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Council Building
2 High Street
Perth
PH1 5PH

09/06/2022

A hybrid meeting of the **Finance and Resources Committee** will be held in the **Council Chamber** on **Wednesday, 15 June 2022** at **14:00**.

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

THOMAS GLEN
Chief Executive

Those attending the meeting are requested to ensure that all notifications are silent on their device and other devices are in silent mode.

Please note that the meeting will be broadcast online and recorded. The recording will be publicly available on the Council's website following the meeting.

Members:

Councillor Stewart Donaldson (Convener)
Councillor Grant Laing (Vice-Convener)
Councillor Chris Ahern
Councillor Alasdair Bailey
Councillor Peter Barrett
Councillor Andy Chan
Councillor Dave Cuthbert
Councillor Eric Drysdale
Councillor John Duff
Councillor Angus Forbes
Councillor Xander McDade
Councillor Tom McEwan
Councillor Andrew Parrott
Councillor John Rebbeck
Councillor Caroline Shiers
Councillor Colin Stewart

Finance and Resources Committee

Wednesday, 15 June 2022

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 MINUTE OF MEETING OF STRATEGIC POLICY AND RESOURCES COMMITTEE OF 20 APRIL 2022 FOR APPROVAL** **5 - 10**
(copy herewith)
- 4 APPOINTMENT OF MEMBERS TO THE EXECUTIVE SUB-COMMITTEE OF FINANCE AND RESOURCES COMMITTEE**
In terms of the Council's Scheme of Administration, the Committee is asked to appoint five members of the Committee.
- 5 APPOINTMENT OF MEMBERS TO THE PROVOSTS SUB-COMMITTEE**
In terms of the Council's Scheme of Administration, the Committee is asked to appoint four members of the Committee and the Convener of the Council.
- 6 TREASURY ACTIVITY AND COMPLIANCE REPORT 2021/22 QUARTER 4** **11 - 30**
Report by Head of Finance (copy herewith 22/122)
- 7 AUTHORITY TO WRITE OFF DEBTS AND OBSOLETE STOCK** **31 - 50**
Report by Head of Finance (copy herewith 22/123)
- 8 CORPORATE AND DEMOCRATIC SERVICES JOINT BUSINESS MANAGEMENT AND IMPROVEMENT PLAN 2022/23 AND SERVICE ANNUAL PERFORMANCE REPORT 2021/22** **51 - 90**
Report by Chief Operating Officer (copy herewith 22/124)
- 9 LOCH LEVEN GUIDANCE** **91 - 118**
Report by Head of Planning & Development (copy herewith 22/125)

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STRATEGIC POLICY AND RESOURCES COMMITTEE

Minute of meeting of the Strategic Policy and Resources Committee held virtually on Wednesday 20 April 2022 at 9.30am.

Present: Councillors J Duff, M Lyle, C Ahern, A Bailey, S Donaldson, E Drysdale, D Illingworth (substituting for A Forbes), G Laing, R McCall, T McEwan, Councillors A Parrott, C Shiers, L Simpson (substituting for P Barrett), C Stewart and W Wilson.

In Attendance: T Glen, Chief Executive; B Renton, Executive Director (Communities), C Brien, M Butterworth, S Coyle, S Crawford, F Crofts, C France, J Dick, L Haxton, C Mailer, S Merone, B Murray, F Robertson, K Smith, D Stokoe (all Communities); S Devlin, Executive Director (Education and Children's Services); G Boland, Education and Children's Services; L Brady, S Hendry, C Irons, P Johnstone, S Mackenzie, S Walker, L Simpson, A Brown, K Molley, A Taylor, B Parker and A McMeekin (all Corporate and Democratic Services).

Apologies: Provost D Melloy and Councillors A Forbes and P Barrett.

Councillor J Duff, Convener, Presiding.

1. WELCOME AND APOLOGIES

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 in terms of the Councillors' Code of Conduct.

3. MINUTES OF PREVIOUS MEETINGS

(i) Strategic Policy and Resources Committee

The minute of meeting of the Strategic Policy and Resources Committee of 2 February 2022 was submitted and approved.

(ii) Executive Sub-Committee of Strategic Policy and Resources

The Minute of meeting of the Executive sub-Committee of the Strategic Policy and Resources Committee of 19 January 2022 was submitted and noted.

(iii) Property Sub Committee

The minute of meeting of the Property Sub-Committee of 10 January 2022 was submitted and noted.

(iv) Appeal Sub-Committee

The minutes of meetings of the Appeal Sub-Committee of 12 January 2022 and 24 March 2022 was submitted and noted.

(v) Employees Joint Consultative Committee

The minute of meeting of the Employees Joint Consultative Committee of 6 December 2021 was submitted and noted.

(vi) Perth and Kinross Integration Joint Board

The minute of meeting of the Perth and Kinross Integration Joint Board of 1 December 2021 was submitted and noted.

4. REVENUE BUDGET 2021/22 – UPDATE NO.5

There was submitted a report by the Head of Finance (22/87) providing (1) an update on progress with the 2021/22 General Fund Revenue Budget based upon the January 2022 ledger and updated for any subsequent known material movements and (2) the projected financial position of the Housing Revenue Account.

Resolved:

- (i) The contents of Report 22/87, be noted;
- (ii) The projected outturn for General Fund Services set out in Section 4 and Appendix 1 and 2, be noted.
- (iii) The projected outturn for Corporate Budgets set out in Section 5, be noted.
- (iv) The Health & Social Care projected outturn, which is summarised in section 5 and Appendix 3, be noted.
- (v) The projected outturn for the Housing Revenue Account which is summarised in Section 6 and Appendix, be noted.
- (vi) The adjustments to the 2021/22 Management Revenue Budget detailed in Appendices 1, 2, 4 and 5 and Section 7, 8 and 9, be approved.
- (vii) The adjustments to the 2022/23 Management Revenue Budget detailed in Appendix 6 and Section 10, be approved.
- (viii) The 2023/24 structural deficit of £10.015 million that will require to be addressed for 1 April 2023, be noted.
- (ix) £25,000 be approved for a project feasibility/consultancy study for the consideration of a safe pedestrian/cycle route from Scone to Perth City Centre subject to due diligence.

5. COMPOSITE CAPITAL BUDGET 2021/28 & HOUSING INVESTMENT PROGRAMME 2021/26 – MONITORING REPORT No.4

There was submitted a report by the Head of Finance (22/88), (1) providing a summary position to date for the 6-year Composite Capital Delivery

Programme for 2022/23 to 2027/28 and the 5-year Housing Investment Programme 2021/22 to 2025/26, and (2) seeking approval for adjustments to the budgets.

Resolved:

- (i) The contents of Report 22/88, be noted;
- (ii) The proposed budget adjustments to the seven-year Composite Capital Budget 2021/22 to 2027/28 as set out in Sections 3 and 4 of the report, and summarised at Appendices I and II, be approved.
- (iii) The proposed budget adjustments to the Housing Investment Programme Budget 2021/22 to 2025/26 set out in Section 5 of the report, and summarised at Appendix III, be approved.

There was a comfort break and the meeting resumed at 11.25am.

6. COMMUNITY INVESTMENT FUND 2021/22

There was submitted a report by the Head of Culture and Community Services (22/89) providing an update on the Community Investment Funding grants awarded to community groups by ward panels for the limited second round of funding 2021/22.

Resolved:

- (i) The spend for round two of Community Investment Funding 2021/22, be noted.
- (ii) That a report will be brought to a future meeting of this Committee, outlining proposals for 2022/23 Community Investment Funding.

7. BUSINESS GATEWAY TAYSIDE SERVICE

There was submitted a report by the Head of Planning and Development (22/90) providing an overview of the Business Gateway Tayside service together with its performance and contracting arrangements.

THERE FOLLOWED A RECESS AND THE MEETING RECONVENED AT 12.25PM.

Motion (Councillors Duff and Lyle)

- (i) **The excellent performance against targets of the service delivered despite the challenging operating environment, be noted.**
- (ii) **That the Scrutiny Committee reviewed the Business Gateway services' performance and governance arrangements at its meeting on 29 November 2021, be noted.**
- (iii) **Plans for revised governance arrangements in line with those set out in this report, be approved.**

- (iv) **It be remitted to the Executive Director (Communities) to develop and conclude a Memorandum of Understanding (MoU) with Dundee City Council and Angus Council that will underpin the revised governance arrangements.**
- (v) **The Head of Legal and Governance be instructed to examine the memorandum of Understanding on dispute resolution and consider the risks involved and report back to this committee at the earliest opportunity.**

Amendment (Councillors Stewart and Bailey)

Notes that the £450,000 top-slicing of the Business Gateway has not been returned by Dundee City Council and instructs officers to instigate the dispute clause of the Memorandum of Understanding in order to pursue repayment of these public funds so that they can be properly directed towards supporting business across Tayside and to report the original redirection of funds to Audit Scotland for further investigation.

In terms of Standing Order 58 a Roll Call vote was taken.

8 members voted for the Motion as follows:

Councillors Ahern, Duff, Illingworth, Lyle McCall Shiers, Simpson and Wilson.

7 members voted for the Amendment as follows:

Councillors Bailey, Donaldson, Drysdale, Laing, McEwan, Parrott and Stewart

Resolved:

In accordance with the Motion.

8. PLANNING FOR NATURE GUIDANCE

There was submitted a report by the Head of Planning and Development (22/91) (1) summarising the comments received during the consultation on the non-statutory Planning for Nature guidance published in 2021 and (2) seeking approval to finalise and adopt the guidance document to support the Local development Plan as non-statutory Supplementary Guidance.

Resolved:

The Planning for Nature guidance to support the implementation of Policy 41 of the Local Development Plan, be approved.

9. PLANNING FEES CHARTER

There was submitted a report by the Head of Planning and Development (22/92) presenting the Planning Fees Charter, noting the fee increases set by Scottish Government and seeking agreement to reducing planning application fees for specific applications to apply a surcharge to retrospective

applications and to revise some of the discretionary charges previously agreed.

Resolved:

The Planning Fees Charter attached as appendix 1 to report 22/92, be approved.

10. EMPLOYEES CODE OF CONDUCT

There was submitted a report by the Corporate Human Resources Manager (22/93) outlining an update to the Employee Code of Conduct to incorporate a protocol for joint working with the third sector and the Council.

Resolved:

The refreshed Code of Conduct attached as appendix 2 to report 22/93, be approved.

11. VALEDICTORY

Prior to the Local Government Elections on 5 May, the Convener thanked all members for their contribution to the committee during this term of the Council.

The Convener also referred to the upcoming retiral of Charlotte Irons, Committee Officer who had been clerk to the Committee for a number of years. Members thanked Charlotte for her support and wished her well in her retirement.

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# **PERTH AND KINROSS COUNCIL**

## **Finance & Resources Committee**

**15 June 2022**

### **TREASURY ACTIVITY AND COMPLIANCE REPORT 2021/22 QUARTER 4**

**Report by the Head of Finance**  
(Report No 22/122)

#### **1. PURPOSE**

- 1.1 The purpose of this report is to update the Committee on the Treasury Activity for the quarter ending 31 March 2022 and to report on compliance with the Council's Treasury Management Policy Statement (TMPS); Investment Strategy and Prudential Indicators. This report covers the fourth quarter of the financial year for the period 1 January to 31 March 2022.

#### **2. RECOMMENDATIONS**

- 2.1 It is recommended that the Committee notes the content of this report, which is submitted in accordance with the Council's approved Treasury Management Practices.

#### **3. ECONOMIC BACKGROUND**

- 3.1 The Bank of England's Monetary Policy Committee (MPC) increased the UK Bank Base Rate from 0.25% to 0.50% at its meeting on 4 February 2022. They also commenced reducing the Quantitative Easing programme. On the 17 March 2022, the MPC increased the base rate further to 0.75. The increases in the Bank Base Rate were mainly in response to rising inflation pressures, including from increased energy bills and food costs, as well as the economic impact of the conflict in Ukraine. UK Gross Domestic Product (GDP) increased by 0.8% over the quarter to March 2022, however the rate of growth has slowed in recent months.
- 3.2 At its Meeting in May 2022, the MPC increased the Bank Rate further to 1%. This was in response to global inflationary pressures intensifying and the deterioration in the outlook for economic growth, particularly following Russia's invasion of Ukraine and Covid-19 restrictions being reintroduced in China affecting supply chains. Consequently, the MPC's expectations is for UK inflation to exceed 10% by the end of the current financial year. Based on the Bank of England's most recent forecast, it is anticipated that there will be further increases in the Bank Rate to around 2.5% by mid-2023, with inflation returning to its 2% target level by 2024. The increase in the outlook for inflation has also resulted in long-term yields rising significantly.

- 3.3 Internationally, economic data from both Europe and the US similarly also indicated rising inflation as a result of the invasion of Ukraine and rising energy costs.
- 3.4 The Public Works Loan Board's (PWLB) certainty fixed interest rates for the quarter, which are based on yields on UK gilts, are shown in the graph at Appendix I. PWLB borrowing rates showed significant volatility over the quarter due to the conflict in Ukraine and inflationary pressures. All durations of rates increased over the quarter due to the impact of the two base rate increases and increasing inflationary expectations.

#### **4. TREASURY ACTIVITY**

- 4.1 A summary of the Council's treasury position and transactions is shown at Appendix II. The main activities are detailed below.
- 4.2 During the quarter there was no new long-term PWLB borrowing undertaken, whilst there was the repayment of one maturing PWLB fixed-rate loan of £7.5 million at 1.40% which had been borrowed for 5 years.
- 4.3 Over the quarter the Council's total long-term debt decreased from £618.8 million at an average interest rate of 2.55% to £611.3 million at an average interest rate of 2.56%. There was one short-term loan borrowed in the quarter to manage daily cashflows, for £3 million at 0.08% for 2 weeks, and which was repaid by the end of the quarter.
- 4.4 Common Good and Charitable Fund balances held on fixed deposit within the Loans Fund remained at £2.169 million, with the average interest rate paid increasing to 1.05%, in line with the approved Treasury Policy. Funds held from associated bodies and organisations decreased from £3.368 million to £2.983 million over the quarter, in line with their own cash flow requirements, whilst the average rate paid on these funds increased from 0.18% to 0.20%, in accordance with the approved Temporary Loan policy.
- 4.5 Short term cashflow surpluses are invested in a mixture of fixed term deposits, instant access accounts, notice accounts and money market funds. All investments were made in accordance with the approved Investment Strategy and permitted Investments.

##### **Fixed Term Deposits**

- 4.6 Cashflow surpluses which arise during the year and which are not immediately required are generally invested in fixed term deposits for periods of up to 12 months, or up to 3 years where forecast cashflow requirements allow.

- 4.7 There were 18 fixed rate deposits made in the quarter (totalling £117 million) for an average amount of £6.5million each at an average interest rate of 1.26% and for an average term of 230 days. Fixed deposit activity increased over the quarter following the advance PWLB borrowing that was undertaken in the previous quarter. With interest rate expectations increasing, many deposits were made for shorter durations, with a view to re-investing as rates increase. Interest rates improved with the two increases in the bank base rate and the expectation of further increases to follow. Subsequently, with the increase in interest rates, fixed deposits for shorter periods (1 to 6 months) are now giving higher returns and the deposits undertaken in the quarter will generate over £1m in interest when they reach maturity.

### **Investments for Daily Cashflow Requirements**

- 4.8 Cashflow surpluses which are required for more immediate needs are invested in the Council's instant access, notice deposit accounts and money market funds. These investment transactions in the quarter can be summarised as follows:
- The daily average amount of such funds over the quarter decreased from £10.8million in the last quarter to £5.7 million in the current quarter.
  - The average interest rate achieved on these accounts over the quarter increased from 0.15% to 0.27% reflecting the increase in base rate.
  - Due to their relatively low rates, activity in notice accounts mostly related to giving notice on existing balances, to be re-invested in alternative investments.
  - Instant access facilities were used over the quarter to meet day-to-day cashflow requirements. However, the interest rate on such facilities remains low at 0.01%.
- 4.9 The total amount of investments outstanding at 31 March 2022 was £252 million compared to £260.5 million at the end of the previous quarter in December. The overall average rate of interest on the investments outstanding increased from 0.38% at the end of the previous quarter to 0.88% at the end of the current quarter. This increase reflects the increases in base rates over the quarter.
- 4.10 Total investment income generated on the investments undertaken during the quarter is £1,105,813 (£356,692 in the quarter ended 31 December 2021). This measure reflects the total return on the investment activity undertaken in each quarter and is significantly higher in the current quarter compared to last quarter as more funds were available to invest and interest rates had improved.
- 4.11 All of the above investment activities are consistent with the Council's current investment strategy and cashflow requirements.

## **5. COMPLIANCE**

- 5.1 For the quarter ending 31 March 2022, there were no breaches in compliance with the Council's approved Treasury Management Policy Statement, Treasury Management Practices (TMP's) or lending limits as detailed in TMP 4 (Approved Instruments, Methods & Techniques).
- 5.2 Appendix III shows the list of approved counterparties, based on the Council's current lending policy, as at May 2022.
- 5.3 For the quarter ending 31 March 2022 the average closing cleared bank balance was £34,368.00 in credit.

## **6. INVESTMENT STRATEGY COMPLIANCE AND PERFORMANCE**

- 6.1 The Treasury Investment Strategy for 2021/22 was approved by the Council at its meeting on 31 March 2021 (report 21/42 refers).
- 6.2 In the current quarter the level of Council investments peaked at £284.353 million on 17 January 2022 and reduced to £252.035 million by the end of the quarter. The average daily investment balance over the quarter was £262.917 million, which increased from an average of £233.232 million in the previous quarter and £230.238 million in the same quarter of last year.
- 6.3 As the Council undertook long-term borrowing of £90 million in the previous quarter the investment balances have increased, however, these will gradually reduce (subject to daily fluctuations) over the next few years as the Capital programme accelerates, and in line with forecast cashflows.
- 6.4 The Investment Strategy was applied in full over the quarter, with liquidity being maintained using instant access accounts and money market funds as detailed in paragraph 4.8 above. There were no other risks identified in the quarter.
- 6.5 The Investment Strategy also incorporates investments held by the Common Good Funds. All such investments during the quarter were with the Council's Loans Fund. The only Council funds held by external fund managers relate to Council administered Charitable Trusts and are, therefore, not covered by this Investment Strategy.
- 6.6 The budgeted income in 2021/22 for Commercial Property investments is £1,819,000 whilst the final position (subject to audit) for the year is £1,847,000. There were no new property investments entered into during the quarter.

## **7. PRUDENTIAL INDICATORS**

- 7.1 Revised Prudential Indicators for 2022/23 to 2027/28 were approved by the Council at the meeting on 9 March 2022 (report 22/47 refers) as part of the Annual Treasury & Investment Strategy report.
- 7.2 The latest estimates of the Prudential Indicators, in line with the Council's current approved Capital Budget and Capital Financing (borrowing) requirements, are shown at Appendix IV.
- 7.3 As a result of the additional approved borrowing, the Council's Authorised Limit for borrowing was increased to £1.2 billion on 9 March 2022. The increased limit gives the Council more flexibility over the timing of new borrowing over the whole 6-year Capital Delivery Programme.

## **8. CONCLUSION AND RECOMMENDATIONS**

- 8.1 The Bank of England's MPC increased the Bank Base Rate from 0.25% to 0.75% over the quarter due to rising inflation. PWLB borrowing rates were volatile over the quarter due to inflationary expectations and the war in Ukraine, however all durations of rates increased. Consequently, there was no new PWLB borrowing undertaken.
- 8.2 Investment activity in the quarter consisted of the use of instant access and money market funds to meet short term liquidity requirements, and increased use of fixed rate deposits as rates improved with the increases to Base rate. The total level of investments reduced slightly over the quarter.
- 8.3 The Council adhered to its Investment Strategy and policies throughout the quarter, with no breaches in compliance. The Authorised Limit was increased in order to deliver the current Capital Programme.

### **Author(s)**

| <b>Name</b>   | <b>Designation</b> | <b>Contact Details</b>                                           |
|---------------|--------------------|------------------------------------------------------------------|
| John Jennings | Senior Accountant  | <a href="mailto:CHXFinance@pkc.gov.uk">CHXFinance@pkc.gov.uk</a> |

### **Approved**

| <b>Name</b>       | <b>Designation</b>      | <b>Date</b> |
|-------------------|-------------------------|-------------|
| Stewart MacKenzie | Head of Finance         | 31 May 2022 |
| Karen Donaldson   | Chief Operating Officer | 31 May 2022 |

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## 1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

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

### 1. Strategic Implications

#### Corporate Plan

- 1.1 The Council's Corporate Plan 2018 – 2023 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 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.

### Workforce

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

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

- 2.3 There are no direct asset management 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**

- 4.1 The Chief Executive and the Council's Treasury advisors, Link Asset Services, have been consulted in the preparation of this report.

