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Council Building
2 High Street
Perth
PH1 5PH

11 June 2019

A Meeting of the **Strategic Policy and Resources Committee** will be held in the **Council Chamber, 2 High Street, Perth, PH1 5PH** on **Wednesday, 12 June 2019** at **09:30** .

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

KAREN REID
Chief Executive

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

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

Members:

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

Strategic Policy and Resources Committee

Wednesday, 12 June 2019

AGENDA

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

- 1 WELCOME AND APOLOGIES**
- 2 DECLARATIONS OF INTEREST**
- 3 MINUTES**
 - 3(i) MINUTE OF MEETING OF STRATEGIC POLICY AND RESOURCES COMMITTEE OF 17 APRIL 2019 FOR APPROVAL AND SIGNATURE** 5 - 12
(copy herewith)
 - 3(ii) MINUTE OF THE MEETING OF THE EXECUTIVE SUB-COMMITTEE OF STRATEGIC POLICY AND RESOURCES COMMITTEE OF 20 MARCH 2019 FOR NOTING** 13 - 14
(copy herewith)
 - 3(iii) MINUTE OF MEETING OF THE PROPERTY SUB-COMMITTEE OF 18 FEBRUARY 2019 FOR NOTING** 15 - 16
(copy herewith)
 - 3(iv) MINUTE OF MEETING OF THE APPEALS SUB-COMMITTEE OF 18 MARCH 2019 FOR NOTING** 17 - 18
(copy herewith)
 - 3(v) MINUTE OF MEETING OF THE APPEALS SUB-COMMITTEE OF 2 MAY 2019 FOR NOTING** 19 - 20
(copy herewith)
 - 3(vi) MINUTE OF MEETING OF THE EMPLOYEES JOINT CONSULTATIVE COMMITTEE OF 28 FEBRUARY 2019 FOR NOTING** 21 - 24
(copy herewith)
 - 3(vii) MINUTE OF MEETING OF THE PERTH AND KINROSS INTEGRATION JOINT BOARD OF 15 FEBRUARY 2019 FOR NOTING** 25 - 32
(copy herewith)

4	TOWN CENTRE FUND Report by Depute Chief Executive, Chief Operating Officer (copy herewith 19/170)	33 - 64
5	CHANGES TO DEVELOPER CONTRIBUTIONS AND AFFORDABLE HOUSING SUPPLEMENTARY GUIDANCE Report by Executive Director (Housing and Environment) (copy herewith 19/171)	65 - 124
6	AUTHORITY TO WRITE OFF DEBTS AND OBSOLETE STOCK Report by Head of Finance (copy herewith 19/172)	125 - 144
7	PROCUREMENT UPDATE 2018/19 Report by Depute Chief Executive, Chief Operating Officer (copy herewith 19/173)	145 - 220
8	TRANSFORMATION PROGRAMME 2015-20 Report by Chief Executive (Chief Operating Officer) (copy herewith 19/174 (Revised))	221 - 236

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PERTH AND KINROSS COUNCIL
STRATEGIC POLICY AND RESOURCES COMMITTEE
17 APRIL 2019

STRATEGIC POLICY AND RESOURCES COMMITTEE

Minute of meeting of the Strategic Policy and Resources Committee held in the Council Chamber, Council Building, 2 High Street, Perth on Wednesday 17 April 2019 at 9.30am.

Present: Councillors M Lyle, P Barrett, C Stewart, K Baird (substituting for C Shiers), S Donaldson, D Doogan, J Duff, A Forbes, G Laing, R McCall, S McColl, X McDade (substituting for A Bailey), T McEwan (substituting for B Band), A Parrott and C Purves.

In Attendance: K Reid, Chief Executive; J Valentine, Depute Chief Executive and Chief Operating Officer; K Donaldson, L Haxton, C Irons, S Mackenzie, M Mahmood, C Mackie, S McLeod, L Potter, K Rebbeck, F Robertson, L Simpson, D Stokoe and S Walker (all Corporate and Democratic Services); S Devlin and G Boland (both Education and Children's Services); B Renton, F Crofts, K McNamara and B Murray (all Housing and Environment) and G Paterson and J Smith, Perth and Kinross Health and Social Care Partnership.

Apologies: Councillors A Bailey, B Band and C Shiers.

Councillor M Lyle, Convener, Presiding.

The Convener led discussion on Arts. 181-188 & 193; Vice-Convener P Barrett led discussion on Arts. 190 & 194 and Vice-Convener C Stewart led discussion on Arts. 189, 191 & 192.

181. WELCOME AND APOLOGIES

The Convener welcomed all those present to the meeting. The Convener introduced G Paterson, Chief Officer, Perth and Kinross Health and Social Care Partnership and welcomed him to his first meeting of the Committee. Apologies and substitutions were noted as above.

182. DECLARATIONS OF INTEREST

In terms of the Councillors' Code of Conduct, Councillors K Baird and A Parrott declared a non-financial interest in Art. 188.

183. URGENT ITEM OF BUSINESS

Instrumental Music Service Fees

The Convener advised that in terms of Standing Order 29 (b) an urgent motion on Instrumental Music Service fees should be considered in respect of an increase of fees due to be implemented from 21 August 2019.

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The Convener advised that in order to consider the item it was necessary to suspend Standing Order 4 with a two-thirds majority of members present today.

The Head of Finance clarified that an increase in charges for the Instrumental Music Service had been included in the 2019/20 provisional Revenue Budget. The financial implications of the increase within 2019/20 was £50,000 and if the increase was not to be implemented then the shortfall would require to be funded from Reserves.

THERE FOLLOWED A RECESS AND THE MEETING RECONVENED AT 10.05AM.

The Convener proposed that the motion be withdrawn from today's agenda and considered by full Council at the first opportunity.

Resolved:

In terms of Standing Order 68, it was agreed by simple majority to consider the motion in relation to Instrumental Music Service fees at the next meeting of full Council.

184. MINUTES OF PREVIOUS MEETINGS

(i) Strategic Policy and Resources Committee

The minute of meeting of the Strategic Policy and Resources Committee of 6 February 2019 (Arts.59-65) was submitted, approved as a correct record and authorised for signature.

(ii) Property Sub-Committee of the Strategic Policy and Resources Committee

The minute of meeting of the Property Sub-Committee of 22 October 2018 was submitted and noted. *(Appendix I)*

(iii) Property Sub-Committee of the Strategic Policy and Resources Committee

The minute of the Special meeting of the Property Sub-Committee of 18 December 2018 was submitted and noted. *(Appendix II)*

(iv) Perth and Kinross Integration Joint Board

The minute of meeting of the Integration Joint Board of 30 November 2018 was submitted and noted. *(Appendix III)*

(v) Corporate Health, Safety and Wellbeing Consultative Committee

The minute of meeting of the Corporate Health, Safety and Wellbeing Consultative Committee of 10 December 2018 was submitted and noted. *(Appendix IV)*

(vi) Employees Joint Consultative Committee

The minute of meeting of the Employees Joint Consultative Committee of 22 November 2018 was submitted and noted. **(Appendix V)**

(vii) Tay Cities Region Joint Committee

The minute of meeting of the Tay Cities Region Joint Committee of 9 November 2018 was submitted and noted. **(Appendix VI)**

185. REVENUE BUDGET 2018/19 – MONITORING REPORT NUMBER 4

There was submitted a report by the Head of Finance (19/110), providing an update (1) on progress with the 2018/19 General Fund Revenue Budget based on the January 2019 ledger, updated for subsequent known material movements; and (2) on the projected financial position of the Housing Revenue Account.

Resolved:

- (i) The contents of Report 19/110 be noted.
- (ii) The adjustments to the 2018/19 Management Revenue Budget, as detailed in Appendices 1 to 4 and 6 to and Sections 2, 3 and 4 of Report 19/110, be approved.
- (iii) The 2018/19 service virements, as summarised in Appendices 2, 5 and 6 to Report 19/110, be approved.
- (iv) The Health and Social Care projected outturn, as summarised in Paragraphs 3.1 to 3.5 of and Appendix 5 to Report 19/110, be noted.
- (v) The Housing Revenue Account projected outturn summarised in Section 4 of and Appendix 6 to Report 19/110, be noted.
- (vi) The adjustments to the 2019/20 Revenue Budget summarised in Appendices 7, 8 and 9, be approved.

186. COMPOSITE CAPITAL BUDGET 2018/28 AND HOUSING REVENUE ACCOUNT CAPITAL INVESTMENT PROGRAMME 2018/23 – MONITORING REPORT NUMBER 4

There was submitted a report by the Head of Finance (19/111) (1) providing a summary position to date for the 10 year Composite Capital Programme for 2018/19 to 2027/28 and the 5 year Housing Revenue Account (HRA) Capital Investment Programme 2018/19 to 2022/23; and (2) seeking approval for adjustments to the programmes.

Resolved:

- (i) The contents of Report 19/111, be noted.
- (ii) The proposed budget adjustments to the 10 year Composite Capital Budget 2018/19 to 2027/28, as set out in sections 2 and 3 of and summarised at Appendices I and II to Report 19/111, be approved.
- (iii) The proposed budget adjustments to the HRA Capital Investment Programme Budget 2018/19 to 2022/23, as set out in section 4 of and summarised at Appendix III to Report 19/111, be approved.

- (iv) The position for individual projects reported in sections 3 and 4 of and summarised in Appendix IV to Report 19/111, be noted.

187. UPDATE ON PROGRESS WITH THE PREPARATION OF SUPPLEMENTARY GUIDANCE TO SUPPORT THE LOCAL DEVELOPMENT PLAN

There was submitted a report by the Executive Director (Housing and Environment) (19/112) on (1) the proposed programme and priorities for preparing supplementary guidance to support the Local Development Plan review process and (2) providing an update in respect of progress on the preparation of the Statutory Supplementary Guidance and the non-statutory guidance work programme.

Resolved:

- (i) Progress made on the programme for the planning policy framework attached as appendix 1 to Report 19/112, be noted.
- (ii) The priorities for preparing the Local Development Plan Supplementary Guidance as detailed in Report 19/112, be approved.
- (iii) The Executive Director (Housing and Environment) be requested to arrange briefing sessions for elected members prior to any consultation, where substantial changes were proposed.
- (iv) The Executive Director (Housing and Environment) report annually to the Strategic Policy and Resources Committee on progress with the preparation of Supplementary Guidance to support the Local Development Plan.
- (v) Authority be delegated to the Executive Director (Housing and Environment) to approve non-statutory guidance where minor technical changes are required.
- (vi) The Supplementary Guidance to support the Local Development Plan be submitted to a future Scrutiny Committee.

188. CULTURAL TRUSTS TRANSFORMATION PROJECT: FINDINGS AND RECOMMENDATIONS

There was submitted a report by the Depute Chief Executive and Chief Operating Officer (19/118) on key steps to put in place a new delivery model for culture to make services sustainable in the long term and maximise economic, social and tourism benefits from culture for Perth and Kinross.

Motion (Councillors M Lyle and P Barrett)

- (i) **That the Chief Executive has put recovery measures in place for Horsecross Arts by exercising Sole Member Company powers as set out in the Articles of Association and Memorandum of Understanding between Horsecross Arts and the Council, be noted.**
- (ii) **Officers be directed to commission an independent business assessment of Perth City Centre culture venues and proposed operating model to maximise the economic impact and minimise operating costs of all five venues.**

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- (iii) **Officers be directed to complete full business case and timeline for a single delivery model for further consideration by the Council.**
- (iv) **A further report be submitted by the Depute Chief Executive and Chief Operating Officer to Council in April 2020.**

Amendment (Councillors S Donaldson and S McCole)

- (i) That the Chief Executive has put recovery measures in place for Horsecross Arts by exercising Sole Member Company powers as set out in the Articles of Association and Memorandum of Understanding between Horsecross Arts and the Council, be noted
- (ii) Officers be directed to commission an independent business assessment of Perth City Centre culture venues and proposed operating model to maximise the economic impact and minimise operating costs of all five venues.
- (iii) A further report be submitted by the Depute Chief Executive and Chief Operating Officer to Council in April 2020.

In terms of Standing Order, 58, a roll call vote was taken.

7 members voted for the Motion as follows:

Councillors P Barrett, J Duff, A Forbes, M Lyle, R McCall, C Purves and C Stewart.

7 members voted for the Amendment as follows:

Councillors S Donaldson, D Doogan, G Laing, S McCole, X McDade, T McEwan and A Parrott.

1 member abstained as follows:

Councillor K Baird.

In terms of Standing Order 56, the Convener exercised a casting vote in favour of the Motion.

Resolved:

In accordance with the Motion.

THERE FOLLOWED A RECESS AND THE MEETING RECONVENED AT 11.45AM.

189. TRANSFORMATION PROGRAMME 2015-2020

There was submitted a report by the Depute Chief Executive and Chief Operating Officer (19/113) providing (1) an update on phase four of the Transformation Programme approved by Council on 1 July 2015 and (2) providing an overview of progress on the current projects.

Resolved:

- (i) The progress related to the Transformation Programme, as detailed in Appendices 1 and 2 to Report 19/113, be noted.

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- (ii) A report on the Review of Catering Services be submitted to a future meeting of the full Council.

190. COMMUNITY INVESTMENT FUND

There was submitted a report by the Depute Chief Executive and Chief Operating Officer (19/109) making recommendations for the 2019/20 Community Investment Fund building on experience from Year 1 and seeking approval of the process and launch of Year 2 in May 2019.

A presentation was also given on Years 1 and 2 of the Fund by F Robertson, Head of Service.

Resolved:

- (i) Option 1 to retain the current process for consideration of applications to the Community Investment Fund be approved.
- (ii) Improvements to the application process, as outlined in paragraph 2.2 of Report 19/109, be approved.

191. MANAGING UNREASONABLE DEMANDS POLICY

There was submitted a report by the Depute Chief Executive and Chief Operating Officer (19/114) on a policy to manage customer expectation and support staff in dealing with unreasonable demands by the Council's customers and service users.

Resolved:

- (i) The Managing Unreasonable Demands Policy attached as Appendix 1 to Report 19/ 114, with provision added regarding interacting with people with vulnerabilities, be approved.
- (ii) An annual report be submitted to the Scrutiny Committee on the use of the Policy.

192. PROPOSED HEALTH AND WELLBEING FRAMEWORK

There was submitted a report by the Depute Chief Executive and Chief Operating Officer (19/115) on a new Health and Wellbeing Framework for all employees of Perth and Kinross Council.

Resolved:

- (i) The Health and Wellbeing Framework attached as Appendix 1 to Report 19/115, be approved.
- (ii) Authority be delegated to the Depute Chief Executive and Chief Operating Officer to make arrangements for the implementation of the new Framework.

193. RETIREMENT SCHEME

There was submitted a report by the Depute Chief Executive and Chief Operating Officer (19/116) on proposed changes to the Council's Retirement

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Scheme to ensure it complies with Local Government Pension Scheme Regulations and remains fit for purpose in supporting business change and organisational transformation.

Resolved:

The revised Retirement Scheme attached as appendix 1 to Report 19/116, be approved.

194. POLICY AND FRAMEWORK FOR DELIVERY OF SUCCESSFUL ENGAGEMENT IN HOUSING AND ENVIRONMENT

There was submitted a report by the Depute Director (Housing and Environment) (19/117) on an integrated and refreshed approach to how Housing and Environment will inform, consult and engage with its customers and other stakeholders.

Resolved:

- (i) The Policy and Framework for Successful Engagement in Housing and Environment attached as appendices 1 and 2 to Report 19/117, be approved.
- (ii) The Depute Director (Housing and Environment) be requested to report back to this committee on the first year of implementation of the Policy and Framework.

EXECUTIVE SUB-COMMITTEE OF THE STRATEGIC POLICY AND RESOURCES COMMITTEE

Minute of Meeting of the Executive Sub-Committee of the Strategic Policy and Resources Committee held in the Council Chamber, Ground Floor, Council Building, 2 High Street, Perth on Wednesday 20 March 2019 at 3.10pm.

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

In Attendance: J Valentine, Depute Chief Executive; S MacKenzie, F Robertson, D Stokoe, L Haxton, C Flynn and K Molley (all Corporate and Democratic Services).

Councillor M Lyle, Convener, Presiding.

1. WELCOME AND APOLOGIES

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

2. DECLARATIONS OF INTEREST

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

3. COMMUNITY INVESTMENT FUND (Art 327/18)

There was submitted a report by the Depute Chief Executive and Chief Operating Officer (19/90) setting out the recommendations made by individual Ward Panels for the investment of the 2018/19 Community Investment Fund and seeking approval to release the funds.

Resolved:

- (i) The recommended funding awards for 2018/19 as detailed in Report 19/90, be approved.
- (ii) The carryover of funds to the second round of funding in 2019/20 for those wards where the full £50,000 was not spent in 2018/19. be approved.

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## PROPERTY SUB-COMMITTEE

Minute of meeting of the Property Sub-Committee of the Strategic Policy and Resources Committee held in the Council Chambers, Ground Floor, Council Building, 2 High Street, Perth on Monday 18 February 2019 at 10.00am.

Present: Councillors P Barrett, D Doogan, J Duff (substituting for C Shiers), G Laing, A Parrott (substituting for B Band) and C Stewart.

In Attendance: S Crawford and D Littlejohn (both Housing and Environment); C Taylor (Education and Children's Services); C Flynn, L Gowans, C Irons and D Robertson (all Corporate and Democratic Services).

Apologies: Councillors B Band, M Lyle and C Shiers.

Vice-Convenor Councillor P Barrett, presiding.

### 1. WELCOME AND APOLOGIES/SUBSTITUTES

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

### 2. DECLARATIONS OF INTEREST

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

### 3. MINUTES

The minutes of meeting of the Property Sub-Committee of 22 October 2018 and the special meeting of 18 December 2018 were submitted and approved as correct records.

### 4. SCHOOL ESTATE PROGRAMME PROGRESS REPORT

There was submitted a report by the Executive Director (Education and Children's Services) (19/44) (1) providing an update on the progress and proposals for delivering the current school projects within the Education and Children's Services School Estate Programme and (2) detailing key milestones which had been achieved.

#### **Resolved:**

The significant milestones achieved since the previous report to this Sub-Committee on 22 October 2018, as detailed in Appendix A to Report 19/44, be noted.

**IT WAS AGREED THAT THE PUBLIC AND PRESS SHOULD BE EXCLUDED DURING CONSIDERATION OF THE FOLLOWING ITEM IN ORDER TO AVOID**

**THE DISCLOSURE OF INFORMATION WHICH IS EXEMPT IN TERMS OF  
SCHEDULE 7A TO THE LOCAL GOVERNMENT (SCOTLAND) ACT 1973**

**P1. PROPOSED DISPOSAL OF SITE 5 AT KINROSS WEST, KINROSS**

There was submitted a report by the Executive Director (Housing and Environment) (19/45) seeking approval to dispose of Site 5 at Kinross West, Kinross as part of the Commercial Property Investment Programme (CPIP).

**Resolved:**

The disposal of Site 5, Kinross West, Kinross for the gross sum of £350,000 on the terms as set out in Report 19/45 or otherwise on terms to be agreed by the Head of Planning and Development and the Head of Legal and Governance, be approved.

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APPEALS SUB-COMMITTEE

Minute of meeting of the Appeals Sub-Committee held on Monday 18 March 2019 in Room 415, Fourth Floor, Council Building, 2 High Street, Perth.

Present: Councillors C Ahern, K Baird and A Jarvis.

In Attendance: Appellant; Appellant's Representative (S Robertson, Unite); Service's Representative (S Devaney, Human Resources); and M McLaren, Legal and Governance.

Also in Attendance: M Sullivan, Solicitor (as an observer).

1. APPOINTMENT OF CONVENER

It was unanimously agreed that Councillor Ahern be appointed Convener of the Appeals Sub-Committee.

Councillor Ahern took the Chair.

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

P1. APPEAL AGAINST DISMISSAL (C/HR/20/041)

The Appeals Sub-Committee was convened to consider an appeal against dismissal by a member of staff from the Housing and Environment Service.

The Appeals Sub-Committee considered documentation lodged by both parties and heard evidence from the appellant, the Human Resources representative and their witnesses. Thereafter the parties each summed up their case and withdrew.

Resolved:

That the dismissal was found to be fair and reasonable and the appeal be not upheld.

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## **APPEALS SUB-COMMITTEE OF STRATEGIC POLICY AND RESOURCES COMMITTEE**

Minute of Meeting of the Appeals Sub-Committee held in the Council Building, 2 High Street, Perth on Thursday 2 May 2019.

Present: Councillors Ahern, Anderson and Brawn.

In Attendance: Appellant; Appellant's Representative (S Hope, UNISON); Service's Representative (S Devaney, Human Resources) and M McLaren, Legal Services.

### **1. APPOINTMENT OF CONVENER**

It was unanimously agreed that Councillor Ahern be appointed Convener of the Appeals Sub-Committee.

Councillor Ahern took the Chair.

### **2. PROCEDURE TO BE USED FOR DISCIPLINARY APPEAL**

#### **Resolved:**

The procedure, as issued for the information of all present, be adopted.

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

#### **P1. APPEAL AGAINST DISMISSAL (Disciplinary Procedures)**

The Appeals Sub-Committee was convened to consider an appeal against dismissal by a member of staff from Housing and Environment.

The Appeals Sub-Committee considered documentation lodged by both parties and heard evidence from the Service's representative and her witnesses, and from the Appellant's representative. Thereafter the parties summed up their cases and withdrew.

#### **Resolved:**

The Committee reached a unanimous decision to uphold the appeal and to reduce the sanction from dismissal to a written warning.

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**PERTH AND KINROSS COUNCIL
STRATEGIC POLICY AND RESOURCES COMMITTEE
EMPLOYEES JOINT CONSULTATIVE COMMITTEE**

Minute of meeting of the Employees Joint Consultative Committee, held in the Council Chamber, 2 High Street, Perth on Thursday 28 February 2019 at 10.00am.

Present: Representing Perth and Kinross Council:

Councillors H Anderson; D Illingworth (on behalf of Councillor M Lyle), R McCall and S McCole (all Perth and Kinross Council); K Robertson (on behalf of Executive Director (Education and Children Services)).

Present: Representing Trade Unions:

S Hope, M Dickson, T Maric and B Nichol (all UNISON) and S Robertson (Unite the Union).

In Attendance: K Donaldson (Corporate Human Resources Manager), P Johnstone, S McLeod, C Flynn and L Brown (all Corporate and Democratic Services).

Apologies: Councillor M Lyle (Perth and Kinross Council) and H Meldrum (GMB).

S Hope in the Chair

1. DECLARATIONS OF INTEREST

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

2. MINUTE OF PREVIOUS MEETING

The minute of meeting of the Employees Joint Consultative Committee of 22 November 2018 was submitted and approved as a correct record subject to a clarification to the fourth paragraph on page 2 that K Robertson had provided a position statement to the EJCC on behalf of Mitie and Tayside Contracts.

3. MATTERS ARISING

(i) Employee Engagement Survey (Item 5 refers)

S Hope enquired if it was mandatory that managers should meet with and provide feedback to their teams on the employee engagement survey results and if so what guidance was available to them in this regard. In response K Donaldson advised that although not monitored centrally, the Senior Management Team within each Council Service encouraged and expected their managers to discuss the survey results

at a team level. She confirmed that guidance was available but acknowledged this might need to be reviewed.

(ii) Council Budget

K Donaldson advised of two recent meetings with the Chief Executive and Head of Finance ahead of setting the Council Revenue Budget. At the second of these meetings, the Corporate HR Manager highlighted proposals for some amendments to the Council's retirement scheme, an annual leave purchase scheme and a Personal Contract Purchase (PCP) scheme which would enable employees to purchase an electric car. Meetings would be arranged in the coming weeks with the trade unions to obtain their views on the proposals.

4. JOINT SECRETARY FOR TRADE UNIONS

The Trade Union representatives unanimously agreed that Susan Robertson of Unite the Union be appointed as the Joint Secretary of the Employees Joint Consultative Committee for the Trade Union side.

5. HEALTH AND WELLBEING

The Committee received a presentation from S McLeod, Team Leader, Human Resources on progress in preparing the new Health and Wellbeing Framework for Council employees.

S McLeod advised that a range of consultation events had taken place involving employees, managers and trade unions on the shape of the new Health and Wellbeing Framework. The promotion of employee health and wellbeing had also formed part of the discussion at a Corporate Management Team Workshop on the Corporate Workforce Plan.

Feedback from the consultations had highlighted the following:

- overly prescriptive and procedurally focused policies
- the procedures focus on the minority
- an over-reliance on occupational health input,
- the need to adopt a more holistic approach to employee health and wellbeing
- managers would like more training
- the importance of good relations between an employee and their line manager, and
- the need to encourage regular discussion on health and wellbeing between the line manager and the employee

S McLeod advised the new framework will focus on prevention and what support is available for employees. More emphasis will be placed on the fit note and the appropriate use of the occupational health service. She advised it is proposed that there be no mandatory meetings with employees and that

managers should decide on what is the most appropriate action on a case by case basis.

A meeting with the Trade Unions to go over the proposals in more detail will be held in the coming week prior to the new Health and Wellbeing Framework being submitted to the Strategic Policy and Resources Committee for consideration.

The Committee:

- (i) Agreed that a further update be submitted to the Joint Consultative Committee prior to the implementation of the Framework.

6. ETHICAL CARE CHARTER

P Steel advised that the Council had signed up to incorporate the Ethical Care Charter within the Council's Framework for Commissioned Services and those commissioned services were expected to apply the standards set out in the Charter. She further advised that the Council had carried out a survey as part of its contract monitoring process and that all commissioned home care providers had confirmed they complied with the National Living Wage, paid statutory sick pay and supported training for their workers.

The Committee agreed:

- (i) A representative from Adult Social Work Services be requested to submit an update report to the next meeting.

7. ANY OTHER COMPETENT BUSINESS

(i) Constitution

K Donaldson advised of plans to review the membership of the Employees Joint Consultative Committee in order to ensure there is equity in the membership of the Trade Union and Management sides.

8. DATE OF NEXT MEETING

23 May 2019 at 10.00am.

Post meeting note:

Due to the European Elections being called on the 23 May 2019 the date of the next meeting was moved to 30 May 2019.

VALEDICTORIES

(i) Keith Ridley

The Convener extended his thanks to Keith Ridley, HR Manager, for his support to the Committee over many years and wished him well in his retirement from the Council.

(ii) Tony Maric

The Convener extended his thanks for Tony Maric for his support to the Committee and his work for Unison on equality and disability issues and wished him well in his new position with Aberdeen City Council.

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## PERTH AND KINROSS INTEGRATION JOINT BOARD

Minute of Meeting of the Perth and Kinross Integration Joint Board (IJB) held in the Council Chamber, Ground Floor, Council Building, 2 High Street, Perth on Friday 15 February 2019 at 10.30am.

**Present:**

**Voting Members**

Dr R Peat, Tayside NHS Board (Chair)  
 Councillor C Stewart, Perth and Kinross Council (Vice-Chair)  
 Councillor E Drysdale, Perth and Kinross Council  
 Councillor X McDade, Perth and Kinross Council  
 Councillor C Purves, Perth and Kinross Council  
 Ms L Birse-Stewart, Tayside NHS Board

**Non-Voting Members**

Mr J Foulis, NHS Tayside  
 Mr R Packham, Chief Officer  
 Ms J Pepper, Chief Social Work Officer, Perth and Kinross Council  
 Ms J Smith, Chief Financial Officer

**Additional Members**

Dr A Noble, External Adviser to Board  
 Dr D Walker, NHS Tayside

**Stakeholder Members**

Ms B Campbell, Carer Public Partner  
 Ms C Gallagher, Independent Advocacy Perth and Kinross  
 Ms L Lennie, Service User Public Partner

**In Attendance:**

K Reid, Chief Executive, Perth and Kinross Council; J Valentine, Depute Chief Executive, Perth and Kinross Council; C Flynn, A Taylor and K Sharp (all Perth and Kinross Council); V Aitken, C Jolly, R Duarte, P Henderson, E Devine, H Dougall and P Jerrard (all Perth and Kinross Health and Social Care Partnership); M Summers, Carer Public Partner; A Wood and L Denvir (both NHS Tayside) and R Jamieson, PKAVS.

**Apologies:**

Ms G Costello, Tayside NHS Board  
 Professor N Beech, Tayside NHS Board  
 Dr D Carey, Independent Contractor

### 1. WELCOME AND APOLOGIES

Dr Peat welcomed all those present to the meeting and apologies were noted as above.

## **2. DECLARATIONS OF INTEREST**

There were no Declarations of Interest made in terms of the Perth and Kinross Integration Joint Board Code of Conduct.

## **3. MINUTE OF PREVIOUS MEETING**

The minute of meeting of the Perth and Kinross Integration Joint Board of 30 November 2018 was submitted and approved as a correct record.

## **4. ACTION POINT UPDATE**

There was submitted and noted the action point update for the Perth and Kinross Integration Joint Board as at 15 February 2019 (G/19/5).

## **5. MATTERS ARISING**

There were no matters arising from the previous minute.

*IT WAS AGREED TO VARY THE ORDER OF BUSINESS AT THIS POINT.*

## **6. FINANCE AND GOVERNANCE**

### **6.1 2018/19 FINANCIAL RECOVERY PLAN**

There was submitted a report by the Chief Financial Officer (G/19/7) seeking the homologation of the Board to the financial recovery plan actions agreed to mitigate the forecasted overspend on Adult Social Care Services and Healthcare Services in 2018/19.

#### **Resolved:**

- (i) The 2018/19 projected outturn position for the Perth and Kinross Integration Joint Board based on expenditure to Month 8, be noted.
- (ii) The decision by the Chair and Vice-Chair, along with the Chief Executives of both Perth and Kinross Council and NHS Tayside, to approve the recovery plan as outlined in this Report G/19/7 for Perth and Kinross Council Directed Adult Social Care Services and NHS Tayside (NHST) Directed Health Services, be homologated.
- (iii) The Chief Officer and Chief Financial Officer continue to seek all possible in-year opportunities over the remaining weeks of the financial year to deliver an improved financial out-turn.
- (iv) It be noted that the details of the recovery plan have also been formally reported to Perth and Kinross Council and will be reported to NHS Tayside Board.

### **6.2 2018/19 FINANCIAL POSITION**

There was submitted a report by the Chief Financial Officer (G/19/6) providing an update to the Perth and Kinross Integration Joint Board (IJB) on the year-end financial forecast for 2018/19 based on the 9 months to 31 December 2018.

**Resolved:**

- (i) The overall projected overspend of £1.954m for Perth and Kinross IJB for 2018/19; being an improvement of £2.081m from the last report, be noted.
- (ii) The progress with 2018/19 savings delivery, as set out in Report G/19/6, be noted.
- (iii) The update regarding IJB reserves, as set out in Report G/19/6, be noted.

### **6.3 AUDIT AND PERFORMANCE COMMITTEE UPDATE**

#### **Verbal Update by Chair of Audit and Performance Committee**

Councillor Purves, Chair of the Audit and Performance Committee, advised the Board that the next meeting of the Audit and Performance Committee was not scheduled to be held until 19 February 2019.

He advised the committee that under the new revised terms of reference for the Audit and Performance Committee any member of the IJB was now free to attend and request to participate at meetings of the Audit and Performance Committee and encouraged members to attend the next meeting. He provided the Board with an update on the various items on the agenda to be discussed at the next meeting.

The Board noted the position.

### **6.4 2019/20 CORE HEALTH AND SOCIAL CARE BUDGET**

There was submitted a report by the Chief Financial Officer (G/19/31) seeking approval from the Integration Joint Board (IJB) to the issue of a budget requisition for 2019/20 to Perth and Kinross Council (PKC) and NHS Tayside (NHST) in respect of Core Health and Social Care Services.

Appendix 2 of Report G/19/31 was tabled at the meeting.

**Resolved:**

- (i) The significant cost, demand and service pressures for 2019/20 and for 2020/21 and 2021/22, be noted.
- (ii) The savings that have been identified across the 3 year period, be noted.
- (iii) The intensive scrutiny and review that has been undertaken by the IJB Budget Review Group, be noted.
- (iv) The issue of a budget requisition to PKC and NHST in respect of Core Health and Social Care Services, be approved.
- (v) The further work being undertaken to develop a 3-Year Financial Plan for GP Prescribing and Hosted Services in order that a further budget requisition be issued to NHS Tayside following the March IJB Meeting, be noted.
- (vi) It be noted that Section 9.15 of the Integration Scheme requires both parent bodies to confirm the formal Budget Requisition to the Integration Joint Board by the day after the Council Tax is legally required to be set, this being Tuesday 12 March this year.
- (vii) The officer recommendation for Perth and Kinross Council's budget offer to the IJB for the 2019/20 financial year and that the Council's final budget

settlement will be determined at its budget-setting meeting on Wednesday 20 February 2019, be noted.

- (viii) It be noted that the NHS Tayside Board budget-setting meeting for the 2019/20 financial year will take place on Thursday 28 February 2019.
- (ix) NHS Tayside be requested to provide the IJB with the necessary financial information, particularly in relation to hosted services and GP prescribing, thus allowing the IJB to fulfil its responsibilities in line with section 9.15 of the Integration Scheme 'to provide direction to the Partners before the start of the Integration Joint Board's financial year regarding the functions that are being directed, how they are to be delivered and the resources to be used in delivery' by Tuesday 12 March 2019.
- (x) Perth and Kinross Council and NHS Tayside be asked to work with officers from the Perth and Kinross Health and Social Care Partnership to facilitate an even more collaborative IJB budget-setting process to set the 3-year 2020/23 budget.
- (xi) It be requested that Perth and Kinross Council and NHS Tayside look to review the risk-sharing agreement for the IJB to provide clarity to the Board about how potential IJB overspends will be dealt with in the future.

## **7. DEVELOPING STRATEGIC OBJECTIVES**

### **7.1 CHIEF OFFICER STRATEGIC UPDATE**

There was submitted a report by the Chief Officer (G/19/8) updating Board members on progress against tasks outlined in the rolling actions list.

#### **Resolved:**

The contents of Report G/19/8 and the following updates be noted:

- (i) Winter Planning;
- (ii) Joint inspection of Adult Services by Care Inspectorate and Health Improvement Scotland;
- (iii) The update on the Strategic Plan refresh.

### **7.2 AUDIT SCOTLAND REPORT - 'HEALTH AND SOCIAL CARE UPDATE ON PROGRESS'**

There was submitted a report by Chief Officer (G/19/9) sharing Audit Scotland's recently published report 'Health and Social Care Integration: update on progress' with the Integration Joint Board.

#### **Resolved:**

- (i) The recommendations contained in Report G/19/9, be noted.
- (ii) It be noted that the IJB management team will review this document to form an action plan.

**B CAMPBELL LEFT THE MEETING AT THIS POINT.**

## **8. STRATEGIC PROGRAMMES OF CARE**

### **8.1 CHIEF SOCIAL WORK OFFICER ANNUAL REPORT 2017/18**

There was submitted a report by the Chief Social Work Officer (G/19/10) (1) providing the Chief Social Work Officer's overview of social work and social care in Perth and Kinross during financial year 2017/18; (2) setting out how social care and social work services are being delivered and the key challenges in planning and delivering statutory social work functions; and (3) highlighting how social care and social work services are responding to new responsibilities associated with major changes in legislation and shifts in policy direction as well as increasing demand and associated budget pressures.

J Pepper provided the Board with a slide based presentation on the Chief Social Work Officer Annual Report 2017/19.

#### **Resolved:**

- (i) It be noted that Report G/19/10 was approved by Perth and Kinross Council on 19 December 2018.
- (ii) The Chief Social Work Officer Annual Report as set out in Appendix 1 to Report G/19/10 be noted.

K REID AND J VALENTINE BOTH LEFT THE MEETING AT THIS POINT.

### **8.2 PERTH AND KINROSS HEALTH AND SOCIAL CARE STRATEGIC COMMISSIONING PLAN HOUSING CONTRIBUTION STATEMENT**

There was submitted a report by the Head of Housing, Perth and Kinross Council (G/19/11) providing an update on the contribution housing has made to delivering the Health & Social Care priorities within the Strategic Commissioning Plan and also providing an update on the achievements delivered, the impact this has had on outcomes for people and an overview of some of the challenges and next steps.

C Mailer provided the Board with a slide based presentation on the Perth and Kinross Health and Social Care Strategic Commissioning Plan Housing Contribution Statement.

#### **Resolved:**

- (i) The contribution housing has made to the implementation of the Perth and Kinross Health and Social Care Strategic Commissioning Plan 2016-2019, be noted.
- (ii) The Chief Officer be instructed to integrate the contribution housing makes towards enabling people who are ill, vulnerable or with disabilities to live as independently as possible into the future revised Strategic Commissioning Plan.

A WOOD AND L BIRSE-STEWART BOTH LEFT THE MEETING AT THIS POINT.

*IT WAS AGREED TO VARY THE ORDER OF BUSINESS AT THIS POINT.*

### **8.3 APPLICATION TO AMEND GMS CONTRACT AND TO CLOSE THE BRANCH SURGERY PREMISES IN ST MADDOES FOR THE CARSE MEDICAL PRACTICE, ERROL**

There was submitted a report by the Associate Medical Director (G/19/14) outlining the current issues relating to the general practice provision for the Carse Medical Practice, Errol and to consider the Practice's request to vary their GMS Contract, detailing their proposal to close the branch surgery in St Maddoes and to provide general medical services from the main practice centre in Errol.

J Devine, Primary Care Manager was in attendance and provided the Board with a brief summary of the report.

