



Securing the future... • *Improving services*
• *Enhancing quality of life* • *Making the best use of public resources*

Council Building
2 High Street
Perth
PH1 5PH

19/06/2024

A hybrid meeting of **Perth and Kinross Council** will be held in **the Council Chamber** on **Wednesday, 26 June 2024 at 10:30**.

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:

Provost X McDade
Depute Provost A Parrott
All Bailies
All Councillors

Perth and Kinross Council

Wednesday, 26 June 2024

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 PERTH AND KINROSS COUNCIL OF 15 MAY 2024 FOR APPROVAL** 7 - 16
(copy herewith)
- 4 **OUTSTANDING BUSINESS STATEMENT (OBS)** 17 - 18
(copy herewith 24/201)
- 5 **TWINNING AGREEMENT BETWEEN PERTH AND NIKOPOL, UKRAINE**
- At the meeting of the Provost's Sub-Committee of 5 February 2024, [Report 24/21](#) was approved in relation to the establishment of a formal twinning between Perth and Nikopol, Ukraine.
Council is asked to:
1. Approve the establishment of a formal twinning relationship between Perth and Nikopol following the completion of appropriate due diligence checks, the successful formation of a Friends of Nikopol Group, and on the terms set out in Report 24.21.
 2. Agree that Councillor Steven Carr be appointed as the Council representative on the Friends of Nikopol Group.
- 6 **ANNUAL TREASURY REPORT 2023/24** 19 - 34
Report by Strategic Lead - Finance and Business Support (copy herewith 24/202)
- 7 **SUSTAINABLE PROCUREMENT STRATEGY** 35 - 68
Report by Strategic Lead - Legal and Governance (copy herewith 24/203)
- 8 **REVISIONS TO STANDING ORDERS - REVISED DEPUTATIONS PROTOCOL**
(copy to follow)

9

UK GENERAL ELECTION - 4 JULY 2024 - DESIGNATION OF POLLING PLACES

For several reasons, three approved polling places are unavailable for UK General Election that will take place on 4 July 2024.

Council is asked to homologate the following changes:

- Amulree Hall to Dunkeld Guide Hall
- Upper Springlands to the Gannochy Community Centre
- Perth Gospel Hall to Letham Primary School (Hall)

10 REVISIONS TO SCHEME OF ADMINISTRATION

Council is asked to approve the following changes to the [Scheme of Administration](#):

Section 47 - Strategic Lead - Economy, Development and Planning

Additional Section 47.8:

The Council has resolved that the Chief Planning Officer of the Council will be the Planning and Housing Strategy manager who will report to the Strategic Lead - Economy, Development and Planning.

Section 48 - Strategic Lead - Environment and Infrastructure

Additional Section 48.8:

To exercise the functions of the Council as Coast Protection Authority under Coast Protection Act 1949 for areas of land bordering tidal waters.

Sections 11.2, 11.3 and 26.21

To remove references to Strategic Development Plans in line with the National Planning Framework.

11 UPDATE TO TIMETABLE OF MEETINGS

Council is asked to agree that the meeting of the Executive Sub-Committee of the Learning and Families Committee move from Monday 2 September 2024 to Monday 16 September 2024 at 10.30am.

12 APPOINTMENT TO COMMITTEES/OUTSIDE BODIES

Council is asked to agree:

- Bailie Mike Williamson to replace Councillor Stewart Donaldson on Housing and Social Wellbeing Committee
- Councillor Stewart Donaldson to replace Bailie Mike Williamson on Economy and Infrastructure Committee
- Councillor Jack Welch to no longer be Vice-Convener of Housing and Social Wellbeing Committee but to remain on the committee
- Councillor Jack Welch to replace Bailie Mike Williamson on Tayside Contracts Joint Committee
- Councillor Dave Cuthbert to replace Bailie Mike Williamson as Perth and Kinross Council nomination for Tayside Contracts Joint Committee Convener/Vice-Convener

ELECTED MEMBERS BRIEFING NOTES

Council is asked to note the following [Elected Members Briefing Notes](#) that have been issued to elected Members since the previous Council meeting:

23 April 2024 Community Greenspace financial assistance for volunteer groups

23 April 2024 Gas repair works impact on Perth Racecourse

25 April 2024 UNCRC incorporation into Scottish law

26 April 2024 Coupar Angus Action Plan progress

30 April 2024 Restoration work on Murray Fountain, Crieff

10 May 2024 Illegal Migration Act 2023 and Safety of Rwanda (Asylum and Immigration) Act 2024

17 May 2024 Pool cars update

29 May 2024 Update on housing adaptation works

24 May 2024 Staffing Changes -Housing Locality Housing Team Co-ordinators and Team Leaders

30 May 2024 Road verge cutting update

30 May 2024 Green Living Fund participatory budgeting evaluation

<p>If you or someone you know would like a copy of this document in another language or format, (on occasion, only a summary of the document will be provided in translation), this can be arranged by contacting the Customer Service Centre on 01738 475000.</p>
--

<p>You can also send us a text message on 07824 498145.</p>

<p>All Council Services can offer a telephone translation facility.</p>

PERTH AND KINROSS COUNCIL

Minute of hybrid meeting of Perth and Kinross Council held in the Council Chamber, 2 High Street, Perth on Wednesday 15 May 2024 at 10.30am.

Present: Provost X McDade, Depute Provost A Parrott, Bailies C Ahern, A Bailey, R Brock, C McLaren and M Williamson, Councillors K Allan, H Anderson L Barrett, P Barrett, B Brawn, S Carr, A Chan, D Cuthbert, S Donaldson, E Drysdale, J Duff, A Forbes, M Frampton, N Freshwater, K Harvey, D Illingworth, I James, N Khogali, G Laing, B Leishman, I MacPherson, I Massie, S McCole, T McEwan, J Rebbeck, C Reid (up to and including item 7), W Robertson, C Shiers (up to Item 8), F Smith, C Stewart, G Stewart, R Watters and J Welch.

In Attendance: T Glen, Chief Executive; C Mailer, Director – Strategy, People and Resources; A Williams, Director – Economy, Place and Learning; L Simpson, Strategic Lead – Legal and Governance; S Devlin, Strategic Lead -Education and Learning; G Boland, Strategic Lead – Strategic Planning, People and Performance; D Littlejohn, Strategic Lead – Economy, Development and Planning; S Crawford, Strategic Lead – Property Services; F Crofts, Strategic Lead – Environment and Infrastructure; S Walker, Strategic Lead – Finance & Business Support, E Ritchie, Strategic Lead – Housing and Communities; A Singh, Strategic Lead – Children, Families and Justice; B Wilson (Economy, Place and Learning), S Hendry, A Brown and M Pasternak (all Strategy, People and Resources).

Also in Attendance: P Cromwell (Live Active Leisure)

Provost X McDade, Presiding.

The Depute Provost led discussion on Item 6, and the Provost led discussion on all other items of business.

1. WELCOME AND APOLOGIES

Provost McDade welcomed all those present to the meeting.

Prior to the commencement of business, the Provost congratulated Councillor Steven Carr on receiving The Livingstone Medal awarded by the Royal Scottish Geographical Society, for his humanitarian work in support of children of Ukraine.

2. DECLARATION OF INTEREST

There were no Declaration of Interests in terms of the Councillors' Code of Conduct.

3. MINUTES

3(i) Minute of Special Meeting of Perth and Kinross Council of 28 February 2024 for Approval

Minute of Special Meeting of Perth and Kinross Council of 28 February 2024 was submitted and approved as correct record.

3(ii) Minute of Meeting of Perth and Kinross Council of 6 March 2024 for Approval

Minute of Meeting of Perth and Kinross Council of 6 March 2024 was submitted and approved as correct record.

5. NOTICE OF MOTIONS

5(i) Motion to Stand in Solidarity with The Women Against State Pension Inequality (WASPI) Women to be Paid Compensation

Motion by Councillor M Frampton and Bailie M Williamson

Women who were born in the 1950's had their rights to retirement age changed from age 60 to 65, and later to 66 without being informed of this. It has recently been reported by the Parliamentary and Health Service Ombudsman that the Department for Work and Pensions was guilty of "maladministration" by failing to inform women of their retirement age changes. I would call upon the Council Leader to write to the UK Government to say Perth and Kinross Councillors stand by the WASPI Womens' right to compensation. We ask that the UK Government act now and commit to a compensation payout scheme for the women who were affected by the changes.

Amendment by Councillor L Barrett and Bailie C McLaren

To amend the motion as follows:

1 In paragraph 2, to insert "adequately" between "inform women" and "of their retirement age" and "PHSO" after "Parliamentary and Health Service Ombudsman"

3 In paragraph 3, to delete "I would call" and insert

"Given the PHSO's significant concerns that the DWP will fail to remedy the injustice perpetrated on millions of women, the Ombudsman made the rare decision in March 2024 to bring the matter to Parliament's attention and ask Parliament to intervene and identify a mechanism for providing appropriate remedy. The PHSO reports sets out recommendations on remedy, including compensation for the injustice suffered.

Council calls”

3 In the last paragraph, to delete “and commit to a compensation payout scheme for the women who were affected by the changes” and insert “local Members of Parliament and to the Secretary of State for Work and Pensions” for “the UK Government” and to substitute “with an immediate compensation payout scheme for those who were affected by the changes”

Note: The Mover and Seconder of the Motion agreed to incorporate the changes as set out in the Amendment into the Motion.

Resolved:

In accordance with revised Motion.

5(ii) Motion to merge Climate Change and Sustainability Committee and Environment and Infrastructure Committee

Motion by Councillors A Forbes and N Khogali

For almost two years this Council has had a Climate Change and Sustainability Committee, a sensible response to the climate emergency that we all know exists. However, over the last two years, very few new initiatives have been brought to that committee which wouldn't have been brought to the historic Environment, Infrastructure and Economic Development Committee. Often, the committee regularly has very little business to conduct other than general 'housekeeping' Council business.

The last two committees have had only one item to consider.

Given the following pressures faced by the Council, we believe that it would be prudent to merge the Climate Change and Sustainability Committee and the Economy and Infrastructure Committee, as per the details in the proposition below.

Committee timetable: There have been frequent issues with the availability of time in the Chambers. We believe that committees with low number of items are an inefficient use of time in the committee timetable and staff time.

Financial pressures: The financial pressures on the Council are plain to see, and we believe there is an opportunity for efficiency in merging the two committees, both with regard to the PKC and political administration of the committee.

General staffing pressures: Our Council officers do a fantastic job, and we acknowledge that they are under increasing pressure with regard to their time. We believe that we have an opportunity to optimise the use of their time, and that merging the two committees does this.