## **2. BACKGROUND PAPERS**

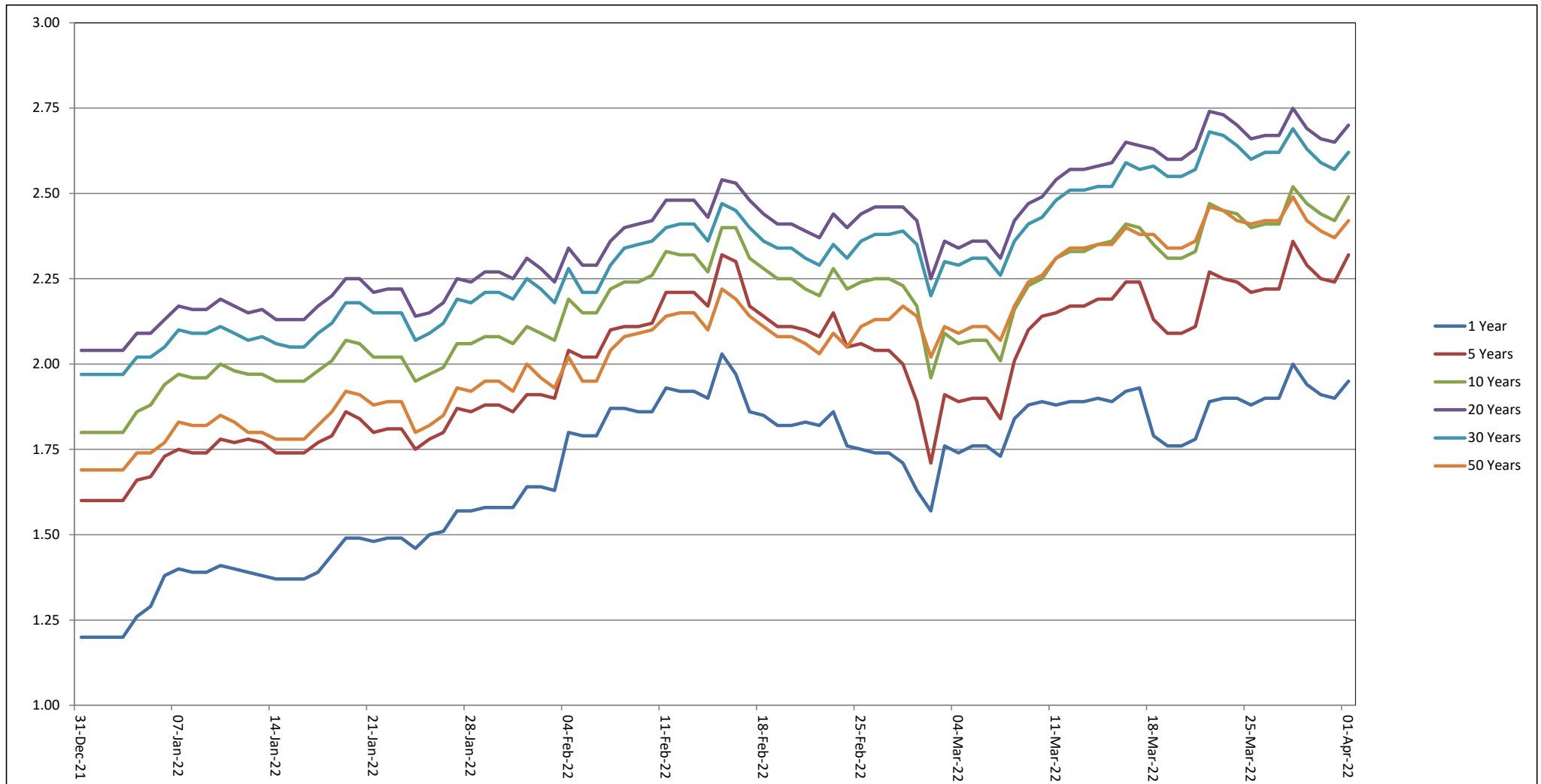
No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above report.

## **3. APPENDICES**

- Appendix I – PWLB Fixed Maturity Interest Rates from 1 January to 31 March 2022.
- Appendix II – Summary of the Treasury Position and Transactions from 1 January to 31 March 2022.
- Appendix III – Approved Investment Counterparty List.
- Appendix IV – Monitoring of Prudential Indicators – Quarter ending 31 March 2022.



**PWLB Fixed Maturity Interest Rates  
From 1st January to 31st March 2022  
(Certainty Rate)**





**SUMMARY OF THE TREASURY POSITION AND TRANSACTIONS**  
**1 JANUARY TO 31 MARCH 2021**

**APPENDIX II**

**6**

**1 LONG TERM BORROWING**

**(a) Long Term Borrowing 1st January to 31st March 2022**

|                       | No. | Average<br>Rate (%) | Average<br>Life (years) | Amount<br>(£) |
|-----------------------|-----|---------------------|-------------------------|---------------|
| PWLB - Maturity Loans | 0   | 0.00%               | 0.0                     | 0             |
|                       | 0   | 0.00%               | 0.0                     | 0             |

**(b) Long Term Debt Repayments 1st January to 31st March 2022**

|                                             | No. | Average<br>Rate (%) | Amount<br>(£) |
|---------------------------------------------|-----|---------------------|---------------|
| PWLB - Maturity Loan - Scheduled Repayments | 1   | 1.40%               | 7,500,000     |
|                                             | 1   | 0.00%               | 7,500,000     |

**(c) Long Term Debt Outstanding**

|                             | Outstanding<br>31-Dec-21<br>£ | Average<br>Rate | Outstanding<br>31-Mar-22<br>£ | Average<br>Rate |
|-----------------------------|-------------------------------|-----------------|-------------------------------|-----------------|
| Public Works Loan Board     | 575,500,000                   | 2.40%           | 568,000,000                   | 2.41%           |
| Money Market Loans (LOBO's) | 43,200,000                    | 4.59%           | 43,200,000                    | 4.59%           |
| Other Long Term Debt        | 140,000                       | 0.00%           | 140,000                       | 0.00%           |
| TOTAL                       | 618,840,000                   | 2.55%           | 611,340,000                   | 2.56%           |

**2 SHORT TERM BORROWING**

**(a) Short Term Market Borrowing - 1st January to 31st March 2022**

|                     | No. | Average<br>Amount (£) | Average<br>Rate (%) | Average<br>Term (Days) | Interest<br>(£) |
|---------------------|-----|-----------------------|---------------------|------------------------|-----------------|
| Temporary Borrowing | 1   | 3,000,000             | 0.08%               | 14                     | 92.05           |
|                     | 1   | 3,000,000             | 0.08%               | 14                     | 92.05           |

**(b) Short Term Borrowing Outstanding**

|                                  | Outstanding<br>31-Dec-21<br>£ | Average<br>Rate | Outstanding<br>31-Mar-22<br>£ | Average<br>Rate |
|----------------------------------|-------------------------------|-----------------|-------------------------------|-----------------|
| Market Borrowing                 | 0                             | 0.00%           | 0                             | 0.00%           |
| Common Good and Charitable Funds | 2,169,254                     | 0.10%           | 2,169,254                     | 1.05%           |
| Local Trusts & Investors         | 3,368,431                     | 0.18%           | 2,983,512                     | 0.20%           |
| TOTAL                            | 5,537,685                     | 0.15%           | 5,152,766                     | 0.56%           |

**SUMMARY OF THE TREASURY POSITION AND TRANSACTIONS**  
**1 JANUARY TO 31 MARCH 2021**

**APPENDIX II**

**3 INVESTMENTS**

**(a) Investment Transactions - 1st January to 31st March 2022**

| <u>Fixed Deposits &amp; Investments</u> | <u>No.</u> | <u>Average<br/>Amount (£)</u> | <u>Average<br/>Rate (%)</u> | <u>Average<br/>Term (Days)</u> | <u>Total<br/>Interest (£)</u> |
|-----------------------------------------|------------|-------------------------------|-----------------------------|--------------------------------|-------------------------------|
| Banks                                   | 5          | 8,000,000                     | 1.13%                       | 228                            | 290,728.77                    |
| Foreign Banks and Institutions          | 13         | 5,923,077                     | 1.32%                       | 230                            | 743,672.88                    |
|                                         | 18         | 6,500,000                     | 1.26%                       | 230                            | 1,034,401.64                  |

| <u>Instant/Notice Accounts &amp; Money Market Funds</u> | <u>Average<br/>Amount (£)</u> | <u>Average<br/>Rate (%)</u> | <u>Total<br/>Interest (£)</u> |
|---------------------------------------------------------|-------------------------------|-----------------------------|-------------------------------|
| Instant Access/Notice accounts                          | 6,001,264                     | 0.28%                       | 68,583.52                     |
| Money Market Funds                                      | 5,463,855                     | 0.26%                       | 2,827.64                      |
|                                                         | 5,740,417                     | 0.27%                       | 71,411.15                     |

**(b) Investments Outstanding**

|                                | <u>Outstanding<br/>31-Dec-21</u> | <u>Average<br/>Rate</u> | <u>Outstanding<br/>31-Mar-22</u> | <u>Average<br/>Rate</u> |
|--------------------------------|----------------------------------|-------------------------|----------------------------------|-------------------------|
|                                | £                                |                         | £                                |                         |
| UK Banks                       | 148,982,611                      | 0.36%                   | 115,035,371                      | 0.74%                   |
| Foreign Banks and Institutions | 45,000,000                       | 0.18%                   | 92,000,000                       | 1.15%                   |
| Money Market Funds             | 11,525,000                       | 0.09%                   | 0                                | 0.00%                   |
| Other Local Authorities        | 55,000,000                       | 0.66%                   | 45,000,000                       | 0.71%                   |
| TOTAL                          | 260,507,611                      | 0.38%                   | 252,035,371                      | 0.88%                   |

|                                                                                                             | <u>Country</u> | <u>Fitch Credit Rating</u> | <u>CDS Range</u> | <u>Maximum Lending</u> | <u>Note (2)</u>        |
|-------------------------------------------------------------------------------------------------------------|----------------|----------------------------|------------------|------------------------|------------------------|
| <b>Category 1 - Principal UK Clearing Banks - 40% Investment total (or £20M per Counterparty if higher)</b> |                |                            |                  |                        |                        |
| (Minimum rating required Fitch A, F1)                                                                       |                |                            |                  |                        |                        |
| Bank of Scotland (RFB) (5)                                                                                  | UK             | A+, F1                     | In range         | 6 months               | £80million Group limit |
| Barclays Bank plc (NRFB) (5)                                                                                | UK             | A+, F1                     | No data          | 6 months               |                        |
| Barclays Bank plc (RFB) (5)                                                                                 | UK             | A+, F1                     | In range         | 6 months               |                        |
| Goldman Sachs International Bank                                                                            | UK             | A+, F1                     | In range         | 12 months              |                        |
| Handelsbanken plc                                                                                           | UK             | AA, F1+                    | No data          | 12 months              |                        |
| HSBC Bank plc (NRFB)                                                                                        | UK             | AA-, F1+                   | In range         | 12 months              |                        |
| HSBC Bank plc (RFB)                                                                                         | UK             | AA-, F1+                   | No data          | 12 months              |                        |
| Lloyds Bank Corporate Markets Plc (NRFB)                                                                    | UK             | A+, F1                     | No data          | 6 months               | £80million Group limit |
| Lloyds Banking Group plc (RFB)                                                                              | UK             | A+, F1                     | In range         | 6 months               | £80million Group limit |
| NatWest Markets Plc (NRFB)                                                                                  | UK             | A+, F1                     | In range         | 6 months               |                        |
| Royal Bank of Scotland plc (RFB) (inc Nat West) (3) (4)                                                     | UK             | A+, F1                     | Nationalised     | 12 months              | Sovereign Rating AA    |
| Santander UK plc (inc Cater Allen)                                                                          | UK             | A+, F1                     | No data          | 6 months               |                        |
| Standard Chartered Bank                                                                                     | UK             | A+, F1                     | In range         | 6 months               |                        |
| Sumitomo Mitsui Banking Corporation Europe Ltd                                                              | UK             | A, F1                      | In range         | 6 months               |                        |

**Category 2 - Foreign Banks & Institutions - 25% Investment total (or £10M per Counterparty if higher)**

(Minimum rating required Fitch A, F1)

|                                                   |             |          |          |           |                      |
|---------------------------------------------------|-------------|----------|----------|-----------|----------------------|
| Australia and New Zealand (ANZ) Banking Group Ltd | Aus         | A+, F1+  | In range | 12 months |                      |
| Commonwealth Bank of Australia                    | Aus         | A+, F1+  | In range | 12 months |                      |
| Macquarie Bank Ltd                                | Aus         | A, F1    | No data  | 6 months  |                      |
| National Australia Bank Ltd                       | Aus         | A+, F1+  | In range | 12 months |                      |
| Westpac Banking Corporation                       | Aus         | A+, F1+  | In range | 12 months |                      |
| BNP Paribas Fortis Bank                           | Belgium     | A+, F1   | No data  | 1 month   | Sovereign Rating AA- |
| KBC Bank                                          | Belgium     | A+, F1   | No data  | 1 month   | Sovereign Rating AA- |
| Bank of Montreal                                  | Can         | AA-, F1+ | No data  | 12 months |                      |
| Bank of Nova Scotia                               | Can         | AA-, F1+ | No data  | 12 months |                      |
| Canadian Imperial Bank of Commerce                | Can         | AA-, F1+ | No data  | 12 months |                      |
| National Bank of Canada                           | Can         | A+, F1   | No data  | 6 months  |                      |
| Royal Bank of Canada                              | Can         | AA, F1+  | No data  | 12 months |                      |
| Toronto Dominion Bank                             | Can         | AA-, F1+ | No data  | 12 months |                      |
| Danske Bank                                       | Denmark     | A, F1    | In range | 6 months  |                      |
| Nordea Bank Finland plc                           | Finland     | AA-, F1+ | No data  | 1 month   | Sovereign Rating AA+ |
| BNP Paribas                                       | France      | A+, F1   | In range | 1 month   | Sovereign Rating AA  |
| Credit Agricole Corporate and Investment Bank     | France      | A+, F1   | In range | 1 month   | Sovereign Rating AA  |
| Credit Agricole SA                                | France      | A+, F1   | In range | 1 month   | Sovereign Rating AA  |
| Credit Industriel et Commercial                   | France      | A+, F1   | No data  | 1 month   | Sovereign Rating AA  |
| DZ Bank AG                                        | Germany     | AA-, F1+ | No data  | 12 months |                      |
| Landesbank Hessen-Thüringen Girozentral (Helaba)  | Germany     | A+, F1+  | In range | 6 months  |                      |
| Landwirtschaftliche Rentenbank                    | Germany     | AAA, F1+ | No data  | 24 months |                      |
| NRW Bank                                          | Germany     | AAA, F1+ | No data  | 24 months |                      |
| ABN AMRO Bank                                     | Netherlands | A, F1    | No data  | 6 months  |                      |
| Bank Nederlandse Gemeenten                        | Netherlands | AAA, F1+ | No data  | 24 months |                      |
| Coöperatieve Rabobank                             | Netherlands | A+, F1+  | In range | 12 Months |                      |
| ING Bank                                          | Netherlands | AA-, F1+ | In range | 12 Months |                      |
| DBS Bank Limited                                  | Singapore   | AA-, F1+ | No data  | 12 months |                      |
| United Overseas Bank Ltd                          | Singapore   | AA-, F1+ | No data  | 12 months |                      |
| Skandinaviska Enskilda Banken AB                  | Sweden      | AA-, F1+ | No data  | 12 months |                      |
| Svenska Handelsbanken AB                          | Sweden      | AA, F1+  | No data  | 12 months |                      |
| Swedbank AB                                       | Sweden      | A+, F1   | No data  | 12 months |                      |
| Credit Suisse                                     | Switzerland | A, F1    | In range | 3 months  |                      |
| UBS AG                                            | Switzerland | AA-, F1+ | In range | 12 months |                      |
| Bank of America, NA                               | USA         | AA-, F1+ | No data  | 12 months |                      |
| Bank of New York Mellon                           | USA         | AA, F1+  | No data  | 24 months |                      |
| Citibank, NA                                      | USA         | A+, F1   | In range | 6 months  |                      |
| JP Morgan Chase Bank, NA                          | USA         | AA, F1+  | No data  | 12 months |                      |
| Wells Fargo Bank, NA                              | USA         | AA-, F1+ | In range | 12 months |                      |

**Category 3 - Subsidiary Banks & Building Societies - 15% of Investment total (or £10M per Counterparty if higher)**

(Minimum rating required Fitch A, F1)

(parent bank shown in brackets)

**Subsidiary Banks**

None

**Building Societies**

|                             |    |       |         |          |
|-----------------------------|----|-------|---------|----------|
| Nationwide Building Society | UK | A, F1 | No data | 6 months |
|-----------------------------|----|-------|---------|----------|

**Category 4 - Other Local Authorities - 20% of Investment total (or £20M per Counterparty if higher)**

As arranged

**Category 5 Money Market Funds - 10% of Investment Total (or £10M per Counterparty if higher)**

(Minimum rating required Fitch AAA)

|                                             |    |     |
|---------------------------------------------|----|-----|
| Aberdeen Standard Investments               | UK | AAA |
| Aviva Investors Liquidity Fund              | UK | AAA |
| Federated Sterling Liquidity Fund (Class 3) | UK | AAA |
| Insight Sterling Liquidity Fund (Class 5)   | UK | AAA |
| Deutsche Bank Sterling Fund                 | UK | AAA |

**Note:**

- (1) - Standard & Poor's credit ratings shown, as no Fitch credit rating available
- (2) - All Sovereign credit ratings for above Countries are AAA, unless stated otherwise.
- (3) - Banks are part/majority owned by the UK government
- (4) - UK Sovereign Rating is AA (Fitch and Standard & Poor's)
- (5) - NRFB = Non Ring Fenced Bank, RFB = Ring Fenced B.

Last Updated: 13-May-22

**PERTH AND KINROSS COUNCIL**  
**PRUDENTIAL INDICATORS - QUARTER ENDING 31 MARCH 2022**

**APPENDIX IV**

**1 Financing Costs:Net Revenue Stream**

The ratio of Capital Financing Costs (Loan Charges) to the Council's net revenue stream shall not exceed the following limits, which are based on historic levels, and allow some headroom for movement in interest rates. The estimated Financing Costs below are based on the latest monitoring figures.

|                                               | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
|-----------------------------------------------|---------|---------|---------|---------|---------|---------|
| Prudential Limit - General Fund               | 15.00%  | 15.00%  | 15.00%  | 15.00%  | 15.00%  | 15.00%  |
| Estimated Ratio of Financing Costs to Revenue | 6.86%   | 7.78%   | 8.72%   | 9.46%   | 9.56%   | 9.21%   |
| Prudential Limit - HRA                        | 30.00%  | 30.00%  | 30.00%  | 30.00%  | 30.00%  | 30.00%  |
| Estimated Ratio of Financing Costs to Revenue | 22.79%  | 23.88%  | 23.62%  | 23.23%  | 22.98%  | 22.61%  |

**2 Gross & Net Borrowing and Capital Financing Requirements**

For prudence, net external borrowing must not exceed the total capital financing requirement, thus ensuring that over the medium term, borrowing is only undertaken for capital purposes. The estimated total net borrowing and Capital Financing Requirement at the end of each of the years are as follows:

|                               | Actual as at<br>31-Mar-22 | Projected<br>31-Mar-23 | Projected<br>31-Mar-24 | Projected<br>31-Mar-25 | Projected<br>31-Mar-26 | Projected<br>31-Mar-27 | Projected<br>31-Mar-28 |
|-------------------------------|---------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Net External Borrowing*       | 491,652,000               | 559,341,000            | 802,938,000            | 968,676,000            | 1,027,713,000          | 1,073,296,000          | 1,103,879,000          |
| Gross External Borrowing*     | 743,687,000               | 729,341,000            | 892,938,000            | 1,018,676,000          | 1,077,713,000          | 1,123,296,000          | 1,153,879,000          |
| Capital Financing Requirement | 618,465,000               | 749,841,000            | 912,304,000            | 1,039,411,000          | 1,100,396,000          | 1,143,879,000          | 1,176,156,000          |

\*For the purpose of this indicator, Borrowing includes the outstanding liability under PPP/PFI contracts.

**3 Estimates of Gross Capital Expenditure**

The total estimated Capital Expenditure contained within the Council's Budgets for each year is as follows, based on updated monitoring figures.

| Composite Programme                                | 2022/23      | 2023/24     | 2024/25     | 2025/26    | 2026/27    | 2027/28    |
|----------------------------------------------------|--------------|-------------|-------------|------------|------------|------------|
| Current estimate                                   | 164,452,000  | 189,177,000 | 139,954,000 | 63,769,000 | 54,830,000 | 45,858,000 |
| Original Budget Estimate (including Budget Motion) | 178,562,000  | 175,493,000 | 128,749,000 | 63,376,000 | 54,519,000 | 45,737,000 |
| Movement in Estimated Capital Expenditure          | (14,110,000) | 13,684,000  | 11,205,000  | 393,000    | 311,000    | 121,000    |

The Original Budget Estimates are those per the 2022/23 to 2027/28 Composite Capital Budget Report on 23 February 2022

The latest estimates for Capital Expenditure are based on the SP&R Capital Monitoring Report No. on 20 April 2022.

| HRA Programme                             | 2022/23    | 2023/24    | 2024/25    | 2025/26    | 2026/27    | 2027/28    |
|-------------------------------------------|------------|------------|------------|------------|------------|------------|
| Current estimate                          | 17,963,000 | 15,983,000 | 13,871,000 | 19,995,000 | 16,044,000 | 16,500,000 |
| Original Budget Estimate                  | 17,299,000 | 15,983,000 | 13,886,000 | 20,085,000 | 16,044,000 | 16,500,000 |
| Movement in Estimated Capital Expenditure | 664,000    | 0          | (15,000)   | (90,000)   | 0          | 0          |

The Original Budget Estimates are those per the 2020/21 Housing & Communities Budget Report on 24 January 2022.

The latest estimates for Capital Expenditure are based on the SP&R Capital Monitoring Report No. on 20 April 2022.

**PERTH AND KINROSS COUNCIL**  
**PRUDENTIAL INDICATORS - QUARTER ENDING 31 MARCH 2022**

**APPENDIX IV**

**4 Estimate of Capital Financing Requirement**

The estimate (as at May 2022) of the Capital Financing Requirement (ie new borrowing requirement for Capital Expenditure) for each year based on these plans is as follows:

| Composite Programme                                 | 2022/23      | 2023/24     | 2024/25     | 2025/26    | 2026/27    | 2027/28    |
|-----------------------------------------------------|--------------|-------------|-------------|------------|------------|------------|
| Current Estimated Capital Financing Requirement     | 125,644,000  | 155,102,000 | 117,980,000 | 41,974,000 | 35,115,000 | 26,188,000 |
| Original Budget Estimate (including Budget Motion)  | 140,264,000  | 137,906,000 | 106,775,000 | 41,581,000 | 34,804,000 | 26,067,000 |
| Movement in Estimated Capital Financing Requirement | (14,620,000) | 17,196,000  | 11,205,000  | 393,000    | 311,000    | 121,000    |

The Original Budget Estimates are those per the 2022/23 to 2027/28 Composite Capital Budget Report on 23 February 2022  
The latest estimates for Capital Expenditure are based on the SP&R Capital Monitoring Report No. on 20 April 2022.

| HRA Programme                                       | 2022/23    | 2023/24    | 2024/25    | 2025/26    | 2026/27    | 2027/28    |
|-----------------------------------------------------|------------|------------|------------|------------|------------|------------|
| Current Estimated Capital Financing Requirement     | 15,349,000 | 13,338,000 | 10,542,000 | 16,035,000 | 11,765,000 | 12,000,000 |
| Original Budget Estimate                            | 14,685,000 | 13,338,000 | 10,557,000 | 16,125,000 | 11,765,000 | 12,000,000 |
| Movement in Estimated Capital Financing Requirement | 664,000    | 0          | (15,000)   | (90,000)   | 0          | 0          |

The Original Budget Estimates are those per the 2020/21 Housing & Communities Budget Report on 24 January 2022.  
The latest estimates for Capital Expenditure are based on the SP&R Capital Monitoring Report No. on 20 April 2022.