#### **Resolved:**

- (i) The application made by the Carse Medical Practice to close their branch surgery premises in St Maddoes in accordance with Part 8 - Variation and Termination of Contracts of the National Health Service (General Medical Services Contracts) (Scotland) Regulations 2018, be noted.
- (ii) The aim of the Carse Medical Practice that all current patients have the opportunity to remain registered with the Carse Medical Practice and to continue to see their current GP team, be supported.
- (iii) The preferred option of the Carse Medical Practice to consolidate its services on one site to maintain the sustainability of the practice, subject to approval by NHS Tayside Board, be noted.
- (iv) It be agreed that further consultation with the GPs and the GP practice population be held to inform a Health Needs Assessment that will support the development of new GP practice premises in the longer term.

L BIRSE-STEWART RETURNED TO THE MEETING DURING THE ABOVE ITEM.

### **8.4 STRATEGIC PROGRAMME OF CARE BOARDS – TERMS OF REFERENCE**

There was submitted a report by the Chief Officer (G/19/12) seeking agreement on the finalised Terms of Reference for the four Strategic Programme of Care Boards.

#### **Resolved:**

The item be withdrawn for further discussion and brought back to the next meeting of the IJB.

### **8.5 STRATEGIC PROGRAMME OF CARE BOARDS – PROGRESS UPDATE**

There was submitted a report by the Chief Officer (G/19/13) providing an update on progress from the four Strategic Programme of Care Boards which have been recently established by the Perth and Kinross Health and Social Care Partnership.

K Sharp and R Jamieson provided the Board with a slide based presentation on the Carers Programme Board.

**Resolved:**

- (i) The progress on the establishment of the four Strategic Programme of Care Boards be noted.
- (ii) It be noted that the four Strategic Programme of Care Boards intend to provide an update on progress at all future IJB meetings.
- (iii) It be noted that the four Strategic Programme of Care Boards intend to provide quarterly updates on progress and performance for scrutiny to the Perth and Kinross Audit & Performance Committee by means of agreed performance frameworks.
- (iv) The proposed and planned strategic delivery actions for each Board as detailed in Section 3 of Report G/19/13, be noted.

COUNCILLOR MCDADE AND J FOULIS BOTH LEFT THE MEETING DURING THE ABOVE ITEM.

**9. INFORMATION**

There were submitted and noted the following reports for information:

**9.1 PUBLIC BODIES CLIMATE CHANGE DUTIES** – Report by Chief Officer (G/19/15)

**9.2 STANDARDS COMMISSION FOR SCOTLAND – STANDARDS UPDATE ISSUED 20 DECEMBER 2018** (G/19/16)

**10. FUTURE IJB MEETING DATES 2019**

Friday 22 March 2019 at 2.00pm (Additional Special Meeting)

Wednesday 1 May 2019 at 2.00pm

Wednesday 26 June 2019 at 2.00pm

Friday 27 September 2019 at 9.30am

Wednesday 4 December 2019 at 2.00pm

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PERTH AND KINROSS COUNCIL
STRATEGIC POLICY AND RESOURCES COMMITTEE

12 June 2019

TOWN CENTRE FUND

Report by Depute Chief Executive, Chief Operating Officer (Report No. 19/170)

The purpose of this report is to outline options to utilise the new ring-fenced Scottish Government Town Centre Fund for 2019-20.

1. BACKGROUND / MAIN ISSUES

- 1.1 In December 2018, the Scottish Government announced that it would provide a new ring-fenced £50m Town Centre Fund for 2019-20 within the local authority capital settlement. On 7 March 2019, a letter was received detailing that £1,983,000 had been awarded to Perth and Kinross Council (Appendix 1) based on the overall population and the number of towns with a population of at least 1,000 (Appendix 2).
- 1.2 The letter stated that the Grant is to enable local authorities to stimulate and support place based economic investments which encourage town centres to diversify and flourish, creating footfall through local improvements and partnerships. Specifically, this fund will contribute to transformative investments which drive local economic activities and re-purpose town centres to become more diverse, successful and sustainable.
- 1.3 In particular, the grant will fund a wide range of investments which deliver against the themes of the Town Centre Action Plan including town centre living and supporting town centres to be vibrant, accessible and enterprising places. This could include re-purposing buildings for housing, retail, business, social and community enterprise, services, leisure, and culture, tourism and heritage; and, improving access and infrastructure. The aims of the Town Centre Fund are therefore:
- town centre living
 - vibrant local economics
 - enterprising communities
 - accessible public services
 - digital towns
 - proactive planning
- 1.4 The letter also noted that there were conditions linked to the award of funding and these are outlined in sections 8 – 19 of Appendix 1. Further clarification was sought by the Head of Finance from COSLA in terms of the conditions of the Grant. As a result, following discussion with the Scottish Government, it was confirmed on 1 April 2019 that the grant can be used for Third Party Capital Expenditure and to enhance existing projects.

- 1.5 It was also confirmed that the expectation was to have a plan for spending the Grant by November and not to have spent the Grant by this time. It is expected that work will be completed or, at least, work or contracts signed or commenced within 2019-20.
- 1.6 A workshop was held for all elected members on 25 March 2019 and 34 attended. This outlined the purpose and conditions of the Grant and provided an opportunity for the elected members present to bring forward proposals for their wards. It was also suggested that criteria should be applied to each proposal and these were agreed, at the workshop, as :
- deliverability
 - ability to meet the Town Centre Fund aims
 - cost/benefit ratio
 - mitigating future revenue impacts on the Council's budget
 - previous capital investment (over the last 5 years).
- 1.7 Following on from the workshop, officers have then used this criteria to undertake a prioritisation process, ranking the potential projects into low, medium and high categories dependent on overall impact. Where there is no match with the Town Centre Fund aims, proposals are noted as being not applicable.
- 1.8 All the projects, the screening against the criteria listed in paragraph 1.5 and officers' views on ranking are contained in Appendix 3.

2. PROPOSALS

- 2.1 A total of 30 potential projects were noted at the meeting. Elected members were also encouraged to come forward with further proposals but no others have been received to date. From the analysis undertaken, there are four projects which are seen to fully meet both the purpose of the Grant and the criteria agreed with elected members at the workshop in March.
- 2.2 These are:

Proposal	Ward	Indicative cost
Community and cycling hubs, Coupar Angus	2	£200,000
Connecting Loch Leven with Kinross Town Centre	8	£800,000
Contribution to costs linked to Drummond Arms, Crieff	6	£600,000
Development of events space – Pitlochry	4	£383,000
Total indicative costs £1,983,000		

- 2.3 In addition, all four projects have been developed with the involvement of local communities and/or businesses.

2.4 It is, therefore, proposed that officers develop these four projects further with the relevant community. There are, however, some risks involved in progressing these, particularly in relation to deliverability within the funding timescale and available resources. The projects will be monitored by officers and reported back to this Committee, including if there are issues with any project.

3. CONCLUSION AND RECOMMENDATIONS

3.1 The report provides the background to the Town Centre Fund and outlines the purpose, along with the conditions, which are to be applied to projects funded as a result of the ring fenced capital monies. It also outlines the work undertaken by officers, following a workshop with elected members in March 2019.

3.2 It is recommended that the Committee:

- i) notes the background to the report in relation to the Scottish Government's Town Centre Fund;
- ii) approves that the Town Centre Fund monies be allocated to the four projects listed in paragraph 2.2; and
- iii) requests the Depute Chief Executive (Chief Operating Officer) to bring back a report to a future Strategic Policy and Resources Committee on progress with the Town Centre Fund projects.

Author

Name	Designation	Contact Details
Barbara Renton	Executive Director (Housing & Environment)	TESCommitteeReports@pkc.gov.uk 01738 475000

Approved

Name	Designation	Date
Jim Valentine	Depute Chief Executive (Chief Operating Officer)	3 June 2019

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

All Council Services can offer a telephone translation facility.

1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

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

1. Strategic Implications

1.1 This report supports the delivery of the Perth and Kinross Community Plan / Single Outcome Agreement in terms of the following priorities:

- (iii) Promoting a prosperous, inclusive and sustainable economy
- (v) Creating a safe and sustainable place for future generations

Corporate Plan

1.2 This report supports the achievement of the Council's Corporate Plan Priorities:

- (iii) Promoting a prosperous, inclusive and sustainable economy;
- (v) Creating a safe and sustainable place for future generations.

2. Resource Implications

Financial

Revenue

2.1 There are no revenue costs associated with this report.

Capital

- 2.2 The report details the £1,983,000 allocated to Perth and Kinross Council through the Town Centre Fund as part of the local authority capital allocation.

Workforce

- 2.3 None.

Asset Management (land, property, IT)

- 2.4 There are no immediate implications in respect of asset management arising from the recommendations of the report.

3. Assessments

Equality Impact Assessment

- 3.1 Under the Equality Act 2010, the Council is required to eliminate discrimination, advance equality of opportunity, and foster good relations between equality groups. Carrying out Equality Impact Assessments for plans and policies allows the Council to demonstrate that it is meeting these duties.
- 3.2 The proposals have been considered under the Corporate Equalities Impact Assessment process (EqIA) with the following outcome:
(i) Assessed as **not relevant** for the purposes of EqIA

Strategic Environmental Assessment

- 3.3 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals.
- 3.4 The proposal recommended in this paper has been considered under the Act and the pre-screening has identified that the proposal will have no environmental effects, it is therefore exempt. The reason for concluding this is that the recommendation in this report will have no direct environmental effects as currently the proposals are not fully formed.

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 proposals and recommendation in this report will have positive impacts as they relate to funding to support sustainable development and integrate with requirements to link the allocation of funding with planning and economic development policy and assessment for community, environmental and economic impacts where appropriate

Legal and Governance

- 3.7 The Head of Legal and Governance has been consulted and is in agreement with the contents of this report.

Risk

- 3.8 Risk to the Council will be mitigated in respect of proposed to management and governance arrangements requiring scrutiny and audit of proposals in relation to planning and economic development policy and assessment for community, environmental and economic impacts where appropriate.

4. Consultation

Internal

- 4.1 The Head of Finance and the Head of Legal and Governance have been consulted and are in agreement with the contents of this report. Elected members have been consulted with through a workshop held in March 2019.

External

- 4.2 There has been no external consultation in the preparation of the report.

5. Communication

- 5.1 The report, if agreed, will require communication with the local elected members, the communities and the businesses involved

2. BACKGROUND PAPERS

The following background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (and not containing confidential or exempt information) were relied on to a material extent in preparing the above report.

Housing and Social Justice Directorate
Social Justice and Regeneration Division



Scottish Government
Riaghaltas na h-Alba
gov.scot

T: 0300 244 5937
E: Shirley.laing@gov.scot

By e-mail

To: Local Authority Directors of Finance
c.c: Chief Executives of Scottish Local
Authorities
Directors of Economic Development and
Regeneration

7 March 2019

Dear Director of Finance

TOWN CENTRE FUND - CAPITAL GRANT 2019-2020

1. The Scottish Ministers, in exercise of their powers under legislation detailed in Schedule 1 of this Offer Letter, hereby offer to local authorities (“the Grantees”) grant totalling £50 million STERLING (with individual allocations as per Schedule 2), payable in the financial year 2019-20, to finance capital investment, subject to the terms and conditions set out below at paragraph 2 onwards.

Definitions and Interpretation

2. In these Conditions, the words and expressions set out in Schedule 3 shall have the meanings ascribed to them in that Schedule.
3. In these Conditions, unless the context otherwise requires, words denoting the singular shall include the plural and vice versa and words denoting any gender shall include all genders.
4. The headings in these Conditions are for convenience only and shall not be read as forming part of the Conditions or taken into account in their interpretation.
5. Except as otherwise provided for in these Conditions, any reference to a clause, paragraph, sub-paragraph or schedule shall be a reference to a clause, paragraph, sub-paragraph or schedule of these Conditions.

Purpose of the Grant

6. The Grant is to enable local authorities to stimulate and support place based economic investments which encourage town centres to diversify and flourish, creating footfall through local improvements and partnerships. Specifically, this fund will contribute to transformative investments which drive local economic activities and re-purpose town centres to become more diverse, successful and sustainable.

7. In particular, the grant will fund a wide range of investments which deliver against the themes of the Town Centre Action Plan including town centre living and supporting town centres to be vibrant, accessible and enterprising places. This could include re-purposing buildings for housing, retail, business, social and community enterprise, services, leisure, and culture, tourism and heritage; and, improving access and infrastructure.

Conditions of the Grant

8. The grant is for capital expenditure which is additional to that which is already or would otherwise be allocated to the 2019/20 budget; and, should not substitute for existing spend.
9. Decisions on use of funding will reside with the grantee. It is expected that local authorities make investment decisions in the context of national and local commitments to town centres including the Town Centre First Principle and the Town Centre Action Plan; and more recently, the Place Principle. As such, it is expected that investment decisions are based on approaches which are collaborative and place based with a shared purpose; and, make use of tools and support developed by the Scottish Government, Scotland's Towns Partnership and other key partners; and, take account of further guidance outlined in Schedule 4.
10. The Grant may also be used to fund third party capital expenditure in the current year, either directly or through the provision of grants to third parties (public sector bodies, private sector bodies or individuals) which would, if incurred by the local authority, be capital expenditure. Limitations apply and these are detailed in Schedule 1.
11. The Grant is to be used in the financial year 2019-20. There is an assumption that the Grant will be applied to finance local authority capital programmes before the application of any other capital or revenue resources such as capital receipts or borrowing.
12. Should any grant be used to fund third party capital expenditure and that third party is another local authority or a public body the grant must be used by that third party in the financial year 2019-20. Should the grant be made to a local authority controlled company or other body that will be consolidated into the council's group accounts the grant must be used by that body in the financial year 2019-20.
13. For the avoidance of doubt no part of the grant may be transferred to the Capital Fund, nor may any part of the grant be used to meet the costs of debt redemption.
14. No part of the grant may be used to fund any 'capital' injection into a Public Private Partnership (PPP) or similar scheme without the written consent of Scottish Ministers.
15. Where the local authority provides grant to any person, whether for use by that person or by a third party, the conditions attaching to the grant award must ensure that the expenditure it funds would, if incurred by the authority, be capital expenditure. The grant conditions must also ensure that the eligible costs exclude reclaimable Value Added Tax. Where the grant is to another local authority or public body, or a body that is consolidated into a local authority group accounts, the conditions attaching to that grant award must ensure the grant is fully used in the financial year 2019-20.

16. Any grant paid to a third party subsequently repaid to the local authority, may only be used to fund further capital investment as permitted by this agreement. This condition only applies where the grant is repaid within five years of the original grant payment.
17. If the Grantee does not use the grant in the financial year 2019-20, unused grant is to be repaid to the Scottish Government unless otherwise agreed in writing by Scottish Ministers. It is expected that work will be completed; or, at least work or contracts signed or commenced within 2019-20.
18. No part of the Grant shall be used to fund any activity or material which is party political in intention, use, or presentation or appears to be designed to affect support for a political party.
19. Revisions to the conditions of this offer shall be subject to the written agreement of the Scottish Ministers.

Conditions of grant – reporting of 2019-20 expenditure

20. The Grantee shall keep the Scottish Ministers informed of the use of their grant through the submission of a third quarter return in November 2019 and a year end return; and, an end of year report which details financial expenditure; shows how this was additional to existing spend; profiles delivery; and, outlines anticipated impact and outcomes and how these will be measured. The final report will also contribute to a wider publication to describe how local authorities have delivered the Town Centre Fund and share learning. The two returns will show estimated and actual spend by the financial year end. It is expected that the grantee will notify the Scottish Ministers as soon as possible at any point in the year if an underspend is anticipated; and, the return in November 2019 will be crucial in highlighting a risk of underspend.
21. A statement of compliance with the Conditions of Grant will be included in the Final Capital Return 2019-20 which must be certified by the grantee's Director of Finance or equivalent.
22. The Grantee shall also provide any other information that the Scottish Ministers may reasonably require to satisfy themselves that the expenditure is consistent with the Agreement. The Grantee shall provide the Scottish Ministers with prompt access to any information they reasonably require to ensure compliance with these Conditions.
23. The Grantee shall keep and maintain for a minimum period of 5 years after the expenditure occurs, adequate and proper records and books of account recording all receipts and expenditure of monies paid to it by the Scottish Ministers by way of the Grant. The Grantee shall afford the Scottish Ministers, their representatives, the Auditor General for Scotland, his/her representatives and such other persons as the Scottish Ministers may reasonably specify from time to time, such access to those records and books of account as may be required by them at any reasonable time in response to a written request for such access from the person seeking it. The Grantee shall provide such reasonable assistance and explanation as the person carrying out the inspection may from time to time require.

24. Where the grantee uses the Town Centre Fund Capital Grant to fund third party capital projects the grant should be treated, for annual accounts purposes, as service revenue income in the Comprehensive Income & Expenditure Statement (CIES). This will therefore require that General Capital Grant used to support third party capital expenditure be matched, on the same CIES service line, to the grant paid out or direct expenditure paid by the authority.

Payment of Grant

25. The Grant shall be paid by the Scottish Ministers to local authorities quarterly in April 2019, July 2019, November 2019 and March 2020.

Confidentiality and Data Protection

26. To comply with section 31(3) of the Public Services Reform (Scotland) Act 2010, the Scottish Ministers publish an annual statement of all payments over £25,000. In addition, in line with openness and transparency, the Scottish Government publishes a monthly report of all payments over £25,000. The Grantee should note that where a payment is made in excess of £25,000 there will be disclosure (in the form of the name of the payee, the date of the payment, the subject matter and the amount of grant) in the both the monthly report and the annual Public Services Reform (Scotland) Act 2010 statement.

Default

27. The Scottish Ministers reserve the right to withhold, make deduction from or require repayment of grant monies where the conditions included in this Agreement are not met.

Variation

28. Any variation to this Agreement will only be valid when confirmed in writing by the Scottish Ministers.

Corrupt Gifts and Payments of Commission

29. The Grantee shall not offer or give or agree to give any person any gift or consideration of any kind as an inducement or reward in relation to this Grant. The Grantee shall ensure that its employees shall not breach the terms of the Prevention of Corruption Acts, 1889 to 1916 in relation to this or any other grant.

Continuation of Conditions

30. These Conditions shall continue to apply for a period of 5 years after the end of the financial year in which the final instalment of the Grant was paid.

Compliance with the Law

31. The Grantee shall ensure that in relation to expenditure funded with this Grant, they and anyone acting on their behalf shall comply with the relevant law, for the time being in force in Scotland.

Acceptance of grant

32. To accept the grant offer on the terms and conditions as set out in the letter and schedules, we require a letter from the Council signed by the Director of Finance (or equivalent). The letter must identify the grant being accepted on the terms and conditions set out in this grant offer letter. A suggested format is set out below. Please send your acceptance letter to Alex McGhie (alex.mcghie@gov.scot), preferably electronically as an attachment to an email or in hard copy to Alex at the address on the top of this letter. To enable us to make the first payment in April we require your response no later than **21 March 2018**.
33. If you would like any further information, please contact Susan Bolt (susan.bolt@gov.scot) on 0131 244 3679.

Yours faithfully

Shirley Laing
Deputy Director

To be returned on Council headed paper

Date

TOWN CENTRE FUND CAPITAL GRANT 2019-20 - GRANT ACCEPTANCE

On behalf of [local authority] I accept the offer of grant from the Scottish Ministers dated 7 March 2019 on the terms and conditions as set out in the letter and annexed Schedules.

Signature:

Director of Finance (or equivalent)
[name]

SCHEDULE 1

1. The Grant may only be used to fund capital expenditure of the local authority, or any third party capital expenditure incurred, whether or not disbursed in the form of grants, by any persons (public sector bodies, private sector bodies or individuals) towards expenditure which would, if incurred by the local authority, be capital expenditure. In permitting the grant to be used to fund third party capital expenditure reliance is placed on specific legislation. As such the use of the grant to fund third party capital expenditure is limited to the subject of the specific legislation listed below. Local authorities should assure themselves that any grant payments that they may make to any person would be permitted by the legislation listed below.

2. Nothing in the legislation should be interpreted as enabling the grant to be used for any revenue expenditure other than that outlined in condition 2.3.

GRANT MAKING POWERS OF SCOTTISH MINISTERS – LEGISLATIVE DETAILS	
<i>Condition 2.2: The Grant may be used to fund capital expenditure of the local authority</i>	
Section 37 of the Local Government in Scotland Act 2003	Scottish Ministers may make grants to local authorities in respect of their capital expenditure. Capital expenditure is that expenditure that falls to be capitalised in accordance with proper accounting practices (section 39 of the Act)
<i>Condition 2.3: The Grant may be used to fund third party capital expenditure, either directly or through the provision of grants to third parties (public sector bodies, private sector bodies or individuals) which would, if incurred by the local authority, be capital expenditure. Grant making powers are as detailed below:</i>	
Section 37 of the Local Government in Scotland Act 2003	Scottish Ministers may make grants to local authorities in respect of their capital expenditure. Reliance is placed on this section to allow Councils to make grants to other Councils or other local authorities such as Regional Transport Partnerships.
Section 13 of The Flood Prevention (Scotland) Act 1961	Expenditure incurred by a local authority in carrying out flood prevention operations in accordance with a flood prevention scheme. Flood Prevention Schemes are those which have been promoted by the authority and confirmed by Scottish Ministers in accordance with legislation
Section 21 of the Coast Protection Act 1949	Scottish Ministers may make grants towards any expenditure incurred under this Act by a coast protection authority, or incurred by a local authority in carrying out of coast protection work under the enactments relating to roads.
Section 70 of the Transport (Scotland) Act 2001	Scottish Ministers may make grants to any persons for any purposes relating to transport. Reliance is placed on this section to allow unitary authorities (councils) to make grants to regional transport partnerships or bridge authorities.

<p>Section 126 of the Housing Grants, Construction and Regeneration Act 1996</p>	<p>Expenditure incurred in connection with activities which contribute to the regeneration or development of an area.</p> <p>Extract from Act provision:</p> <p>Activities which contribute to the regeneration or development of an area include, in particular—</p> <ul style="list-style-type: none"> (a) securing that land and buildings are brought into effective use; (b) contributing to, or encouraging, economic development; (c) creating an attractive and safe environment; (d) preventing crime or reducing the fear of crime; (e) providing or improving housing or social and recreational facilities, for the purpose of encouraging people to live or work in the area or of benefiting people who live there; (f) providing employment for local people; (g) providing or improving training, educational facilities or health services for local people; (h) assisting local people to make use of opportunities for education, training or employment; (i) benefiting local people who have special needs because of disability or because of their sex or the racial group to which they belong.
<p>Section 90 (1) (a) of the Housing Scotland Act 2001</p>	<p>Grants for housing purposes</p> <p>(1) The Scottish Ministers may make grants to a local authority for the purposes of—</p> <ul style="list-style-type: none"> (a) the authority's functions in connection with— <ul style="list-style-type: none"> (i) providing, improving, adapting, repairing, maintaining and managing housing, (ii) undertaking, and assisting the undertaking of, the development, redevelopment and improvement of the physical, social, economic and recreational environment related to housing, (iii) preventing or alleviating homelessness,
<p>Section 96 of the Housing (Scotland) Act 2006</p>	<p>Any power of a local authority to make grants or loans (including the powers to make payments under section 91(1) and to provide assistance under section 95(1)(b)), and any function of a local authority in relation to the making of grants or loans, under this Part is exercisable by the Scottish Ministers as it is by the local authority.</p>
<p>Section 153 (1) and (3) of the Environmental Protection Act 1990 as amended by SSI 83 of 2002</p>	<p>Scottish Ministers may give financial assistance for environmental purposes. Section 153 (1) includes:</p> <ul style="list-style-type: none"> (nn) any scheme for the storage, treatment or disposal of any material or product for the purpose of preventing or reducing environmental damage.

SCHEDULE 2

DISTRIBUTION OF TOWN CENTRE FUND CAPITAL GRANT 2019-20

The Town Centre Fund Capital Grant offer per local authority is set out below:

The grant will be paid in quarterly instalments.

Local Authority	Allocation
Aberdeen City	£ 1,351,000
Aberdeenshire	£ 3,286,000
Angus	£ 1,080,000
Argyll and Bute	£ 1,242,000
City of Edinburgh	£ 2,613,000
Clackmannanshire	£ 683,000
Dumfries and Galloway	£ 1,529,000
Dundee City	£ 735,000
East Ayrshire	£ 1,701,000
East Dunbartonshire	£ 944,000
East Lothian	£ 1,275,000
East Renfrewshire	£ 981,000
Falkirk	£ 1,976,000
Fife	£ 4,335,000
Glasgow City	£ 3,010,000
Highland	£ 2,965,000
Inverclyde	£ 660,000
Midlothian	£ 910,000
Moray	£ 1,233,000
Na h-Eileanan Siar	£ 223,000
North Ayrshire	£ 1,418,000
North Lanarkshire	£ 3,250,000
Orkney Islands	£ 200,000
Perth and Kinross	£ 1,983,000
Renfrewshire	£ 1,459,000
Scottish Borders	£ 1,421,000
Shetland Islands	£ 205,000
South Ayrshire	£ 1,064,000
South Lanarkshire	£ 2,506,000
Stirling	£ 1,077,000
West Dunbartonshire	£ 859,000
West Lothian	£ 1,826,000
Scotland	£ 50,000,000

Based on an equal weighting of the number of towns in a local authority (determined by the NRS Settlements and Localities data, where a town is a locality with a population equal to or greater than 1,000 people) and the local authority population.

SCHEDULE 3

DEFINITIONS

“Agreement” means these Conditions and the Grantee’s acceptance of these Conditions;

“Capital Expenditure” means that expenditure on the Town Centre Fund

“Conditions” means these grant conditions;

“Financial Year” means a period from 1 April in one year until 31 March in the next;

“Grant” means the grant offered by the Scottish Ministers to the Grantee as specified in the Award Letter, as varied from time to time in accordance with these Conditions;

“Grantee” means the local authority to which the Grant will be payable as specified in Schedule 2.

“Payment” means each of the payments specified in Schedule 2 hereto.

“Proper accounting practices” is to be construed in accordance with section 12 of the Local Government in Scotland Act 2003

“Third party in the public sector” means another local authority or a local authority controlled company or other body that will be consolidated into the Grantee’s group accounts.

SCHEDULE 4

TOWN CENTRE CAPITAL FUND 2019/20 - GUIDANCE NOTE

Purpose

1. The purpose of this note is to provide local authorities as “grantees” guidance on the aims and allocation of the ring-fenced £50m Town Centre Fund distributed through the local authority capital settlement.

Aims

2. The aim of the Town Centre Fund 2019-20 is to enable local authorities to stimulate and support place based economic investments which encourage town centres to diversify and flourish, creating footfall through local improvements and partnerships. Specifically, this fund will contribute to transformative investments which drive local economic activities and re-purpose town centres to become more diverse, successful and sustainable.
3. In particular, the grant will fund a wide range of investments which deliver against the themes of the Town Centre Action Plan including town centre living and supporting town centres to be vibrant, accessible and enterprising places. This could include re-purposing buildings for housing, retail, business, social and community enterprise, services, leisure, and culture, tourism and heritage; and, improving access and infrastructure.

Wider expectations and support

4. It is expected that local authorities make investment decisions in the context of national and local commitments to town centres including the Town Centre First Principle and the Town Centre Action Plan; and more recently, the Place Principle. As such, it is expected that investment decisions are based on approaches which are collaborative and place based with a shared purpose; and, make use of tools and support developed by the Scottish Government, Scotland’s Towns Partnership and other key partners.

National and local commitments

5. The Scottish Government is committed to supporting town centres face the challenge of changing and evolving retail patterns; and, is investing in town and neighbourhood centres so that they can be sustainable and thriving places for communities to live, work and enjoy.
6. This investment is in addition to the 26% of capital funding share which is the current agreed baseline between the Scottish Government and Local Government. It is part of a wider boost to the economy by providing over £5 billion of capital investment to grow and modernise Scotland’s infrastructure; and, a wider package to support businesses, including maintaining a competitive business rates package.

Town Centre Action Plan and Town Centre First Principle

7. The Town Centre Action Plan published in 2013 was the Scottish Government’s response to the National Town Centre Review. It focused on national and local solutions, encouraging action across public, private and community sectors. The Scottish Government and local government subsequently agreed the Town Centre First Principle which requested that government, local authorities, the wider public sector, businesses and communities put the health of town centres at the heart of proportionate and best value decision making, seeking to deliver the best local outcomes regarding investment and de-investment decisions, alignment of policies, targeting of available resources to priority town centre sites, and encouraging vibrancy, equality and diversity. It committed to a collaborative approach which understands and underpins the long term plan for each town centre.

8. The aim of the fund is to deliver against the themes of the Town Centre Action Plan. Those themes include:
- **Town Centre Living** – footfall is key to achieving thriving, successful towns centre; and, the best footfall is residential for people who will use shops, services, and will care for its safety and security in the evenings
 - **Vibrant Local Economies** – creating a supportive business environment including the involvement of Business Improvement Districts (BIDs) and other local partnerships
 - **Enterprising Communities** – social enterprise, services, arts and events; and, community empowerment and community based activities which increase the health, wealth and wellbeing of town centres
 - **Accessible Public Services** – creating and accessing public facilities and services, supported by economic, service and transport hubs
 - **Digital Towns** – exploiting digital technology and promoting Wifi infrastructure to enable access to information, data analytics, marketing opportunities, branding, and communication with the wider world
 - **Proactive Planning** – land reform and supporting the creation of sustainable, low-carbon and connected places which promote natural and cultural assets, designed in partnership with local communities and key stakeholders.

Scotland's Towns Partnership

9. The Scottish Government funds Scotland's Towns Partnership to provide information, support and services which contribute to the vibrancy, vitality and viability of our town centres and neighbourhoods; and, to support the development of partnerships including Business Improvement Districts.
10. There are a range of tools and resources to support how partners can understand, audit, plan, and improve their town centres. It is expected that local authorities will use a range of tools and approaches to ensure investment decisions are based on an understanding of town centre performance and ownership; shared visions and plans with local communities, partnership and stakeholders fully engaged; and, identification of physical infrastructure changes that will contribute to maximisation of investments and achievement of those visions.

Tools and resources

- [Understanding Scottish Places](#) (USP): a unique and dynamic online tool which shows how every town in Scotland with a population of 1,000 or more is interacting with its surrounding settlements and performing against a range of indicators and inter/dependency relationships.
- [USP Your Town Audit](#): add to USP a six-day study which provides the standard benchmark for measuring the health of a Scottish town.
- [Place Standard](#): a framework designed to support communities, public, private and third sectors to work efficiently together to assess the quality of a place.
- [Town Centre Toolkit](#): guidance on designing and planning town centres to be attractive, accessible and active, focusing on urban design, quality, sustainability and use of town assets.

Support

11. The Town Centre Fund provides an opportunity to build on work by local authorities to develop and implement town centre action plans; and, to realise transformative ambitions arising from those plans. Scotland's Town's Partnership will continue to support local authorities and other key partners in this. However, additional support is offered by Scotland's Towns Partnership in partnership with other key organisations such as: Scottish Futures Trust; Scottish Enterprise, Highlands and Islands Enterprise, or South of Scotland Economic Partnership; and, Architecture and Design Scotland to support the development of investment decisions or work with local authorities individually or across neighbouring or regional authorities, to build momentum, share learning, and, to maximise funding.
12. Local authorities will have their own good practice in terms of monitoring and evaluating the benefits, impacts and outcomes of investment as part of relevant strategies and programmes;

and, to ensure that they meet their duty to achieve Best Value. Additional support could also be offered to discuss how best to identify and collect data; assess impact; and, share formats that could contribute to consistent and wider learning.

Population Statistics

Settlement	Census 2011 population	2017 population estimate*
Aberfeldy	1986	2292
Abernethy	1429	1633
Almondbank	1329	1175
Alyth & New Alyth	2403	2751
Auchterarder	4206	5280
Blairgowrie & Rattray	8954	9684
Bankfoot	1257	1323
Bridge of Earn	2709	2745
Comrie	1927	2065
Coupar Angus	2262	2643
Crieff	7368	7853
Dunkeld & Birnam	1287	1449
Dunning	942	1017
Errol	1311	1897
Inchture	1155	1663
Invergowrie	1623	1944
Kinross & Milnathort	6781	7479
Longforgan	937	986
Luncarty	1661	1640
Madoes & Glencarse	1110	1264
Methven	1094	1229
Perth City	46970	51567
Pitlochry	2776	3280
Scone	4886	5456
Stanley	1443	1484

*2017 population estimate: The estimate was based on the number of residential properties and the average household size for settlements. The number of residential properties were identified based on PKC's Corporate Address Gazetteer 2017. The number of properties was multiplied by the average household size for the settlement. The average household size was estimated based on Census statistics.

Town Centre Capital Grant - Members Workshop 25 March

PERTH CITY						
Perth city members recognised issues in respect of competing demands on funding and current levels of support for investment within the city through the budget process agreed in collaboration with the business community and key partners via the Perth City Development Board/Perth City Plan.						
Proposal	Deliverability	Town Centre Fund aims	Cost /benefit ratio	Future Revenue impacts	Previous capital investment (last 5 years)	Prioritisation based on impact
Perth Neighbourhood Centre Investment <ul style="list-style-type: none"> • Craigie Cross • Tulloch Square • North Muirton Procurement of design & build services to invest in environmental improvements - surfacing, lighting, planting to support use of space and property	Tight timescales to design and build and engage with local neighbourhood but potentially achievable if supported	Vibrant Local Economies	Potential high cost with low overall socio/economic benefit other than retention of local services within neighbourhood centres	Medium – maintenance of additional assets required but consistent approach across neighbourhoods	No recent investment aside from improvement to shops on Dunkeld Rd	LOW

EASTERN PERTHSHIRE

Elected Members discussed a wide range of options outlined below but also considered what criteria might be utilised to select projects:-Criteria proposed included: - Need; Impact; Readiness; Viability; Leverage from other funds; and whether the area had received other funding recently.

Proposal	Deliverability	Town Centre Fund aims	Cost /benefit ratio	Future Rev. Impacts on PKC	Previous capital investment (last 5 years)	Prioritisation based on impact
Alyth Town Centre/Burnside Improvements	Might be some designs existing but still tight timescales for design & build.	May meet aims depending on detail of proposals	Could be fairly high cost. Limited socio economic benefit	medium	Yes (square & riverside/ bridges	LOW
Blairgowrie Venture Group Proposals & Cateran Trail Entrance project	Proposals already being considered by Countryside Trust. Designs/alternative funding partly in place.	May meet aims depending on detail of proposals	Could be fairly high cost. Limited socio economic benefit	medium	Some investment in Wellmeadow area.	LOW
Blairgowrie Lesley Street Community Hub	Proposals drafted by community group but may need transfer of asset/PKC staff need to be relocated	Enterprising Communities/ Accessible services/ vibrant economies	Fairly high costs but more benefits	low	Some investment in Wellmeadow area.	MEDIUM/ HIGH
Coupar Angus Community Hub Trades Lane	Proposals drafted by Community Group	Enterprising Communities Vibrant local economies	Fairly high costs but more benefits	Low if community owned	No	MEDIUM
Coupar Angus White House Project (Community Shop/Training space/B&B)	Still in private ownership & potential alternative proposals	Enterprising Communities	High Cost	Low if community owned	No	LOW

Proposal	Deliverability	Town Centre Fund aims	Cost /benefit ratio	Future Rev. Impacts on PKC	Previous capital investment (last 5 years)	Prioritisation based on impact
Errol Business Centre	Very early stage idea	Vibrant Economies/Enterprising Communities	Potentially High Cost (not clear if enough business need in the area to justify)	Low if community owned	No	LOW
Invergowrie New Car Park	Land acquisition etc	Doesn't meet aims of TCF	High cost ltd benefits?	Low	No	LOW
Review unsuccessful CIF applications/re-run process seeking new applications	To be reviewed – some may be deliverable	Depends on projects	Depends on projects	Low if community owned	Depends on projects	LOW

KINROSS/ ALMOND & EARN						
Proposal	Deliverability	Town Centre Fund aims	Cost /benefit ratio	Future Revenue impacts	Previous capital investment (last 5 years)	Prioritisation based on impact
Kinross – main issue is connecting the tourist area of Loch Leven to the town centre.- linking into cycling routes – proposal is to expand & create an improved Loch Leven Pier Car Park and links to town centre	Previous proposals available with SNH/ may attract match funding from SNH	Proactive Planning/ Vibrant economies	Would benefit Town Centre if improved linkages made	limited	No	HIGH
Bridge of Earn – project to promote cycling & active travel	PKC already reviewing as part of wider cycling project	Proposal does not meet TCF aims	Limited benefits for town centre	limited	No	LOW
Abernethy Heritage Project	Project would be starting from a zero base so unlikely to be delivered	Vibrant economies	Unknown as little detail around the project	Potentially some	No	
Baiglie Straight path	Linking two villages – potential for landowner issues	Proposal does not meet TCF aims	Limited benefits for town centre	limited	No	LOW
Methven Improved Streetscape	Possible but requires scoping	Vibrant local economies	Limited benefits for town centre	limited	No	LOW
Milnathort – EV charging points	Possible within car park	Proposal does not meet TCF aims	N/A	N/A	N/A	N/A

STRATHEARN and STRATHALLAN

Elected Members discussed a number of projects (including the Strathearn Hotel & James Square in Crieff but decided to concentrate & rank in priority order 4 proposals listed below) they also estimated costs/level of grant for each prioritised project.