Proposition:

- a. We propose that the Climate Change and Sustainability Committee and the Economy and Infrastructure Committee be merged, with the business of the former being moved into the latter, and the former be dissolved. The new name of the committee would be the Economy, Infrastructure, Climate and Sustainability Committee.
- b. We propose that a standard agenda item is created within the new Committee's agenda which specifically reviews the climate impact of decisions taken by the committee. The committee to review and decide upon climate change issues across the Council and also for matters relating to climate change that cannot be dealt with by a service committee.
- c. We propose that one of the existing Vice-Conveners of the Housing and Social Wellbeing Committee and the Learning and Families Committee takes responsibility for leading on matters of climate change for that particular service and a standard agenda item be created on each of those committees for climate change matters relating to that service. This will provide political oversight and will build climate change matters into every service committee.
- d. We propose that 3 members of the Perth and Kinross Climate Change Commission (PKCCC) attend the new committee as non-voting members on a rotating basis, with 1 member under the age of 18 wherever possible.
- e. We reaffirm the PKC commitment to achieving a 75% reduction in emissions by 2030 and reaching net zero by no later than 2045. We believe that the above propositions enable us to achieve that, in the most efficient manner possible.

Amendment by Councillors G Laing and E Drysdale

To reject the terms of the proposed Motion.

In terms of Standing Order 21.5, a roll call vote was taken:

14 Members Voted for the Motion as follows:

Bailie C Ahern, Councillors K Allan, H Anderson, B Brawn, A Chan, J Duff, A Forbes, N Freshwater, D Illingworth, I James, N Khogali, C Reid, C Shiers and F Smith.

24 Members voted for the Amendment as follows:

Provost X McDade, Depute Provost A Parrott, Bailies R Brock, C McLaren and M Williamson, Councillors L Barrett, P Barrett, S Carr, D Cuthbert, S Donaldson, E

Drysdale, M Frampton, K Harvey, G Laing, I MacPherson, I Massie, S McCole, T McEwan, J Rebbeck, W Robertson, C Stewart, G Stewart, R Watters and J Welch.

2 Members abstained as follows:

Bailie A Bailey and B Leishman.

Resolved:

In accordance with the Amendment.

6. CORPORATE DELIVERY AND IMPROVEMENT PLAN 2024/25

There was submitted a report by Chief Executive (24/148) presenting the finalised Corporate Delivery and Improvement Plan (CDIP) for 2024/25 which has been updated following feedback from the Scrutiny and Performance Committee on 31 January 2024 (Report 24/44) and the setting of the Council's budget on 28 February 2024 (Report 24/63).

Resolved:

- (i) The feedback from Scrutiny and Performance Committee (appendix 1) be noted and the changes to the CDIP as a result be agreed.
- (ii) The final version of the Corporate Delivery and Improvement Plan for 2024/25 (appendix 2), be approved.
- (iii) The recommendation to replace references to the Perth and Kinross Offer within the Corporate Plan and future performance reporting and external/internal communications with reference to the 'working in partnership with communities' corporate priority, be approved.
- (iv) It be noted that a review of the purpose and timing of the Corporate Delivery and Improvement plan within the annual performance reporting and improvement cycle will be undertaken within 2024 to consider whether a longer-term view of improvement activity would be valuable.
- (v) It be noted that if there are further areas for improvement highlighted by trends within the Annual Performance Report for 2023/24 these additional improvement actions will be recommended to Council alongside that report in autumn 2024.

THERE FOLLOWED A RECESS AND THE MEETING RECONVENED AT 12.05 PM

7. UK GOVERNMENT SPRING BUDGET 2024 LEVELLING UP FUND

There was submitted a report by Strategic Lead – Economy, Development and Planning (24/149) seeking Council approval to submit 3 projects to the UK Government that meet the criteria attached to the award of £5 million for capital investment in the City of Perth. A condition of the award is that an Investment Plan is submitted for the approval of the Department of Levelling Up, Housing &

Communities (DLUHC) prior to any expenditure being incurred. The Investment Plan requires to be submitted no later than 3 June 2024 along with assurance from the Council that the submitted projects represent value for money, are deliverable by March 2026 and are a local priority with broad stakeholder support, including from the area's MPs. The submission also needs to demonstrate compliance with the Subsidy Control Act 2022, which limits direct financial support to private operators or businesses.

Motion by Councillors G Laing and E Drysdale

_____ To approve the recommendations contained within the report.

Amendment by Bailie A Bailey and Councillor B Leishman

Council accepts the three recommendations of the report but in doing so notes the constrained position of its revenue budget and registers its concern about the potential for these projects to have ongoing revenue costs for the Council. It therefore remits officers to put in place measures to ensure that the revenue risk is shared appropriately with project partners and that the adequacy of those risk mitigation measures forms part of future project updates to the relevant committee or Council.

At this point Councillor P Barrett moved a procedural motion (seconded by Councillor L Barrett) in terms of Standing Order 17.3, to suspend the requirements of Standing Order 19.3 for this item of business. A majority agree/disagree vote was taken.

35 Members voted for the procedural motion as follows:

Bailies C Ahern, A Bailey, C McLaren and M Williamson, Councillors K Allan, L Barrett, P Barrett, B Brawn, S Carr, A Chan, D Cuthbert, S Donaldson, E Drysdale, J Duff, A Forbes, M Frampton, N Freshwater, K Harvey, D Illingworth, I James, N Khogali, G Laing, B Leishman, I MacPherson, I Massie, S McCole, T McEwan, J Rebbeck, W Robertson, C Shiers, F Smith, C Stewart, G Stewart, R Watters and J Welch.

2 Members voted against the procedural motion as follows:

Bailie R Brock and Councillor H Anderson.

3 Members abstained as follows:

Provost X McDade, Depute Provost A Parrott and Councillor C Reid.

Resolved:

To suspend the requirements of Standing Order 19.3 for this item of business.

Note: The Mover and Seconder of the Motion agreed to incorporate the Amendment into the Motion.

Amendment by Councillors P Barrett and L Barrett.

To approve the recommendations within the report.
In terms of Standing Order 21.5 a roll call vote was taken:

26 Members voted for the revised Motion as follows:
Provost X McDade, Depute Provost A Parrott, Bailies A Bailey, R Brock and M Williamson, Councillors K Allan, S Carr, D Cuthbert, S Donaldson, E Drysdale, J Duff, M Frampton, N Freshwater, K Harvey, D Illingworth, I James, G Laing, B Leishman, I MacPherson, I Massie, T McEwan, J Rebbeck, C Shiers, C Stewart, G Stewart and J Welch.

14 Members voted for the Amendment:
Balies C Ahern and C McLaren, Councillors H Anderson, L Barrett, P Barrett, B Brawn, A Chan, A Forbes, N Khogali, S McCole, C Reid, W Robertson, F Smith and R Watters.

Resolved:

In accordance with the revised Motion.

THERE FOLLOWED A RECESS AND THE MEETING RECONVENED AT 2.30PM

8. DISPOSAL OF LAND AND BUILDINGS AMENDMENT

There was submitted a report by Strategic Lead – Property Services (24/150) seeking approval to update and amend the Council’s Disposal of Land and Buildings Policy (Report 3/13/1) adopted in January 2013.

Resolved:

The revised Disposal of Land and Buildings Policy (Appendix 1 of Report 24/150) to prioritise affordable / social housing provision when disposing of any land or building assets be approved.

9. BELL’S SPORTS CENTRE

There was submitted a report by Strategic Lead – Economy, Development and Planning (24/151) (1) asking Council to approve a formal request from Live Active Leisure (LAL) to withdraw delivery of services from Bell’s Sports Centre from August 2024, (2) setting out the background including the decision of Council on 22 January 2024 to consolidate future Perth city sports provision onto a single site; ongoing flood risks; and the architectural significance of Bell’s alongside major affordability issues for both the Council and LAL.

Resolved:

- (i) Permission for LAL to withdraw services from Bell's from 31 August 2024, be approved.
- (ii) Transition planning that is underway by LAL, supported by Council officers, to relocate services to the Dewars Centre/elsewhere, be noted.
- (iii) It be noted that alternative public service uses for Bell's Sports Centre are being explored by officers in liaison with Historic Environment Scotland in light of the recently confirmed Category B listed status for the building.
- (iv) Officers be instructed to bring forward further proposals for Bell's to Council later in 2024, including plans for community engagement on these further proposals.

10. REVISIONS TO STANDING ORDERS

Motion by Councillors G Laing and E Drysdale:

To amend Standing Order 19.9 to read as follows:

Any Councillor who is not a member of the Committee, may, with the consent of the Convener, address the Committee for a maximum of 10 minutes on any item of business on an agenda that affects their ward area. The Councillor shall address the Committee prior to questions to officers from the committee and following any deputations from members of the public. The Councillor shall not be entitled to participate in the questioning and discussion or to vote on the matter. This standing order will not be applicable for meetings of the Licensing Committee, Local Review Body, Review Sub-Committee of the Learning and Families Committee or Appeals Sub-Committee of the Finance and Resources Committee.

Amendment by Councillor J Duff and Bailie C Ahern:

In accordance with the Motion but to make the following additional changes:

Update to Standing Order 19.9:

*Any Councillor who is not a member of the Committee, may, with the consent of the Convener, address the Committee for a maximum of 10 minutes on any item of business on an agenda that affects their ward area. The Councillor shall address the Committee prior to questions to officers from the committee and following any deputations from members of the public. The Councillor shall not be entitled to participate in the questioning and discussion, **to sit with the members of the Committee after their deputation** or to vote on the matter. This standing order will not be applicable for meetings of the Licensing Committee, Local Review Body, Review Sub-Committee of the Learning and Families Committee or Appeals Sub-Committee of the Finance and Resources Committee **where Councillors who are not members of these committees are not permitted to make a deputation.***

Update to Standing Order 6.4:

*Any Councillor may attend a meeting of any Committee to which they have not been appointed, as an observer, subject to the **restrictions set out in Standing Order 19.9 and** subject to the same exceptions as set out in Standing Order 25.*

Note: The mover and seconder of the Motion agreed to incorporate the Amendment into the Motion.

Resolved:

In accordance with the revised Motion.

11. UPDATE TO SCHEME OF ADMINISTRATION

Resolved:

The proposed changes to the Scheme of Administration, as set out on the agenda, be agreed.

12. ELECTED MEMBERS BRIEFING NOTES

Resolved:

The Elected Members Briefing Notes, issued since the previous Council meeting and as set out on the agenda, be noted.

PERTH AND KINROSS COUNCIL

OUTSTANDING BUSINESS STATEMENT (OBS)

(Report No. 24/201)

Please note that this statement sets out outstanding decisions of Council / this committee / sub-committee along with an update and estimated completion date. Actions which are overdue are shaded for ease of reference. Where an update reflects that an action is complete then agreement will be sought to its removal from the OBS.

No	Date / Minute Reference / Report Number	Subject Title	Outstanding Action	Update	Lead Officer /Service	Action Due/completed	Action Expected
19.	15 May 2024. Item 6.	Corporate Delivery and Improvement Plan	Query surrounding annual maintenance costs for Common Good Fund properties.	Information circulated to all members May 2024.	Strategic Lead – Property Services	COMPLETE	May 2024.