**5 External Debt (Gross and Net)**

| External Borrowing                    | As at<br>31-Mar-22 | Projected<br>31-Mar-23 | Projected<br>31-Mar-24 | Projected<br>31-Mar-25 | Projected<br>31-Mar-26 | Projected<br>31-Mar-27 | Projected<br>31-Mar-28 |
|---------------------------------------|--------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Public Works Loan Board               | 568,000,000        | 560,000,000            | 730,000,000            | 862,000,000            | 927,000,000            | 977,000,000            | 1,012,000,000          |
| Market Bonds (LOBOs)                  | 43,200,000         | 43,200,000             | 43,200,000             | 43,200,000             | 43,200,000             | 43,200,000             | 43,200,000             |
| Project Borrowing                     | 140,000            | 140,000                | 0                      | 0                      | 0                      | 0                      | 0                      |
| Special Loans                         | 2,169,254          | 2,169,254              | 2,169,254              | 2,169,254              | 2,169,254              | 2,169,254              | 2,169,254              |
| Temporary Loans/Other Borrowing       | 2,983,512          | 2,600,000              | 2,300,000              | 2,000,000              | 2,000,000              | 2,000,000              | 2,000,000              |
| Other Long Term Liabilities (PPP/PFI) | 127,194,346        | 121,231,770            | 115,269,194            | 109,306,618            | 103,344,043            | 98,926,869             | 94,509,695             |
| <b>Total Gross External Debt</b>      | <b>743,687,112</b> | <b>729,341,024</b>     | <b>892,938,448</b>     | <b>1,018,675,872</b>   | <b>1,077,713,297</b>   | <b>1,123,296,123</b>   | <b>1,153,878,949</b>   |
| Short Term Investments                | (252,035,371)      | (170,000,000)          | (90,000,000)           | (50,000,000)           | (50,000,000)           | (50,000,000)           | (50,000,000)           |
| Long Term Investments                 | 0                  | 0                      | 0                      | 0                      | 0                      | 0                      | 0                      |
| <b>Total Net External Debt</b>        | <b>491,651,741</b> | <b>559,341,024</b>     | <b>802,938,448</b>     | <b>968,675,872</b>     | <b>1,027,713,297</b>   | <b>1,073,296,123</b>   | <b>1,103,878,949</b>   |
| <b>Note:</b>                          |                    |                        |                        |                        |                        |                        |                        |
| Operational Boundary                  | 744,000,000        | 729,000,000            | 893,000,000            | 1,019,000,000          | 1,078,000,000          | 1,123,000,000          | 1,154,000,000          |
| Authorised Limit                      | 1,200,000,000      | 1,200,000,000          | 1,200,000,000          | 1,200,000,000          | 1,200,000,000          | 1,200,000,000          | 1,200,000,000          |

The Operational Boundary and Authorised Limit are based on Gross External Debt.

**6 Principal Sums Invested Longer Than 365 Days**

The Upper Limit for sums invested for over 1 year up to 3 years is £45 million. There were no amounts invested within this period as at the end of the quarter.

**7 MATURITY STRUCTURE**

The lower and upper limit for the proportion of the Council's total-long term debt which matures in each of the time bandings below, and is therefore subject to refinancing at the prevailing market rates, is as follows:

| Fixed Rate Borrowing Maturity Structure | Lower Limit | Upper Limit | Estimated |
|-----------------------------------------|-------------|-------------|-----------|
| Under 12 months                         | 0%          | 35%         | 1.08%     |
| over 12 months and < 24 months          | 0%          | 35%         | 1.48%     |
| over 2 years and < 5 years              | 0%          | 50%         | 6.15%     |
| over 5 years and < 10 years             | 0%          | 75%         | 6.96%     |
| over 10 years                           | 10%         | 95%         | 84.32%    |

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The maturity profile for the Council's current long-term portfolio as at 31 March 2022, measured from the start of the financial year, is as follows:

|                   | Less 1 Year | 1 - 2 Years | 2 - 5 Years | 5 - 10 Years | 10 - 20 Years | 20 - 30 Years | 30 - 40 Years | 40 - 50 Years | Over 50 Years | Total       |
|-------------------|-------------|-------------|-------------|--------------|---------------|---------------|---------------|---------------|---------------|-------------|
| PWLB              | 8,000,000   | 5,000,000   | 23,000,000  | 27,500,000   | 5,000,000     | 0             | 40,500,000    | 459,000,000   | 0             | 568,000,000 |
| LOBOs             | 0           | 0           | 0           | 0            | 0             | 13,000,000    | 25,200,000    | 5,000,000     | 0             | 43,200,000  |
| Other             | 0           | 0           | 140,000     | 0            | 0             | 0             | 0             | 0             | 0             | 140,000     |
| PPP/PFI Liability | 0           | 5,962,576   | 22,304,901  | 23,875,338   | 70,009,414    | 5,042,117     | 0             | 0             | 0             | 127,194,346 |
| Total             | 8,000,000   | 10,962,576  | 45,444,901  | 51,375,338   | 75,009,414    | 18,042,117    | 65,700,000    | 464,000,000   | 0             | 738,534,346 |
| Percentage        | 1.08%       | 1.48%       | 6.15%       | 6.96%        | 10.16%        | 2.44%         | 8.90%         | 62.83%        | 0.00%         | 100.00%     |

diff



## PERTH & KINROSS COUNCIL

### Finance & Resources Committee

15 June 2022

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

**Contact Officer: Stewart MacKenzie, Head of Finance**  
(Report No 22/123)

#### 1. PURPOSE

- 1.1 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 other miscellaneous balances.

#### 2. RECOMMENDATIONS

- 2.1 The Committee is requested to:
  - i. approve that all amounts detailed in **section 4** and the attached appendices to this report are written off or on for accounting purposes.
  - ii. 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 where recovery is cost effective.
  - iii. approve the removal of charges for services for people seeking asylum – see **section 5**.

#### 3. BACKGROUND

- 3.1 In order that the appropriate entries may be made in the Council's Annual Accounts for the year ending 31 March 2022, it is necessary to consider the write off of debts, obsolete stock and other miscellaneous balances.
- 3.2 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.
- 3.3 The debts included within this report have progressed through the Council's debt recovery process using the various legislative procedures available for each category of debt to collect the amounts outstanding. The amounts that 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 outstanding debt where it is cost effective to recover.

- 3.4 This report includes all the recommended write off and on amounts for financial year 2021/22.
- 3.5 As Covid-19 has continued to impact on customers in 2021/22 the Council has again sought to strengthen engagement throughout the debt recovery process. For individuals and families, this has continued by sign posting customers to the Council Tax and Housing Benefits; Welfare Rights and Tenancy Support teams to ensure that they have access to appropriate advice and support in claiming entitlements and maximising household income. For business customers, support and advice on accessing the various Scottish Government business grant schemes has been provided by the Council's business support team.

## 4. PROPOSALS

### Sales Ledger

- 4.1 **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 untraceable.
- 4.2 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.
- 4.3 After consultation with Services who raised the original invoices, it is recommended that the Council write off **£281,710.91** as shown in **Appendix 1**. This amount includes debt relating to eight financial years from 2014/15 through to 2021/22. A comparison by Service between the current and the previous financial year is shown below.

| Write off By Service            | Total 2020/21     | Total 2021/22     |
|---------------------------------|-------------------|-------------------|
| Corporate & Democratic Services | 25.00             | 312.00            |
| Education & Children's Services | 79,477.41         | 30,862.23         |
| Health & Social Care            | 89,567.44         | 92,644.41         |
| Communities                     | 79,186.91         | 157,892.27        |
|                                 | <b>248,256.76</b> | <b>281,710.91</b> |

- 4.4 The total provision for bad and doubtful debts included within the Council's Annual Accounts for Sales Ledger debt at 31 March 2021 was **£1,161,527**. The total value of Sales Ledger invoices raised in financial year 2021/22

totalled approximately £24 million and the proposed write off for all years represents approximately 1.2% of this amount.

- 4.5 In most instances, accounts raised prior to 30 September 2020 carry a 50% provision whilst those raised prior to 31 March 2020 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.
- 4.6 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 2021/22.

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

- 4.7 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. Approximately 77% of Council Tax customers currently pay by Direct Debit.
- 4.8 **Appendix 2** details Council Tax (including Water and Waste Water Charges) where the sum of **£278,900.17** has been deemed uncollectable (£308,841.98 in 2020/21). There is an overall provision for bad and doubtful Council Tax debt of £14,849,303.09 as at 31 March 2021.
- 4.9 The total amount of Council Tax billed for financial year 2021/22 was £117 million (including Water and Waste Water Charges), with an in-year collection rate of 97.70% (96.59% in 2020/21).
- 4.10 The proposed write offs relate to the last 29 financial years during which time the Council has raised over £2 billion in Council Tax and has continually delivered high collection levels.
- 4.11 **Appendix 3** details Non-Domestic Rates income totalling **£269,612.49** which it has not proved possible to collect for the reasons shown in the appendix (£96,256.26 was written off in 2020/21). The write off figures for 2021/22 show a significant increase in those reported for 2020/21. This is due to last year's figures for sequestration and liquidations etc being lower than normal as a result of the various moratoriums and relaxation of recovery action that were in place to protect financially vulnerable businesses at such a difficult time.
- 4.12 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 £613,199.92 at 31 March 2021.
- 4.13 The amount recommended to be written off for all years represents approximately 0.72% of the £37.2 million of Non-Domestic Rates income raised in financial year 2021/22. The in-year collection rate for Non-Domestic Rates was 94.29% for 2021/22 (95.83% in 2020/21).

- 4.14 These proposed write offs relate to the last 7 financial years during which time the Council has raised over £336 million in Non-Domestic Rates and has continually delivered high collection levels.
- 4.15 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.

### **Housing Revenue Account (Rents)**

- 4.16 **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 set out.
- 4.17 A comprehensive review of former tenant arrears has been undertaken within Communities which has identified a requirement to write off **£363,100.10** (including £39,808.22 of sequestrations) of outstanding housing rent (£257,334.60 was written off in 2020/21). The provision for bad and doubtful Housing Revenue Account debt was £1,880,726 as at 31 March 2021. The in-year collection rate for Housing Rents was 99.08% for 2021/22 (96.91% in 2020/21). The total rental charges raised between the 1 March 2021 and 27 February 2022 were approximately £29million, with the proposed write off representing 1.11%.
- 4.18 Authority is also requested to write off outstanding arrears on garage sites and lock ups of **£2,955.41** (£2,202.94 was written off in 2020/21).
- 4.19 The overall proposed write off for the Housing Revenue Account is £366,055.51 (including sequestrations). The total rent charge raised for the period was £29,467,529.18, with the proposed write off representing 1.24%.
- 4.20 The write off for sequestrations for the same period amounts to **£39,808.22**.

### **Housing General Fund**

- 4.21 **Appendix 5** details charges for those housing services administered through the Council's rent system, provided to Homeless clients placed in temporary accommodation. These tenancies have ended, and it has not proved possible to recover outstanding income, in part, due to the vulnerable nature of the client group.
- 4.22 Authority is requested to write off **£206,522.09** for the period 1 March 2021 to 28 February 2022 (£227,393.59 was written off in 2020/21) for rent and service charges for housing services provided to homeless households placed in temporary accommodation. The provision for bad and doubtful debts in relation to this activity was £746,660 as at 31 March 2021.

- 4.23 The majority of the write off for temporary accommodation, 80.42% (£166,079.35) is, in the main, due to arrears which accrued when rents and service charges were higher than at present and this debt has now become prescribed in the current financial year. A debt becomes prescribed where *“the debt is too old to be recovered and barred by statute (5 years or over)”*.
- 4.24 Authority is also requested to write off Housing Benefit overpayment debt of **£67,126** for 2021/22 (£36,192.11 was written off in 2020/21) which it has not proven possible to recover. The provision for bad and doubtful Housing Benefit overpayment debt was £840,821 as at 31 March 2021. The total value of Housing Benefit overpayments in 2021/22 was approximately £322,000 and the proposed write off value for all years represents 20.85% of this amount. The recovery of Housing Benefit payments, however, remains an ongoing process and £416,000 was recovered in 2021/22 which includes former debt.

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

- 4.25 Authority is requested to write off **£103,873** in respect of Car Park Trading Account Income (£163,154 was written off in 2020/21). This amount equates to all amounts charged and still outstanding in relation to the period prior to October 2020. The provision for bad and doubtful Car Park Trading Account debt was £110,564 as at 31 March 2021. The proposed write off is equivalent to 19.66% of the number of Penalty Charge Notices issued during 2020/21 (13.53% in the previous financial year).

#### **Stock Write Offs**

- 4.26 Authority is requested to write off obsolete stock of **£3,000** in respect of vehicle parts at Friarton Depot (£3,000 was written off in 2020/21). Full provision has been made for this write off.

#### **Outstanding Balances**

- 4.27 Authority is requested to write off outstanding balances over various accounts. These balances relate to transactions before 31 March 2021. The net amount of the outstanding balances is a write on totalling **£10,928.30** (£4,681 was written off in 2020/21).

### **5. CHARGES FOR ASYLUM SEEKERS**

- 5.1 The Council is committed to supporting people that are seeking asylum and refugees and providing a safe and welcoming place for them. To support this, it is proposed to waive charges for all adult care and support services for people seeking asylum with no recourse to public funds and all refugees within Perth and Kinross.

5.2 To date, the demographic of people coming to Perth and Kinross has been predominantly younger adults, some with children and it is anticipated that this will continue, resulting in minimal additional demand for adult care and support services. On that basis, the financial consequences of this proposal will not be significant, and any additional costs can be contained within existing budgets.

5.3 It is proposed that this position is reviewed annually.

## 6. CONCLUSION

6.1 In all the above cases it has either not been possible to recover outstanding monies due to the Council or to utilise stocks held by the Council. The write off debt is only recommended after all means of recovery have been exhausted. Although the amounts will be written off for accounting purposes, the files are not closed, and every effort will be made to collect the outstanding debt where new information becomes available and where recovery is cost effective.

### Approved

| Name              | Designation             | Date        |
|-------------------|-------------------------|-------------|
| Stewart MacKenzie | Head of Finance         | 31 May 2022 |
| Karen Donaldson   | Chief Operating Officer | 31 May 2022 |

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Council Text Phone Number 01738 442573

## 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 2018 – 2023 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.

### **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 any material extent in preparing the above report.

### **3. APPENDICES**

- Appendix 1 – Sales Ledger debt written off in financial year 2021/22 by year and reason.
- Appendix 2 – Council Tax debt written off in financial year 2021/22 by year and reason.
- Appendix 3 – Non Domestic Rates debt written off in financial year 2021/22 by year and reason.
- Appendix 4 – Irrecoverable Rents written off in financial year 2021/22 by year and reason.
- Appendix 5 – Homeless debt written off in financial year 2021/22 by year and reason.



## Appendix 1

## Sales Ledger Debt Written off in financial year 2020/21 by year and reason

| YEAR         | GONE AWAY        | NO FUNDS          | UNECONOMICAL TO COLLECT | DECEASED (NO FUNDS) | HCC DISCRETION PANEL | SEQ/LIQ OR REC  | DEBT PRESCRIBED | SERVICE REQUEST | TOTAL VAT EX      | VAT VALUE        | TOTAL DEBT        |
|--------------|------------------|-------------------|-------------------------|---------------------|----------------------|-----------------|-----------------|-----------------|-------------------|------------------|-------------------|
| 2014/15      | 0.00             | 0.00              | 0.00                    | 1,377.63            | 0.00                 | 0.00            | 0.00            | 0.00            | 1,377.63          | 0.00             | 1,377.63          |
| 2015/16      | 0.00             | 2,072.32          | 25.00                   | 0.00                | 0.00                 | 0.00            | 1,101.17        | 0.00            | 3,198.49          | 157.30           | 3,355.79          |
| 2016/17      | 199.15           | 5,745.61          | 140.83                  | 1,556.17            | 0.00                 | 235.38          | 1,342.10        | 0.00            | 9,219.24          | 194.62           | 9,413.86          |
| 2017/18      | 2,049.88         | 11,723.22         | 798.61                  | 2,706.31            | 0.00                 | 40.00           | 0.00            | 0.00            | 17,318.02         | 466.56           | 17,784.58         |
| 2018/19      | 5,112.81         | 41,709.25         | 1,199.47                | 24,986.49           | 0.00                 | 561.84          | 0.00            | 0.00            | 73,569.86         | 3,328.95         | 76,898.81         |
| 2019/20      | 4,550.67         | 48,970.05         | 5,217.24                | 32,932.01           | 0.00                 | 2,757.71        | 0.00            | 0.00            | 94,427.68         | 7,885.76         | 102,313.44        |
| 2020/21      | 9,129.57         | 22,999.25         | 4,782.85                | 17,505.52           | 2,995.85             | 160.45          | 0.00            | 0.00            | 57,573.49         | 4,523.34         | 62,096.83         |
| 2021/22      | 2,492.37         | 309.77            | 287.83                  | 5,234.65            | 0.00                 | 0.00            | 0.00            | 0.00            | 8,324.62          | 145.35           | 8,469.97          |
| <b>TOTAL</b> | <b>23,534.45</b> | <b>133,529.47</b> | <b>12,451.83</b>        | <b>86,298.78</b>    | <b>2,995.85</b>      | <b>3,755.38</b> | <b>2,443.27</b> | <b>0.00</b>     | <b>265,009.03</b> | <b>16,701.88</b> | <b>281,710.91</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 2019).

#### 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 Sherriff Officer or Legal Services to collect.

#### 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 Services to collect.

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



## Appendix 2

## Council Tax Written-Off During Financial Year 2021/22 - Summary of Write-Off Reasons

| Financial Year | Statutory Additions | Deceased - No Estate | No Trace    | Sequestration etc. | Small Balances | Uneconomical/ Unable to Pursue/Collect | Council Tax Reduction Official Error | Total      |
|----------------|---------------------|----------------------|-------------|--------------------|----------------|----------------------------------------|--------------------------------------|------------|
| 1993           | £6.00               | -£79.68              | -£461.22    | £12.59             | -£1.35         | £0.00                                  | £0.00                                | -£523.66   |
| 1994           | £42.38              | -£100.60             | -£486.97    | £423.81            | -£2.37         | £0.00                                  | £0.00                                | -£123.75   |
| 1995           | £99.99              | -£118.93             | -£562.06    | £689.50            | -£22.31        | £0.00                                  | £0.00                                | £86.19     |
| 1996           | £269.70             | £559.35              | -£722.14    | £665.48            | -£2.75         | £0.00                                  | £0.00                                | £769.64    |
| 1997           | £270.12             | £926.56              | -£488.91    | £398.34            | -£3.41         | £0.00                                  | £0.00                                | £1,102.70  |
| 1998           | £74.75              | £259.19              | £640.30     | £0.00              | £0.03          | £4.49                                  | £0.00                                | -£301.84   |
| 1999           | £149.49             | £941.10              | -£612.67    | £490.15            | £1.30          | £57.40                                 | £0.00                                | £1,026.77  |
| 2000           | £317.59             | £1,373.76            | -£971.78    | £696.67            | £2.28          | £0.00                                  | £0.00                                | £1,418.52  |
| 2001           | £208.03             | £2,281.18            | -£711.04    | £519.40            | -£1.15         | £0.00                                  | £0.00                                | £2,296.42  |
| 2002           | £472.51             | £2,390.87            | -£733.90    | -£37.95            | -£1.23         | £640.18                                | £0.00                                | £2,730.48  |
| 2003           | £768.90             | £3,149.13            | -£879.66    | £1,062.44          | £26.47         | £693.78                                | £0.00                                | £4,821.06  |
| 2004           | £532.21             | £3,110.66            | -£434.63    | £596.41            | £0.20          | £215.54                                | £0.00                                | £4,020.39  |
| 2005           | £653.98             | £3,442.88            | -£1,949.36  | £1,474.37          | -£0.40         | £472.17                                | £0.00                                | £4,093.64  |
| 2006           | £1,010.88           | £3,693.11            | -£1,381.79  | -£127.54           | -£1.28         | £541.89                                | £0.00                                | £3,735.27  |
| 2007           | £1,407.72           | £6,836.90            | -£598.38    | £4,653.33          | -£3.54         | £781.28                                | £0.00                                | £13,077.31 |
| 2008           | £1,960.22           | £7,744.97            | -£405.20    | £6,557.82          | -£1.91         | £1,487.13                              | £0.00                                | £17,343.03 |
| 2009           | £2,514.90           | £9,415.66            | £395.26     | £4,724.19          | -£0.88         | £1,486.25                              | £0.00                                | £18,535.38 |
| 2010           | £2,025.86           | £8,513.04            | £437.84     | £4,374.00          | -£1.82         | £953.85                                | £0.00                                | £16,302.77 |
| 2011           | £1,687.26           | £7,413.43            | -£532.27    | £3,964.23          | £3.89          | £461.18                                | £0.00                                | £12,997.72 |
| 2012           | £1,585.11           | £5,145.99            | -£8.03      | £3,538.67          | -£4.08         | £437.93                                | £0.00                                | £10,695.59 |
| 2013           | £1,917.91           | £4,964.63            | £344.40     | £5,372.23          | -£2.50         | £235.93                                | £0.00                                | £12,832.60 |
| 2014           | £2,162.04           | £8,329.35            | -£87.55     | £6,843.75          | -£7.67         | £457.82                                | £0.00                                | £17,697.74 |
| 2015           | £2,790.52           | £9,007.74            | -£793.98    | £9,601.83          | -£4.16         | £200.35                                | £0.00                                | £20,802.30 |
| 2016           | £2,248.04           | £8,392.68            | -£1,435.58  | £7,747.31          | -£9.37         | £405.81                                | £0.00                                | £17,348.89 |
| 2017           | £2,888.11           | £12,350.17           | -£2,245.25  | £13,056.04         | £5.53          | £203.67                                | £236.36                              | £26,494.63 |
| 2018           | £4,074.44           | £7,424.12            | -£6,522.58  | £26,821.26         | £6.86          | £111.36                                | £1,899.97                            | £33,815.43 |
| 2019           | £5,702.08           | £4,503.13            | -£20,508.57 | £34,174.01         | -£30.84        | £59.45                                 | £2,829.62                            | £26,728.88 |
| 2020           | £5,622.60           | -£12,042.25          | -£26,883.34 | £43,673.64         | -£343.95       | £748.56                                | £3,023.87                            | £13,799.13 |
| 2021           | £3,301.51           | £3,593.72            | -£36,440.74 | £23,361.05         | -£32.83        | £602.11                                | £892.12                              | -£4,723.06 |

|        |            |             |             |             |         |            |           |             |
|--------|------------|-------------|-------------|-------------|---------|------------|-----------|-------------|
| Totals | £46,764.85 | £113,421.86 | £106,320.40 | £205,327.03 | £433.24 | £11,258.13 | £8,881.94 | £278,900.17 |
|--------|------------|-------------|-------------|-------------|---------|------------|-----------|-------------|