Proposal	Deliverability	Town Centre Fund aims	Cost /benefit ratio	Future Revenue impacts	Previous capital investment (last 5 years)	Prioritisation based on impact
Top priority was the Drummond Arms in Crieff	Proposals already developed & seeking funding	Town Centre living/proactive planning	High cost but high priority	Depends on ownership model	None	MEDIUM/ HIGH
Auchterarder Car Park	Proposal already in place for a new car park	Proposal does not meet TCF aims	N/A	N/A	N/A	N/A
Dropped kerbs in Auchterarder	Funding potentially available through budget motion monies	Proposal does not meet TCF aims	N/A	N/A	N/A	N/A
Cultybraggan Camp at Comrie – infrastructure/electrical connections/heating (£	Not town centre..... Relatively easy to deliver – but not our asset.	Proposal does not meet TCF aims – project not in town centre.	N/A	N/A	N/A	N/A

STRATHTAY						
Proposal	Deliverability	Town Centre Fund aims	Cost /benefit ratio	Future Revenue impacts	Previous capital investment (last 5 years)	Prioritisation based on impact
Dunkeld – need to improve parking/signage & traffic flow	Possible but not clear exactly what is being requested/required	Proposal does not meet TCF aims	N/A	N/A	N/A	N/A
Stanley Park – improvements to support events activity	Probably quite easy to deliver – but not sure what additional actions required	Proposal does not meet TCF aims	N/A	N/A	N/A	N/A
Stanley – proposal for shared workspace (Mill)	Plans but need vehicle to deliver	Vibrant economies/enterprise	Enough demands locally?	Medium	None	LOW
Stanley – improved access to river	Depends on what is proposed	Proposal does not meet TCF aims	N/A	N/A	N/A	N/A
Bankfoot improve recreation ground to support events activity	Probably quite easy to deliver – but not sure what additional actions required	Proposal does not meet TCF aims	N/A	N/A	N/A	N/A
Improve public/disabled access to 5 Mile & Taymount Woods	Lack of certainty over ownership	Proposal does not meet TCF aims – not in Town Centre	N/A	N/A	N/A	N/A
Almondbank Workspace	project requires scoping and discussion with community	Vibrant economies/enterprise	Enough demand locally for space	Medium	No	LOW

General desire to improve cycle/footpaths to link villages & routes into Perth	Being looked at in wider cycling project	Doesn't meet aims of TCF.	N/A	N/A	N/A	N/A
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HIGHLAND

Proposal	Deliverability	Town Centre Fund aims	Cost /benefit ratio	Future Revenue impacts	Previous Capital Investment? (last 5 years)	Prioritisation based on impact
Pitlochry Council Office Repurposing (disabled access/chamber for weddings/Visitor Hub TIC/ roof repairs/flooring/ outside space)	PKC ownership Need to review plans & costs?	Accessible Public Services/	Limited additional economic activities?	Save on future repairs – futureproof the building	No	MEDIUM/HIGH
Pitlochry Mini Town Square Creation (between BoS & RBS, etc) Create new space for markets, events, meeting place, seating round edges, lighting, incorporate BoS car park for extra space,	Ownership of land requires to be established Has support of Pitlochry Business Forum	Proactive planning/ Vibrant Local Economies	Creating market/events space in town centre would bring increase footfall.	Some/limited maintenance costs	No	MEDIUM/HIGH
Former Lite Bite/Bakers Oven Unit, Pitlochry (vacant eyesore – potential uses:- indoor market; affordable housing; co-working space, small units, etc)	No scheme in place & owner not proactive. Has support of Pitlochry Business Forum	Proactive Planning/ Vibrant local economies/ Enterprising communities/ Town Centre Living	Likely to be expensive given state of building.	Depends if community owned or not.	No	LOW

¹ TCF aims to deliver investment aligned with the themes of the Town Centre Action Plan:

- Town Centre Living
- Vibrant Local Economies
- Enterprising Communities
- Accessible Public Services
- Digital Towns
- Proactive Planning

PERTH AND KINROSS COUNCIL

Strategic Policy and Resources Committee

12 June 2019

**CHANGES TO DEVELOPER CONTRIBUTIONS AND AFFORDABLE HOUSING
SUPPLEMENTARY GUIDANCE**

Report by Executive Director (Housing & Environment) (Report No. 19/171)

PURPOSE OF REPORT

The Developer Contributions and Affordable Housing Supplementary Guidance is required to be updated in line with Local Development Plan 2. This provides an opportunity to undertake a review of Guidance and make clarifications to improve consistency in its application.

This report provides an overview of the main modifications proposed to the Guidance which have been considered by Executive Officer Team and the Planning Member Officer Working Group. It recommends that these changes are approved by this Committee, prior to public consultation.

1. BACKGROUND

- 1.1 This report provides an overview of the key modifications and clarifications to the current adopted Developer Contributions and Affordable Housing Supplementary Guidance. Perth & Kinross is one of the forerunners across Scotland in terms of the development and application of Developer Contributions Policy and Supplementary Guidance. The approach taken by the Council is being used as a model by a number of other Local Authorities. Developer contributions are secured through the determination of planning applications where necessary to mitigate the impact of new development. The contributions can either be physical delivery on site (such as part of the Cross Tay Link Road at Bertha Park) or through a financial payment. The underlying Council Policy supporting developer contributions is contained in the Local Development Plan Policy PM3: Infrastructure Contributions. In order to support the policy implementation, the Council has developed Statutory Supplementary Guidance which has been reviewed and is the subject of this report.
- 1.2 The Developer Contributions and Affordable Housing Supplementary Guidance (the current Guidance) was considered by Enterprise and Infrastructure Committee on 23 March 2016 (Report No 16/133 Refers), and adopted as statutory Supplementary Guidance in September 2016. Through the review of the Local Development Plan (LDP), all Supplementary Guidance is required to be reviewed and consulted upon prior to re-adoption along with the new LDP. This review provides an opportunity to make modifications and clarifications to the document, to improve consistency of application. The main modifications are set out in this report, but smaller clarifications are not

specified, as they do not change the approach to the current Guidance application.

- 1.3 The Scrutiny Committee have held a number of sessions reviewing the current Guidance, and the outcome of these sessions has also informed the proposed changes. The Executive Officer Team and Planning Member Officer Working Group have also been presented with the proposed changes to the Supplementary Guidance and the recommendations contained in this report are based on the feedback received. The updated Guidance will be referred to as 'the revised Guidance' for the remainder of this report.

2. PROPOSALS

- 2.1 All new residential dwellings or new non-residential buildings are considered against the requirements of the current Guidance, which includes the replacement or reuse of those buildings which have fallen out of use through non-occupation or decay. The current Guidance sets out the terms whereby a building would be considered to be 'in use' and therefore exempt from the current Guidance requirements. However, it was considered that the current Guidance does not provide sufficient clarity. The revised Guidance proposes a modification, and now includes that a redundant/ or non-occupied residential building will be considered to be 'in use' if Council Tax has been paid within the 7 year period, prior to the submission of a planning application. In the case of non-residential buildings, this 'in use' criterion is where non-domestic rates have been paid in the 12 months prior to submission of the planning application. A 7 year period for residential buildings has been used as this relates to the time it takes for pupils to move through the primary school system. The revised Guidance will provide further clarity to applicants and allow for more consistent application.
- 2.2 The current Guidance sets out a general requirement of the information which is to be provided by applicants who seek to reduce the contribution requirement, on the basis that the payment of the contribution would make the project unviable and unable to proceed, and where the Council deems that this requires the submission of a Viability Statement. Not enough detail is currently provided to applicants on what the Council would seek to be included within the Viability Statement, and the revised Guidance addresses this issue by specifying the required information for this process. In addition, in line with the majority of other local authorities in Scotland, the assessment of Viability Statements, will now be independently undertaken by the District Valuer, at the applicants cost. This has the benefit of providing an independent expert view on the information provided, as a basis of the viability claim. The Council will use the report from the District Valuer as a basis of any decision, but will not be bound by it. These changes will help provide further clarity to applicants and improve the application of the revised Guidance.

Primary Education

- 2.3 The methodology has been updated for projecting which schools will have a capacity constraint and will be subject to contributions from new residential

developments within their catchments. The contributions are used to fund additional primary school capacity to accommodate the additional pupils from the new residential development. The approach in the current Guidance takes an annual snapshot of the school capacity at one point during the year. This does not take account of the fluctuation in the school roll, which can take place between each review, or the longer term trends in the school capacity. It is proposed that, rather than take a position based upon a single point in the year, a longer term view, based on previous trends, is used. The revised Guidance includes a provision that a contribution will be sought where a school has been operating at above 80% capacity for 5 of the previous 7 years at the time of each annual review, and projected to be operating at above 100% capacity, taking account of extant planning consents and LDP Site allocations. This revised approach takes account of annual fluctuations in the school rolls, making it more accurate in terms of future education investment planning.

- 2.4 The contribution level has been updated to take account of the School Estate Strategy and Investment Programme projects which have been completed. The original contribution level was calculated in 2009 and was subject to review in 2012 and 2016 taking account of inflation. The revised 2018 contribution rate has decreased by £1,296 which better reflects the current costs associated with improvements to the school estate. Appendix 1 provides sets out the contribution calculations.

Primary Education Contribution	2016 Contribution Rate	2018 Contribution Rate	Difference
Per new Dwelling	£6,460	£5,164	-£1,296

- 2.5 In line with the current Guidance, single bedroom dwellinghouses are exempt from contributing towards primary education, but conversion of a single bedroom dwelling to create additional bedrooms would be subject to a contribution. This approach is to counter applicants seeking a single bedroom dwelling and then extending it soon after to create additional bedrooms, in order to circumvent the payment of a primary education contribution. It has been identified that this approach can disproportionately impact on the viability of applicants seeking to extend their properties. In order to improve its application, the revised Guidance includes a provision that if a proposal to increase the number of bedrooms in a single bedroom dwellinghouse is made more than 7 years after the completion of the original dwellinghouse then it will be exempt. If the change is made within 7 years of the original completion, then each case will be determined on its own merits by Council Officers, taking account of the scale of the proposal and any relevant considerations at the time of the original planning consent. If the dwelling would remain as affordable in value, then it would be exempt from making a contribution. The revised approach is considered to be fair and proportionate.

Transport Infrastructure

- 2.6 Section 6 of the revised Guidance, Transport Infrastructure, secures a proportionate contribution from new development across the Perth Housing Market Area towards the delivery of a package of infrastructure measures including the Cross Tay Link Road. The current Guidance contribution level is based upon the 2013 costs estimates of the projects. These costs have been reviewed in 2018.

2018 Cost Estimates

Element	Cost £(million)	Project Status
Cross Tay Link Road ("CTLR")	£118m	Committed Capital Project
A9/A85 Crieff Road junction improvements	£49.6m	Committed Capital Project
Total	£167.4m	
Park and Ride	£4m	Identified in Perth Transport Futures

- 2.7 In 2016, a Legal Challenge was raised against the adopted Aberdeen City and Shire Strategic Transport Fund Supplementary Guidance. Aberdeen City and Shire lost the challenge on the basis that it did not provide a sufficient link between the new development and the infrastructure for which the contributions were being sought, and the Guidance was overturned. The approach taken by Perth & Kinross Council to the Transport Infrastructure contributions is materially different and the Council sought expert Legal Opinion on the current Guidance in 2017, which confirmed this position. This Legal Opinion did, however, highlight that the justification for contributions towards the Park & Ride scheme was weaker than the other elements of the package and that a stronger methodology for defining the boundary where the current Guidance is applied would enhance the robustness of the approach.
- 2.8 Work has been undertaken to provide a further justification of the contributions towards the Park and Ride. It is viewed that a more robust approach is required to assess the impact of new development on the Park & Ride Scheme, on a site by site basis, rather than take a geographical approach. The Executive Officer Team agreed that in light of the increased cost estimates detailed in 2.6 above, the Park & Ride scheme should be removed from the overall package of measures. The revised Guidance will identify that, where new development has demonstrated benefit from the Park & Ride schemes, then it may still be required to contribution on an individual basis.
- 2.9 Updated transport modelling work has been undertaken to establish the impact of development in the LDP 2 on the road network around Perth. The revised modelling identifies a 50% additional impact of sites on the road network from developments identified in LDP 2 compared to the current Guidance, which is based on a 61% impact on the road network, arising from

the developments identified in LDP 1. The remaining 50% of the impact is not related to the LDP 2 sites but come from background traffic growth or sites which have planning consent, such as Bertha Park, where a contribution towards transport infrastructure has been secured. This approach is proportionate and in line with Circular 3/2012: Planning Obligations and Good Neighbour Agreements. The updated Transport Infrastructure contribution levels, excluding the Park & Ride Scheme and based on a new traffic impact of 50% is as follows:

New Development Land Use	2016 Contribution per m² - Full Rate	2018 Contribution per m² - Full Rate	Difference
Retail	£123	£154	+ £31
Employment	£11	£14	+ £3
Other non-residential use	£43	£48	+ £5
Residential	£3,549 per unit	£3,657 per unit	+ £108
Residential - Affordable	£1,775 per unit	£1,828 per unit	+ £53

- 2.10 In line with the Legal Opinion, the methodology for defining the contributions area boundary has been reviewed in the revised Guidance. The boundary will now be defined based on the percentage of trips likely to be made from a settlement to Perth. This data stems from the Census 2011 travel to work data. In order to ensure that settlements can be shown to have a discernible impact on the Perth Road infrastructure, the contribution boundary will only include settlements which are identified to have a percentage of trips to Perth of 12% or more. Settlements which fall below this threshold will be exempt. The 12% figure has been identified as the majority of the main settlements which fall above this level, are out with the Perth Housing Market Area or have a significantly lower percentage, such as Longforgan, which has a percentage of trips of 3%. The contributions are split into two levels - the full contribution rate and the reduced contribution rate. The reduced rate which is a 25% reduction in the contribution level will apply to settlements with a percentage of trips of 12% - 19%. Settlements with a percentage of trips of more than 19% or above will fall under the full contribution rate. Appendix 2 sets out the revised contribution boundaries.
- 2.11 An analysis of the financial impact of the proposed revised contribution boundaries has been carried out. It shows that only two LDP allocated sites will be removed from the contribution requirement (H24 Inchtute & H45 Murthly) with a total allocation of 92 units. This would reduce the expected total contributions by up to £300,000. In turn, the full contribution area has been extended to cover additional settlements such as Abernethy and Bankfoot which will increase the contributions total received from these settlements. It is projected that the revised boundary would have a minimal impact on the overall projected level of contributions ingathered.

Affordable Housing

- 2.12 The key principles of the Affordable Housing section of the current Guidance have not changed but have been updated to provide further clarification to applicants and improve the application when assessing planning proposals. The Affordable Housing Commuted Sum has been updated. This Commuted Sum reflects the difference in building plot value between a plot for private sale and a plot for affordable housing. Commuted Sum payments are required where it is not appropriate to provide affordable housing on-site within a development. This may be due to the site being of a smaller scale (generally below 10 units) or in a location which would not maximise the benefit of affordable housing delivery. The Commuted Sum levels have been revised to reflect the updated figures as a result of a review undertaken by the District Valuer Service in January 2019 and implemented in line with the current Guidance from 1 April 2019.

3. CONCLUSION AND RECOMMENDATIONS

- 3.1 This report provides an overview of the key modifications and clarifications to the current adopted Developer Contributions and Affordable Housing Supplementary Guidance. These are:
- residential buildings will be considered to be ‘in-use’ where Council Tax has been paid in the 7 year period prior to submission of a planning application. Non-residential buildings will be considered in use where ‘Non-domestic’ rates have been paid in the 12 month period prior to submission of a planning application;
 - greater guidance on the requirements where a Viability Statement is required;
 - updated methodology for projecting which schools will have a capacity constraint and will have contributions applied within their catchments;
 - modified position on application of Guidance to single bedroom dwellinghouse extensions;
 - revised Primary Education Contribution level;
 - revised Transport Infrastructure Contribution levels;
 - revised Transport Infrastructure Contribution boundary.
- 3.2 The revised Developer Contributions and Affordable Housing Supplementary Guidance will be made available for a statutory period of public consultation in September 2019. The outcome of the consultation will inform any proposed changes to the Guidance which will then be presented to Committee for formal approval in late 2019.
- 3.3 It is recommended that the Committee:
- (i) considers and makes comments on the content of the report;
 - (ii) agrees the recommended modifications to the Developer Contributions and Affordable Housing Supplementary Guidance to be made available for public consultation in September 2019;

(iii) requests a report back to this Committee on the outcomes of the public consultation and any changes to the Supplementary Guidance.

Author

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Approved

Name	Designation	Date
Barbara Renton	Executive Director (Housing and Environment)	17 May 2019

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1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

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

1. Strategic Implications

Community Plan/Single Outcome Agreement

- 1.1 This report supports the Community Plan/Single Outcome Agreement strategic objectives of promoting a prosperous, inclusive and sustainable economy; and creating a safe and sustainable place for future generations.

Corporate Plan

- 1.2 This report contributes to the achievement of the Council's Corporate Plan Priorities:

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

- 1.3 This report relates to all of the above.

2. Resource Implications

Financial

- 2.1 The Head of Finance has been consulted in the preparation of this report. The recommendations of this report will not raise any immediate financial implications. It is identified that the revised Primary Education Contribution level and the revised Transport Infrastructure Contribution Boundary may reduce the projected future level of contributions ingathered but they reflect a robust position. The level of contributions received through the Guidance corresponds to the level of future development delivered through the housing market and while past trends can be used to estimate future build rates this does not guarantee future delivery levels. The operation of the Guidance will continue to be monitored to ensure it meets its stated objective.

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 function, policy, procedure or strategy presented in this report was considered under the Corporate Equalities Impact Assessment process (EqIA) with the following outcome:
- i) Assessed as **not relevant** for the purposes of EqIA

Strategic Environmental Assessment

- 3.3 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals.
- 3.4 The matters presented in this report were considered under the Environmental Assessment (Scotland) Act 2005 and pre-screening has identified that the Plans, Programmes or Strategies (PPS) will have no or minimal environmental effects, it is therefore exempt and the SEA Gateway has been notified. The reason(s) for concluding that the PPS will have no or minimal environmental effects is that The Supplementary Guidance provides a methodology for the calculation of Developer Contributions towards funding Primary Education, A9 Junction Improvements, transport infrastructure and securing Affordable Housing. It is not directing development or adding to any other part of the adopted Local Plans or Proposed Plan.

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 proposal contained within the report are assessed to have a positive impact on sustainability, particularly with regard to delivering transport infrastructure encouraging sustainable modes of transport.

Legal and Governance

- 3.7 The Head of Legal and Governance has been consulted and no legal implications have been identified.

Risk

- 3.8 None.

4. Consultation

Internal

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

5. Communication

- 5.1 The proposed Supplementary Guidance will be made available for a period of consultation with all external stakeholders from September 2019. The outcome of the consultation will inform future modifications of the Guidance.

2. BACKGROUND PAPERS

- 2.1 Developer Contributions and Affordable Housing Supplementary Guidance 2016
- 2.2 Primary Education and New Housing Developer Contributions Policy 2009
- 2.3 Enterprise and Infrastructure Committee 25 March 2009; Report 09/169 - Finalised Primary Education and New Housing Contributions Policy
- 2.4 Enterprise and Infrastructure Committee 07 November 2012; Report 12/506 – Transport Infrastructure Developer Contributions
- 2.5 Enterprise and Infrastructure Committee 02 April 2014; Report 14/149 – Transport Infrastructure Developer Contributions

3. APPENDICES

- 3.1 Appendix 1 – Primary Education Contributions – A methodology for calculating the Cost per Pupil for new school developments.
- 3.2 Appendix 2 – Transport Infrastructure – Revised Boundary
- 3.3 Appendix 3 – Revised Developer Contributions and Affordable Housing Supplementary Guidance

Appendix 1

Primary Education Contributions – A Methodology for calculating the Cost per Pupil for new school developments

Methodology – Cost per Pupil

The following table sets out the cost of new schools and extensions in Perth and Kinross for the past 10 years. It also shows the additional pupil capacity that resulted from the project. Land costs are excluded from this calculation and all figures are rounded to the nearest £100,000.

Primary School Project	Construction Costs	Revised Capacity	Additional Capacity Only
Abernethy	£4,694,000	283	162
Crieff	£11,588,000	467	0
Errol	£3,301,000	316	99
Inchture	£2,350,000	264	118
Kinross	£12,108,000	566	36
Tulloch	£10,523,000	434	61
Totals	£44,564,000	2330	476

The total cost of new schools, excluding land, is divided by the total number of pupil places in the revised school capacity.

$$\frac{\mathbf{£44,564,000}}{\mathbf{2330}}$$

= £19,126 Cost per Pupil

Methodology – Primary Education Contribution Level

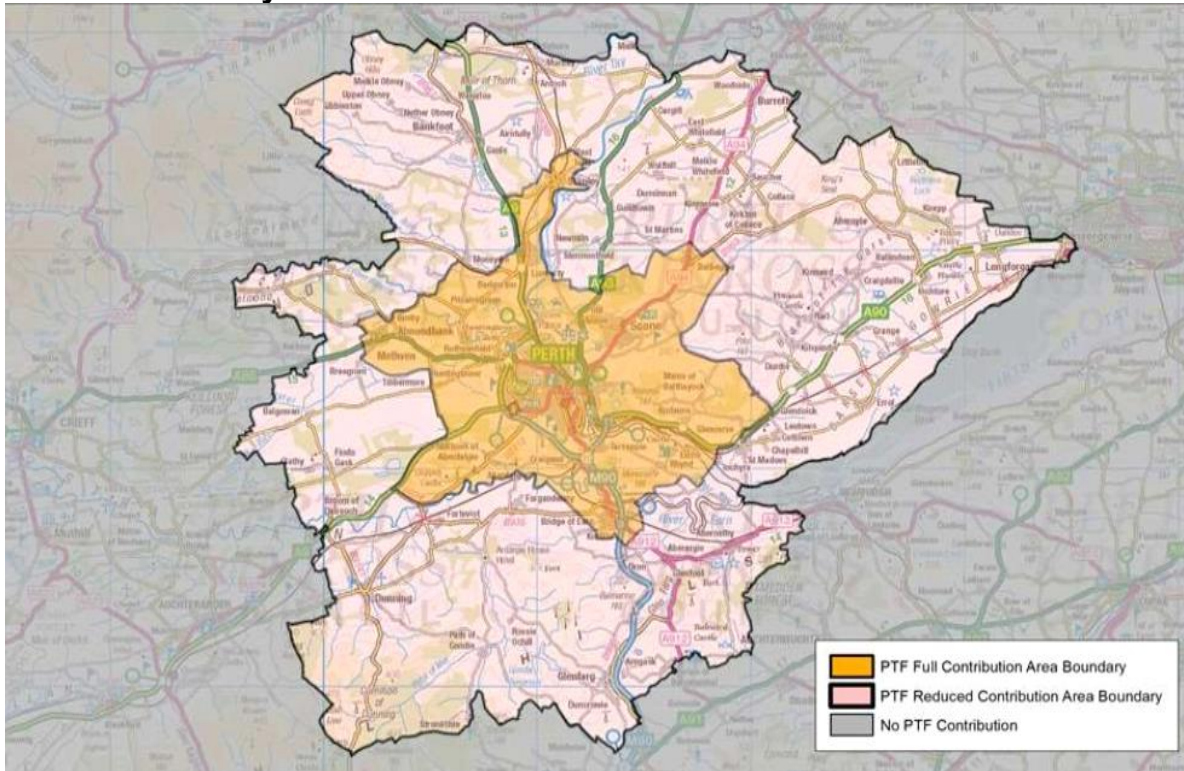
The Pupil Product Ratio for Perth & Kinross is 0.27 pupils per dwellinghouse
The Primary Education Contribution requirement is calculated by multiplying the Cost per Pupil by the Pupil Product Ratio.

$$\mathbf{£19,126 \times 0.27 = £5,164}$$

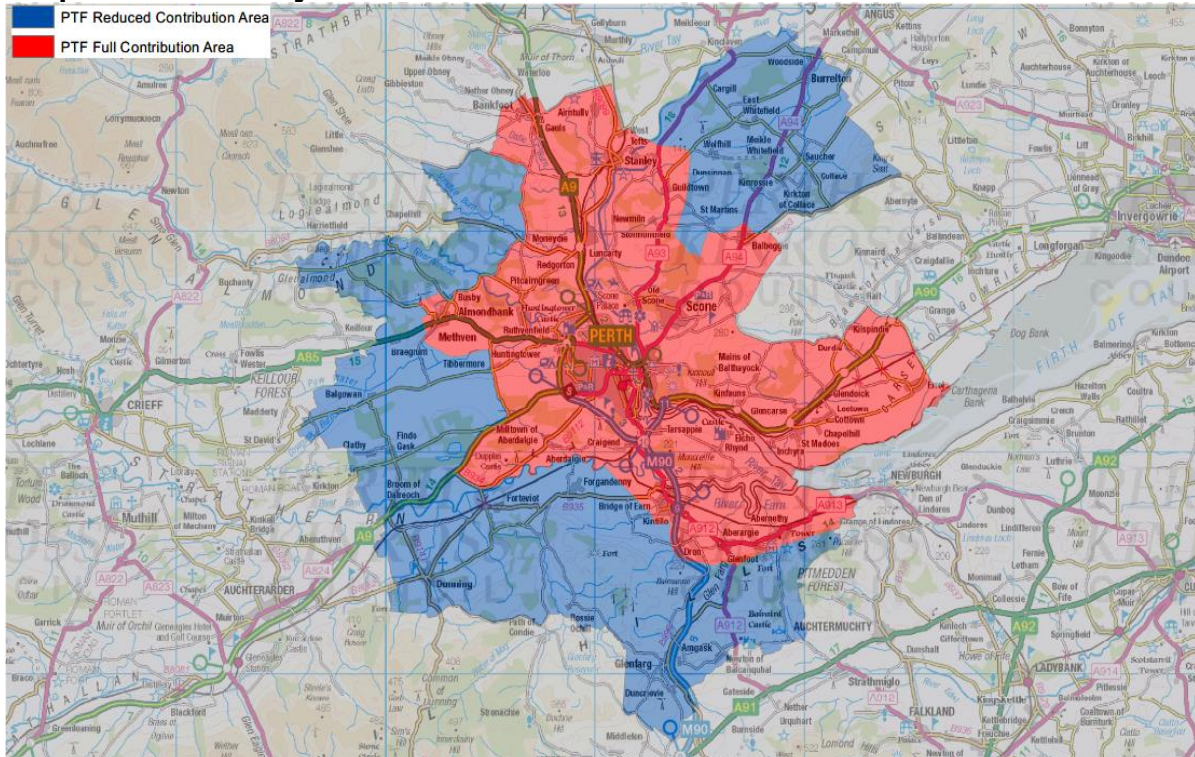
The primary education contribution is £5,164 per dwelling.

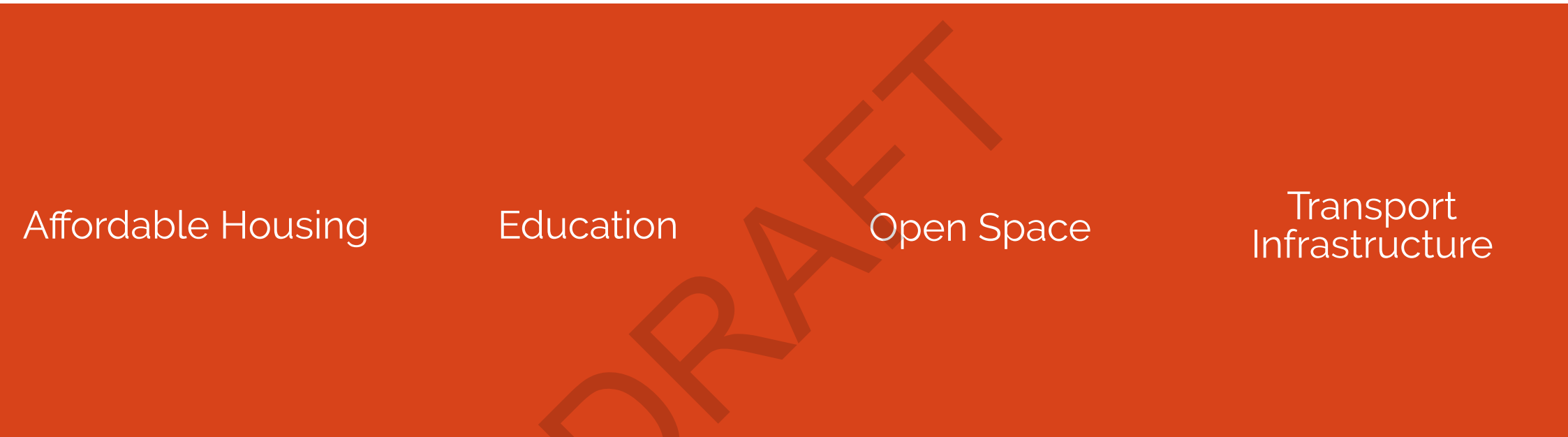
Transport Infrastructure – Revised Boundary

Current Boundary



Proposed Boundary





Affordable Housing

Education

Open Space

Transport Infrastructure



Developer Contributions & Affordable Housing Draft Supplementary Guidance 2019

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Guidance to Planning Applications**

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1. Introduction

- 1.1 Across Scotland, local authorities are having difficulty maintaining and developing infrastructure in order to keep up with the pressures of new development. Additional funding sources beyond that of the local authority are required to ensure that infrastructure constraints do not inhibit sustainable economic growth. This has been a particular issue in Perth and Kinross where the population grew by 5.3% in the period 2001- 2007. This growth is set to continue with the National Records of Scotland (NRS) population projections indicating that the Perth and Kinross population will increase by 4.5% (6,788 persons) for the period 2016-2026. This exceeds the national average of 3.2% and is the eighth highest growth projection in Scotland.
- 1.2 The increasing population has already placed heavy demands on public sector services and infrastructure capacity. If the population is to rise as the NRS projects, this will have an increasing impact on schools, community and leisure facilities, transport infrastructure and health services. It is unlikely that the growth projected for Perth and Kinross will be evenly spread across the Council area, placing an even higher demand for services and infrastructure in some already constrained areas. This will present significant challenges for the Perth & Kinross Council (“the Council”) and its Community Planning partners.
- 1.3 The sustainable development of Perth and Kinross requires the provision of services in appropriate locations to meet the increasing needs of the expanding population. As a result, new investment in infrastructure will be required to keep pace with the increasing needs of an expanding population. Initial estimates suggest that investment exceeding £300 million at current prices is required in public sector infrastructure over the next 25 years in order to support this future growth. Maintaining current assets already places a heavy burden on the Council’s budgets, leaving limited resources for investment in increasing infrastructure capacity.
- 1.4 It is neither sustainable nor good planning to wait until capacity is used up and then begin to recognise and address the problem. It will be necessary to analyse current capacity and future demand making the solution the collective responsibility of the Council and developers over the long term. This approach is the most equitable, sharing the cost with all development which places new demand on infrastructure capacity, rather than placing an uneconomic burden on a limited number of developers in later years.

- 1.5 With the population increase of Perth and Kinross driven by in-migration, largely from other parts of the UK, a partnership approach is required between the Council and developers to ensure infrastructure capacity is not to become a major constraint on new development.
- 1.6 Such partnerships have traditionally been facilitated through the use of Section 75 Planning Obligations which have become key mechanisms in the planning system for addressing and for mitigating the impact of new development. Although such obligations have been used to address specific issues arising from individual applications, they can also be used as the vehicle for a developer contribution policy which addresses the general issue of infrastructural requirements and seeks to bring about a fairer sharing of infrastructure costs.
- 1.7 This Guidance concentrates on the delivery of developer contributions to provide a means to enable the proposed development to proceed and to meet the needs of the local community associated with the new development by securing contributions towards the provision of infrastructure and services. This Guidance also provides advice and information on the application of the affordable housing policy.
- 1.8 This Guidance should be read in conjunction with Local Development Plan Policy 5: Infrastructure Contributions and Policy 20: Affordable Housing.
- 1.9 The statutory development plans within the Cairngorms National Park and the Loch Lomond and Trossachs National Park comprise their own Local Development Plans and associated Supplementary Guidance. These documents are prepared by the relevant National Park Authority and define the items towards which developer contributions will be sought within the Perth & Kinross area of each National Park. Perth & Kinross Council is responsible for providing services including education in these areas. This Guidance is therefore relevant in determining developer contribution requirements for proposals in the National Parks towards primary education.

2. Legal & Policy Background

2.1 The most widely used legislation for managing developer contributions is Section 75 of the Town & Country Planning (Scotland) Act 1997. This section of the act states that:

‘(1) A person may, in respect of land in the district of a planning authority-

(a) by agreement with that authority, or

(b) unilaterally,

Enter into an obligation (referred to in this section and in sections 75A to 75C as a “planning obligation”) restricting or regulating the development or use of the land, either permanently or during such period as may be specified in the instrument by which the obligation is entered into (referred to in this section and in those sections as the “relevant instrument”).’

2.2 The most recent Government advice on the use of Planning Obligations is contained in Circular 3/2012: Planning Obligations and Good Neighbour Agreements. Section 75 Planning Obligations enable local authorities to:

- regulate the sequence of development proposals;
- achieve off-site infrastructure provision;
- control the use of land or the nature of an activity carried out thereon;
- secure the provision of affordable housing;
- obtain financial contributions towards services or facilities.

2.3 In regard to financial contributions, Government advice states that:

“... contributions towards public transport or community facilities may be acceptable provided the requirements are directly related to the development proposal and the need for them arises from its implementation.”

2.4 It is a legitimate planning objective to utilise Section 75 Planning Obligations to achieve contributions towards the provision of services and facilities within Perth and Kinross. However, current guidance makes it clear that Obligations should only be sought where they are required to make a proposal acceptable in land use planning terms and that the use of a planning condition is not appropriate. Planning Conditions, including suspensive conditions, will be used wherever possible.

2.5 Planning Obligations will only be sought where they meet all of the tests of Circular 3/2012: Planning Obligations and Good Neighbour Agreements:

- necessary to make the proposed development acceptable in planning terms;
- serve a planning purpose and, where it is possible to identify infrastructure provision requirements in advance, should be relative to development plans;
- relate to the proposed development either as a direct consequence of the development or arising from the cumulative impact of development in the area;
- fairly and reasonably relate in scale and kind to the proposed development;
- reasonable in all other respects.

2.6 **Affordable Housing**

In June 2014, the Scottish Government published Scottish Planning Policy (SPP) which outlined alterations to previous Government policy; these have been incorporated within this document in conjunction with PAN 2/2010: Affordable Housing & Housing Land Audits (August 2010).

2.7 The latest research by Perth & Kinross Council reinforces there is a continuing need for affordable housing with significant and ongoing levels of unmet affordable housing needs existing across Perth and Kinross, particularly in the Greater Perth Housing Market Area (HMA).

2.8 In most circumstances, it will not be possible to apply developer contributions to affordable housing sites developed by registered social landlords supported by public subsidy. Applying the Supplementary Guidance would not allow many of these sites to reach the costing bench mark for affordable housing set by the Scottish Government Housing, Regeneration, Culture & Welfare Directorate. It should also be noted that affordable housing predominantly caters for persons already resident within Perth and Kinross and this is markedly different from the private sector housing where the largest proportion is required to meet predicted levels of in migration. Affordable housing units will be required to make an appropriate contribution towards Transport Infrastructure. It is acknowledged that affordable housing has an impact on

3. Applying the Guidance

infrastructure capacities and contributions from private housing should not be required to offset this impact. Perth & Kinross Council will mitigate the impact of affordable housing and any contribution requirement will only reflect the impact that private housing would have.

3.1 The Supplementary Guidance is intended to provide developers in Perth and Kinross with greater certainty of the contributions and affordable housing requirement that will be sought in conjunction with planning applications. It will also provide a more transparent, streamlined, practical, consistent, and accountable approach to the negotiation of developer contributions and affordable housing delivery. On a case by case, basis contributions may be required from new development toward other areas of infrastructure, such as green infrastructure or community facilities, not outlined in this Guidance.

3.2 The following principles apply to the application of this Guidance:

- The Guidance will be applied to sites identified in the adopted Local Development Plan and planning applications;
- The Guidance will not apply retrospectively to sites with full or 'In Principle' planning consent prior to the each relevant section of the Guidance coming into effect;
- Affordable Housing - August 2005;
- Primary Education - May 2009;
- Auchterarder A9 Junction - August 2009;

- Transport Infrastructure - April 2014;
 - The Guidance will not be retrospectively applied to an application already submitted prior to the Supplementary Guidance being adopted unless a constraint has already been identified which may in the absence of this Guidance have resulted in a recommendation of refusal.
- 3.3 Situations where the replacement or refurbishment of an existing house will be included under this Supplementary Guidance:
- Where it has been vacant and no Council Tax payments made within the 7 year period prior to the registration of a planning application;
 - Where it is dilapidated or derelict and would need extensive work requiring planning consent to become habitable.
- 3.4 Non-residential buildings are considered to be 'in use' if Non Domestic rates have been paid in the 12 months prior to the submission of a planning application.
- 3.5 Where applications are submitted for the renewal of planning consent the Guidance will be applied in accordance with Appendix 5.
- 3.6 Where a new proposal replaces an existing development with planning consent the assessment will normally be applied to the net additional impact of development. If a revised full planning application is submitted or a full application which seeks to alter the number of units specified in an 'In Principle' application which pre dated the Guidance, as defined in paragraph 3.2, if the application is for a greater number of units then the Guidance will be applied to all additional net units. If a revised full planning application is submitted which seeks to increase the size of a non-residential use the Guidance will apply to the additional Gross Internal Area.
- 3.7 The Guidance sets out a framework of standard charges and formulae which form the basis for negotiating and securing Planning Obligations. However in the case of large and/or complex developments contributions may need to be tailored to the particular scheme. This should make pre-application discussions easier and speedier because developers will have greater certainty about how much they will be expected to contribute.
- 3.8 In the case of applications for 'In Principle' planning permission where the development mix may not be known, a condition will be applied to any permission indicating that this Supplementary Guidance will be applied at the time of future applications. For larger proposals subject to a masterplan a contribution requirement may be

secured through a legal agreement at the 'In Principle' stage to ensure certainty as the site progresses.