Perth And Kinross Council

26 June 2024

ANNUAL TREASURY REPORT 2023/24

Report by the Strategic Lead – Finance & Business Support
(Report No. 24/202)

1. PURPOSE OF REPORT

- 1.1 A requirement of the Council's approved Treasury Management Practice 6 (TMP6 – Reporting Requirements & Management Information Arrangements) is the reporting to Council of the expected treasury activity for the forthcoming year (i.e. the Treasury and Investment Strategy) and the subsequent reporting of the actual results and activities (i.e. the Annual Treasury Report).
- 1.2 The Council meeting on 10 May 2023 approved the Treasury Strategy for the 5 financial years 2023/24 to 2027/28 and the annual Investment Strategy for 2023/24 (Report No. 23/135 refers). The consideration of this Annual Treasury Report for 2023/24 ensures compliance with the latter requirement.

2. RECOMMENDATION

- 2.1 It is recommended that the Council notes the content of this report.

3. STRUCTURE OF REPORT

- 3.1 This Annual Treasury Report covers:
- The Council's treasury position
 - The forecast economic outlook and borrowing strategy for 2023/24
 - The actual economic situation for 2023/24
 - Actual long-term borrowing and repayments in 2023/24
 - The Investment Strategy and outturn for 2023/24
 - Compliance with treasury policies and limits during 2023/24
 - The Statutory Loans Fund position
- 3.2 The Treasury and Investment Strategy details the expected activities of the Council's treasury function for the relevant financial years. The Investment Strategy also details the Permitted Investments of the Council, and outlines the risks associated with the expected investment activities. The submission of an annual Investment Strategy is a requirement of the Local Government Investments (Scotland) Regulations 2010.

3.3 In determining the Treasury Strategy, the Council is required to review its Prudential Indicators. The Council approved the Composite Capital Budget for the 6-years 2023/24 to 2027/28 at its meeting on 1 March 2023 (Report No. 23/73 refers). The updated Prudential Indicators for this period were approved by the Council on 10 May 2023 (Report No. 23/135 refers).

4. THE TREASURY POSITION

4.1 In order to place this report in context, the Council's Treasury position at the beginning and at the end of the year is shown below:

	Principal 31 Mar 2023 £M	Average Rate %	Principal 31 Mar 2024 £M	Average Rate %
Fixed Rate/Long Term Funding				
• Public Works Loan Board (PWLB)	560.0	2.40	585.0	2.49
• Market & Local Authority Bonds	43.2	4.59	43.2	4.59
• Other Loans & Bonds*	<u>0.1</u>	<u>0.00</u>	<u>0.0</u>	<u>0.00</u>
	<u>603.3</u>	<u>2.56</u>	<u>628.2</u>	<u>2.64</u>
Variable Rate/Short Term Funding				
• Temporary Loans	3.1	3.63	2.2	4.58
• Internal Loans	<u>2.3</u>	<u>3.93</u>	<u>2.4</u>	<u>4.81</u>
	<u>5.4</u>	<u>3.76</u>	<u>4.6</u>	<u>4.69</u>
TOTAL DEBT	<u>608.7</u>	<u>2.57</u>	<u>632.8</u>	<u>2.66</u>
TOTAL INVESTMENTS	<u>173.7</u>	<u>3.76</u>	<u>65.5</u>	<u>6.48</u>

*Interest free loan from the Scottish Government

5. THE FORECAST ECONOMIC OUTLOOK AND BORROWING STRATEGY 2023/24

5.1 Following a period of significant rises in inflation to over 10%, the Bank of England's Monetary Policy Committee (MPC) increased the Bank Base Rate to 4.25% in March 2023. It was anticipated that inflation had peaked and would steadily fall over the coming year. However, as it was still high, further increases in interest rates were expected during 2023/24, before falling in subsequent years. The forecast was that the base rate would rise to around 4.5% by September 2023. Gilt yields, which determine the UK Government's borrowing costs and are used to set PWLB rates, continued to rise early in the year, but were then also expected to fall over the remainder of 2023/24, subject to economic data and volatility. However, shorter-term borrowing rates were expected to remain cheaper than longer-term rates for a few years.

5.2 The estimated capital borrowing requirement for 2023/24 at the start of the year was **£155.7 million**, with further significant borrowing totalling **£417.7 million** required in the subsequent 4 years. These amounts reflected the borrowing requirement of the Council's Capital Budget approved in March 2023. However, much of the borrowing requirement for 2023/24 had effectively already been borrowed in previous years.

- 5.3 Therefore, the Council's Treasury Strategy for 2023/24 assumed that there was no immediate need or expectation to borrow until late in 2023/24. Any borrowing earlier in the year would only be undertaken if capital expenditure was incurred quicker than expected, or if opportunities arose to borrow at low rates. However, with short term rates expected to remain cheaper than medium and long-term rates, short term borrowing could have been undertaken if required and with long-term borrowing being deferred.
- 5.4 Consideration has previously been given to borrowing for future year requirements earlier than immediately required, if rates reached a forecast low point. This approach is consistent with the Prudential Code but should be considered in conjunction with the assessment of the additional risks and potentially lower returns from the resultant short-term increase in the level of investments. However, given the interest rate projections, this was unlikely to arise in 2023/24.
- 5.5 The strategy was therefore to continue to use existing investment balances initially to meet capital expenditure. It was anticipated that borrowing would not be required until late in 2023/24. The use of short-term borrowing would be initially cheaper, whilst the use of longer-term borrowing would reduce the refinancing risk in later years. Therefore, if rates stayed high, new long-term borrowing would be delayed and short-term borrowing used to meet immediate cashflow requirements.
- 5.6 The approved Treasury Strategy also allowed for consideration of other market borrowing instruments where they offered favourable rates, or the ability to arrange borrowing to be drawn down at a given future date. However, the associated risks due to their variable rate nature and/or less flexible terms in comparison to the Public Works Loan Board would also need to be considered.
- 5.7 Whilst minimising risk by favouring fixed longer-term borrowing, it was acknowledged that there were several factors which could impact on interest rates over the year. Therefore, the Council applies an approach of managing risk and monitoring interest rates on an ongoing basis with a view to reviewing this strategy should circumstances change.

6. ACTUAL ECONOMIC SITUATION 2023/24

- 6.1 By August 2023, the MPC had increased the Bank Base Rate on three occasions, to 5.25%. This was in response to inflation remaining at high levels despite having fallen over the period from 10.1% to 6.8%. Subsequently, there were no further changes to the Bank Base Rate, which currently remains at 5.25%, as inflation continued to fall steadily over the remainder of the year and stood at 3.2% in March 2024 (and is currently 2.3% for April 2024). Whilst there was some economic growth in the UK at the start of the year, the UK entered a technical recession in the 6 months to December 2023. However, the UK returned to growth in the first 3 months of 2024 (0.6%).

- 6.2 Whilst the Bank of England's Monetary Policy Committee (MPC) increased the Bank base rate at each of its meetings between March and August 2023 to 5.25%, further rises to 6% were expected by the financial markets later in the year, before gradually reducing in 2024. This economic sentiment led to further rises in gilt yields and interest rates in the financial markets.
- 6.3 As Base Rate and inflation expectations remained high, PWLB rates also rose, with rates for all periods ending significantly higher than at the start of the year. The increase in rates was particularly pronounced in the first half of the year. However, PWLB rates did reduce in the following months, but remained at elevated levels, before rising again between January and March 2024. The PWLB rates for various periods over 2023/24 are shown at **Appendix I**.
- 6.4 The graph in **Appendix I** highlights the volatility and uncertainty that existed around interest rates as the year progressed. The 50-year rate was 4.41% at the start of the year and steadily rose and peaked at 5.7% in October 2023. It subsequently reduced to 4.52% by the end of December 2023 before rising again to 5.01% on 31 March 2024. All other durations followed a similar pattern, but with 5-year rates being the lowest available for much of the year, but also being subject to higher levels of volatility.
- 6.5 Investment deposit rates also increased over the first half of the year, in line with future interest rate expectations. This reflected the Bank base rate during the year, as well as expectations of further increases in the Bank Rate later in the future. The average rate on the Council's investments at the start of the year was 3.76% and increased to 6.48% by the end of the year.

7. ACTUAL LONG-TERM BORROWING & REPAYMENTS

- 7.1 Treasury activity during 2023/24 is detailed in the three Treasury Activity and Compliance reports previously submitted to the Finance & Resources Committee (Report No's 23/244, 23/317 and 24/132).
- 7.2 As noted in paragraph 5.2 above, based on the approved Capital Programme before the start of the year, the Council's estimated new capital borrowing for 2023/24 was **£155.7 million**. As much of this had already been borrowed previously, no new borrowing was required nor expected to be undertaken until later in the year, unless, for example, interest rates started to increase rapidly or fell to historic low levels.
- 7.3 However, with interest rates being relatively high at the start of the year, and subsequently gradually rising higher than had been forecast, no new long-term borrowing was undertaken until December 2023. Consequently, **£20 million** was borrowed in December 2023 (for 6.5 years at 4.34% at the PWLB's discounted HRA rate), and a further **£10 million** was borrowed in March 2024 (for 4 years at 4.84%).

- 7.4 The Council's scheduled repayments to the PWLB during the year related to one **£5 million** maturing loan which had been borrowed for 9 years at an interest rate of 3.3%. The average PWLB debt portfolio rate for the Council increased from 2.4% at the start of the year, to 2.5% for the total of **£585 million** of PWLB debt held by the Council on 31 March 2024.
- 7.5 The balance of **£140,000** on the interest free loan from the Scottish Government for the Empty Homes Initiative was also repaid in the year. Overall, the Council's total fixed rate borrowing increased by **£24.86 million** to **£628.2 million**, whilst the average rate increased from 2.56% to 2.64%.
- 7.6 Short term variable funding at the year-end reduced slightly from **£5.4 million** at 31 March 2023 to **£4.6 million** at 31 March 2024. These funds relate to internal loans from local associated bodies and Common Good Funds, with the balances determined by their own cashflow requirements.
- 7.7 As a result of the above strategy and actual treasury activities in the year, the Council's average Consolidated Loans Fund (CLF) interest rate increased from **2.67%** in 2022/23 to **2.76%** in 2023/24 (based on applying statutory guidance). This increase reflects the rising interest rates, and also that during the course of the year the Council moved from an "over-borrowed" position to an "under-borrowed" position. Consequently, the short-term benefits received by the Council on its short-term investments reduced as the investments were applied to meet increased capital expenditure and cashflow requirements.