Council Tax Debt Recovery Process

Day 1 - Bill Issued with instalment details

If not paid, Reminder issued giving 14 days to pay

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 serve a "Charge for payment" to allow diligence

## Appendix 3

## Non-Domestic Rates Written-Off During Financial Year 2021/22 - 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              |
|----------------|---------------------|-----------------|-----------------|---------------------------------|-------------------|-------------------|----------------|--------------------------------|--------------------|
| 1997-2014      |                     |                 |                 |                                 |                   |                   | -£1.12         |                                | -£1.12             |
| 2015           | £1,110.21           |                 |                 | £3,175.72                       | £6,282.92         |                   |                |                                | £10,568.85         |
| 2016           | £3,446.75           |                 | -£718.00        | £16,697.47                      |                   |                   |                |                                | £19,426.22         |
| 2017           | £1,234.02           | -£461.34        |                 | £6,526.38                       |                   |                   | £2.14          |                                | £7,301.20          |
| 2018           | £3,424.70           | -£475.20        |                 | £19,281.64                      | £13,574.01        | £3,792.00         | £0.60          |                                | £39,597.75         |
| 2019           | £13,082.60          |                 |                 | £104,289.19                     | £27,093.45        | £12,895.50        | £1.00          |                                | £157,361.74        |
| 2020           | £412.92             |                 |                 | £25,069.87                      |                   | -£146.75          | £3.14          |                                | £25,339.18         |
| 2021           | £633.41             |                 |                 | £8,491.67                       | £902.54           |                   | -£8.95         |                                | £10,018.67         |
| Totals         | <b>£23,344.61</b>   | <b>-£936.54</b> | <b>-£718.00</b> | <b>£183,531.94</b>              | <b>£47,852.92</b> | <b>£16,540.75</b> | <b>-£3.19</b>  | <b>£0.00</b>                   | <b>£269,612.49</b> |

## Non-Domestic Rates Debt Recovery Process

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 serve a "Charge for payment" to allow diligence



## Appendix 4

## Irrecoverable Housing Rents Debt Written off in financial year 2021/22 by year and reason

| YEAR         | GONE AWAY         | NO FUNDS           | UNECONOMICAL TO COLLECT | DECEASED (NO FUNDS) | SEQUESTERED       | DEBT PRESCRIBED   | TOTAL DEBT         |
|--------------|-------------------|--------------------|-------------------------|---------------------|-------------------|-------------------|--------------------|
| 2016/17      | 0                 | 0                  | 0                       | 706.68              | 0                 | 10751.81          | £11,458.49         |
| 2017/18      | £428.85           | £3,651.98          | £0.00                   | £0.00               | £0.00             | £0.00             | £4,080.83          |
| 2018/19      | £0.00             | £11,484.32         | £0.00                   | £0.00               | £0.00             | £0.00             | £11,484.32         |
| 2019/20      | £9,833.84         | £75,508.25         | £314.32                 | £0.00               | £0.00             | £0.00             | £85,656.41         |
| 2020/21      | £4,459.76         | £122,527.77        | £9,527.92               | £6,939.63           | £7,274.81         | £0.00             | £150,729.89        |
| 2021/22      | £968.92           | £46,207.35         | £1,264.97               | £18,715.51          | £32,533.41        | £0.00             | £99,690.16         |
| <b>TOTAL</b> | <b>£15,691.37</b> | <b>£259,379.67</b> | <b>£11,107.21</b>       | <b>£26,361.82</b>   | <b>£39,808.22</b> | <b>£10,751.81</b> | <b>£363,100.10</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 2021/22 by year and reason

| YEAR         | GONE AWAY      | NO FUNDS          | UNECONOMICAL TO COLLECT | DECEASED      | SEQ/LIQ OR REC | DEBT PRESCRIBED    | TOTAL DEBT         |
|--------------|----------------|-------------------|-------------------------|---------------|----------------|--------------------|--------------------|
| 2016/17      | £0.00          | £0.00             | £202.25                 | £0.00         |                | £166,079.35        | £166,281.60        |
| 2017/18      | £0.00          | £10,701.71        | £0.00                   | £0.00         |                | £0.00              | £10,701.71         |
| 2018/19      | £0.00          | £1,032.23         | £0.00                   | £0.00         |                | £0.00              | £1,032.23          |
| 2019/20      | £0.00          | £6,646.68         | £89.25                  | £0.00         |                | £0.00              | £6,735.93          |
| 2020/21      | £723.61        | £5,582.27         | £14,610.86              | £0.00         |                | £0.00              | £20,916.74         |
| 2021/22      | £0.00          | £0.00             | £829.48                 | £24.40        |                | £0.00              | £853.88            |
| <b>TOTAL</b> | <b>£723.61</b> | <b>£23,962.89</b> | <b>£15,731.84</b>       | <b>£24.40</b> | <b>£0.00</b>   | <b>£166,079.35</b> | <b>£206,522.09</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**  
**FINANCE AND RESOURCES COMMITTEE**

**15 JUNE 2022**

**CORPORATE & DEMOCRATIC SERVICES JOINT BUSINESS  
MANAGEMENT & IMPROVEMENT PLAN 2022/23 AND SERVICE ANNUAL  
PERFORMANCE REPORT 2021/22**

**Report by the Chief Operating Officer**  
(Report No 22/124)

**1. PURPOSE**

- 1.1 This report presents the Joint Service Business Management and Improvement Plan 2022/23 and Annual Performance Report 2021/22 for Corporate & Democratic Services. It details the progress of our work in supporting the Council's objectives and service delivery. It also highlights the challenges and priority focus areas for the coming year.

| <b>2. RECOMMENDATION</b> |                                                                                                                                                                                                                                                                 |
|--------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2.1                      | <p>It is recommended that the Finance and Resources Committee:</p> <ul style="list-style-type: none"> <li>Approves the Corporate &amp; Democratic Services Joint Business Management Improvement Plan 2022/23 and Annual Performance Report 2021/22.</li> </ul> |

**3. STRUCTURE OF REPORT**

- 3.1 This report is structured over the following sections:

- Section 4: Background
- Section 5: Proposals
- Section 6: Further Considerations
- Appendices

**4. BACKGROUND**

- 4.1 Council Services produce a Joint Service Business Management and Improvement Plan (BMIP) and Annual Performance Report (APR) on an annual basis. This sets out the key actions which the Service will deliver in the coming year, to ensure better outcomes for everyone in Perth and Kinross, and to demonstrate how the Service contributes to the delivery of the Council's strategic objectives. This also allows an opportunity to reflect on the progress made in the previous year.
- 4.2 These documents are an important part of the strategic planning framework for the organisation, translating the strategic objectives of the Local Outcome Improvement Plan and Corporate Plan into the contributions that each

Service makes. Divisional Plans and Team plans are based on Service BMIPs.

- 4.3 The joint Service BMIPs and APRs are presented to Scrutiny and Performance Committee, and then to the relevant Service Committees. This report presents the Joint Business Management Improvement Plan for the period 2022/23 and Annual Performance Report for the period 2021/22 for Corporate & Democratic Services.

## **5. PROPOSALS**

- 5.1 The Service Joint BMIP and APR for this year has not changed significantly in terms of structure and format. The report includes performance summaries and end of year data, where currently available, along with comments on performance against priority areas identified last year. It also sets out information about how the Service is organised and structured to deliver and identifies key priority focus areas for the upcoming year, rather than a detailed plan.
- 5.2 This approach was agreed last year, due to the impact of COVID-19, which has continued during 2021/22. Also, work is currently being undertaken to revise the Corporate Plan, Local Outcomes Improvement Plan and implement a new Change and Transformation Programme, which will likely have an impact upon Service priorities.
- 5.3 The Council has also procured a performance management software system which will be introduced during 2022. This will improve the way in which performance information is recorded, used and reported. This development will dovetail with our data analytics work and the implementation of Interactive Power BI visualisations which are easy to interpret and understand.
- 5.4 Following approval of the new strategic documents and the implementation of the new performance management software solution, service planning and performance reporting will be reviewed and improved with new guidance being developed for reports next year.
- 5.5 Much of our efforts last year continued to be dominated by our response to the global pandemic and we have made the best use of our resources to help the most vulnerable in our communities, to support businesses and to keep the organisation functioning.
- 5.6 The pandemic has changed the way we live and work; in CDS many teams have continued in their normal workplace with changes in work practices – for example, Registrars, IT and property teams. Many staff were working from home and are now settling into new hybrid work patterns, where this is appropriate for the customers they serve.
- 5.7 Our priorities for 2022/2023 will focus on addressing the financial challenges facing our communities and the Council, and supporting the organisational wide programme of transformation and change, both of which are inextricably linked

## 6. FURTHER CONSIDERATIONS

None

### Authors

| <b>Name</b> | <b>Designation</b>           | <b>Contact Details</b> |
|-------------|------------------------------|------------------------|
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### Approved

| <b>Name</b>     | <b>Designation</b>                                           | <b>Date</b> |
|-----------------|--------------------------------------------------------------|-------------|
| Karen Donaldson | Chief Operating Officer<br>(Corporate & Democratic Services) | 01.06.22    |

## 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>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>None</b>       |
| <b>Communication</b>                                |                   |
| Communications Plan                                 | <b>None</b>       |

### 1. Strategic Implications

#### Community Plan / Corporate Plan

- 1.1 This report supports the delivery of the Strategic Objectives within Perth and Kinross Community Plan (Local Outcomes Improvement Plan) 2017-2027 and Corporate Plan 2018-2022.

### 2. Resource Implications

#### Financial

- 2.1 There are no financial implications arising from this report.

#### Workforce

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

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

- 2.3 There are no 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 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

#### 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. no further action is required as it does not qualify as a PPS as defined by the Act and is therefore exempt.

#### Sustainability

- 3.4 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. Under the Climate Change (Scotland) Act 2009 the Council also has a duty relating to climate change and, in exercising its functions must act:
- in the way best calculated to delivery of the Act's emissions reduction targets;
  - in the way best calculated to deliver any statutory adaptation programmes; and
  - in a way that it considers most sustainable.
- 3.5 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

- 3.6 Not applicable.

#### Risk

- 3.7 Not applicable.

#### **4. Consultation**

##### Internal

- 4.1 The Corporate & Democratic Services Management Team were consulted during the preparation of this report.

##### External

- 4.2 Not applicable.

#### **5. Communication**

- 5.1 Not applicable.

#### **2. BACKGROUND PAPERS**

- 2.1 The background papers referred to within the report are:

- Corporate & Democratic Services Joint Business Management Improvement Plan 2021/22

#### **3. APPENDICES**

- 3.1 Corporate and Democratic Services Joint Business Management Improvement Plan 2022/23 and Annual Performance Report 2021/22

# Corporate & Democratic Services



**Joint Business Management and Improvement Plan 2022/23  
& Service Annual Performance Report 2021/22**



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## INTRODUCTION

Welcome to the 2022-2023 Business Management and Improvement Plan for Corporate & Democratic Services. I am delighted to share highlights of the work carried out by Corporate & Democratic Services (CDS) over the last year and to set out our priorities for the year ahead.

Much of our efforts last year continued to be dominated by our response to the global pandemic. Teams across CDS have shown outstanding commitment, compassion, resilience, and creativity to channel their skills, knowledge, and abilities to help the most vulnerable in our communities, to support businesses and to keep the organisation functioning. As public health restrictions have eased, we have supported staff to move to hybrid working, continuing to learn new digital skills, and to adapt our work practices which ensure the health and safety of everyone. We have ensured elected members were able to maintain democratic oversight and decision-making which is at the heart of local government. And of course, we have been preparing to welcome newly elected and returning elected members to the Council following the Local Government elections.

This plan is an extension of our 2021-22 Business Management and Improvement Plan, with continuing progress in our improvement work. Our priorities will focus on addressing the financial challenges facing our communities and the Council, and supporting the organisational wide programme of transformation and change, both of which are inextricably linked

This Plan sets out how CDS will support delivery of the Council's corporate objectives and priority outcomes; achieving financial sustainability and enabling change and transformation, especially through the Perth and Kinross Offer; and our commitment to continue to deliver high quality services despite the significant challenges we face as an organisation.

**Karen A Donaldson**



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# VISION, STRATEGIC OBJECTIVES AND SERVICE PRIORITIES

**Vision:** We support the Vision of the Community Planning Partnership, for our area:

“Creating a confident, ambitious, and fairer Perth and Kinross, for all - who live and work here.”

This Plan aims to translate this vision into an agenda for CDS to deliver positive outcomes for our citizens and communities by supporting the Perth and Kinross Officer and **working together so everyone in Perth and Kinross can live life well.**

## Strategic Objectives:

The Council’s five strategic objectives, outlined in the current Corporate Plan, inform decisions about policy direction and budget spending:

- 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 and sustainable place for future generations.



CDS connect and collaborate with Services, Partners, and Communities as enablers for the Perth & Kinross Offer and delivery of the Council’s strategic objectives.



| CDS Key Priorities          |                                 |                           |                                          |                            |                        |
|-----------------------------|---------------------------------|---------------------------|------------------------------------------|----------------------------|------------------------|
| <b>GET THE BASICS RIGHT</b> | <b>PEOPLE, SKILLS, CAPACITY</b> | <b>DIGITAL &amp; DATA</b> | <b>PROPERTY &amp; INFORMATION ASSETS</b> | <b>CUSTOMER EXPERIENCE</b> | <b>SMARTER WORKING</b> |

This section uses case studies to convey the breadth and depth of activity across the Service, providing insight into what we do and the impact we have. It also sets out priorities for 2022/23.

| <i>Getting the Basics Right</i>                                                                                                                                                                                                                                                                                                                                                      |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>This matters because CDS provides the Council's strategic management of corporate resources - being people, finances, property, ICT and digital, and information assets. It maintains the Council governance framework and system of internal control, ensures legal and regulatory compliance, effective scrutiny, and accountability in respect of Council decision-making.</p> |

## Performance Summary for 2021/22

The Council continues to operate in a particularly challenging financial environment characterised by pressures on Council funding, growing demand for Services and increasing inflation on the cost of service delivery and capital investment.

The Finance team developed a long-term funding strategy to enable the Council to approve a 6-year funded Capital delivery programme for 2022/23 - 2027/28 with provision for £155m of additional Capital investment, including the PH2O project. Through pro-active treasury management, annual savings of around £700,000 per annum were secured on the Council's borrowing for Capital investment. Working with Services across the Council, the Council's Medium Term Financial Plan was updated in November 2021; the 2020/21 financial statements approved and audited by September 2021 and elected members were supported in setting the Revenue and Capital budgets in February 2022. In conjunction with the Council's Economic Development teams and Local Taxes & Benefits team, approximately £25m of business grant support was distributed to local businesses and a further £6m to individuals and families in welfare payments in 2021/22.



The Procurement Team have supported the tendering for major projects, such as the Cross Tay Link Road and the replacement social care case management system. The Team were category winners at the Go Awards Scotland and received national recognition for their work on community benefits, being highly commended in the Social Value category. Getting the “governance basics” right ensures lawful, ethical, and effective decision-making at all levels. It creates and supports an organisational culture that is risk aware, commercially aware, solution focussed and legally compliant; ensuring that the Council not only does the right things but does things right.

A review of the Democratic Services Team was completed in 2021-22 and a leaner management structure is now in place. Our Registrars Team continued to provide a compassionate and professional service, as well as a successful relocation to the Council Building. Our Licensing Team supported businesses with the ability to trade during difficult conditions.

Throughout the pandemic period involving working from home, the HR Team have ensured that staff and elected members continued to be paid accurately and on time, processing back-dated pay awards and additional Scottish Government additional Covid Thank You payments to staff timeously. Statutory returns have been completed with accuracy and on time.

### **Case Study: Supporting the Community 2021-22**

The year ending 31 March 2022 was the second year of the COVID-19 pandemic and the citizens and communities of Perth and Kinross continued to need additional support to help mitigate the impacts of the health crisis. Effective collaborative working between Revenues & Benefits, Finance and Economic Development Service ensured the Council made the best use of funds provided to tackle financial insecurity and to provide timely support to businesses and households.

Over the last two years, the benefits and grants landscape became increasingly more complex. New support arrangements were introduced by government including Business Grants, Self-Isolation Support Grants, Low Income Pandemic Payment, Cost of Living Awards, Financial Insecurity Funding, which were in addition to traditional support like Housing Benefit and Crisis Grants. Despite the complexity and additional administrative burden, grants and benefits have been provided to the communities of Perth and Kinross in 2021-2022 as set out in the table below.



A 20% growth in the number of rateable lands and heritages in Perth and Kinross over a five-year period, the growing financial pressure on businesses and the passing of the Non-Domestic Rates (Scotland) Act 2020 (the first rating Act since 1975) highlighted how Non-Domestic Rates can be used to deliver support to businesses. In addition to grant payments, a total of £23.6m was awarded in rates relief and reductions in 2021-22.

The Welfare Rights and Scottish Welfare Fund Team continue to support our citizens and communities with welfare benefit advice, representation, and payment of support grants. The team's efforts generated a minimum of £5.3 million in benefit gains which went directly in the pockets of Perth and Kinross residents. The team assisted around 5,000 households and had a Benefit appeals success rate of 84%.

A summary of the key support payments and activity range is shown below:

| Activity                       | £       | Volume |
|--------------------------------|---------|--------|
| Housing Benefit                | £19.80m | 4,900  |
| Council Tax Reduction          | £6.80m  | 8,600  |
| Self-Isolation Support Grants  | £1.46m  | 5,154  |
| Low Income Pandemic Payment    | £1.30m  | 9,968  |
| Discretionary Housing Payments | £0.85m  | 3,002  |
| Community Care Grants          | £0.72m  | 1,478  |
| Crisis Grants                  | £0.43m  | 5,286  |
| Financial Insecurity Fund      | TBC     | 995    |

### Case Study: Upgrade of Building Management Systems (BMS)

In 2020, the Property Services instructed works to over 70 sites with BMS. System software was amended, and new controllers installed on site to maximise plant efficiency, reduce energy consumption, reduce carbon emissions, and improve site comfort levels. An investment of £300,000 included the upgraded remote monitoring system which was adapted to maximise analysis and improve data management of the sites. Alarm functions were also adapted to increase system performance and improve compliance of the property estate portfolio.

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Savings and key success factors to date from August 2021 to May 2022 are as follows:

- Reduction in energy Consumption - 2,137,902 kWh
- Reduction in CO<sub>2</sub> emissions - 347 tonnes. (35% of annual savings target)
- Cost reduction - £70,000 (ROI will be achieved in under 4 years)

By 2024, the target is to have 100 sites remotely connected to the system, further reducing energy consumption, CO<sub>2</sub> emissions and energy costs.

These good practice principles for energy management have delivered financial savings that have been diverted to support frontline services. We are recognised as a leading council in energy and carbon reduction through the Chartered Institute of Public Finance and Accountancy (CIPFA) annual benchmarking exercise.

### CDS Priorities for 2022/23

An external review during the first part of 2021 highlighted many strengths across the Council's finance function. It also focussed on opportunities to enhance its value contribution through investment in systems, processes and people and the development of a **Financial Strategy** which will inform the budget setting process over the next 5 years. The Financial Strategy is being developed in tandem with the new Transformation and Change Strategy to help address the financial challenges facing the Council.

One of the four elements of Transformation and Change will be re-structuring and consolidation of dispersed corporate activities. This will include a review of the Finance functions which will focus on the **consolidation of resources** and the streamlining and modernisation of processes.

The new Democratic Service team are looking forward to working with the newly elected council to facilitate **smooth and effective governance** and **improved decision-making**. To better support our elected members, a comprehensive induction and member development programme has been developed. Open and transparent democratic decision-making is a key element of effective governance. We will review governance arrangements to ensure that the democratic service is modern, efficient, effective, and accessible to the public; continuing to livestream Council and Committee meetings, developing the capacity to facilitate hybrid(virtual/in person) meetings, and adapting our procedures, processes, systems, and structures to ensure that we can deliver the best possible service.

The ongoing health, economic and social situation arising from the Covid 19 pandemic continue to affect businesses and our communities. Significant increases in the cost of living, with inflation reaching a 40 year high of 9% and forecast to rise higher, increasing food prices and further rises in the energy



price cap are placing acute pressures on households and businesses. The demand levels for **customer services, welfare support and advice, crisis grant applications and other financial support schemes** is therefore expected to continue to rise. It is anticipated our communities will continue to require support for some time to come, especially as COVID-19 related government financial support schemes end.

### *Developing People, Skills, and Capacity*

This matters because people are our most valuable assets. The last two years have demonstrated that skilled, motivated people with a can-do approach make a difference to the lives of those who live, work, and learn in Perth and Kinross. The wellbeing of staff is paramount. Staff have been flexible and agile in meeting the many challenges thrown down by the pandemic. We need to attract and retain staff with the values, skills and behaviours which are critical to success; ensure our employment offer remains competitive and employ a diverse and inclusive workforce.

### **Performance Summary for 2021/22**

The Council is proud to be a **Fair Work employer** and to retain **Living Wage Accreditation**. We continue to apply the Fair Work principles of Effective Voice, Opportunity, Security, Fulfilment and Respect. We consult and engage with employees and recognised trade union representatives when developing or improving our employment practices and arrangements, many of which were adapted during the Covid pandemic. The procurement strategy requires fair work practices, including the Living Wage, and underpins our work with partner providers and commissioned services.

We have continued to support the health and wellbeing of our employees through practical support, practices, and opportunities for learning, ensuring our people develop their capacity and resilience to deliver services. A new **Employee Assistance Programme** called PAM (People Assist Management) Assist which provides confidential counselling for employees, with 24/7 access to qualified counsellors for any psychological problems.