- 3.9 Delayed payment of contributions and affordable housing will normally be secured by means of a Section 75 Planning Obligation between the Council, the landowner and any other relevant person(s). Such Planning Obligations will need to be registered before planning permission can be issued.
- 3.10 Where contributions and affordable housing commuted sums are to be paid prior to planning consent being issued, this may remove the need for the use of a Planning Obligation. Where a developer is unable to pay the contribution in advance the Council will consider the phasing of the contribution with the development.
- 3.11 Where additional land is needed to facilitate infrastructure improvements, the developer may be required to either provide land on site or sufficient funding to acquire it. This may be offset against other developer contribution requirements.
- 3.12 In some circumstances, the Council may be willing to accept off-site provision on an alternative site. In such cases the details of both sites should be submitted together in order that the overall merits of the scheme can be assessed. The judgement as to whether off-site provision

is acceptable will be based on a number of factors including: the desire to achieve balanced communities, the individual site circumstances in terms of location and accessibility.

- 3.13 In some cases, developers will provide the required infrastructure on the site themselves instead of paying the required contributions sum to the Council.

3.14 Implementing Infrastructure Capacity Improvements

Providing the necessary infrastructure may require the Council to work in partnership with developers or upfront investment by the Council to be recouped at a later date. For example, a single development that might trigger the need for a new road junction may not in itself generate sufficient funds to meet the full cost of any required work. As it is impossible to build half or part of a junction, it is therefore likely that the Council would have to fund the work. It is therefore appropriate for the Council to request payments from subsequent developments benefitting from that investment until its costs have been recovered.

3.15 Development Viability

Developers are expected to take the requirement for developer contributions and affordable housing into account in their financial appraisal prior to land deals and commercial

decisions being taken. It is acknowledged that, in some cases, there may be abnormal development costs which were unknown at the time the site was purchased. In such circumstances, where the developer can demonstrate and clearly justify that there are exceptional costs, which render the development of the site unviable as originally proposed it will be required to demonstrate this to the Council's satisfaction through the submission of a 'Development Viability Assessment'. Only in very exceptional circumstances where there are excessive, previously unknown, abnormal costs will it be likely that the Council will agree to reduce or give exemption from the requirement to developer contributions or affordable housing. As such, it is anticipated that the submission of a Development Viability Assessment will be the exception rather than the rule. Standard development costs such as demolition works, retaining and ground works, landscaping, archaeological investigations, drainage works, site purchase, site servicing and flood prevention works will not normally be accepted as abnormal costs. Abnormal costs should be reflected in the purchase price of land and in this respect, the developer will be asked to demonstrate that abnormal costs were not known at the time the site was purchased.

- 3.16 The Development Viability Assessment should be submitted at the earliest opportunity. All Viability Assessments' must be carried out by an independent practitioner and suitably qualified chartered valuation surveyor at the developers' expense.

A Viability Assessment must include, where applicable;

- ▶ Information on land values paid for the site (with supporting evidence and assumptions made);
- ▶ Anticipated land sales values of sites to be sold on, such as medical centre, elderly persons care homes etc. (i.e. Not residential sites);
- ▶ Plans;
- ▶ Schedules of housing mix (Market and Affordable) including type, size and numbers. Gross/Net area schedule for build cost/value analysis;
- ▶ Details of S.75 proposals and specifications, as appropriate;
- ▶ Confirmation of S.75 assumptions and status of discussions with the Council;
- ▶ Design and Access statement (if applicable and available);

- ▶ Detailed appraisal (current costs/values) and cash flow;
- ▶ Explanation of financial assumptions;
- ▶ Explanatory note on all appraisal assumptions;
- ▶ QS's detailed cost budget on externals, infrastructure and abnormals;
- ▶ Build specification;
- ▶ Detailed breakdown of end sales values for market residential elements (with supporting evidence);
- ▶ Programme (incl. construction and sales start/end for each phase);
- ▶ Rents and yield assumptions for all commercial elements (with supporting evidence);
- ▶ Assumptions on all grant funding and (where appropriate) evidence of transactions/negotiations with RSL's;
- ▶ Analysis of affordable housing provision and compatibility with prevailing policy requirements.

Once a Development Viability Statement is received by the Council it will be independently reviewed by the District Valuer Service (DVS) or an alternative third party advisor agreed by, and acting on behalf of the Council. This will be carried out at the developers expense with costs determined on an individual basis. The requirement for independent verification of Viability Assessments will only be removed where the time and cost associated with this process is disproportionate to the amount of developer contributions required. Each case will be determined by the Council on its own merits. The outcome of the Viability Assessment review will not be binding on the Council but may inform any recommendation to the Conveners of the relevant Committees and local area Councillors.

3.17

The sensitive nature of some financial information is acknowledged and therefore where requested the content of the Assessment will remain confidential between the applicant and named officials within the Council, independent assessor and the Conveners of the Development Management Committee. The position regarding statements and the Freedom of Information (Scotland) Act 2002 means should they need to be available to the public, they will be redacted with all figures and commercially sensitive wording blanked out. The statements will then be presented to the developer for agreement, prior to being made available for publication on the Public Access portal on the Council website. Only in

very exceptional circumstances where there are excessive, previously unknown, abnormal costs will it be likely that the Council will agree to reduce or give exemption from the requirement to developer contributions or affordable housing. As such, it is anticipated that the submission of a Development Viability Statement will be the exception rather than the rule.

3.18 Accountability

Contributions from individual sites will be accountable through separate accounts and a public record will be kept to identify how each contribution is spent. Contributions will be recorded by the applicant's name, the site address and planning application reference number to ensure the individual commuted sums can be accounted for. Annually, a statement will be published on the Council's website with a summary of the total contributions received for each area of the Guidance and what they have been spent on. Eligible costs for expenditure will include funding for three Officer Posts to assist in the implementation of the Developer Contributions and Affordable Housing policies. Each account will be audited through the usual internal audit procedures.

3.19 All accounts are ring fenced for meeting the particular infrastructure requirement. Each section of this Guidance will set out the parameters for the use of funds, identifying

the type of use to be made and the geographical area in which they can be spent. Where a contribution has been made developers will be able to reclaim any money not invested in the infrastructure it was required after the following time periods for date of payment to the Council:

- Primary Education – 10 Years;
- Auchterarder A9 Junction – No return of contributions;
- Transport Infrastructure – 10 Years;
- Affordable Housing – 5 Years.

Developers will have 12 months in which to reclaim any contribution. Where contributions are returned, interest will be made payable at 0.25% below the Bank of Scotland base rate.

3.20 Phasing of Payments

Where a Planning Obligation is entered into, applicants have the option to phase payments over the lifetime of a development. The Council will set out a phasing schedule of contribution payments through the assessment of the planning application which is to be used when completing legal Planning Obligations. The acceptance of this phasing will speed up the completion of Planning Obligations. It should be noted that developers are not

bound by this protocol, but where a bespoke agreement is required; discussions should be entered into at the outset of the submission of a planning application so as not to delay the processing of the Planning Obligation. Where a Planning Obligation is entered into the contribution requirement may be index linked.

4. Primary Education & New Housing Development

4.1 Introduction

The following Supplementary Guidance applies over the whole local authority area of Perth and Kinross.

4.2 This Guidance sets out the basis on which Perth & Kinross Council will seek to secure contributions from developers of new homes towards the cost of meeting primary education infrastructure improvements necessary as a consequence of development.

4.3 The NRS 2016 based population projections indicate that Perth and Kinross has the eighth highest growth rate across all of Scotland. With a high proportion of the existing primary school estate currently working at or near capacity, projected school roll increases may result in the need to replace or expand primary schools within Perth and Kinross in addition to the construction of a number of additional primary schools in the Strategic Growth Areas. To ensure that primary infrastructure capacity does not become a major constraint on new development a partnership approach is required between the Council and developers.

4.4 Principles of the Guidance

The Guidance will be applied to new housing in areas where a primary school capacity constraint has been identified. A capacity constraint is defined as where a primary school has been operating at over 80% for 5 out of the previous 7 years and is likely to be operating following completion of the proposed development, extant planning permissions and Local Development Plan allocations, at or above 100% of total capacity. Where the Council has funded an increase in Primary School capacity to meet the needs of new development contributions may be required from future development until a proportionate cost of the school improvements is received. This position will be reviewed annually.

4.5 The following key principles will apply:

- Proposed residential dwellings of two or more bedrooms, along with consents for the change of use from or replacement of sheltered accommodation, or for conversions from alternative uses to residential where the units comprises two or more bedrooms, will make a full contribution;
- Proposed one bedroom apartments, where it is clear that no additional rooms could be used as bedrooms, will not be required to pay a contribution. A one bedroom

apartment can consist of the following rooms, sitting room, kitchen, bathroom, single bedroom; Proposed ancillary accommodation linked to an existing dwellinghouse will not be required to pay a contribution;

- Proposed extension of a single bedroom dwelling to create residential units of two or more bedrooms will not be required to make a contribution if the existing dwelling has been occupied as a single bedroom dwelling for the 7 year period prior to the registration of a planning application. Where this 7 year exemption is not met then the contribution requirement will be assessed on an individual basis;
- Affordable & Council housing will not be required to pay contributions. Affordable Housing is as defined in section 7 of this Guidance;
- Developments of 20 units or less in the Perth City Centre Zone as defined in Appendix 4 will not be required to make a contribution. Where a proposal is for 20+ units then the contribution requirement will be assessed on an individual basis;
- Applications for dwellings which are not likely to place an additional burden on the existing schools, for example, student accommodation linked to a College/University or holiday accommodation would not be expected to make a contribution;

- Sheltered housing may not be required to pay a contribution. The proposed Use Class in line with the Town and Country Planning (Use classes) (Scotland) Order 1997 will be used in the determination of the requirement. Proposals which fall under Use Class 8: Residential institutions will be exempt. Proposals which fall under Use Class 9: Houses will be determined on an individual basis.

4.6 Developers Funding

All developer contributions will be paid into a fund to facilitate the education provision needs in Perth and Kinross. The costs of education provision vary between each individual projects. There is a need to look at the school estate in its totality, as a constraint within one primary school catchment area can, on occasions, be resolved by either the creation of a new school elsewhere or the expansion of an adjacent primary school. Where possible, contributions will be invested within the relevant primary school's catchment area (including denominational schools where they exist). Where it is not possible to invest in the same area, the Council reserves the right to invest the contributions received within the corresponding secondary school catchment areas to help alleviate the capacity issue. For the purpose of this Guidance, the four Perth non-denominational secondary catchment areas will be treated as a single catchment area.

4.7 Applying the Guidance

Where a development proposal includes replacement or refurbishment of existing houses, the education contributions Guidance may not apply to all units. The test will be whether the proposal will effectively create additional residential units which were not available as houses previously. The guidelines are set out under paragraph 3.3.

- 4.8 Where a dwellinghouse has been subject of change of use and consent is sought to revert back to residential use a full contribution will be required. The exception being, if the change of use from residential was implemented within the 7 year period prior to the registration of a planning application to revert back to residential use, in such cases a contribution will not be required.

4.9 Determining Contribution Levels

In order to provide a clear picture of expectations and to ensure parity of contribution across areas of need, it is considered that a formula based on the average number of children per household and the average cost of creating additional primary school capacity would be appropriate. This introduces both a demographic and construction cost variable.

5. Auchterarder A9 Junction Improvements

5.1 Introduction

The following Supplementary Guidance sets out the basis on which Perth & Kinross Council will seek to ensure contributions from developments within the Auchterarder and wider Strathearn housing market area towards meeting the cost of delivering the A9 Junction Improvements that are required in the interests of road safety.

5.2 The aim of the Guidance is to release development within the Auchterarder area which does not form part of the Auchterarder Expansion Development Framework but has been restricted due to road safety constraints of the A9 at Auchterarder. Those developments paying the contribution will subsequently have their consents released enabling development to continue within the area.

5.3 The area over which the protocol will apply has been identified in map form as shown in Appendix 2: A9 Junction Supplementary Guidance Boundary.

5.4 The basis of the boundary is to incorporate an area where development would access the A9 using Loaninghead or Aberuthven junctions or both and would subsequently benefit from the proposed junction improvements. Blackford and Dunning are not included within the boundary area since they are primarily accessed by other junctions.

4.10 Appendix 1 sets out in which primary school catchments a contribution will be required. This list will be revised annually.

4.11 Developer Contribution Rates per Dwelling

Type of Dwelling	Contributions
1 Bedroom Dwellinghouse	No Contributions Required
Sheltered Housing	Determined on an Individual Basis.
Affordable Housing	No Contributions Required
2+ Bedroom Dwellinghouse	£5,164

4.12 Calculation of Contributions

- Cost per pupil - £19,126
- Pupil Product Ratio - 0.27
- Total Contribution per House
- $£23,923 \times 0.27 = £5,164$

5.5 Principles of the Guidance

The following key principles will apply:

- The contribution for a single dwelling will be £3450;
- A contribution will be sought from all residential developments within the identified boundary of the wider Auchterarder area including single houses with the exception of affordable housing. Affordable housing is as defined in section 7 of this Guidance;
- The contributions for residential development will be calculated pro rata according to the number of dwellings involved;
- This Guidance will not apply to areas within the approved Auchterarder Development Framework;
- If a Transport Assessment is required, a contribution will be sought from non-residential developments within the identified boundary that have a trip generation equal to or higher than a dwellinghouse. However, where a Transport Assessment is not required or it is considered to reduce the need to travel e.g. through the provision of local employment or services, the Guidance would not apply;
- Out-with the identified boundary area, but within the Strathearn Housing Market Area, a contribution would only be sought from developments that require a Transport Assessment which identified that the development would have an impact on the A9 junctions within the boundary area at Auchterarder.

5.6 Applying the Guidance

Where a development proposal includes replacement or refurbishment of existing houses, the A9 Junction contributions Guidance may not apply to all units. The test will be whether the proposal will effectively create additional residential units which were not available as houses previously. The guidelines are set out under paragraph 3.3.

5.7

Major developments contrary to the Development Plan will be subject to separate assessment against this Guidance on road safety grounds.

5.8 Developer Contribution Calculation

The total cost of the project in accordance with 2007 figures is estimated at £10.52m. Transport Scotland has contributed £1.4m towards the Loaninghead junction improvements. The remaining £9.12m will be provided by the Consortium delivering the Auchterarder Development Framework, gWest and other developments impacting on these junctions.

6. Transport Infrastructure

5.9 The contribution will be set at £3450/house. The basis of each contribution paid would seek to be proportional to the impact the development would have on the trunk road infrastructure. For non- residential development, the contribution will be calculated on the basis of the impact of an equivalent number of residential properties.

6.1 The following Supplementary Guidance is about facilitating development. It sets out the basis on which Perth and Kinross Council will seek contributions from developments in and around Perth towards the cost of delivering the transport infrastructure improvements which are required for the release of all development sites and to support the growth of Perth and Kinross.

6.2 The Council is seeking contributions from a package of measures which are essential to support the delivery of the Local Development Plan (LDP). The projected costs of the infrastructure have been estimated in line with industry standards. Any review of these costs and subsequent change to the contribution level will go through the statutory consultation procedure. The current working estimates are as follows:

Element	Cost £(million)
Cross Tay Link Road (CTLR)	£118m
A9/A85 Crieff Road junction improvements	£49.4m
Total	£167.4m

Note: These are based on 2019 estimates

6.3 Updated Traffic Modelling has been undertaken in 2018 which has identified that 50% of future traffic growth is associated with new development sites in the LDP2. The contribution level is therefore calculated on the basis of 50% of the total costs (£83.7m), the remainder (£83.7m) being sought through other mechanisms.

6.4 The Transport Infrastructure contributions collected through this mechanism will only be used for the identified packages outlined in Paragraph 6.2. This contribution shall be considered as being additional to any other cumulative or site specific transport contribution required in relation to the development. Following appropriate assessment, proportionate contributions or mitigation may be sought for work to the strategic transport network, for example at the A9 Broxden and Inveralmond junctions or the Perth Park & Ride Schemes.

6.5 Principles of the Guidance

Subject to the exceptions set out in this policy, this Supplementary Guidance applies to all development within the defined boundary identified in Appendix 3. This is because the transport appraisal relating to this Guidance illustrates a link between all development in the defined area and the impact which the defined transport improvements seek to mitigate, as per the guidance in Circular 3/2012: Planning Obligations and Good Neighbour Agreements.

The full contribution level applies to all development within the identified Perth Core Area which is defined by settlements in this area having more than a 19% impact on the transport infrastructure. The reduced contribution level applies to all development out-with the Perth Core Area which is defined by settlements in this area having a 12% - 19% impact on the transport infrastructure. Out with the defined boundaries no contributions will be required, except for development for which a Transport Assessment is necessary and then identified as having a significant direct impact on any element of the infrastructure package (i.e. 12% or above). In such cases a higher contribution may be applied.

6.6 Residential developments of 20 units or less in the Perth City Centre Zone, as defined in Appendix 4 will not be required to make a contribution. Where a proposal is for 20+ units, then the contribution requirement will be assessed on an individual basis.

6.7 In order to support the economic growth of Perth and Kinross, new employment uses which fall under the Employment Land Use category of the Transport Infrastructure section of this Guidance, and which are to be developed on brownfield land, will not be required to make a contribution. New employment uses on Greenfield land not cross subsidised by residential development will be considered on an individual basis. This will take

- account of the potential impact of the development and the extent to which the development directly benefits from the improved infrastructure. Extension of existing non-retail businesses on brownfield land will not be required to make a contribution.
- 6.8 The Retail contribution rate will only be applied to the trading floorspace of new or extension to existing retail developments. Non-trading floorspace will be calculated on the employment use category. Vehicular retail showrooms will be calculated based on the floorspace of proposed buildings.
- 6.9 Proposed buildings for agricultural use, such as cattle sheds and storage units needed to operate the farm business, will generally not be required to make a contribution. Office and Staff Buildings in association with agricultural use may be required to contribute.
- 6.10 Holiday accommodation including static caravan pitches and chalets will be calculated against the Residential – Affordable contribution rate. Temporary structures such as camping pods or touring caravan pitches will not be required to make a contribution.
- 6.11 Where a proposal supports specific Council objectives, such as regeneration or significant economic benefit but where it would not be viable due to the application of the Supplementary Guidance the Council may enter into negotiations to reduce the contribution with each case assessed and determined on its own merits.
- 6.12 Proposals for a change of use to form residential including the subdivision of existing residential property, but excluding agricultural buildings and ancillary accommodation/residential garages, will not normally be expected to provide a contribution, unless they result in the creation of 5 or more residential units.
- 6.13 In the event of a contribution of land towards the development of the CTLR, the amount of contribution required under this mechanism may be revised. Each application will be considered on its individual merits, taking into account factors such as the value of the land, its condition and any remedial works required to make it suitable for use. Land values will be assessed independently by the District Valuation Service (or other mutually agreed appointee) with a joint brief being agreed between the Council and the applicant.

6.14 In circumstances where non-residential developments are proposed which do not have a large Gross Internal Area, but could have a large impact on the transport network (for example quarries, outdoor leisure etc.), the contribution level will be calculated on an individual basis.

6.15 How is the Contribution Calculated?

The transport contributions are calculated on the Gross Internal Area (GIA) of new non-residential development or in the case of residential development the total number of units proposed. Where replacement buildings are proposed, (provided the building is in current use), the Trip Rate of the existing use will be taken into account and the contribution reviewed accordingly on a case by case basis. GIA includes everything within the external walls of the buildings (lifts, stairwells and internal circulation areas). It does not include areas like external balconies or the thickness of external walls. Appendix 6 sets out the GIA definitions.

6.16 Applicants for planning permission for non-residential buildings are advised to provide the following information with each planning application:

- Current GIA of buildings and their uses to be demolished (if any);
- Proposed GIA of all buildings and their uses on site once the development has been completed.

6.17 Using this information, the Council calculates the net increase in GIA. This result is multiplied by the appropriate contribution rate in £/m² to calculate the required contribution level.

6.18 Contribution Rates per Development

The contribution level will be reviewed within a 5 year period from adoption of the Supplementary Guidance. Any review will take account of updated costs in relation to the infrastructure projects such as land costs, detailed designs, inflation and construction costs. Any revised contribution level will not be applied retrospectively to consented planning permissions.

6.19 Perth Core Area

The Perth Core Area includes the settlements of Perth, Scone, Almondbank, Bridge of Earn, Oudenarde, Abernethy, Methven, Stanley, Luncarty, Balbeggie, Perth Airport and also the land between these settlements surrounding the main transport routes into Perth.

6.20 Perth Core Area

Land Use	CTLR (Per m ²)	A9/A85 (Per m ²)	Total (Per m ²)
Retail	£109	£45	£154
Employment	£10	£4	£14
Other Non-residential Use	£34	£14	£48

Land Use	CTLR	A9/A85	Total
Residential	£2,578	£1,079	£3,657
Residential - Affordable	£1,289	£539	£1,828

6.21 Out-with the Perth Core Area (75% of full contribution level)

Land Use	CTLR (Per m ²)	A9/A85 (Per m ²)	Total (Per m ²)
Retail	£81	£34	£115
Employment	£7	£3	£10
Other Non-residential Use	£25	£10	£35

Land Use	CTLR	A9/A85	Total
Residential	£1,933	£809	£2,742
Residential - Affordable	£966	£404	£1,370

7. Affordable Housing

- 7.1 Providing affordable housing is a key priority for Perth and Kinross Council and this is reflected in the Local Housing Strategy (LHS) 2016-2021. The LHS 2016-21 sets out the need for affordable housing and uses the Housing Needs and Demand Assessment (HNDA) 2010 as its key evidence base. The Strategic Housing Investment Plan (SHIP) identifies details of the proposed delivery of affordable housing. The SHIP is produced annually by the Council.
- 7.2 Copies of the HNDA, LHS and SHIP are available on the Council website at <http://www.pkc.gov.uk/article/20674/Related-strategies-and-policies> and <http://www.pkc.gov.uk/localhousingstrategy>.
- 7.3 The HNDA 2010 highlights the significant requirement for provision of affordable housing in Perth & Kinross. This is part of a wider national issue, which has resulted from a number of factors including affordability, economic recession and the shortage in both public and private housing.
- 7.4 Scottish Planning Policy (SPP) 2014, Planning Advice Note (PAN) 2/2010 and the More Homes Division Guidance Notes 2018/02 – Affordable Housing Supply Programme, Processes and Procedures offer the most recent guidance on the role of planning authorities in the provision of affordable housing. The Councils policy approach to affordable housing is set out in its Local Development Plan (LDP).
- 7.5 The purpose of this document is to assist developers fulfil their planning obligations in respect of the provision of affordable housing via the planning system by providing detailed guidance on the operation of Policy 20: Affordable Housing and fulfil the Council's aspirations to meet the needs for affordable housing of all tenure types identified in SPP.
- 7.6 Need for an Affordable Housing Policy**
- The LDP identifies a benchmark figure of 25% affordable housing, i.e. 25% of the total number of housing units per housing site should be provided as affordable. Perth and Kinross Council recognises its own area characteristics and variations in need and therefore allows it to set out an appropriate approach to provision, compliant with SPP and taking into account Council house waiting lists and HNDA 2010 evidence.
- 7.7 Studies of housing need and affordable housing requirements were carried out across the Perth and Kinross area as part of the preparation of the HNDA 2010. The HNDA gives long run estimates of housing need, and provides an evidence base for the Council's LHS and the LDP.

7.8 Definition of Affordable Housing

The Council accepts the broad definition of affordable housing set out in SPP 2014 as being ‘housing of a reasonable quality that is affordable to people on modest incomes.’

7.9 Based on the definition and the guidance the following categories of affordable housing are incorporated into the affordable housing policy:

Type	Description
Social Rented	Housing provided at an affordable rent which is owned, managed, or leased by the Council or an RSL.
New Supply Shared Equity (NSSE) (Subsidised)	Housing available to a priority group who can purchase between 60% and 80% of the new build property. The remaining stake is purchased by the Scottish Government. The owner pays no rent for the equity stake, owns the property outright and is responsible for ongoing maintenance. Should the property be sold in the future the proceeds would be split between the owner and the Scottish Government in proportion to the original equity share.

Type	Description
Mid-Market Rent (MMR) also known as Intermediate Rent	Housing provided with Scottish Government subsidy through an RSL intermediary. It can also be provided by the Council or without subsidy by the developer provided it meets the Councils criteria for MMR requirements in the area. It enables the tenant to pay around 80% of the Local Housing Allowance (LHA). MMR is aimed at assisting people on low and modest incomes to access affordable rented accommodation. The expectation is that MMR properties are to be made available as this tenure for at least 30 years.
Subsidised low cost housing for sale (including self-build plots)	This is where housing is sold at a percentage discount of its open market value to households in a priority client group. Discounted serviced plots for self-build can also contribute, particularly in rural areas. A clause can be inserted in the property deeds to ensure that subsequent buyers are also eligible buyers and/or that within a certain time period, the discount is returned to the Council to be reinvested in future affordable housing. For housing to count as affordable, the appropriate sale price should be informed by the HNDA and agreed by the Council.

Type	Description
Unsubsidised low cost housing for sale	Housing provided at an affordable rent which is owned, managed, or leased by the Council or an RSL.
New Supply Shared Equity (NSSE) (Subsidised)	Non-subsidised affordable housing is likely to take the form of entry level housing for sale, some built at higher densities and may have conditions attached to the missives designed to maintain the houses as affordable units to subsequent purchasers. Homes delivered without subsidy may be considered to fulfil part of the overall affordable housing requirement, where it can be clearly demonstrated that they will meet the needs of, and be affordable to, groups of households identified through the housing needs assessment. Shared equity where the owner purchases part of the dwelling, with the remaining stake held by the developer is also an option. However, for the housing to count as affordable, the appropriate sale price should be informed by the HNDA; the sale price and terms and agreed by the Council to ensure that the dwelling remains subsidised at an affordable level for a period of 20 years.

7.10 Affordable Requirements

The Council's preference is to locate affordable housing on site and as part of a mixed development of private and affordable homes. There may be proposals for 100% provision of affordable housing and these will be acceptable as part of a wider mixed community and where all other relevant LDP policies are met.

- 7.11 Residential developments, including conversions, consisting of 5 or more units should include provision of an affordable housing contribution amounting to an equivalent of 25% of the total number of units proposed, except where the LDP varies this quota on an individual site basis or sites of 20 units or less in the City Centre Zone (Appendix 4). Whenever practical, the affordable housing should be integrated with, and indistinguishable from the market housing.
- 7.12 The details of provision, including tenure, house size and type, will be a matter for agreement between the developer and the Council and based upon local housing need and individual site characteristics.
- 7.13 Table A, sets out the sequential approach applied to the delivery of affordable housing, subject to the availability of public subsidy. Developers are encouraged to contact the Council's Affordable Housing Enabler at an early stage

to discuss the affordable housing requirement for their site and agree an approach to delivery. See Appendix 7 for useful contact details.

Table A - Sequential Approach

1. On-Site	Provision of Affordable housing on site; or Transfer of an area of serviced land on-site to Council / RSL
2. Off-Site	Provision of affordable housing off-site; or Transfer of an area of serviced land off-site to Council / RSL
3. Commuted Payment	Where it is not possible to achieve appropriate affordable housing on site. See paragraph 7.22

7.14 On Site Provision – Provision of Affordable Housing On-site

On-site provision will be preferred for larger developments (20+ houses or over) in Auchterarder, Blairgowrie, Crieff, Kinross, Milnathort, Perth (excluding city centre) and Scone and 10 houses or over elsewhere.

7.15 Where affordable housing is being provided on-site the housing will either be built by or transferred to an RSL or the Council with the exception of discounted for sale, unsubsidised homes and private rented accommodation.

7.16 Where an RSL or the Council is involved, developers should enter into discussion at an early stage to ensure that the development will provide the type and size of affordable housing requirement to meet the needs in the area and how the Scottish Government subsidy funding requirements can be met.

7.17 The Developer will be required to build an agreed number, type and mix of affordable housing units on site, including any required wheelchair housing (Housing for Varying Needs standards) for subsidised rent or sale by the RSL or Council. Where the affordable element is to be delivered by the developer deadlines must be set for the delivery of the affordable housing relative to the timescale of delivery of the private housing.

7.18 Alternatively the land for the affordable housing element can be transferred to the Council or RSL to develop. Developers will agree to transfer an area of serviced land to an RSL or the Council for a valuation based on affordable housing only (as agreed by the District Value or an agreed chartered valuation surveyor).

7.19 Off Site Provision – Affordable Housing Off-site

Where on-site provision cannot be achieved, the Council may be willing to accept the provision of affordable housing off-site or the transfer of an area of serviced land off-site. This will depend on a number of factors such as the desire to achieve balanced communities, the site circumstances (location and accessibility) and any difficulties associated with its development.

- 7.20 If the Council accepts the provision of affordable housing off-site the developer will be required to build an agreed number, type and mix of affordable housing units on another site within the area that is under their control for subsidised rent or sale either for the Council or an RSL. Where the affordable element is to be delivered by the developer a deadline will be set for the delivery of affordable housing relative to the timescale of the private housing. The provision of affordable housing off-site will be in addition to the affordable housing requirement relating to the alternative site.

7.21 Transfer of an area of serviced land off-site

Alternatively the land for the affordable housing element can be transferred to the Council or an RSL for them to develop. Developers will agree to transfer an area of serviced land for a valuation based on affordable housing only (as agreed

by the District Valuer or an agreed chartered valuation surveyor).

7.22 Commuted Payments

It is important to note that it will be only be in limited circumstances that the Council will accept the payment of a commuted sum in lieu of the provision of affordable housing on or off-site. One of the primary obstacles to the delivery of affordable housing in Perth and Kinross is the difficulty which RSLs experience in being able to compete with private developers to acquire land. This coupled with the importance of creating socially inclusive and mixed communities, means that the Council will generally always seek the provision of affordable housing on-site or on an alternative site within that housing market area and the payment of a commuted sum will always be the final option.

- 7.23 Commuted Payments may be acceptable only if there are no suitable sites brought forward after following the sequential tests above or where there are restrictions to the availability of public subsidy.

7.24 The instances where a commuted sum may be acceptable include:

- Where a development is in a remote rural setting or out with a settlement where it is difficult to access services;
- Where it is a very small development and economies of scale make the management of small and sporadic units, creating affordability difficulties for RSLs;
- Where the number of units proposed are below the thresholds identified in the policy;
- Where there is a high concentration of affordable housing in the area and the provision of a commuted sum would help achieve more balanced communities elsewhere in the housing market area;
- Where the Councils housing service recommend that this is the most appropriate form of contribution in considering the Councils strategic housing priorities.

7.25 These payments will be used to enable off-site provision to make an equal and equivalent financial contribution to an affordable housing fund managed by the Council which promotes the direct provision of affordable accommodation through the Council or RSL on other sites. The Commuted sum must be spent within the local housing market area.

7.26 Income from this source will be identified in the Strategic Housing Investment Plan (SHIP).

7.27 Affordable Housing Credit System

A 'Credit system' is where a developer can group together the affordable housing contributions from a number of sites. Some sites, where the need for affordable housing is greatest, could be developed wholly for affordable housing. This system has advantages for RSLs from a management point of view and can bring forward affordable housing earlier.

7.28 The Council considers 'credit proposals' from developers. The preferred method will be where a developer puts forward a complete package of sites indicating those which are to be developed wholly for affordable housing or which are to be developed wholly for private housing or with a reduced affordable percentage. This will enable the Council to assess the merits of the complete package. The number of affordable homes proposed overall should be at least equivalent to 25% affordable housing contribution. Developers are urged to take a wide view of their land banks and potential development opportunities to assemble projects that provide best fit in terms of site location and project viability.

7.29 It is recognised that it will not always be possible for a developer to identify at the outset those sites which will be included in a credits package and may instead wish to proceed on a site by site basis. In such circumstances, the affordable housing credits must be built up in advance of the private sector development. Proposals to build the affordable housing element retrospectively will not be permitted. In addition the following will apply:

- The guidance indicates that on-site provision will be preferred on sites of 20+ in the larger settlements. However, in order to give more flexibility where a developer has already built up affordable housing credits, it is proposed that they will normally be permitted to be used on sites up to 50 houses (a mix of tenures will still be required on sites of 50+ units but partial use of credits will be permitted);
- The Council will define the area within which credits can be used – this will be assessed on a site by site basis but will generally be within the same housing market area as credits were accrued;
- Credits accrued will be valid for a period of 10 years, in exceptional circumstances this period may be extended by Council permission;

- Only those additional affordable houses(over and above the 25% required by the affordable housing policy) which are granted planning consent from January 2007 onwards will be counted as affordable housing credits;
- The Councils written agreement to houses being counted as affordable credits will be required;
- The Council will need to be satisfied that the houses being put forward as credits are affordable and / or the land transferred to an RSL for the credits is done so on the basis of affordable land value, not at market value;
- The acceptability of an alteration to the normal 75% / 25% private affordable split, as required by the affordable housing policy, will depend on the location of the site and the need for affordable housing within the area as well as all other planning requirements.

7.30 It is acknowledged that the affordable housing credit system has the potential to benefit developers in terms of increased flexibility, and RSLs in terms of better and more efficient management of houses. However the Council has to ensure that the situation does not arise whereby developers are able to 'pick and choose' where to locate affordable housing rather than this being informed by the HNDA as this could ultimately lead to a lack of affordable housing in some areas where it is most needed.

In this respect, the building up of credits will be at the developers own risk and it must be accepted that having credits does not necessarily mean that it will be acceptable to build a larger number of private houses on any site of their choosing.

7.31 Calculation of Commuted Sums

Commuted sums will be calculated in line with national guidance PAN 2/2010 Affordable Housing Land Audits and best practice RICS Guidance Note 100/2013 Valuation of land for affordable housing Scotland.

7.32 In line with Pan 2/2010, paragraph 22, the valuation of commuted sum will be determined independently by the District Valuer (DV). Research was commissioned from the DV (January 2019) to determine at what level the commuted sum should be set for each Housing Market Area in Perth and Kinross. On the basis of the research, the commuted sums (as at April 2019) are as follows:

Housing Market Areas	Plot Value per Unit for Private Sale	Plot Value per Unit for Affordable Housing	Commuted Sum per Unit
Highland	£20,000	£1,000	£19,000
Kinross	£20,000	£1,000	£19,000
Perth	£29,000	£1,000	£28,000
Strathearn	£24,000	£1,000	£23,000
Strathmore	£16,000	£1,000	£15,000

NB It should be noted that these are the sums as at January 2019 and will be retained at these levels until updated. Developers should visit the Councils website for the current Commuted Sum figure.

7.33 Phasing

Developing a larger site in phases of less than five units, specifically to avoid the application of the affordable housing policy, will not be acceptable. It is recognised that in some cases, a developer may have a valid reason for developing in small phases. In this situation, any subsequent applications submitted for additional units which are clearly part of the same development and resulting in the total number of units increasing to five or more will have the affordable housing policy applied retrospectively. Developers wishing to develop in small phases are encouraged to discuss this with the Council at the outset in order to ensure that the affordable housing contribution can be properly planned.

7.34 Densities

A developer may seek to build less than five houses on a site which clearly has capacity for a larger development meaning that the affordable housing policy will not apply. It is recognised that in some locations lower density development is desirable and in such situations, the Council will take account of standard housing densities, the location of the site, the character of the surrounding area, and the type of houses proposed in determining whether the smaller number is acceptable. Where it is considered acceptable, the guidance relating to phasing above, will also apply.

7.35 Houses for private rent

The Local Housing Strategy reports that letting agents and landlords in private renting view the sector as having high levels of demand. As evidenced in the HNDA, the numbers of households in private rented accommodation is higher than the Scottish average, indeed Perth and Kinross was one of the Council areas with the largest proportions of households in the private rented sector (17.8%).

7.36 Whilst it is acknowledged that some developers prefer to build to rent, it is considered that private housing for rent as an affordable category is difficult to implement due to the potential difficulties in ensuring that rents remain at an affordable level i.e. a level which is comparable with Council and RSL rent levels. In such cases, developers are encouraged to contact the Council to discuss the available tenures of midmarket rent or intermediate rent, and what the levels of rent currently are.

7.37 Tied accommodation or properties built by private estates for essential estate workers (which are subject to occupancy restrictions) can also be included as an affordable housing contribution. Such proposals will be assessed on an individual basis and the occupancy condition may include a requirement that the landowner confirm, when requested, that the occupancy condition is being upheld. If the landowner at a later date seeks consent to remove the

occupancy condition, then the Council would seek a commuted sum at whatever the rate is at that time in lieu of the affordable housing provision or the transfer of the property to an RSL at affordable housing value.

7.38 Sheltered housing developments

Open market sheltered housing schemes generally meet the requirements of the more active elderly population and as such can be seen to be addressing general housing needs, not affordable housing needs. The Council will continue to seek the provision of a wide range of housing suitable for older people and recognise that it will not be appropriate to require an affordable housing contribution from some types of specialist accommodation, for example, care homes or other residential institution. However, in the case of open market sheltered housing developments, these will be subject to the affordable housing policy. Where sheltered units are to be provided as part of a mixed development and will be available through an RSL or sold at an affordable price, they may be considered as meeting the affordable requirement for the development.

7.39 The retention of houses as affordable

The retention of houses as affordable in perpetuity will most easily be achieved where an RSL is involved i.e. social rent or some form of shared equity involving grant assistance

from Scottish Government which allows for grant funding to be returned to the Scottish Government should the house be sold within a specified period. It is acknowledged it is harder to achieve affordability in perpetuity in the case of discounted for sale, shared equity or unsubsidised houses.