8. INVESTMENT STRATEGY AND OUTURN 2023/24

- 8.1 Investment rates increased from the start the year following the increases in the Bank Base Rate as well as future expectations for rates. These rates peaked around November/December 2023 before gradually drifting lower as it became apparent that the Bank Base Rate had reached its peak and that cuts would be considered during 2024.
- 8.2 The original Strategy anticipated that the level of investments would continue to reduce gradually over the year unless, for example, new borrowing was undertaken early in the year or the Council's expenditure during the year was later than anticipated. As described in paragraph 7.3, no new borrowing was undertaken until December 2024, and so consequentially, the level of investments gradually reduced over the course of the year. The level of investments stood at **£173.65 million** at the start of the year, peaked at **£191.9 million** on 20 April 2023, before steadily reducing to **£65.5 million** on 31 March 2024.
- 8.3 In the first half of the year, longer fixed deposit rates (up to 1 year) offered higher returns than shorter investment periods or notice and money market funds. Consequently the opportunity was taken to invest in these periods where possible within cashflow requirements. As the year progressed, and the level of investments reduced, there were fewer such opportunities within the Council's cashflow projections and consequently any fixed deposits were for shorter durations.

This coincided with the investment rates available also starting to reduce. However, at the end of March 2024, as a result of positive cashflow balances (including new long-term borrowing), several loans to other local authorities were made, mostly for periods of up to one month. Due to very low liquidity in the local authority market, interest rates available increased significantly to over 7%.

- 8.4 The various money market funds used by the Council were used to meet short term cashflow requirements and keep within counterparty limits. Notice accounts were only used to a very limited extent due to the less competitive rates offered on such investment products.
- 8.5 During the year, no investment was made for more than 12 months, and all investment activities were in line with the approved strategy for 2023/24. The average rate on investments outstanding at 31 March 2024 was **6.48%** (3.76% at 31 March 2023). This increase in the average rate over the year reflected the longer duration deposits undertaken when rates were higher as well as local authority lending when such rates were at a premium. In comparison, the average temporary borrowing rate for the year was **4.54%**.
- 8.6 Total interest receivable at maturity on investment activity in 2023/24 amounted to **£4.076 million**. Although this is lower than the previous year (£6.469 million in 2022/23), it was achieved on balances that were around 50% lower on average. On an accruals basis, investment income credited in 2023/24 amounts to **£6.422 million** (£4.865 million in 2022/23).
- 8.7 All financial investments by the Council's Common Good Funds and Charitable Trusts were made through the Council's Loans Fund, in accordance with the Council's and Common Good Fund's policy for Permitted Investments. As a result, **£2.426 million** of Common Good funds and Charitable Trusts were on deposit with the Loans Fund at 31 March 2024 for periods of between 3 and 12 months at an average rate of **4.8%**.
- 8.8 Any investments held with external fund managers are outside the scope of the investment regulations, as they all relate to funds held by Council administered Charities or Trusts.
- 8.9 The Annual Property Investment Strategy for 2023/24 was also approved by the Council at its meeting on the 10 May 2023 and was complied with in full, with no breaches in compliance with permitted investment limits. The projected income from the Council's property portfolio for 2023/24 was originally set at **£1.866 million**, whilst the latest estimate is **£1.821 million**. There were no additional risks identified or new property investments entered into over the year. The strategy action plan remained on programme.

9. COMPLIANCE WITH TREASURY POLICIES AND LIMITS

9.1 There were no breaches of compliance with the Council's approved borrowing and investment policies and strategy in 2023/24. All aspects of the Prudential Code, including Prudential Indicators and limits, were also fully adhered to throughout the year.

10. STATUTORY LOANS FUND

10.1 The Loans Fund is an internal fund operated by the Council to manage:

- The write down (repayments or "amortisation") of capital expenditure (capital advances) over the life of the various assets being funded by borrowing as part of the Council's Loan Charges, and
- To manage the external borrowing raised to finance the capital expenditure.

10.2 Whilst both these elements of the Loans Fund operate independently of each other, because they are based on the same capital plans of the Council, they are consistent with each other over the long term. However, significant differences may arise in the short-term due to, for example, delaying external borrowing, or borrowing in advance in light of prevailing interest rates, or where the Council has significant levels of cash Reserves.

10.3 The approved Loans Fund policies allow the amortisation of capital expenditure (advances) for periods of up to 50 years in line with the asset useful lives, using the annuity method. The repayment of Loans Fund advances are also deferred until the asset being funded is completed and operational. As a result, some of the repayments may fall due after 50 years from the time of the original advance.

10.4 It is a requirement of the Loans Fund regulations that the outstanding amount of Loans Fund advances at the end of each financial year is reported as part of the annual report. The value of Loans Fund advances outstanding at 31 March 2024 is **£667.120 million** (subject to completion and audit of the Council's Annual Accounts). This is made up as follows:

- Capital Advances outstanding 1 April 2023 - **£557.778 million**
- Add New capital Advances 2023/24 - **£118.314 million**
- Less Capital Advances repaid in the year - **£8.972 million**

10.5 The future repayment of these advances is summarised in the table below:

	Core Composite Programme	Prudential Borrowing	Sub-Total: General Fund	Housing Revenue Account	TOTAL
	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)
Within 1 Year	1,969	2,797	4,766	1,768	6,534
Between 1 and 2 Years	3,830	2,791	6,621	1,977	8,598
Between 2 and 5 Years	8,459	6,302	14,761	7,169	21,930
Between 5 and 10 Years	8,248	5,831	14,079	25,171	39,250
Between 10 and 15 Years	16,262	4,590	20,852	20,990	41,842
Between 15 and 20 Years	35,126	3,708	38,834	12,452	51,286
Between 20 and 25 Years	47,750	3,996	51,746	7,128	58,874
Between 25 and 30 Years	55,722	4,698	60,420	12,117	72,537
Between 30 and 35 Years	66,404	5,052	71,456	15,327	86,783
Between 35 and 40 Years	84,710	3,632	88,342	17,259	105,601
Between 40 and 45 Years	81,255	2,931	84,186	16,626	100,812
Between 45 and 50 Years	56,251	273	56,524	8,181	64,705
Over 50 Years	8,368	0	8,368	0	8,368
TOTAL	474,354	46,601	520,955	146,165	667,120

10.6 Comparison of the outstanding capital advances above with the long-term external debt shown in paragraph 4.1 demonstrates that actual capital expenditure funded by borrowing is higher than the actual borrowing undertaken to date by around **£38.9 million**. This reflects the strategy adopted in recent years of deferring new borrowing whilst rates were at high levels, and applying maturing investment balances to meet immediate cashflow requirements. New borrowing would only be undertaken when there were insufficient available balances. The Council started the year in an “over-borrowed” position of around £45M, whilst the position at the end of the year reflects an “under-borrowed” position of £34M, highlighting the strategy of deferring borrowing where possible. It should also be noted that the Council has approved a significant borrowing requirement over the next 6 years on its Capital programmes.

10.7 The Council approved its new Composite Capital Budget to 2029/30 on 28 February 2024 (Report No. 24/64 refers), whilst the Housing and Social Wellbeing Committee approved the HRA Capital Investment Programme to 2028/29 on 24 January 2024 (Report No. 24/24 refers). The last report to the Finance & Resources Committee on 24 April 2024 (Report No. 24/131 refers) approved adjustments to these Programmes. Consequently, the amount of approved capital expenditure to be funded by borrowing (ie new Loans Fund advances) in each of the next 6 years is as follows:

	Composite Programme	Housing Investment Programme	TOTAL
	(£'000)	(£'000)	(£'000)
2024/25	169,923	19,703	189,626
2025/26	74,024	17,864	91,888
2026/27	81,816	13,629	95,445
2027/28	100,221	17,720	117,941
2028/29	19,739	17,704	37,443
2029/30	16,222	-	16,222
TOTAL	461,945	86,620	548,565

- 10.8 All the above Loans Fund repayments and new borrowing have been included in the Loan Charge estimates within the approved Medium Term Financial Plan, and therefore remain affordable under the current Loan Charge Budget strategy. This also includes estimates of new borrowing in the years beyond 2029/30.
- 10.9 This borrowing will be funded through a combination of existing budgets, and the decisions taken by Council on 28 February 2024, i.e. to increase the loan charges budget by **£800,000** in 2024/25 and to apply 1% of future Council Tax increases from 2025/26.

11. CONCLUSION

- 11.1 Global economic volatility meant that interest rates were high during the year and remained on a rising trend. This was a result of rapidly rising inflation in the previous year and which was only slowly starting to fall as 2023/24 progressed. The Bank base rate also increased at a faster rate than anticipated.
- 11.2 In light of the above economic conditions and interest rates, long-term borrowing was deferred until later in the year, with only **£30 million** of new borrowing undertaken between December 2023 and March 2024. Consequently, the Treasury activity initially focussed on investment activity and the management of existing investment balances. As interest rates rose over the first half of the year, the Investment Strategy moved to fixed deposits for periods up to 12 months, with use of money market funds only to manage immediate cashflow requirements. Fixed deposits for shorter durations were favoured in the second half of the year as interest rates reduced and cashflow requirements increased.
- 11.3 There were no breaches of compliance with the lending policy and all Prudential Indicators were complied with throughout the year. As a result of the activities undertaken during 2023/24 the Council's plans remain affordable, prudent and sustainable. The report also includes detailed information on the repayment profiles and future estimates of Loans Fund Advances.
- 11.4 The Council's Consolidated Loans Fund (CLF) rate for the year increased from 2.67% in 2022/23 to 2.76% in 2023/24. This was due to higher interest

rates on the new borrowing and reducing returns as investment balances reduced. The CLF rate in future years is projected to rise further when new borrowing will be required and is estimated to average around 3.1% over future years on current projections.

Author(s)

Name	Designation	Contact Details
John Jennings	Senior Accountant	CHXFinance@pkc.gov.uk

Approved

Name	Designation	Date
Scott Walker	Strategic Lead – Finance & Business Support	22 May 2024
Clare Mailer	Director (Strategy, People & Resources)	22 May 2024

If you or someone you know would like a copy of this document in another language or format, (on occasion, only a summary of the document will be provided in translation), this can be arranged by contacting the Customer Service Centre on 01738 475000.

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

All Council Services can offer a telephone translation facility.

1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

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

1. Strategic Implications

Corporate Plan

1.1 The Council's Corporate Plan 2022 – 2027 lays out seven 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:

- Tackling Poverty
- Tackling climate change and supporting sustainable places
- Growing a sustainable and inclusive local economy
- Enabling our children and young people to achieve their full potential
- Protecting and caring for our most vulnerable people
- Supporting and promoting physical and mental wellbeing
- Placing communities at the heart of how we work

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.

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.