### **Case Study: Developing Our Young Workforce and Career Pathways**

HR worked with apprentices, trainees, and their supervisors to design a new way of working that would provide the support they required during induction and throughout their training, whilst continuing to meet the stringent requirements of the Scottish Qualifications Agency (SQA) and Skills Development Scotland upon which our funding is reliant.

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Apprentice/Trainee Teams chats were created, and regular Connections events continued providing opportunities for networking and personal development. These were supplemented by 1 to 1 meetings with both apprentices and their supervisors focused on achieving the qualification as well as personal wellbeing and additional support needs.

One of the key aims of our apprenticeship and trainee programmes is to address current and anticipated skills shortages through the development of apprenticeship and trainee programmes and the creation of career paths for trainees. The increase in Early Years provision has resulted in the recruitment of additional Modern Apprentices in this area. Tailored Connections events and development activities were jointly designed and organised to support supervisors who were new to the PKC programmes and to help them best support their trainees and apprentices.

In Adult Social Care, a new Service Level Agreement has been introduced to strengthen the delivery model. Plans are also in place to introduce a mentoring programme, group recruitment and induction to support networking and share good practice which will support our apprentices to develop careers in adult social care.

Three new Graduate Apprenticeships in Road Building and Maintenance have provided career development opportunities for current staff which helped retain skills and experience, thereby enhancing in-house capacity and avoiding a recruitment exercise in what is a competitive skills market.

### CDS Priorities for 2022/23

We are proactively working with all Services to enable them to make informed decisions about their workforce requirements to ensure they are fit for the future. We are committed to creating **a dynamic HR Delivery model to support the Council's Transformation & Change Programme**, ensuring agile and efficient HR support is available in the right place at the right time to enable smarter working across the Council. We have committed to building a framework to create greater mobility and flexibility in our workforce, embracing digital advances in technology and developing our employment offer to clearly articulate the values and behaviours developed as part of the Perth and Kinross Offer.

Supporting **the health and wellbeing of our employees remains a key priority** as the organisation continues to adapt and incorporate the lessons of the pandemic to ensure the effective delivery of services to the people of Perth and Kinross. The ongoing impact of the pandemic on employee mental and physical health will remain an area of focus and more general health and wellbeing issues will also be a key priority to identify and address. Our activity will be directed using data from sickness



absence reports and from employee feedback which will be gathered directly from individual conversations, our DisABILITY employee network, employee surveys and other engagement activity. **Health and Wellbeing is integral to the priorities in our Corporate Workforce Plan 2021-23.**

We will use external frameworks to access resources and ideas and to ensure that our progress can be measured using acknowledged best practice; we have signed up to the Development stage of the **Equally Safe at Work** programme, part of the Scottish Government's strategy to eradicate violence against women and girls and will take forward an action plan of education and support to achieve this standard.

### *Exploiting Digital Opportunities and Data Insight*

These matter because digital technology and information continue to underpin every service in the organisation and are strategic enablers which will establish new frontiers for how the Council delivers services in the future. Pioneering data analytics and visualisation tools will enable us to use data to tell a compelling story and provide colleagues and elected members with evidence to make better financial, strategic, and policy decisions.

## **Performance Summary for 2021/22**

The full fibre infrastructure, delivered via the Tay Cities Local Full Fibre Network (LFFN) project, is now in place. Focus has now moved to **“lighting up” connections** to dispersed Council offices and schools, to provide secure access to centrally stored systems and Internet resources. It is anticipated that this work will be completed for most connections by the end of 2022.

The cross-disciplinary **Digital Participation** Working Group, chaired by the Chief Digital Officer, brings together Services and external partners to promote opportunities for helping citizens at risk of digital disadvantage. The Group has been instrumental in facilitating training for a network of local digital champions; investing in loan laptops for citizens' use; and funding a range of creative digital projects nominated by local community groups via a Digital Inclusion Fund. Research into levels of digital participation across Perth & Kinross has been commissioned to baseline the local position and inform future digital participation initiatives

Following a competitive tendering exercise to replace the SWIFT Social Care Case Management system, a contract was entered into with the Servelec Access Group in February 2022 for the supply of their **MOSAIC Social Care Case Management** product.



## Case Study: Data Literacy

Data literacy can be defined as the ability to work with data – to capture and maintain it correctly, to analyse it, to use it to gain insight and to communicate with it effectively. Data literacy improvement is important for any organisation seeking to make better use of data. Recognising this, our Data & Analytics programme incorporates high-level objectives to improve data literacy across the organisation.

The Council's data literacy improvement plan sets out a blended approach to improvement; it started with an initial assessment of data literacy across council services, using an online questionnaire supplemented by workshops with various staff groups. This assessment was used to establish a baseline and inform approaches to improvement.

A key element of the improvement plan is communications and engagement, to ensure that staff are generally 'data aware'. The festive period of 2021 provided an ideal opportunity to run a communications campaign which provided information about the data and analytics programme in a light-hearted, non-technical and innovative way under the banner '12 Days of Data'.

PKC research identified that while data literacy improvement is an emerging area of interest, there is little in the way of mature best practice examples.

The 12 Days of Data campaign set out to address feedback that data and analytics related communications are often perceived to be overly technical and difficult to understand. It used non-technical language and Microsoft Teams based channels that staff were already comfortable with. The main learning point being that data and analytics is relevant to everyone and is not just for the specialist.

Feedback from the 12 Days of Data campaign has been positive, with high levels of interaction with the daily posts on MS Teams. The use of a seasonal theme encouraged engagement and each of the daily posts over the 12 days incorporated a small snapshot of information that was easier to digest than longer, more formal learning materials.

The campaign also encouraged staff to visit our MS Teams Data Centre channel, building a community which will go on to participate in future data literacy improvement activities. This will include the development of targeted data literacy learning pathways and training modules, and of course further awareness raising communications.



## CDS Priorities for 2022/23

Our COVID experience underlined the importance of our whole-Council mobile working and online services platforms to front line services and integrated working. We will continue to develop and improve these platforms to empower staff working in our communities to capture, access and exchange the data they need, while on the move and to provide anytime / anywhere access to a wider range of quality online services.

Technology has never been more important for shaping and delivering services; evolving our hybrid working model; and communicating with each other, with citizens and partners. How we are developing our ICT / digital infrastructure, capabilities, capacity, leadership, and skills matters more than ever. A fresh, fit for the future **Digital Strategy** continues to be developed, against the backdrop of post-COVID remobilization; the maturing Perth & Kinross Offer and the emerging Transformation and Change Programme.

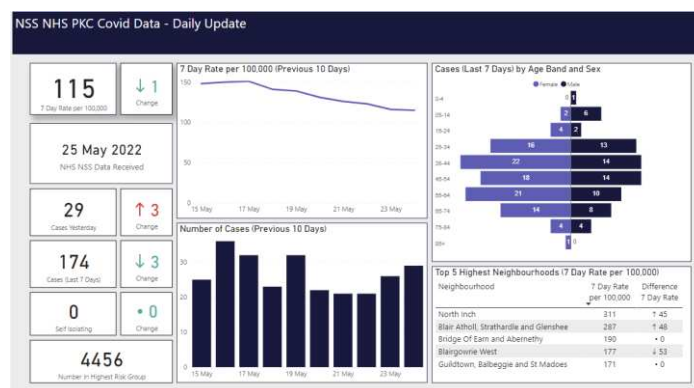
Implementation of **Mosaic as the Council's new social care platform** is opening new opportunities for streamlining processes; and information sharing between Services and support partners, like the NHS. This means re-thinking the way we work to develop this key business system as a tool to be used by citizens to engage meaningfully with us, rather than a tool we use to do things for them. The Mosaic programme team is working towards a potential go-live date in September / October 2023

Perth & Kinross Council is increasingly adopting cloud solutions at points of change, with the pace of this migration accelerating because of commercial decisions by vendors to make new / updated business systems only available as cloud services. Cloud solutions offer potential for increased business system flexibility, scalability, and agility to enable our new hybrid working model. Migrating a system to the cloud requires a collaborative approach between Services, Information Security; Data Protection and IT to ensure the cloud / hosting arrangements we sign up to keep our data safe, accessible, reportable, and recoverable. The whole cloud "lifecycle", from acquisition / migration to repatriation of data at the end of a contract needs to be managed and monitored. **One key system moving to a cloud-based solution is the integrated HR and Payroll system 'ResourceLink'**. This is due to be migrated over the summer of 2022.

The Council's **Data and Analytics (DA) programme** continues to build the capacity and create the capabilities necessary for introducing new technologies. These tools are starting to be used effectively and delivering benefit.



An example is Power BI - Covid Cases Daily Report. In mid-2021, Covid case numbers started rising rapidly again, and there was a need for fast and easy access to the most accurate case figures to aid the Council and Health & Social Care Partnership's response and resilience planning. A Power BI report was developed by the IT Data Services team to provide both daily headline case figures and a series of interactive visualisations which can be used to understand and analyse case numbers by neighbourhood, demographics, and time.



The Power BI Covid Cases – Daily Update is highly innovative and illustrates the new capabilities now available as outputs from the data and analytics programme. Interactive Power BI visualisations which are easy to interpret and understand used trustworthy data extracted from NHS source automatically using new data pipelines.

Our work is continuing from a proof-of-concept solution, illustrating how we can build data insight using Microsoft Power BI – the Council's new analytics platform.

## Protecting our Physical and Information Assets

These matter because our property and infrastructure assets (including schools, houses, offices and depots, and other infrastructure) are an integral element of effective service delivery and capital funding stimulates development and regeneration in local areas. Our information is also a valuable business asset, critical to effective strategic and operational decision-making across the organisation.



## Performance Summary for 2021/22

### Case Study: Records and Information Security

We implemented successfully the Corporate Digital Platform programme, which was a multi-faceted project, designed to streamline and modernise paper processing activities across the organisation and ensure compliance with our legal requirements in terms of public records management. This programme delivered a digital mailroom and introduced hybrid mailing resulting in financial savings, efficiencies, and a reduction in use of paper. It also included the design and delivery of an Electronic Document Management System (EDMS) and the ongoing digitisation of paper records.

Successful delivery of a corporate EDMS was a fundamental element of the Council's Records Management Plan, which is submitted to the Keeper of the Records of Scotland (the Keeper) to ensure compliance with obligations under the Public Records (S) Act 2011 (PRSA 2011). The EDMS will keep the council on track as a "digital by default" organisation, producing savings in electronic storage and legacy file server systems. EDMS supported the delivery of services during the pandemic by enabling access to files from remote work locations and own devices and will be integral to the success of new hybrid working models.

On receipt of the Council's progress update review (PUR), the Keeper's team commended PKC on continued compliance with both the spirit and letter of the PRSA obligations. The Keeper's team was especially pleased that PKC has not only implemented EDMS but had approved records retention across the Microsoft 365 platform.

The next phase of the EDMS project will focus on records management capability within Business Systems.

We have continued to make strides in improving the council's cyber resilience considering the current heightened risks. Over the last year, we have implemented a Cyber Incident Response plan (CIRP) and Incident Response Team. This includes several cyber-attack playbooks.

Continuing measures to enhance our cyber-resilience include:

- Procurement of phishing simulation software
- Senior management and elected member cyber security exercises and briefings by the Scottish Business Resilience Centre



- Cyber Response plan testing
- Cyber maturity assessment by Quorum Cyber who are the Security Operations Centre partner
- Revise business continuity plans with a focus on cyber resilience
- Building in-house expertise through a staff member undertaking a cyber security degree (which is fully funded by Skills Development Scotland), and recruitment of a cyber graduate apprentice

### Case Study: Riverside Primary School



The new Riverside primary school is set to be one of Scotland's first Passivhaus certified primary schools. The move to Passivhaus certification in our schools is in response to the Climate Change Strategy and Action Plan adopted by Perth & Kinross Council in December 2021.

The internationally recognized Passivhaus standard delivers buildings with a much lower reliance on operational energy than the typical standard in Scottish construction. It delivers this through rigorous quality control processes and technical requirements during both design and construction. The Passivhaus standard helps lower our CO2 emissions and gives us the assurance that Perth and Kinross Council will meet the energy requirements for funding set by the Scottish Futures Trust (SFT) Learning Estate investment programme (LEIP).

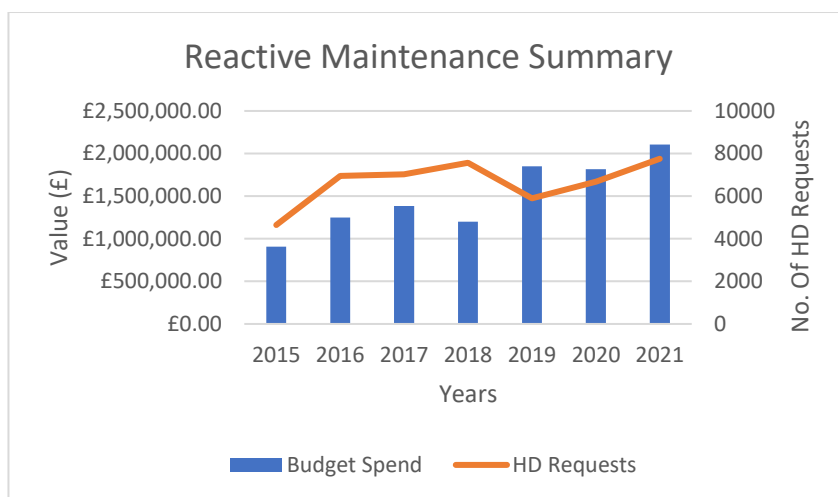


Passivhaus not only sets a construction standard which PKC will need to attain in its move to a zero-carbon estate, it also moves us towards delivering on the construction quality outcomes as highlighted in the Cole report in 2017. To deliver better quality assurance and control, the report recommended independent third-party quality checks and better design team integration throughout the project stages. Passivhaus is the only independent certification scheme which delivers both.

The school is currently on site, with completion in spring/summer 2023.

### Case Study: Maintenance & Investment Team

There has been an increase in maintenance demand via our Help Desk (HD Requests) since lockdown and an increase in volume of maintenance delivered since the pandemic. This challenge has been met by the team with a positive attitude and transparent discussion with clients, resulting in no major failures or disruptions to Service delivery (through building availability) across the Council.



Close working relationships and proactive budget management within first quarter of 2021/22 realised £350k of energy savings due to effective energy management to fund a backlog of Cemetery walls issues that were needed to ensure public safety. These works are progressing in conjunction with Bereavement Services.

The Unpaid Work Team have been working closely with Maintenance teams and communities to make best use of available budgets and in the spirit of the Perth & Kinross Offer. Together, we have painted several community facilities at minimal cost, to the satisfaction of the Community groups.



## Case Study: Ventilation Improvements and Installation of CO2 monitors.

Following lockdown in March 2020, Property Services commenced an exercise of surveying all PKC buildings. This exercise assessed the adequacy of existing ventilation arrangements to be able to mitigate the risks of Covid-19. The surveys identified several actions, including re-programming of existing ventilation systems, repairing windows, accelerating servicing of equipment, and installing additional ventilation in numerous buildings to ensure they could be put into operation safely. These actions were all undertaken in accordance with Industry and Scottish Government Guidance available at the time.

In tandem with this exercise, the team also used Integrated Environmental Solutions (IES) dynamic modelling software to ensure the ventilation strategy adopted for each building would be effective. During this process and through dialogue with Scottish Futures Trust and the Scottish Government, Perth & Kinross Council were identified as one of the leading Councils with a well-developed strategy to mitigate the impact of Covid -19 within its operational buildings.

As such many of the actions suggested by Scottish Government in their document 'Coronavirus (Covid –19): guidance on reducing the risks in schools were developed by the Council's Energy and Engineering Team. In collaboration with Education & Children's Services and installation contractors, the team were also key drivers in the successful CO2 monitor roll out across schools to meet Scottish Government targets. The Council was one of the few Councils to fully meet the initial Scottish Government target of 1 device per teaching and learning space. The early data from this exercise was again used by the Scottish Government to develop their ongoing strategy to ensure an appropriate response to the Covid –19 pandemic.

## CDS Priorities for 2022/23

Maintaining / Improving our Property Estate: Over the last two years, Property Services was diverted from much of its capital works to deal with essential covid safety measures across the estate. There has been an escalation of maintenance demand due to pent up issues during lockdown, remobilisation of properties, overall estate condition and complexities in working in Covid environment. The focus for 2022/23 is **managing the increasing demand for maintenance within available budgets**. An escalation in contract costs tied to CPI (Consumer Prices Index) combined with national supply chain difficulties with materials and resource supply will also bring significant challenges. National tender price inflation is affecting contracts planned to be awarded in 2022/23 and the amount of work deliverable in current / future planned programmes.

Cyber-attacks are increasing in prevalence and in the potential damage they can do. Our security landscape is continuously evolving to anticipate and prevent unauthorised intrusion, to keep our valuable information assets

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secure. CDS is partnering with external specialists to implement a **managed 24/7 Cyber Security Operations Centre (SOC)**. This will significantly enhance our security capacity and capabilities for early threat detection, containment, response, and remediation. Encompassing the use of automated machine learning and advanced modelling techniques to combat cyber-attacks, our SOC will put us at the forefront of threat protection in the Scottish public sector and help us keep pace with emerging threat advances, deliver 24-hour monitoring, provide early warning of possible rogue activity and trigger professional, informed incident responses to suspected threats.

Our IT infrastructure and networks protect our systems with up-to-date cyber-security measures and have PSN (Public Service Network) accreditation.

The move towards achieving the Scottish Government targets of **net zero** by 2045 and intermediate reduction targets before then, requires to be embedded in all corporate decision making. CDS will be involved in facilitating the necessary changes in practices to achieve these statutory targets.

### Improving our Customers' Experience

This matters because, like getting the basics right, our external and internal customers expect to have an excellent experience when they use our services. Our internal processes need to be lean providing efficient, timely and accurate information to our customers at first point of contact and throughout the duration of their interaction with the Council. Our ambition is to continue to embrace the *Customer Service Excellence Model*.

## Performance Summary for 2021/22

### Case Study: Procurement Team and Community Benefits

As part of our Sustainable Procurement Policy, the Procurement Team ask suppliers to work in partnership to support local communities in a real and sustainable way, thereby creating a positive social impact from contracted spend. In recognition of our creative, community-focussed approach to Community Benefits in Procurement, the Procurement Team were winners of the "Social Value" category in the 2020 National Procurement Awards – Scotland's leading public procurement awards. This was followed up with a Highly Commended award at the 2020/21 UK National GO Awards.



To help both communities and suppliers get the best out of community benefits, we created an innovative way for local organisations to ask for what they needed – the Community Benefits Wish List. Local communities can add to the Wish List using our online Community Benefits Wish List form, explaining what they need for example, sponsorship, donations of material or labour, presentations, work experience placements, etc. A list of all current requests on the Wish List is published on our procurement pages, alongside an interactive map showing the location of the requests. This offers suppliers a straightforward way to connect with communities and organisations who have a defined need and to be able to identify the type of benefits they, as a contractor, could supply.

To date, a wide-ranging array of benefits have been delivered by suppliers, including placements for prison leavers, financial support for local charities, employment opportunities and careers workshops for young people. The Procurement Team work hard to raise awareness of this approach, working closely with the Supplier Development Programme to promote the initiative amongst SMEs.

We have demonstrated our Wish List approach at various Procurement and Economic Development forums, including as part of a Community Engagement Workshop at the Annual National Procurement Conference. The workshop was attended by more than 100 delegates, and there is now UK-wide interest in our approach. Our Community Benefits approach has been included in a Scottish Government publication, measuring social impact in public procurement: SPPN 10/2020 and was part of a case study created by SCRIG (Scotland's Centre for Regional Inclusive Growth).

### Case Study: Child Abuse in Care Redress Scheme

The Redress for Survivors (Historical Child Abuse in Care) (Scotland) Act 2021 led to the establishment of a financial redress scheme. Claiming redress requires people to provide evidence of their care experience; one of the ways this can be obtained is by people exercising their right to make a subject access request for the information about them which is held by the authority. It was recognised that many requestors were also seeking information about their life experiences, to make sense of what were often difficult and traumatic experiences.

This led to a significant increase during 2021/22 (19% more than during 2020/21) in the number of people exercising their right to access information about themselves (or about deceased partners or parents) held by Perth and Kinross Council. These requests were frequently for large volumes of sensitive and distressing information, which require processing to remove

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third party and other information, before they can legally be released. The volume of work which the Information Governance team was dealing with led to delays in responding to people at what was often a time of heightened emotion.

Working with Education and Children's Services, additional funding was secured to employ two officers to deal primarily with requests for historical care records. This additional resource has resulted in an improvement in the time taken to respond to requestors, with almost all requests relating to care experience being responded to, either in full or partially, within statutory timescales. Ongoing training will enable staff to access information held on social work systems which will streamline and speed up the service provided to requestors. They will also use the Archives held by CulturePK to look for evidence when no records are held on social work systems.

Recognising the distressing content of many records, the Information Governance team has developed communications which direct individuals to contact external support organisations. When no information is held, members of the team provide guidance on where requestors could try to find evidence. All requestors are treated compassionately and with empathy, and there is a recognition of the particularly difficult circumstances of people who are seeking evidence for the Redress Scheme.

### CDS Priorities for 2022/23

Whilst interrupted by the 2-year pandemic, it is planned that development work will restart in 2022/23 to develop an ambitious **Customer Service Strategy**. This will include a new model of service, customer insight and engagement and developing customer engagement based on the national Customer Service Excellence model.

We will continue to promote **digital channels** and make sure no citizen is excluded. We are investigating opportunities for new and emerging technologies including webchat to improve service operation and design. This will be aided by robust demand analysis



## Working Smarter

This matters because a strategic and integrated approach to people, technology and property is essential to improving how we work as a Council to support delivery of the Perth and Kinross Offer. Our experience in responding to the Covid 19 pandemic has demonstrated that as an organisation we can implement radical change at pace and scale. We will therefore continue to challenge our traditional assumptions about work and workplace, embrace different ways of working which improve productivity, enhance the employee and customer experience, and achieve better outcomes for our communities.