7.40 Houses which fall into the unsubsidised low cost housing for sale category are smaller less expensive houses generally for entry level which are sold without any subsidy or discount. These houses may be affordable simply due to their smaller size. PAN 2/2010 suggests that some form of legal agreement may be required to retain such houses as affordable in perpetuity. However, it is considered that there will generally always be a limit on what the resale price of such houses will be. If the Council are satisfied that on resale such properties will remain at an affordable price – allowing for inflation and taking into consideration the area in which the houses are – then it is likely that, generally, it will not be necessary to impose a condition in order to maintain the houses as affordable in perpetuity.

7.41 In the case of subsidised low cost housing sale properties, either it is accepted that such houses will only be affordable to the first household, or a burden, or condition (e.g. Deed of Condition attached to the property's Title Deeds) is put in place in the title deeds to maintain the houses as affordable in perpetuity. The Council will consider

applications containing subsidised low cost housing for sale on their individual merits.

Maximum prices for houses to be purchased through the Shared Equity, subsidised and unsubsidised low cost housing for sale options:

7.42 Affordable house prices

Analysis was carried out using data from the Centre of Housing Market Analysis (CHMA) documents <https://www.gov.scot/publications/centre-for-housing-market-analysis-index/> and by using 'A Practitioners Guide – Housing Need and Demands Assessment October 2018' data where a house is affordable to purchase if its price does not exceed 3.6 times a households income.

Maximum Price Threshold	Apartment Sizes	Price Threshold [1]
	2 (1 bed)	£75,000
	3 (2 bed)	£115,000
	4 (3 bed)	£160,000
	5 (4 bed)	£200,000

7.43 Between 2013 and 2017 house prices have increased from an average of £106,000 in 2013 to an average of £121,000 in 2017. Affordability calculations were carried out using house price and income data. Data used from CACI 2018 confirmed that the median income was £37,200 for Perth and Kinross with a 3.6 mortgage to income ratio

[1] The maximum based price threshold is calculated on the highest of either the (1) area based limits based on the Open Market Shared Equity Scheme for Perth and Kinross www.gov.scot/publications/open-market-shared-equity-thresholds

7.44 To improve accessibility to home ownership, the table below shows the maximum sales prices applicable to the low cost housing for sale options potentially available to developers.

7.45 Marketing and identification of priority client groups

Where the affordable housing proposed is unsubsidised or subsidised low cost housing for sale, there will be further requirements in terms of the marketing of the affordable housing and the identification of the priority client groups. Developers are asked to contact the Council's Housing Service or Affordable Housing Enabler for further details on this.

7.46 In general the priority client group is taken to mean people on modest incomes (income threshold to be assessed by Perth and Kinross Council, who are either first time buyers; or persons who currently own their own home, but require a new home following a significant change in their household circumstances; or persons with a disability who own a house which does not meet their particular needs; and who are in the following priority:

1. Council or RSL tenants who currently live in Perth and Kinross; or
2. Council or RSL waiting list applicants who have an established local connection to Perth and Kinross and who have requested Perth and Kinross as an area in which they wish to be houses; or
3. Residents of Perth and Kinross.

7.47 The property must be the applicant's permanent home and not used as a second home or let out. The size of the property allocated should be appropriate to the size of the household.

7.48 Where developers are required to submit a marketing strategy to the Council for approval, this must indicate the advertising, marketing periods and application process for the relevant units. Prior to submitting a marketing strategy, developers are urged to contact the Council's Housing Service or Planning Officer - Affordable Housing Enabler to confirm the relevant time periods and priority client groups etc.

Appendix 1 – Education Requirements

Developer contributions requirements for individual schools

Version 4: 2019

Next Review: 2020

To assist applicants with the preparation of development costs, the following schedule showing the school catchment areas where contributions will be sought.

This schedule is based on schools which have been operating at above 80% for 5 out of the previous 7 years and is likely to be operating following completion of the proposed development, extant planning permissions and Local Development Plan allocations, at or above 100% of total capacity.

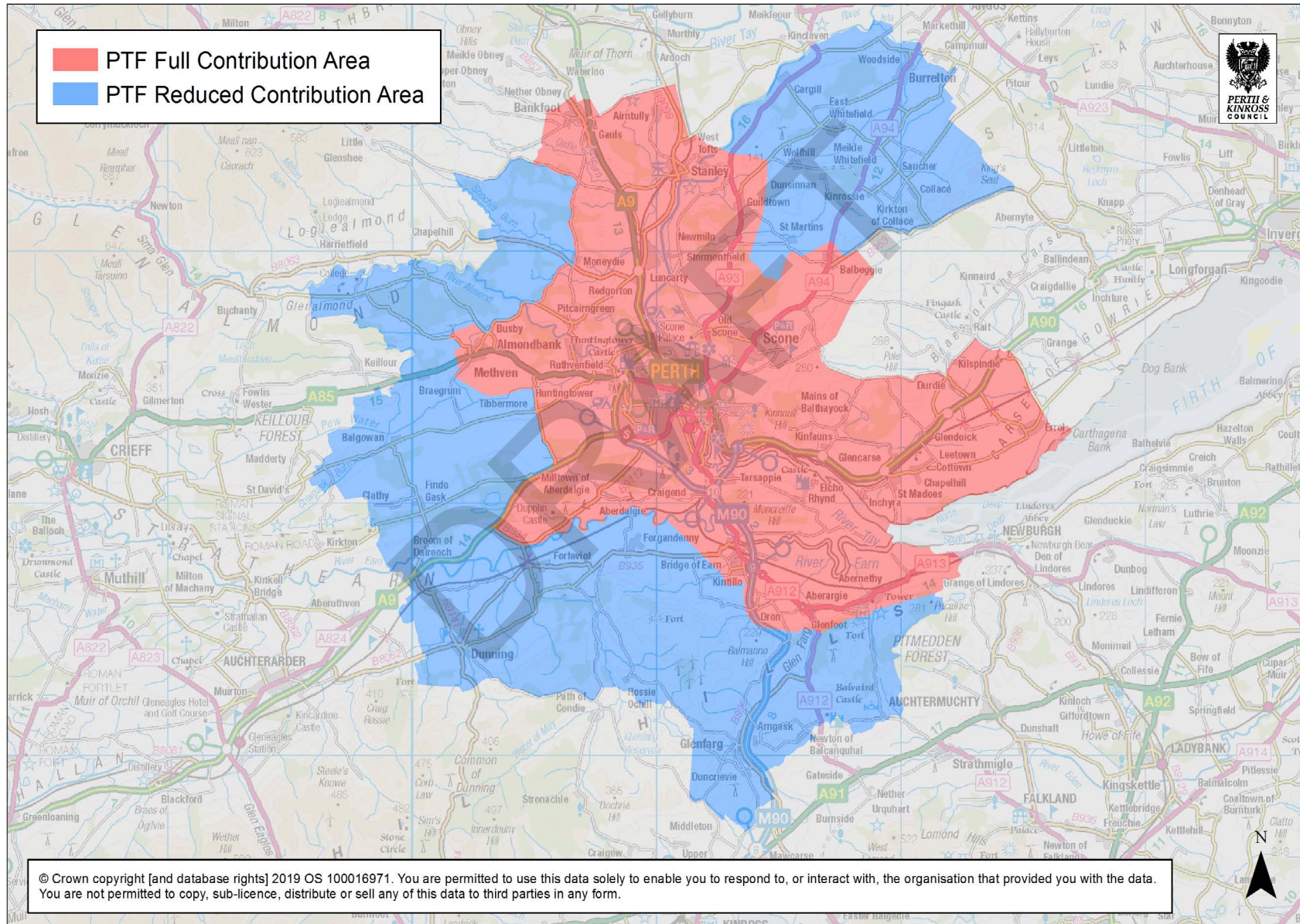
Where the Council has invested in Primary Schools to support future development a contribution will be sought from new development within the relevant primary school catchment. Where investment has taken place this is identified below:

Primary School	Primary School Capacity	Investment
Breadalbane Academy Cluster		
N/A	N/A	N/A
Crieff High Cluster		
Crieff	466	New School built with capacity for expansion
Auchterarder CS Cluster		
Auchterarder	514	Identified for future investment
Dunning	125	Identified for future investment
Pitlochry High Cluster		
N/A	N/A	N/A
Blaigowrie High Cluster		
Newhill	423	Identified for future investment
Kinross High Cluster		
Kinross	566	New School built
Milnathort	257	Identified for future investment

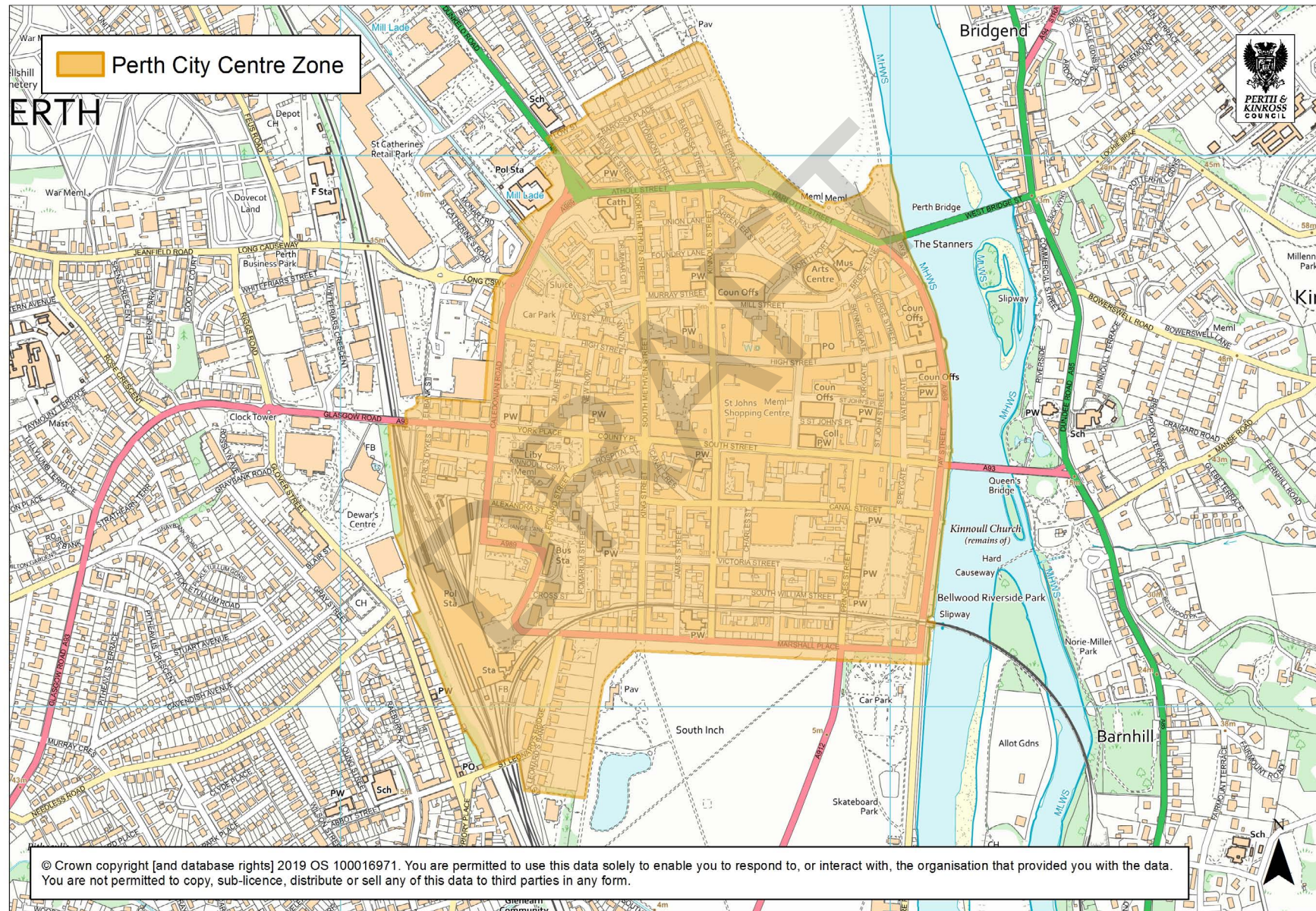
Primary School	Primary School Capacity	Investment
Perth Grammar Cluster		
Luncarty	194	Identified for future investment
Ruthvenfield	91	Identified for future investment – Developments of 20+ units will be considered on an individual basis to determine whether a contribution will be required.
Tulloch	434	New school built
Perth Academy Cluster		
Robert Douglas Memorial	462	Identified for future investment
Perth High Cluster		
Abernethy	283	Extension to school built
Dunbarney	207	Identified for future investment

Primary School	Primary School Capacity	Investment
Perth High Cluster (cont.)		
Errol	316	Extension to school built
Inchture	264	Extension to school built
Kinnoull	203	Extension to school built

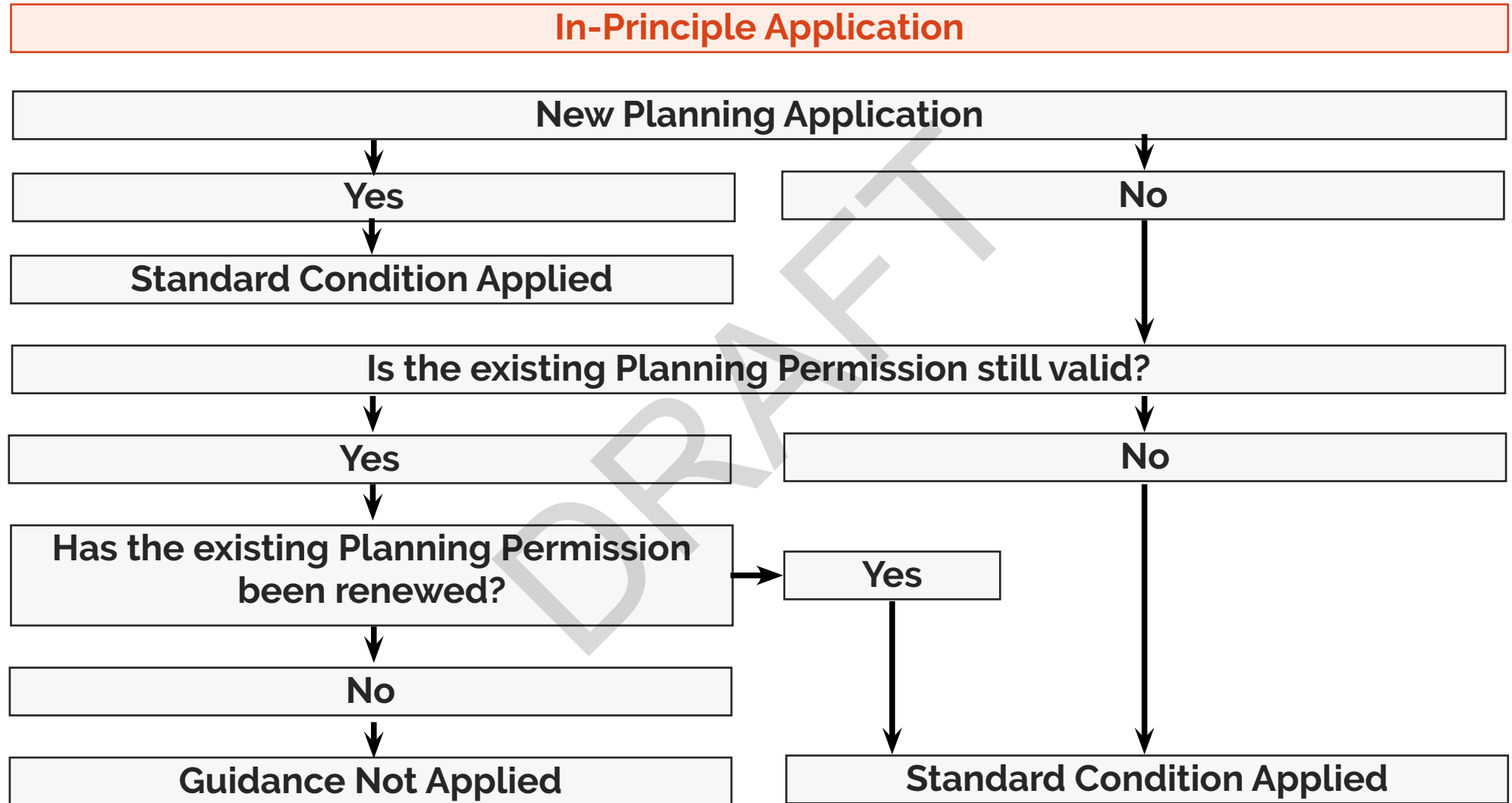
Appendix 3 – Transport Infrastructure Application Area



Appendix 4 – Perth City Centre Zone



Appendix 5 – Application of the Supplementary Guidance to Planning Applications



Full Planning Application

New Planning Application

Yes

Guidance Applied

Is the existing Planning Permission still valid?

Yes

Is the number of Dwellings/Size of Development increasing?

Yes

Guidance Applied

No

No

Guidance Applied

No

Has the existing Planning Permission been renewed?

No

Guidance Not Applied

Appendix 6 – Gross Internal Area Definitions (GIA) Applications

GIA is the area of a building measured to the internal face of the perimeter walls at each floor level. Including:

- Areas occupied by internal walls and partitions
- Columns, piers, chimney breasts, stairwells, lift-wells, other internal projections, vertical ducts, and the like
- Atria and entrance halls, with clear height above, measured at base level only
- Internal open-sided balconies, walkways, and the like
- Structural, raked or stepped floors are property to be treated as a level floor measured horizontally
- Corridors of a permanent essential nature (e.g. fire corridors, smoke lobbies)
- Mezzanine floor areas with permanent access
- Lift rooms, plant rooms, fuel stores, tank rooms which are housed in a covered structure of a permanent nature, whether or not above the main roof level
- Service accommodation such as toilets, toilet lobbies, bathrooms, showers, changing rooms, cleaners' rooms, and the like

- Projection rooms
- Voids over stairwells and lift shafts on upper floors
- Loading bays
- Integral Garages
- Conservatories

Excluding:

- Perimeter wall thicknesses and external projections
- External open-sided balconies, covered ways and fire escapes
- Canopies
- Voids over or under structural, raked or stepped floors
- Greenhouses, garden stores, fuel stores, and the like in residential
- Areas with headroom of less than 1.5m are excluded except under stairs.

The GIA of all developments will be calculated in line with the RICS Code of Measuring Practice, 6th Edition, 2007.

Appendix 7 – Useful Contacts

Developer Negotiator

Tel: 01738 475381

Email: TESDevelopmentContributions@pkc.gov.uk

Affordable Housing Enabler

Tel: 01738 476405

Email: TESDevelopmentContributions@pkc.gov.uk

DRAFT

PERTH & KINROSS COUNCIL

Strategic Policy & Resources Committee

12 June 2019

AUTHORITY TO WRITE OFF DEBTS AND OBSOLETE STOCK

Report by the Head of Finance (Report No. 19/172)

PURPOSE OF REPORT

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

1. BACKGROUND / MAIN ISSUES

- 1.1 In order that the appropriate entries may be made in the Council's Annual Accounts for the year ending 31 March 2019, it is necessary to consider the write off of debts and obsolete stock and other miscellaneous adjustments.
- 1.2 To accommodate year end accounting processes and timescales, some of the Council's systems have already been amended to reflect the proposed adjustments, pending approval by the Committee of the recommendations within this report.
- 1.3 The debts included within this report have progressed through the Council's debt recovery process using the various legislative procedures available for each type to collect the amounts outstanding. The amounts that still remain due, after exhaustive recovery procedures have been undertaken, are included within this report for write off as a last resort. Should any additional information be received the debt will be written back. Every effort is made to collect outstanding debt wherever possible.
- 1.4 This report includes all the recommended write off and on amounts for financial year 2018/19.

2. PROPOSALS

2.1 Sales Ledger

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

The Council has introduced a number of measures to maximise income collection including "set-off" (which, in certain circumstances, allows the

Council to apply customer debt against payments due by the Council) and encouraging customers to pay at point of sale, therefore, reducing cost of collection and the level of debt. Appendix 1 also sets out the debt recovery process for Sales Ledger debt.

- 2.1.2 After consultation with the Services who raised the original invoices, it is recommended that the Council write off £181,300.25 as shown in Appendix 1. This amount includes debt relating to seven financial years from 2012/13 through to 2018/19. A Service by Service comparison has been shown below between the current and the previous financial year.

Write off By Service	Total 2018/19	Total 2017/18
Corporate & Democratic Services	549.74	0.00
Education & Children's Services	7,921.86	9,476.13
Health & Social Care	57,073.56	67,837.01
Housing & Environment	115,755.09	86,060.46
	181,300.25	163,373.60

- 2.1.3 The total provision included within the Council's accounts for bad and doubtful Sales Ledger debt at 31 March 2018 was £816,091.00. The total value of Sales Ledger invoices raised in financial year 2018/19 totalled approximately £25 million and the proposed write off for all years represents approximately 0.7% of this amount.
- 2.1.4 In most instances, accounts raised prior to 30 September 2017 carry a 50% provision whilst those raised prior to 31 March 2017 are fully provided for. Where debts fall into this category, part or all of the amount to be written off will be met from the provision.
- 2.1.5 Where no provision or only partial provision has previously been made, the balance of the write off will be charged against the issuing Service's Revenue Account for 2018/19.

2.2 Council Tax and Non-Domestic Rates

- 2.2.1 Appendices 2 and 3 set out the debt recovery processes for Council Tax and Non-Domestic Rates respectively. To maximise levels of collection and reduce collection costs, the Council continues to promote the use of electronic forms and payment by Direct Debit, Council Tax currently have 74.5% of customers paying by Direct Debit.
- 2.2.2 Appendix 2 details Council Tax (including Water and Waste Water Charges) where the sum of £309,995.25 has been deemed uncollectable (£479,983.47 in 2017/18). There is an overall provision for bad and doubtful Council Tax debt of £12,924,036.44 as at 31 March 2018.
- 2.2.3 The total amount of Council Tax billed for financial year 2018/19 was £105.2 million (including Water and Waste Water Charges), with an in-year collection rate of 97.38% (97.35% in 2017/18).

- 2.2.4 The proposed write offs relate to the last 26 financial years during which time the Council has raised over £1.9 billion in Council Tax and has continually delivered high collection levels.
- 2.2.5 Appendix 3 details Non-Domestic Rates income totalling £380,984.72 which it has not proved possible to collect for the reasons shown in the appendix (£411,517.12 was written off in 2017/18).
- 2.2.6 It is recommended that the Council write off £380,984.72 of Non-Domestic Rates. In terms of write offs relating to Non Domestic Rates the costs at present are met by the Scottish Government through the “pool” mechanism. The provision for bad and doubtful Non-Domestic Rates debt was £653,910.24 at 31 March 2018.
- 2.2.7 The amount recommended to be written off for all years represents approximately 0.7% of the £58.9 million of Non Domestic Rates income raised in financial year 2018/19. The in year collection rate for Non Domestic Rates was 98.42% for 2018/19 (98.37% in 2017/18).
- 2.2.8 These proposed write offs relate to the last 18 financial years during which time the Council has raised over £857 million in Non-Domestic Rates and has continually delivered high collection levels.
- 2.2.9 Appendices 2 and 3 also include accounts where the balance is for a small value either in debit or credit (£0.99) for Council Tax and Non-Domestic Rates. It is uneconomical to collect or refund/transfer such small amounts and, therefore, an automated process is in place to adjust these accounts.

2.3 Housing Revenue Account

- 2.3.1 Appendix 4 details rent charges raised in respect of former tenants and court expenses incurred which it has not been possible to collect for the reasons shown in the appendix.
- 2.3.2 A comprehensive review of Former Tenant Arrears has been undertaken within Housing & Environment which has identified a requirement to write off £373,260.34 of outstanding housing rent (£998,921.60 was written off in 2017/18) – see Appendix 4. The provision for bad and doubtful Housing Revenue Account debt was £1,099,207 as at 31 March 2018. The in year collection rate for Housing Rents was 98.57% for 2018/19 (98.73% in 2017/18). The total rental charges raised between the 1 March 2018 and 28 February 2019 were approximately £24.1 million.
- 2.3.3 The proposed write off for mainstream rents primarily relates to the last 6 financial years, during which time the total amount of rent charged is approximately £150 million. The proposed write off for mainstream rents within the report represents approximately 0.25% of the rent charged over the last 6 years.

2.3.4 Authority is also requested to write off garage sites and lock ups £23,241.46 (£16,248.62 was written off in 2017/18).

2.4 Housing General Fund

2.4.1 Appendix 5 details charges for those housing services administered through the Council's rent system, provided to Homeless clients placed in temporary accommodation. These tenancies have ended and it has not proved possible to recover outstanding income, in part, due to the vulnerable nature of the client group.

2.4.2 Authority is requested to write off £1,015,202.79 in 2018/19 (£189,126.12 was written off in 2017/18) for rent and service charges for housing services provided to 1,060 homeless households placed in temporary accommodation (rent and service charges as detailed in Appendix 5). This proposal relates to debt raised over seven financial years during which the total charge raised was in the region of £15 million. The provision for bad and doubtful debts in relation to this activity was £1,863,731 as at 31 March 2018.

2.4.3 The nature of many homeless people's lifestyles meant that they were in and out of part-time, low paid work, in and out of temporary accommodation and struggled to have ready the verification documentation required. The roll out of the highly successful Homefirst project has reduced the overall rent charge. The high value of write off for temporary accommodation in the current year is, in the main, due to 46.56% (£472,675.72) of the debt becoming prescribed within the current reporting financial year. A debt becomes prescribed where "the debt is too old to be recovered and barred by statute (5 years or over)"

2.4.4 Authority is also requested to write off Housing Benefit overpayment debt of £109,311.84 for 2018/19 (£77,860.43 was written off in 2017/18) which it has not proven possible to recover. During 2018/19 the Council was able to recover 86% (74% in 2017/18) of Housing Benefit overpayments which, based on previous benchmarking would place it near the top quartile in terms of performance. The provision for bad and doubtful Housing Benefit overpayment debt was £890,020 as at 31 March 2018. The total value of Housing Benefit overpayments within 2018/19 was £893,903 and the proposed write off value for all years represents approximately 12.23% of this amount.

2.5 Car Park Trading Account Income

2.5.1 Car Park Trading Account Income

Authority is requested to write off £98,483 in respect of Car Park Trading Account Income (£70,374 was written off in 2017/18). This amount equates to all amounts charged and still outstanding in relation to the period prior to October 2017. The provision for bad and doubtful Car Park Trading Account debt was £118,261 as at 31 March 2018. The proposed write off is equivalent

to 7.71% of the number of Penalty Charge Notices issued during 2017/18 (10.02% in the previous financial year).

2.6 Stock Write Offs

2.6.1 The Environment Service

Authority is requested to write off obsolete stock of £3,000 in respect of vehicle parts at Friarton Depot (£5,000 was written off in 2017/18). Full provision was made for the write off in the 2017/18 financial statements and there is, therefore, no financial impact on the 2017/18 financial year.

2.7 Outstanding Balances

2.7.1 Authority is requested to write on/off a small number of outstanding balances over various accounts. These balances relate to transactions before 31 March 2018. The net amount of the outstanding balances is a write on totalling £33,579.91 (£8,995.17 was written off in 2017/18).

3. CONCLUSION AND RECOMMENDATIONS

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

3.2 It is recommended that the Committee:

- 1 Approve that all amounts detailed in section 2 and the attached appendices to this report are written off or on for accounting purposes.
- 2 Note that whilst these amounts are written off or written on, the files are not closed and every effort will be made to collect outstanding debt wherever possible.

Author(s)

Name	Designation	Contact Details
Lynn Law	Financial Systems Team Leader	LynnLaw@pkc.gov.uk 01738 475550

Approved

Name	Designation	Date
Stewart MacKenzie	Head of Finance	20 May 2019

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



Council Text Phone Number 01738 442573

1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

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

1. Strategic Implications

1.1 Strategic Plan

1.1.1 The Council's Corporate Plan 2018 – 2023 lays out five outcome focussed strategic objectives which provide clear strategic direction, inform decisions at a corporate and service level and shape resources allocation. They are as follows:

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

1.1.2 This report relates to all of these objectives.

2. Resource Implications

2.1 Financial

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

3. Assessments

3.1 Equality Impact Assessment

- 3.1.1 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.
- 3.1.2 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.

3.2 Strategic Environmental Assessment

- 3.2.1 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals.
- 3.2.2 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.

3.3 Sustainability

- 3.3.1 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.
- 3.3.2 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 Internal

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

5. BACKGROUND PAPERS

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

6. APPENDICES

Appendix 1 – Sales Ledger debt written off in financial year 2018/19 by year and reason.

Appendix 2 – Council Tax debt written off in financial year 2018/19 by year and reason.

Appendix 3 – Non Domestic Rates debt written off in financial year 2018/19 by year and reason.

Appendix 4 – Irrecoverable Rents written off in financial year 2018/19 by year and reason.

Appendix 5 – Homeless debt written off in financial year 2018/19 by year and reason.

Appendix 1

Sales Ledger Debt Written off in financial year 2018/19 by year and reason											
YEAR	GONE AWAY	NO FUNDS	UNECONOMICAL TO COLLECT	DECEASED (NO FUNDS)	SEQ/LIQ OR REC	DEBT PRESCRIBED	HCC DISCRETION PANEL	SERVICE REQUEST	TOTAL VAT EX	VAT VALUE	TOTAL DEBT
2012/13	£0.00	£0.00	£5.00	£0.00	£0.00	£624.90	£0.00	£0.00	£629.90	£103.38	£733.28
2013/14	£1,277.76	£0.00	£30.00	£10,578.86	£0.00	£0.00	£0.00	£0.00	£11,886.62	£330.55	£12,217.17
2014/15	£0.00	£9,896.11	£0.00	£0.00	£184.25	£0.00	£0.00	£0.00	£10,080.36	£859.50	£10,939.86
2015/16	£11,912.51	£13,417.02	£900.97	£7,928.84	£72.50	£0.00	£135.67	£0.00	£34,367.51	£3,032.67	£37,400.18
2016/17	£12,836.45	£48,245.62	£1,099.00	£1,420.97	£964.24	£0.00	£435.59	£3,373.00	£68,374.87	£718.19	£69,093.06
2017/18	£10,576.90	£12,239.42	£4,800.30	£13,628.77	£2,547.41	£0.00	£292.33	£2,653.00	£46,738.13	£718.90	£47,457.03
2018/19	£203.91	£1,437.07	£227.06	£133.63	£0.00	£0.00	£1,273.73	£0.00	£3,275.40	£184.27	£3,459.67
TOTAL	£36,807.53	£85,235.24	£7,062.33	£33,691.07	£3,768.40	£624.90	£2,137.32	£6,026.00	£175,352.79	£5,947.46	£181,300.25

The Council can claim back VAT due to the VAT Bad debt relief (The Council cannot claim for the first 6 months, however the Council can claim back 4 years prior to this to 30 September 2014).

Sales Ledger Debt Recovery Process (excluding Commercial Rent)

Day 1 - Invoice Issued

If not paid, Day 29 - Final Notice issued,

If not paid, Day 44 - 7 Day letter issued

Thereafter, each case is looked at individually and most cases are then passed to either the Sherriff Officer or Legal Services to collect.

Commercial Rent Debt Recovery Process

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

Day 29 - reminder sent to first time defaults

Day 29 - legal letter issued to persistent late payers

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

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

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

Appendix 2

Council Tax Written-Off During Financial Year 2018/19 - Summary of Write-Off Reasons

Financial Year	Statutory Additions	Deceased - No Estate	No Trace	Sequestration etc.	Small Balances	Uneconomical to Pursue/Collect	Total
1993	£30.45	-£418.03	-£1,021.31	£89.95	-£0.01	£0.00	-£1,318.95
1994	£79.73	-£171.99	-£1,158.09	£191.11	-£1.11	£0.00	-£1,060.35
1995	£61.98	£108.04	-£1,524.47	£378.63	-£5.32	£0.00	-£981.14
1996	£235.38	-£28.13	-£945.21	-£168.74	-£1.22	£0.00	-£907.92
1997	£180.34	-£151.63	-£942.18	£639.99	£0.95	-£5.39	-£277.92
1998	£186.20	-£1,008.68	-£1,788.66	£1,157.61	-£0.80	£0.00	-£1,454.33
1999	£370.54	-£11.37	-£888.44	£1,596.08	-£0.06	£0.00	£1,066.75
2000	£342.61	-£591.88	-£819.31	£1,125.95	£5.13	£0.00	£62.50
2001	£393.15	£246.47	-£1,467.15	£2,175.09	-£1.91	£0.00	£1,345.65
2002	£395.73	£656.72	-£2,195.20	£1,625.55	-£0.51	£0.00	£482.29
2003	£767.91	£2,579.93	-£2,240.40	£3,361.69	£34.88	£0.00	£4,504.01
2004	£909.62	£441.58	£178.27	£4,934.81	£4.14	£413.37	£6,881.79
2005	£724.98	£2,418.75	-£320.59	£4,649.36	-£0.28	£0.00	£7,472.22
2006	£1,490.77	£2,347.12	£282.43	£7,087.54	£2.71	£0.00	£11,210.57
2007	£944.43	£1,035.73	£120.38	£7,374.24	£6.31	£0.00	£9,481.09
2008	£1,721.20	£3,255.58	-£158.60	£8,847.65	£19.09	£0.00	£13,684.92
2009	£1,943.96	£2,821.12	£1,021.76	£8,555.85	£1.09	£0.00	£14,343.78
2010	£2,731.29	£4,481.19	£1,850.87	£14,511.93	£1.16	£0.00	£23,576.44
2011	£2,632.60	-£1,450.82	£294.15	£11,783.87	-£1.05	£0.00	£13,258.75
2012	£2,455.28	£4,621.16	-£4,423.53	£10,231.82	£3.36	£0.00	£12,888.09
2013	£3,534.09	£4,838.87	£3,692.37	£12,190.01	-£10.19	£0.00	£24,245.15
2014	£4,488.57	£6,557.82	-£4,295.66	£22,396.71	£1.50	£86.30	£29,235.24
2015	£5,369.08	£7,695.81	£4,400.73	£25,484.54	£15.63	£553.74	£43,519.53
2016	£5,593.05	£6,120.37	£5,447.35	£29,920.62	£10.14	£954.43	£48,045.96
2017	£6,459.86	-£949.15	-£15,309.11	£39,513.35	-£374.29	£402.81	£29,743.47
2018	£4,402.20	£1,073.80	-£17,603.36	£32,587.08	-£217.70	£705.64	£20,947.66
Totals	£48,445.00	£46,518.38	-£39,812.96	£252,242.29	-£508.36	£3,110.90	£309,995.25

Council Tax Debt Recovery Process

Day 1 - Bill Issued with instalment details

If not paid, Reminder issued giving 14 days to payment

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

If not paid, Sheriff Officer instructed to collect debt

If not paid, Sheriff Officer serve a "Charge for payment" to allow diligence

Non-Domestic Rates Written-Off During Financial Year 2018/19 - Summary of Write-Off Reasons

Financial Year	Statutory Additions	Deceased	No Trace	Sequestration, Liquidation etc.	Ceased Trading	Wrongly Rated	Small Balances	Uneconomical to Pursue/Collect	Total
2001	£3.80	£0.00	£37.97	£0.00	£0.00	£0.00	£0.00	£0.00	£41.77
2002	£32.38	£0.00	£323.77	£0.00	£0.00	£0.00	£0.00	£0.00	£356.15
2003	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
2004	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
2005	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
2006	£0.00	£0.00	£0.00	£0.00	£0.00	£6,740.90	£0.00	£0.00	£6,740.90
2007	£0.00	£0.00	£0.00	£0.00	£0.00	£12,962.51	£0.00	£8.76	£12,971.27
2008	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
2009	£0.00	£0.00	£0.00	£0.00	£0.00	£7,599.80	£0.00	£0.00	£7,599.80
2010	£264.55	£0.00	£2,645.50	£0.00	£0.00	£0.00	£0.00	£0.00	£2,910.05
2011	£437.65	£0.00	£2,769.00	£816.64	£0.00	£555.29	£0.00	£0.00	£4,578.58
2012	£501.75	£0.00	£2,925.00	£345.17	£0.00	£0.00	£0.00	£0.00	£3,771.92
2013	£772.57	£0.00	£4,833.99	£1,078.24	£0.00	£0.00	£0.00	£0.00	£6,684.80
2014	£1,243.02	£0.00	£4,252.74	£6,289.70	£0.00	£350.04	£0.00	£0.00	£12,135.50
2015	£4,582.46	£0.00	£15,807.57	£15,507.16	£12,150.46	£86.40	£0.00	£0.00	£48,134.05
2016	£13,900.98	£0.00	£5,120.72	£25,284.43	£89,261.13	£3,005.97	£0.18	£0.00	£136,573.41
2017	£12,987.11	£0.00	£8,350.97	£21,409.19	£74,086.67	£0.00	-£0.33	£0.00	£116,833.61
2018	£2,175.58	£0.00	-£616.24	£14,072.55	£6,027.90	£0.00	-£6.88	£0.00	£21,652.91
Totals	£36,901.85	£0.00	£46,450.99	£84,803.08	£181,526.16	£31,300.91	-£7.03	£8.76	£380,984.72

Non-Domestic Rates Debt Recovery Process

Formal recovery cannot take place until 30 September each year

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

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

If not paid, Sheriff Officer instructed to collect debt

If not paid, Sheriff Officer serve a "Charge for payment" to allow diligence

Appendix 4

Irrecoverable Housing Rents Debt Written off in financial year 2018/19 by year and reason

YEAR	GONE AWAY	NO FUNDS	UNECONOMICAL TO COLLECT	DECEASED (NO FUNDS)	SEQUESTERED	DEBT PRESCRIBED	TOTAL DEBT
2013/14	£0.00	£0.00	£0.00	£0.00	£0.00	£2,822.76	£2,822.76
2014/15	£0.00	£0.00	£28.48	£0.00	£0.00	£0.00	£28.48
2015/16	£0.00	£919.99	£1.01	£0.00	£0.00	£0.00	£921.00
2016/17	£1,428.41	£0.00	£44.51	£0.00	£0.00	£0.00	£1,472.92
2017/18	£209,341.37	£10,599.18	£861.54	£0.00	£0.00	£0.00	£220,802.09
2018/19	£693.23	£67,976.46	£11,220.06	£23,541.20	£43,782.14	£0.00	£147,213.09
TOTAL	£211,463.01	£79,495.63	£12,155.60	£23,541.20	£43,782.14	£2,822.76	£373,260.34

Irrecoverable Rents Debt Recovery Process

Day 14 - Arrears reminder letter sent

If not paid, Day 21 - Attempt Contact with tenant

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

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

If not paid, Day 42 - Visit to tenant

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

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

Appendix 5

Homeless Debt Written Off in financial year 2018/19 by year and reason

YEAR	GONE AWAY	NO FUNDS	UNECONOMICAL TO COLLECT	DECEASED	SEQ/LIQ OR REC	DEBT PRESCRIBED	TOTAL DEBT
Pre 2011	£0.00	£0.00	£0.00	£0.00	£0.00	£15.03	£15.03
2011/12	£0.00	£0.00	£0.00	£0.00	£0.00	£12,470.84	£12,470.84
2012/13	£0.00	£0.00	£0.00	£0.00	£0.00	£61,368.27	£61,368.27
2013/14	£0.00	£0.00	£0.00	£0.00	£0.00	£395,660.74	£395,660.74
2014/15	£116,732.97	£19,136.95	£9,521.79	£0.00	£0.00	£3,160.84	£148,552.55
2015/16	£87,238.51	£12,966.23	£13,958.74	£1,842.09	£5,399.49	£0.00	£121,405.06
2016/17	£62,344.76	£49,256.39	£6,514.74	£313.50	£0.00	£0.00	£118,429.39
2017/18	£63,348.54	£33,313.52	£5,487.38	£0.00	£0.00	£0.00	£102,149.44
2018/19	£1,901.44	£35,766.81	£13,218.54	£0.00	£4,264.58	£0.00	£55,151.37
TOTAL	£331,566.22	£150,439.90	£48,701.19	£2,155.59	£9,664.07	£472,675.72	£1,015,202.69

Homeless Debt Recovery Process

Day 14 - Arrears reminder letter sent

If not paid, Day 21 - Attempt Contact with tenant

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

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

If not paid, Day 42 - Visit to tenant

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

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

PERTH AND KINROSS COUNCIL

Strategic Policy and Resources Committee – 12 June 2019

PROCUREMENT UPDATE 2018/19

Report by Head of Finance (Report No. 19/173)

This report details the progress made by Perth and Kinross Council during 2018/19 in concluding the work set out in the Procurement Strategy approved by Council in December 2015.