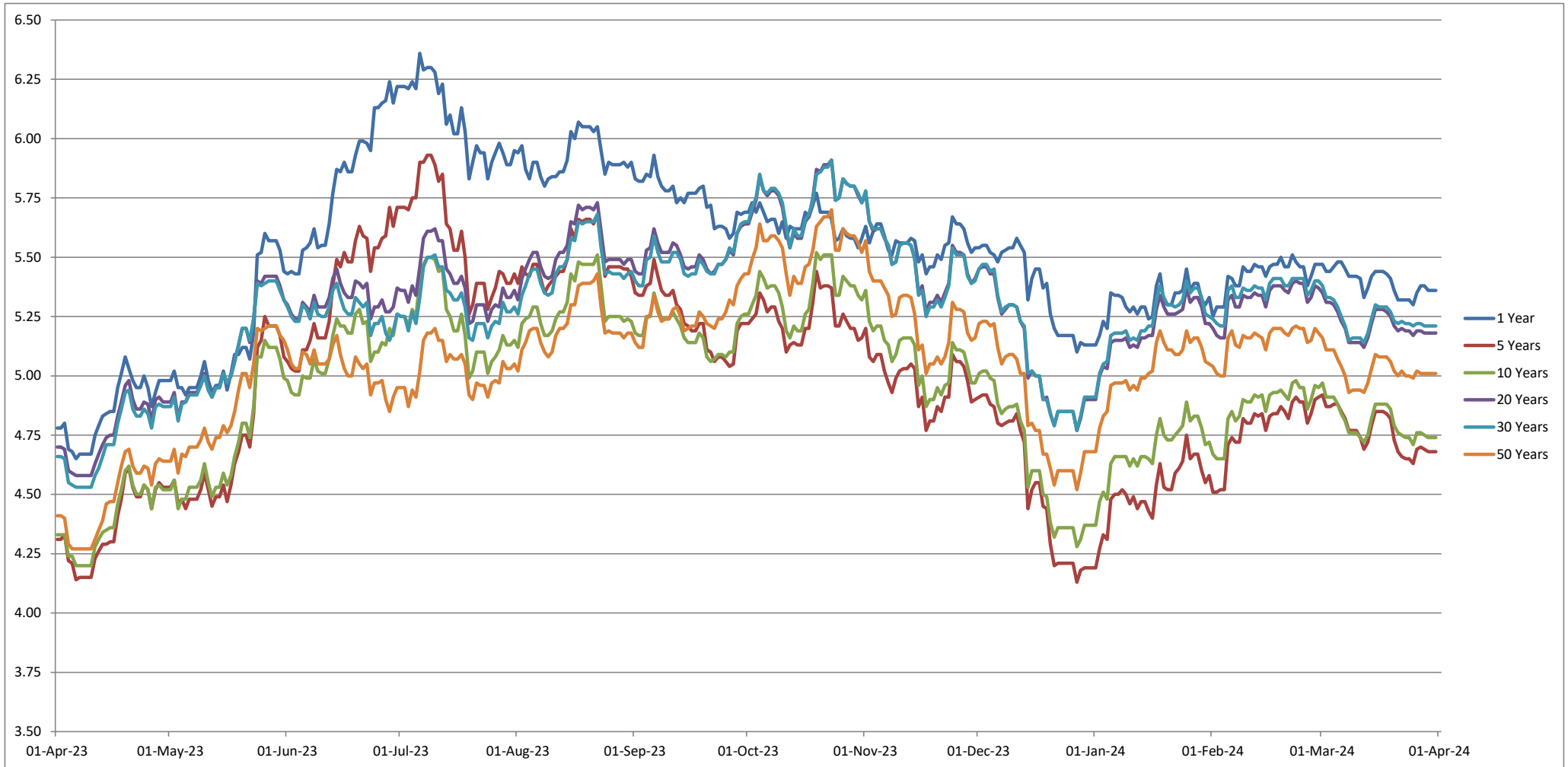
2. BACKGROUND PAPERS

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

3. APPENDICES

Appendix I – PWLB Interest rates 2023/24.

PWLB INTEREST RATES 2023/24
(Certainty Rates)



Perth And Kinross Council

26 June 2024

SUSTAINABLE PROCUREMENT STRATEGY

Report by Strategic Lead – Legal & Governance
(Report No. 24/203)

1. PURPOSE

- 1.1 The purpose of this report is to seek Council’s approval of the new Sustainable Procurement Strategy.

2. RECOMMENDATIONS

- 2.1 It is recommended that Council:

- (i) approves the Sustainable Procurement Strategy at Appendix 1
- (ii) remits officers to develop a plan for implementation of the Strategy
- (iii) remits the implementation plan, once developed, to Finance and Resources Committee for approval; and
- (iv) notes that an annual report in relation to progress will be presented to the Finance and Resources Committee in accordance with the Scheme of Delegation

3. STRUCTURE OF REPORT

- 3.1 This report is structured over the following sections:

- Section 4: Background
- Section 5: Proposal
- Section 6: Conclusion
- Appendices

4. BACKGROUND

- 4.1 The Procurement Reform (S) Act 2015 requires local authorities, and other contracting authorities, whose regulated procurement spend exceeds £5 million to produce and publish a Procurement Strategy and an annual report. This is to ensure that our public procurement is fair, open and transparent. The legislation also includes a duty to consider sustainability factors when procuring goods, works and services. For contracts with a value of £4 million or more there is an obligation to consider whether or not community benefits should be incorporated as part of the procurement requirements.
- 4.2 The Council’s Corporate Plan 2022-27 approved in December 2022 (Report No. 22/311) sets our vision for “a Perth and Kinross where everyone can live life well, free from poverty and inequality”

This was followed by an ambitious five-year Transformation & Change Strategy (Report No. 22/142 refers) to ensure that it can deliver on its strategic priorities in these current challenging times.

- 4.3 Procurement and commissioning has been identified as an area for change and improvement in Phase 1 of the Transformation and Change Programme. The purpose of this new Sustainable Procurement Strategy is two fold; to comply with our legal requirements as set out in 4.2 above and to provide a high-level strategic blueprint to shape and transform the Council's procurement and commissioning function.
- 4.4 Public procurement is highly regulated, not surprisingly, given that public sector procurement spend in Scotland is in the region of £14.5 billion. Our procurement spend for 2023/24 was £390 million, as reported in our Annual Report to the Finance and Resources Committee earlier in June (Report 24/181 refers).
- 4.5 The operating model within the Council for procurement and commissioning is based on a "hub and spoke" approach; with a small specialist central team providing technical advice, training and support to service teams. Given the limited resources within the central team and the regulated nature of public procurement, their primary focus to date has been on overseeing the tender and award elements of the procurement cycle, ensuring compliance and mitigating the risk of legal challenges.
- 4.5 The public procurement function however, is much more than the process of acquiring goods, works and services by way of compliant tender and award. The procurement transformation programme is therefore focussed on developing a new operating model to drive far greater value from our public procurement and improve efficiency and effectiveness across the whole cycle of strategic procurement activity; from identifying need, through to tender, purchase, contract management and review.
- 4.6 The social, economic and environmental challenges that we are facing in our communities are widely recognised. So too are the financial pressures facing Councils and other public sector bodies. Accordingly, there has never been a greater need to harness the power of our public procurement to ensure that we get the greatest possible value from the Perth and Kinross pound, to make life better for the communities that we serve.

5. PROPOSAL

- 5.1 Building on a solid foundation of procurement compliance, this new strategy puts sustainability at the heart of our public procurement. In doing so we commit to using our purchasing power not only to buy what we need to deliver our services, but also to provide additional economic, social and environmental benefits to the people of Perth and Kinross.

- 5.2 Our Sustainable Procurement Strategy aligns with the Council's corporate priorities as set out in our Corporate Plan and our wider vision for our people and place.
- 5.3 It provides a high-level blueprint for a new operating model to enable us to shift from a demand driven, transactional approach to buying, to one that is more strategic, data driven and value based.
- 5.4 Acknowledging the values of good public procurement governance, we have developed a set of core principles which underpin why, how and what we do across all our procurement activities.
- 5.5 To implement this strategy, we have identified 6 key high level aims with a number of core objectives and action areas. These are summarised in the Strategic Procurement Plan on a Page (Appendix A). A more detailed implementation plan is in development, and this will be regularly monitored, reviewed and revised as required throughout the lifecycle of this strategy. Progress updates will be reported via the Finance and Resources Committee in accordance with our Scheme of Delegation.
- 5.6 Delivering strategic change requires more than a plan; however, it requires the right people with the right skills, processes and technology working in the right way, in the right combination. Resourcing the plan adequately and appropriately will therefore be key to the success of the Sustainable Procurement Strategy.

6. CONCLUSION

- 6.1 The purpose of the new Sustainable Procurement Strategy is to optimise the value of the Council's public procurement functions. Building on foundation of compliance and good practice, it looks to improve the effectiveness of our procurement processes and deliver efficiencies and potentially savings, by taking a more strategic approach to our public procurement; by being proactive, collaborative and innovative in our approach.
- 6.2 By putting sustainability at the heart of the strategy we can help the Council achieve its wider ambitions; with a clear focus on increasing local spend to help boost the local economy, maximise community benefits, promote fair work first and help protect the planet.

Authors

Name	Designation	Contact Details
Lisa Simpson	Strategic Lead – Legal & Governance	

Approved

Name	Designation	Date
Clare Mailer	Director – Strategy, People & Resources	June 2024

If you or someone you know would like a copy of this document in another language or format, (on occasion, only a summary of the document will be provided in translation), this can be arranged by contacting the Customer Service Centre on 01738 475000.

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

All Council Services can offer a telephone translation facility.

1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

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

1. Strategic Implications

Corporate Plan

1.2 This report supports all the objectives within the Corporate Plan.

2. Resource Implications

Financial - not yet known

Workforce

There are no direct workforce implications arising from this report.

Asset Management (land, property, IT)

There are direct asset management implications, as noted throughout the report.

3. Assessments

Equality Impact Assessment

3.1 There are no Equality Impact Assessment issues arising.

Strategic Environmental Assessment

- 3.2 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals. There are none arising from this proposal.

Sustainability

- 3.3 The proposals in this report support the Council's policy objectives with regard to a sustainable environment.

Legal and Governance

- 3.4 This Strategy fulfils legal requirements under the Procurement Reform (S) Act 2015.

Risk

- 3.5 This Strategy may help mitigate the impact of some of the key risks in the Strategic Risk Register.

4. Consultation

Internal

- 4.1 The proposals in this report have been developed by key internal stakeholders as part of the Procurement and Commission Transformation Programme. Senior Leadership team and Executive Leadership have been consulted.

External

5. Communication

- 5.1 This take place with all parties once the report has been considered.



Sustainable Procurement Strategy 2024 to 2029

Contents

Contents.....	3
Foreword.....	4
Introduction and Executive Summary	5
Context.....	8
Rationale	9
Guiding Principles	10
Strategic Procurement Ambition	12
Aims and Objectives.....	13
Appendix A: Sustainable Procurement Plan on a Page	22
Appendix B: Definitions.....	23
Appendix C: Spend Profile 2023/24	25
Appendix D: Legal Framework	27
Appendix E: Policies and Toolkits	28

Foreword

We are proud to introduce our new Sustainable Procurement Strategy for the period 2024 to 2029. This strategy reflects our dedication to sustainability, economic growth, and the well-being of the people in Perth and Kinross.

In the face of significant challenges, including economic pressures, climate change, and evolving community needs, we recognise the power of procurement as a strategic tool. It is not just about buying goods and services; it is using our buying power to create more positive impacts on the economy, society, and the environment.