### Performance Summary for 2021/22

Working Smarter has meant being more flexible about what we do, how we work, who we work with, when and where employees work – ensuring we optimise use of buildings, workspace, and technology to find new and more effective ways of doing things. It is also about supporting wellbeing, enhancing employee experience, and promoting positive life work balance. Over the last year, we have seen a stop start impact in terms of remobilising our offices, in line with public health requirements as prevalence of Covid-19 changed across the country. A gradual return to corporate offices was facilitated in line with emerging public health guidance from early 2022. This return was assisted with new HR guidance on hybrid working and the installation of IT equipment to facilitate hybrid meetings in additional offices. The return has also seen a reduction in paper files facilitated by new ways of working and the new EDMS.

Office based staff are now settling into new hybrid working patterns and Covid public health restrictions have been eased. Maintaining a healthy and safe work environment for all remains a priority and everyone has a responsibility for looking after themselves and respecting each other. A range of good practice mitigations and support remain in place to safeguard the health and wellbeing of staff, elected members, and members of the public. These include promotion of the Distance Aware Scheme.

### Priorities for 2022/23

Over the next few months, we will be working with teams in offices to **review workspace requirements** based on how they are using hybrid working; this will help determine overall space requirements and consider the need for quiet spaces, collaboration spaces, bookable rooms with and without hybrid meeting equipment.



This exercise will ensure we are making best use of our office accommodation and digital kit, supporting staff to work flexibly and to aid productivity.

## ORGANISED TO DELIVER

### Governance and Management Structure of the Service

CDS has the key resource functions relating to people, money, property, and information. This brings together the key **strategic enablers of change and transformation**. It also is the central service which **supports the Council's democratic processes and civic role** and manages the **governance framework**.

CDS provides **specialist customer services** directly to the communities of Perth and Kinross through its Registrars, Licensing, Information Governance, Local Taxes & Benefits and Welfare Fund & Welfare Rights teams. It also provides the Council's general enquiry service for residents, businesses, and visitors through the Customer Contact Centre.

CDS employs 522 people working a full time equivalent of 464 permanent employees across a diverse range of functions and activities.

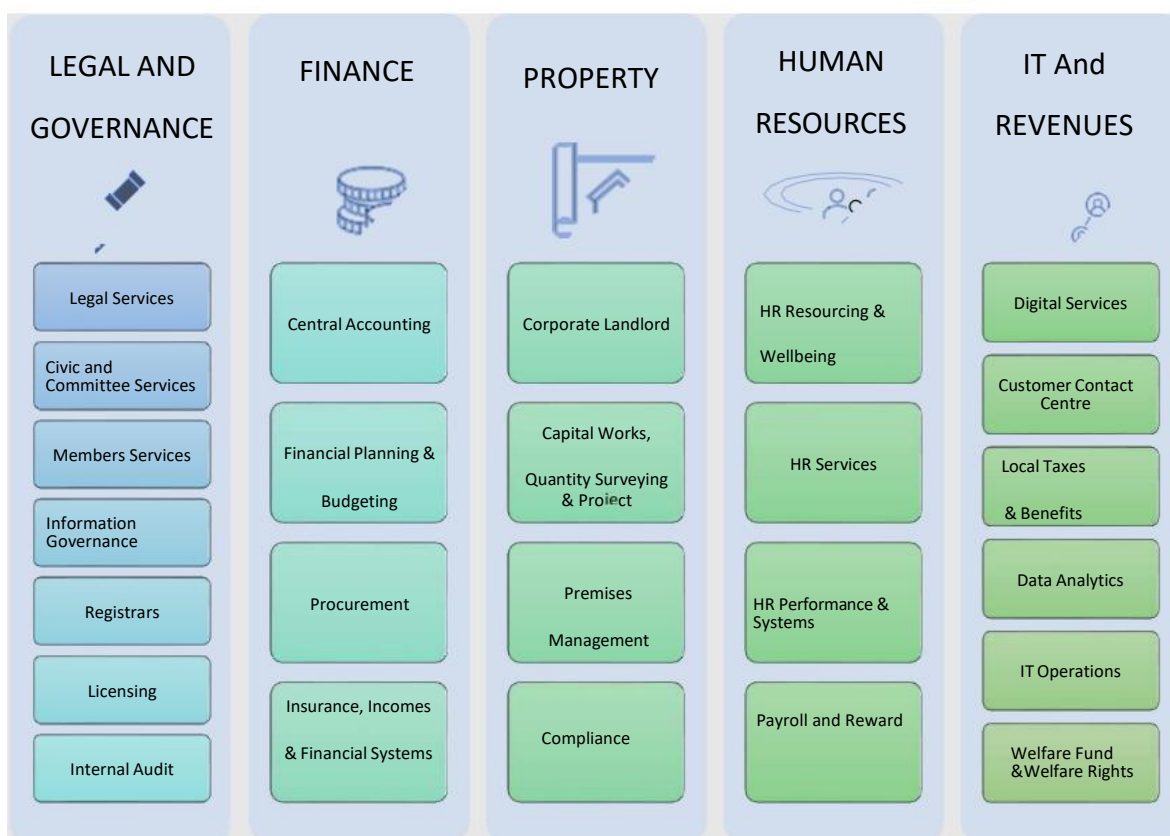
CDS fulfils a significant role in the Council's leadership and governance structure. With representation on the Executive Leadership Team, CDS provides the core expertise in corporate resources, digital / IT, legal and financial advice to the Chief Executive, Executive Directors, Elected Members and Conveners of Committees of the Council.

Key statutory roles are held by officers within CDS; Monitoring Officer (Head of Legal & Governance Services), Section 95 Officer (Head of Finance) and the Data Protection Officer. The Head of IT & Revenues is the Chief Digital Officer.

Heads of Service and Senior Service Managers are members of the Extended Executive Leadership Team (EELT). Many also have leadership roles on several key groups and Boards within and out with the organisation and contribute to the national policy and strategic agenda via Cosla or their respective professional associations.



This 'At a Glance' Diagram of Corporate Services shows the different Divisions and teams within the Service and a brief outline of their responsibilities. More detail can be obtained on our ERIC page [Here](#)



## Customer Focus and Community Engagement

Customer Experience is normally associated with external customer contact and service teams who deal directly with the public. However, our internal customers are just as vital (the next person in the process is your customer). Employee experience is at the heart of HR service delivery.

Customer engagement and improved communication with customers across all the Service's work will be progressed to ensure CDS is listening carefully to its customers' needs, and to develop exceptional levels of insight into how it could transform and improve to the benefit of customers.

We also directly provide customer services to the public in line with the Customer Service Excellence Standards (Formerly Charter Mark). The Welfare Rights Team already hold accreditation at the highest level possible for Welfare Benefits Advice and Representation at Courts and Tribunals. Working proactively with Scottish Government and partners, Welfare Rights staff share best practice and influence guidance and process to ensure policy objectives are optimised.



## Preparing our People for the Future

People are the Council's most important asset and remain at the heart of everything it does. The people who work in CDS are dedicated and committed to public service and use their talents and skills to provide the best possible services to our customers and communities. We remain committed to investing in the support and development of our employees – providing 1:1 time, team discussions, wellbeing support and access to learning and development – leadership training, continuing professional development, digital skills, and certificated qualifications.

The Council's Corporate Workforce Plan (2021 – 2023) (Report No. 21/84 refers), together with the Organisational Development Plan and Health & Wellbeing Plan, collectively set the direction for how we develop our workforce for the future. These plans will evolve to support and enable the Transformation and Change Programme, with engagement and consultation with employees and trade unions throughout.

The Service continues to have a strong track record of employing modern apprentices and professional trainees, as well as offering graduate work experience opportunities across all our teams. This approach ensures a pipeline of talent for future roles. CDS currently provides twelve opportunities for trainees, working across Energy and Engineering, Data analytics, Payroll, Internal Audit and Legal services, with a further three opportunities in Cyber Security and HR.

The pandemic has changed the way we live and work; in CDS many teams have continued in their normal workplace with changes in work practices – for example, Registrars, IT, and property teams. Many staff were working from home and are now settling into new hybrid work patterns, where this is appropriate for the customers they serve. Keeping people safe and promoting wellbeing remain priorities for the Council as an employer of a large and diverse workforce and we continue to work collaboratively with trade unions on health and safety and employment matters.

We are ambitious for how we enhance the collective contribution of CDS in service delivery to our customers and communities and in how we support and enable the Council to achieve its priority outcomes. With increasing demands and reducing resources, how we work is as important as what we do. We will continue to develop:

- Strong relationships that enable CDS to act as professional adviser and as a critical friend. Influential and solution focussed people that are connected, astute and politically aware, providing relevant and timely advice that leads to more informed decision making and better outcomes.



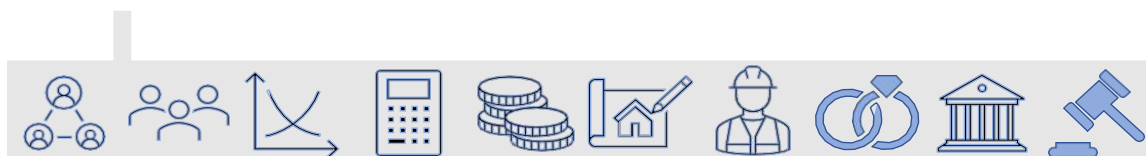
- Confident and visible leaders who understand public services, role model technical excellence and lead by example.
- Skilled people equipped with the knowledge, skills, and experience to achieve our priorities and meet future challenges.
- Clear career frameworks and succession planning arrangements that define roles and set expectations of our people, to support the attraction and retention of high-performing and diverse talent.
- Team structures and ways of working that promote collaboration, integration, and knowledge-sharing.
- Clear, consistent, and accessible data governance, helping to protect data integrity, and improve evidence-based decision making.
- Effective risk management that is integrated and embedded into our core business processes and a review of the Council's risk appetite.
- Enhanced reporting and monitoring of strategic financial performance and associated risks, that informs governance, decision making and financial management for the Council.

## Partnership Working

Our values drive our behaviours and actions in all that we do. These are **Ambition, Compassion, and Integrity**. Our staff are also expected to demonstrate strong ethical behaviour, respecting the rule of law and the appropriate codes of conduct.

Our Service includes several professional disciplines, each subject to its own governing body and professional standards. We provide support for continuing professional development and learning for all to maintain and develop skills and knowledge to enable us to continue to provide the best possible advice and support.

Our approach to working with our customers and stakeholders is to be collaborative, supportive, enabling, and agile. Our approach is to work collaboratively with Services and Partners to deliver the best possible outcomes for our citizens and communities. Several key community-wide developments and service activities will be supported by officers in CDS. Some examples include:



- Major construction projects such as Cross Tay Road Link Road, City Hall Museum, and enhancements to the school estate.
- Comrie Flood Protection Scheme
- Child Poverty
- Support for asylum seekers and Ukraine refugees
- Health & Social Care – Review of the Integration Scheme
- The Perth and Kinross Offer
- Local Action Partnerships
- Work with Third Sector to ensure seamless referrals to welfare rights
- Community Vaccination Centres and Food Support
- Wellbeing Economy Alliance - UNCRC (United Nations Convention on the Rights of the Child) focussed pilot project in Letham
- 2022 Transformation and Change Programme.

We want every member of CDS to fulfil their respective professional roles to the best of their ability and take ownership in leading, piloting innovative ideas, learning from others, and improving outcomes for communities and citizens.

Collaboration with other functions is essential in the delivery of this plan. We will continue to promote a One-Council approach, share knowledge and information, solve problems together, and develop creative solutions jointly to drive better quality outcomes for our communities.

## Financial and Resource Management

CDS itself has a net revenue budget of £36.4m in 2022/23 which represents 8.8% of the Council's Revenue Budget. CDS has direct responsibility for a capital budget of £57m through to 2028/29, split between IT and Property Services.

Property Services makes up £17.5m, 48% of the CDS Net Revenue Budget. Our considerable property estate needs to be maintained to high standards to address conditions issues as well as challenges relating to climate change, Net Zero and emerging technology and legislation. In the next period, it is anticipated that demand for maintenance will continue to exceed previous levels of activity. Currently, the construction market is highly volatile and unpredictable in the short to medium term, and this is problematic for investment planning because of cost uncertainty and concern over the supply of labour and materials.



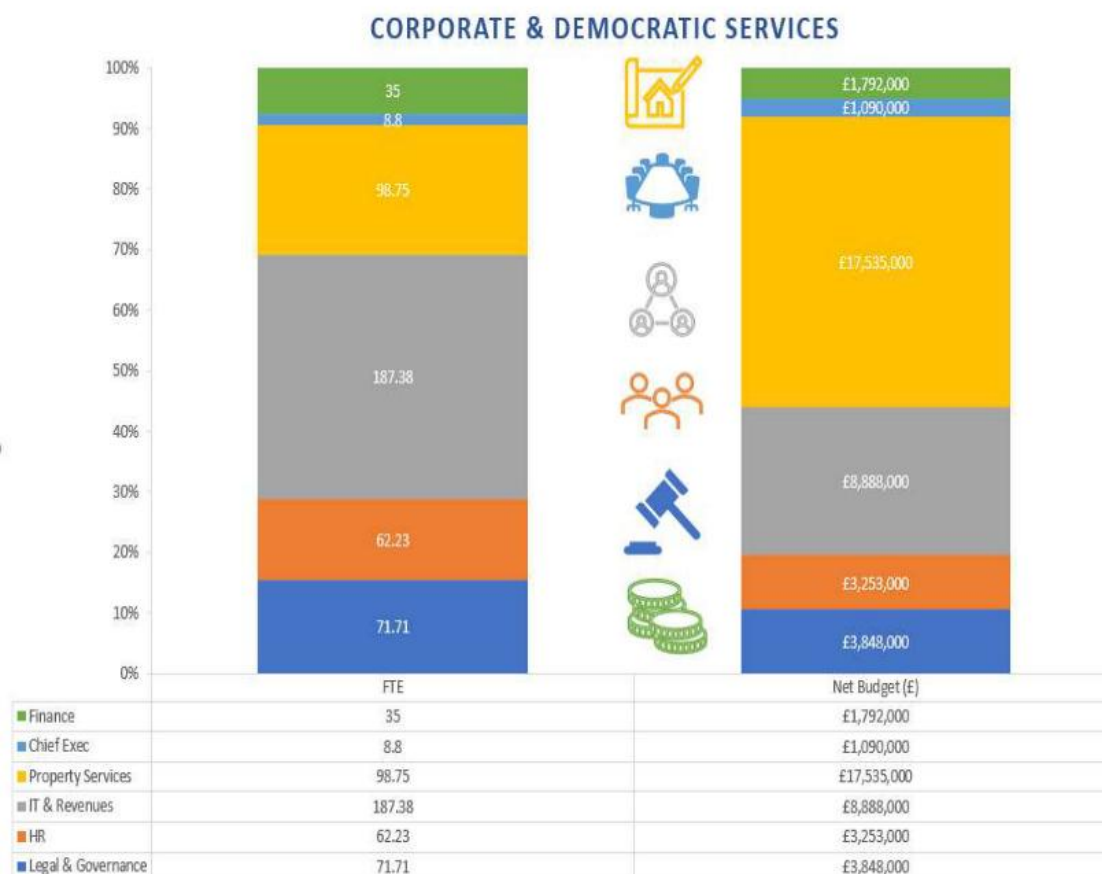
IT investment ensures our core infrastructure components (servers, cyber security, user devices, Microsoft estate and business systems and telephony etc) provide a stable platform from which to build digital and transformative change. It ensures the technologies needed to deliver frontline services remain up to date, secure, available, and developed to meet evolving customer needs and the Council's emerging operating model. The last two years have also seen seismic disruption to IT supply chains with lead times for some equipment increasing from 3 weeks to 13 months. This volatility and unpredictability are likely to continue into 2023.

Budget monitoring for the overall Council revenue budget of £430million and capital budget of £640m through to 2028/29 is reported to the new Finance and Resources Committee.

The Investment Blueprint and Delivery Plan will ensure investment decisions support corporate objectives and priority outcomes - investment in maintaining and developing the assets which are used to deliver services (including schools, houses, operational buildings, and infrastructure) and the utilisation of capital funding to stimulate economic development and regeneration in local areas are essential enabling activities. Delivery of the Council's ambitious capital programme supports key outcomes such as tackling climate change, cultural transformation, and improving the school estate.

A graphical representation of CDS' Net Revenue Budget and FTE is shown below.





## Performance, Self-Evaluation, and Risk Management

The Service makes a significant contribution to the overall strategic objectives directly through our service delivery, and through our professional advice and support to other Services and Partners in all that they do.

CDS participates in the cross-service Planning, Performance and Risk (PPR) group as part of the corporate policy and governance arrangements. CDS is committed to embedding self-evaluation and performance management across all teams to drive improvement and more integrated ways of working.

CDS welcomes the new modernised performance reporting system procured in Spring 2022 by the PPR group lead officer. This will help us to embed effective performance management principles and disciplines throughout the Service. Our 2021-22 performance against key corporate indicators will shortly be available on our web site at, [PK Performs](#) selecting 'Organised to Deliver'. Previous year's performance indicators are available online now.

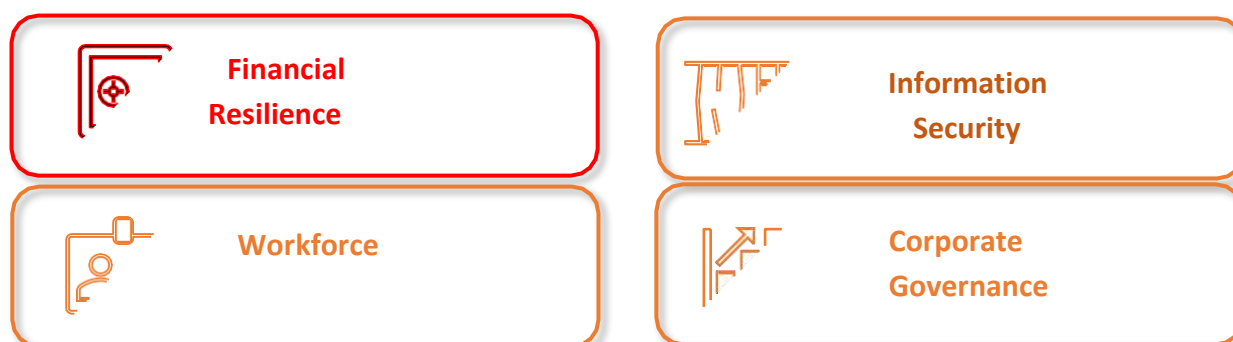


As part of the business planning process for 2022/23, CDS undertook a PESTLE and SWOT analysis to gain insight into the emerging demands and risks which may affect our performance and the organisation's capacity to deliver services. This insight helped shape our improvement priorities.

We are aware of Audit Scotland's recommendations (Best Value Assurance Report August 2019) around improving how performance management and performance reporting is used to drive continuous improvement, and we are investing resources to change the way we use data and information. Work has commenced on developing a balanced scorecard within our performance management arrangements.

Effective risk management is a key element of the Council's system of internal control and an essential element of good governance. CDS has responsibility for the development and management of the Council's Strategic Risk Management Framework; ensuring that there is a consistent and coherent approach taken across the organisation to the identification, assessment, analysis, mitigation, and management of strategic and key operational. An update to the Strategic Risk Register will be presented to the appropriate Council Committee in summer 2022.

As the core corporate functions, CDS are the risk owners in relation to several of the key risks facing the Council including financial management and accountability, information security, workforce, and corporate governance.



As key enablers of change and transformation, CDS also play a key role in supporting the organisation in managing and mitigating the spectrum of strategic risks from reducing the impact of climate change to tackling poverty and inequality across Perth and Kinross. Involving and engaging staff in the critical agendas of equality and fairness, sustainability and climate change will ensure everyone can contribute effectively.



As part of our business planning activity during 2021-22, CDS regularly reviewed the opportunities and threats emerging from the external environment and updated its Service Risk Register.

## KEY PERFORMANCE INDICATORS

The section below provides 2021/22 performance indicators where the information is currently available. The remaining indicator will be updated later this year when the information becomes available.

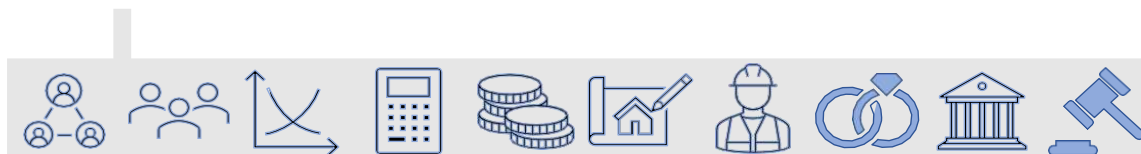
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|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  <p><b>% OF THE HIGHEST PAID 5% EMPLOYEES WHO ARE WOMEN</b></p> <p>2021/22 <b>54.0%</b><br/>2020/21 <b>53.8%</b></p>                                       |  <p><b>THE GENDER PAY GAP</b></p> <p>2021/22 <b>-1.1%</b><br/>2020/21 <b>-1.2%</b></p>                                                            |  <p><b>SICKNESS ABSENCE DAYS PER EMPLOYEE – NON-TEACHING</b></p> <p>2021/22 <b>10.9</b><br/>2020/21 <b>8.3</b></p>    |  <p><b>% OF INVOICES SAMPLED THAT WERE PAID WITHIN 30 DAYS</b></p> <p>2021/22 <b>94.0%</b><br/>2020/21 <b>89.7%</b></p>      |
|  <p><b>PROPORTION OF INTERNAL FLOOR AREA OF OPERATIONAL BUILDINGS IN SATISFACTORY CONDITION</b></p> <p>2021/22 <b>89.8%</b><br/>2020/21 <b>85.4%</b></p> |  <p><b>PROPORTION OF OPERATIONAL BUILDINGS THAT ARE SUITABLE FOR THEIR CURRENT USE</b></p> <p>2021/22 <b>93.5%</b><br/>2020/21 <b>89.7%</b></p> |  <p><b>SUPPORT SERVICES AS A % OF TOTAL GROSS EXPENDITURE</b></p> <p>2021/22 <b>TBC</b><br/>2020/21 <b>3.8%</b></p> |  <p><b>% INCOME DUE FROM COUNCIL TAX RECEIVED BY THE YEAR END</b></p> <p>2021/22 <b>97.7%</b><br/>2020/21 <b>96.6%</b></p> |

### Comments on Performance Indicators

Council performance in the Corporate Services' indicators has mirrored the national experience during the COVID-19 pandemic. The 2021/22 performance in respect of these indicators shows that as the restrictions have eased, performance levels are returning to normal ranges.



