified a single Culture Trust as the preferred long-term option for future commissioning of culture. However this option was assessed as undeliverable in the timescale required to deliver the required £542,000 saving. This was largely because of significant change which HX was undergoing at that time.
- 1.4. The Council therefore approved a further option to establish CP&K as a second cultural Trust capable of realising major business rates savings (£300,000+) within the required timescale. The Council also committed to re-examine these arrangements in 2017/18 in a Phase 2 review. This will now be carried out, monitored and reported on as part of the wider Transformation Programme.

- 1.5. In completing the Phase 1 review, the option to create a single Culture and Leisure Trust was also examined. This had significant advantages but was judged to be structural change at a scale undeliverable in the timescales required to achieve required savings, and likely to incur significant costs of change. In addition it did not score highly on acceptability criteria. It is therefore not proposed to revisit this option in the Phase 2 review which will focus on culture services. However wider improvements to the commissioning process for sport and leisure will continue to be considered within the Council's ongoing Transformation Programme.
- 1.6. Since the Phase 1 review in 2015 a number of new factors have emerged:
- The increased policy focus within the Council on culture-led regeneration to stimulate tourism growth including a £20M capital commitment to new cultural attractions in Perth.
  - The PKC budget process which requires significant further revenue savings from ALEOs over the next 3 years including a £150,000 recurring revenue saving to be realised from the proposed single Culture Trust and associated economies of scale
  - The 2017 Barclay Review of business rates and the Barclay recommendation to remove NDR relief from ALEOs. This has not been implemented by Scottish Government for the time being, but no new ALEOs, or properties transferred to existing ALEOs after 1 April 2018 will be eligible for relief
  - The new national funding settlement for Horsecross Arts of £1.6M over 3 years
  - Continuing changes in customer use of libraries which face major challenges in maintaining usage and generating income.
- 1.7. **Appendix 1** sets out the proposed scope for the Culture Trusts review as a Transformation Programme Outline Business Case. Continued engagement with the two ALEOs at both Board and senior staff level will be key and both ALEO have been regularly updated on the Council's thinking with this review. Stakeholder workshops are being planned throughout the review process and the ALEO Chief Executives have been invited to join the Review Project Team, as their input and perspective will be critical.
- 1.8. In May 2018 Audit Scotland published its latest report on the role of ALEOs in Scotland. This reinforced that ALEOs have many strengths in enabling Councils to deliver key services. It also emphasised the need for Councils to regularly review arrangements and ensure they have a clear rationale for establishing and maintaining ALEOs.

## **2. PROPOSALS**

- 2.1. The proposed aim is to **identify and implement a future delivery model for culture which maximises social, economic and tourism benefits for Perth and Kinross and protects frontline Council investment.**



2.2. The proposed objectives are:

- To protect/maximise Council revenue investment in culture.
- To identify the most efficient and effective model for operating 5 major cities centre venues from 2021: Perth City Hall; Perth Museum; Perth Concert Hall; Perth Theatre and the AK Bell Library.
- To investigate current indirect costs to the Council of maintaining the current 2 Trusts model and identify potential for efficiencies
- To investigate how new income streams for culture can be grown and diversified including opportunities to commercialise services where appropriate
- To identify any wider collaboration opportunities to strengthen the quality of the cultural offer across Perth and Kinross and create further efficiencies

2.3. The project will evaluate the options for delivering culture through a single delivery organisation from 2019/20 onwards. Culture services in scope are:

- All performing arts services currently commissioned from HX (theatre, classical and contemporary music, dance, spoken word)
- All museum, heritage & gallery services currently commissioned from CP&K
- Library, local studies & archive services currently commissioned from CP&K
- Creative Learning services currently commissioned from HX Arts and CP&K
- Conference & business tourism services currently commissioned from HX
- Public art and public realm activities services currently commissioned from CP&K
- Wider cultural activities delivered by the Council as part of its Events Strategy

2.4. Culture services not in scope are:

- The Instrumental Music Service in schools. This was examined during Phase 1 and subsequently transferred to Education Services (Secondary and Inclusion) in April 2016.
- Performing arts activities delivered by Perth Festival of the Arts and Pitlochry Festival Theatre. These are funded through 3<sup>rd</sup> party grants rather than the ALEO mechanism.

## **Options Appraisal**

2.5. Core options are as follows and may be amended/expanded following the research stage:

### Option 1-Status Quo (2 sole member company Trusts)

The Council's current position is that a single Culture Trust emerged as the preferred option from Phase 1 of Securing the Future for Culture and Sport.

However the status quo will be re-tested in light of any major new factors which emerge from the research stage.

Option 2: Single Culture Trust - sole member company – all services in scope.

This will re-examine the preferred option which emerged from Phase 1, Securing the future for Culture and Sport.

Option 3: Single Culture Trust – fully independent from PKC – all services in scope

This will re-examine the model in place prior to 2012 when HX Arts was fully independent from the Council. However this model does not enable the Council to meet its statutory responsibilities of Best Value (BV) and Following the Public Pound (FPP) and may require the Council to tender services.

Option 4: Single Culture Trust – other constitutional status (e.g. Scottish Charitable Incorporated Organisation (SCIO)) – all services in scope

This will examine alternatives to the SMC model which enable PKC to meet its statutory duties, for example the SCIO model used for Culture and Leisure Dundee.

Option 5: Hybrid delivery model: Single Culture Trust *plus* in-house and/or community-led delivery

Some key services, in particular Libraries and Archives, have very limited scope to generate additional income but are important universal statutory services and community assets. Some Councils have retained in-house delivery models for these services whilst other models have emerged in the UK/elsewhere enabling community self-management of library buildings outside core opening hours. A hybrid delivery model may enable PKC to focus future investment on areas which will always require significant public funding to be sustainable, whilst enabling other cultural activities with most potential to generate external income to be delivered arms-length through a Trust.

- 2.6. External legal advice on the benefits/disbenefits of the sole member company model for ALEOS was last obtained by the Council in early 2017. This will be refreshed to ensure no significant factors have changed but will not otherwise be extensively re-examined.

## **Key Deliverables and Timescales**

- 2.7. The key deliverables for this Transformation project are as follows:

- Project scope approval; Strategic Policy & Resources Committee: 13 June 2018
- Stakeholder engagement: ongoing
- Review undertaken: June-November 2018

- Recommendations to Strategic Policy & Resources Committee:  
28 November 2018
- Implementation phase: January 2019 onwards

2.8. The Project Board will receive monthly progress reports. 8 weekly reports will be submitted to EOT to track the progress of the project in alignment with the wider Transformation Programme. Where key decisions require Elected Member direction, these will be reported to the Strategic Policy and Resources Committee.

### 3. RECOMMENDATIONS

3.1 It is recommended that the Committee

- Notes the background to selecting the area for review;
- Approves the outline business case for the project and
- Notes the timescale for delivery set out in para 2.7.

#### Author

| Name            | Designation                               | Contact Details |
|-----------------|-------------------------------------------|-----------------|
| Fiona Robertson | Head of Culture and Public Service Reform | 01738 475000    |

#### Approved

| Name          | Designation                                      | Date        |
|---------------|--------------------------------------------------|-------------|
| Jim Valentine | Depute Chief Executive (Chief Operating Officer) | 21 May 2018 |

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You can also send us a text message on 07824 498145.

All Council Services can offer a telephone translation facility.

## IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

| <b>Strategic Implications</b>                       | <b>Yes / None</b> |
|-----------------------------------------------------|-------------------|
| Community Plan / Single Outcome Agreement           | <b>Yes</b>        |
| Corporate Plan                                      | <b>Yes</b>        |
| <b>Resource Implications</b>                        |                   |
| Financial                                           | <b>Yes</b>        |
| Workforce                                           | <b>Yes</b>        |
| Asset Management (land, property, IST)              | <b>None</b>       |
| <b>Assessments</b>                                  |                   |
| Equality Impact Assessment                          | <b>None</b>       |
| Strategic Environmental Assessment                  | <b>None</b>       |
| Sustainability (community, economic, environmental) | <b>None</b>       |
| Legal and Governance                                | <b>None</b>       |
| Risk                                                | <b>None</b>       |
| <b>Consultation</b>                                 |                   |
| Internal                                            | <b>Yes</b>        |
| External                                            | <b>Yes</b>        |
| <b>Communication</b>                                |                   |
| Communications Plan                                 | <b>No</b>         |

### 1. Strategic Implications

#### Community Plan / Single Outcome Agreement

- 1.1. This report relates to the delivery of the Perth and Kinross Community Plan / Single Outcome Agreement in terms of the following priorities:
- Promoting a prosperous, inclusive and sustainable economy
  - Creating a safe and sustainable place for future generations.

#### Corporate Plan

- 1.2. This report relates to the achievement of the Council's Corporate Plan Priorities:
- Promoting a prosperous, inclusive and sustainable economy;
  - Creating a safe and sustainable place for future generations.

### 2. Resource Implications

#### Financial

- 2.1. There are resource implications to this report. A fixed term Graduate Trainee post has been appointed to support delivery of the project. This will be funded from underspend in the 2017/18 Transformation Programme.

### Workforce

- 2.2. There are no direct workforce implications arising from this report but there may be workforce implications for the ALEOs and relevant Council staff which arise from the review process. These will be examined and reported to the Committee as part of the review recommendations/conclusions.

### Asset Management (land, property, IT)

- 2.3. There are no direct asset management issues arising from this report but there may be asset management implications for the Council which arise from the review. These will be reported to the Committee as part of the recommendations/conclusions.

## **3. Assessments**

- 3.1. This report has been considered under the Corporate Equalities Impact Assessment process (EqIA) with the following outcome:

(i) Assessed as **not relevant** for the purposes of EqIA.

An EQIA will be completed as part of the review process.

### Strategic Environmental Assessment

- 3.2. The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals.

Assessed as not relevant for the purposes of Strategic Environmental Assessment

### Sustainability

- 3.3. None.

### Legal and Governance

- 3.4. There are no direct legal and governance implications to this report but there will be governance implications which arise from any new delivery model for culture services. These will be examined and reported to the Committee as part of the review recommendations/conclusions.

### Risk

- 3.5. A risk profile has been completed as part of the Outline Business Case for this Transformation Project as follows:

| <b>Risk Description</b>                                    | <b>Impact Scale (1 to 5)</b> | <b>Likelihood Scale (1 to 5)</b> | <b>Action Plan to Mitigate Risk</b>                                                                                                 |
|------------------------------------------------------------|------------------------------|----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|
| Acceptability of change for Boards of current Trusts       | 4                            | 5                                | Political and senior executive leadership within PKC<br>Effective communication & engagement plan                                   |
| Lack of staff buy-in and loss of key skills                | 4                            | 4                                | Leadership from Boards and CEOs of existing Trusts<br>Effective staff communications plan<br>Transparent staff consultation process |
| Acceptability of change for key external funders           | 3                            | 5                                | Effective communication & engagement plan                                                                                           |
| Loss of future funding and revenue opportunities           | 2                            | 5                                | Robust research, financial analysis and legal advice                                                                                |
| Acceptability of change for elected members and the public | 4                            | 2                                | Effective communication plan linked to cultural transformation programme & rationale                                                |

#### **4. Consultation**

##### Internal

4.1. The following have been consulted in the preparation of this report:

##### Internal

- Chief Executive
- Head of Legal and Governance
- Head of Community Planning, Strategic Commissioning and OD
- Head of Finance
- Corporate Human Resources Manager

##### External

- Creative Scotland
- Museums Galleries Scotland
- Chair and Chief Executive, Culture Perth and Kinross
- Chair and Chief Executive, Horsecross Arts

#### **5. Communication**

5.1 A Communications Plan to support internal and external communications will be prepared and monitored/updated by the Project Team.

**6. BACKGROUND PAPERS**

None.

**7. APPENDICES**

Appendix 1 Outline Business Case





## Outline Business Case



|                    |                                                                      |          |               |
|--------------------|----------------------------------------------------------------------|----------|---------------|
| Title:             | <b>Securing the Future for Culture and Leisure – Phase 2</b>         |          |               |
| Executive Sponsor: | <b>Jim Valentine, Depute Chief Executive/Chief Operating Officer</b> | Version: | <b>1.2</b>    |
| Author:            | <b>Fiona Robertson, Head of Culture and Public Service Reform</b>    | Date:    | <b>130318</b> |

## • EXECUTIVE SUMMARY

This Transformation Project is the second phase of transformation for commissioning culture services from arms-length external organisations (ALEOs). It follows a Phase 1 project which was completed in 2015. This examined how both culture and sport services are commissioned, delivered and monitored by the Council.

The project aim is to ***identify and implement a single delivery model for culture which maximises social, economic and tourism benefits for Perth and Kinross and protects frontline Council investment in culture.***

The project will evaluate the options for delivering culture through a single delivery organisation from 2019/20 onwards. A single delivery model emerged as the preferred option in Phase 1/2015 but was not achievable in the timescales required to meet a £542,000 savings requirement approved by the Council in 2013/14.

Since 2015 a number of external drivers for culture have changed and these, plus a further recurring savings requirement of £150,000 from 2019/20, approved by the Council in February 2018, necessitate a Phase 2 review.

The timescale for the project is 5 months, assuming commencement in June 2018. Recommendations will be submitted to Strategic Policy and Resources Committee on 28 November 2018. The project will be monitored and reported on to the Transformation Board and SP&R Committee in line with wider Transformation Programme arrangements.

## 2. INTRODUCTION

Perth and Kinross Council commissions culture and sport services with a total value of £10M from three Arms-Length External Organisations as follows:

- Operation of Perth Concert Hall and Perth Theatre, and delivery of performing arts programmes – Horsecross Arts Limited (est 2005)
- Operation of public library, archives, local studies, museum and gallery services – Culture Perth and Kinross (est 2016)
- Operation of all leisure centres and delivery of sport and leisure activities except school PE activities – Live Active Leisure (est 1967)

In July 2015 Perth and Kinross Council carried out Phase 1 of a service review for culture and sport provision, 'Securing the Future for Culture and Sport. This was required to achieve £542,000 approved savings from April 2016 onwards. Council approved a further shift to the commissioning of culture and sport through ALEOs. Report 15/295 refers.

The Phase 1 options appraisal identified a single Culture Trust as the preferred long-term option for future commissioning of culture. However this option was assessed as undeliverable in the timescale required to deliver the required saving. This was largely because of significant factors affecting Horsecross Arts at that time. The Council therefore approved a further option to establish Culture Perth and Kinross as a second cultural Trust capable of realising major business rates savings within required timescales. The Council also committed to re-examine these arrangements in 2017/18 in a Phase 2 review.

In completing the Phase 1 review, the option to create a single Culture and Leisure Trust was also examined. This had significant advantages but was judged to be structural change at a scale undeliverable in the timescales required to achieve required savings, and likely to incur significant costs of change. In addition it did not score highly on acceptability criteria. This option will therefore not be revisited in the Phase 2 review, the key focus of which will be culture services. However wider improvements to the commissioning process for sport and leisure will continue to be considered within the Council's ongoing Transformation Programme.

Since the Phase 1 review in 2015 a number of new factors have emerged:

- The increased policy focus within the Council on culture-led regeneration and stimulating cultural tourism growth including a £20M capital commitment to new cultural attractions in Perth.
- The PKC budget process which requires a further £830K in revenue savings from ALEOs over the next 3 years (includes £178K existing approved savings and £150K to be realised from the creation of a single Trust)
- The 2017 Barclay Review of business rates and the Barclay recommendation to remove Non-Domestic Rates (NDR) relief from ALEOs. This has not been implemented by Scottish Government for the time being, but no new ALEOs, or properties transferred to existing ALEOs after 1 April 2018, will be eligible for relief
- The new national funding settlement for Horsecross Arts of £1.6M over 3 years
- Continuing changes in customer use of libraries, a key free universal statutory service, which face major challenges in maintaining usage and generating income as customer expectations and needs evolve.

### **3. BENEFITS (*including assumptions*)**

- Improved customer experience via a cohesive approach to planning and delivering Council-funded cultural provision
- Improved efficiency and effectiveness via a single organisational structure which integrates senior management and corporate functions across Horsecross Arts and Culture Perth and Kinross

- A cost effective operating model for 5 major cultural venues in Perth city centre (Perth Concert Hall, Perth Theatre, AK Bell Library, City Hall, Perth Museum and Art Gallery)
- More strategic, cohesive fundraising strategies for culture – current approaches can duplicate or compete for the same sources
- Wider collaborative opportunities
- Delivery of a required £150,000 saving by integrating senior management and corporate functions in a single body

#### 4. OBJECTIVES

The aim of this Transformation Project is to: ***identify and implement a future delivery model for culture which maximises social, economic and tourism benefits for Perth and Kinross and protects frontline Council investment.***

Objectives are as follows:

- To protect/maximise Council revenue investment in culture
- To identify the most efficient and effective model for operating 5 major city centre venues from 2021: Perth City Hall; Perth Museum; Perth Concert Hall; Perth Theatre and the AK Bell Library.
- To investigate current indirect costs to the Council of maintaining the current 2 Trust model and identify potential for efficiencies
- To investigate how new income streams for culture can be grown and diversified including opportunities to commercialise services where appropriate
- To identify any wider collaboration opportunities to strengthen the quality of the cultural offer across Perth and Kinross and create further potential for efficiencies

#### 5. CRITICAL SUCCESS FACTORS

These are addressed in the risk table below but can be summarised as:

- Strong leadership at political and senior level within the Council
- Buy-in from the Boards and senior staff within the current cultural Trusts, Horsecross Arts and Culture Perth and Kinross
- A focus by all parties on improving the customer experience and the imperative to protect/maximise Council investment in culture
- Effective communication with key stakeholders, specifically Creative Scotland and the Gannochy Trust as well as the wider public
- Willingness from all parties to consider other successful models in use or emerging across the UK

## 6. KEY ACTIVITIES

### Methodology

Areas for investigation:

- Current total direct/indirect spend by PKC on the services in scope
- Current indirect costs of supporting the 2 Trust model: governance and accountability, contract monitoring, corporate services support
- Future NDR relief and other tax efficiency assumptions (VAT, Theatre Tax Relief)
- Track record of current Trusts in external fundraising, and external fundraising potential of different delivery models
- Existing/emerging delivery models elsewhere in the UK
- Funder and stakeholder attitudes (to inform acceptability scoring)
- Pathway for creating a single delivery model in light of Barclay (ALEOs established after 1 April 2018 are ineligible for NDR relief)
- Appropriate future contract monitoring arrangements
- Finalisation of options to be appraised

External legal advice on the benefits/disbenefits of the sole member company model for ALEOS was last obtained by the Council in early 2017. This will be refreshed to ensure no significant factors have changed. Otherwise it will not be extensively re-examined.

### **Services in scope are:**

- All performing arts services currently commissioned from HX Arts (theatre, classical and contemporary music, dance, spoken word)
- All museum, heritage & gallery services currently commissioned from CP&K
- Library, local studies & archive services currently commissioned from CP&K
- Creative Learning services currently commissioned from HX Arts and CP&K
- Conference & business tourism services currently commissioned from HX
- Public art and public realm activities services currently commissioned from CP&K
- Wider cultural activities delivered by the Council as part of its Events Strategy

### **Services not in scope are:**

- The Instrumental Music Service in schools. This was examined during Phase 1 and subsequently transferred to Education Services (Secondary and Inclusion) in April 2016.

- Theatre and performing arts activities delivered by Perth Festival of the Arts and Pitlochry Festival Theatre. These are funded through 3<sup>rd</sup> party grants, not the ALEO mechanism.

### Key Deliverables and Timescales

The key deliverables for this review are as follows:

- Project scope approval; SP&R Committee: 13 June 2018
- Stakeholder engagement: ongoing
- Review undertaken: June-November 2018
- Recommendations to Strategic Policy & Resources Committee: 28 November 2018
- Implementation phase: January 2019 onwards

## **7. OPTIONS (*Potential Solutions including assumptions and Recommendations*)**

Core options are as follows and may be amended/expanded following the research stage:

### Option 1-Status Quo (2 sole member company Trusts)

The Council's current position is that a single Culture Trust emerged as the preferred option from Phase 1 of Securing the Future for Culture and Sport. However the status quo will be re-tested in light of any major new factors which emerge from the research stage.