Our strategy shifts from a transactional approach to a strategic, data-driven, and value-based one. We aim to maximise the impact of public funds, ensuring that every pound spent contributes to sustainable solutions that address community needs.

Sustainability is at the core of our public procurement efforts. We not only want to deliver efficient and cost-effective services but also, actively address poverty, promote social well-being, boost the local economy, and mitigate climate change.

The success of our Sustainable Procurement Strategy will be dependent upon having the right people, processes, and technology in place to support its implementation. It requires a shift in mindset and behaviour, a commitment to professional development commitment and a focus on collaboration. Above all, we must adhere to our core principles of accountability, equity, legal compliance, strategic importance, sustainability, and value delivery.

By working together, we can use our procurement power to help create a Perth and Kinross where everyone lives life well, free from poverty and inequality.

Councillor Grant Laing
Council Leader

Thomas Glen
Chief Executive

Introduction and Executive Summary

This strategy puts sustainability at the heart of our public procurement. We are committed to using our purchasing power not only to buy what we need to deliver our services, but to provide additional economic, social and environmental benefits to the people of Perth and Kinross.

We are building this approach on a solid foundation of legal compliance and good procurement practice. We recognise however that if we are to make our limited public funds go further, we must shift from a demand-driven, transactional approach to buying, to one that is more strategic, data-driven and value-based. This Sustainable Procurement Strategy has been developed to facilitate that shift in terms of our organisational culture and behaviours; and to set out a high-level blueprint for a new operating model for our public procurement. This strategy applies to all budgets within the Council, regardless of where they sit.

Acknowledging the values of good public procurement governance, we have developed a set of core principles which underpin why, how and what we do across all our procurement activities.

To implement this strategy, we have identified six key aims with a number of core objectives and actions. These are summarised in the Strategic Procurement Plan on a Page ([Appendix A](#)). A more detailed Delivery Plan is in development, and this will be regularly monitored, reviewed and revised as required throughout the lifecycle of this strategy.

Implementation of our Sustainable Procurement Strategy requires more than just an action plan; however, delivering strategic change requires the right people, processes and technology working in the right way, in the right combination.



People

To deliver on this Strategy we must:

- build sufficient professional procurement capacity and capability within the organisation
- ensure that those involved in purchasing and commissioning are trained and supported
- engage with our communities, services and suppliers to understand need and the market's ability to respond
- facilitate collaboration across services and with partners, to deliver better value for money

Process

To deliver on this Strategy we must:

- ensure that our processes are as straightforward, efficient and transparent as they can be, within the parameters of the law
- develop processes which align with our objectives to facilitate data-driven, value-based procurement decisions

Technology

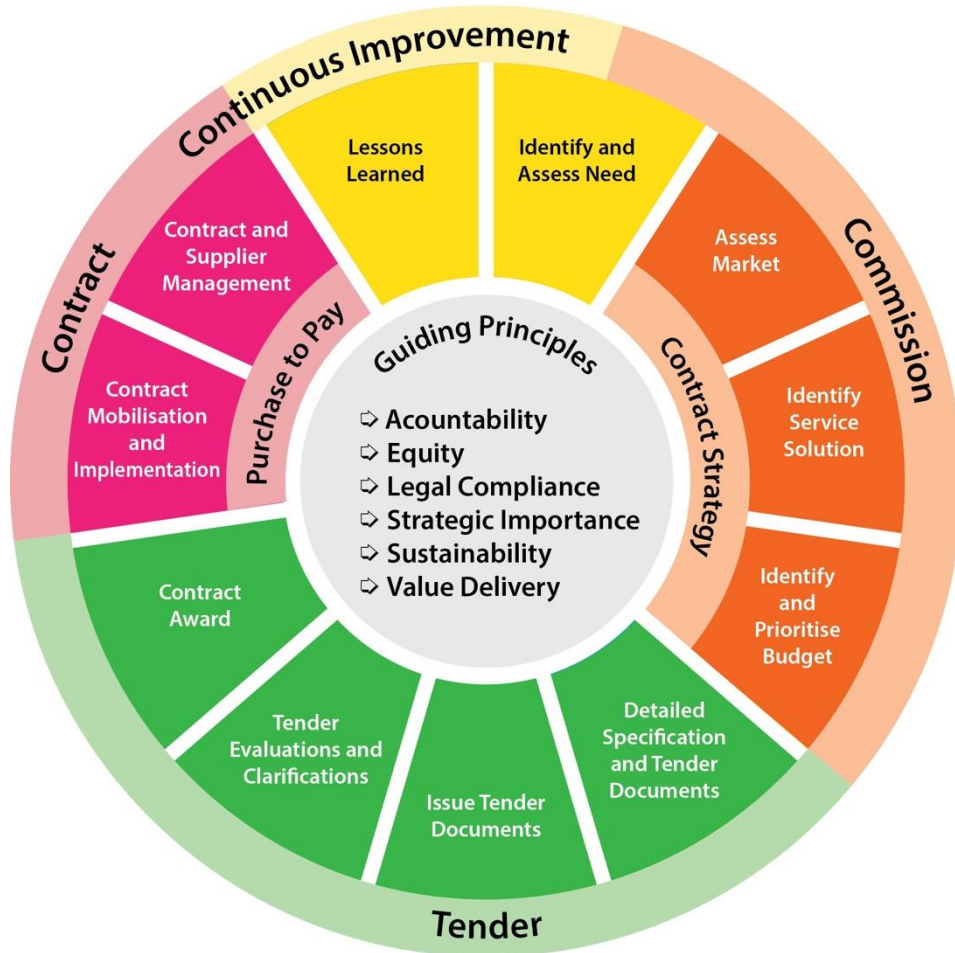
To deliver on this Strategy we must:

- make the best use of digital technologies to automate transactional processes in accordance with our Information and Digital Operating Model
- fully implement e-procurement to ensure consistency and compliance
- use systems and technology to capture and analyse data to produce useful procurement metrics

This Sustainable Procurement Strategy is a key element of a wider transformation project to redesign our public procurement and commissioning function. The purpose of the project is to develop a new organisational operating model for the public procurement function; recognising that it is much more than the process of acquiring goods, work, services and utilities by way of tender and award.

It looks to enhance and improve our efficiency and effectiveness across the whole cycle of procurement activity; from identifying need through to purchase, contract management and review.

Strategic Procurement Cycle



The strategy is focused on optimising the value of our public procurement and designing an organisational operating model that can support that. The Sustainable Procurement Strategy has therefore been developed using a change management model created to support delivery of the transformation project.

Context

In 2022 to 2023, the Council presented its [Corporate Plan](#) and launched a programme of [Transformation and Change](#) in response to the challenges and opportunities facing Perth and Kinross now and in the future.

At a time when there are significant pressures on Council budgets and other resources, need within our communities is becoming increasingly more complex. Rising energy costs, high inflation and a struggling local and national economy, have resulted in a greater number of people living in poverty in Perth and Kinross. Across the country we are witnessing major issues in terms of poor mental health and schools are experiencing first hand, the toll that the pandemic has had on the wellbeing of this generation of pupils. Increased demand and market pressures on services, particularly social care, create a further challenge given the age demographic of our area. The impact of climate change has seen an increasing number of severe weather events locally, and there are a variety of national and global threats to our supply chain which combine to create additional pressure on public resources.

The Scottish public sector spends more than £14.5 billion a year buying goods, works and services, with the 2023 to 2024 spend for Perth and Kinross Council in the region of £390 million. High importance is placed on spending public monies responsibly, in a manner that is transparent and compliant. The legislative framework ([Appendix D](#)) is designed to ensure that our contracting is open and fair, that it delivers best value and affords some protection in terms of safety and quality.

The procurement function is however often defined by the rules and processes that govern it; perceived as overly bureaucratic and a barrier to sourcing local or innovative service solutions. This perception is reinforced by the fact that the professional procurement resource within the Council (like in many other public bodies) is such that resources are directed to the areas of highest risk, leaving little or no capacity to undertake the broader strategic aspects of the procurement role. The primary focus being to ensure regulatory compliance and minimising the risk of legal challenge to the Council as the contracting authority.

Public procurement, however, has the potential to deliver so much more.

Rationale

Given the social, economic and environmental challenges that we are facing within our communities, sustainability is not an option or a “buzzword”. It is an absolute necessity.

The [Procurement Reform \(Scotland\) Act 2014](#), places a sustainability duty on the Council, which requires us when we are carrying our regulated procurement, to consider how our procurement process could:

- improve the economic, social environmental wellbeing within our area
- facilitate the involvement of small and medium enterprises, third sector bodies and supported businesses in the process; and
- promote innovation

This approach fits well with the Council’s own Corporate Priorities and aligns with the wider public sector policy objectives set out in the [Public Procurement Strategy for Scotland](#).

This Strategy therefore looks to put sustainability at the heart of our public procurement; using it to help deliver on our wider strategic vision and ambitions for Perth and Kinross, both in terms of our people and place.

By doing so, we hope to send out a clear message to the people of Perth and Kinross, our public partners and the business community, including SMEs and third sector organisations; that we are committed to using our procurement power, not only to deliver efficient and cost-effective services, but also to:

- continue working to address the impact of poverty
- promote and enhance social wellbeing and build resilience within our communities
- help grow our local economy, to create jobs for future generations
- help mitigate the impact of climate change and reduce our own carbon footprint

This approach will require a shift in mindset and behaviour to move our public procurement from the transactional and reactive to a proactive, data driven strategic function. The Strategy also acknowledges the need to ensure that we have the necessary professional procurement capacity and capability in place, together with the processes, tools and technology to create a new organisational operating model which is fit for purpose.

Guiding Principles

Our guiding principles reflect not only good public procurement practice, but our commitment, as a Council, to act always in the best interests of the communities that we serve, with Integrity, Compassion and Ambition.

Accountability

Our procurement is transparent, and we are accountable for our decisions.

We believe that transparency provides assurance to the public that we are acting in their best interest at all times. It allows for proper and effective scrutiny of our decisions and actions; and helps in maintaining high ethical standards, thereby enhancing the reputation of the Council and building public trust and confidence.

Equity

Our procurement processes are fair and equitable.

We believe that open, fair, impartial, and non-discriminatory procurement processes promote equal opportunities for all suppliers. This will help us foster and grow a competitive market which could give us better value for money.

Legal Compliance

We comply with procurement law.

Whilst we are bound to act in accordance with the law, we believe that legal compliance supports effective risk management and builds trust with suppliers and the community. It provides assurance that we are a safe organisation to do business with.

Strategic Importance

We value procurement as an important strategic function.

We recognise that the procurement function is not simply the transactional process of buying things; it has a key role to play in helping the Council deliver on its wider strategic ambition and agreed corporate priorities. Its relationship with the public, suppliers, partners and internal stakeholders makes it well placed to support effective service delivery, business improvement and identify opportunities for change and innovation.

Sustainability

We are putting sustainability at the heart of our public procurement.