Sickness absence has increased from an average of 8.3 to 10.9 days for non-teaching employees. This excludes Covid-related absences. The requirement for most staff to work from home changed the way we work and meant resources, systems, processes, tools, and technology being deployed very differently. Working digitally and from home and recording COVID-19 absences differently saw reductions in sickness absences, in line with other organisations in 2020/21. Our sickness absence indicators continue to be impacted and these are being closely monitored. We have identified some factors that we consider have contributed to increases in absences and these are used to shape our wellbeing support for employees, including advice and support for managers. We will continue to work with our trade unions and professional associations to prioritise support for the health and wellbeing of our workforce who are essential to delivering the best possible services to the people of Perth and Kinross.



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## Links to relevant documents

[Community Plan and LOIP 2017-2027](#)

[Corporate Plan 2018-2022](#)

[Corporate Workforce Plan 2021-2023](#)

[Revenue budget and Reserves Strategy Report Feb 2022](#)

[Local Government Benchmarking Framework Report 2020-21](#)

[All Annual accounts](#)

[Council budgets](#)

[Past Council Strategies, Performance Reports and Business Plans](#)

[Best Value Assurance Report 2019](#)



## PERTH AND KINROSS COUNCIL

### Finance and Resources Committee

15 June 2022

### LOCH LEVEN GUIDANCE

#### Report by Head of Planning & Development (Report No 22/125)

#### 1. PURPOSE

- 1.1 This report summarises the comments received during the consultation on non-statutory planning guidance published for consultation in 2021. It follows a similar report (Report No. 22/95) to the Kinross-shire Local Committee on 21 April 2022. That report sought the views of the Area Committee on the guidance. These have been incorporated into this report which seeks approval to finalise and adopt the guidance document to support the Local Development Plan (adopted November 2019) as non-statutory Supplementary Guidance.

| 2. RECOMMENDATIONS |                                                                                                                                                                                                         |
|--------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2.1                | <p>It is recommended that Committee:</p> <ul style="list-style-type: none"> <li>• approves the Loch Leven guidance to support the implementation of Policy 46 of the Local Development Plan.</li> </ul> |

#### 3. STRUCTURE OF REPORT

- 3.1 This report is structured over the following sections:
- Section 4: Background
  - Section 5: Key Concerns, Responses and Proposed Changes
  - Section 6: Conclusion
  - Appendices

#### 4. BACKGROUND

- 4.1 The Loch Leven Special Protection Area and Ramsar Site planning advice addressing phosphorus and foul drainage in the catchment area (Loch Leven guidance) has been prepared in response to the adoption of LDP2. This is non-statutory planning guidance to support LDP2. In the report to council on 29 January 2020 (Report No. 20/25 refers), it was noted that the guidance document would be brought forward to Strategic Policy and Resources Committee as part of the review of guidance to support LDP2. The document was placed before the Kinross-shire Local Area Committee to seek feedback on the guidance. This has been incorporated into this report.

## **Loch Leven Guidance**

- 4.2 The Loch Leven Guidance supports Policy 46: Loch Leven Catchment and sets out the tests and information required for developments within the catchment area to address phosphorus emissions that affect the Loch. It sets out requirements for phosphorus mitigation for private wastewater systems.
- 4.3 The Loch Leven Guidance was updated following adoption of the Local Development Plan (adopted November 2019) (LDP2). This was consulted on from 17 February to 16 March 2020. Following consideration of the Lathro application (19/00917/FLM) (Report No. 20/112) at Planning and Development Management Committee on 1 July 2020, the issue of additional mitigation for developments connecting to public wastewater treatment plants was raised. The updated guidance was not promoted for adoption to allow time to consider this issue. As a result, a special meeting of the Loch Leven Catchment Management Group explored further options as detailed below. While no major changes resulted, an added minor change requested by SEPA needed further consultation which was carried out between 29 November 2021 and 24 January 2022.

## **5. KEY CONCERNS, RESPONSES AND PROPOSED CHANGES**

- 5.1 Responses to the consultation held in 2020 were received from SEPA and NatureScot, with minor technical changes requested (see Appendix 2).
- 5.2 Following concerns raised about phosphorus impact on the loch of new development connecting to public wastewater treatment works (WWTW), a meeting of the Loch Leven Management Group was held in August 2020. At that meeting, it was concluded that a requirement should be explored for developers connecting to public WWTW to provide a phosphorus mitigation calculation.
- 5.3 Consultation with SEPA, NatureScot, Scottish Water and Legal Services concluded that this requirement was not feasible to implement. In summary, this is because there is no power in the policy to request this information. It is not reasonable to request this information as it would serve no purpose, as Scottish Water mitigation is based on a SEPA licence based on their own environmental assessment.
- 5.4 Scottish Water mitigation is carried out in response to daily monitoring within the context of their licenced limit. The Planning Authority's power to request information to inform a Habitat Regulations Appraisal could not extend to the provision of this information, due to the final input to the loch being controlled by Scottish Water in accordance with their licence.
- 5.5 A further request was made by SEPA outside the consultation period for the guidance to include a statement about the temporary use of private facilities where there is no connection to public WWTW. While a minor change, it was thought significant enough to call for a further consultation.

- 5.6 The further consultation in 2022 resulted in only a further response from SEPA regarding terminology and a request for a definition of “potential bedrooms” which has been produced in collaboration with SEPA and the Council’s building standards team. The resulting draft incorporating all changes is attached as Appendix 1.
- 5.7 Further work is ongoing to engage with partners including Scottish Water, SEPA, CEH, NatureScot and local councillors to explore the operation of Policy 46 and any improvements that may be brought forward for LDP3.
- 5.8 The Kinross-shire Local Committee was content with the revised guidance set out in Appendix 1 and agreed to recommend it to this committee for approval. However, concerns were voiced in relation to the following:
- continued issues with combined sewers where the storm drains overflow during periods of heavy rainfall releasing sewerage into the catchment
  - the discord between the LDP reducing the housing land requirement in Kinross-shire to protect Loch Leven, and the housing numbers on allocated sites invariably being approved for higher numbers than identified in the plan
- 5.9 The Kinross-shire Local Committee are supportive of the further work referred to in paragraph 4.7 and wish to see their concerns raised above addressed fully in the preparation of LDP3.

### **Loch Leven Protocol**

- 5.10 In parallel with these discussions, the Loch Leven Protocol (the Protocol) has also been updated between Council officers, SEPA and NatureScot to update references to LPD2 and reflect current practice. The protocol is an operational arrangement concerning conditions and the implementation of measures to protect the Loch. This is a delegated matter, and the Head of Planning & Development continues to liaise with the two other agencies over the terms of the protocol and revise as appropriate. For information, the latest version of the protocol is attached as Appendix 3.

## **6. CONCLUSION**

- 6.1 The Loch Leven guidance has been reviewed to support the implementation of LDP2. The document has been through two public consultations and extensive consultation with stakeholders, including the Kinross-shire Area Committee.

### Authors

| Name          | Designation                                 | Contact Details                                                                                      |
|---------------|---------------------------------------------|------------------------------------------------------------------------------------------------------|
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| Brenda Murray | Development Plan Team Leader                |                                                                                                      |

### Approved

| Name           | Designation                         | Date        |
|----------------|-------------------------------------|-------------|
| Barbara Renton | Executive Director<br>(Communities) | 30 May 2022 |

### APPENDICES

- Appendix 1: Loch Leven
- Appendix 2: Loch Leven Guidance Summary of Consultation Responses
- Appendix 3: Loch Leven Protocol

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## 1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

| <b>Strategic Implications</b>                       | <b>Yes / None</b> |
|-----------------------------------------------------|-------------------|
| Community Plan                                      | <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>Yes</b>        |
| <b>Communication</b>                                |                   |
| Communications Plan                                 | <b>None</b>       |

### 1. Strategic Implications

#### Community Plan

- 1.1 The Loch Leven guidance document supports delivery of the Perth and Kinross Community Plan/Single Outcome Agreement by safeguarding and encouraging restoration of valued natural environments. As well as promoting health and wellbeing, the guidance document contributes positively to the priority of “Creating a safe and sustainable place for future generations”. In particular the guidance addresses the challenges of:

- maintaining the outstanding beauty of our urban and rural environments; and
- responding to the agenda in relation to climate change.

#### Corporate Plan

- 1.2 The Loch Leven guidance document contributes to the achievement of the Council Corporate Plan Priority delivery of “Creating a safe and sustainable place for future generations,” in particular the guidance promotes the goal to Protect our Outstanding Area.

## **2. Resource Implications**

### Financial

2.1 None.

### Workforce

2.2 None.

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

2.3 None.

## **3. Assessments**

### Equality Impact Assessment

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

3.2 The Loch Leven Guidance was considered under the Council's Integrated Appraisal Toolkit. No impacts on equality were identified and the document was assessed as not relevant for the purposes of EqIA. A full EqIA was not needed.

### 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. The guidance was considered under the Act in consultation with Consultation authorities and pre-screening identified that the Loch Leven Guidance will have no or minimal environmental effects and is therefore exempt and the SEA Gateway was notified on 30 January 2020. The reasons for concluding that the PPS will have no or minimal environmental effects is that the earlier version of the Guidance had been screened out and the minor changes introduced would have no or minimal effects.

### Sustainability

3.4 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. Under the Nature Conservation Act (Scotland) Act 2004 public bodies in Scotland have a duty to further the conservation of biodiversity. Under the Climate Change (Scotland) Act 2009 the Council also has a duty relating to climate change and, in exercising its functions must act:

- in the way best calculated to delivery of the Act's emissions reduction targets
- in the way best calculated to deliver any statutory adaptation programmes
- in a way that it considers most sustainable.

- 3.5 The guidance was assessed for Sustainability through the Integrated Assessment Toolkit. The document promotes sustainable development and the conservation of biodiversity and addresses climate change by: • Promoting best practice development that protects and restores nature and utilises nature-based solutions • Promoting the health of waterways and water bodies through avoidance and mitigation of impacts from new development.

#### Legal and Governance

- 3.6 None.

#### Risk

- 3.7 None.

### **4. Consultation**

#### Internal

- 4.1 The draft guidance was developed and consulted on with internal stakeholders as set out in section 3 of the Report. The Loch Leven guidance required minimal changes although consultation with building standards was carried out as a result of SEPA comments.

#### External

- 4.2 The draft guidance was developed and consulted on with external stakeholders as set out in section 3 of the Report. Further consultation with SEPA was required.

### **5. Communication**

- 5.1 Once approved, the guidance will be uploaded to the Council website and those consulted on the draft will be notified. The Loch Leven guidance has minimal changes and further promotion beyond communication as stated and conversations with development management is not considered necessary.

### **2. BACKGROUND PAPERS**

- 2.1 No background papers are referred to.





# Loch Leven Special Protection Area and Ramsar Site

Planning advice in relation to phosphorus and foul drainage in the catchment area

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Cover photo tertiary treatment facility © S McGregor  
All other photos © Lorne Gill/NatureScot



# 1 Introduction

*This guidance aims to assist anyone submitting planning applications which are:*

- *within the catchment of Loch Leven Special Protection Area (SPA) and Ramsar site and*
- *which could affect the water quality of Loch Leven.*

The guidance provides advice on the types of appropriate information and safeguards to be provided in support of your planning application so that it can be properly and timeously assessed by Perth & Kinross Council, and includes:

- An explanation of planning authorities' obligations when evaluating planning applications;
- Advice on the nature of developments that may affect Loch Leven; and

Examples of information which you need to submit with your planning application and application for a foul water discharge authorisation under **The Water Environment (Controlled Activities) (Scotland) Regulations 2011 (as amended)** (CAR) – there is a flow chart on page 4 taking you through the key questions and answers/solutions.

This guidance relates specifically to impacts on the water quality of Loch Leven SPA from phosphorus in waste water entering the loch's catchment. There may be other qualifying features of the SPA which could be affected by development proposals such as water quality impacts from construction activity or disturbance to birds.

## 2 The Importance of Loch Leven

Loch Leven is the largest naturally nutrient rich freshwater loch in lowland Scotland and is internationally important for its wintering and breeding wildfowl. It has the highest wildlife accolade as it was designated as a SPA and part of the Natura 2000 network – a series of internationally important wildlife sites throughout the European Union. It continues to receive protection as a European Site within the UK sites network. The site is also a Ramsar site designated under the Convention of Wetlands of International Importance.



### 3 The Nutrient Problem at Loch Leven

Nutrients such as phosphorus and nitrogen entering the loch catchment from manmade sources have caused problems with water quality for many years. This has resulted in a negative impact on the conservation, economic, and social interests of the loch and local area. Much work has been undertaken over the last 30 years to reduce the input of phosphorus into the loch including through upgrades to the public sewer system and improvements in private systems. Monitoring has shown that this has led to an improvement in the ecological quality of the loch. The vast majority of phosphorus entering the loch is now from diffuse sources in the catchment such as erosion and run-off, however it is important to continue to reduce the phosphorus and nitrogen inputs to the loch where that can be controlled.



**The aim is therefore to ensure that there is no increase of phosphorus in the Loch Leven catchment arising from waste water associated with new developments. If there is an increase in phosphorus discharging to the loch, there could be a detrimental effect on water quality, and a knock-on effect for ecology.**

### 4 Planning Authorities' Obligations

European sites were selected under the Habitats Directive, which sets out obligations on Member States to take appropriate steps to avoid “the deterioration of natural habitats and the habitats of species...” These obligations relate to “Competent Authorities” such as Planning Authorities.

***Planning Authorities can only agree to development proposals after having ascertained that they will not adversely affect the integrity of the site. If the proposal would affect the site and there are no alternative solutions, it can only be allowed to proceed if there are imperative reasons of overriding public interest.***

To inform this assessment, information will be requested for developments potentially affecting the loch. This includes details of measures to protect watercourses from surface water drainage and construction activity, and a **Phosphorus Mitigation Calculation** for private systems.

Proposals for developments connecting to private waste water systems must mitigate their impacts. To ensure no net increase in phosphorus from these developments, a precautionary approach recognises that the measurement of potential phosphorus output is not an exact science. Policy 46: Loch Leven Catchment Area of Local Development Plan 2 requires proposals for developments with private systems to provide 125% mitigation of the phosphorus they produce.

Developments which connect to public systems have been facilitated by past upgrades and mitigation of phosphorus is carried out at the works. These systems operate under a SEPA authorisation which takes population growth and impacts on the loch into account.

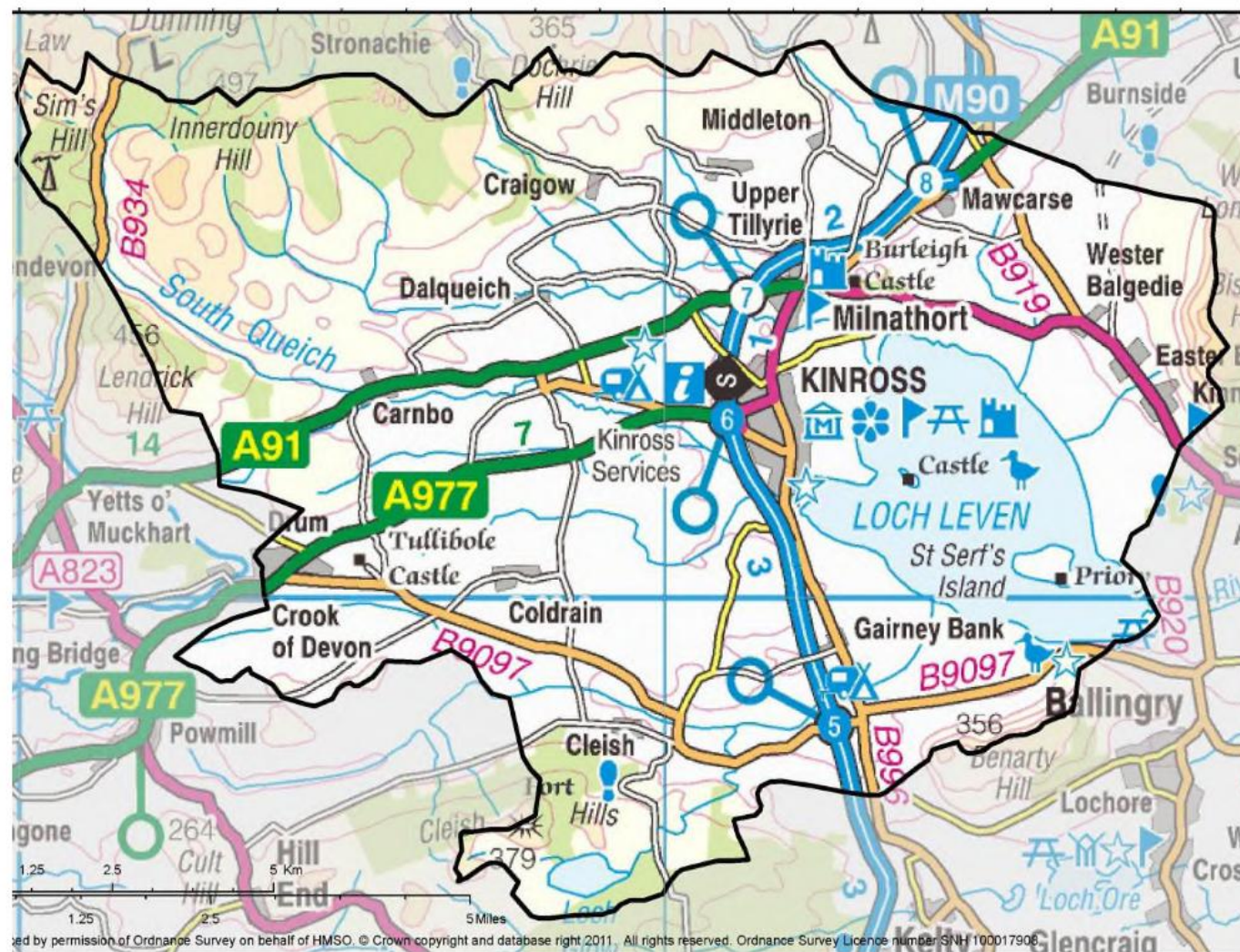


## 5 Proposed Projects that May Affect Loch Leven SPA

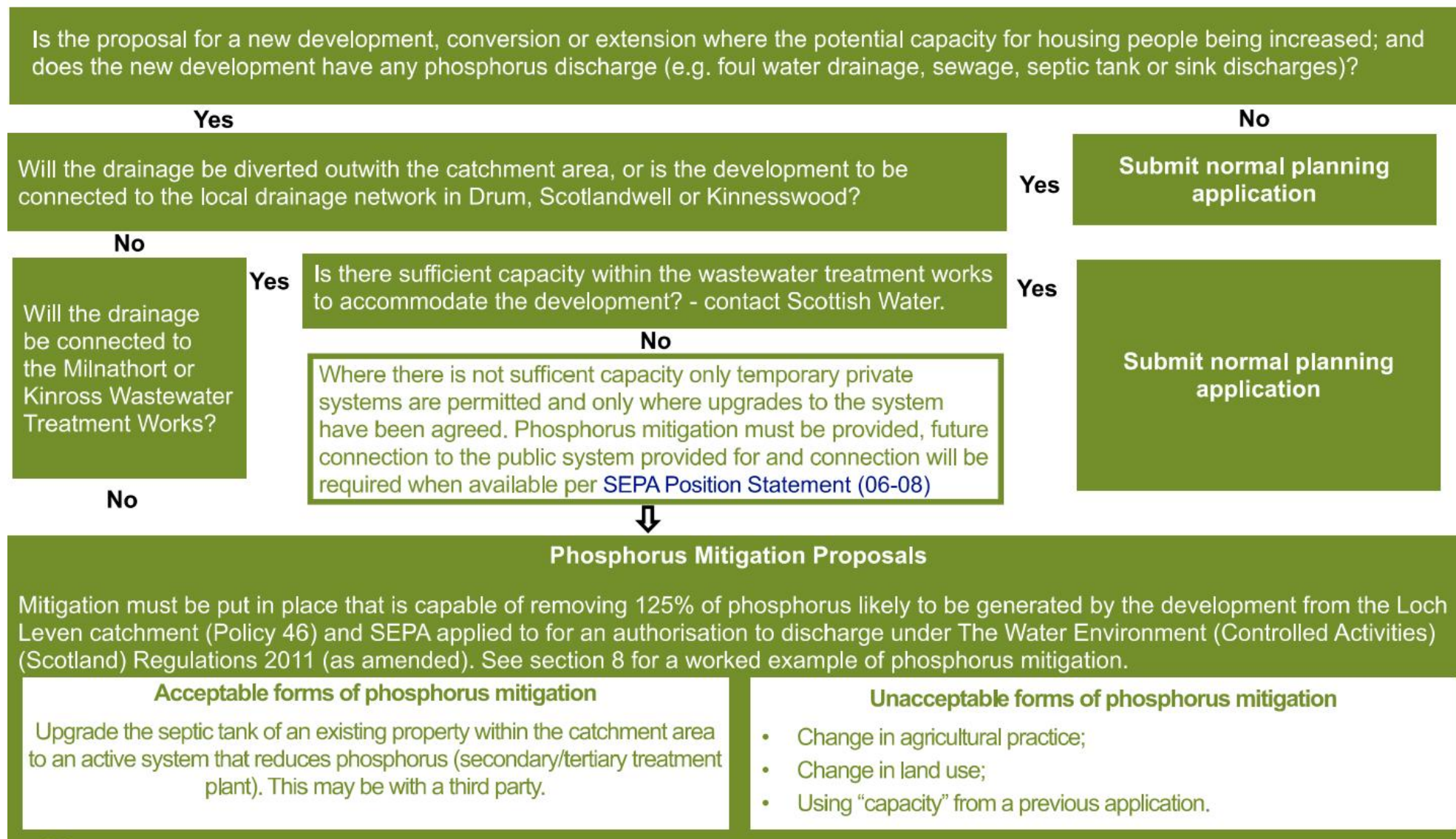
New developments, conversions or extensions where the potential capacity to house people is being increased may impact on the Loch Leven SPA.

If the proposed development lies in the catchment as shown by the black line on the map, you may be required to provide phosphorus mitigation for your development, as detailed in the sections below.

The map is a guide – if a development is near the border confirmation should be sought as to whether it is within the Loch Leven catchment.