### Option 2: Single Culture Trust - sole member company – all services in scope.

This will re-examine the preferred option which emerged from Phase 1, Securing the future for Culture and Sport.

### Option 3: Single Culture Trust – fully independent from PKC – all services in scope

This will re-examine the model in place prior to 2012 when HX Arts was fully independent from the Council. However this model does not enable the Council to meet its statutory responsibilities of BV and FPP and may require the Council to tender services.

### Option 4: Single Culture Trust – other constitutional status (e.g. SCIO) – all services in scope

This will examine alternatives to the SMC model which enable PKC to meet its statutory duties, for example the SCIO model used for Culture and Leisure Dundee.

#### Option 5: Hybrid delivery model: Single Culture Trust *plus* in-house and/or community-led delivery

Some key services, in particular Libraries and Archives, have very limited scope to generate additional income but are important universal statutory services and community assets. Some Councils have retained in-house delivery models for these services whilst other models have emerged in the UK/elsewhere enabling community self-management of library buildings outside core opening hours. A hybrid delivery model may enable PKC to focus future investment on areas which will always require significant public funding to be sustainable, whilst enabling other cultural activities with most potential to generate external income to be delivered arms-length through a Trust.

### **8. VALUE/COST ANALYSIS (*including assumptions*)**

A required outcome from this review is the delivery of £150,000 savings from April 2019, to be achieved from the integration of senior management and corporate functions across Horsecross Arts and Culture Perth and Kinross. However a key assumption is that one-off restructuring costs will be incurred, including for example severance or systems integration costs. These have been estimated at around £180,000 in 2019/20.

Further value/cost analysis is required of:

- Current indirect costs to Perth and Kinross Council of supporting the two-Trust model, particularly when issues arise which require significant intervention from the Council to protect charitable assets. This has been the case with Horsecross Arts on two occasions since 2013.
- Implications of the Barclay Review as only existing ALEOS will be able to maintain eligibility for business rates relief from April 2018. A key assumption is that no further changes to ALEO rates relief will be implemented in the period 2018/19-2020/21.

### **9. MAJOR RISKS**

| <b>Risk Description</b>                              | <b>Impact Scale (1 to 5)</b> | <b>Probability Scale (1 to 5)</b> | <b>Action Plan to Mitigate Risk</b>                                                               |
|------------------------------------------------------|------------------------------|-----------------------------------|---------------------------------------------------------------------------------------------------|
| Acceptability of change for Boards of current Trusts | 4                            | 5                                 | Political and senior executive leadership within PKC<br>Effective communication & engagement plan |
| Lack of staff buy-in and loss of key skills          | 4                            | 3                                 | Leadership from Boards and CEOs of existing Trusts                                                |

|                                                            |   |   |                                                                                      |
|------------------------------------------------------------|---|---|--------------------------------------------------------------------------------------|
|                                                            |   |   | Effective staff communications plan<br>Transparent staff consultation process        |
| Acceptability of change for key external funders           | 3 | 3 | Effective communication & engagement plan                                            |
| Loss of future funding and revenue opportunities           | 3 | 2 | Robust research, financial analysis and legal advice                                 |
| Acceptability of change for elected members and the public | 4 | 2 | Effective communication plan linked to cultural transformation programme & rationale |



# **PERTH AND KINROSS COUNCIL**

## **Strategic Policy and Resources Committee**

**13 June 2018**

### **DEVELOPMENT OF THE CREATIVE EXCHANGE IN THE FORMER ST JOHN'S PRIMARY SCHOOL**

**Report by Depute Chief Executive (Chief Operating Officer) (Report No. 18/195)**

#### **PURPOSE OF REPORT**

The purpose of this report is to:

- (i) Note the progress made in launching the Famous Grouse Ideas Centre, delivering the business support programmes for creative businesses and the staging of the successful Final Showcase event for the first Accelerator cohort on 9 May 2018.
- (ii) Seek approval to progress the project to convert the former St John's Primary School to a Creative Exchange Hub, confirm the funding envelope and provide approval under delegated powers awaiting the announcement of the Tay Cities Deal.
- (iii) Seek approval to dispose of the former St John's Primary School by way of a long lease to WASPS (Workshop and Artists' Studios Provision Scotland) on the terms referred to in this report and provide delegated authority to finalise the Service Level Agreement (SLA) to the Executive Director (Housing & Environment) in consultation with the Head of Legal and Governance.
- (iv) Seek approval for a sublease from WASPS in favour of the Council for two of the completed units (to provide accommodation for the proposed Famous Grouse Ideas Centre) on the terms referred to in this report or otherwise on terms to be agreed by the Executive Director (Housing & Environment) and by the Head of Legal and Governance.

#### **1. Vision and Ambition**

- 1.1 Our ambition is to create a hub for business innovation and enterprise in the creative industries, in the heart of Perth, which will catalyse a latent cluster of businesses and creative activity across the sector. Our vision is the establishment of a space where productivity, creativity and innovation coalesce and where cultural, creative and digital enterprises meet and where entrepreneurs and creative practitioners can connect with each other and, importantly, the wider community.
- 1.2 Specifically, Creative Exchange Perth (CEP) will be a creative industries hub comprising workspace, studios, co-working and social space. Fundamentally, it will provide business incubation and acceleration facilities and support; and

an access point and outreach base for communities to participate in cultural activities, to encourage individuals to become more enterprising and to develop business ideas. It will also provide a much needed Project Space gallery and shop window for contemporary visual art.

- 1.3 Creative industries (including digital) are one of six key sectors of the Scottish economy with growth potential and where Scotland's Economic Strategy states that Scotland has a competitive advantage. The 2012 study into the Economic Contribution of the Arts and Creative Industries in Scotland estimated that the sixteen sub sectors of creative industries accounted for a Gross Value Added (GVA) of between £3.2 billion and £3.7 billion and accounted for direct employment of 84,400. At the Perth and Kinross level, a sector analysis undertaken for the Scottish Cities Alliance in 2013, estimated that creative industries accounted for total employment of 1,000 in the local area (1.7% of total local employment) and comprised 370 businesses (5.8% of total businesses). The sector is seen as having further growth potential, particularly in the context of graduates from Perth College University of the Highlands and Islands, and the ambition to develop Perth's cultural and creative offering and to increase the number of jobs in knowledge intensive industries.

## **2. Project Progress Update**

- 2.1 Pending the completion of the renovation of the former St John's Primary School for the Creative Exchange the project has progressed with the launch of the Famous Grouse Ideas Centre (FGIC) on 24 January 2018 which is housed in its temporary location in the 'Makers Space' on the first floor of the AK Bell Library.
- 2.2 A key aim for FGIC is to support exceptional creative business creation, development and growth. Over the next year, this project aims to develop the next generation of creative sector leaders and employers by inspiring them through working with Scotland's entrepreneurs and creatives. This will be achieved through an innovative suite of dedicated support programmes: the **Pipeline** programme, **Incubation** programme, and **Accelerator** programme.
- 2.3 There were 14 existing and fledgling businesses signed up to the first Creative Cohort on the Accelerator Programme and their journey culminated in a Final Showcase Event on 9 May 2018 at AK Bell Library. The feedback from the participants has been very positive and each has progressed their business ideas.

## **3. Project Background**

- 3.1 The report justifies why a peppercorn rent should be attributed to the lease to enable economic, social and cultural impact. This was previously presented in an Outline Business Case to Council on 22 June 2016 [Report Ref: 16/277] seeking capital investment as part of the capital programme. The regeneration project was granted £2.7m capital funding through that process (£2.45m capital funding and £250k Commercial Property Investment

Programme(CPIP) investment).Prior to that, agreement in principle for disposal through a sale had been given by the Property Sub-Committee on 4 September 2013 [Report Ref:13/434].

- 3.2 The regeneration of the former St John's Primary School project was granted planning permission at the end of August 2017 for the development of Creative Exchange a hub for creative industries, visual artists and innovative entrepreneurs. The facility will comprise of 26 artists' studios, 13 offices for creative industries, a project space, a teaching/workshop room, a café and an innovation lab in the former gym hall.
- 3.3 It is intended that construction will start in July 2018 and be delivered by a main contractor who has been procured through the HubCo procurement framework. The project is planned to be completed by September 2019.
- 3.4 The project costs have risen to £4.4m due to the requirement of new heating and electrical systems, within which the target construction cost envelope has been set at £3.65m, extensive drainage improvements and additional costs due to vandalism and theft damage.
- 3.5 The funding package that is in place to deliver the project is detailed below and includes funding from P&KC, Scottish Government, The Economic Regional Development Fund, The Scottish Cities Investment Fund and The Gannochy Trust.

|                                                                                                   |                   |           |
|---------------------------------------------------------------------------------------------------|-------------------|-----------|
| PKC Capital                                                                                       | £2,450,000        | Confirmed |
| PKC CPIP (Commercial Property Investment Programme)                                               | £250,000          | Confirmed |
| ERDF (European Regional Development Fund)                                                         | £250,000          | Confirmed |
| CIF (City Investment Fund)                                                                        | £100,000          | Confirmed |
| Gannochy Trust                                                                                    | £150,000          | Confirmed |
| RCGF (Regeneration Capital Grant Fund)                                                            | £335,000          | Confirmed |
| Tay Cities Deal (The Housing & Environment Service, H&ES, budget under third party contributions) | £1,000,000        | Pending   |
| <b>Total</b>                                                                                      | <b>£4,535,000</b> |           |

#### Tay Cities Deal Funding

- 3.6 The project is part of the Tay Cities Deal bid presently being negotiated with Scottish and UK Governments. The capital 'ask' for Creative Exchange is £1m which would complete the funding requirements. However as the outcome of these negotiations will not be known until early Summer 2018, a provision has been made from H&ES capital budgets where £1m has been allocated to enable the contract to proceed, acknowledging third party funding contributions. This was approved by the Strategic Policy & Resources Committee on 13th September 2017 [Report Ref: 17/280].

#### **4. A Partnership Approach**

##### **WASPS – Principal Partner**

- 4.1 WASPS is a social enterprise and not for profit organisation. They were funded in 2014 by the Scottish Cities Alliance to assess the demand for a creative hub in Perth in line with the successful operational model they operate in Glasgow at South Block (established in 2009).
- 4.2 WASPS operate 18 properties across Scotland providing low cost studio accommodation for 900 tenants from Shetland to the Borders. WASPS is home to Scotland's largest creative community and as such has developed a reputation among the creative sector as providing low cost accommodation in a supportive, collaborative working environment which fosters creative productivity and development. WASPS would deliver the business model developed with consultants EKOS to operate Creative Exchange on a 25 year lease and would minimise operational risk to PKC. They would attract creative tenants which might not ordinarily associate themselves with a local authority but with a creative organisation such as WASPS, with access to the Scotland wide network they have and the opportunities that presents, including the Meadowmill Studios in Dundee.
- 4.3 Creative industries are one of six strong growth sectors set out in Scotland's Economic Strategy. WASPS have a considerable track record of nurturing and developing this sector elsewhere in Scotland and will bring this experience and reputation to Perth.
- 4.4 This project has been developed as a partnership with WASPS under an understanding that the relationship would continue as per the terms recommended in this report. WASPS' vision is to provide an inspirational home for creative practice and expand the number of sustainable creative businesses in the region.
- 4.5 Other partners represented on the Board and expected to operate in the building include Elevator (Business Gateway), Perth College UHI and Culture PK.

#### **5. Project Development**

- 5.1 At its budget meeting on 14 February 2008 the Council [Report Ref: 08/92] agreed to the disposal of properties which were to become surplus as a result of the Investment in Learning Project. At its meeting on 16 April 2008 the Strategic Policy & Resources Committee [Report Ref: 08/212] re-affirmed the Council decision. The properties identified for disposal included the former St John's Primary School which later closed in October 2011.
- 5.2 Subsequently, at a meeting on 4 September 2013 the Property Sub Committee agreed to the disposal of the former St Johns Primary School to Workshop and Artists' Studio Provision Scotland Ltd (WASPS) for

refurbishment as a contemporary art and creative industries hub for Perth [Report Ref: 13/434].

- 5.3 Since then WASPS have developed their proposals and held discussions with Council officers to develop a detailed business plan. The new proposals envisage that the Council undertakes redevelopment of the former St Johns School to create the new contemporary art and creative industries hub and then leases the new facilities to WASPS who will thereafter manage the new facilities in accordance with the objectives of an agreed Service Level Agreement.
- 5.4 This new approach has been adopted in order to ensure deliverability of the project and to ensure that the Council retains ownership and control of the building in the longer term as part of its asset portfolio.

## **6. Operational Stage: Key Issues**

### Head Lease Arrangements and Best Value

- 6.1.1 The Council has statutory duties under Best Value as set out in Section 1 of the Local Government in Scotland Act 2003. Relevant aspects of this duty include:
- Making best use of public resources, including land and property.
  - Being open and transparent in transactions.
  - Ensuring sound financial controls are in place to minimise the risk of fraud and error.
  - Assessing the full financial consequences of decisions at an appropriate level before major financial decisions are taken or commitments entered into.
  - Demonstrating responsiveness to the needs of communities, citizens, customers and other stakeholders, where relevant.
- 6.1.2 The Council also has a statutory duty in terms of Section 74 of the Local Government (Scotland) Act 1973 to achieve best reasonable consideration when it disposes of its land and buildings.
- 6.1.3 On completion of the redevelopment, it is proposed that the Council will grant a head lease in respect of the new Creative Exchange to WASPS for £1 per annum for 25 years.
- 6.1.4 A disposal by head lease at £1 per annum will be at less than Market Rent. As required by the Disposal of Land by Local Authorities (S) Regulations 2010, a market rental valuation has been undertaken by a suitably qualified and experienced valuer and this indicates that the fully refurbished subjects could reasonably be expected to achieve a Market Rent in the region of £70,000 per annum.
- 6.1.5 By leasing the subjects to WASPS for £1 per annum, the Council will be foregoing this potential rental income (£70,000 per annum) in order to support

the financial viability of the project and in support of the objectives of an agreed Business Plan and in accordance with a Service Level Agreement.

- 6.1.6 The Disposal of Land Regulations require that, where a Local Authority proposes to dispose of a property at less than full market value, an appraisal of the proposed disposal should be undertaken to show compliance with the Regulations. The key benefits of the disposal to WASPS are summarised below:

### **Economic Impact**

- 6.1.7 An initial economic impact study was commissioned by WASPS and undertaken by consultants Ekos. This work appraised the potential economic impacts of the creative industries studio space including net additional output, Gross Value Added (GVA) and employment. The study estimated the cumulative impact over a 20 year period and also the wider impacts including creativity, networking, profile and complementarity with other cultural institutions.

### Specific economic benefits

- 6.1.8 The economic benefits of the facility being operated by WASPS at low annual rental are as follows:
- Bringing grant funding of £500k to the project (Gannochy plus support on Scottish Government Regeneration Capital Grant Fund ,RCGF)
  - 66 creative people as tenants in the building
  - 4 people employed to manage the building
  - Retention of creative industry graduates in the City in a supportive environment
  - Retention and development of creative industry graduates, businesses and individuals in the City
  - Providing a viable future for a long term vacant building reducing risk to PKC
  - 11.8 FTE jobs would be created during the construction phase.
  - Create 4.7 FTE jobs in the wider economy. The net additional employment has been based on the amount of output required to support a full time equivalent job
  - GVA over 20 years of £2.8 million. In the case of infrastructure projects the consultants assess the impact over a longer period of time, hence the estimate in relation to 20 years
  - 1 city centre building regenerated: approximately 1,800 sq m of business, studios & workshops, and gallery space created
  - Support 43 artists, 10 creative industry businesses and 3 cultural organisations contributing to Perth's vibrancy.
  - The innovation/accelerator hub element of the project would provide space and support for up to 20 entrepreneurs at any one time, each of these businesses will support a further 3 jobs in the wider economy (E-Spark 2015 Impact Report).

## **Social & Cultural Impact**

- 6.1.9 The project will regenerate a building that has been unused for over seven years. The building has started to attract anti-social behaviour through vandalism and also been the victim of theft. Local residents will see an improvement in their social as well as physical environment when work begins.
- 6.1.10 The building is also very close to some of the most deprived communities in Perth and therefore it will be a base for outreach activity for business development and cultural activities. Access by a range of community based cultural organisations and enterprises will also be provided as part of the exchange of skills, knowledge and ideas. The intention is to develop the hub as a focus for creativity, the arts and enterprise for as wide a catchment as possible.
- 6.1.11 There are numerous examples of the economic and social benefits occupation of buildings for creative use has on surrounding areas. Creative people spend money locally, encourage audiences at exhibition and workshops, attract clients and visitors, animate redundant buildings and make areas feel safer with more regular footfall not just during normal “office hours”.
- 6.1.12 The proposed disposal complies with the Council’s statutory duties in respect of Best Value and Best Consideration in that the potential loss of rental income to the Council of £70,000 per annum is considered to be justified in light of the wider expected benefits to the local economy and community.

## **6.2 Management Fees**

- 6.2.1 In exchange for the head lease, WASPS will undertake to manage the new facility to deliver the objectives of an agreed Business Plan (jointly developed by the Council and WASPS) and in accordance with the terms of a Service Level Agreement.
- 6.2.2 The Business Plan and Service Level Agreement will be reviewed and revised as the project progresses. Day to day management of the new facility will be undertaken by WASPS. Oversight and strategic governance will be by a Partnership Management Board which will include on-going representation from the Council and WASPS.
- 6.2.3 The Business Plan envisages that the day to day management costs incurred by WASPS in running the Creative Exchange Project will be met from the rental income that they secure by leasing out floor space to local businesses from the creative industries sector.
- 6.2.4 It is agreed that WASPS will take a management fee that is proportionate in percentage terms of their total headquarters overhead and that continued draw down of this will be dependent on successful delivery of the business plan.

### **6.3 Profit Arrangements/Sinking Fund**

- 6.3.1 The Business Plan includes provision for creation of a sinking fund which will be built up in value over the duration of the Head Lease from project revenue income primarily the rental income secured by WASPS in their management of the new facility. The size of sinking fund will depend on occupancy and rental levels however it is envisaged that a sinking fund of circa £400,000 could be secured by the end of the 25 year Head Lease. The sinking fund will then be available for refurbishment of the facilities at the end of the Head Lease. Any surplus income or profit from the project will be used to augment income to the sinking fund.

### **7. The Famous Grouse Ideas Centre**

- 7.1 In addition, the Business Plan relies upon an annual income of £25k via the Council in respect of two of the completed suites. These suites will be used and managed by the Council as an Innovation Lab. The cost of occupying this space will be met from a £500k sponsorship agreement between the Council and Edrington. The sponsorship agreement sets out that the funding is to be used for business incubation space and associated expert business support and requires, in exchange, naming rights for the new Innovation Lab to be known as The Famous Grouse Ideas Centre. The sponsorship will support the new innovation centre for 10 years with annual support of £50k.
- 7.2 The cost to the Council in respect of the new Innovation Lab will be £25k per annum comprising a market rent, service charges and commercial rates. The balance of £25k per annum will pay for expert business support.

### **8. Recommendations**

- 8.1 The planning, fundraising and business case development of Creative Exchange has taken place over several years in partnership with WASPS and with guidance from The Creative Exchange Project Board. The project is now ready to proceed to the physical development stage and authority is required to allow the project to proceed. The Strategic Policy & Resources Committee is therefore asked to:
- (i) Note the progress made in launching the Famous Grouse Ideas Centre, delivering the business support programmes for creative businesses and the staging of the successful Final Showcase event for the first Accelerator cohort on 9 May 2018.
  - (ii) Approves the proposal to progress the project to convert the former St John's Primary School to a Creative Exchange Hub, confirm the funding envelope as set out in the report, and provide approval under delegated powers awaiting the announcement of the Tay Cities Deal.
  - (iii) Approve the disposal of the former St John's Primary School by way of a long lease to WASPS (Workshop and Artists' Studios Provision Scotland) on the terms referred to in this report and provide delegated authority to finalise the Service Level Agreement (SLA) to the



Executive Director (Housing & Environment) in consultation with the Head of Legal and Governance.