The main purpose of the report is to provide evidence on the achievement of objectives set out in the Strategy and to demonstrate value through the purchasing decisions taken for the period.

1. BACKGROUND

- 1.1 This report records the progress made during the third financial year of the Council's published Strategy. A review of the Council's procurement functions took place during 2015. A new Procurement Strategy was developed in response to the findings of this review and published in December 2015 ([report 15/572 refers](#)). The appended Annual Report on procurement gives more detail on the 2018/19 contribution to achieving the aims and objectives set out in the strategy.
- 1.2 Annual reporting on procurement performance became a statutory duty following the implementation of the Procurement Reform Act 2014 (the Act). The financial year 2017/18 was the first year in which the duty is applicable to Perth and Kinross Council. Perth and Kinross Council was one of 30 Councils who published a report for 2018/19 within four months of the financial year end.
- 1.3 This, the second report of its kind, has been prepared in line with new guidance issued by the Scottish Government on 1 May 2019. The statutory duties set out by the Act are explicit and include a requirement to provide information on all regulated procurement exercises and methodologies used in review of these activities. The new guidance provided a template to ensure all reporting public bodies provide comparable data.
- 1.4 Subject to approval of this committee the Annual Report and a revised Procurement Strategy will be published on the Council's website in time to meet the Scottish Government deadline of 31 July 2019 (within four months of the financial year end).
- 1.5 The Act requires notification of publication of strategies and annual reports to be made to the Scottish Ministers. All annual procurement reports published within four months of the end of the relevant authority's financial year will be

included in an analysis that will inform the Scottish Ministers annual report on procurement activity in Scotland.

- 1.6 The first such national report by Scottish Ministers was published on 4 April 2019. It provides an overview of public procurement activity and is informed by the individual annual procurement reports for the most recently concluded financial year (not all public bodies operate to the same financial year). This report does not touch on all areas where public procurement can have an impact, but it does support increased transparency and visibility of public procurements. The Scottish Government analysis of 2018/19 reporting is referenced as a Background Paper to this report.

2. PROPOSALS

- 2.1. Information on the [tenders accepted](#), and [awards made to third parties under the Following the Public Pound \(FPP\) Code](#) has been compiled and published on the Councils web pages. This annual reporting requirement is set out in:

the Council's Scheme of Administration;
the Council's Contract Rules;
and the Code of Guidance for FPP

which establish the requirement for Executive Directors to report on the acceptance of tenders and monies provided to third parties through FPP arrangements annually.

- 2.2 The Act does not require that this information be published along with the annual report and strategy. However the data compiled is also used to inform the statutory reports. The new template issued by the Scottish Government on 1 May includes a request for both the total number and value of regulated contracts awarded within the report period.
- 2.3 A [Contract Delivery Plan](#) has also been produced which sets out the planned procurement activities for the coming 24 months. This information will also be published on the Council website, which satisfies the requirements of the Act.
- 2.4 The publication of the statutory requirements enhances transparency in our purchasing activities and helps us to promote the opportunities for working with Perth and Kinross Council in the provision of public services.
- 2.5 The annual report includes analysis of the numbers and sizes of businesses located in the Perth and Kinross area which have registered an interest in the provision of goods and services, or conclusion of works on behalf of the public sector in general. The annual strategy includes information on how we will work with these organisations to support a local response to the needs of Perth and Kinross communities.

3. CONCLUSION AND RECOMMENDATIONS

- 3.1 The annual report presented as Appendix 1 is an overview of how the procurement work undertaken on behalf of the Council in 2018/19 has supported delivery of the Corporate Plan. The report provides detail on the objectives met since our Procurement Transformation journey started.
- 3.3 The report includes a breakdown of savings recorded against budgets (cashable) as well as those benefits which have been identified in other ways.
- 3.4 Detail on the improvement work undertaken in the period is included in the final section of the annual report. This report concludes the scope of work undertaken through the Procurement Strategy for 2018/19 (the last of a three year programme of improvement).
- 3.5 The Procurement Strategy has been revised and includes planned activities which will be taken to deliver on the priorities, actions and targets for 2019/20. A full review of how procurement can continue to deliver value across Perth and Kinross will be concluded as part of the work ongoing to enhance collaboration in Tayside.
- 3.6 The focus of the 2019/20 Strategy is to enhance the social value we achieve through our contracts, and include how we intend to build on the improvements in our use of Community Benefit clauses. This accords with work we are undertaking jointly with our Community Planning partners to deliver on Recommendation 9 of the Fairness Commission Fairer Futures report, which seeks to deliver greater social value through partners' procurement activities
- 3.7 The Strategic Policy & Resource Committee is requested to:
- a) Approve for publication the Procurement Annual Report (Appendix 1)
 - b) Approve the revised Procurement Strategy (Appendix 2) for 2019/20 (including the relevant Contract Delivery Plan) pending the conclusion of the review of procurement and commissioning work across the Tayside area;
 - c) note the [record of tenders accepted under the procurement regime](#);
 - d) note [grant funding disbursed under the Following the Public Pound Code](#).

Author(s)

Name	Designation	Contact Details
Mary Mitchell	Corporate Procurement Manager	mmitchell@pkc.gov.uk 01738 475521

Approved

Name	Designation	Date
Jim Valentine	Depute Chief Executive & Chief Operating Officer	20 May 2019

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	Yes
Corporate Plan	Yes
Resource Implications	
Financial	None
Workforce	None
Asset Management (land, property, IST)	None
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

Community Plan

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

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

Corporate Plan

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

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

2. Resource Implications

Financial

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

3. Assessments

Equality Impact Assessment

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

Strategic Environmental Assessment

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

Sustainability

- 3.5 Under the provisions of the Local Government in Scotland Act 2003 the Council has to discharge its duties in a way which contributes to the achievement of sustainable development. In terms of the Climate Change Act, the Council has a general duty to demonstrate its commitment to sustainability and the community, environmental and economic impacts of its actions.
- 3.6 The information contained within this report has been considered under the Act. However, no action is required as the Act does not apply to the matters presented in this report. The appropriate actions will be applied to individual Contract Strategies to ensure the requirements of the Climate Change Act are met when procurement exercises are carried out.

4. Consultation

Internal

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

- (i) membership of the Corporate Procurement Group; nominees of each Service area with a remit to champion procurement reform in each Service.
- (ii) the Chief Accountant
- (iii) the Head of Legal and Governance

External

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

5. Communication

- 5.1 Information contained within this report will be published on the Tayside Procurement Consortium and Perth and Kinross Council websites.
- 5.2 Notification of the publication of a revised strategy and an annual report on procurement will be made to the Scottish Ministers prior to the end of July 2019.

6. BACKGROUND PAPERS

[Procurement reform Act \(Scotland\) 2014](#)
[Procurement \(Scotland\) Regulations 2016](#)
[Statutory Guidance applicable under the Act](#)
[Supplementary Guidance 2019](#)
[Annual Report on Procurement Activity in Scotland 2019](#)

7. APPENDICES

- **Appendix 1**– Procurement Annual Report 2018/19 (includes an update on progress made to the improvement action plan)
- **Appendix 2**- Procurement Strategy 2019/20 (includes a future focused Improvement Action Plan and links to the published Contract Delivery Plan)

Procurement Annual Report

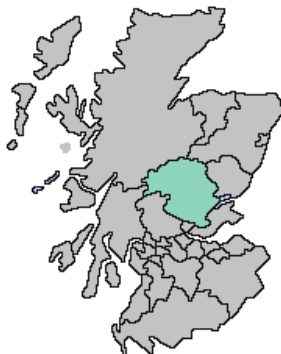
2018/19

Perth and Kinross Council



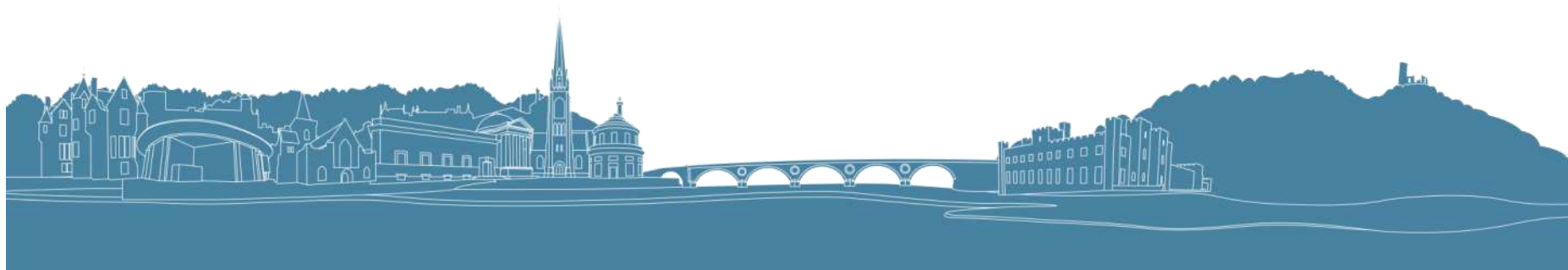
This report details further progress made by Perth and Kinross Council against the Procurement Strategy first approved in December 2015. The main purpose is to report on how we met our aims and objectives and achieved value through our purchasing decisions.

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Executive Summary

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

The three year Procurement Strategy included an improvement action plan which set out how the Council intended to direct expenditure. The plan was devised to ensure we had an appropriate procurement infrastructure in place, to not only deliver essential savings but also to support the wider objectives of the Council and local community partners. The annual report records progress against our improvement actions, the contributions of procured goods, services and works to the wider objectives of our organisation and the use of community benefits to deliver social value.

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

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

As the Council also works on the development of contracts jointly with Angus Council and Dundee City Council the report references the [Tayside Procurement Consortium \(TPC\) strategy](#). Readers are directed to the public information on joint procurement with the Tayside local authorities. One of the benefits this model gives is a more efficient interface with the business and third sector communities across Tayside, supporting joint engagement and development work streams. Joint attendance at supplier engagement events and a consistent approach to contracting in Tayside are examples.

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

Council spend with third parties during 2018/19 was £240M, this includes expenditure on goods, services and works and that placed with arm's length organisations such as Tayside Contracts. The figure also includes monies allocated to support capital investment decisions taken by the Council.

1. Introduction

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

The changing face of public services means that enhancements must be made to the way in which the Council carries out its procurement activities. In recent years there has been a strong focus on procurement and commissioning as tools to support the way in which services are delivered. This annual report sets out a record of achievement in the final year of the plan.

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

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

2. Vision for procurement

In setting out the Procurement Strategy for 2019/20 we are reaffirming the vision for procurement as articulated in our three year plan. Future significant shifts in how we deliver procurement support will take place as part of the Council's commitment to increase collaboration in Tayside. The Procurement Strategy for 2020 and beyond is expected to be developed jointly with our Tayside partners:

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

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

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

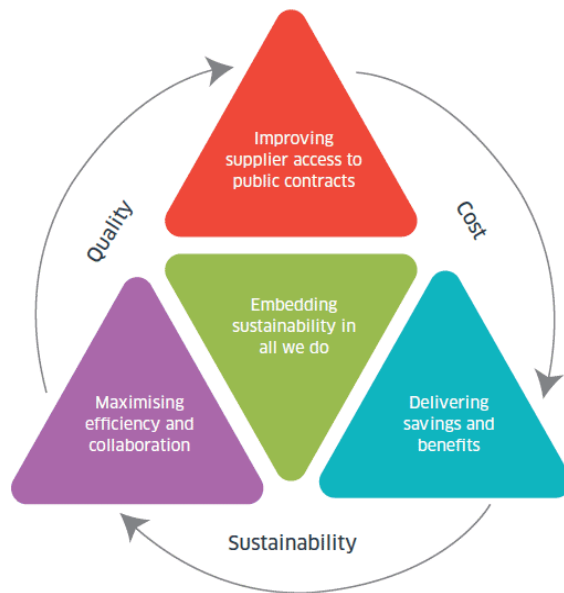


- Giving every child the best start in life
- Developing educated, responsible and informed citizens
- Promoting a prosperous, inclusive and sustainable economy
- Supporting people to lead independent, healthy and active lives

3. Context

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

This is consistent with the aims of our procurement transformation project.



To maximise the impact of the procurement work we do, we have increased our collaborative spend in the period since the Procurement Strategy was approved; from 18% of our third party spend to 44%. A strong focus on enhancing the capability of businesses and third sector providers to participate in collaborative contracting across Scotland has continued with representation of SME's and local businesses increasing.

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

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

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

4. Information on Contracts

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

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

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

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

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

Contracting Activity for the period

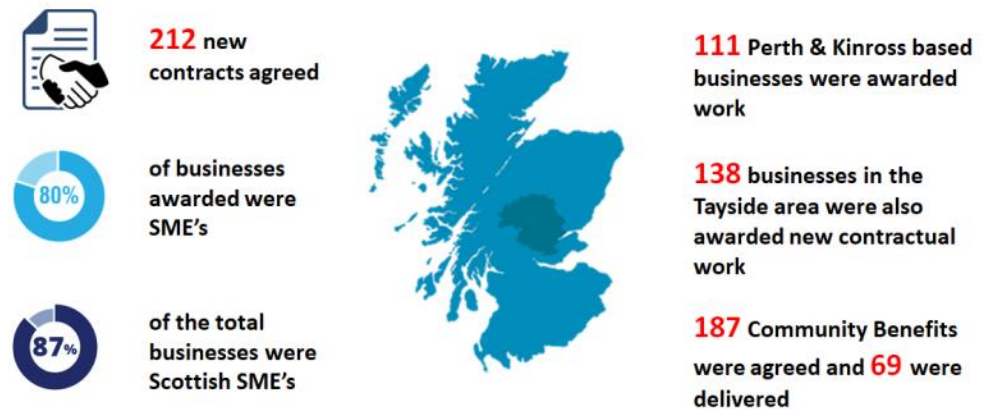
Early in each financial year, following the setting of budgets we publish a [Contract Delivery Plan](#). The plan lists the intended procurement work over the coming 24 months – including some longer term planning. The plan we published in May 2018 included **358** distinct pieces of procurement work and **212** of these were concluded during the financial year. Several more were in progress at the end of the financial year and will be concluded in 2019/20. It is also worth noting that some budget commitments are listed in

the Contract Delivery Plan separately but may result in a contract from a consolidated tender exercise – where a range of requirements have been advertised together. One such example is the minor works for public buildings which is described in more detail below.

The **212 new contracts** concluded during 2018/19 arose from **15 new regulated calls for competition**. This was alongside the extensive use of existing arrangements, including frameworks, under which we **agreed 50 new contracts**. We published **20 transparency notices**, as required by legislation for call offs which exceeded £50,000.

As well as these routes to market, **161 new requests for quotation** to service lower value requirements with an anticipated value of £50,000 or less were issued. These requests for quotation are an important means of ensuring contracting opportunities are available to all sizes of business.

When compared with 2017/18 this is an increase of 30 contracts confirmed in the year, in spite of a lower overall spend (£240m in 2018/19 and £255m in the previous year). The number of Perth and Kinross based businesses being successful in the award of contracts also grew – **111** compared with **81** in 2017/18. This is in the context of a smaller number of businesses in other parts of Tayside being awarded new contracts. Overall we are currently working with 473 local suppliers.



Of the regulated procurement exercise carried out directly by the Council, **7** were of a value which required the contract opportunity to be advertised across Europe.

We also tendered **2** high value social care contracts that were established under a specific regulatory regime, known as the 'light touch regime' which is in place to support the specific needs of care and other support services. One of these contracts supported the redesign of services to those citizens with a need support in their tenancies and the other focused on improving services to young people.

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

The Council has a policy of encouraging Perth and Kinross businesses to quote in every process where this is possible. We also work with businesses to ensure they have the necessary skills and understanding of regulation to participate in public procurement exercises. There are currently **957** Perth and Kinross based businesses registered and using the national public contracts portal. The range of sizes of these businesses is set out in the figure below.

Size of Business	
Large (over 250 employees)	32
Medium (50-249 employees)	54
Small (10-49 employees)	167
Micro (1-9 employees)	704
Total	957

Contracts awarded to Perth and Kinross based businesses	
Above OJEU threshold	35
Below OJEU, over £50k	11
Quick Quotes	36
Total	11

In the reporting period **87%** of awards included Scottish SME's in the supply of our requirements, compared with **73%** in 2017/18.

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

Contracts Register

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

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

5. Highlights

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

Best Start in Life



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

Working towards transforming the provision of services to children and families

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

A major piece of work carried out this year was the issue of a [tender for Youth Services](#). The outcomes from this work will increase the support available in the community for young people between the ages of 11-19.

Educated, responsible and informed citizens



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

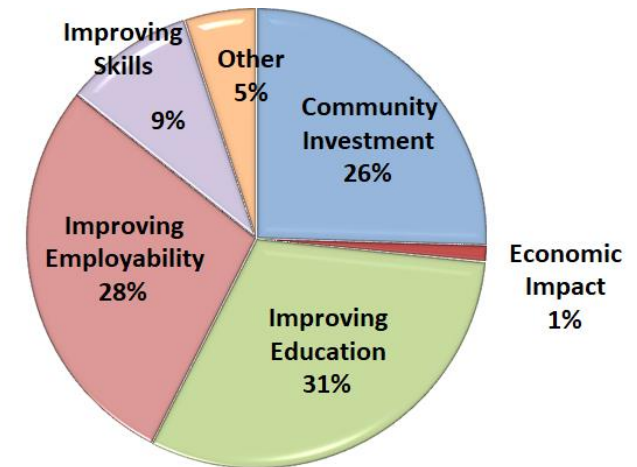
Firstly by **supporting our education services** to source the goods and services needed to operate efficiently. This includes the new pupil equity funding, and the resultant expenditure. During this financial year work also started on two sites in support of the developing need emerging from an increase in Early Years hours (1140 hours of provision by August 2020).

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

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

The locations of delivery have also been mapped and will be published during 2019/20.

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



The procurement team has continued to support the national [Procurement People of Tomorrow](#) programme. The team have now supported the placement of four modern apprentices. All four worked towards **SVQ3 level qualifications**. Two of the people who joined the team as Modern Apprentices have advanced into new posts within the team. We currently have a Professional Trainee placed in the team who is working toward entry level qualifications through the Chartered Institute of Procurement and Supply and a second member of the team is now employed as a Procurement Officer.

Outside of the central procurement team external expertise has been commissioned as part of the Council's Acorn Fund. We are invested in organisational development through building skills to review and develop service provision. The course was made available to key budget holders and their staff. This in turn will lead to more capability in respect of planning for a redesigned approach to procurement and commissioning. Officers who completed the training can also apply for accreditation as Chartered Managers through the Chartered Management Institute, which in turn broadens the skills and experience applied to our work with third parties. The accreditation process will take place this summer.

Prosperous, sustainable and inclusive economy



Contracts and procurement work by their nature will contribute to the economic health and development of our area. Some of the headlines for those contracts awarded in 2018/19 include:

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

[Minor works to public buildings](#) this tender exercise resulted a multi lot framework under which work packages for improvements to public and community buildings will be made for the next four years.

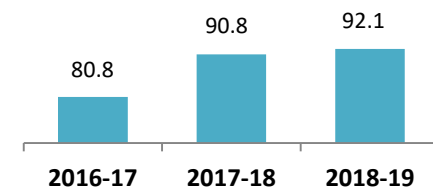
For roads, the contract for the upgrade of the A9/A85 junction was completed on time and on budget with the lessons learned being used to prepare for a future contract to deliver the Cross Tay Link Road.

Several tenders have been concerned with improving how people experience their local environment. Notable examples have included the planned works for [Alyth Town Centre Improvements](#) which will improve access for all pedestrians and use available space more efficiently. A new [framework for amenity greenspace](#) has been used to award various upgrade works in open spaces. Examples include Invergowrie Memorial Park, Forgandenny Park, and Tom na Moan at Pitlochry.

Leisure - while some aspects of events and festivals are exempt by legislation from traditional procurement work, the team were again pleased to support a range of requests for quotations to deliver the festivals and events across our area. These pieces of relatively low value procurement have a high impact in terms of attracting visitors into our area, increasing the value for people who live locally.

Fair Work in Perth and Kinross. The Council became an accredited Living Wage employer in April 2016. As part of this accreditation we made the commitment to develop our understanding of Fair Work practices, including [payment of the Living Wage](#) in our supply chain. To this end we include questions on the approach to Fair Work when engaging with prospective suppliers for services. During 2018/19 **71** new contracts were formed from tenders where the bidders provided information on their approach to Fair Work and the payment of the Living Wage.

3 Year % Increase in Spend with Contracted Supplier



Increasing the proportion of our spend which is under contract has helped us to ensure that we have appropriate controls in place to manage and monitor supplier performance; to ensure such commits are met.

Independent, healthy and active lives



Support for independent living - new legislation introduced during 2016 meant that the rules on the way in which agreements with providers of social care and support services are established have changed. In previous annual reports we described the process followed for the recommissioning of Care at Home services.

We took learning from this work to help us to shape other recommissioning projects including [Floating Housing Support](#) which enables tenants who are at potential risk of losing their tenancy to live independently and to maximise their independence.

Safe and sustainable place for future generations



Housing – in line with our [Strategic Housing Investment Plan](#) we have continued developing our new build housing programme. Contracts were awarded to add to the homes in Perth and Kinross. 68 new properties for social rent and a further 13 which are occupied through shared equity ownership were completed. These new homes meet housing needs in Perth (24 homes on Crieff Road), in Scone (20 homes at Birch Ave) and in Blairgowrie (a total of 37 homes; 24 social rent and 13 shared equity at Blackthorn PI). Contracts are also agreed for future homes with construction started on a further 10 houses at Cluny PI in Stanley.

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

6. Delivering Best Value

Savings

In 2015 the Council's set out the planned approach to transforming services to communities – our [Building Ambition report](#). Included in this report was a commitment to reduce the recurring costs associated with the procurement of goods, services and works by a value of £2.5m before the end of 2018/19. **£1.9m** of cashable savings had been realised at the end 2017/18.

Further work to rationalise purchased goods continued into 2018/19. A proactive approach to identifying potential areas for savings was developed; achieved savings being agreed with financial teams and senior management to be removed from budgets where appropriate. It has been more difficult to realise the remainder of the savings for this project through budgetary mechanisms.

While it has been clear that changes to various contracted activities have yielded improvements in effectiveness, and in efficiency some of the direct changes to the cost base have not been cashable. Examples of this are set out in our budget monitoring process; (18/284) refers to a difficulty in identifying procurement savings (£340k) and also records a reduced cost of £300k in energy and water costs through a national collaborative contract.

From changes to contract prices or structures we have identified potential for savings across a range of budget areas. The resulting savings have either been included in budget reductions or have been reinvested to support the continued delivery of front line services. The total value of savings achieved has been calculated at £4.2m in the period of our transformation project.

In addition to the above, the Council have made the commitment to redesign delivery of a wide range of services through the Building Ambition programme. The Transformation projects which will deliver this change will in turn require support where a new agreement needs to be made with any businesses, charities or community groups which work in partnership with the Council. In some cases a procurement exercise will be required to facilitate the change. For example Children's services - £1.2m savings were achieved as part of a Transformation project much of it via recommissioning or decommission decisions which in turn was supported by procurement activities.

Electronic Tools and efficiency savings

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

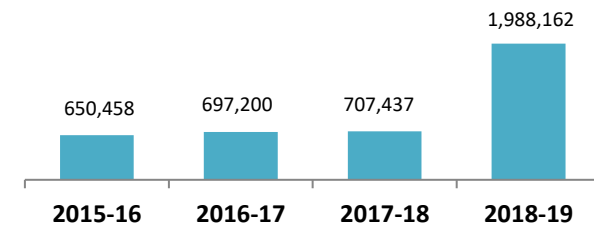
All competitive activities use the national portal [Public Contracts Scotland](#) this means potential suppliers are able to identify contracting opportunities in a single place nationally.

The use of electronic systems and digital tools to support and manage the procurement work is a potential source of further efficiency. Our directly advertised tenders are issued through an electronic platform ([PCS-Tender](#)). In 2017/18, **80%** of the tenders issued were managed through the platform. During 2018/19 we concluded all but one division of the Council is now using the electronic tools to issue tendered packages. The division which does not use PCS Tender is using an electronic post-box facility within PCS, thereby ensuring all of the Council's tenders are issued and returned electronically.

In line with the national commitment for electronic communication we have launched our eInvoicing project with the support of the Scottish Procurement Directorate. In early 2018 we started to work with our first group of suppliers to receive the final part of our procurement communications, the digital invoice. We are now focused on a second wave of suppliers to adopt eInvoices.

eInvoicing and full electronic sourcing relies on accurate and consistent information on purchase orders. Invoiced lines need to match first time as often as possible. This is done by cataloguing available products in PECOS. The values of purchase orders arising from catalogues have quadrupled since this work began. To make this possible the corporate procurement team used data gathered through years of PECOS use to create a broader range of catalogues which has increased our potential to realise processing savings.

£ Spend by Pecos Catalogues



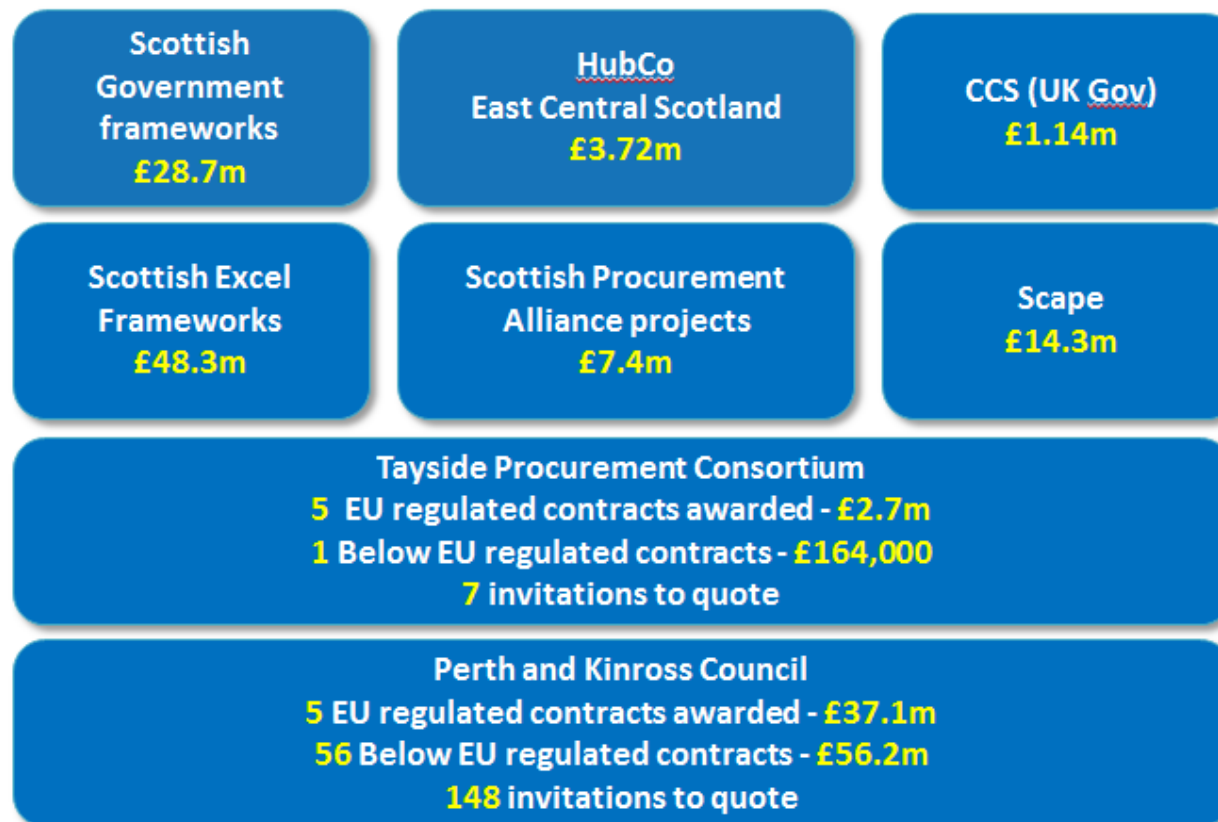
Preparation for the roll out of an electronic platform to record contract and supplier management activities was a key work stream identified in 2016. Our expectation was that this platform would improve the way we are able to communicate with our suppliers while they are working on our behalf. We identified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

We are now assessing alternative ways of capturing and reporting on the risks and performance related to our contracts. By focusing on a corporate approach to this information we will improve our potential to maximise the benefits available from third party spend, but also to evidence good value and high performance. During 2018/19 we have improved the quality of data, and increased the volume of inputs to our data sets. However we have made only limited progress in terms of automating the analysis and presentation of the data for management purposes. It is expected that real progress with this change will only be realised when this work is incorporated into the Council's Digital Strategy.

There is potential for us to make significant improvement to how transparent we can be in our contracting work. The importance of this will increase as public bodies move to commission more of their services through participatory budgeting. Providing citizens with detailed information about the outcomes each contract is expected to achieve, and the risks associated with failure to deliver will supported more empowered community participation in public spending decisions.

Collaborative Contracts

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



We also participated in the creation of **34 new collaborative arrangements** tendered by another contracting authority. This supported our commitment to collaborative working with other public bodies. Good examples of this can be found in the social care flexible frameworks for both services to children and adults. These arrangements help to ensure delivery is codesigned in Scotland. One focal point for the provider community, people who use services and commissioning staff ensures that outcomes for individuals are consistently recognised in the decision-making about how services are purchased.

Collaboration can also bring significant efficiencies. By shortening some elements of the time taken from scoping to concluding a contract we are more often able to invite early contractor involvement. This in turn helps to deliver more contracts in line with time and cost targets, particularly beneficial in the construction sector.

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

7. Resourcing

Investment in the Procurement functions of the Council has been made to facilitate rapid improvement in our procurement capability. This section draws out the most significant enhancements we aimed to make in the period covered by the Strategy. A full analysis of the work undertaken in support of these objectives can be found in [Sections 11](#) and [12](#) of this report.

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

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

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

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

8. Monitoring, Reviewing and Reporting performance

Monitoring

During the delivery period for our Strategy – January 2016 to March 2019, regular updates on the progress being made have been provided to the Council's Executive Officer Team, to the Modernising Governance Member and Officer Working Group, and at the end of each financial year to the Strategic Policy and Resources Committee. Updates have included progress being made to meet the aims and objectives set out in the Procurement Strategy and on the specific actions taken to deliver our Improvement Plan. The Improvement Plan was approved in conjunction with the Strategy in December 2015.

Reporting

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

Review

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

In October 2015 the Council undertook a 'mock' assessment with the external assessors in order to establish a baseline for improvement. The score achieved in October 2015 was **17%** of the available marks. The first full PCIP assessment in September 2016 placed the Council capability in band 3 (**61-65%**) with a score of 62%.

While this was a much improved result it was achieved in the context of the whole public sector investing in procurement. The average score for local authorities in 2016 was 63%. This investment has come at a time of public sector constraint and with that a recognition that managing external spend is a key enabler for efficiency.

By October 2018 we have further improved our procurement capability and achieved a Band 1 (70% and above) score, and at present are tracking slightly ahead of the current local government average of 69%. This is a strong indicator of the success of our Strategy and that our Improve Action Plan delivering the anticipated benefits.

Revision process

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

9. Improvement Planning

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

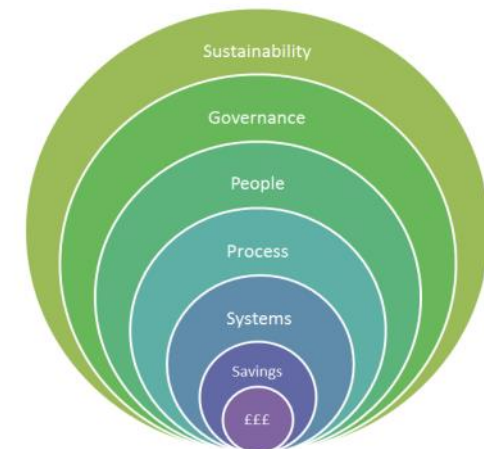
The Strategy set out our commitment in terms of improving the procurement capability of:

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

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

Detail of the planned improvement actions as agreed at that time are given in section 11 of this report. Several ongoing actions (shown in amber or red) are concerned with streamlining and automating the capture and analysis of performance information.

There are opportunities to record and more effectively manage performance and risk associated with contracts through the use of digital tools. We hope to be able to pull together all of the elements of data we hold on a contract into a central point – the Council's data warehouse - for analysis. This would make opportunities for improvement more visible across the organisation.



10. Strategy Ownership and Contact Details

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

From December 2018 the Council's Procurement Team has been located in the Council's Corporate Finance division. The procurement function reports to the Head of Finance, Stewart Mackenzie.