## 6 Phosphorus Mitigation Checklist



## 7 Submitting a Planning Application

Where mitigation is required full planning applications or AMM (approval of matters specified in conditions) must provide details of:

- a. the proposed development;
- b. an existing property to be upgraded – which has not already been identified as mitigation for another planning application;
- c. phosphorus mitigation calculations – include numbers of potential bedrooms<sup>1</sup> of all properties, and methods of drainage (primary/secondary/tertiary treatment plant).<sup>2</sup> You will need to demonstrate that the total phosphorus loading from the existing property can be reduced by at least 125% of the phosphorus loading likely to be generated by the new development. See worked example overleaf.

***Any treatment plant should conform to BS EN 12566:3 and have demonstrated its phosphorus reduction capabilities in accordance with this standard. To obtain certification to EN12566:3 plants must undergo rigorous independent testing which results in a documented mean discharge standard. The mean standard in the EN12566:3 certificate is a clear and unambiguous assessment of the performance of the plants, and is used in CAR authorisations for unsampled licenced sewage discharges (i.e. discharges of less than 200 PE). EN12566:3 is normally used to assess performance against BOD and ammonia, but can also be used to assess performance against total phosphorus.***

1. Any habitable room, excluding a living room, dining room or kitchen, may be considered as a potential bedroom. In general, rooms such as playrooms, studies or similar will be considered to be potential bedrooms if suitably sized and independently accessed from a hallway or other shared space. Such rooms may be excluded if considered to be commensurate with the size and design of the property.

- Discharge from all the properties will require authorisation by SEPA under The Water Environment (Controlled Activities) (Scotland) Regulations 2011 (as amended) (CAR) who will set discharge limits through authorisation. The authorisation process can have a 4 month determination period from the date of application. Progressing the CAR applications at the same time as the planning application will ensure an applicant is aware of whether a proposed scheme is capable of being authorised under CAR. (see section 11 below).
- The discharge limits set by SEPA must be complied with at all times.
- Foul water treatment plants need to be frequently maintained to work properly and discharge within the authorised limits. The treatment system must be maintained so it operates in good working order.
- Sites which will not connect to the Scottish Water Network which have >50p.e. should contact SEPA at the earliest opportunity as additional investigatory work will be required before a discharge authorisation application is submitted.
- In cases of great complexity or uncertainty the Precautionary Principle will be adopted. The assumption being that where there are real threats of damage to the environment, lack of scientific information should not be used as a justification for postponing measures to prevent such damage occurring.

2. The latest version of [British Water Code of Practice - Flows and Loads](#) has details of loadings from a variety of sources.



## 8 Phosphorus Mitigation Calculation worked example<sup>2</sup>

| Background                                                                                              |                    |
|---------------------------------------------------------------------------------------------------------|--------------------|
| Average amount of water per person per day                                                              | 150 L              |
| Primary treatment: septic tank, standard discharge of phosphorus as a mean                              | 10mgP/L            |
| Daily discharge of phosphorus per person                                                                | 1500mgP            |
| Secondary treatment: package treatment plan as a mean                                                   | 5mgP/L             |
| Daily discharge of phosphorus per person                                                                | 750mgP             |
| Proposed Development                                                                                    |                    |
| 3 bedroom house in Person Equivalent (PE)<br>Secondary treatment to be installed                        | 5 PE<br>5mgP/L     |
| Daily Discharge of phosphorus (750mgP x 5PE)                                                            | 3750mgP/day        |
| Phosphorus Mitigation                                                                                   |                    |
| Mitigation required is 125% of P discharged from new development: 125% x 3750mgP/day                    | 4688mgP/day        |
| Proposed mitigation to upgrade septic tank for named 5 bedroom house (7PE) to secondary treatment plant |                    |
| Existing discharge 150L x 10mgP/L x 7PE                                                                 | 10,500mgP/day      |
| Discharge after upgrade @ 5mgP/L: 750mgP x 7PE                                                          | 5,250mgP/day       |
| Mitigation offered: 10,500mgP/day - 5250mgP/day<br>Mitigation in excess of requirement                  | <b>5250mgP/day</b> |

2. Calculations based on British Water Code of Practice "Flows & Loads - Sizing Criteria, Treatment Capacity for Small Wastewater Treatment Systems"

## 9 Additional Points for Phosphorus Mitigation Proposals

Existing properties should not be removed from a larger foul drainage treatment system to provide mitigation for a new development. The applicant should seek to upgrade the larger system in its entirety, regardless of how much in excess of 125% mitigation value this provides. Wherever possible, applicants should seek to use a single treatment system for a proposed multi-property development, rather than separate individual systems.

Any novel proposals where mitigation is not from a single existing property, should be discussed with SEPA at the earliest stage possible, in order to ensure the proposal is acceptable.

For the purposes of mitigation, ascribed values will be used for calculations, where a septic tank is assumed to discharge 10mg/l of phosphorus, and an existing secondary treatment system 5mg/l. New treatment system discharge standards will be based on the system being installed. Alternatives to the ascribed values may be considered where there is adequate historical data which meets approved quality standards. In these cases contact should be made with SEPA at the earliest opportunity. We do not accept calculations with a discharge quality standard below 2mg/l at present.

Mitigation of an existing system can only be linked to a development at full planning stage. SEPA will only comment on phosphorus mitigation proposals at full planning stage.



## 10 SEPA Authorisation

SEPA regulates discharges to water and land under The Water Environment (Controlled Activities) (Scotland) Regulations 2011 (as amended) (CAR). All new applications for private sewage discharges in the Loch Leven catchment will be fully assessed for phosphorus discharges and all authorisations will contain appropriate limits and conditions. Progressing the CAR applications at the same time as the planning application will ensure the applicant is aware of whether a proposed scheme is capable of being authorised under CAR.

Please note that additional authorisation for development activities adjacent to, and in the vicinity of watercourses may be required under the Controlled Activities Regulations. A higher level of authorisation may also be required for activities that may impact on the loch SPA, such as engineering works in inland waters, water abstraction, impoundment or discharge to land and water. Any such authorisation will also need to first consider the effects on the SPA.

For details on these activities including CAR requirements see [www.sepa.org.uk/regulations/water/](http://www.sepa.org.uk/regulations/water/)

Activities should also comply with:

- **SEPA's Pollution Prevention Guidance including: GPP4 Treatment and disposal of wastewater where there is no connection to the public foul sewer;** and
- **SEPA's Policy and Supporting Guidance on Provision of Waste Water Drainage in Settlements**

## 11 Before Development Can Commence

Before development can commence you must:

- have obtained planning permission; and
- have obtained a CAR authorisation(s) under the Water Environment (Controlled Activities)(Scotland) Regulations 2011 (as amended) for the foul water discharge of the development; including for any remote mitigation property.
- submit copies of the CAR authorisation(s) to the Planning Authority;
- have a receipt for the above documentation from the Planning Authority.

Where phosphorus mitigation measures are to be delivered at a location separate from the development site then before the development can commence:

- the phosphorus mitigation measures must be installed using a treatment system which delivers the discharge quality standards specified in the mitigation calculations – and approved by Building Standards where a building warrant has been required; and
- evidence of the installation of the phosphorus mitigation measures must be provided to the Planning Authority such as installation invoices and photos of the treatment plant in place.

Before the completion certificate will be accepted and the new development can be occupied:

- The new drainage infrastructure installation at the development site must be approved by Building Standards as part of building warrant process.



## 12 Further Considerations

### Other Impacts on Loch Leven Designations

Although this guidance is specifically for the water quality of Loch Leven SPA and Ramsar site arising from waste water, further information may be required of the impact of the development on the qualifying features and conservation objectives of the Loch. This may include a Construction Method Statement to address construction impacts or other measures to protect wildlife. See:

- **NatureScot Guidance on Protection of European Sites**
- **NatureScot Sitelink** for further details on Loch Leven designations including conservation objectives.
- **PKC Guidance Planning for Nature 2022**

### Protected Habitats and Species

There may be other natural heritage interests including protected species such as water voles, bats, otters and beavers affected by development proposals which also need to be considered. See Perth & Kinross Council's **Planning for Nature** guidance for more information on surveys that may be required.

### Building Warrant

In addition to any planning consents that may be required, any development which includes an element of drainage will require building warrant approval. This process includes a requirement to submit detailed plans and specifications for the entire drainage system to show compliance with the Building (Scotland) Regulations 2004. See [www.pkc.gov.uk/Buildingstandards](http://www.pkc.gov.uk/Buildingstandards)

## 13 Contacts

NatureScot, SEPA and Perth and Kinross Council are working closely to protect the interests of Loch Leven SPA and Ramsar site by reducing phosphorus loading on the loch. Perth & Kinross Council are happy to assist you where required in submitting your application, including **pre-application advice**.

### Perth and Kinross Council

For planning enquiries:

- [DevelopmentManagement@pkc.gov.uk](mailto:DevelopmentManagement@pkc.gov.uk)
- [www.pkc.gov.uk/makingaplanningapplication](http://www.pkc.gov.uk/makingaplanningapplication)

For building warrant enquiries:

- [BuildingStandards@pkc.gov.uk](mailto:BuildingStandards@pkc.gov.uk)
- [www.pkc.gov.uk/buildingstandards](http://www.pkc.gov.uk/buildingstandards)

### NatureScot

- [www.nature.scot](http://www.nature.scot)
- [tayside\\_grampian@nature.scot](mailto:tayside_grampian@nature.scot)

### Scottish Environment Protection Agency

- 0800 807060
- [www.sepa.org.uk](http://www.sepa.org.uk)
- [PlanningSouthEast@sepa.org.uk](mailto:PlanningSouthEast@sepa.org.uk)

### Scottish Water

- 0845 600 8855
- [www.scottishwater.co.uk](http://www.scottishwater.co.uk)



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## Appendix 2

| Section                                                                                                                                                                                                                               | Comment Summary | Received From                                                                                                                       | PKC Officer Response                                                                                  | Change Made to Guidance |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|-------------------------|
| LOCH LEVEN SUPPLEMENTARY GUIDANCE                                                                                                                                                                                                     |                 |                                                                                                                                     |                                                                                                       |                         |
| GENERAL                                                                                                                                                                                                                               |                 |                                                                                                                                     |                                                                                                       |                         |
| Ensure hyperlinks refer to specific Natura guidance                                                                                                                                                                                   | NatureScot      | Agreed. Where link is to a specific document link is made to the introductory web page to reduce breakages                          | Hyperlinks updated                                                                                    |                         |
| Change discharge licence/ SEPA licence to “authorisation” and licensed to “authorised” throughout                                                                                                                                     | SEPA            | Agreed                                                                                                                              | All references change to authorisation and authorised.                                                |                         |
| 6 PHOSPHORUS MITIGATION CHECKLIST                                                                                                                                                                                                     |                 |                                                                                                                                     |                                                                                                       |                         |
| Reword Phosphorus Mitigation proposals to more clearly indicate that mitigation must be implemented and a CAR licence applied for.                                                                                                    | SEPA            | Agreed.                                                                                                                             | Guidance requires that mitigation is put in place and an authorisation applied for.                   |                         |
| 7 SUBMITTING A PLANNING APPLICATION                                                                                                                                                                                                   |                 |                                                                                                                                     |                                                                                                       |                         |
| i)Require inclusion of <i>potential</i> bedrooms.<br>ii)Recommend a footnote with a definition of potential.                                                                                                                          | SEPA            | Loss of “potential” bedrooms is a typographical error. Footnote to be reviewed and agreed with SEPA and building standards          | i) Change made as requested.<br>ii) definition of potential bedrooms agreed and included in section 7 |                         |
| Change from providing evidence of maintenance to “The treatment system must be maintained so it operates in good working order.”                                                                                                      | SEPA            | Agreed. Maintenance is essential for the mitigation to be ongoing but understood that evidence provision would be disproportionate. | Change made as requested                                                                              |                         |
| 10 SEPA AUTHORISATION                                                                                                                                                                                                                 |                 |                                                                                                                                     |                                                                                                       |                         |
| Replace second sentence with “All new applications for private sewage discharges in the Loch Leven catchment will be fully assessed for phosphorus discharges and all authorisations will contain appropriate limits and conditions.” | SEPA            | Agreed                                                                                                                              | Change made as requested                                                                              |                         |
| SECTION 13 CONTACTS                                                                                                                                                                                                                   |                 |                                                                                                                                     |                                                                                                       |                         |
| Change contact email address to PlanningSouthEast@sepa.org.uk                                                                                                                                                                         | SEPA            | Agreed                                                                                                                              | Change made as requested                                                                              |                         |



## **Working arrangements between the Scottish Environment Protection Agency (SEPA), NatureScot and Perth & Kinross Council (PKC) in respect of phosphorus mitigation for development management proposals within the catchment of Loch Leven**

### **Legislative context**

The Habitats Directive, implemented in Scotland through the Conservation (Natural Habitats &c) Regulations 1994, (the “1994 Regulations”) requires appropriate steps to be taken to avoid *“the deterioration of natural habitats and the habitats of species as well as disturbance of the species for which the areas have been designated, in so far as such disturbance could be significant.”*

Both PKC and SEPA are competent authorities in respect of the 1994 Regulations. The 1994 Regulations (Reg 48) require all competent authorities (prior to issuing any authorisation) to carry out an appropriate assessment of a plan or project if that plan or project (either alone or in combination with others) is likely to have a significant impact on a European Site (which includes Special Areas of Conservation and Special Protection Areas) where the plan or project is not connected with or necessary to the management of the site. The appropriate assessment must consider the implications for the site in view of that site’s conservation objectives.

The competent authority must consult NatureScot, as the appropriate nature conservation body and have regard to any representations made by NatureScot. If it is considered appropriate opinions may also be taken from the general public.

If the competent authority considers, in the absence of any other alternative solutions, there is or are overriding public interest reasons that the plan or project must be carried out (i.e. social or economic reasons) the competent authority may agree, subject to consultation with the Scottish Ministers, to the plan or project notwithstanding a negative assessment of the implications for the site. Regulation 49 of the 1994 Regulations sets out the circumstances in full that must be considered.

Regulation 52 of the 1994 Regulations provides for co-ordination where more than one competent authority is involved, where a plan or project requires the consent, permission or authorisation of more than one competent authority.

### **Duties of the three parties**

Perth and Kinross Council, as planning authority, can only agree to development proposals in the catchment of Loch Leven Special Protection Area (SPA) after having ascertained that the proposals will not adversely affect the integrity of the SPA.

SEPA, in addition to other legislative controls, regulates activities likely to impact on the water environment under the Water Environment (Controlled Activities) (Scotland) Regulations 2011 (CAR). Under Regulation 15 of CAR, before determining an application SEPA must assess the risk to the water environment posed by the carrying on of the activity referred to in the application. This includes, in respect of an activity considered to have or likely have a significant adverse impact on the water environment assessing indirect effects on other aspects of the environment likely to be significantly impacted.

When assessing any proposal likely to have a significant adverse impact on the water environment, CAR requires inter alia SEPA to consider the proposal’s likely environmental, social and economic benefits. Weighting these benefits enables SEPA to reach a judgement

on whether or not the proposal's adverse impacts are acceptable by reasons on them being outweighed by the proposal's benefits to human health, the maintenance of human safety or sustainable development or by reason that the proposal's benefits are of overriding public interest.

In determining an authorisation under CAR SEPA must also have regard to the provisions of specific legislation which includes the 1994 Regulations. In particular, Regulation 84B of the 1994 Regulations confirms that Reg 48 referenced above applies in relation to the grant (and variation) of an authorisation under CAR.

SEPA may grant or vary an authorisation, where considered that any adverse effects of a plan or project on the integrity of a European site would be avoided if the grant or variation of the authorisation were subject to conditions.

Where any applicable identified benefits (social, economic environmental) do not outweigh the identified likely adverse impacts, there are no overriding public reasons (i.e. social/economic that would justify approval), and the significant adverse impact(s) cannot be mitigated, (or doubt remains as to the absence of adverse effects on the integrity of the site linked to the plan or project being considered), then the likely outcome is that SEPA would refuse the authorisation.

NatureScot has a duty under Habitats Regulations 3(2) to exercise its functions so as to secure compliance with the Habitats Directive. NatureScot may give a view, if requested by a Competent Authority, as to whether a plan or project is likely to have a significant effect. Where this is considered to be the case, the Competent Authority should consult NatureScot on the content of an appropriate assessment.

## **Introduction**

In order to ensure that there is no adverse affect on the integrity of Loch Leven SPA any phosphorus discharge from a new development must either be diverted out with the Loch Leven catchment, be connected to the Drum, Milnathort or Kinross Wastewater Treatment Works or include phosphorus mitigation proposals which will be capable of removing from the catchment 125% of the phosphorus likely to be generated by the development. Any foul drainage infrastructure delivering this phosphorus mitigation must be suitably maintained.

To this end, policy 46: Loch Leven Catchment Area of the Adopted Perth and Kinross Local Development Plan 2019 sets out the requirements in terms of drainage infrastructure necessary for phosphorus mitigation and to promote the ecological recovery of Loch Leven.

To date, if development proposals provide adequate phosphorus mitigation which can be applied through appropriate planning conditions, Perth and Kinross Council and SEPA have concluded that the development is not likely to significantly affect Loch Leven Site of Special Scientific Interest (SSSI) and the development will not adversely affect the integrity of Loch Leven Special Protection Area (SPA).

A 2018 judgement at the Court of Justice for the EU in the case of 'People over Wind v Coillte Teoranta' has concluded that Article 6(3) of the Habitats Directive must be interpreted as meaning that in order to determine whether it is necessary to carry out, subsequently, an appropriate assessment of the implications of a plan or project, it is not appropriate, at the screening stage, to take account of measures intended to avoid or reduce the harmful effects of the plan or project on a European site .

NatureScot are interpreting this legal case and now advising competent authorities as follows:

A proposal which includes a phosphorus discharge into the Loch Leven catchment is likely to have a significant effect on the qualifying interests of Loch Leven SPA.

Consequently, the advice to the competent authorities is that they should carry out an appropriate assessment in view of the site's conservation objectives for its qualifying interests.

Our view is that:

- providing the provisions of *Advice to planning applicants in relation to phosphorous and foul drainage in the catchment* PKC Adopted Local Development Plan Supplementary Guidance are followed and the conditions contained therein are applied and fully implemented
- this should be sufficient to allow the competent authorities to conclude (with respect to phosphorus discharge to the Loch Leven Catchment) that proposals, which meet the mitigation requirements set out in these conditions, will not adversely affect the integrity of the site.

In such circumstances where Phosphorus discharge is the only issue of concern, NatureScot is content that any appropriate assessment following the above procedure will be able to conclude no adverse effect on site integrity. We therefore do not need to see or be consulted on individual appropriate assessments in these circumstances.

### **Agreed working arrangement**

The purpose of this working arrangement is to:

- streamline the planning process,
- reduce the need for the use of Section 75 agreement and
- ensure that the phosphorus mitigation is in place and its maintenance is secured by the appropriate planning conditions, detailed below, for proposals within the Loch Leven catchment which include a phosphorus discharge which is not removed from the catchment or connected to Drum, Milnathort or Kinross Wastewater Treatment Works.

**Condition 1** - Prior to the occupation of the development hereby approved, foul drainage infrastructure capable of achieving not less than 125% phosphorus mitigation shall be installed.

Reason: To ensure appropriate drainage arrangements are installed and retained to remove phosphorus from the Loch Leven Catchment Area thereby ensuring compliance with policy 46: Loch Leven Catchment Area in the Adopted Perth and Kinross Local Development Plan 2019 .

**Condition 2** - The foul drainage infrastructure capable of achieving not less than 125% phosphorus mitigation associated with this development shall be undertaken in a phased manner:-

a) No development shall commence on the approved development site until the mitigating foul drainage infrastructure at the remote property/properties [variable address and owner] has been installed and evidence of the installation has been submitted to and approved in writing by the Planning Authority.

b) Following the installation of the foul drainage infrastructure at the remote property/properties the development site shall only be occupied once the foul drainage infrastructure for the development site has been installed.

Reason: To ensure appropriate drainage arrangements are installed and retained to remove phosphorus from the Loch Leven Catchment Area thereby ensuring compliance with policy 46: Loch Leven Catchment Area in the Adopted Perth and Kinross Local Development Plan 2019 and Enterprise and Infrastructure Committee Resolution of 28 August 2013.

**Condition 3** - Development shall not commence until the applicant has submitted approved CAR **authorisation(s)** under the Water Environment (Controlled Activities)(Scotland) Regulations 2011 for the drainage infrastructure associated with this project to the Planning Authority and the Planning Authority has confirmed receipt of the documentation in writing.

Reason: To ensure appropriate drainage arrangements are in place to remove phosphorus from the Loch Leven Catchment Area thereby ensuring compliance policy 46: Loch Leven Catchment Area in the Adopted Perth and Kinross Local Development Plan 2019 and Enterprise and Infrastructure Committee Resolution of 28 August 2013.

Phosphorus mitigation can therefore be achieved by either:

**Scenario 1 - When the phosphorus mitigation is delivered within the boundary of the planning application site – in this situation, conditions 1 and 3 would apply.**

**Scenario 2 – When the phosphorus mitigation is delivered by a combination of infrastructure both on the application-site and separate/remote to the application site – in this situation, conditions 2 and 3 would apply.**

**Parties to undertake the following:**

- No consultation with NatureScot if acceptable mitigation proposals in place, NatureScot to advise on adverse effect on site integrity where there is uncertainty or novel cases;
- PKC to consult SEPA on all detailed planning applications, proposing private waste water drainage, within the Loch Leven catchment, when acceptable mitigation proposals have been submitted, clearly specifying the reason for the consultation. SEPA to confirm to PKC that the submitted 125% phosphorus mitigation acceptable and figures are correct;
- PKC grant planning permission with relevant conditions; (1 & 3 or 2 & 3)
- PKC confirms receipt of a copy of CAR authorisation(s) including for any remote mitigation property prior to commencement of the development;

PKC confirms receipt of evidence of installation for any remote mitigation property prior to commencement of the development

- Building standards inspect new drainage infrastructure (s);
- PKC to maintain spreadsheet of mitigating properties;

- All parties to promote the Loch Leven Code of Practice: *Advice to planning applicants for phosphorus and foul drainage in the catchment.*
- Liaison meetings to be convened if requested by any party
- NatureScot and SEPA to provide PKC with scientific information pertaining to the status of the loch and the impacts of private waste water treatment systems on request/ or as required.

**Note these conditions will be applied to all Full (FLL/FLM) planning permission and Approval of Matters Specified in Conditions (AML/AMM) planning permission. In the case of Planning Permission In Principle (IPL/IPM), PKC will include a condition that the development will need to comply with the Drainage Policies for the Loch Leven Catchment.**