- (iv) Approve a sublease from WASPS in favour of the Council for two of the completed units (to provide accommodation for the proposed Famous Grouse Ideas Centre) on the terms referred to in this report or otherwise on terms to be agreed by the Executive Director (Housing and Environment) and by the Head of Legal and Governance.

#### **Author(s)**

| <b>Name</b> | <b>Designation</b> | <b>Contact Details</b> |
|-------------|--------------------|------------------------|
| Finlay Kerr | Project Officer    | 01738 47500            |

#### **Approved**

| <b>Name</b>          | <b>Designation</b>                                        | <b>Date</b>          |
|----------------------|-----------------------------------------------------------|----------------------|
| <b>Jim Valentine</b> | <b>Depute Chief Executive and Chief Operating Officer</b> | <b>27 April 2018</b> |

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All Council Services can offer a telephone translation facility.

## 1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

| <b>Strategic Implications</b>                       | <b>Yes / None</b> |
|-----------------------------------------------------|-------------------|
| Community Plan / Single Outcome Agreement           | <b>Yes</b>        |
| Corporate Plan                                      | <b>Yes</b>        |
| <b>Resource Implications</b>                        |                   |
| Financial                                           | <b>Yes</b>        |
| Workforce                                           | <b>Yes</b>        |
| Asset Management (land, property, IST)              | <b>Yes</b>        |
| <b>Assessments</b>                                  |                   |
| Equality Impact Assessment                          | <b>Yes</b>        |
| Strategic Environmental Assessment                  | <b>Yes</b>        |
| Sustainability (community, economic, environmental) | <b>Yes</b>        |
| Legal and Governance                                | <b>Yes</b>        |
| Risk                                                | <b>Yes</b>        |
| <b>Consultation</b>                                 |                   |
| Internal                                            | <b>Yes</b>        |
| External                                            | <b>None</b>       |
| <b>Communication</b>                                |                   |
| Communications Plan                                 | <b>None</b>       |

### 1. Strategic Implications

#### Community Plan / Single Outcome Agreement

- 1.1 The Community Plan/Single Outcome Agreement 2013 – 2023 lays out five outcomes focussed strategic objectives which provide clear strategic direction, inform decisions at a corporate and service level and shape resources allocation. They are as follows:
- (i) Giving every child the best start in life
  - (ii) Developing educated, responsible and informed citizens
  - (iii) Promoting a prosperous, inclusive and sustainable economy
  - (iv) Supporting people to lead independent, healthy and active lives
  - (v) Creating a safe and sustainable place for future generations
- 1.2 This report relates to objective (iii) by maximising and enhancing economic development opportunities to the benefit of businesses and local communities, encouraging new business creation and growth of existing businesses through support of the creative industries sector.

## 2. Resource Implications

### Financial

#### 2.1 Capital –

The funding package that is in place to deliver the project is detailed below and includes funding from P&KC, Scottish Government, The Economic Regional Development Fund, The Scottish Cities Investment Fund and The Gannochy Trust.

|                                                              |                   |           |
|--------------------------------------------------------------|-------------------|-----------|
| PKC Capital                                                  | £2,450,000        | Confirmed |
| PKC CPIP (Commercial Property Investment Programme)          | £250,000          | Confirmed |
| ERDF (European Regional Development Fund)                    | £250,000          | Confirmed |
| CIF (City Investment Fund)                                   | £100,000          | Confirmed |
| Gannochy Trust                                               | £150,000          | Confirmed |
| RCGF (Regeneration Capital Grant Fund)                       | £335,000          | Confirmed |
| Tay Cities Deal (TES budget under third party contributions) | £1,000,000        | Pending   |
| <b>Total</b>                                                 | <b>£4,535,000</b> |           |

#### 2.2 Revenue –

The Creative Exchange will be operated on a commercial basis and subject to the Business Plan developed by WASPS. There is no revenue commitment required from the Council.

### Asset Management (land, property, IT)

#### 2.3 Asset Management issues arising from the operations of the Creative Exchange are detailed in the report.

## 3. Assessments

### Equality Impact Assessment

#### 3.1 Under the Equality Act 2010, the Council is required to eliminate discrimination, advance equality of opportunity, and foster good relations between equality groups. Carrying out Equality Impact Assessments for plans and policies allows the Council to demonstrate that it is meeting these duties.

#### 3.2 The information contained within this report has been considered under the Corporate Equalities Impact Assessment process (EqIA) and has been assessed as **not relevant** for the purposes of EqIA.

### Strategic Environmental Assessment

#### 3.3 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals.

- 3.4 The information contained within this report has been considered under the Act. Pre-screening has identified that the PPS will have no or minimal environmental effects, it is therefore exempt.

#### Sustainability

- 3.5 Under the provisions of the Local Government in Scotland Act 2003 the Council has to discharge its duties in a way which contributes to the achievement of sustainable development. In terms of the Climate Change Act, the Council has a general duty to demonstrate its commitment to sustainability and the community, environmental and economic impacts of its actions.
- 3.6 The information contained within this report has been considered under the Act. The proposals will enhance socio economic and economic development opportunities to the benefit of businesses and local communities.

#### Legal and Governance

- 3.7 The Head of Legal and Governance and the Head of Finance have been consulted on these proposals and there are no legal implications.

#### Risk

- 3.8 The key risks associated with the proposed programme are:
- (i) Funding – Tay Cities Deal: At the time of writing the outcome of the negotiations of the Tay Cities Deal is not known. As outlined in the report this project is negotiating a capital investment of £1M to complete the funding package. While provision has been made within the TES budget to enable the project to proceed this would be to the detriment of other, planned capital projects without the benefit of TCD support.
  - (ii) Funding – European Regional Development Fund (ERDF): While this grant has been awarded, as the project begins to drawdown the grant funds there are some issues arising over agreed scope. There is a degree of risk around the funding (£250,000), discussions are ongoing with the Project Management Office and Managing Authority to remove this risk or at least provide clarity prior to financial closure in June 2018.

### **4. Consultation**

#### Internal

- 4.1 The Head of Finance and the Head of Legal and Governance have been consulted in the preparation of this report.

#### External

- 4.2 The project has been the subject of extensive consultation with the creative sector across Perth & Kinross and a community consultation was undertaken prior to the planning application being determined.

## **5. Communication**

- 5.1 The recommendations from the report will be communicated to stakeholders and the press through the Board and the corporate media team.

## **2. BACKGROUND PAPERS**

- 2.1 No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above report.



## PERTH AND KINROSS COUNCIL

### Strategic Policy and Resources Committee

13 June 2018

### COMMUNITY INVESTMENT FUND

Report by Depute Chief Executive (Chief Operating Officer) (Report No. 18/196)

#### PURPOSE OF REPORT

This report recommends an approach for distributing the new Community Investment Fund. It asks the Committee to approve the role of Local Action Partnerships in assessing and making recommendations to the Committee on how the CIF is spent.

#### 1. BACKGROUND/KEY ISSUES

- 1.1. In February 2018 the Council established the Community Investment Fund (CIF). This provides £1.2M to be distributed to community-led projects over 2018/19 and 2019/20. The CIF is non-recurring, which does mean that CIF funded projects must be time-limited, or able to demonstrate long-term sustainability through other funding routes including becoming self-funding.
- 1.2. The CIF builds on this Council's strong track record in community participation and empowerment including:
  - Setting up 5 Local Action Partnerships (LAPs) in 2016. The LAPs take Community Planning to locality level, with membership drawn from communities, local public services and elected members.
  - Effective tenant participation and engagement including Estates-based initiatives.
  - The 'Placecheck' approach led by Community Greenspace teams, *and*
  - Using Participatory Budgeting (PB) as a consultation tool to actively involve communities in financial decisions. So far over 7,000 people in Perth and Kinross have voted via PB, helping to decide how £220,000 of Council and Health/Social Care funding is allocated. 152 local groups have been supported through this funding.
- 1.3. The CIF also complies with new statutory duties in the Community Empowerment (Scotland) Act 2015 for Councils and other public bodies to actively involve their communities in local decision-making, including financial decisions. Scottish Ministers have powers under the Act to require Councils to do this if necessary, but as outlined above the Council is already making key steps to meet its new duties.

- 1.4 Another new statutory duty on Councils and wider Community Planning Partnerships is to identify and address stubborn inequalities in the local authority/CPP area. CPPs are required to set out action to address inequalities in Locality Plans. In Perth and Kinross, each LAP has prepared its Local Action Plan to ensure this duty is met. These Plans align with the Council's new Corporate Plan and more widely with the new Community Plan 2017/2027 which was approved in October 2017 and which sets strategic outcomes for Perth and Kinross as a whole. Local Action Plans are intended to be living documents, regularly reviewed and updated by LAPs as community priorities and needs change and evolve.
- 1.5 National and local government have jointly committed to do more to increase participation by communities in financial decision making. Scottish Government has set a target for 1% of Council budgets to be consulted on using 'Community Choice' participative methods. Participatory Budgeting has proved an effective tool for mobilising communities and there are other methods of encouraging local participatory democracy. COSLA has endorsed this target.
- 1.6 Initiatives like the 1% target and Participatory Budgeting need to be viewed in the wider strategic context which is about a significant shift to participative democracy in Scotland, alongside representative democracy. Local government along with wider public service organisations must respond to this agenda. COSLA and Scottish Government launched a joint review of local decision making in late 2017 and the current consultative phase of this is now underway: <https://beta.gov.scot/democracy-matters>.
- 1.7 The CIF is therefore a major opportunity to demonstrate this Council's commitment to community empowerment. But it is significantly different from how Councils have traditionally made budget decisions. So arrangements for managing the CIF need to be explicit about how the Council will:
- Ensure the widest possible participation by local communities in CIF decisions. This will not be perfect initially, but new ways of working including PB are essential to ensure decisions are not led by vocal minorities
  - Respect and reflect the role of Councillors, as democratically elected representatives of their communities, in CIF decisions, *and*
  - Reflect the legal and financial duties of the Council, set out in Standing Orders and the Schemes of Administration and Delegation.
- 1.8 The remainder of this report sets out:
- The recommended approach to managing and distributing the CIF, whereby Strategic Policy and Resources Committee would approve grants from the CIF on the basis of recommendations from the LAP.



- The reasons why other options have been discounted- either because they do not comply with the Council's legal and financial duties or they are not compliant with the Council's new statutory duties under the Community Empowerment Act.
- The key principles which LAPs will be required to follow when consulting with communities to ensure widest possible participation
- Proposals for evaluating and scrutinising the impact of the CIF and the management role of the CIF.

## **2. PROPOSALS**

### **2.1 LAPs are the recommended managing bodies for the CIF because:**

- LAPs cover the entire Perth and Kinross area.
- LAPs have Local Action Plans in place (see 1.4) which provide a clear framework of local priorities and needs against which bids for the CIF can be assessed.
- LAPs are still developing but have proved effective in representing a wider range of community perspectives than was previously possible. Councillors, community representatives and local public service organisations sit collegiately around the LAP table.
- LAPs have already demonstrated their ability to allocate local funds effectively through the 2018 Participatory Budgeting round which significantly increased community participation in financial decision making.
- The LAP structure allows flexibility. Funding can be allocated to projects at ward level or across the whole LAP geography depending on local priorities and needs.

Equivalent structures to the LAPs are emerging and working well elsewhere, for example in Dundee where Dundee Decides:

<https://www.dundeedecides.org/> has been established to allocate funding at ward level across the city.

### **2.2 Key reasons which also support the LAP as the most appropriate managing bodies for the CIF are:**

- Other local community organisations, including Community Councils, do not cover the whole Perth and Kinross area and the appetite and capacity to manage the CIF process varies. This creates a risk of a 'postcode lottery' in how the CIF is distributed.
- Local elected members are fundamental in understanding and reflecting the priorities and needs of their communities. This proposal supports

Councillors in carrying out their democratic role whilst ensuring the new statutory duties in relation to community empowerment are met.

- 2.3 There are some risks associated with the recommendation to use LAPs as the managing bodies for the CIF:
- LAPs are still developing. Their continuing progress in engaging the widest possible range of community views is critical for success and this will be kept under review.
  - There may be some inconsistency of approach in making decisions across the 5 LAPs.
  - Methods for ensuring the widest possible participation by communities need to be transparent and practical, particularly in rural areas where online methods may not be effective.
- 2.4 In the first year of operating the CIF these risks can be mitigated as follows.
- 2.5 LAPs should be asked to make CIF recommendations to Strategic Policy and Resources (SP&R) Committee which would then approve final funding decisions. This can be re-assessed for 2019/20 taking into account how LAPs have continued to broaden community participation in 2018/19.
- 2.6 To carry out the detailed grant assessments for Local Action Partnerships, it is recommended that each LAP is supported by small Grants Assessment Panels covering each ward area within the LAP. These Panels would be responsible for providing grant recommendations for each ward to the LAP, which would in turn make overall grant recommendations for the LAP area to the SP&R Committee.
- 2.7 It is proposed that each Grant Panel is chaired by a ward elected member with officer support to ensure consistency in assessing applications. Community representation on the Grant Panels would be drawn from community organisations already represented on the LAP but should include Community Councils where these exist in the ward area plus other key community representative bodies such as Parent Councils, Local Development Trusts or Tenant Groups. This will ensure a broad mix of community voices alongside the democratically elected role of Councillors. These community bodies are already represented on LAPs and the demand on community representatives' time to attend LAPs, participate in Grant Panels and carry out wider roles may be significant. This will be kept under review as part of the evaluation of the CIF in its first year of operation, so that improved ways of working which minimise bureaucracy whilst ensuring the widest possible community participation can be introduced in 2019/20 if required.
- 2.8 In considering the LAP recommendations, SP&R Committee will want to assure itself that key guiding criteria (see below) have been followed by the

LAP, and that demonstrable efforts have been made by the LAP to widen community participation in decision-making through PB and other mechanisms including (for example) social media, local consultation events, newsletters, Placecheck etc.

- 2.9 The type and range of applications for the CIF which come forward will provide key evidence to inform core Council service planning and improvement. Projects which are core Council business (for example repair and maintenance of community facilities owned by the Council) should not be funded through the CIF. But projects which add value to core Council investment should be considered – for example, community management of a recently refurbished local facility to extend opening hours and increase use by more local people.
- 2.10 Equally, the type and range of applications for the CIF will enable Local Action Plans to be strengthened and updated as time goes on. A high number of CIF applications from an LAP area for a particular initiative (for example, supporting local young people into self-employment to start) may indicate a new or emerging priority not reflected in the current Local Action Plan, which the LAP needs to consider and respond to.
- 2.11 A timetable for SP&R Committee to consider tranches of recommended CIF projects will be established by the end of June 2018. This is recommended rather than a rolling grants scheme because a high volume of applications is anticipated and should help to minimise scheme administration.
- 2.12 LAPs will require flexibility to reflect specific local issues including changing circumstances in reaching CIF recommendations. However they should all be required to follow three key guiding criteria in assessing CIF project proposals:
- **Why?** - does the project align with local priorities and needs as set out in the Local Action Plan?
  - **What?** -: will the project do to make a positive impact on the locality, including tackling inequality?
  - **How?** - will the project be delivered, build capacity and (where appropriate) be sustainable in the longer term?
- 2.13 Some criteria will also be required ensure participation and engagement methods are transparent and a range of methods have been used which best meet the needs of communities within the LAP area.
- 2.14 Support to the LAPs will be provided by the Stronger Communities Team which will:
- Administer CIF requests, process payments and monitoring reports.

- Ensure that applicants meet core qualifying requirements in terms of their purpose, financial viability etc.
  - Support the LAPs in promoting and advocating the CIF in communities.
  - Support the Grants Assessment Group in each LAP ensuring transparency and probity in how applicants are assessed.
  - Prepare reports and recommendations for the SP&R Committee.
- 2.15 As stated in the introduction, the CIF is an opportunity to involve more local people and communities in decisions about how Council funding is distributed and demonstrate progress towards new statutory duties created by the Community Empowerment (Scotland) Act. It is a new way of working, and a strong focus on evaluating the effectiveness and impact of the CIF is therefore also recommended. This should be commissioned by the Council at the end of 2018 and completed by March 2019. It can be used to inform any recommended change and improvement to how the CIF operates from 2019/20 onwards, for consideration by Strategic Policy and Resources Committee. In addition, learning from the CIF will also inform service planning and improvement of core Council and other public services, and support the ongoing development and update of Local Action Plans.
- 2.16 In addition to the proposed role of Strategic Policy and Resources Committee, Housing and Communities Committee may also want to ask LAP Chairs and Leads to contribute to an examination of the effectiveness of the CIF and, in particular, the role of the LAP in building wide community participation in financial decision making. This could take place on a 6 monthly basis.

### **3. RECOMMENDATIONS**

- 3.1 It is recommended that the Committee
- i. Notes the background to establishing the Community Investment Fund.
  - ii Notes the rationale for recommending Local Action Partnerships as the managing bodies for the CIF set out in para 2.1-2.3.
  - iii Approves the proposed role of the Local Action Partnerships, advised by Grant Assessment Panels at ward level, in making recommendations to the Committee on distribution of the CIF.
  - iv Approves the recommended evaluation arrangements for the CIF set out in para 2.11-12.
  - v. Instructs the Depute Chief Executive (Chief Operating Officer) to bring an evaluation report and any improvement recommendations to Strategic Policy and Resources Committee by March 2019.

**Author**

| <b>Name</b>  | <b>Designation</b>              | <b>Contact Details</b> |
|--------------|---------------------------------|------------------------|
| David Stokoe | Service Manager,<br>Communities | Ext. 476375            |

**Approved**

| <b>Name</b>   | <b>Designation</b>                                  | <b>Date</b> |
|---------------|-----------------------------------------------------|-------------|
| Jim Valentine | Depute Chief Executive (Chief<br>Operating Officer) | 21 May 2018 |

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## 1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

| <b>Strategic Implications</b>                       | <b>Yes / None</b> |
|-----------------------------------------------------|-------------------|
| Community Plan / Single Outcome Agreement           | <b>Yes</b>        |
| Corporate Plan                                      | <b>Yes</b>        |
| <b>Resource Implications</b>                        |                   |
| Financial                                           | <b>Yes</b>        |
| Workforce                                           | <b>None</b>       |
| Asset Management (land, property, IST)              | <b>None</b>       |
| <b>Assessments</b>                                  |                   |
| Equality Impact Assessment                          | <b>Yes</b>        |
| Strategic Environmental Assessment                  | <b>Yes</b>        |
| Sustainability (community, economic, environmental) | <b>Yes</b>        |
| Legal and Governance                                | <b>None</b>       |
| Risk                                                | <b>None</b>       |
| <b>Consultation</b>                                 |                   |
| Internal                                            | <b>Yes</b>        |
| External                                            | <b>None</b>       |
| <b>Communication</b>                                |                   |
| Communications Plan                                 | <b>None</b>       |

### 1. Strategic Implications

#### Community Plan

1.1 Enhanced procurement capability contributes to the delivery of the Perth and Kinross Community Plan in terms of the following priorities:

- (i) Giving every child the best start in life
- (ii) Developing educated, responsible and informed citizens
- (iii) Promoting a prosperous, inclusive and sustainable economy
- (iv) supporting people to lead independent, healthy and active lives
- (v) Creating a safe and sustainable place for future generations

#### Corporate Plan

1.2 Enhanced procurement capability contributes to the delivery of the Perth and Kinross Corporate Plan in terms of the following priorities:

- (i) Giving every child the best start in life;
- (ii) Developing educated, responsible and informed citizens;
- (iii) Promoting a prosperous, inclusive and sustainable economy;
- (iv) Supporting people to lead independent, healthy and active lives; and
- (v) Creating a safe and sustainable place for future generations.

## **2. Resource Implications**

### Financial

- 2.1 Agreeing the allocation of £1.2M Community Investment Fund in 18/19 and 19/20.