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

Contact details

Perth and Kinross Council

2 High Street

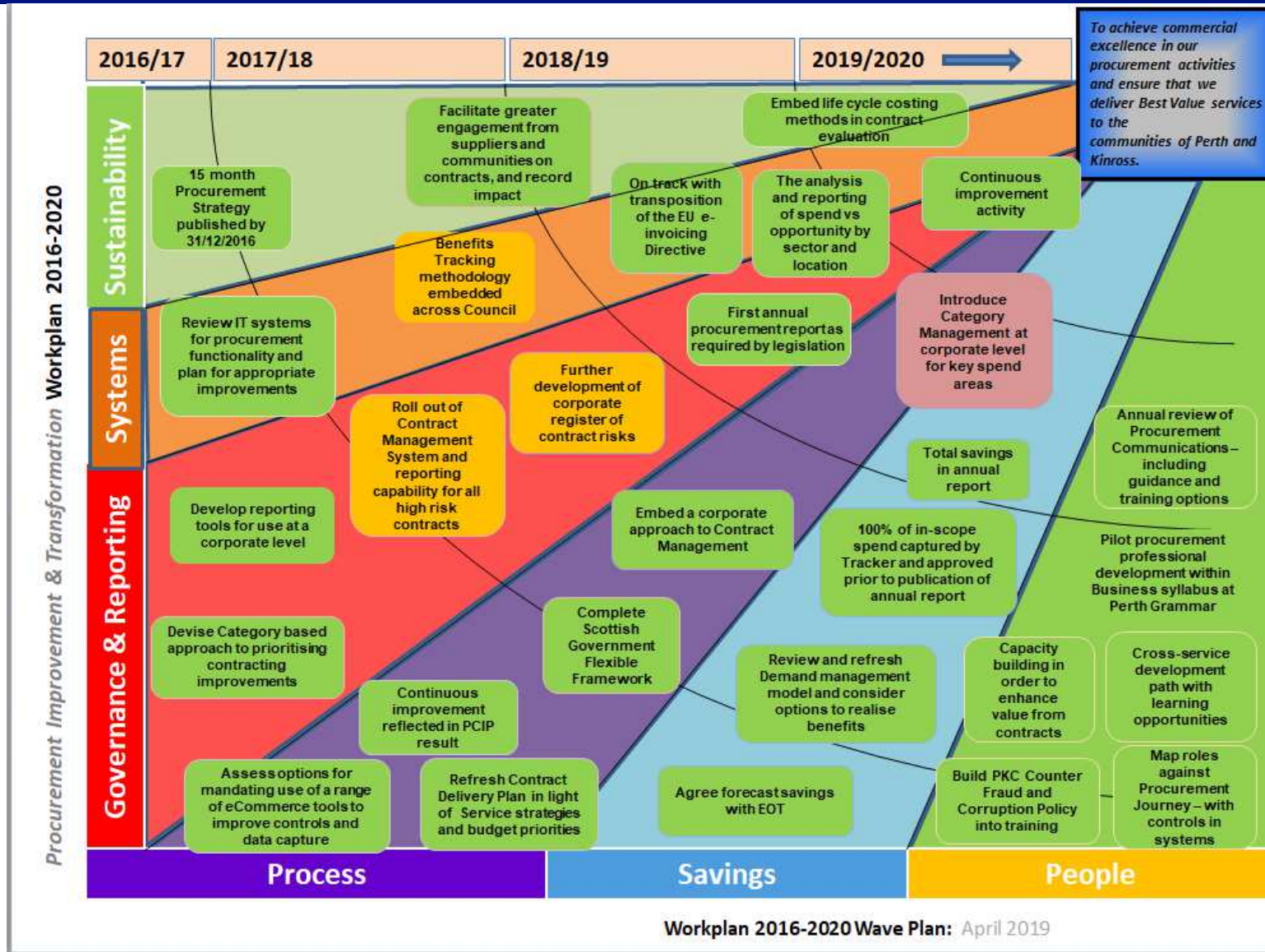
Perth

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01738 475521

contracts@pkc.gov.uk

11. Improvement Actions at a glance



12. Improvement Action Plan – Status Report

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

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

	Objectives	Specific Action	Timescales	Update	Quality Improvement aims
	against the national competency framework (procurement skills) and develop an appropriate action plan to develop skills across the organisation.	<p>descriptions through rationalising numbers involved in contracts.</p> <p>Assess skills.</p> <p>Develop targeted training plan, identify costs and budget pressures. Develop and resource a delivery model for 2016 and a plan for 2017 and beyond.</p>		<p>presenting for procurement training were checked against job evaluations. Feb 2016.</p> <p>Training materials revised June 2016. Additional courses on Contract Management added in October 2017.</p> <p>Work is ongoing to identify skills gaps and support development of those working on contracts.</p> <p>Status: Complete. Training approach was reviewed along with revision of Contract Rules during 2017.</p>	<p>degree of professionalism and improved outcomes for all.</p> <p>Ensure the most skilled officers are deployed for contract development to reduce risk arising from poor contracts Bridge existing skills gap and maintain an appropriate support package to ensure continuous improvement for those involved in contracts.</p>
1.3	Develop a specific action plan to shift activities of the Corporate	Procurement team development session, to develop a common	April 2016	Operational management of	Less time spent on routine procurement

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

	Objectives	Specific Action	Timescales	Update	Quality Improvement aims
		<ul style="list-style-type: none"> · eric · Removing outdated information · Improve use of SharePoint technology · Increase use of Procurement News · Change email accounts · Introduce auto-responses · Rationalise telephone numbers <p>Communicate changes and establish timelines for regular communications as per plan include a plan to resource and allocate responsibilities.</p>		<p>News.</p> <p>Status: Complete</p> <p>During 2017 additional measures were put in place to ensure communication across the organisation continue to move forward.</p>	<p>New communications plan to increase efficiency in reducing cost to serve.</p>
Expected Outcomes				Monitoring and evaluation	
	<ul style="list-style-type: none"> • Improved governance • Reduced duplication of effort • Increased efficiency in procurement activities • Improved awareness within the Council of the impact of the procurement function on business capability 			<p>Percentage of contract strategies influenced by procurement team.</p> <p>Improved benefits realisation in collaborative contracts.</p>	
Outcome				Evidence	
	<ul style="list-style-type: none"> • More effective corporate procurement function. 			<p>Increased score in PCIP assessment – our baseline was 17% in October 2015. Achieved 62% in September 2016 and 70% in October 2018.</p>	

2	Improvement Theme: Processes Provide effective frameworks to manage the Council's procurement activities.				
	Objectives	Specific Action	Timescales	Update	Quality Improvement aims
2.1	Develop a Council wide procurement pipeline and associated capacity plan, including clear targets (savings, community benefits, living wage rates etc.), identified and agreed with the Services for specific contracts/commodities	Populate Contract Delivery Plan. Identify opportunities for benefits realisation. Identify and document targets per contract. Identify resource requirement from Services and Corporate Procurement Team as appropriate. Develop timeline for delivery and assign workload accordingly. Document, plan and report progress to Services.	February 2016 First version finalised by February 2016 and refreshed annually thereafter. April 2017	First version was prepared by May 2016. Regular updates have been made. Reported to SP&R 30/11/17. Published on www.pkc.gov.uk in April 2017 for financial year 2017/18. Status: Complete	A clear and focused plan of action with appropriate resources allocated accordingly to ensure that targets are met.
2.2	Standardised, corporate processes and documentation to be implemented across the Council	Use map of customer needs (see 1.3) to establish priorities. Identify core documents, review content and agree final versions with Legal Services where appropriate. Consider potential for mandating the use of PCS-T for all regulated procurement activity. Develop	By June 2016. Ongoing June 2018	Broader range of template documents now in use. Worked closely with Legal Services throughout	Simplified processes which are consistently applied thus reducing effort and risks.

	Objectives	Specific Action	Timescales	Update	Quality Improvement aims
		resource plan and costings.		<p>2016/17.</p> <p>The significant and repeated processes in respect of procurement have all been mapped and will be published on eric in June 2018.</p> <p>80% of tenders have a fully documented strategy which sets out the outcomes for the contract.</p> <p>We are on track to deliver a fully electronic procurement process by the legislative deadline of May 2020.</p>	
2.3	Upfront demand management challenge process to be	Design and develop the process to be used to manage consumption.	By end March	Process developed. March	Savings opportunities

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

	Objectives	Specific Action	Timescales	Update	Quality Improvement aims
			amber because there is still significant manual input to this work – longer terms it is expected a greater degree of automation will be possible.		
2.5	Benefits tracking methodology to be developed and embedded across the Council	<p>Develop an interim Benefits Tracking spreadsheet using Forward Plan (see 2.1) and Steering Group approvals as a basis for high level records on SECURED benefits.</p> <p>Agree with Service representatives the process for establishing actuals for delivery of SECURED benefits.</p> <p>Agree a methodology with Financial Controllers for realising DELIVERED benefits from budgets.</p> <p>Explore an integrated solution using systems to capture data per contract with the aim of automating all possible steps in these processes.</p> <p>Develop the communication strategy and processes for prompting the 'difference' that is being made as benefits are realised.</p>	By end March 2016	<p>Process agreed by EOT March 2016.</p> <p>Further work undertaken during 2016 with Financial Controllers to record budget impact of procurement improvement.</p> <p>Eric page on procurement benefits created.</p> <p>Reporting methods now well established.</p> <p>Status:</p>	Improved reporting of procurement performance and easier to track progress against savings targets.

	Objectives	Specific Action	Timescales	Update	Quality Improvement aims
		Agree reporting hierarchy for benefits data throughout the organisation, including budget holders, senior management and elected members.		<p>Complete but remains amber pending further automation</p> <p>Data collection would benefit from further automation – will be explored along with other datasets.</p>	
2.6	Develop and implement a corporate approach to contract management activities.	<p>Clearly defined contract management lifecycle documented and agreed, with category specific standards set out and communicated.</p> <p>Apply approach to segmented contract portfolio, prioritising highest risk and value contracts in the roll out.</p>	By end of December 2016.	<p>Contract Management process complete and aligned to Scottish Government toolkit.</p> <p>Segmentation and analysis now in place.</p> <p>Reporting to services in place.</p> <p>Status: Partially Complete – further work planned for automated capture of</p>	Increased savings opportunities secured and post award contract risks reduced.

	Objectives	Specific Action	Timescales	Update	Quality Improvement aims
				performance information by contract. This requires an organisational review of use of all systems used to monitor third party spend.	
Expected Outcomes				Monitoring and evaluation	
	<ul style="list-style-type: none"> Improved evidence of strategic development of contracts Improved value from contracts Risk mitigation improved Improved involvement across the organisation in securing procurement improvements, through demonstration of benefits realised, to colleagues 			<ul style="list-style-type: none"> Tracked benefits reported Contract Risk register reported 	
Outcome				Evidence	
	<ul style="list-style-type: none"> Savings achieved in line with budget projection Risk Register created Escalation of issues is recorded and reported to senior management PCIP score increased by 53 percentage points since plan started 			<ul style="list-style-type: none"> Evidence of benefits realised Documented actions to mitigate risk Documented actions to improve contract performance. Improved PCIP performance 	

3	Priority: Systems Invest in digital technology to ensure efficiency of our procurement processes and effective knowledge management for our contracts.
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	Objectives	Specific Action	Timescales	Update	Quality Improvement aims
3.1	Review IT systems from a procurement perspective and develop an appropriate action	Liaise with ICT (Transformation) and Capital programme office to establish joint approach to	Review commenced in	Detailed map of procurement information needs	Procurement opportunities more easily identified and

	Objectives	Specific Action	Timescales	Update	Quality Improvement aims
	plan for improvement (resourced from Transformation project)	<p>developing systems.</p> <p>Map processes to ensure identified outcomes can be met.</p> <p>Generate a detailed requirements schedule to feed into related Transformation projects (IT, Performance)</p>	April 2016.	<p>was created.</p> <p>This has led to the development of a programme of information and systems architecture recommendations and changes.</p> <p>Status: Complete</p> <p>Further work planned for 2018 to automate data gathering (also referenced in actions 2.4, 2.5 and 2.6)</p>	<p>measured.</p> <p>Increased user satisfaction which will improve compliance rates.</p> <p>Reduced risk by using consistent and automated processes.</p>
3.2	Develop plan for ensuring full compliance with use of Public Contract Scotland Tender to improve coverage of the contract register to meet new legislative requirements and ensure a clear procurement pipeline of opportunities is	<p>Map the procurement journey in system terms with specific reference to change required; timings and resources to achieve full role out.</p> <p>Establish detailed parameters for creating the data in systems, naming conventions, titles,</p>	Plan in place by June 2016.	<p>This work was integrated with the action described at 3.1.</p> <p>The planned work will be carried</p>	Full compliance with new Reform Act requirements. More consistency and easier for suppliers to do business with us.

	Objectives	Specific Action	Timescales	Update	Quality Improvement aims
	developed and maintained	<p>numbering of contracts.</p> <p>Develop a process to ensure the Forward Plan (see 2.1) is updated as support requests are logged with the procurement team.</p> <p>System access for individuals is aligned with identified roles and skills development plans. Access is restricted to those with no defined role and denied where skill gaps exist (see 1.1).</p>		<p>forward through 2017 and beyond, reflecting the complexity of the changes required.</p> <p>Status: Complete</p>	
Expected Outcomes				Monitoring and evaluation	
	<ul style="list-style-type: none"> • Controls of purchasing activities are automated • Purchasing transactions are simplified and efficient • Sourcing activities are recorded electronically • Contract documentation is systems based • Annual Forward Plan accurate and complete with reduced resource 			<ul style="list-style-type: none"> • Percentages of invoices supported by an authorised instruction. • Percentages of tenders managed electronically • Percentage of Contract Register content enabled in eCM & eVPM or appropriate equivalent (Concerto, NEC3 platform). 	
Outcome				Evidence	
	<ul style="list-style-type: none"> • Improved contract governance and compliance with legislation. • Reduced risk • Increased efficiency of processes 			<ul style="list-style-type: none"> • PCIP scoring reflects improved standards. 	

4	Team Priority: Governance and Reporting Ensure the commercial activities undertaken maximise the benefit to our communities.
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	Objective	Specific Action	Timescales	Update	Quality Improvement aim
4.1	Introduce a category management structure for key areas and develop reporting of key commodities at a corporate level	<p>Establish the operating model for this structure, by providing an options appraisal to board.</p> <p>Identify new areas for deployment of a category management approach and make recommendations for improving procurement opportunities for savings through restructuring/resourcing of contracting activities.</p> <p>Reporting is improved through use of systems based data capture to populate clear, visual displays.</p>	<p>By June 2016.</p> <p>March 2018</p>	<p>Work on this objective started later than planned in 2018. This was in part due to reduced resources due to staff changes. Elements of this work are likely to be combined with the planned changes to the collaborative model of procurement across Tayside.</p> <p>Status: In progress Delayed due to reprioritisation of resources. Will be concluded as part of shared service approach.</p>	<p>Reduces fragmentation and risk of duplication</p> <p>Increases levels of expertise used in the category per contract</p> <p>Increase savings</p> <p>Increase efficiency and effectiveness of contract management</p> <p>Prioritisation of opportunities is evidence based</p>
4.2	Make better use of market research, cost avoidance and improved contract	Explore available market research resources, make recommendation for adoption.	Process in place by April 2016.	Trials of two online resources were compared	Better informed, more evidence based decision making

	Objective	Specific Action	Timescales	Update	Quality Improvement aim
	management to identify savings and potential service improvements	Each contract Strategy will include detailed information on market conditions relevant to the procurement exercise.		from April 2016 to March 2017. Neither system will be taken forward. Measures have been put in place to gather appropriate information as required. Status: Complete	
4.3	Establish a more regular, improved reporting of procurement performance in line with Audit Scotland recommendations	Develop a schedule for managing reporting on Transformation, to senior management and elected members. Identify key data sets and prioritise generation of this data through action 3.1.3.	By April 2016	As detailed in the update to action 2.5. Status: Complete	Improved governance and scrutiny of procurement decisions.
4.4	Develop regular report to capture procurement savings and other non-cashable savings such as community benefits	Use information gathered through improvement's made at 2.5 to populate reports, report in line with schedule set out at 4.3.	By December 2016	Further to the stated action the monthly performance reporting has been developed and improved. Status: Complete	Increased focus on procurement and the benefits that can be delivered. Audit Scotland recommendations met

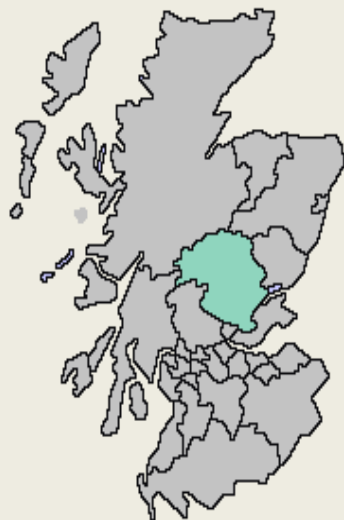
	Objective	Specific Action	Timescales	Update	Quality Improvement aim
				In line with other actions we will continue to enhance the automation of data capture	
4.5	Review procurement performance and progress.	<p>Arrange peer review of progress to data at end of June 2016.</p> <p>Report on output of PCIP assessment carried out 16/9/16.</p>	Annually	<p>Peer review is being undertaken as part of the programme of collaborative work across Tayside.</p> <p>Achieved 70% (Band 1 score) in October 2018.</p> <p>Status: Complete</p>	<p>Increased focus on procurement and the benefits that can be delivered.</p> <p>Audit Scotland recommendations met</p>
	Expected Outcomes			Monitoring and evaluation	
	Improved oversight and challenge			<ul style="list-style-type: none"> • PCIP Score • Performance Reports to SMTs • Annual reports to committees 	
	Outcome			Evidence	
	Broader awareness of procurement related strengths, opportunities, weaknesses and threats.			Reported impact – Annual Reports.	



Procurement Strategy

2019/2020

Appendix 2



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Each year the Council approves a strategic approach to the development and management of the supply chain which supports services to the communities of Perth and Kinross. This document sets out the ways in which Councils strategic objectives will be met and value achieved through purchasing decisions.



Foreword

For this financial year 2019-20, a one year strategy has been developed. This is to allow the Council to align future planning with neighbouring Councils as our approach to collaborative procurement is enhanced. The first quarter of 2019/20 sees the Council working with Scotland Excel to develop a Tayside-wide collaborative model to improve our procurement and strategic commissioning capability.

Council continues to deal with rising demand, at a time when our budget is reducing. We have a strong track record of managing our finances and delivering efficiency savings, which means that while we are facing an uncertain future, we can do so with confidence in our ability to meet the challenge. Strengthening our approach to how we procure in partnership with Dundee City and Angus Councils will make us more effective in our response to future challenges.

Our 2019/20 strategy builds on the commitment we have made to developing how we approach our supply chains. The development of skills and new approaches to sourcing help us contribute to a more prosperous, fair and sustainable economy and support the achievement of better outcomes for our communities.

This Procurement Strategy sets out how the Council will take the next steps to direct its external spend on goods, services and works to meet our objectives. As with our earlier Strategies the focus will be on the work we need to do to achieve savings, meet our legal obligations and to deliver wider local economic, environmental and social benefit in communities.

Councillor Lyle
Leader of the Council

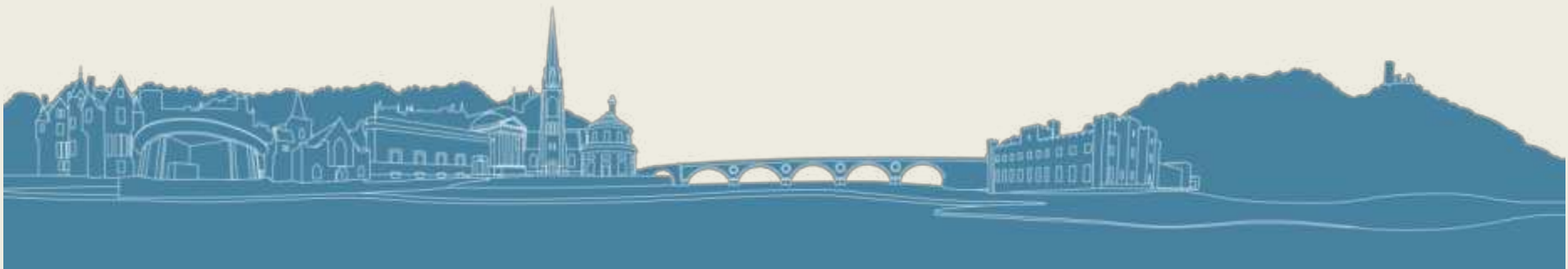


Karen Reid
Chief Executive



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1. Executive Summary

All public bodies which spend more than £5 million in a financial year are required to prepare or revise their procurement strategy annually. This document, prepared for the financial year 2019/20, builds on our recently completed strategy which was approved in December 2015. The decision to produce a strategy which covers only one year was reached to align with an emerging change. We have committed to building a new approach to procurement which means we will work more closely with our neighbouring Councils in Dundee and Angus.

The strategy recognises that effective, well constituted procurement work can positively support the achievement of objectives set out in the [Community and Corporate plans for Perth and Kinross](#) and sets out the focus of improvement work in the coming year. In future years our strategies will consider how the needs of communities can be met through a shared procurement service which makes the most effective use of the available resources.

Our improvement work under taken in the last 3-4 years has laid a strong foundation of procurement practices on which to build. In the coming year we will continue to focus on how that can be used to secure additional social value from the way in which we work with our supply chain; supporting our strategic objectives of:

Giving every child the best start in life

Supporting people to lead independent, healthy and active lives

Developing educated, responsible and informed citizens

Creating a safe and sustainable place for future generations

Promoting a prosperous, inclusive and sustainable economy

How we manage the agreements and relationships we have with third parties plays a key role in achieving success under each of these themes. Using our procurement capability to strengthen the support we give to local employment, how we work with the third sector and supported businesses will help us to meet and exceed those objectives.

2. Vision for procurement

Since setting out our strategy at the end of 2015 we have worked toward a vision for procurement which aims:

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

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

To meet those aims we will continue to work on enhancing the social value we achieve from working with our supply chain. We will do this by:

- Maximising the use of community benefit clauses in our contracts to meet the needs of communities in our area
- Optimising the way we work with supported businesses and social enterprises to respond to the needs of a broad range of people in local communities
- Ask about the Fair Work practices of all third parties with which we contract, with a view to encouraging the participation of employers in the development of a Fairer Perth and Kinross

The overarching aim for all expenditure is to deliver the most effective solutions to support innovation, growth and fairness in our area. We will continue to play a part in meeting the recommendations made by the Fairness Commission for Perth and Kinross, one of the stated aims of which is:

Inclusive economic growth creates opportunities for everyone and fairly distributes the benefits of increased prosperity across society, both in monetary and non-monetary terms. The Community Planning Partnership should maximise the opportunities of inclusive economic growth initiatives by applying a high weighting to social value criteria for all procurement and contracting arrangements for goods and services.

More information is available on the work of the [Fairness Commission for Perth and Kinross](#) and the [Fairer Futures report](#).

3. Context

The purpose of this strategy is to set out how Perth and Kinross Council will direct its expenditure on goods, services and works to meet the needs of the communities it serves.

Working with our partners and our communities, a [Community Plan](#), which sets our course for working together, was developed in 2017. The Council's intent for delivering on our part of the Community Plan is set out in our [Corporate Plan](#). It demonstrates the Council's commitment to improving services, enhancing the quality of life of our citizens and making best use of public resources. It gives a commitment to deliver excellence through developing our people, modernising our organisation and working constructively in partnership with other bodies to deliver high quality services to our local communities.

Procurement has a key role in sourcing the goods, services and infrastructure needed to realise these objectives. During 2019-20 greater consideration of how this can be done in partnership with other bodies, specifically councils in Tayside, will be made. Throughout the year of this strategy we will continue to explore ways of using the defined procurement procedures in creative and innovative ways to meet our strategic objectives.

All procurement work undertaken supports the Council's decision making and budgeting processes. The [Contract Delivery Plan](#) provided with this Strategy document sets out all planned procurement activity required to deliver the priorities for which the budget was set. Links are made in the document to relevant information published on the [Council website](#).

In pulling all of these policy areas together the common thread is how these spending decisions achieve [social value](#) for communities. Social value will, in part, be achieved by placing an obligation, through our contracts, for those organisations with which we work to support us in improving the economic, social and environmental wellbeing of our area. will also enhance how we report on what has been achieved through these contracts.

Working across agencies and sectors

How we work with other public bodies, our community planning partners (CPP) is a key part of maximising efficiencies in procurement processes and outcomes. For procurement matters we are already involved in several collaborative arrangements, including the [Tayside Procurement Consortium](#) (TPC), the Scottish Government procurement team and [Scotland Excel](#).



The current level of partnership with Dundee City and Angus Council's is constituted by the Tayside Procurement Consortium. The Consortium has its own strategy which provides an overarching approach for the three Councils. This strategy aligns to the objectives set out for our partner councils in Tayside. Therefore this Council strategy should be considered in conjunction with the Tayside Procurement Consortium procurement strategy [2015-2020](#).

During the coming year we will explore how we can build on our existing approach to collaborative work in Tayside. Enhanced arrangements will emerge during 2019-20 and beyond. Scotland Excel will play an active role in this work. The Procurement Collaborative Board has commissioned Scotland Excel to support the change and deliver a two year programme of change. The programme will focus on how we can work with our partners to increase the value and impact public spend will make locally.

Working with Scotland Excel will mean we can benefit from learning on similar collaborative work which has taken place in Grampian and in Fife.

4. Aims, Objectives and Key Priorities

This strategy builds on work approved in 2015. Following a review a change to the structure and support for procurement work was made. The new arrangements started from January 2016. Progress which was made following the review is set out in the Annual Reports for [2016/17](#) and [2017/18](#) which are published on the Council's website. The report for 2018/19 will be published by the end of June 2019.

In 2015 the agreed themes for development were:

- **Savings** – ensuring we optimise the money spent in working with third parties to deliver public services
- **Systems** – enhancing our process and tools used to ensure the approach we take is as efficient as possible
- **Sustainability** – using the spend we have available to make the greatest impact possible on the social, environmental and economic wellbeing of our area.

For the coming year our focus will remain, broadly on the same themes. It is always important for the way in which public money is spent to focus on ensuring value for money is achieved. Recognition that this value does not come from low prices but from the balance of cost, quality outcomes and timely delivery is critical to achieving responsible and responsive public procurement. More of what we will do in the coming year will be about evidencing overall value rather than cost savings alone.

How we use technology now and in the future is a key aspect of efficient public spending. A sound contracting portfolio is underpinned by how we manage performance and evaluate risk. An agile approach to extracting and then analysing the data we hold in a range of systems will be key. Our aim will be to provide management information on every strategic contract held with a view to making good decisions about how value will be achieved.

The introduction of the Procurement Reform Act in Scotland highlights the critical relationship between delivery of policy and public spending. Each year Perth and Kinross Council invests around £240m in services for people, place making and effective local government. Ensuring that this money has the best possible impact locally is part of responsible procurement. Building contracts which reflect the needs of local communities and connect businesses to those outcomes is at the heart of public procurement.

To ensure that each contract makes the best possible contribution to the aims set out above it is important that we have the right infrastructure in place. The following table provides information in respect of each area of improvement. These remain largely unchanged from our strategy approved in 2015 as each of the stated aims is still relevant to the work we need to do.

A full table of actions and the plans for delivery has been prepared for 2019/20 and is presented at the end of this strategy. The detailed operational action plan will be managed by the Corporate Procurement Manager. The Council's Head of Finance will have responsibility for the improvement programme and delivery of the objectives.

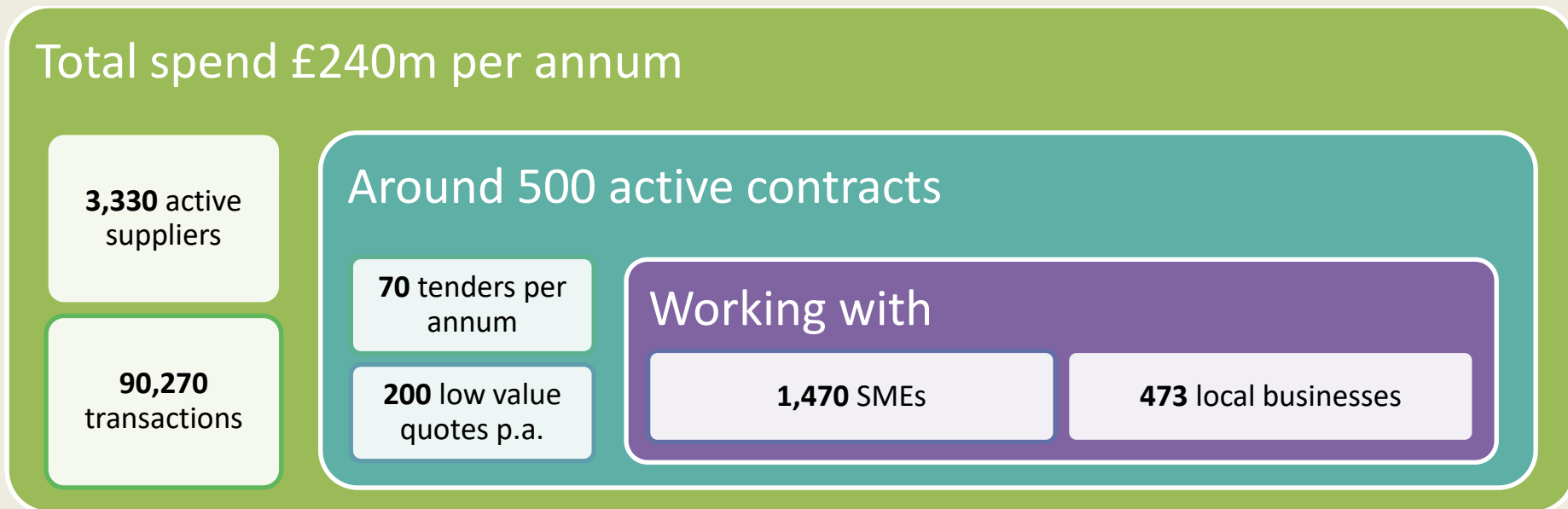
Strategic Aim	How we will do it
<p>Savings</p> <p>To deliver savings and Best Value whilst improving outcomes for our communities through our procurement activities</p>	<ul style="list-style-type: none"> • By challenging the status quo and changing patterns of demand • By incorporating social value requirements in appropriate contracts • By working together and in collaboration with others to identify opportunities for economies of scale • By making the best possible use of market research and benchmarking • By reviewing and investing in our systems to develop a pipeline of procurement opportunities and provide quality data to inform decision making and identify priorities • By engaging early with suppliers and the people who use public services to help develop contract specifications that more accurately reflect service users requirements • By embedding the measurement of benefits achieved through procurement and reporting regularly of what has been achieved – in cash and non-financial terms

Strategic Aim	How we will do it
<p>Systems</p> <p>To embed a more innovative and commercially focused approach to procurement across the Council to simplify processes, deliver best value and reduce risk</p>	<ul style="list-style-type: none"> • By standardising and simplifying our procurement processes and documentation • By improving the Councils' approach to contract and supplier management to ensure that contracts are delivering value and innovation throughout their life cycle • By publishing regular performance and compliance reports for review by senior management and elected members • By taking an agile approach to improvement • By engaging with those affected by the procurement work we do, including individual citizen, community representatives and businesses and charities which offer services.

Strategic Aim	How we will do it
<p>Sustainability</p> <p>To secure maximum social value from the Councils' considerable spend with third parties by embedding sustainable procurement as "business as usual"</p>	<ul style="list-style-type: none"> • By thinking innovatively and strategically about how the Council spend can best meet the needs of communities, using a range of options for delivery • By early engagement with key stakeholders to seek input • By adopting a corporately defined approach to procurement • By maximising the use of Community Benefit clauses in all appropriate contracts • By designing contract strategies to maximise accessibility to suppliers of all sizes • By developing and maintaining a corporate risk register specifically for contracts to reduce risks and identify common areas for improvement.

5. Spend

For the most recent three years financial years overall procured spend has averaged around £240 million per annum. (2016/17 £227m, 2017/18 £255m, 2018/19 £240m). This figure is a compilation of all the work we do with third party suppliers, including commissioned services, our infrastructure projects and the procurement of goods and services.



Where possible we will consider how best to work in partnership across the whole public sector. Collaborative approaches to spending are a key part of maximising efficiencies in procurement processes and outcomes. Our Strategy for delivering an effective portfolio of contracts includes use of contracts formed by the Tayside Procurement Consortium, Scotland Excel and the commercial team of the Scottish Government – Scottish Procurement. We will grow this part of our portfolio during 2019/20.

We also make use of other collaborative arrangements available to local authorities in Scotland where it makes practical sense to do so. This includes the portfolio of contracts made available by both the Scottish Government, through Scottish Procurement and the UK government, through the Crown Commercial Service.

Key delivery partners for the Council are Scotland Excel and the Tayside Procurement Consortium with many of our regular purchases being made through frameworks which facilitate joint working with other local authorities. Our work with Scotland Excel includes use of the wide range of sourcing agreements available as a result of our membership.

Scotland Excel also provide support for enhancing procurement capability and have a pivotal role in how local authorities work together to share good practice and improvement plans for procured services. Perth and Kinross participates in the planning and delivery of this support service through the Procurement Improvement Programme Steering Group.

To further enhance our collaboration we work with the [East Central HubCo](#) territory partners; [Amber Blue](#) and more recently with the [Scottish Procurement Alliance](#) and [Scape Procure](#) to deliver elements of our capital programme. These mechanisms afford us efficient and effective means of identifying routes to delivering on some of our larger infrastructure projects and we will continue to explore opportunities to optimise collaboration.

The procurement work we do is distributed between collaborative and direct procurement work. Our aim is to continue to develop this approach to maximise the impact of collaborative procurement for the Scottish public sector as a whole.

6. Financial Information

Budget Information

On 3 October 2018 the Council approved the Medium Term Financial Plan for the period 2019 – 2024. This update built on previously approved Plans and considered future funding levels, increasing costs and rising demand over the short to medium term insofar as they may impact on Perth & Kinross Council. The report approved the development of the 2019/20 Final Revenue Budget and Provisional Revenue Budgets for 2020/21 and 2021/22 including corporate savings targets. The report also provided an update on the Capital budget. The approved budget can be viewed [here](#).

Each of the budgeted activities which will result in procurement work has also been included in the Council's **Contract Delivery Plan** which can also be viewed on the Council's website, [here](#).

Contracts Register

A key dataset published by the Council is the Contracts Register. The register presents information on all the contracts awarded by Perth and Kinross Council as well as a record of those collaborative contracts being used by the Council. A searchable format of the Register can be viewed [here](#).

There is a statutory duty on public bodies which spend more than £5m per annum to produce a register of this type. The publication supports Scottish Government plans for open contracting. The search functions on Public Contracts Scotland can be used as a data source for exploring the contracting plans of a wide range of public bodies, including Perth and Kinross Council.

The data can be viewed online, with opportunities to search for specific contracts or themes. The data can also be downloaded as an Excel spreadsheet or a .csv file. The intention is both that organisations which might wish to bid for public work have the necessary information but also for private citizens to have detailed information about how money has been used.

7. Recommendations

Enhancing the outcomes we achieve through our Improvement Plan

In [Section Four](#) we laid out our high level aims and objectives for this strategy. Throughout the period of the strategy delivery of these will be managed through an operational action plan.

This section draws out the most significant enhancements we aim to make in the coming year.



Work in partnership with suppliers to enhance the social value we achieve

Social and Economic Impact

We are focused on developing our approach to how we access, manage and monitor the use of [community benefits](#) in our contracts. The work we have done so far aspires to link the needs of communities with the benefits offered by suppliers when bidding for Council contracts. It is hoped that this will deliver the best possible social value for the communities of Perth and Kinross, while building partnerships between businesses and community groups.

We also aim to create more opportunities to access the goods and services offered by organisations which identify as [supported businesses](#). Such organisations have employment policies which mean that at least 30% of their workforces are people who are experiencing disadvantage in terms of their employability. Procurement legislation allows public bodies to reserve contracts for delivery by supported businesses only. This legislation is in place to encourage public bodies to use expenditure to create opportunities for these workforces. Perth and Kinross Council already use a number of supported businesses and will continue to expand on this during 2019/20.

Another area of focus will be how we work with existing or emerging [social enterprises](#) in Scotland. A census carried out in 2017 identified 5,300 social enterprises in Scotland with 599 (11%) having started in the previous 24 months. This sector of the business community has significant potential to support the changing landscape for public services in Scotland. Working locally to understand how this shift can benefit communities within Perth and Kinross will be a key part of our activity in 2019/20.

We will do this by engaging with registered social enterprises to understanding more about the potential that can help achieve local aims. Where evidence suggests the social sector may have a significant offer and role to play we will consider smaller-sized contracts. It is anticipated that this sector, along with the third sector, will continue to develop in response to legislation such as The Social Care (Self-directed support) (Scotland) Act 2013. The role of the Council in this context is to provide, or signpost to, as broad a range of solutions as are available from all third parties.

In all contracting work, including that undertaken beneath collaborative framework agreements, we will ensure that value is the primary means of assessment: this includes environmental and social value. There is an active intention for Perth and Kinross Council, and our CPPs to achieve this by [commissioning for outcomes not outputs](#), and to pick those outcomes smartly.

Fair Work

In the work which is carried out to establish contracts we are committed to work with our third party providers to promote the value of Fair Work for all. Fair Work is defined as work that offers **effective voice, opportunity, security, fulfilment and respect**. We consider all dimensions of the Fair Work Framework to be relevant in the wide range of working environments in which Council contracts operate.

The ways in which Fair Work practices will impact on the quality of the contract will differ depending on the nature and size of the contract. Different elements of the Fair Work Framework will be more relevant to target in some contracts depending on areas of risk and the likely impact of Fair Work on the quality of the contract.

Our processes for selecting suppliers include requirements for prospective contractors to provide information on their approaches to various elements the Fair Work agenda. We ensure that those bidding for our contracts are compliant with employment law, as well as make suitable arrangements for sound health and safety and wellbeing of those working on the contract; or affected by the work carried out.

Our consideration of Fair Work will allow us to explore practices in respect of recruitment, retention and the types of employment contracts in use. Through our use of community benefit clauses our approach to skills development and training opportunities is growing, with the positive impact being recorded in our Annual Report. This aligns to the aspiration to run our construction

contracts in a manner that is consistent with the Construction Charter, and we will work with contractors to advance this agenda. We also acknowledge existing national agreements in place in the construction sector and will strive to work with the contractors exhibiting high standards in respect of workforce practices.

As an Accredited Living Wage employer Perth and Kinross will also encourage third parties working on our behalf to pay the Scottish Living Wage. Procurement exercises carried out in recent years have successfully secured living wage payments to employees working on our behalf. We will continue to ask our prospective suppliers about their approach to Fair Work and to encourage fair work practice.

Environmental Impact

Perth & Kinross Council have identified the need for a proactive approach to transform around the way we buy, use and dispose of single use materials generated from the organisation's service delivery. We set out this intention in the 2018/19 strategy but changes to our resources in waste management and in national trends mean there is still more to do in 2019/20.

