

PERTH AND KINROSS COUNCIL**Strategic Policy and Resources Committee****13 September 2017****FOLLOWING THE PUBLIC POUND ANNUAL REPORT 2016/17****Report by Depute Chief Executive and Chief Operating Officer****PURPOSE OF REPORT**

This report provides information on the Council's spending for the financial year 2016/17 under the principles of the Code of Guidance on Funding External Bodies and Following the Public Pound.

It also advises on the enhanced governance arrangements which align the Council's Local Code of Guidance on Following the Public Pound with the Procurement Strategy.

1. BACKGROUND

- 1.1 In common with other local authorities, the Council uses a number of external organisations to assist in the provision of its services. These external organisations can include community partner organisations, trusts, private sector companies and providers from the voluntary and not-for-profit sectors.
- 1.2 To ensure that there is transparency and consistency in relation to how public funds are spent on services which are not subject to a formal regulated procurement process, the Accounts Commission in conjunction with COSLA, developed a Code of Guidance on Funding External Bodies and Following the Public Pound ("the original Code"). Local Authorities are expected to develop their own local codes of guidance in accordance with the principles of the original Code.
- 1.3 The Council's Local Code of Guidance on Following the Public Pound ("the FPP Code") applies to all external funding by the Council that falls out with the formal procurement regime and it is designed to improve the governance in respect of such spending to provide proper transparency and accountability.
- 1.4 The FPP Code was revised in 2016, (Report 16/270 refers) and the Strategic Policy and Resources Committee was advised that further work required to be done to develop a practitioner toolkit and to fully review the Council's Contract Rules. In completing that work, further revisions have also been made to the FPP Code to reflect changes in the public procurement rules and to ensure consistency and alignment with the revised Contract Rules and the newly developed FPP Practitioners Toolkit.
- 1.5 The revised Contract Rules and the FPP Toolkit are now complete and are appended to this report (**Appendices 2 and 3**).

2. CURRENT GOVERNANCE ARRANGEMENTS

- 2.1 The Council records its arrangements made under the FPP Code on a register and reports these annually to this Committee. **Appendix 1** of this report sets out the arrangements recorded under the FPP Code for the financial year 2016/17.
- 2.2 The Council also maintains a register in respect of spend under a public procurement route and tenders accepted are also reported separately to this Committee on an annual basis (Report 17/220 refers for financial year 2016/17).
- 2.3 Changes to procurement legislation introduced a new statutory reporting regime for public bodies spending in excess of £5,000,000. This regime now requires the Council to demonstrate in an annual report the ways in which external spend is being used to meet strategic objectives.
- 2.4 By aligning the FPP Code and the Council's Contract Rules, we will develop a consistent approach to the risk assessment, management and monitoring of the spectrum of contractual arrangements, giving greater transparency across the supply chain. This presents a further opportunity to review our current reporting arrangements to ensure compliance with the new procurement reporting requirements and to provide greater assurance in respect of our external funding arrangements.

3. PROPOSALS

- 3.1 It is proposed that in future years, reports in respect of external spend under both FPP and the tenders accepted under the public procurement regime will be presented together as appendices to the annual report on the delivery of the Council's Procurement Strategy, as required by legislation.

4. CONCLUSION AND RECOMMENDATIONS

- 4.1 The alignment of the FPP Code with the revised Contract Rules and proposed changes to our reporting mechanisms provides the opportunity to present to Committee a more comprehensive overview of our total funding to external bodies, ensuring greater transparency and facilitating more effective scrutiny.
- 4.2 It is therefore recommended that this Committee:
 - (i) note the arrangement under Following the Public Pound recorded for the financial year 2016/17 set out in Appendix 1
 - (ii) approve the revised Contract Rules, the revised FPP Code and proposed Practitioners' Toolkit presented in Appendices 2 and 3.

Author(s)

Name	Designation	Contact Details
Mary Mitchell	Corporate Procurement Manager	procurement@pkc.gov.uk 01738 475000

Approved

Name	Designation	Date
Lisa Simpson	Head of Legal and Governance Services	08/06/2017

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1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

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

1. Strategic Implications

Community Plan / Single Outcome Agreement

- 1.1 Working with external organisations under the FPP Code to assist in the provision of services contributes to deliver of the Community Plan.

- (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 Working with external organisations under the FPP Code to assist in the provision of services contributes to deliver of the Corporate Plan.

- (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 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 membership of the Policy and Governance Group; nominees of each Service area with a remit to review governance matters in each Service.

External

- 4.2 No external consultation was required in the preparation of this report.

5. Communication

- 5.1 Communication of the changes described in this report will be undertaken jointly by members of the Legal and Governance Service with the Corporate Procurement team. Documentation described in this report will be published on the Council's intranet.

2. 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.

3. APPENDICES

- Appendix 1 – Following the Public Pound Annual Report
- Appendix 2 – Contract Rules (drafted May 2017)
- Appendix 3 - Revised local Following Public Pound Code and Practitioners Toolkit (May 2017)