## **3. Assessments**

### Equality Impact Assessment

- 3.1 Under the Equality Act 2010, the Council is required to eliminate discrimination, advance equality of opportunity, and foster good relations between equality groups. Carrying out Equality Impact Assessments for plans and policies allows the Council to demonstrate that it is meeting these duties.
- 3.2 The information contained within this report has been considered under the Corporate Equalities Impact Assessment process (EqIA) and has been assessed as **not relevant** for the purposes of EqIA.

### Strategic Environmental Assessment

- 3.3 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals.
- 3.4 The information contained within this report has been considered under the Act. However, no action is required as the Act does not apply to the matters presented in this report.

### Sustainability

- 3.5 Under the provisions of the Local Government in Scotland Act 2003 the Council has to discharge its duties in a way which contributes to the achievement of sustainable development. In terms of the Climate Change Act, the Council has a general duty to demonstrate its commitment to sustainability and the community, environmental and economic impacts of its actions.
- 3.6 The information contained within this report has been considered under the Act. However, no action is required as the Act does not apply to the matters presented in this report.

## **4. Consultation**

### Internal

- 4.1 There has been consultation with Finance Department, Community Planning Team and the Executive Officer Team.

## External

- 4.2 No external consultation was required in the preparation of this report. Consultation undertaken in the preparation of the annual report is noted separately in the body of the documents.

## **5. Communication**

- 5.1 Once the preferred option is agreed a communication plan will be put in place to promote the Community Investment Fund.

## **6. BACKGROUND PAPERS**

No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to a material extent in preparing the above report.

## **7. APPENDICES**

None



## PERTH AND KINROSS COUNCIL

### Strategic Policy & Resources Committee 13 June 2018

#### TRANSFORMATION PROGRAMME 2015-2020

#### Report by Depute Chief Executive (Chief Operating Officer) (Report No. 18/198)

This report comprises:

- An update on progress with the Transformation Programme approved by Council on 1 July 2015 (Report No 473/15),
- Feedback on the Can Do Challenge Bid; and
- An update on Collaborative Working with Dundee City and Angus Councils

## 1. BACKGROUND / MAIN ISSUES

### 1.1 Overview

- 1.1.1 The Transformation programme is focused on continuing Perth and Kinross Council's proactive approach to public service reform. The Transformation Strategy provides a framework for innovation, creativity, flexibility and greater entrepreneurship to meet the significant challenges ahead.
- 1.1.2 A major part of the Council's Transformation Strategy is being delivered through a programme of transformation reviews. The programme currently comprises 17 projects which are developing new ways of working to sustain high quality service delivery, whilst achieving a challenging scale of savings. These reviews are reported to each meeting of the Strategic Policy and Resources Committee.
- 1.1.3 The current programme consists of four phases of reviews, initiated over the past three years. The fourth phase of reviews, continuing our commitment to transformation, was presented to Committee on 18 April 2018 (Report No. 18/137), and the projects that were approved for funding will be reported to Committee in future update reports.

## 2. PROPOSALS

### 2.1 Progress with Current Transformation

- 2.1.1 Progress to date on each of the projects is provided in Appendix 1 and 2, as reported through the project management system (VERTO). Appendix 1 is an 'at a glance' dashboard with more detail on a project by project basis, in Appendix 2.
- 2.1.2 One project has been completed since the last report. The Environment Service – Review of Roads Activities, realised savings of £200,000.

- 2.1.3 The status of the 17 transformation projects is as follows - 8 projects are 'on target', 6 projects have "some issues", 2 projects are at risk and 1 project is marked as 'on hold'.
- 2.1.4 Savings to date from completed projects amounts to £2 million. This does not include savings achieved by the Transformation projects which are now reported to, and monitored by, the Integrated Joint Board for Health and Social Care.

## 2.2 Can Do Challenge Bid Feedback

- 2.2.1 The CAN DO Innovation Challenge Fund is a national fund which supports Scottish public sector organisations to find and develop innovative solutions to operational service and policy delivery challenges. The Fund is managed by a partnership of Scottish Enterprise, Highlands and Islands Enterprise, Scottish Government and the Scottish Funding Council.
- 2.2.2 Perth and Kinross Council submitted 4 bids to the Can Do Challenge Fund in January this year. Three bids did not progress past the expression of interest stage. However, one bid progressed to the next stage and the Can Do Innovation Challenge Fund management team have now approved support for the Perth and Kinross Council SEN (Smart Energy Network) bid, to progress to the development stage.
- 2.2.3 This bid proposes the installation of a network of systems that can generate, save, store and trade renewable energy. This will be achieved by installing solar panels coupled with innovative energy storage and management systems at a selection of Council properties to create a Virtual Power Plant (VPP) network. The solar and storage systems will allow buildings to avoid peak electricity charges thereby lowering overall energy bills. The VPP will enable further savings by trading excess energy between Council-owned buildings and providing balancing services to national grid operators.
- 2.2.4 £50,000 was allocated through phase 4 transformation funding (Report No. 18/137), to show the commitment of Perth and Kinross Council to support the Can Do Innovation Challenge bid application. The allocation of funding from the Can Do Innovation Challenge is worth £200,000 towards the development of the Smart Energy Network.

## 2.3 Tayside Collaborative Working Update

- 2.3.1 Across Tayside, the three Councils have led a joint approach to wider collaborative working. Reviews have been identified across ten themes, in collaboration with Angus and Dundee City Councils. The initiation of this work was reported to the Strategic Policy & Resources Committee on 20 April 2016, (Report No 16/187). The themes comprise:

- Integration of Waste
- Economic Development and City Deal
- Children's Services
- Procurement and Commissioning

- Digital Transformation
- One Public Estate
- Developing Tayside Contracts
- Roads
- Fleet/Transportation
- Corporate Services

2.3.2 Working together across our three Councils provides an opportunity to deliver better outcomes for our communities, as well as creating new opportunities for our staff. Collaborative working between the three local authorities creates access to a wider pool of specialist staff to support communities across the whole area. It also offers new opportunities for colleagues, by creating career paths and greater opportunities for advancement.

2.3.3 By reducing duplication, effective sharing of assets, pooling our purchasing power, sharing our investment and standardising around best practices, we can help create more efficient services, to help us face the challenging financial climate with confidence.

2.3.4 Working between our three Councils is not new. Several partnerships have been well-established for many years, such as the Roads Maintenance and Street Lighting Partnerships, and the Tayside Procurement Consortium. However, these new developments are taking our collaborative working to a new level.

2.3.5 An update of the Collaborative work underway across each of the workstreams is attached at Appendix 3.

### **3. CONCLUSION AND RECOMMENDATIONS**

3.1 It is recommended that the Committee:

- Notes the progress related to the Transformation Programme, as detailed in Appendices 1 and 2;
- Notes the confirmation of funding for the Can Do Challenge Fund bid for Perth Smart Energy Network;
- Notes the Tayside Collaborative Working Update.

#### **Author(s)**

| <b>Name</b>     | <b>Designation</b>     | <b>Contact Details</b>                                                                         |
|-----------------|------------------------|------------------------------------------------------------------------------------------------|
| Caroline Mackie | Transformation Manager | <a href="mailto:transformationeng@pkc.gov.uk">transformationeng@pkc.gov.uk</a><br>01738 476476 |

**Approved**

| <b>Name</b>   | <b>Designation</b>                                 | <b>Date</b> |
|---------------|----------------------------------------------------|-------------|
| Jim Valentine | Depute Chief Executive and Chief Operating Officer | 16 May 2018 |

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**IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION**

| <b>Strategic Implications</b>                       | <b>Yes/None</b> |
|-----------------------------------------------------|-----------------|
| Community Plan / Single Outcome Agreement           | <b>Yes</b>      |
| Corporate Plan                                      | <b>Yes</b>      |
| <b>Resource Implications</b>                        |                 |
| Financial                                           | <b>Yes</b>      |
| Workforce                                           | <b>None</b>     |
| Asset Management (land, property, IST)              | <b>None</b>     |
| <b>Assessments</b>                                  |                 |
| Equality Impact Assessment                          | <b>None</b>     |
| Strategic Environmental Assessment                  | <b>None</b>     |
| Sustainability (community, economic, environmental) | <b>None</b>     |
| Legal and Governance                                | <b>None</b>     |
| Risk                                                | <b>Yes</b>      |
| <b>Consultation</b>                                 |                 |
| Internal                                            | <b>Yes</b>      |
| External                                            | <b>No</b>       |
| <b>Communication</b>                                |                 |
| Communications Plan                                 | <b>No</b>       |

**1. Strategic Implications**Community Plan / Single Outcome Agreement

- 1.1 This report supports the delivery of the Strategic Objectives within the Community Plan 2013-23 and the Corporate Plan 2018-2022.

**2. Resource Implications**Financial

- 2.1 The projections for funding and savings for each project are detailed in Appendices 1 and 2.

Workforce

- 2.2 There are no workforce implications arising from this report.

Asset Management (land, property, IT)

- 2.3 There are no direct asset management implications arising from this report.

### **3. Assessments**

#### Equality Impact Assessment

- 3.1 Under the Equality Act 2010, the Council is required to eliminate discrimination, advance equality of opportunity, and foster good relations between equality groups. Carrying out Equality Impact Assessments for plans and policies allows the Council to demonstrate that it is meeting these duties.
- 3.2 The information contained within this report has been considered under the Corporate Equalities Impact Assessment process (EqIA) and has been assessed as not relevant for the purposes of EqIA.

#### Strategic Environmental Assessment

- 3.3 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals.
- 3.4 The proposals within this report have been considered under the terms of the Act and no further action is required as it does not qualify as a PPS as defined by the Act and is therefore exempt.

#### Sustainability

- 3.5 Under the provisions of the Local Government in Scotland Act 2003 the Council has to discharge its duties in a way which contributes to the achievement of sustainable development. In terms of the Climate Change Act, the Council has a general duty to demonstrate its commitment to sustainability and the community, environmental and economic impacts of its actions.
- 3.6 The information contained within this report has been considered under the Act. However, no action is required as the Act does not apply to the matters presented in this report.

#### Legal and Governance

- 3.7 Not applicable

#### Risk

- 3.8 The report presents progress on all aspects of the transformation programme including movements in financial projections. There are no additional risks which arise from this report.
- 3.9. Project risks are managed within the context of each project.

## **4. Consultation**

### Internal

- 4.1 Senior Management teams and the Corporate Transformation Board have been consulted in the preparation of this report.

### External

- 4.2 Not applicable.

## **5. Communication**

- 5.1 Communications with staff will be undertaken as part of the individual reviews/projects.

## **2. BACKGROUND PAPERS**

The background papers referred to within the report are:

- Report to Council on 1 July 2015 (Report No 473/15)
- Report to Council, Building Ambition: The Council's Transformation Strategy 2015-2020 and the Organisational Development Framework (report 15/292)
- Report to SP&R Committee in February 2016 (Report No: 16/187)
- Report to Council on 22 February 2017 (Report No: 17/82)
- Report to Strategic Policy and Resources Committee, 27 November 2017, (Report No: 17/393)
- Report to Council on 22 February 2018 (Report No 18/47)
- Highlight Reports of each project are available on the ERIC Transformation page.
- Hard copies of The Transformation Strategy are available from [transformationeng@pkc.gov.uk](mailto:transformationeng@pkc.gov.uk)

## **3. APPENDICES**

- Appendix 1 – Verto Project Report – Programme Dashboard
- Appendix 2 – Progress Report (by line) on active Transformation reviews Progress Status
- Appendix 3 – Collaborative Working Update





## Programme Dashboard

### Building Ambition

|                                           |                              |                             |                              |                           |
|-------------------------------------------|------------------------------|-----------------------------|------------------------------|---------------------------|
| Total Number of Projects in the Programme | 17                           |                             |                              |                           |
|                                           | Approved Savings<br>(£000's) | Project Savings<br>(£000's) | Approved Funding<br>(£000's) | Project Spend<br>(£000's) |
| Programme Financial Information           | £8,034.50                    | £5,749                      | £5,856                       | £5,115                    |

|                                    | On Target | Some Issues | At Risk | Remedial Action | Slippage | Completed | None | Other |
|------------------------------------|-----------|-------------|---------|-----------------|----------|-----------|------|-------|
| Projects Overall Status - Current  | 8         | 6           | 2       | 0               | 0        | 1         | 0    | II    |
| Projects Overall Status - Previous | 9         | 6           | 2       | 0               | 0        | 0         | 0    |       |
| Milestones                         | 8         | 6           | 1       | 0               | 0        | 0         | 0    |       |
| Risks                              | 11        | 4           | 1       | 0               | 0        | 0         | 0    |       |
| Issues                             | 6         | 7           | 1       | 0               | 0        | 0         | 1    |       |
| Cost Status                        | 15        | 0           | 0       | 0               | 0        | 0         | 0    |       |
| Savings                            | 9         | 0           | 2       | 1               | 0        | 1         | 2    |       |
| Non-Cashable Benefits              | 11        | 1           | 1       | 0               | 0        | 0         | 3    |       |

|                     | 18/19 | 19/20 | 20/21 | 21/22 |
|---------------------|-------|-------|-------|-------|
| Projects Due To End | 2     | 5     | 8     | 0     |

|    |                 |
|----|-----------------|
| II | Project On hold |
|----|-----------------|



## Building Ambition Project by Line Report

| Programme                                | Project Title                                                                | Brief Description                                                                                                                                                                                                 | Approved Savings (£000's)                            | Approved (via current budget) | Projected Savings (£000's) | Approved Funding (£000's) | Projected Spend (£000's) | Previous                                                          | Current   | Milestones  | Risks     | Issues    | Costs     | Savings   | Non-Cashable Benefits |
|------------------------------------------|------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|-------------------------------|----------------------------|---------------------------|--------------------------|-------------------------------------------------------------------|-----------|-------------|-----------|-----------|-----------|-----------|-----------------------|
| <b>Corporate and Democratic Projects</b> |                                                                              |                                                                                                                                                                                                                   |                                                      |                               |                            |                           |                          |                                                                   |           |             |           |           |           |           |                       |
| Building Ambition                        | Corporate - Tomorrow's Customer and Business Support Services Transformation | The Administrative and Support Functions Transformation Review will analyse how we deliver these functions now and consider how we may deliver these services in the future.                                      | 992                                                  | 992                           | 992                        | 180                       | 180                      | On Hold                                                           | On Hold   | On Hold     | On Hold   | On Hold   | On Hold   | On Hold   | On Hold               |
|                                          |                                                                              |                                                                                                                                                                                                                   | <b>Comments from Change and Transformation Board</b> |                               |                            |                           |                          | Report due to be discussed at next Corporate Transformation Board |           |             |           |           |           |           |                       |
| Building Ambition                        | Corporate - Modernising Performance Reporting Review                         | Using technology better to transform the presentation of performance management information, allowing more efficient, effective and instant access to Council performance data, for all users of the information. | 34                                                   | 34                            | 34                         | 80                        | 80                       | On Target                                                         | On Target | On Target   | On Target | On Target | On Target | Completed | On Target             |
|                                          |                                                                              |                                                                                                                                                                                                                   | <b>Comments from Change and Transformation Board</b> |                               |                            |                           |                          | Progress has been noted.                                          |           |             |           |           |           |           |                       |
| Building Ambition                        | Corporate - Online Services and myAccount Review                             | Developing a whole organisation transformational approach to online services, and 'channel shift' (from face to face and telephone services, to online) which                                                     | 413                                                  | 413                           | 413                        | 1,314                     | 1,264                    | On Target                                                         | On Target | Some Issues | On Target | None      | On Target | On Target | On Target             |

| Programme         | Project Title                                                    | Brief Description                                                                                                                                                                                                                                                                                | Approved Savings (£000's)                     | Approved (via current budget) | Projected Savings (£000's) | Approved Funding (£000's) | Projected Spend (£000's) | Previous                                                                                                                                                                                                                                                                         | Current     | Milestones  | Risks       | Issues      | Costs     | Savings   | Non-Cashable Benefits |
|-------------------|------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|-------------------------------|----------------------------|---------------------------|--------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-------------|-------------|-------------|-----------|-----------|-----------------------|
|                   |                                                                  | delivers savings, maximizes digital inclusion and improves customer satisfaction by giving access to Council services online anytime, anywhere, and from any device.                                                                                                                             |                                               |                               |                            |                           |                          |                                                                                                                                                                                                                                                                                  |             |             |             |             |           |           |                       |
|                   |                                                                  |                                                                                                                                                                                                                                                                                                  | Comments from Change and Transformation Board |                               |                            |                           |                          | The ICT Transformation Board had to be rescheduled due to key Service representatives having to attend another meeting at short notice. Board has been rescheduled to May 18th.                                                                                                  |             |             |             |             |           |           |                       |
| Building Ambition | Corporate - Smart Perth and Kinross: Perth and Kinross Open Data | Reviewing the publication of Council data, in collaboration with other Scottish cities, for better co-ordination, and to develop a locality based community information system, to help identify and tackle inequalities, engage and empower communities and assist with neighbourhood planning. | 0                                             | 0                             | 0                          | 316                       | 86                       | On Target                                                                                                                                                                                                                                                                        | On Target   | On Target   | On Target   | On Target   | On Target | None      | On Target             |
|                   |                                                                  |                                                                                                                                                                                                                                                                                                  | Comments from Change and Transformation Board |                               |                            |                           |                          | Verbal Update on the open data platform provided at Change and Transformation Board on 14/02/18. Agreement that further work would be needed to both promote the platform internally, and to identify potential additional benefits that could be realised through the platform. |             |             |             |             |           |           |                       |
| Building Ambition | Corporate - Procurement Reform Review                            | Achieving further savings from procurement activities through closer management                                                                                                                                                                                                                  | 2,500                                         | 1,945                         | 2,500                      | 770                       | 770                      | Some Issues                                                                                                                                                                                                                                                                      | Some Issues | Some Issues | Some Issues | Some Issues | On Target | On Target | On Target             |

| Programme         | Project Title                     | Brief Description                                                                                                                                                                                                                                                                                       | Approved Savings (£000's)                     | Approved (via current budget) | Projected Savings (£000's) | Approved Funding (£000's) | Projected Spend (£000's) | Previous                                                        | Current     | Milestones  | Risks       | Issues      | Costs     | Savings                  | Non-Cashable Benefits |
|-------------------|-----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|-------------------------------|----------------------------|---------------------------|--------------------------|-----------------------------------------------------------------|-------------|-------------|-------------|-------------|-----------|--------------------------|-----------------------|
|                   |                                   | of suppliers, maximizing use of collaborative procurement consortia, development of professional procurement skills for staff, improved monitoring and reporting systems, and managing demand through re-specifying products and services.                                                              |                                               |                               |                            |                           |                          |                                                                 |             |             |             |             |           |                          |                       |
|                   |                                   |                                                                                                                                                                                                                                                                                                         | Comments from Change and Transformation Board |                               |                            |                           |                          | No comments to report in this period.                           |             |             |             |             |           |                          |                       |
| Building Ambition | Corporate - Mobile Working Review | Implementing a corporate mobile solution which automates key tasks, processes and work flow to improve productivity, efficiency and quality, reducing the requirement for staff to navigate numerous systems and supporting the workforce to be more mobile, and work more efficiently and effectively. | 812.50                                        | 812.50                        | 812.50                     | 1,284                     | 1,284                    | Some Issues                                                     | Some Issues | Some Issues | On Target   | On Target   | On Target | Rescoped                 | On Target             |
|                   |                                   |                                                                                                                                                                                                                                                                                                         | Comments from Change and Transformation Board |                               |                            |                           |                          | No update as the ICT Transformation board didn't meet in March. |             |             |             |             |           |                          |                       |
| Building Ambition | Corporate - Council Assets        | This review aims to take an innovative                                                                                                                                                                                                                                                                  | 150                                           | 150                           | 82                         | 52                        | 41                       | Some Issues                                                     | Some Issues | Some Issues | Some Issues | Some Issues | On Target | Remedial Action Required | On Target             |