Procurement and Waste Service colleagues are working jointly to review:

- The single use materials in scope (e.g., single use: plastic or paper-based cups/cutlery/tableware; water bottles; straws; paper towels; other consumables, such as aprons used in care; foil trays etc.);
- Identify alternative reusable material options and related servicing requirements;
- Potential operational working practice impacts;
- A full life costing assessment of disposable vs reusable by type;
- The financial implications or savings derived from purchasing or implementing new materials and practices;
- A comprehensive equalities impact assessment for vulnerable persons in the Council's care;

The findings of the review may lead to new contracting procedures or variations to existing purchasing arrangements.

Enhance the ways in which we offer support to businesses.

We will work with the business community to identify appropriate support mechanisms to ensure all those interested in becoming more familiar with our procurement processes have the information they need. Support offered to businesses, including the third sector, is primarily carried out in one of three ways; provision of information, provision of training and the provision of feedback.

Information is both published and also provided through events. Published information aims to make the procurement work of the Council more transparent. Each new contract, directly procured, will be advertised on the national advertising portal, This portal also facilitates the publication of our Contract Register and the Contract Delivery Plan. Together these tools can be used to improve the transparency around Council procurement activity. Events to which prospective suppliers might be invited could be contract specific or more general. Specific events help us to shape contracts with a better understanding of the market. General events include a national Meet the Buyer conference run by the Supplier Development Programme (13 November 2019), a northern event, this year in Aviemore on 4 September and a Tayside Meet the Buyer (mid Feb each year).

A programme of **training** for businesses is offered in conjunction with the Supplier Development Programme. The programme for has been structured to ensure local bidders are able to easily access local events. These training sessions will include access to Council procurement staff to answer more specific questions about local opportunities.

Every participant in a procurement exercise, including collaborative procurement, is already invited to participate in a **feedback** session on the process followed. This offer is made in order to facilitate two way feedback about the ways in which the process can be improved or the way any given company engaged in the process can build on their experience.

We will continue to develop the support offered based on what businesses tell us is useful.

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

The Council already has a strong track record on working collaboratively on procurement. The principle vehicles for collaborative procurement are set out in [Section 5](#) of this strategy. The next steps for collaboration will be to develop our partnership working by building on the sound work we are already doing through Tayside Procurement Consortium. We will strengthen our agreement to work with Angus and Dundee City Councils on contracts by structuring our teams in a way which is beneficial to all three councils.

8. Monitoring, Reviewing and Reporting performance

Reporting

Ensuring that procurement performance is reported regularly to an appropriate committee was highlighted as an essential requirement in the [Accounts Commission Report on Procurement in Councils](#). Progress on the delivery of this strategy and a report on procurement savings and non-financial procurement benefits will be considered by Council committees on an annual basis.

Monitoring

Regular updates on this strategy are provided to senior management, with each directorate reviewing their contractual arrangements as part of their own performance monitoring. Updates on progress being made to meet the aims and objectives set out in [Section Four](#) of this strategy and on the execution of the recommendations in [Section Six](#) will be made through the annual reporting regime.

Review

In alternate years an independent review of the Council's procurement capability will be undertaken. The Council procurement functions are benchmarked against an assessment tool, the Procurement Capability and Improvement Programme (PCIP). The assessment requires the submission of defined range of data and documentation as well as an on-site visit by the assessors. Perth and Kinross Council were most recently assessed in October 2018. It is expected the next review will take place in 2020.

Our 2018 PCIP assessment placed the Council capability in band 1 (over 70%). This exceeded our stated aim which was to move into band 2 (66-70%). Learning taken from each assessment is used to inform the Procurement Improvement Action Plan.

Revision process

This strategy will be reviewed by 31 March 2020. Our future strategy documents will reflect a more formal procurement relationship with Angus and Dundee City councils. From 2018 publishing an annual procurement strategy is a statutory requirement and we will compile ours in April each year with publication following after consideration at the next meeting of the appropriate committee.

9. Strategy Ownership and Contact Details

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

The Council's Procurement Team sits within the Corporate and Democratic Service of the Council structure and within the Finance division which is led by Stewart Mackenzie.

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

Contact details

Perth and Kinross Council
2 High Street
Perth
PH1 5PH
01738 475521
contracts@pkc.gov.uk

10. Policies, Tools and Procedures

Policy - Developing our Supply Chain

The Council fully considers how the following matters can be addressed, where appropriate, in its procurement activities:-

- The payment of a living wage in relevant contracts.
- The inclusion of community benefits requirements.
- The engagement and involvement of those affected by the procurement exercise.
- The promotion of compliance by contractors and sub-contractors with Health and Safety at Work legislation.
- The procurement of fairly and ethically traded goods and services.
- In relation to procurement activities relating to food, the Council will consider how to procure sustainably grown food which represents value for money whilst improving the health, wellbeing and education of communities in our area and promoting the highest standards of animal welfare.
- The payment of invoices in line with contractual terms throughout the supply chain.



Each of the icons above provides a link to more detailed information on the policy area via www.pkc.gov.uk .

Policies, Tools and Procedures continued

Tools

We will use as many of the tools available to us as are practical to ensure we engage with those affected by our procurement. Some routes to engage with communities and businesses include:

Local Action Partnerships working within communities across the Perth and Kinross area

Where appropriate we will signpost businesses to the national support tool; the [Supplier Journey](#)

We will facilitate access to training in procurement processes or systems when we make changes to our practice.

We are members of the Supplier Development Programme which provides a range of [free tender training workshops](#)

We will work with those affected by our procurement to ensure our communication with businesses and suppliers continues to improve.

Our Contracts Register will be maintained to ensure that we are transparent about the contracts we use.



Policies, Tools and Procedures continued

Procedures

Tendering

How the Council undertakes procurement is set out in our Contract Rules. These rules outline the governance we need to follow when putting a contract in place. We are required by these rules and legislation to carry out procurement in a fair, transparent and non-discriminatory way.

The Council will identify the most efficient route to market for all requirements. This will mean that a range of collaborative vehicles may be used. Award notices will be published for use of frameworks exceeding a value of £50,000.

When a new competitive procedure is required we will follow this structure:

- From **£5,000 to £50,000** we will invite **quotations** from a minimum of 3 bidders.
- For contracts valued at **£50,000 up to the thresholds set out in the EU directives** we will carry out one of the processes set out in the Procurement (Scotland) Regulations 2016; **via an advertised tender**.
- **EU regulated contracts** are those above defined values and must be **tendered** following the Public Contracts (Scotland) Regulations 2015. [Thresholds](#): Goods and Services = £181,302; Social services = £615,278 and works = £4,551,413.

In each case we will use [Public Contracts Scotland](#) as the portal for advertising our requirements.

All requirements regardless of possible procurement routes will be included in both the Council's Contract Delivery Plan and in the published Contract Register.

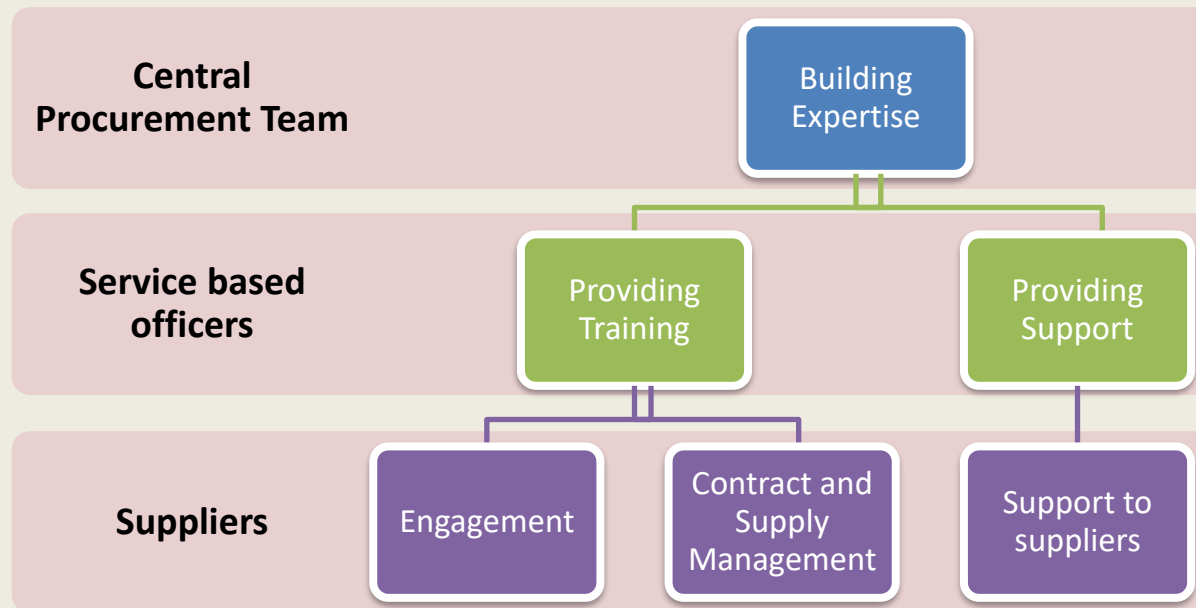
Systems

By May 2020 there will be a duty on public bodies to carry out the end to end procurement process electronically. The Council has already introduced electronic solutions to several stages of our processes. During 2019/20 we will continue to work with our suppliers to ensure electronic solutions are fit for purpose.

11. Developing Procurement Activity

As described earlier in this document a clear framework for procurement performance in public bodies is established through the Scottish Government’s Procurement and Commercial Improvement Programme (PCIP). Local authorities are regularly assessed against the criteria set out within the framework. During 2018 Perth and Kinross Council were assessed as a High Performing Council with a score in the highest available banding.

Taking account of the feedback received from assessors, consideration of the next steps to enhancing performance at this Council has been made and six areas of focus, across three main groups of stakeholders.



Central Procurement Team		
Building Expertise	Impact The change we aim to make	Delivery Plan The actions which will make change happen
Thinking Yes	To ensure we are outward looking and focused on delivering the best possible solutions for our internal and external contacts	<ul style="list-style-type: none"> • DOO sessions • Working closely with the customer service team

	the whole team will refresh their customer service training in 2019/20, building in a Think Yes approach as we refresh our style.	<ul style="list-style-type: none"> • Attend relevant corporate sessions
Sharing Knowledge	We will build our confidence in how we communicate by creating the opportunity for all members of our team to lead meetings, present to groups and represent the Council at external events.	<ul style="list-style-type: none"> • Create a rota to chair procurement team meetings • Attend (public gallery) committees during 2019 • Get involved with corporate feedback sessions • Board meetings attended by wider range of team members • Participate in national contract development working groups • Delivering DOO sessions for other teams • Deliver learning lunches
Communicating well	Communicating with others is an important skillset for our team. We will consider the language we use in our written and verbal interactions. Often the legalistic context of procurement means we have to work harder to convey information in a clear and accessible manner.	<ul style="list-style-type: none"> • Commission some training to improve our style in 2019/20 through the Council's Leadership programme. • Arrange job shadowing opportunities with other teams
Agility in procurement	We will ensure each member of the team has a broad understanding of the full procurement cycle. This needs a greater degree of flexibility in how we support each of the job functions in our team.	<ul style="list-style-type: none"> • We will each learn as much about the roles of our colleagues as possible. • In-team job shadowing • Rotation of responsibilities • Hold Team Planning sessions
Commercial expertise	Our team is committed to gaining experience across the full range of contractual arrangements the Council makes. In particular those of us who hold Corporate Procurement Officer posts will rotate our	<ul style="list-style-type: none"> • Build knowledge in specialist areas by tapping into knowledge held by others • Involvement in the specification development with subject matter experts

	involvement with contract development to ensure we are continually developing skills.	<ul style="list-style-type: none"> • Working alongside the service based teams • Attend masterclasses • Attend Scottish provumren conference (Procurex) • Attend relevant contract delopment meetings • Corporate Procurement Officers will rotate their involvement with contract development to ensure the continuing development of skills • Hold proactive planning sessions with customers to strengthen our approach to category management
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Support for Service based officers		
Providing Training	Impact The change we aim to make	Delivery Plan The actions which will make change happen
Training provision and Skills Development	<p>We will introduce a new approach to identifying and engaging with our customers this year.</p> <p>We will schedule regular meetings across Council divisions and establish written plans for all significant procurement exercises.</p> <p>Achieving Social Value from community benefit clauses will be a key element of each plan.</p>	<ul style="list-style-type: none"> • Introduce change through Corporate Procurement Group meetings • Publish quarterly Procurement Newsletter • Target emails to specific groups
	By taking a proactive approach to identifying what support will be needed by each division we will be well placed to tailor the support we provide for contract development and future contract management to individuals.	<ul style="list-style-type: none"> • Schedule training for officers to align with contract delivery plans • Gather information from training meetings • Use of new decision matrix for training
	To ensure we are well organised to deliver we	<ul style="list-style-type: none"> • Publish and keep training calendar

	will refresh training content and publish a training calendar at the beginning of 2019.	<p>upto date on eric</p> <ul style="list-style-type: none"> • Develop tailored training sessions throughout the year
	In recent years we have grown the proportion of our expenditure which is directed through collaborative purchasing arrangements. To support this there is a need to develop skills of officers calling contracts off from these arrangements.	<ul style="list-style-type: none"> • Mini completion training will be delivered through 2019 • Introduce CSM training • Develop case studies • Promote the potential for contract modification – specification development
Providing Support		
Customer Support	<p>Throughout the Procurement Transformation Project (January 2016 to March 2019) a portfolio of support tools has been developed.</p> <p>Committing to continuous improvement of these tools in 2019 and simplifying both our processes and documents is the next logical step.</p> <p>Promote two way communications with our customers</p>	<ul style="list-style-type: none"> • Review our communications by making it easier to find information with fewer clicks. • Promote our range of videos and self-service tools • Use face to face consultations to seek views of our customers • Use Corporate Procurement group • Explore use of electronic forms/surveys to elicit feedback/suggestions • Produce guidance on risk management on High, Medium and Low Risk contracts – with clear guidance for each segment • Use of MI (Management Information) in Contract Strategies and ensure these are details in the development stage • Ensure MI requirements are specified clearly in contract documents

Suppliers		
Engagement	Impact What changes	Delivery Action How we will deliver
Key points of contact for Council staff with our supply base.	Some of the Engagement work stream will involve working with businesses and third sector providers (charities and other not for profit organisations) who may not at this time be supplying any goods or services to the Council. The term is used interchangeably with what procurement legislation defines as 'economic operators' and any entity with an interest in public contracts.	<ul style="list-style-type: none"> • Create opportunities for change and innovation during the contract lifecycle • Consult with suppliers on the drafting of our Procurement Strategy and approach to delivering social value through contracts
Contract and Supply Management	Through this work stream we aim to have two way communications with suppliers about the issues that impact on Council supply of goods and services and the completion of works projects.	<ul style="list-style-type: none"> • Use new Consultation Hub software (February/March) • Participate in the Tayside Meet the Buyer event (usually in February) • Participate in events hosted by the Supplier Development Programme
Support to Suppliers	We will put more resource into supporting suppliers understanding of how Perth and Kinross Council applies procurement legislation to our contract portfolio. We will publish information which helps suppliers to identify which contracts are pending and when tender documents are to be available.	<ul style="list-style-type: none"> • Publish the Contract Delivery Plan on the Council website • Diarised face to face sessions will be available to any supplier who has questions or issues to resolve, as long as these are general and not specific to a procurement process which is already in place • Q&A facilities in our sourcing systems will be used for questions or issues during a 'live procurement'
Implementing our contracts	Following the award of contracts the procurement team and the service based contract managers will work with appointed suppliers to ensure that the contract works as well as possible	<ul style="list-style-type: none"> • At the early stages of contract development the Contract Management approach will need to be considered, with processes being embedded with the selected supplier at the start of the contract.

Glossary

This glossary includes an expanded definition of some of the procurement terms used in the Procurement Strategy.

TERM	DEFINITION
Best Value (BV)	The Local Government in Scotland Act 2003, placed a statutory duty of Best Value upon local authorities in the discharge of their functions. The principles make clear that Councils have a duty to "make arrangements to secure continuous improvement in the way in which our functions are exercised, having regard to a combination of economy, efficiency and effectiveness". This improvement involves consideration of costs, making the most of money spent, and making sure that services meet the needs of communities and authorities' priorities.
Benchmarking	A process of continuously measuring and comparing an organisation's processes against comparable organisations to gain information to help performance improvement e.g. "best in class" achievement.
Commissioning	The process of ensuring that services are provided effectively meets the needs of the population. Often a complex process with responsibilities ranging from assessing client needs, prioritising outcomes, procuring products and services, and managing the relationships with providers of services.
Commissioned Services	This term is used to describe services for which a third party organisation has been engaged to manage delivery.
Community Benefits	Community benefits are defined in legislation as a contractual requirement imposed by a contracting authority: relating to training and recruitment, the availability of sub-contracting opportunities or which is otherwise intended to improve the economic, social or environmental wellbeing of the authority's area in a way additional to the main purpose of the contract in which the requirement is included.
Contract	A legally binding agreement put in place to perform services, to provide products or to carry out works. In order for a contract to be formed one party must make an offer, which in turn has been accepted with a consideration being exchanged, usually money.
Contracts Register	Published database of the contracts let, and used by Perth and Kinross Council. The Contracts Register is updated automatically each time a contract is awarded through the PCS portal.
Governance	The framework of authority and control within an organisation.
Official Journal of the European Union/OJEU	The publication in which all high value public sector contracts in the EU must be advertised.
Public Contracts Scotland	A national advertising website where all Scottish public sector organisations can publicise their contract opportunities. This platform links to OJEU and ensures all contract notices for Scottish Public Sector contracts may be reviewed in one place.
Public Contracts (Scotland) Regulations	Public procurement law regulating the purchasing by Scottish public sector bodies of contracts for goods, works or services for contracts above values defined by the EU Directive for Public Procurement.

TERM	DEFINITION
Procurement Commercial Improvement Programme (PCIP)	The objective of the PCIP is to assist organisations to improve their structure, capability, processes and ultimately their performance. A bi-annual assessment is carried out to ensure organisations are performing against the standards set out in the PCIP.
Procurement	The process of sourcing goods, services or contracts for construction works.
Quality	Fitness for purpose when judged against the standards specified in the contract.
Scotland Excel	A national collaborative buying initiative representing the 32 Scottish local authorities.
Scottish Procurement	Part of the Scottish Procurement and Commercial Directorate of the Scottish Government, Procurement Scotland is responsible for developing and implementing contracts for the use of all Scottish public sector organisations.
Small and Medium sized Enterprises (SMEs)	Firms that employ less than 250 people and have a turnover of less than £50m.
Social enterprises	A firm created with the delivery of social value as part of the core purpose, with profits or surpluses being used to advance that purpose.
Social Value	The process through which services to be bought, or the way they are going to buy them, could secure these benefits for their area or stakeholders.
Specification	A description of the essential technical requirements for goods or services to be delivered under a contract, including the method for checking that the requirements have been met.
Stakeholders	Individuals, groups or organisations that are affected by and/or have an interest in a particular issue or organisation e.g. customers, partners, employees, shareholders, and government.
Supply Chain	The flow of resources into and out of the organisation. The public sector chain can be said to start with the suppliers of to each layer of our suppliers and ends with the customers – the private citizens within our area.
Supplier Development Programme	A local authority partnership programme established to offer small and medium sized enterprises (SMEs) the opportunity to grow and diversify through procurement.
Supported Business	A supported business draws at least 30% of the workforce from the most disadvantaged groups in our communities.
Sustainable Development	Development which meets the needs of the present without compromising the ability of future generations to meet their own needs' e.g. the environmental and social impact of today's actions that may affect the ability of future generations.
Sustainable	The application of sustainable development principles to procurement (see above).

TERM	DEFINITION
Procurement	
Tayside Procurement Consortium (TPC)	The Tayside Procurement Consortium delivers contracts for the three Tayside local authorities, Angus Council, Dundee City Council and Perth and Kinross Council. More information on the consortium's activity can be found here
Thresholds	The financial threshold above which certain procedural aspects of the procurement Regulations become mandatory.
Transparency	Clarity for potential suppliers and citizens as to what is planned and the steps that will be taken in relation to a procurement process, and performing that procurement process as described in publicly available documents.
Vision	A statement describing how an organisation wishes to be in the future.

PERTH AND KINROSS COUNCIL

Strategic Policy and Resources

12 June 2019

TRANSFORMATION PROGRAMME 2015-2020

**Report by Depute Chief Executive (Chief Operating Officer)
(Report No. 19/174 (Revised))**

This report gives an update on phase four of the Transformation Programme approved by the Council on 1 July 2015 (Report 473/15) and provides an overview of progress on the current projects.

1. BACKGROUND / MAIN ISSUES

- 1.1 The Council's Transformation programme supports the Council's approach to public service reform and aims to encourage innovation, creativity, flexibility and greater entrepreneurship to meet the significant challenges ahead.
- 1.2 A major part of the Council's transformation strategy is being delivered through a programme of transformation reviews. The current programme has 14 projects in total aimed at developing new ways of working to sustain high quality service delivery, and for some, achieving a challenging level of savings.
- 1.3 We are now into phase four of the transformation programme initiated over the past three years, this phase being agreed by council in April 2018 (Report 18/137).

2. PROGRESS TO DATE

- 2.1 Progress on each of the projects is provided in Appendix 1 and 2 reported through the project management system (VERTO). Appendix 1 gives an overview of the status of each project and more detail is provided in Appendix 2.
- 2.2 In relation to the status of the 14 active transformation projects, 7 are on target; 5 projects have some issues identified and 2 are reported as being at risk.
- 2.3 Savings to date from completed projects amount to £2 million, excluding the savings achieved by the transformation projects which are now reported to the Integrated Joint Board (IJB) for Health and Social Care.

3. CONCLUSION AND RECOMMENDATIONS

- 3.1 This report updates the Strategic Policy and Resources Committee on the Council's five-year transformation programme. It summarises the progress

across 14 projects, identifies those on target and those with issues and risks, which are managed by project boards and the Corporate Transformation Board.

3.2 The Strategic Policy and Resources Committee is asked to:

- (a) Note the progress related to the Transformation Programme, as detailed in Appendices 1 and 2.

Author

Name	Designation	Contact Details
Caroline Mackie	Service Manager	clmackie@pkc.gov.uk

Approved

Name	Designation	Date
Alan Taylor	Head of Finance & Support Services	4 January 2019

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

All Council Services can offer a telephone translation facility.

1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

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

1. Strategic Implications

Community Plan/Single Outcome Agreement

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

2. Resource Implications

Financial

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

Workforce

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

Asset Management (land, property, IT)

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

3. Assessments

Equality Impact Assessment

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

Strategic Environmental Assessment

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

Sustainability

- 3.5 Under the provisions of the Local Government in Scotland Act 2003 the Council has to discharge its duties in a way which contributes to the achievement of sustainable development. Under the Climate Change (Scotland) Act 2009 the Council also has a duty relating to climate change and, in exercising its functions must act:
- in the way best calculated to delivery of the Act's emissions reduction targets;
 - in the way best calculated to deliver any statutory adaptation programmes; and
 - in a way that it considers most sustainable.
- 3.6 The information contained within this report has been considered under the Act. However, no action is required as the Act does not apply to the matters presented in this report.

Legal and Governance

- 3.7 Not applicable.

Risk

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

3.9 Project risks are managed within the context of each project.

4. Consultation

Internal

4.1 Senior Management teams were consulted in the preparation of this report.

External

4.2 Not applicable.

5. Communication

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

2. BACKGROUND PAPERS

The background papers referred to within the report are:

- Report to Council on 1 July 2015 (Report No 473/15)
- Report to Council, Building Ambition: The Council's Transformation Strategy 2015-2020 and the Organisational Development Framework (report 15/292)
- Report to Council on 22 February 2017 (Report No: 17/82)
- Report to Strategic Policy and Resources Committee, 27 November 2017, (Report No: 17/393)
- Report to Council on 22 February 2018 (Report No 18/47)
- Report to Council on 13 June 2018 (Report No 18/198)
- Report to Council on 12 September 2018 (Report No 18/288)
- Highlight Reports of each project are available on the ERIC Transformation Strategy page
- Hard copies of The Transformation Strategy are available from transformationenq@pkc.gov.uk

3. APPENDICES

- Appendix 1 - Verto Project Report – Programme Dashboard
- Appendix 2 – Transformation Project Status (by line)

Programme Dashboard Building Ambition

Total Number of Projects in the Programme	14			
	Approved Savings (£000's)	Projected Savings (£000's)	Approved Funding (£000's)	Projected Spend (£000's)
Programme Financial Information	£7,040	£7,518	£5,133	£4,899

	On Target	Some Issues	At Risk	Remdial Action	Slippage	Completed	None
Projects Overall Status - Current	7	5	2	0	0	0	0
Projects Overall Status - Previous	6	6	2	0	0	0	0
Milestones	6	6	1	0	0	0	0
Risks	5	3	3	1	0	0	0
Issues	5	5	2	0	0	0	1
Cost Status	13	1	0	0	0	0	0
Savings	6	3	1	0	0	1	2
Non-Cashable Benefits	11	1	0	0	0	0	0

	19/20	20/21	21/22	22/23
Projects Due To End	2	10	2	0

*Some RAG status do not add up to 14 as Rescoped or Project Delayed are not included in the dashboard

Project Status

Programme	Project Title	Brief Description	Approved Savings (£000's)	Approved (via current budget)	Projected Savings (£000's)	Approved Funding (£000's)	Projected Spend (£000's)	Previous	Current	Milestones	Risks	Issues	Costs	Savings	Non-Cashable Benefits
Corporate and Democratic Projects															
Building Ambition	Corporate - Modernising Performance Reporting Review	Using technology better to transform the presentation of performance management information, allowing more efficient, effective and instant access to Council performance data, for all users of the information.	34	34	34	80	80	On Target	On Target	On Target	Rescoped	On Target	On Target	Completed	Rescoped
		Comments from SMT/Strategic Investment and Improvement Board					Work undertaken to rescope the brief of this project to ensure the future needs of the organisation are met and to identify new milestones and timescales in line with this. Once completed this will be taken to EOT. Project manager resource now shared with Corporate Digital Platform.								
Building Ambition	Corporate - Smart Perth and Kinross: Perth and Kinross Open Data	Reviewing the publication of Council data, in collaboration with other Scottish cities, for better co-ordination, and to develop a locality based community information system, to help identify and tackle inequalities, engage and empower communities and assist with neighbourhood planning.	0	0	0	316	96	On Target	On Target	Some Issues	On Target	On Target	On Target	None	On Target
		Comments from SMT/Strategic Investment and Improvement Board					Common data sets remain an area where the detail of creating truly common data sets in terms of aligning fields of data collected is more problematic than originally thought. It is recognised that consistent application of publication standards for metadata, and the use of data dictionaries is key to producing data that can be aggregated to larger data sets. The complexity of this area or work will be outlined in the lessons learned section of the closure report.								

Project Status

Appendix 2

Programme	Project Title	Brief Description	Approved Savings (£000's)	Approved (via current budget)	Projected Savings (£000's)	Approved Funding (£000's)	Projected Spend (£000's)	Previous	Current	Milestones	Risks	Issues	Costs	Savings	Non-Cashable Benefits	
Building Ambition	Corporate - Procurement Reform Review	Achieving further savings from procurement activities through closer management of suppliers, maximizing use of collaborative procurement consortia, development of professional procurement skills for staff, improved monitoring and reporting systems, and managing demand through re-specifying products and services.	2,500	1,945	2,500	770	770	Some Issues	Some Issues	Some Issues	On Target	Some Issues	On Target	Some Issues	On Target	
			Comments from SMT/Strategic Investment and Improvement Board					<p>The project team for Procurement Transformation have been updated on progress made towards planned improvements for contract and supplier management capability. The most favourable option being considered is to work more collaboratively with the digital transformation team. A strategic business case to move some of this work forward into a joint project with colleagues in the financial systems team is underway. Funding of resource dedicated to IT development work is being considered.</p>								
Building Ambition	Corporate - Council Assets for Commercial Sponsorship	Using the Council's existing assets to generate income by offering sponsorship and advertising opportunities. The revenue generated from this project can offset the costs of providing valuable public services.	150	150	50	52	52	At Risk	At Risk	At Risk	At Risk	At Risk	On Target	Some Issues	On Target	
			Comments from SMT/Strategic Investment and Improvement Board					<p>The Commercialisation Board noted the ongoing work programme and agreed to escalate relevant issues. The tender process for fleet advertising has now closed and evaluation is underway. Further work to explore new opportunities and evaluate viability is ongoing.</p> <p>Schedule of opportunities for advertising will go online in June 2019</p>								

Project Status

Appendix 2

Programme	Project Title	Brief Description	Approved Savings (£000's)	Approved (via current budget)	Projected Savings (£000's)	Approved Funding (£000's)	Projected Spend (£000's)	Previous	Current	Milestones	Risks	Issues	Costs	Savings	Non-Cashable Benefits	
Building Ambition	Corporate Digital Platform	The Corporate Digital Platform Project will deliver Hybrid mail, a digital mailroom and back-scanning facility and EDMS with process redesign that will reduce bureaucracy and build an integrated paperless framework.	288	0	288	911	911	On Target	On Target	Some Issues	At Risk	None	On Target	On Target	On Target	
			Comments from SMT/Strategic Investment and Improvement Board					<p>The current version of EDMS was migrated from for SharePoint 2010 to 2016 in July 2017, when Microsoft indicated they would cease supporting SharePoint 2010 in Dec 2019. At the time when this migration was proposed there was no plan to move the organisation to Office 365. There is a risk to the EDMS project timeline as a result of the office 365 migration. External consultants have been engaged and are in the process of designing a prototype EDMS system compatible with O365. This will inform further steps to be taken regarding the rollout of EDMS and Office 365 including the likely resource requirements for rolling out an EDMS project on the new platform.</p>								
Building Ambition	Corporate - Online Services and myAccount Review	Developing a whole organisation transformational approach to online services, and 'channel shift' (from face to face and telephone services, to online) which delivers savings, maximizes digital inclusion and improves customer satisfaction by giving access to Council services online anytime, anywhere, and from any device.	413	413	413	1,314	1,264	On Target	On Target	Some Issues	Some Issues	Some Issues	On Target	On Target	On Target	
			Comments from SMT/Strategic Investment and Improvement Board					<p>An update was presented to the ICT Transformation Board on 21st March 2019 and progress noted. Discussion took place around Key Programme Risks which included lack of customer focus during redesign, silo approach to business change and digital transformation, and potential lack of digital capacity and expertise to resource and drive transformation.</p> <p>A risk workshop is being planned to review risks and controls in place on 13 June. An awareness raising session has been arranged with HES to discuss opportunities around system rationalisation, reinforcing the approved corporate approach for mobile working and scheduling – taking place 25 June. Further sessions will take place for other services. Work is also underway to ensure streamlined governance – local digital services groups are being created within Services to prioritise and improve transparency relating to all relevant digital activity.</p>								

Project Status

Appendix 2

Programme	Project Title	Brief Description	Approved Savings (£000's)	Approved (via current budget)	Projected Savings (£000's)	Approved Funding (£000's)	Projected Spend (£000's)	Previous	Current	Milestones	Risks	Issues	Costs	Savings	Non-Cashable Benefits	
Building Ambition	Corporate - Mobile Working Review	Implementing a corporate mobile solution which automates key tasks, processes and work flow to improve productivity, efficiency and quality, reducing the requirement for staff to navigate numerous systems and supporting the workforce to be more mobile, and work more efficiently and effectively.	810	813	813	1,284	1,284	Some Issues	Some Issues	On Target	Remedial Action Required	Some Issues	On Target	Some Issues	On Target	
			Comments from SMT/Strategic Investment and Improvement Board					An update was presented to the ICT Transformation Board on 21st March 2019 and progress noted. Discussion took place around Key Programme Risks which included lack of customer focus during redesign, silo approach to business change and digital transformation, and potential lack of digital capacity and expertise to resource and drive transformation. A risk workshop is being planned to review risks and controls in place.								
Education and Children's Services																
Building Ambition	ECS - Review of Catering Services	Examining optimum production, menu and service arrangements across Tayside and looking at options for a Central Production Unit (CPU) and partnership working to ensure the most efficient and effective catering service.	200	426	426	0	0	At Risk	At Risk	At Risk	At Risk	At Risk	At Risk	At Risk	At Risk	
			Comments from SMT/Strategic Investment and Improvement Board					Savings of £459k have been identified for PKC, which will be validated as part of the consultancy activity (£426k of budget savings to ECS with an additional surplus to be returned to the Council of £33k). Due to initial delays in the project commencing, it is not anticipated that the CPU will be operational any earlier than August 2020. This project is being reported as at risk due to the differing views of the project. Risks will be managed through project governance procedures.								

Project Status

Appendix 2

Programme	Project Title	Brief Description	Approved Savings (£000's)	Approved (via current budget)	Projected Savings (£000's)	Approved Funding (£000's)	Projected Spend (£000's)	Previous	Current	Milestones	Risks	Issues	Costs	Savings	Non-Cashable Benefits	
Building Ambition	ECS - Securing the Future of the School Estate	Reviewing the school estate to make the most effective and efficient use of school buildings, and staff across the school estate.	200	550	550	50	50	Some Issues	Some Issues	On Target	Some Issues	Some Issues	On Target	On Target	Some Issues	
			Comments from SMT/Strategic Investment and Improvement Board					This project is progressing as planned although there are some issues in relation to the uncertainty of outcomes from Statutory Consultations and feasibility studies.								
Building Ambition	ECS - Review of Inclusion Services	Redesigning the delivery model which may result in some efficiencies but any savings or changes to service provision must be undertaken within legal duties held by the council. There are no savings attached to this transformation project. The ongoing implementation of the review of Inclusion Services is designed to bring about cultural change, service redesign and a shift in resources to improve the effectiveness of inclusive education for children and young people with ASN.	0	0	0	50	50	Some Issues	Some Issues	Some Issues	Some Issues	Some Issues	On Target	On Target	On Target	
			Comments from SMT/Strategic Investment and Improvement Board					The project is progressing however is marked as some issues due to the delay in planning the phasing of the implementation of the Review. Necessary operational staffing changes will come into effect from the beginning of the 2019/20 school session. Widespread consultation with all stakeholders will help inform the development and implementation of the review. There are no savings attached to this transformation project. The ongoing implementation of the review of Inclusion Services is designed to bring about cultural change, service redesign and a shift in resources to improve the effectiveness of inclusive education for children and young people with ASN. The Inclusion Team is managing changing demand for ASN within the current budget allocation.								

Project Status

Appendix 2

Programme	Project Title	Brief Description	Approved Savings (£000's)	Approved (via current budget)	Projected Savings (£000's)	Approved Funding (£000's)	Projected Spend (£000's)	Previous	Current	Milestones	Risks	Issues	Costs	Savings	Non-Cashable Benefits	
Building Ambition	HCC - Review of HCC Repairs Service	Undertaking a detailed review and analysis of key areas of housing repairs to identify improvements to efficiency and productivity which both improves the service delivery model and achieves savings of £500k	500	500	500	0	0	Some Issues	On Target	On Target	On Target	On Target	On Target	On target	On Target	
			Comments from SMT/Strategic Investment and Improvement Board					Stores solution and scheduler implemented January 2019 which had resulted in some delay to the project. All operatives now live on scheduler and using mobile working solutions. Further work ongoing regarding fleet optimisation and planned maintenance scheduling. Recurring savings realised to date of c£300k and remaining £200k will be achieved during 2019/20.								
The Environment Service																
Building Ambition	TES - Corporate Property Asset Management Review	Reviewing the Council's property assets to; provide a property estate which is appropriately sized for requirements, well used, properly maintained, integrated with partner organisations' asset management plans, maximising collaborative opportunities, and is in appropriate geographical locations.	1,795	1,795	1,795	0	0	On Target	On Target	On Target	On Target	On Target	On Target	On Target	On Target	
			Comments from SMT/Strategic Investment and Improvement Board					Project Manager appointed and started in post May 2019. Initial development ongoing in the delivery of phase one of the rescoped programme agreed in the November 2018 report to SP&R Committee. Contacts developed and initial meetings held with Scottish Futures Trust and other key stakeholders to scope out options for localities in line with the programme. Options for phase one to be submitted to Modernising Governance MOG in Autumn and SP&R Committee thereafter.								

Project Status

Appendix 2

Programme	Project Title	Brief Description	Approved Savings (£000's)	Approved (via current budget)	Projected Savings (£000's)	Approved Funding (£000's)	Projected Spend (£000's)	Previous	Current	Milestones	Risks	Issues	Costs	Savings	Non-Cashable Benefits	
Building Ambition	TES - Council Vehicle Fleet Utilisation and Optimisation Review	The Council Vehicle Fleet Utilisation and Optimisation Review looks towards the better utilisation of the council's small vehicle fleet through the introduction of telematics and effective ongoing analysis of associated data. In addition the project proposes to undertake a review of the grey fleet (ie private vehicles used for council business) with the aim of reducing the extent to which delivery of Council Services rely on this.	150	150	150	150	186	Some Issues	Some Issues	Project Delayed	Project Delayed	Project Delayed	Some Issues	Project Delayed	Project Delayed	
			Comments from SMT/Strategic Investment and Improvement Board					Staff changes have led to a delay however good progress is now being made.								
Building Ambition	TES- Low Carbon Project	The Project seeks to prepare the Council for emerging duties in relation to Climate Change Act 2009 and our duties around low carbon emission.	0	0	0	156	156	On Target	On Target	On Target	On Target	On Target	On Target	None	On Target	
			Comments from SMT/Strategic Investment and Improvement Board					Work over the next few reporting periods will be focussed on reviewing the carbon emissions patterns within PKC, existing PKC strategies and work relating to carbon reduction and correlating these to a wider review of low carbon activities across a number of related organisations. This will provide a solid baseline of data from which to begin to build a strategic framework to enable low carbon transitions both within the council and across the wider community.								
Totals			7,040	6,775	7,518	5,133	4,899									