We believe that committing to socially responsible procurement is the right thing to do. It not only helps make our public pound go further; it demonstrates our continued commitment to tackling poverty and climate change, growing our local economy and helping to make life better for the people of Perth and Kinross.

Value Delivery

Our public procurement delivers best value.

By focusing on delivering the best possible value, the Council can make more effective use of our limited public funds. We will look to optimise internal and external collaborative procurement opportunities and use our purchasing power to drive change and encourage new ideas.

Strategic Procurement Ambition

In 2022 to 2023, Perth and Kinross presented its [Corporate Plan](#) setting out the strategic vision for Perth and Kinross. This was followed by an ambitious programme for transformational change to ensure that it can deliver on its strategic priorities in these current challenging times.

Recognising the key strategic role that public procurement can play, our Sustainable Procurement Vision is in clear alignment with the vision set out in our Corporate Plan. Our procurement vision is clear – we are looking to use our purchasing power to maximum effect to make life better for the people that we serve.

Procurement Vision

Harnessing procurement to inspire change and drive progress, creating a Perth and Kinross where everyone thrives, free from poverty and inequality.

To turn that vision into reality, our Mission identifies key areas of focus for our public procurement. This will enable us to drive the best possible value from every pound that we spend. Our key high level Aims and Objectives are set in Section 6 of this strategy document.

Procurement Mission

To lead sustainable public procurement that empowers our communities, fuels economic growth, sparks innovation, and protects our planet.

We are committed to purposeful procurement, ensuring every public pound spent delivers sustainable solutions to meet the needs of our communities.

Aims and Objectives

Aim: Economy and local wealth building

Using our buying power to promote local economic growth, to then create jobs and help tackle poverty within our area.

Rationale

To support the Council to deliver on its Corporate Priorities to tackle poverty and develop a resilient, stronger and greener local economy.

Objective	Activities	Impact
Increased local spend	Spend and market analysis. Identify local supply chain opportunities. Encourage greater indirect local spend.	<ul style="list-style-type: none"> • Increase in £ spend with local contractors • Increase in the use of local sub-contractors on large contracts
Help create more local jobs	Prioritise training, development, and apprenticeships opportunities as community benefits.	<ul style="list-style-type: none"> • New apprenticeship, training and development opportunities available to local people
Enhanced Local Supplier development	Work with Economic Development, Perthshire Chamber of Commerce and Supplier Development Programme (SDP) to shape new and existing local businesses that are relevant to the Council's Contract Delivery Plan. Support local and regional SMEs, third sector and supported businesses to participate in procurement opportunities.	<ul style="list-style-type: none"> • Increase in number of opportunities for local suppliers to bid for contracts • Increased bid opportunities for local and regional SMEs, Third sector and supported businesses
Fair Work First	Promote Fair Work First policy requirements in our procurement processes.	<ul style="list-style-type: none"> • Increase in contractors paying the Real Living Wage

Objective	Activities	Impact
	Encourage suppliers to adopt Fair Work First policies.	

Aim: Protecting our Environment

Supporting a fair transition to net zero and minimising our environmental impact.

Rationale

To support the Council to deliver on its Corporate Priorities to tackle climate change and support sustainable places; and to develop a resilient, stronger greener economy.

Objective	Activities	Impact
Influence the reduction of carbon emissions	<p>Build environmental sustainability considerations into tender specifications where possible.</p> <p>Ensure any vehicles purchased/leased/hired have low emissions of greenhouse gases and pollutants.</p> <p>Work with supply chain to identify opportunities to reduce scope 3 emissions.</p>	<ul style="list-style-type: none"> • Lower emissions • Opportunities for innovation
Waste minimisation	<p>Build waste minimisation requirements into specifications.</p> <p>Implementing a circular economy approach in procurement to encourage the use of products that can be reused, repaired, or recycled.</p>	<ul style="list-style-type: none"> • Reduction in new goods purchased • Increase in re-use/repair and repurposing of goods • Increase in use of recyclable materials • Reduction in waste going to landfill • Potential cost savings

Objective	Activities	Impact
Sustainable sourcing	Procure goods, works and services that minimise environmental damage throughout their lifecycle. Ensure that our sourcing strategies and tender evaluation criteria align with our desired climate change and sustainability outcomes.	<ul style="list-style-type: none"> • Progress towards achievement of Corporate Plan and Public Procurement Strategy for Scotland ambitions
Energy efficient service solution	Build energy efficiency into specifications where appropriate. Include energy efficiency as a key criterion in tender evaluation where possible and appropriate.	<ul style="list-style-type: none"> • Reduction in energy consumption • Lower operating costs • Reduction in greenhouse emissions

Aim: Financial Sustainability

Contributing to the financial robustness of the organisation.

Rationale

To ensure that the Council can continue to meet its obligations and serve our communities effectively, now and in the future, with the financial resources available to it.

Objective	Activities	Impact
Improve the quality of spend data	Introduce operational policy of “No PO/No Pay”. Implement consistent approach to data input. Ensuring centralised oversight of contract spend.	<ul style="list-style-type: none"> • Better oversight and control • Demonstrable compliance • Drive more value from contracts • Support informed decision-making

Objective	Activities	Impact
Increase opportunities for commercial savings	Review specifications. Review current contract terms Commodity Sourcing Strategies. Ensure use of whole life cycle costing.	<ul style="list-style-type: none"> • Cost reduction • Market leverage
Value for money	Challenge operational costs. Optimise frameworks through use of mini competition where appropriate. Reduce varieties of universal items and bulk buy where appropriate. Pursue opportunities for collaborative contracting.	<ul style="list-style-type: none"> • Economic use of resources • Reduced costs • Better value/economies of scale • Opportunities to increase community benefits
Align spend with need	Proactive procurement planning.	<ul style="list-style-type: none"> • Resource optimisation • Risk mitigation

Aim: Good Governance

Upholding strong procurement governance to ensure public trust.

Rationale

Ensures that our procurement processes are open, fair and transparent; and that as public body, we are held to account. It provides assurance to the people of Perth and Kinross of our integrity in the use of public funds.

Objective	Activities	Impact
Strategic Alignment	<p>Ensure procurement policies and contracting strategies support delivery of the Council’s strategic outcomes and corporate priorities.</p> <p>Develop an operating model to implement Sustainable Procurement Strategy.</p>	<ul style="list-style-type: none"> • Spend can be targeted where it is needed most • Community benefits can be prioritised and optimised to deliver greater social value • Identify opportunities for savings and efficiencies
Efficient and effective processes	Further streamline and automate transactional processes, where possible.	<ul style="list-style-type: none"> • Procurement processes are less complex and time-consuming. • Audit trail for compliance
Data-driven decision-making	<p>Develop and use procurement analytics.</p> <p>Build and analyse data in relation to supplier performance and market dynamics.</p>	<ul style="list-style-type: none"> • Better informed purchasing decisions • Better informed purchasing strategies
Robust risk management	<p>Maintain strong and effective internal controls.</p> <p>Further enhance procurement risk mitigation measures.</p>	<ul style="list-style-type: none"> • Accuracy and integrity of purchasing processes • Future proofing supply chain risk
Regulatory compliance	<p>Develop sustainable procurement and compliance training offer.</p> <p>Develop further guidance and toolkits.</p> <p>Ensure core Governance documents are updated and revised as required.</p>	<ul style="list-style-type: none"> • Minimise risk of legal challenge • Promotes transparency and accountability • Builds and maintains public trust

Aim: Sustainable service design and delivery

Helping the Council design and deliver effective services solutions that better meet the needs of our community.

Rationale

Ensure that we can procure the goods, works and services, at a competitive price, to meet the needs of our communities now; and foster innovation to design the service solutions for the future, to enable them to live life well, free from poverty and inequalities.

Objective	Activities	Impact
Strategic Sourcing	<p>Capture data to develop a comprehensive understanding of Council’s needs and the market.</p> <p>Develop Category Management approach where appropriate.</p> <p>Identify collaborative procurement initiatives to leverage combined purchasing power and expertise.</p> <p>Support the Health and Social Care Partnership to implement its Strategic Commissioning Plan.</p>	<ul style="list-style-type: none"> • More competitive pricing • Better align spend with need • Risk Mitigation • Build community resilience • Supports us to deliver services to our communities, efficiently and effectively • Helps children and young people achieve their full potential • Helps ensure that our most vulnerable people are protected and cared for • Helps promote physical and mental wellbeing within our communities
Social Value	<p>Integrate social, economic, and environmental considerations into procurement decisions.</p>	<ul style="list-style-type: none"> • Cost efficiency and effectiveness

Objective	Activities	Impact
	<p>Engage proactively with suppliers to deliver Community Benefits.</p> <p>Ensure robust Contract Management.</p>	<ul style="list-style-type: none"> • Deliver community benefits that are aligned with local projects and community needs • Improved community engagement and resilience • Help tackle poverty • Help tackle climate change and support sustainable places • Help build a more resilient, stronger and greener economy
Effective demand management	<p>Analyse spending data to identify opportunities for cost savings and efficiency improvement.</p> <p>Implement category management to optimise the procurement processes.</p> <p>Encourage responsible consumption and reduce waste through education and policy.</p>	<ul style="list-style-type: none"> • Reducing over-supply • Financial and operational efficiencies • More effective expectation management
Foster innovation	<p>Create an environment that encourages suppliers to propose innovative solutions.</p> <p>Explore new technologies and practices that can enhance procurement processes.</p> <p>Identify opportunities to partner with local businesses and startups to pilot new ideas and approaches.</p>	<ul style="list-style-type: none"> • Community engagement • Risk mitigation • Improved supply chain resilience • Opportunities to create additional social value • Help promote local economic growth

Aim: Strategic Partnership

Working with services to help optimise the value of their procurement.

Rationale

To drive the greatest value from our purchasing power, procurement must be valued as key strategic function. By partnering with business areas procurement can enhance effective internal collaboration, strategic thinking and value creation, benefiting both the Council and the communities that we serve.

Objective	Activities	Impact
Strategic procurement planning	<p>Work with services to gain comprehensive understanding of their procurement needs.</p> <p>Help services shift from reactive transactional procurement to a more proactive value-based activity.</p> <p>Support the Health and Social Care Partnership to implement their Strategic Commissioning Plan and address any potential areas for market failure.</p>	<ul style="list-style-type: none"> • Effective and efficient delivery of services • Better informed decision-making • Helps children and young people achieve their full potential • Helps ensure that our most vulnerable people are protected and cared for • Helps promote physical and mental wellbeing within our communities
Cross-service collaboration	<p>Identify opportunities for joint procurement.</p> <p>Actively engage all services, including schools, in strategic procurement planning.</p> <p>Develop appropriate governance operating model to implement “one Council” approach to procurement spend.</p>	<ul style="list-style-type: none"> • Cost optimisation • Value for money • Embeds procurement as a valuable strategic function

Objective	Activities	Impact
<p>Innovation and value creation</p>	<p>Support services to develop contract strategies and specifications which provide additional social, environmental and economic value in line with our Corporate Plan.</p> <p>Develop better understanding of market dynamics to assess risk.</p> <p>Encourage suppliers to develop innovative solutions to mitigate against the risk of market failure.</p>	<ul style="list-style-type: none"> • Helps build a more resilient, stronger, greener economy • Helps tackle climate change and support sustainable places • Encourages closer working with and within our communities • Builds good supplier relationships

Reporting Progress

Progress in respect of implementation of this Sustainable Procurement Strategy will be reported publicly in the form of an Annual Report to the Council’s Finance and Resources Committee.