| Programme         | Project Title              | Brief Description                                                                                                                                                                                                                                                               | Approved Savings (£000's)                     | Approved (via current budget) | Projected Savings (£000's) | Approved Funding (£000's) | Projected Spend (£000's) | Previous                                                                                                                  | Current   | Milestones | Risks     | Issues      | Costs     | Savings   | Non-Cashable Benefits |
|-------------------|----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|-------------------------------|----------------------------|---------------------------|--------------------------|---------------------------------------------------------------------------------------------------------------------------|-----------|------------|-----------|-------------|-----------|-----------|-----------------------|
|                   | for Commercial Sponsorship | approach by using the Councils existing assets as a means for producing a revenue stream by offering sponsorship and advertising opportunities to commercial organisations. The revenue generated from this project can offset the costs of providing valuable public services. |                                               |                               |                            |                           |                          |                                                                                                                           |           |            |           |             |           |           |                       |
|                   |                            |                                                                                                                                                                                                                                                                                 | Comments from Change and Transformation Board |                               |                            |                           |                          | Progress noted, and further action required to continue to increase the profile across PKC of commercialisation of assets |           |            |           |             |           |           |                       |
| Building Ambition | Corporate Digital Platform | The Corporate Digital Platform Project will deliver Hybrid mail, a digital mailroom and back-scanning facility and EDMS with process redesign that will reduce bureaucracy and build an integrated paperless framework.                                                         | 288                                           | 0                             | 288                        | 911                       | 501                      | On Target                                                                                                                 | On Target | On Target  | On Target | Some Issues | On Target | On Target | None                  |
|                   |                            |                                                                                                                                                                                                                                                                                 | Comments from Change and Transformation Board |                               |                            |                           |                          | Progress noted at the Corporate Transformation Board                                                                      |           |            |           |             |           |           |                       |

| Education and Children's Services |                                      |                                                                                                                                                                                                                                                                                                |                                               |     |     |     |     |                                                                                                                                                                                                                                                                                                                                                                                                                                                   |           |             |           |             |           |           |           |           |
|-----------------------------------|--------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|-----|-----|-----|-----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-------------|-----------|-------------|-----------|-----------|-----------|-----------|
| Building Ambition                 | ECS - Remodeling of Residential Care | To avoid escalating costs of residential care for children and young people to better meet increasing and changing demands. To implement an innovative solution to prevent the use of external residential placements and focus on keeping young people within their families and communities. | 0                                             | 0   | 0   | 500 | 500 | On Target                                                                                                                                                                                                                                                                                                                                                                                                                                         | On Target | On Target   | On Target | On Target   | On Target | On Target | On Target | On Target |
|                                   |                                      |                                                                                                                                                                                                                                                                                                | Comments from Change and Transformation Board |     |     |     |     | This project is progressing as planned however there some issues regarding the recruitment of the manager position and the premises to base the new model. These issues will have a minor impact on timescales and will the Project Board is being kept informed of developments. All issues are expected to be resolved by the middle of March 2018.                                                                                             |           |             |           |             |           |           |           |           |
| Building Ambition                 | ECS - Review of Catering Services    | Examining optimum production, menu and service arrangements across Tayside and looking at options for area based kitchens and partnership working to ensure the most efficient and effective catering service.                                                                                 | 200                                           | 200 | 200 | 0   | 0   | At Risk                                                                                                                                                                                                                                                                                                                                                                                                                                           | At Risk   | Some Issues | On Target | Some Issues | On Target | At Risk   | None      |           |
|                                   |                                      |                                                                                                                                                                                                                                                                                                | Comments from Change and Transformation Board |     |     |     |     | This project is reported as at risk as there is a delay in approving the proposals for a Tayside Wide Central Production Unit (CPU) in order for the project to formally commence. The Proposal is currently being considered by Senior Officers prior to briefing Elected Members by the summer recess. As a result the savings attached to this project are currently delayed; however, savings within Catering are currently being identified. |           |             |           |             |           |           |           |           |
| Building Ambition                 | ECS - Review of Inclusion Services   | Redesigning the delivery model which may result in some efficiencies                                                                                                                                                                                                                           | 0                                             | 0   | 0   | 50  | 50  | On Target                                                                                                                                                                                                                                                                                                                                                                                                                                         | On Target | On Target   | On Target | On Target   | On Target | On Target | On Target | On Target |

|                   |                                                |                                                                                                                                                 |                                               |     |    |     |     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |             |           |             |             |           |           |             |  |
|-------------------|------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|-----|----|-----|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-----------|-------------|-------------|-----------|-----------|-------------|--|
|                   |                                                | but any savings or changes to service provision must be undertaken within legal duties held by the council.                                     |                                               |     |    |     |     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |             |           |             |             |           |           |             |  |
|                   |                                                |                                                                                                                                                 | Comments from Change and Transformation Board |     |    |     |     | This project is progressing as planned and all deliverables are expected to be met within the newly stated timescales.<br>The project has no savings attached however is designed to mitigate against cost pressures and avoid escalating costs in future.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |             |           |             |             |           |           |             |  |
| Building Ambition | ECS - Securing the Future of the School Estate | Reviewing the school estate to make the most effective and efficient use of buildings, and staff across the estate.                             | 200                                           | 200 | 84 | 0   | 0   | Some Issues                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Some Issues | On Target | Some Issues | Some Issues | On Target | On Target | Some Issues |  |
|                   |                                                |                                                                                                                                                 | Comments from Change and Transformation Board |     |    |     |     | This project is progressing however there are issues outwith the control of the project which may have an impact on the savings. These issues are in relation to the uncertainty of outcomes from statutory consultations.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |             |           |             |             |           |           |             |  |
| Building Ambition | ECS - Expansion of Family Based Care           | To meet the increasing demand for foster carers and family-based carers for children and young people looked after by Perth and Kinross Council | 0                                             | 0   | 0  | 209 | 209 | Some Issues                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Some Issues | On Target | On Target   | Some Issues | On Target | On Target | On Target   |  |
|                   |                                                |                                                                                                                                                 | Comments from Change and Transformation Board |     |    |     |     | This project is progressing as planned however there are some issues. The project funding needs to be re-phased to reflect the actual expenditure profile. It is also unlikely that the Council will receive a management fee for providing foster carers to other authorities within the timescales originally set out without having a negative impact on our own children and young people. This project has however significantly reduced the number of children and young people accommodated in external foster care placements in the first year. These young people have either returned home or moved into foster and kinship placements within the Local Authority. Analysis of the first year of the project is laid out in the progress report to the Executive Officer Team. |             |           |             |             |           |           |             |  |



| Housing and Community Care |                                                                 |                                                                                                                                                                                                                                      |                                               |     |     |     |     |                                          |             |                 |             |                 |           |           |           |
|----------------------------|-----------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|-----|-----|-----|-----|------------------------------------------|-------------|-----------------|-------------|-----------------|-----------|-----------|-----------|
| Building Ambition          | HCC - Review of HCC Repairs Service                             | Undertaking a detailed review and analysis of key areas of housing repairs to identify improvements to efficiency and productivity which both improves the service delivery model and achieves savings of £500k                      | 500                                           | 500 | 500 | 0   | 0   | Some Issues                              | Some Issues | Some Issues     | Some Issues | Some Issues     | On Target | On Target | On Target |
|                            |                                                                 |                                                                                                                                                                                                                                      | Comments from Change and Transformation Board |     |     |     |     | No update from last month                |             |                 |             |                 |           |           |           |
| The Environment Service    |                                                                 |                                                                                                                                                                                                                                      |                                               |     |     |     |     |                                          |             |                 |             |                 |           |           |           |
| Building Ambition          | TES - Community Greenspace Review                               | Exploring the best way to work with our communities to take on smaller community greenspace sites for community benefit, reduce maintenance activities and explore potential alternative delivery mechanisms.                        | 0                                             | 0   | 0   | 40  | 0   | On Target                                | On Target   | On Target       | On Target   | On Target       | On Target | On Target | On Target |
|                            |                                                                 |                                                                                                                                                                                                                                      | Comments from Change and Transformation Board |     |     |     |     | Progress discussed with management team. |             |                 |             |                 |           |           |           |
| Building Ambition          | TES - Council Vehicle Fleet Utilisation and Optimisation Review | The Council Vehicle Fleet Utilisation and Optimisation Review looks towards the better utilisation of the council's small vehicle fleet through the introduction of telematics and effective ongoing analysis of associated data. In | 150                                           | 150 | 150 | 150 | 150 | On Target                                | On Target   | Project Delayed | On Target   | Project Delayed | On Target | On Target | On Target |

|                   |                                                  |                                                                                                                                                                                                                                                                                                           |                                               |          |       |       |       |                                                                                                                                                                                                                                                                                 |         |         |         |         |          |         |         |
|-------------------|--------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|----------|-------|-------|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|---------|---------|---------|----------|---------|---------|
|                   |                                                  | addition the project proposes to undertake a review of the grey fleet (i.e. private vehicles used for council business) with the aim of reducing the extent to which delivery of Council Services rely on this.                                                                                           |                                               |          |       |       |       |                                                                                                                                                                                                                                                                                 |         |         |         |         |          |         |         |
|                   |                                                  |                                                                                                                                                                                                                                                                                                           | Comments from Change and Transformation Board |          |       |       |       | The Project Management Board are in agreement that the project has progressed well so far with the only issue being the delay of the Pool Car Booking System - the final specification will be received in February after which the system will be developed within 2-3 months. |         |         |         |         |          |         |         |
| Building Ambition | TES - Corporate Property Asset Management Review | Reviewing the Council's property assets to; provide a property estate which is appropriately sized for requirements, well used, properly maintained, integrated with partner organisations' asset management plans, maximising collaborative opportunities, and is in appropriate geographical locations. | 1,795                                         | 1,795    | 1,795 | 0     | 0     | At Risk                                                                                                                                                                                                                                                                         | At Risk | At Risk | At Risk | At Risk | Rescoped | At Risk | At Risk |
|                   |                                                  |                                                                                                                                                                                                                                                                                                           | Comments from Change and Transformation Board |          |       |       |       | no comments this month                                                                                                                                                                                                                                                          |         |         |         |         |          |         |         |
| Totals            |                                                  |                                                                                                                                                                                                                                                                                                           | 8,034.50                                      | 7,191.50 | 5,749 | 5,856 | 5,115 |                                                                                                                                                                                                                                                                                 |         |         |         |         |          |         |         |

## Appendix 3

### Collaborative Working Update

The following highlights the most recent developments discussed at the meeting of Joint Chief Executives of Angus, Dundee City and Perth & Kinross Council on 30 April 2018:

Children's Services – The first ever Tayside Plan for Children, Young People and families 2017 – 2020 was developed by three Councils, NHS Tayside, Police Scotland, Health and Social Care Partnerships, the third sector, and other key organisations. The plan demonstrates shared leadership towards collaboration between agencies, and across geographical areas, working towards shared priorities in the planning, management, commissioning, delivery, evaluation, and improvement of services to children, young people, and their families.

This exciting new approach has been recognised by the Scottish Government as an example of innovative collaborative working.

Five working groups have been established to reflect the priority themes identified within the plan. These are supported by three further working groups to develop collaborative commissioning, performance reporting and communication. All the groups meet regularly and have developed detailed action plans until 2020 showing the key areas of collaboration linked to each priority.

The Draft Tayside Regional Improvement Collaborative (TRIC) plan was submitted to Education Scotland (ES) and Scottish Government in January 2018 and feedback on the draft TRIC plan was received in February. Next steps were agreed at the Directors group in March. The finalised action plans will be included in the next iteration of the TRIC Plan which will be submitted to ES shortly.

Economic Development & Tay City Deal - The Tay Cities Deal submission has been completed and approved by all four Councils (Dundee City, Angus, Fife and Perth & Kinross). The ambition of the Councils extends to the exploration of possible shared service models that develop strategic planning and enhance delivery of economic growth, closing the opportunity gap across all parts of the Tay Cities Deal area. A workshop has been set up in June to explore the opportunities for a collaborative working approach.

The Regional Economic Strategy and Strategic Outline Cases (as per Green Book Treasury Compliance) have been submitted to both UK and Scottish Governments. An announcement is anticipated over the summer.

Procurement and Commissioning – between the three Councils and Tayside Contracts we spend £600 million each year on goods and services. The Chief Executives received and agreed an outline business case in December 2017, which demonstrated that by bringing our procurement and commissioning closer together, we can make savings through using our buying power to get a better deal from contractors, sharing best practice to improve our collective performance, and supporting other collaborative activities that rely on procurement/commissioning of services. Work is underway to develop the detailed proposals.

Linkages with the ongoing Tayside Children, Young People and Families' Plan Children's Services Commissioning work have also been made, to ensure we maximise the benefits from joint commissioning of services.

Corporate Services – Sharing corporate services across Councils can reduce duplication of similar work, reduce the number of assets and systems we need, help keep access to highly specialist staff as part of a bigger employee pool, and create financial economies of scale. Four work streams (Human Resources/Payroll; Revenues & Benefits; IT, and Procurement) are developing their plans to identify joint working opportunities, and scoping a shared future vision for corporate shared service delivery.

Property Assets ("One Public Estate") – The capital spend across Tayside over the next 5 years on public sector property assets is around £650 million. The three councils are continuing to work with the Scottish Futures Trust (SFT) to map out the public service building assets across Tayside (including SFT funding for a lead officer to support this work). This will enable us to take a strategic approach to aligning building use with capital programmes, as well as securing efficiency savings and maximising benefits from the best use of our property assets in localities.

Integration of Waste - Following a detailed overview of Waste Services for each Council, this project has identified that the logistical costs to pursue a joint approach for processing waste were too high. However, commercial waste opportunities are being explored further, and shared work continues around waste awareness, information raising and smart waste developments.

Developing Tayside Contracts – A new Memorandum of Understanding has been agreed between the three Councils, reflecting the changing roles and relationships between the Councils and with Tayside Contracts. Work is underway to explore further collaborative opportunities, such as shared delivery of catering services.

Roads – The three Councils have been examining opportunities for collaborative working for various roads related services such as asset management, carriageway and footway maintenance, traffic, network, roads safety and roads scheme design. The Chief Executives agreed a pilot for collaborative working in the following:

- Urban traffic control and traffic signals
- Network Management

Fleet and Transportation - Work is continuing to explore opportunities to maximise the use of fleet vehicles, whilst ensuring that the legal requirements of vehicle licensing are met and there are efficiencies realised. Angus Council's fleet maintenance arrangements are being operated by Tayside Contracts and Dundee City Council are investigating similar arrangements.

# PERTH AND KINROSS COUNCIL

## Strategic Policy and Resources Committee

13 June 2018

### PROCUREMENT UPDATE 2017/18

Report by Depute Chief Executive, Chief Operating Officer (Report No. 18/198)

#### PURPOSE OF REPORT

This report details the progress made by Perth and Kinross Council during 2017/18 in delivering on the Procurement Strategy, published in December 2015.

The main purpose of the report is to document the achievement of the aims and objectives set out in the Strategy and to demonstrate value through the purchasing decisions taken for the period 2017/18.

#### 1. BACKGROUND

- 1.1 A review of the Council's procurement functions took place during 2015. A new Procurement Strategy was developed in response to the findings of this review and published in December 2015 ([report 15/572 refers](#)). This report records the progress made during the financial year 2017/18 in the achievement of the aims and objectives set out in the published Strategy.
- 1.2 The annual reporting on procurement performance became a statutory duty following the implementation of the Procurement Reform Act 2014 (the Act). The financial year 2017/18 is the first year in which the duty is applicable to Perth and Kinross Council. The statutory duties set out in the Act are explicit and include a requirement to provide information on all regulated procurement exercises and methodologies used in review of these activities.
- 1.3 This report has been prepared with reference to the published guidance on the duties arising from the Act. Subject to approval by the Committee the Annual Report and a revision to the Procurement Strategy will be published on the Council's website.
- 1.4 The Act also requires notification of publication of strategies and annual reports to be made to the Scottish Ministers. All annual procurement reports published within four months of the end of the relevant authority's financial year will be included in an analysis that will inform the Scottish Ministers annual report on procurement activity in Scotland.

## **2. PROPOSALS**

- 2.1. Information on the tenders accepted, and awards made to third parties under the Following the Public Pound (FPP) Code has been made available on the Councillors' Help and Information Point (CHIP) as required by:
- the Council's Scheme of Administration;
  - the Council's Contract Rules;
  - and the Code of Guidance for FPP
- 2.2 These arrangements establish the requirement for Executive Directors to report on the acceptance of tenders and monies provided to third parties through FPP arrangements annually.
- 2.3 The Act does not require that this information be published along with the annual report and strategy.
- 2.4 A Contract Delivery Plan has also been produced which sets out the planned procurement activities for the coming 24 months. This information will be published, in line with the requirements of the Act. This provides transparency in our purchasing activities and promotes the opportunities available to organisations which hold an interest in the provision of goods and services, or conclusion of works on behalf of the public sector in general.

## **3. CONCLUSION AND RECOMMENDATIONS**

- 3.1 The annual report presented as Appendix 1 is an overview of how the procurement work undertaken on behalf of the Council in 2017/18 has supported delivery of the Corporate Plan. The report provides detail on the objectives met since our Procurement Transformation journey started, including £1.9 million of procurement savings achieved to date.
- 3.2 Detail on the improvement work undertaken in the period is included in the final section of the annual report. This report concludes the scope of work undertaken through the Procurement Strategy for 2017/18.
- 3.3 The updates to the Procurement Strategy set out the planned activities which will be taken to deliver on the priorities, actions and targets for 2018/19. The focus will be to enhance the social value we achieve through our contracts, and includes how we intend to build on the improvements in our use of Community Benefit clauses. This accords with work we are undertaking jointly with our Community Planning partners to deliver on Recommendation 9 of the Fairness Commission Fairer Futures report, which seeks to deliver greater social value through partners' procurement activities
- 3.4 The Strategic Policy & Resource Committee is requested to:
- a) Approve for publication the Procurement Annual Report (Appendix 1) and the progress made with the 2016/17 Action Plan;

**Author(s)**

| <b>Name</b>   | <b>Designation</b>            | <b>Contact Details</b>                                                         |
|---------------|-------------------------------|--------------------------------------------------------------------------------|
| Mary Mitchell | Corporate Procurement Manager | <a href="mailto:contracts@pkc.gov.uk">contracts@pkc.gov.uk</a><br>01738 475521 |

**Approved**

| <b>Name</b>   | <b>Designation</b>                                 | <b>Date</b> |
|---------------|----------------------------------------------------|-------------|
| Jim Valentine | Depute Chief Executive,<br>Chief Operating Officer | 17 May 2018 |

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You can also send us a text message on 07824 498145.

All Council Services can offer a telephone translation facility.

## 1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

| <b>Strategic Implications</b>                       | <b>Yes / None</b> |
|-----------------------------------------------------|-------------------|
| Community Plan / Single Outcome Agreement           | <b>Yes</b>        |
| Corporate Plan                                      | <b>Yes</b>        |
| <b>Resource Implications</b>                        |                   |
| Financial                                           | <b>None</b>       |
| Workforce                                           | <b>None</b>       |
| Asset Management (land, property, IST)              | <b>None</b>       |
| <b>Assessments</b>                                  |                   |
| Equality Impact Assessment                          | <b>Yes</b>        |
| Strategic Environmental Assessment                  | <b>Yes</b>        |
| Sustainability (community, economic, environmental) | <b>Yes</b>        |
| Legal and Governance                                | <b>None</b>       |
| Risk                                                | <b>None</b>       |
| <b>Consultation</b>                                 |                   |
| Internal                                            | <b>Yes</b>        |
| External                                            | <b>None</b>       |
| <b>Communication</b>                                |                   |
| Communications Plan                                 | <b>None</b>       |

### 1. Strategic Implications

#### Community Plan

1.1 Enhanced procurement capability contributes to the delivery of the Perth and Kinross Community Plan in terms of the following priorities:

- (i) Giving every child the best start in life
- (ii) Developing educated, responsible and informed citizens
- (iii) Promoting a prosperous, inclusive and sustainable economy
- (iv) supporting people to lead independent, healthy and active lives
- (v) Creating a safe and sustainable place for future generations

#### Corporate Plan

1.2 Enhanced procurement capability contributes to the delivery of the Perth and Kinross Corporate Plan in terms of the following priorities:

- (i) Giving every child the best start in life;
- (ii) Developing educated, responsible and informed citizens;
- (iii) Promoting a prosperous, inclusive and sustainable economy;
- (iv) Supporting people to lead independent, healthy and active lives; and
- (v) Creating a safe and sustainable place for future generations.



## **2. Resource Implications**

### Financial

- 2.1 Budgetary provision has been made to resource the procurement work detailed in this report, and as such there are no direct financial implications arising from this Report.

## **3. Assessments**

### Equality Impact Assessment

- 3.1 Under the Equality Act 2010, the Council is required to eliminate discrimination, advance equality of opportunity, and foster good relations between equality groups. Carrying out Equality Impact Assessments for plans and policies allows the Council to demonstrate that it is meeting these duties.
- 3.2 The information contained within this report has been considered under the Corporate Equalities Impact Assessment process (EqIA) and has been assessed as **not relevant** for the purposes of EqIA.

### Strategic Environmental Assessment

- 3.3 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals.
- 3.4 The information contained within this report has been considered under the Act. However, no action is required as the Act does not apply to the matters presented in this report.

### Sustainability

- 3.5 Under the provisions of the Local Government in Scotland Act 2003 the Council has to discharge its duties in a way which contributes to the achievement of sustainable development. In terms of the Climate Change Act, the Council has a general duty to demonstrate its commitment to sustainability and the community, environmental and economic impacts of its actions.
- 3.6 The information contained within this report has been considered under the Act. However, no action is required as the Act does not apply to the matters presented in this report.

## **4. Consultation**

### Internal

- 4.1 The information contained in this report has been prepared in consultation with:

- (i) Membership of the Corporate Procurement Group; nominees of each Service area with a remit to champion procurement reform in each Service.
- (ii) The Executive Officer Team
- (iii) The Head of Legal and Governance

#### External

- 4.2 No external consultation was required in the preparation of this report. Consultation undertaken in the preparation of the annual report is noted separately in the body of the documents.

### **5. Communication**

- 5.1 Information contained within this report will be published on the Tayside Procurement Consortium and Perth and Kinross Council websites.
- 5.2 Notification of the publication of a revised strategy and an annual report on procurement will be made to the Scottish Ministers prior to the end of July 2018.

### **6. BACKGROUND PAPERS**

No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to a material extent in preparing the above report.

### **7. APPENDICES**

- **Appendix 1** – Procurement Annual Report 2017/18  
(includes an update on progress made to the Improvement Action Plan agreed in 2016)

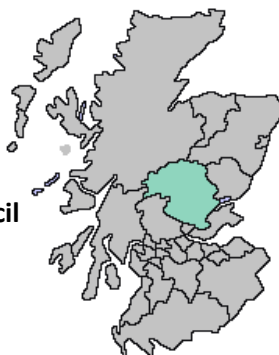
# Procurement Annual Report

2017/18

Perth and Kinross Council

This report details further progress made by Perth and Kinross Council against the Procurement Strategy published in December 2015. The main purpose is to report on how we met our aims and objectives and achieved value through our purchasing decisions.

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## Section 1. Executive Summary

A three year Procurement Strategy was approved for Perth and Kinross Council in December 2015. Each subsequent year an updated version of this strategy has been published. This annual report records the activities concluded in the second year of our three year strategy.

The three year Procurement Strategy includes an improvement action plan which sets out how the Council intends to direct expenditure and highlights how we would work to not only deliver essential savings but also to support the wider objectives of the Council and local community partners. The annual report records progress against our improvement actions, the contributions of procured goods, services and works to the wider objectives of our organisation and the use of community benefits to deliver social value.

A primary focus of our Procurement Strategy is to align third party expenditure with the delivery of local objectives in the context of the [Scottish Government's vision](#) of **“Delivering procurement that improves public services for a prosperous, fairer and more sustainable Scotland”** and **“delivers local economic, environmental and social benefits”**.

The main focus of this report is to update on the ways in which procurement activity has been used to support the specific needs of the Perth and Kinross Council area.

As the Council also works on the development of contracts jointly with Angus Council and Dundee City Council the report also references the Tayside Procurement Consortium (TPC) strategy and directs readers to review the annual reporting on progress made jointly with the Tayside local authorities. One of the benefits this model gives is a more efficient interface with the business and third sector communities across Tayside, supporting joint engagement and development work streams.

This update provides more detail on the improvements made to ensure that the Council's working practices aligned with legislative and regulatory requirements introduced by the Procurement Reform (Scotland) Act 2014 and the implementation of the EU Directives (Procurement and Concessions) of 2014.

Council spend with third parties during 2017/18 was £255M, this includes expenditure on goods, services and works and that placed with arm's length organisations such as Tayside Contracts. The figure also includes monies allocated to support capital investment decisions taken by the Council.

## Introduction

The Corporate Plan is the Council's overarching plan which clearly sets out the Council's ambition to be an excellent organisation, delivering high performing quality services that meet the needs of users and communities. It demonstrates the Council's commitment to improving services; enhancing the quality of life of our citizens and making best use of public resources. It gives a commitment to deliver excellence through developing our people, modernising our organisation and working constructively in partnership with other bodies to deliver high quality services to our local communities. Procurement has a key role in creating the infrastructure to underpin the plan and the achievement of these objectives.

The changing face of public services means that enhancements must be made to the way in which the Council carries out its procurement activities. In recent years there has been a strong focus on procurement and commissioning as tools to support the way in which services are delivered. The new approach taken at the end of 2015 to the delivery of our Procurement Strategy, including the creation and resourcing of a detailed improvement plan has led to a more rapid pace of change. This annual report documents the progress made during 2016/17 against that improvement plan.

The plan was established to reflect the increasingly important role that strategic procurement plays in enabling our Council to deliver local economic, environmental and social benefits. Building skills and capacity within the organisation both in respect of regulated procurement activity and in the strategic commissioning decisions will be an enabler in preparing for the future of public service. Effective commissioning and procurement decision-making has the potential to add increased value to around 60% of the financial expenditure undertaken by the Council each year.

Under the People themed improvement work stream resource has been allocated to expand the skills development in respect of procurement and commissioning. In house training provision now includes Contract and Supplier Management training to support officers in their commitment to ensure budgets continues to be used effectively throughout the lifecycle of our contracts. External expertise has been commissioned as part of the Council's Acorn Fund. We are investing in organisational development through building skills to review and develop service provision; this will in turn lead to more capability in respect of procurement and commissioning. Officers taking part in this work will also achieve accreditation as Chartered Managers through the Chartered Management Institute, which in turn broadens the skills and experience applied to our work with third parties.

We continue to strive for excellence in all of our dealings with our partner and third party organisations to support delivery of local public services.

## 2. Vision for procurement

In setting out the Procurement Strategy for 2018/19 we are reaffirming the vision for procurement as articulated in our three year plan:

***“To achieve commercial excellence in our procurement activities and ensure that we deliver Best Value services to the communities of Perth and Kinross.”***

***“To do so in an effective, efficient, ethical and sustainable way that delivers local economic, environmental and social benefits.”***



This report aims to demonstrate how, in working towards achieving these objectives, the Council has used the spend to support the delivery of the Corporate Plan objectives:

**Giving every child the best start in life**

**Developing educated, responsible and informed citizens**

**Promoting a prosperous, inclusive and sustainable economy**

**Supporting people to lead independent, healthy and active lives**

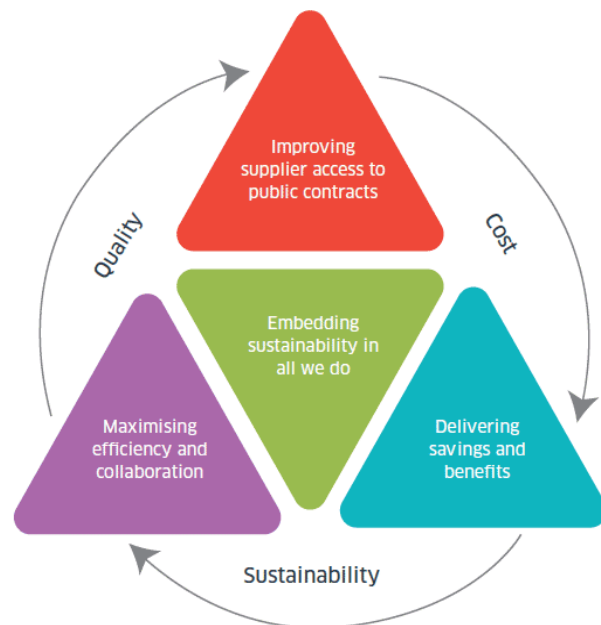
**Creating a safe, sustainable place for future generations**



### 3. Context

The Council works in an increasingly complex, dynamic and challenging environment. It is important to consider the context and drivers for change (both local and national) that have informed the development of our Procurement Strategy. The Scottish Model of Procurement, shown below, sets high level objectives for all public bodies to consider when working with supply markets.

This is consistent with the aims of our procurement transformation project



To maximise the impact of the procurement work we do we have increased our collaborative spend in the period since the Procurement Strategy was approved; from 18% of our third party spend to 33%. A strong focus on enhancing the capability of businesses and third sector providers to participate in collaborative contracting across Scotland has continued with representation of SME's and local businesses increasing.

This annual update should be considered in conjunction with any updates on the Tayside Procurement Consortium procurement strategy 2015-2020. [Click here](#)

For each procurement exercise a full assessment of the ways in which the resultant contract will meet our objectives is undertaken and built into the specification issued to prospective bidders. Consideration is given to engagement with those affected by the procurement exercise – this includes, as appropriate, the communities in which the contract will be delivered, the potential supply base and Council staff affected by the use or management of the contract.

The delivery model for the contract in question is also considered, with a review of the potential for the use of a range of delivery solutions. How we use internal resources, arm's length organisations and the ways we might shape our needs to maximise the potential participation of supported businesses, not-for-profit organisations and smaller businesses, including start-ups takes place at this stage.



## Section 4. Information on Contracts

A key principle for effective public sector procurement is transparency; ensuring that opportunities to participate in contracting for the public sector are visible to all companies which may wish to consider it.

Perth and Kinross Council achieve this by using the national advertising portal – [Public Contracts Scotland](#). All opportunities with a contract value greater than £50,000 will be advertised here. Lower value contracts are placed following conclusion of a quotation process; this is also conducted through the same portal.

The way the Council must meet the legislative duties for procurement is set out in our Contract Rules. Processes vary depending on the value of a contract.

- **EU regulated contracts** are those above defined values and must be **tendered** following the Public Contracts (Scotland) regulations 2015.  
[Thresholds](#): Goods and Services = £181,303; Social services = £589,148 and works = £4,104,394.
- Where contracts are valued between **£50,000** (goods and services) or **£2,000,000** (works) and the thresholds set out in the EU procurement directives we will carry out procurement as set out in the Procurement (Scotland) Regulations 2016; **via an advertised tender**.
- From contracts valued between **£5,000** and **£50,000** we will invite **quotations** from a minimum of 3 bidders.

To meet the national objectives to manage procurement efficiently and collaboratively the Council will make use of established contracts and framework agreements where possible and appropriate. This approach minimises the numbers of discrete tenders necessary to deliver the needs of the Scottish public sector. A key aim of this strategy is to reduce the impact on bidding organisations of repetitive responses to tenders for similar requirements.

### Contracting Activity for the period

In May 2017 the Council publish a Contract Delivery Plan which set out the intended procurement work over the coming months. This plan included plans for 192 distinct pieces of procurement work and 161 of these moved forward during the financial year. The

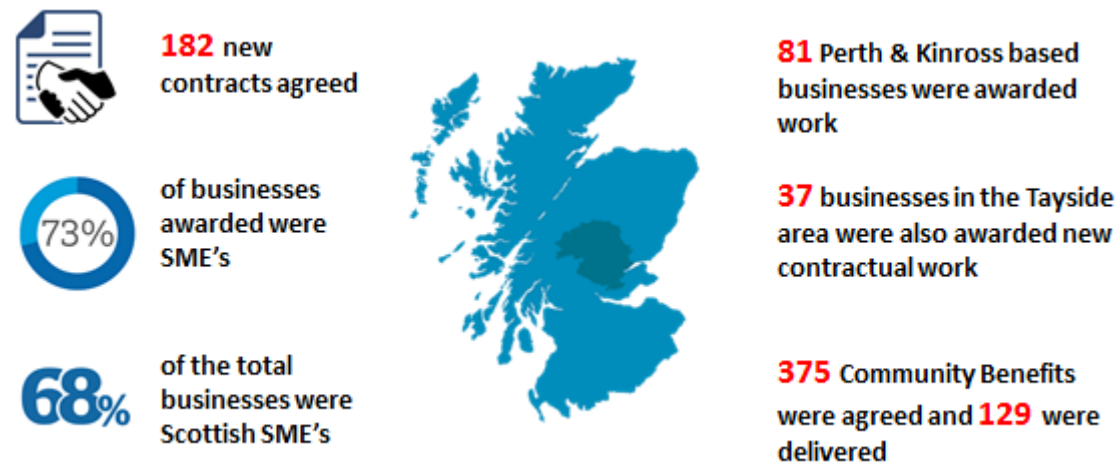
difference can be accounted for cases where several activities were listed but service development and design meant that work was issued under a consolidated tender.

During 2017/18 the Council concluded the award of **182 new contracts** (this figure reflects both the 161 projects from the 2017/18 Contract Delivery Plan and some additional pieces of work which were in progress at the start of 2017/18).

To facilitate the creation of the new contracts we issued **29 new regulated calls for competition**. This was alongside the extensive use of existing arrangements, including frameworks, under which we **agreed 41 new contracts**. We published 29 transparency notices, as required by legislation for call offs which exceeded £50,000.

As well as these routes to market, **60 new requests for quotation** to service lower value requirements with an anticipated value of £50,000 or less.

Further to this we participated in the creation of **33 new collaborative arrangements** tendered by another contracting authority. This supported our commitment to collaborative working with other public bodies.



Of the regulated procurement exercise carried out directly by the Council 7 were of a value which required the contract opportunity to be advertised across Europe. We also tendered two high value social care contracts which was established under a specific regulatory regime, known as the 'light touch regime' which is in place to support the specific needs of care and other support

services. Both of these contracts supported the redesign of delivery of services to those citizens with a need for care or support in their home.

A small number of our new contracts were exempt from some of the requirements of the procurement legislation because they were a continuation of work undertaken under a previous contract or for reasons connected to the nature of the services procured (e.g. some financial and legal services are out with the scope of the legislation).

The Council has a policy of encouraging Perth and Kinross businesses to quote in every process where this is possible. We also work with businesses to ensure they have the necessary skills and understanding of regulation to participate in public procurement exercises. There are now 1178 Perth and Kinross based businesses registered and using the national public contracts portal.

In the reporting period 68% of awards included Scottish SME's in the supply of our requirements, and when considering SME's from all geographic locations this figure rises to 73%. 81 Perth and Kinross based businesses picked up new work as a result of procurement activities in 2017/18.

A full report on Tenders Accepted on behalf of the Council is submitted to our Strategic Policy and Resources committee annually. Together with the report on funding made to external organisations – through the Following the Public Pound code – a full record of our commissioning decisions is provided for scrutiny.

### **Contracts Register**

To improve the transparency around contracts held by the Council we also publish a Contracts Register. A searchable format of the Register can be viewed via a link on the Council website. [Click here](#)

The search functions on Public Contracts Scotland can be used as a data source for exploring the contracting plans of a wide range of public bodies, including Perth and Kinross Council. The data can be viewed on the Perth and Kinross Council web site; it is possible to search for specific contracts or themes. The data can also be downloaded as an Excel spreadsheet or a .csv file.

## 5. Highlights

The Procurement Strategy applies to all of the Council's external expenditure on goods, services and works. The purpose of each procurement exercise we undertake is to create a supply chain which supports one or more of the Council's Corporate Plan objectives. The ways in which some of our recently awarded contracts have contributed to our objectives is described below.

### Best Start in Life



There are a wide range of our sourcing decisions are taken in support of the corporate objective of **Giving every child the best start in life.**

### Working towards transforming the provision of services to children and families

Building on the preparatory work done in 2016/17, following changes to legislation which occurred during 2016, we have been reviewing agreements with providers of social care and support services to children and families. Joint working arrangements for services for children and families are now in places across Tayside. The procurement teams have been working to support the commissioning of services. A wide range of engagement, including events have been held to consult with providers of these services and to raise awareness within the provider community of the implications of the new legislation.

A major piece of work carried out this year was the issue of a [tender for family support services](#). The outcomes from this provision will focus on securing a nurturing, home based environment for children.

### Educated, responsible and informed citizens



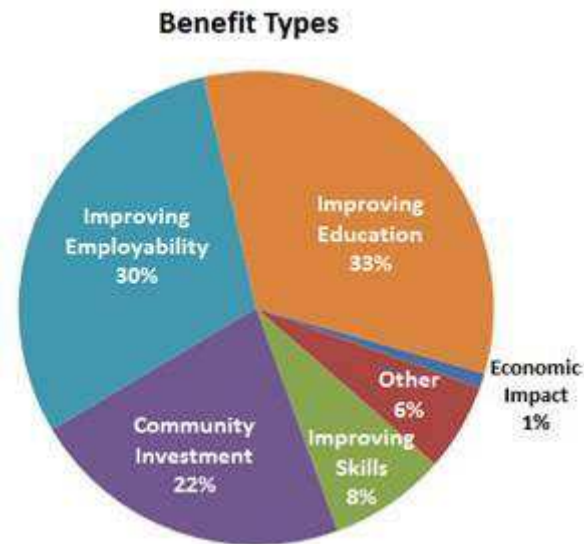
The Council's procurement work supports this corporate objective in a variety of ways:

Firstly by **supporting our education services** to source the goods and services needed to operate efficiently. In 2016 we supported the revision of contracts for transporting young people to and from schools. The learning from this piece of work led to the development of a new open ended model of contracting; a dynamic purchasing system. The change was supported by a range of **supplier information events** for bus and taxi operators (10 events across the full geographic spread of Perth and Kinross). The change of approach has meant a move from a mix of paper and electronic processes to a fully electronic process and additional support for operators was provided to build capability in respect of the electronic tools used.

The outcomes from this work include longer term contracts, enhancing stability and facilitating investment decisions where appropriate. It was possible to finalise 208 contract awards through the procurement exercise and contributed to the cost controls required in this area of expenditure.

Secondly, by supporting colleagues to develop **Community Benefits clauses** in contracts. Community Benefit clauses will also contribute to the delivery of the sustainable procurement objectives we set out in our Procurement Strategy in December 2015.

We now categorise our Community Benefits to facilitate a targeted approach to delivery. Our categories are shown in the chart below, along with the percentages for each category of benefits currently in progress.



Our approach to community benefits through contracts is aligned to the Developing Young Workforce agenda, and staff working in that area are making links between contracted businesses and schools. Many of the contracts we have in place are providing opportunities for young people still in education through **work placements**, **work experience** or through visiting a company to see how work is carried out.

The procurement team has continued to support the national [Procurement People of Tomorrow](#) programme. The team have now supported the placement of four modern apprentices. All four worked towards **SVQ3 level qualifications** and all benefited from further opportunities in the Council. Three of the individuals continue to work in the procurement team, two as professional trainees. Both are studying for additional qualifications, including an **entry level certificate** for the Chartered Institute of Procurement and Supply.



### Prosperous, sustainable and inclusive economy



Contracts and procurement work by their nature will contribute to the economic health and development of our area. Some of the headlines for those contracts awarded in 2017/18 include:

**Contracts which improve the built environment** - The procurement team supported the creation of contracts for constructing improved facilities for the area. Examples of these include:

The Perth Transport Futures programme including preparatory works for the Cross Tay Link Road.

Commissioning of conservation works such as the architect services and enabling works at the St Paul's Church site, as well repairs to the Prince Albert Memorial and Sir Walter Scott statue.