The Strategy will be allowed to embed but the content will be reviewed on an annual basis as part of the assurance process for the Annual Governance Statement to ensure that it remains fit for purposes.

Appendix A: Sustainable Procurement Plan on a Page

Vision : Harnessing procurement to inspire change and drive progress, creating a Perth and Kinross where everyone thrives, free from poverty and inequality.

Mission: To lead sustainable public procurement that empowers our communities, fuels local economic growth, sparks innovation, and protects our planet. We are committed to purposeful procurement, ensuring every public pound spent delivers sustainable solutions for the needs of our communities.

Core Principles (the values and behaviours that guide our public procurement)

- **Legal Compliance:** We comply with procurement law and regulations
- **Equity:** Our processes are open, fair, impartial and non-discriminatory
- **Accountability:** Our procurement is transparent and are accountable for our decisions
- **Sustainability:** We are committed to procuring in a way that is socially responsible
- **Value Delivery:** We use procurement to deliver the best possible value for our community
- **Strategic Importance:** We value procurement as a key strategic function

Strategic Procurement Aims

- **Economy and Local Wealth Building:** Using our procurement to promote local economic growth and help tackle poverty within our area
- **Protecting our Environment:** Supporting a fair transition to net zero and minimising our environmental impact
- **Financial Sustainability:** Contributing to the financial robustness of the organisation
- **Good Governance:** Upholding strong procurement governance to ensure public trust
- **Sustainable Service Design and Delivery:** Helping the Council design and deliver essential services for our communities
- **Strategic Partnership:** Working with services to help optimise the value of their procurement

Key Objectives

- Increased local spend/Local supplier development/Fair Work First
- Waste minimisation/Carbon reduction/Sustainable sourcing/Energy-efficient solutions
- Reduced off-contract spend/Increased commercial savings/Value for money
- Strategic alignment/Effective processes/Data driven decision-making/Risk Management
- Strategic sourcing/Social value optimisation/Demand Management/Foster innovation
- Improved decision-making/Strategic impact/Better supplier relationships/Efficiencies

Benefits/Impacts

- Increased business for local suppliers, leading to job creation and a reduction in poverty
- Reduced carbon footprint and promotion of sustainable practices across supply chain
- New, efficient solutions leading to improved public services for our communities
- More effective use of public funds, ensuring long-term financial sustainability for the Council

Appendix B: Definitions

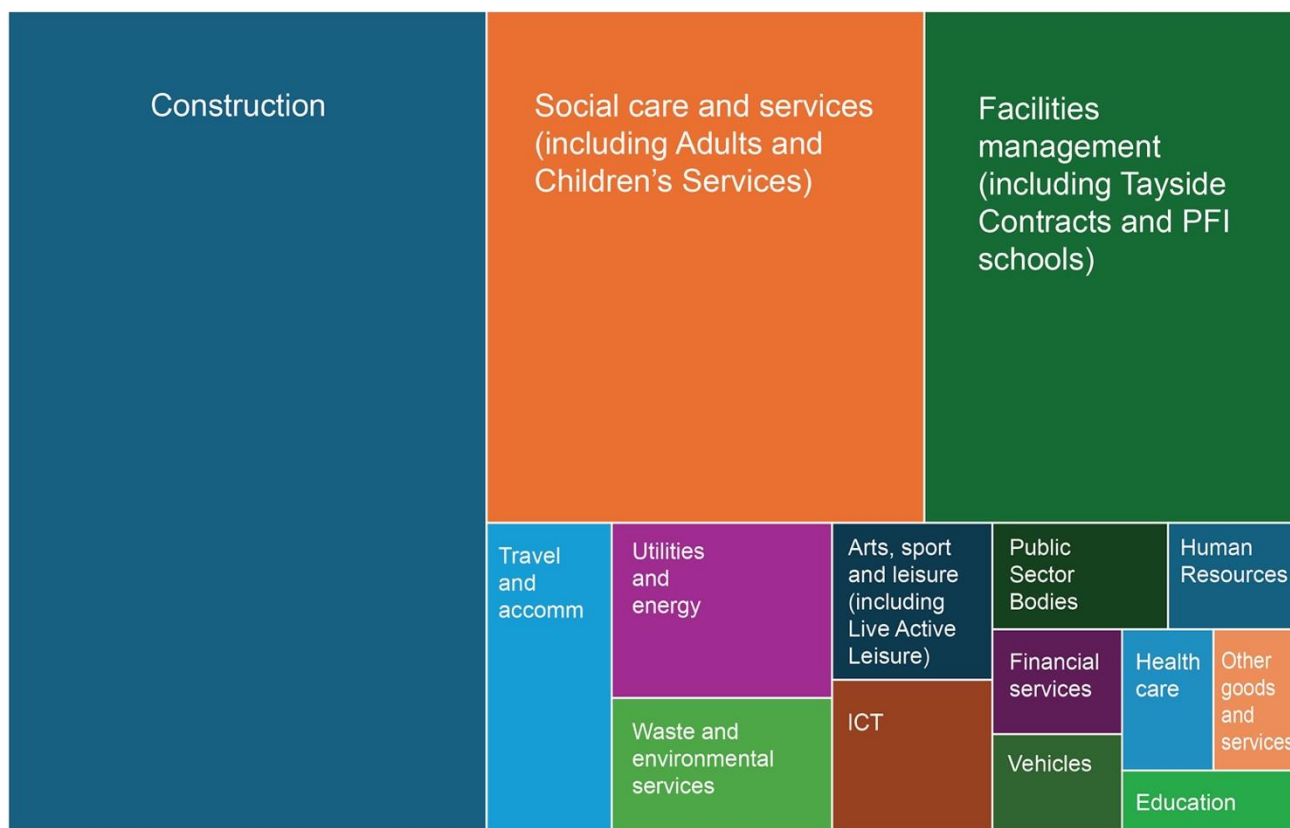
Term	Description
Category	A collection of commodities or services sourced from the same or similar supply base, which meet a similar consumer need, or which are inter-related or substitutable.
Category Management	Systematic approach to the development of category specific sourcing strategies and plans based on analysis of demand and supply in major spend categories.
Commissioning	The strategic process of assessing needs and planning to make optimal use of available resources to meet those needs. It is a subset of the wider strategic procurement cycle which focuses on the identification and assessment of need, service design and ensuring effective delivery with a focus on outcomes and quality.
Commissioning (Health and Social Care)	To plan, develop and deliver services, by engaging with stakeholders, the individuals we support and their Carers, taking into account the characteristics and needs of both geographical communities and communities of interest.
Community Wealth Building	A practical place-based approach to economic development; taking action across 5 pillars (Inclusive ownership, Workforce, Spending, Land and property and Finance) that seeks to redirect wealth back into local economies; making the economy work better for people, places and planet.
Contract Management	The purpose of Contract and Supplier Management is to work closely with suppliers and internal customers to minimise the total cost of ownership and maximise supply chain efficiencies throughout the life of the contract.
Fair Work First	Employment practices that support wellbeing, e.g. training and development, equality of opportunity.

Term	Description
Life Cycle Costing	How much money will be spent on an asset over the duration of its life.
Principles of Procurement	<p>Included within The Public Contracts (Scotland) Regulations 2015 for those undertaking a procurement to “treat economic operators equally and without discrimination and act in a transparent and proportionate manner”.</p> <p>As a minimum the underlying processes must:</p> <ul style="list-style-type: none"> • be relevant and proportionate to the contract; • treat bidders equally and without discrimination; this means treating bidders who are in the same situation in the same way, and bidders who are in different situations, differently; and • be carried out in a transparent manner.
Social Value	Social, economic and environmental benefits additional to the main commercial purpose of a contract.
Strategic Procurement Function	The business management function that ensures identification, sourcing, access and management of the external resources that an organisation needs or may need to fulfil its strategic objectives.
Sustainable Procurement Duty	Outlined in Procurement Reform (Scotland) Act 2014, it aligns with our purpose to create a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth.
Whole Life Costing	The costs of acquiring goods or services (including consultancy, design and construction costs, and equipment), the costs of operating it and the costs of maintaining it over its whole life through to its disposal – that is, the total ownership costs. These costs include internal resources and overheads.

Appendix C: Spend Profile 2023/24

In 2023/24 the Council's spend with third parties was approximately £390m. The chart on this page shows the Council's top three categories of spend which makes up approximately 98% of total spend. The other 2% is distributed across 15 further categories, some of which is shown in the table. The remaining categories each make up less than 1% of total spend.

Perth and Kinross Council Spend by Category



Category	Spend (£)	% of total spend
Construction	141,222,616	36.22
Social care and services (including Adults and Children's Services)	80,182,538	20.57
Facilities management (including Tayside Contracts and PFI schools)	68,850,470	17.66
Travel and accommodation	14,071,219	3.61

Category	Spend (£)	% of total spend
(including PSVs, schools transport and homelessness services)		
Utilities and energy	13,792,604	3.54
Waste and environmental services	10,894,428	2.79
Arts, sport and leisure (including Live Active Leisure)	8,985,854	2.30
ICT	8,957,706	2.30
Public Sector Bodies	6,703,678	1.72
Human Resources	5,029,451	1.29
Financial services	4,851,898	1.24
Vehicles	4,715,195	1.21
Healthcare	4,636,132	1.19
Other goods and services (including Culture PK)	4,395,325	1.13
Education (including special schools, further education, educational equipment)	4,177,848	1.07

Appendix D: Legal Framework

- [Public Contracts \(Scotland\) Regulations 2015](#)
- [The Procurement \(Scotland\) Regulations 2016 \(legislation.gov.uk\)](#)

Appendix E: Policies and Toolkits

- [Public Procurement Strategy for Scotland](#)
- [Sustainable Procurement Toolkit](#)
- [Corporate Plan Vision and Priorities - Perth & Kinross Council \(pkc.gov.uk\)](#)
- [Perth and Kinross IJB Strategic Commissioning Plan 2020 to 2025](#)
- [Corporate Asset Management Framework 2023](#)
- [Climate Change Action Plan](#)

If you or someone you know would like a copy of this document in another language or format, (on occasion, only a summary of the document will be provided in translation), this can be arranged by contacting the Customer Service Centre on 01738 475000.

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

All Council Services can offer a telephone translation facility.

BSL users can contact us via Contact Scotland BSL, the online British Sign Language video relay interpreting service. Find out more on the Contact Scotland BSL website <https://contactscotland-bsl.org>