**Smart City Infrastructure** – work began in 2016/17 to deliver on the [Perth City Plan](#). Contracting work has since taken place in support of this and associated planning such as the Perth City of Light. During 2017/18 we awarded contracts for intelligent street lighting and services to deliver the Perth City Light plan. Specifying our requirements in fast moving, innovative markets continues to create interesting challenges and requires dynamic and creative approaches to our procurement work.

**Leisure** While some aspects of events and festivals are exempt by legislation from traditional procurement work, the team were pleased to support a range of requests for quotations to deliver the festivals and events across our area.

**Fair Work** in Perth and Kinross. The Council became an accredited Living Wage employer in April 2016, as part of this accreditation we made the commitment to develop our understanding of Fair Work practices, including [payment of the Living Wage](#) in our supply chain. To this end we include questions on the approach to Fair Work when engaging with prospective suppliers for services. We re-tendered our seasonal operational support services during 2017 and have been successful in agreeing payment of the Living Wage to all workers under this contract.

### Independent, healthy and active lives



**Support for independent living** - New legislation introduced during 2016 meant that the rules on the way in which agreements with providers of social care and support services are established changed.

In our last annual report we described the process followed for the recommissioning of Care at Home services. The new framework agreement which resulted from the preparatory work we undertook in 2016 went live in June 2017. We took learning from this work to help us to shape other recommissioning projects in 2017/18.

Early in 2017 we awarded Care and Repair services for citizens throughout the region. A principle driver for change in this area was to provide a streamlined process for residents to apply for and receive adaptations to their homes in order to live independently for longer.

### Safe and sustainable place for future generations



**Housing** – In line with our Strategic Housing Investment Plan we have continued developing our housing. Contracts were awarded to add to the homes in Perth and Kinross with 42 new properties being delivered across 4 local sites in Perth and Stanley.

We also developed several contracts concerned making improvements to the existing homes. These improvements included continuing with window and door replacements, external insulation and upgrades to heating systems. All of these are contributing to the reduced energy consumption in each home and in turn contributing to the Council objectives for reducing fuel poverty.



A new suite of maintenance contracts was also awarded during the period, ensuring we have additional capacity for responding to the needs of our tenants.

## 6. Delivering Best Value

### Savings

In 2015 the Council set out the planned approach to transforming services to communities – our Building Ambition report. Included in this report was a commitment to reduce the recurring costs associated with the procurement of goods, services and works by a value of £2.5m before the end of 2018/19. £1.9m of cashable savings have been realised at the end of 2017/18. Further work to rationalise purchased goods is ongoing. A proactive approach to identifying potential areas for savings has been developed; achieved savings are agreed with financial teams and senior management and removed from budgets where appropriate.

From changes to contract prices or structures we have identified potential for savings across a range of budget areas; the resulting savings have either been included in budget reductions or have been reinvested to support the continued delivery of front line services.

| Capital Budgets | Housing Revenue Account | Revenue Budgets | Work in progress to deliver |
|-----------------|-------------------------|-----------------|-----------------------------|
| £129,171        | £265,545                | £1,897,000      | £309,910                    |

In addition to above the Council have made the commitment to redesign delivery of a wide range of services through the [Building Ambition](#) programme. The Transformation projects which will deliver this change will in turn require support where a new agreement needs to be made with any businesses, charity or community group which works in partnership with the Council. In some cases a procurement exercise will be required to facilitate the change.

### Electronic Tools

There is a national commitment to carry out all of our procurement communications with suppliers digitally by May 2020. This change will help to reduce the cost of doing business for our suppliers as well as for the Council, it will help shorten payment windows and to improve efficiency in managing performance.

The use of electronic systems and digital tools to support and manage the procurement work is a potential source of further efficiency. In last year's report we noted that 50% of our directly advertised tenders were issued through an electronic platform (PCS-T). In 2017/18 80% of the tenders issued were managed through the platform. During 2018/19 we will increase this to ensure all relevant procurement work is managed digitally.

In line with the national commitment for electronic communication we have launched our eInvoicing project with the support of the Scottish Procurement Directorate. In early 2018 we started to work with our first group of suppliers and will receive the final part of our procurement communications, the invoice, digitally by July 2018.

All competitive activities use the national portal Public Contracts Scotland to ensure our potential suppliers are able to identify contracting opportunities at a single point. We are committed to promoting the portal as a powerful resource for suppliers to the public sector. New, recently launched, reporting functionality on the portal will help us to more deeply analyse the impact our procurement work is having on our local economy. The data extracted from the portal will be included in the processes for treating performance management information, an improvement area we are focusing on for 2018/19.

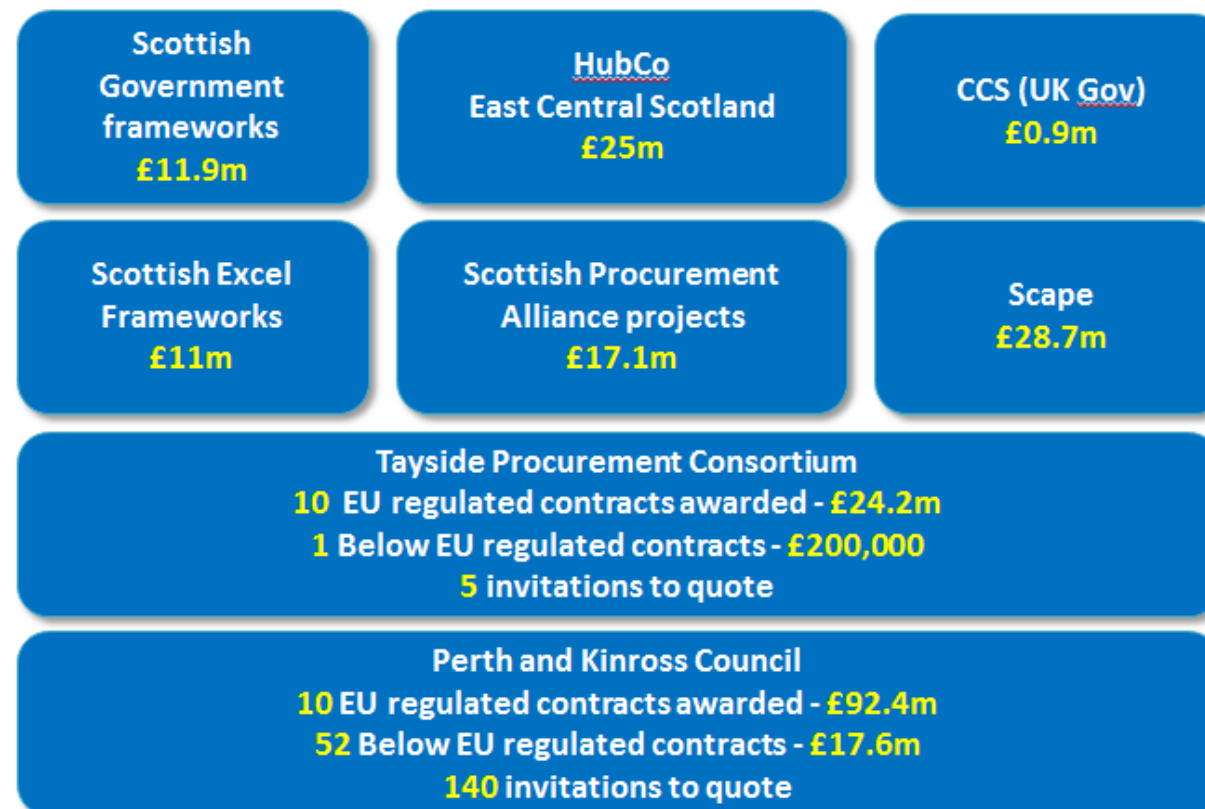
Preparation for the roll out of an electronic platform to record contract and supplier management activities was a key work stream identified in 2016. Our expectation was that this platform would improve the way we are able to communicate with our suppliers while they are working on our behalf. We identified a system which was made available through the Scottish Procurement Directorate but have had limited success in delivering our requirement through this route.

We are now assessing alternative ways of capturing and reporting on the risks and performance related to our contracts. By focusing on a corporate approach to this information we will improve our potential to maximise the benefits available from third party spend, but also to evidence good value and high performance. This is a key area for improvement in 2018/19.

#### **Collaborative Contracts**

In addition to directly procured contracts, issued on behalf of the Council we also make use of a range of contractual agreements awarded in collaboration with other bodies.

Collaborative contracts provide a resource efficient and robust means of working with businesses. Since the publication of the Procurement Strategy in 2016 a number of significant projects have been agreed through framework agreements which were created by collaborative purchasing bodies.



Significant efficiencies have been achieved as a result of these decisions. By shortening some elements of the time taken from scoping to concluding a contract we are more often able to invite early contractor involvement which in turn helps to deliver more contracts in line with time and cost targets.

Value from these collaborative arrangements is assured by access to the enhanced buying power of working together with other Councils or community partners. Robust benchmarking of prices and costs is undertaken – using data on market rates, comparable projects and internal information on performance.

## 7. Resourcing

Investment in the Procurement functions of the Council has been made to facilitate rapid improvement in our procurement capability. Appended to the strategy was a detailed improvement plan. This section draws out the most significant enhancements we aimed to make in the period covered by the Strategy.

### **Focus on meeting our savings targets through continually improving and lean procurement practice**

**Enhance the ways in which we offer support to businesses. We will work with the business community to identify appropriate support mechanisms to ensure all those interested in becoming more familiar with our procurement processes have the information they need.**

**Explore opportunities for greater collaborative working across Tayside particularly, but also across the whole public sector generally.**

**Further develop the Social Value that can be delivered from contracts by working in partnership with our suppliers**

## 8. Monitoring, Reviewing and Reporting performance

### Monitoring

During the delivery period for our Strategy – January 2016 to March 2017, regular updates on the progress being made have been provided to the Council's Executive Officer Team, to the Modernising Governance Member/Officer Working Group and at the end of the year to the Strategic Policy and Resources Committee. Updates have included progress being made to meet the aims and objectives set out in the Procurement Strategy and on the specific actions taken to deliver our Improvement Plan. The Improvement Plan was approved in conjunction with the Strategy in December 2015.

### Reporting

Ensuring that procurement performance is reported regularly to an appropriate committee was highlighted as an essential requirement in the Accounts Commission Report on Procurement in Councils [click here](#). Progress of the delivery of this strategy and a report on procurement savings and non-financial procurement benefits forms part of this Annual Report.

### Review

In alternate years an independent review of the procurement capability will take place. The Council procurement functions are benchmarked against an assessment tool, the Procurement Capability and Improvement Programme (PCIP). The assessment requires the submission of a defined range of data and documentation as well as an on-site visit by the assessors.

In October 2015 the Council undertook a 'mock' assessment with the external assessors in order to establish a baseline for improvement. The score achieved in October 2015 was 17% of the available marks. The first full PCIP assessment in September 2016 placed the Council capability in band 3 (61-65%). This improved result is a strong indicator of our plan delivering as expected.

### Revision process

This Annual Report is based on a review of how well we are implementing our strategy and will be published by 31 July 2018. A new procurement strategy will be drafted during 2018/19 and published as close as possible to 1 April 2019.

## 9. Improvement Planning

An action plan to ensure that the strategy was delivered was prepared and approved in December 2015. The operational work to effect change was managed by the Corporate Procurement Manager. The Council's Head of Community Planning, Strategic Commissioning & Organisational Development was responsible for the improvement programme and delivery of the objectives.

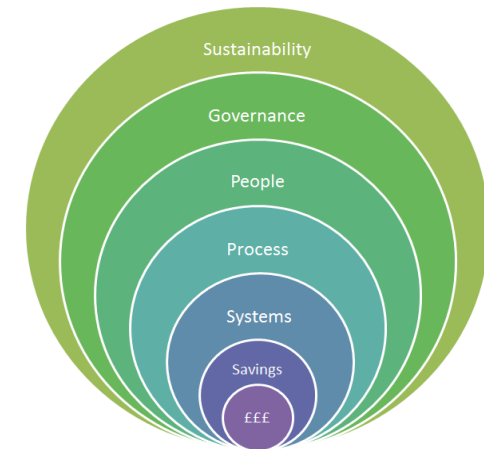
The Strategy set out our commitment in terms of improving the procurement capability of:

- Our **Governance** – and reporting of performance
- Our **People** – by developing competencies
- Our **Processes** – by streamlining the tools used
- Our **Systems** – by automating where possible

Together these four improvement work streams will be enablers for the delivery of **Savings** and more **Sustainable Procurement** practices. Each year the Procurement Strategy is revised to focus our objectives on the next phase of improvement.

Detail of the planned improvement actions is given in section 11 of this report. Several of both the completed and ongoing actions will be further developed to streamline and automate (where possible) the capture of performance information.

There are opportunities to record and more effectively manage performance and risk associated with contracts through the use of digital tools. A key focus of development work in 2018/19 will be to make best use of the technology available so that our corporate knowledge base is extended. We hope to be able to pull together all of the elements of data we hold on a contract into a central point for analysis. This would make opportunities for improvement more visible across the organisation.





## 10. Strategy Ownership and Contact Details

Procurement is included in the portfolio of the Depute Chief Executive, Chief Operating Officer Jim Valentine.

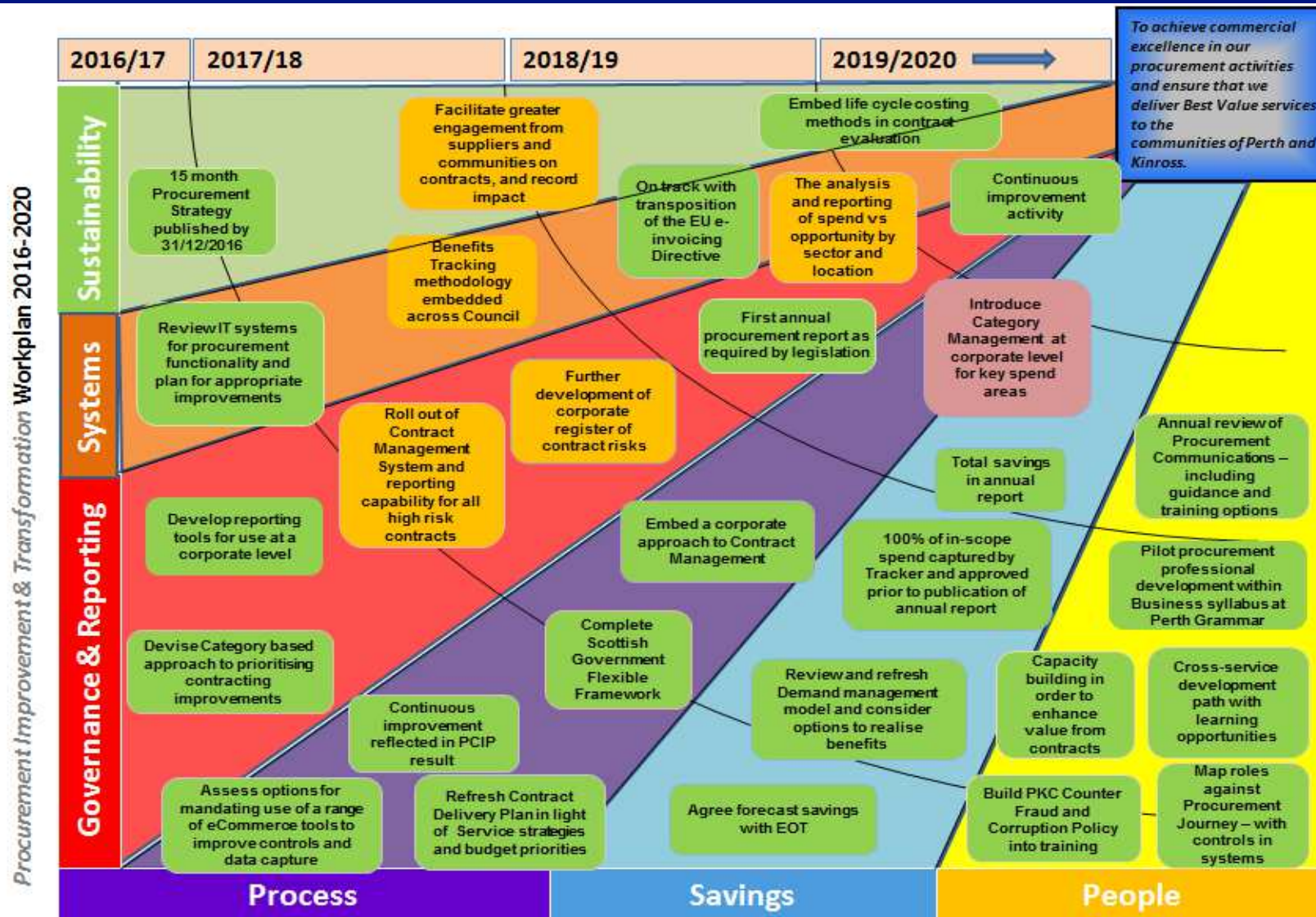
The Council's Procurement Team sits within the Community Planning, Strategic Commissioning and Organisational Development service which during 2017/18 was led by Keith McNamara. From 1 April 2018 this role will transfer to Lorna Cameron.

The Corporate Procurement Manager, Mary Mitchell has responsibility for managing the provision of a professional procurement service ensuring that legislation, agreed policies, professional standards, procedures and principles are followed.

### Contact details

Perth and Kinross Council  
2 High Street  
Perth  
PH1 5PH  
01738 475521  
[contracts@pkc.gov.uk](mailto:contracts@pkc.gov.uk)

## 11. Improvement Actions at a glance



Workplan 2016-2020 Wave Plan: April 2018

### Improvement Action Plan – Status Report

The table below sets out the improvement actions agreed in December 2015, with their current status and any remaining work planned for 2018/19.

| <b>1</b> | <b>Improvement Theme: PEOPLE</b><br>Ensure those involved in our procurement processes are appropriately skilled and supported to deliver value for money services, and aware of their roles and responsibilities. |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                               |                                                                                                                                                                                                                                                                                                        |                                                                                                       |
|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|
|          | Objectives                                                                                                                                                                                                         | Specific Action                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Timescales                                                                                                                                    | Update                                                                                                                                                                                                                                                                                                 | Quality Improvement aims                                                                              |
| 1.1      | Review roles and responsibilities and reporting lines of those participating in procurement activities, clarify and communicate the need for change.                                                               | Improve profile of system users by matching training records to access levels.<br><br>Categorise remaining users by strategic impact of contracts owned.<br><br>Develop a roles/responsibilities matrix per division/category based on the level of involvement.<br><br>Review and make proposals on options for reporting lines, and clarification on roles and responsibilities relating to delivering improved procurement; including those at the most senior levels of the organisation. | <del>December 2015</del><br>Completed February 2016<br><br>Completed January 2016<br><br>Completed January 2016<br><br>Completed January 2016 | Contract Rules revised with more explicit roles and responsibilities set out at all levels.<br><br>Records of officers authorised to tender and contract on behalf of the Council are matched to tasks through the procurement work flow.<br><br><b>Status: Complete</b><br>Explicit in Contract Rules | Clear roles and responsibilities defined, leading to improved procurement processes and reduced risk. |
| 1.2      | Review current activities and job descriptions, identify Learning & Development requirements                                                                                                                       | Work with HR to identify content of job descriptions for identified posts. Minimise changes required to JDs                                                                                                                                                                                                                                                                                                                                                                                   | <del>June 2016</del><br>June 2017                                                                                                             | Records pertaining to all officers                                                                                                                                                                                                                                                                     | Better matching of skills to activities leading to greater                                            |

|     |                                                                                                                                                  |                                                                                                                                                                                                                                                                                                    |            |                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                   |
|-----|--------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|     | against the national competency framework (procurement skills) and develop an appropriate action plan to develop skills across the organisation. | <p>through rationalising numbers involved in contracts.</p> <p>Assess skills, prioritised by outcome of Objective 1.1 and 1.2.1</p> <p>Develop targeted training plan, identify costs and budget pressures. Develop and resource a delivery model for Year 1 and a plan for year 2 and beyond.</p> |            | <p>presenting for procurement training were checked against job evaluations. Feb 2016.</p> <p>Training materials revised June 2016. Additional courses on Contract Management added in October 2017.</p> <p>Work is ongoing to identify skills gaps and support development of those working on contracts.</p> <p><b>Status: Complete.</b><br/>Training approach was reviewed along with revision of Contract Rules during 2017.</p> | <p>degree of professionalism and improved outcomes for all.</p> <p>Ensure the most skilled officers are deployed for contract development to reduce risk arising from poor contracts Bridge existing skills gap and maintain an appropriate support package to ensure continuous improvement for those involved in contracts.</p> |
| 1.3 | Develop a specific action plan to shift activities of the Corporate Procurement Team from operational to a more strategic                        | Procurement team development session, to develop a common understanding of the new framework, and team members`                                                                                                                                                                                    | April 2016 | Operational management of user records on PECOS                                                                                                                                                                                                                                                                                                                                                                                      | Less time spent on routine procurement activities and more effort dedicated to                                                                                                                                                                                                                                                    |

|     |                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                     |            |                                                                                                                                                                                                                                                                               |                                                                                                                                                                                    |
|-----|---------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|     | focus and set specific personal objectives linked to the new strategic plan.                            | <p>roles in delivering this</p> <p>Identify all operational activities currently considered business as usual. Consider options for deploying available resources to be more effective on a strategic level.</p> <p>Map customer needs.</p> <p>Develop processes for meeting operational needs and resource plan for meeting strategic needs.</p> <p>Communicate and train customers in new 'self-serve' processes if necessary</p> |            | <p>transferred to Financial Systems team. Jan 2016.</p> <p>Tracking support offered and delivered to teams.</p> <p>Consultation throughout 2016.</p> <p>Self-service processes developed for procurement toolkit and PECOS use. June 2016.</p> <p><b>Status: Complete</b></p> | <p>supporting the delivery of higher value/higher risk spend areas.</p> <p>Focus is on areas of contracting activity from which the greatest level of savings can be achieved.</p> |
| 1.4 | Effective communication plan to be developed to keep key stakeholders informed of programme and changes | <p>Review <a href="#">existing communication plan</a> including the provision of guidance and online resources.</p> <p>Revise and make necessary changes. Including:</p> <ul style="list-style-type: none"> <li>· Improving search capability in eric</li> <li>· Removing outdated information</li> <li>· Improve use of SharePoint technology</li> </ul>                                                                           | April 2016 | <p>Plan revised. Updated to use new technology.</p> <p>Design team now involved in issue of Procurement News.</p>                                                                                                                                                             | <p>Good staff engagement levels and support for the required changes. Input and feedback provided by key stakeholders.</p> <p>New communications</p>                               |

|                          |                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                              |  |                                                                                                                                                            |                                                        |
|--------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|
|                          |                                                                                                                                                                                                                                                                                         | <ul style="list-style-type: none"><li>· Increase use of Procurement News</li><li>· Change email accounts</li><li>· Introduce auto-responses</li><li>· Rationalise telephone numbers</li></ul> Communicate changes and establish time lines for regular communications as per plan, include a plan to resource and allocate responsibilities. |  | <b>Status: Complete</b><br><br>During 2017 additional measures were put in place to ensure communication across the organisation continue to move forward. | plan to increase efficiency in reducing cost to serve. |
| <b>Expected Outcomes</b> |                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                              |  | <b>Monitoring and evaluation</b>                                                                                                                           |                                                        |
|                          | <ul style="list-style-type: none"><li>• Improved governance</li><li>• Reduced duplication of effort</li><li>• Increased efficiency in procurement activities</li><li>• Improved awareness within the Council of the impact of the procurement function on business capability</li></ul> |                                                                                                                                                                                                                                                                                                                                              |  | Percentage of contract strategies influenced by procurement team. Improved benefits realisation in collaborative contracts.                                |                                                        |
| <b>Outcome</b>           |                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                              |  | <b>Evidence</b>                                                                                                                                            |                                                        |
|                          | <ul style="list-style-type: none"><li>• More effective corporate procurement function.</li></ul>                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                              |  | Increased score in PCIP assessment – target 33% (based on mock score of 17% in October 2015), achieved 62% in September 2016.                              |                                                        |



| <b>2</b> | <b>Improvement Theme: Processes</b><br>Provide effective frameworks to manage the Council's procurement activities.                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                      |                                                                                                                                                                                                                                                                                                      |                                                                                                                     |
|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|
|          | <b>Objectives</b>                                                                                                                                                                                                                   | <b>Specific Action</b>                                                                                                                                                                                                                                                                                                                                          | <b>Timescales</b>                                                                                                                    | <b>Update</b>                                                                                                                                                                                                                                                                                        | <b>Quality Improvement aims</b>                                                                                     |
| 2.1      | Develop a Council wide procurement pipeline and associated capacity plan, including clear targets (savings, community benefits, living wage rates etc.), identified and agreed with the Services for specific contracts/commodities | <p>Populate Forward Plan</p> <p>Identify opportunities for benefits realisation. Identify and document targets per contract.</p> <p>Identify resource requirement from Services and corporate procurement team as appropriate.</p> <p>Develop time line for delivery and assign workload accordingly.</p> <p>Document plan and report progress to Services.</p> | <p><del>February 2016</del></p> <p>First version finalised by February 2016 and refreshed annually thereafter.</p> <p>April 2017</p> | <p>First version was prepared by May 2016. Regular updates have been made.</p> <p>Reported to Strategic Policy and Resources Committee 30/11/17.</p> <p>Published on <a href="http://www.pkc.gov.uk">www.pkc.gov.uk</a> in April 2017 for financial year 2017/18.</p> <p><b>Status: Complete</b></p> | A clear and focused plan of action with appropriate resources allocated accordingly to ensure that targets are met. |
| 2.2      | Standardised, corporate processes and documentation to be implemented across the Council                                                                                                                                            | <p>Use map of customer needs (see 1.3) to establish priorities.</p> <p>Identify core documents, review content and agree final versions with Legal Services where appropriate.</p>                                                                                                                                                                              | <p><del>By June 2016.</del></p> <p>Ongoing</p> <p>June 2018</p>                                                                      | <p>Broader range of template documents now in use.</p> <p>Worked closely with Legal</p>                                                                                                                                                                                                              | Simplified processes, consistently applied thus reducing effort and risks.                                          |

|     |                                                   |                                                                                                                                                 |              |                                                                                                                                                                                                                                                                                                                                                                                                     |                       |
|-----|---------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|--------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
|     |                                                   | Consider potential for mandating the use of electronic tendering for all regulated procurement activity.<br>Develop resource plan and costings. |              | <p>Services throughout 2016/17.</p> <p>The significant and repeated processes in respect of procurement have all been mapped and will be published on eric in June 2018.</p> <p>80% of tenders have a fully documented strategy which sets out the outcomes for the contract.</p> <p>We are on track to deliver a fully electronic procurement process by the legislative deadline of May 2020.</p> |                       |
| 2.3 | Upfront demand management challenge process to be | Design and develop the process to be used to manage consumption.                                                                                | By end March | Process developed. March                                                                                                                                                                                                                                                                                                                                                                            | Savings opportunities |



|     |                                                                      |                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                       |                                                                                                                                                                                                                                    |                                                      |
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|     | implemented                                                          | <p>Using data gathered for objective 2.1 develop a prioritised (impact) plan by spend category.</p> <p>Document benefits accrued and report on delivery of plan to Services</p>                                                                                                                                                                    | 2016                                                                                                                                                                                  | <p>2016.</p> <p>Four major corporate contracts have been taken through the process and have delivered savings opportunities of £130k</p> <p><b>Status:</b><br/><b>Complete</b> – new process implemented with delivery ongoing</p> | identified and delivered.                            |
| 2.4 | Corporate wide contract risk register to be developed and maintained | <p>Explore potential for developing this register as part of the roll out of electronic contract management tools.</p> <p>Consolidate corporate register with Capital Programme monitoring and Performance team.</p> <p>Contract Risk register is linked to corporate risk management activities and reported appropriately based on category.</p> | <p><del>By end June 2016</del></p> <p>By end of 2017</p> <p>Original planned work is complete, however this will now be aligned to the corporate risk approach as it is embedded.</p> | <p>System capability has meant this register has been created manually. June 2016.</p> <p>Systems work planned for 2017 aims for partial automation.</p> <p>Systems work continues to improve the data capture process.</p>        | Reduced risk and less threat of reputational damage. |

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| 2.5 | Benefits tracking methodology to be developed and embedded across the Council | <p>Develop an interim Benefits Tracking spreadsheet using Forward Plan (see 2.1) and Steering Group approvals as a basis for high level records on SECURED benefits.</p> <p>Agree with Service representatives the process for establishing actuals for delivery of SECURED benefits.</p> <p>Agree a methodology with Financial Controllers for realising DELIVERED benefits from budgets.</p> <p>Explore an integrated solution using electronic tools to capture data per contract with the aim of automating all possible steps in these processes.</p> <p>Develop the communication strategy and processes for prompting the 'difference' that is being made as benefits are realised.</p> <p>Agree reporting hierarchy for benefits data throughout the organisation, including budget holders, senior management and elected members.</p> | By end March 2016 | <p>Process agreed by EOT March 2016.</p> <p>Further work undertaken during 2016 with Financial Controllers to record budget impact of procurement improvement.</p> <p>Eric page on procurement benefits created.</p> <p>Reporting methods now well established.</p> <p><b>Status:</b><br/><b>Complete</b></p> <p>Data collection would benefit from further automation – will be explored in 2018 along with other datasets.</p> | Improved reporting of procurement performance and easier to track progress against savings targets. |
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| 2.6                                                                                                                                                                                                                                                                                                                                      | Develop and implement a corporate approach to contract management activities. | <p>Clearly defined contract management lifecycle documented and agreed, with category specific standards set out and communicated.</p> <p>Apply approach to segmented contract portfolio, prioritising highest risk and value contracts in the roll out.</p> | By end of December 2016. | <p>Contract Management process complete and aligned to Scottish Government toolkit.</p> <p>Segmentation and analysis now in place.</p> <p>Reporting to services in place.</p> <p><b>Status: Partially Complete</b> – further work planned for 2018 to capture performance information by contract. This requires us to review use of all systems used to monitor third party spend.</p> | Increased savings opportunities secured and post award contract risks reduced. |
| <b>Expected Outcomes</b>                                                                                                                                                                                                                                                                                                                 |                                                                               |                                                                                                                                                                                                                                                              |                          | <b>Monitoring and evaluation</b>                                                                                                                                                                                                                                                                                                                                                        |                                                                                |
| <ul style="list-style-type: none"> <li>Improved evidence of strategic development of contracts</li> <li>Improved value from contracts</li> <li>Risk mitigation improved</li> <li>Improved involvement across the organisation in securing procurement improvements, through demonstration of benefits realised, to colleagues</li> </ul> |                                                                               |                                                                                                                                                                                                                                                              |                          | <ul style="list-style-type: none"> <li>Tracked benefits reported</li> <li>Contract Risk register reported</li> </ul>                                                                                                                                                                                                                                                                    |                                                                                |
| <b>Outcome</b>                                                                                                                                                                                                                                                                                                                           |                                                                               |                                                                                                                                                                                                                                                              |                          | <b>Evidence</b>                                                                                                                                                                                                                                                                                                                                                                         |                                                                                |
| <ul style="list-style-type: none"> <li>Savings achieved in line with budget projection</li> </ul>                                                                                                                                                                                                                                        |                                                                               |                                                                                                                                                                                                                                                              |                          | <ul style="list-style-type: none"> <li>Evidence of benefits realised</li> </ul>                                                                                                                                                                                                                                                                                                         |                                                                                |

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|  | <ul style="list-style-type: none"> <li>• Risk Register created</li> <li>• Escalation of issues is recorded and reported to senior management</li> <li>• PCIP score 30 percentage points higher than target</li> </ul> | <ul style="list-style-type: none"> <li>• Documented actions to mitigate risk</li> <li>• Documented actions to improve contract performance.</li> <li>• Improved PCIP performance</li> </ul> |
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| <b>3</b> | <b>Priority: Systems</b><br>Invest in digital technology to ensure efficiency of our procurement processes and effective knowledge management for our contracts. |                                                                                                                                                                                                                                                                                                        |                                 |                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                           |
|          | <b>Objectives</b>                                                                                                                                                | <b>Specific Action</b>                                                                                                                                                                                                                                                                                 | <b>Timescales</b>               | <b>Update</b>                                                                                                                                                                                                                                                                                                                     | <b>Quality Improvement aims</b>                                                                                                                                                           |
| 3.1      | Review IT systems from a procurement perspective and develop an appropriate action plan for improvement (resourced from Transformation project)                  | <p>Liaise with ICT (Transformation) and Capital programme office to establish joint approach to developing systems.</p> <p>Map processes to ensure identified outcomes can be met.</p> <p>Generate a detailed requirements schedule to feed into related Transformation projects (IT, Performance)</p> | Review commenced in April 2016. | <p>Detailed map of procurement information needs was created.</p> <p>This has led to the development of a programme of information and systems architecture recommendations and changes.</p> <p><b>Status: Complete</b></p> <p>Further work planned for 2018 to automate data gathering (also referenced in actions 2.4, 2.5)</p> | Procurement opportunities more easily identified and measured. Increased user satisfaction which will improve compliance rates. Reduced risk by using consistent and automated processes. |

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|                          |                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                             | and 2.6)                                                                                                                                                                                                                                                                                     |                                                                                                                     |
| 3.2                      | Develop plan for ensuring full compliance with use of Public Contract Scotland tender to improve coverage of the contract register to meet new legislative requirements and ensure a clear procurement pipeline of opportunities is developed and maintained                                                                                       | <p>Map the procurement journey in system terms with specific reference to change required; timings and resources to achieve full role out.</p> <p>Establish detailed parameters for creating the data in systems, naming conventions, titles, numbering of contracts.</p> <p>Develop a process to ensure the Forward Plan (see 2.1) is updated as support requests are logged with the procurement team.</p> <p>System access for individuals is aligned with identified roles and skills development plans. Access is restricted to those with no defined role and denied where skill gaps exist (see 1.1).</p> | Plan in place by June 2016. | <p>This work was integrated with the action described at 3.1.</p> <p>The planned work will be carried forward through 2017 and beyond, reflecting the complexity of the changes required.</p> <p><b>Status:</b><br/><b>Complete</b></p>                                                      | Full compliance with new Reform Act requirements. More consistency and easier for suppliers to do business with us. |
| <b>Expected Outcomes</b> |                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                             | <b>Monitoring and evaluation</b>                                                                                                                                                                                                                                                             |                                                                                                                     |
|                          | <ul style="list-style-type: none"> <li>Controls of purchasing activities are automated</li> <li>Purchasing transactions are simplified and efficient</li> <li>Sourcing activities are recorded electronically</li> <li>Contract documentation is systems based</li> <li>Annual Forward Plan accurate and complete with reduced resource</li> </ul> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                             | <ul style="list-style-type: none"> <li>Percentages of invoices supported by an authorised instruction.</li> <li>Percentages of tenders managed electronically</li> <li>Percentage of Contract Register content enabled in contract management platform or appropriate equivalent.</li> </ul> |                                                                                                                     |

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|  |                                                                                                                                                                                        | <ul style="list-style-type: none"> <li>• <a href="#">See listed data sets</a></li> </ul>      |
|  | <b>Outcome</b>                                                                                                                                                                         | <b>Evidence</b>                                                                               |
|  | <ul style="list-style-type: none"> <li>• Improved contract governance and compliance with legislation.</li> <li>• Reduced risk</li> <li>• Increased efficiency of processes</li> </ul> | <ul style="list-style-type: none"> <li>• PCIP scoring reflects improved standards.</li> </ul> |

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| <b>4</b> | <b>Team Priority: Governance and Reporting</b><br>Ensure the commercial activities undertaken maximise the benefit to our communities. |                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                              |                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                  |
|          | <b>Objective</b>                                                                                                                       | <b>Specific Action</b>                                                                                                                                                                                                                                                                                                                                                                                                              | <b>Timescales</b>                                            | <b>Update</b>                                                                                                                                                                                                                                                                                                                              | <b>Quality Improvement aim</b>                                                                                                                                                                                                                                                   |
| 4.1      | Introduce a category management structure for key areas and develop reporting of key commodities at a corporate level                  | <p>Establish the operating model for this structure, by providing an options appraisal to board.</p> <p>Identify new areas for deployment of a category management approach and make recommendations for improving procurement opportunities for savings through restructuring/resourcing of contracting activities.</p> <p>Reporting is improved through use of systems based data capture to populate clear, visual displays.</p> | <p><del>By June 2016.</del></p> <p><del>March 2018</del></p> | <p>Work on this objective started later than planned in 2018. This was in part due to reduced resources due to staff changes.</p> <p>Elements of this work are likely to be combined with the planned changes to the collaborative model of procurement across Tayside.</p> <p><b>Status: In progress</b></p> <p><b>Delayed due to</b></p> | <p>Reduces fragmentation and risk of duplication</p> <p>Increases levels of expertise used in the category per contract</p> <p>Increase savings</p> <p>Increase efficiency and effectiveness of contract management</p> <p>Prioritisation of opportunities is evidence based</p> |

|     |                                                                                                                                            |                                                                                                                                                                                                       |                                 | reprioritisation of resources.                                                                                                                                                                                                            |                                                             |
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| 4.2 | Make better use of market research, cost avoidance and improved contract management to identify savings and potential service improvements | Explore available market research resources, make recommendation for adoption.<br>Each contract Strategy will include detailed information on market conditions relevant to the procurement exercise. | Process in place by April 2016. | Trials of two online resources were compared from April 2016 to March 2017.<br><br>Neither system will be taken forward.<br>Measures have been put in place to gather appropriate information as required.<br><br><b>Status: Complete</b> | Better informed, more evidence based decision making        |
| 4.3 | Establish a more regular, improved reporting of procurement performance in line with Audit Scotland recommendations                        | Develop a schedule for managing reporting on Transformation, to senior management and elected members.<br><br>Identify key data sets and prioritise generation of this data through action 3.1.3.     | By April 2016                   | As detailed in the update to action 2.5.<br><br><b>Status: Complete</b>                                                                                                                                                                   | Improved governance and scrutiny of procurement decisions.  |
| 4.4 | Develop regular report to capture procurement savings and other non-                                                                       | Use information gathered through improvements made at 2.5 to populate reports, report in line with                                                                                                    | By December 2016                | Further to the stated action the monthly performance                                                                                                                                                                                      | Increased focus on procurement and the benefits that can be |

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|                          | cashable savings such as community benefits                                                | schedule set out at 4.3.                                                                                                     |          | reporting has been developed and improved.<br><b>Status: Complete</b><br>In line with other actions we will continue to enhance the automation of data capture             | delivered. Audit Scotland recommendations met                                                             |
| 4.5                      | Review procurement performance and progress.                                               | Arrange peer review of progress to data at end of June 2016.<br><br>Report on output of PCIP assessment carried out 16/9/16. | Annually | Peer review is being undertaken as part of the programme of collaborative work across Tayside.<br><br>A further PCIP is scheduled for late 2018.<br><b>Status: Ongoing</b> | Increased focus on procurement and the benefits that can be delivered. Audit Scotland recommendations met |
| <b>Expected Outcomes</b> |                                                                                            |                                                                                                                              |          | <b>Monitoring and evaluation</b>                                                                                                                                           |                                                                                                           |
|                          | Improved oversight and challenge                                                           |                                                                                                                              |          | PCIP Score<br>Performance Reports to SMTs<br>Annual reports to committees                                                                                                  |                                                                                                           |
|                          | <b>Outcome</b>                                                                             |                                                                                                                              |          | <b>Evidence</b>                                                                                                                                                            |                                                                                                           |
|                          | Broader awareness of procurement related strengths, opportunities, weaknesses and threats. |                                                                                                                              |          | Reported impact – Annual Reports.                                                                                                                                          |                                                                                                           |