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Council Building
2 High Street
Perth
PH1 5PH

Wednesday, 14 June 2017

A Meeting of the **Scrutiny Committee** will be held in **the Council Chamber, 2 High Street, Perth, PH1 5PH** on **Wednesday, 21 June 2017** at **14:30**.

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

BERNADETTE MALONE
Chief Executive

Those attending the meeting are requested to ensure that all mobile phones and other communication devices are in silent mode.

Members:

Councillor Grant Laing (Convener)
Councillor Sheila McCole (Vice-Convener)
Councillor Chris Ahern
Councillor Harry Coates
Councillor Dave Doogan
Councillor David Illingworth
Councillor Anne Jarvis
Councillor Tom McEwan
Councillor Andrew Parrott
Councillor Crawford Reid
Councillor Colin Stewart

Scrutiny Committee

Wednesday, 21 June 2017

AGENDA

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

- 1 WELCOME AND APOLOGIES**
- 2 DECLARATIONS OF INTEREST**
- 3 MINUTE OF MEETING OF THE SCRUTINY COMMITTEE OF 19 APRIL 2017 5 - 8**
- 4 SEVENTH SCRUTINY REVIEW – “ROLE OF SCRUTINY IN A CHANGING WORLD” 9 - 36**

At the request of the Convener, Report 17/161 approved by the Scrutiny Committee on 19 April 2017 is attached for information and discussion.
- 5 ANNUAL GOVERNANCE STATEMENT 2016/17 37 - 52**

Report by Head of Legal and Governance Services (copy herewith 17/223)
- 6 FOLLOWING THE PUBLIC POUND ANNUAL REPORT 2016/17 53 - 114**

Report by Head of Legal and Governance Services (copy herewith 17/224)
- 7 PROCUREMENT ANNUAL REPORT 2016/17 115 - 160**

Report by Depute Chief Executive, Environment (Chief Operating Officer)(copy herewith 17/219)

Note: This report will also be submitted to the Strategic Policy and Resources Committee on 21 June 2017
- 8 HOUSING AND COMMUNITY CARE COMPLAINTS AND CUSTOMER FEEDBACK 161 - 174**

Report by Executive Director (Housing and Community Safety) (copy herewith 17/198)

Note: This report was noted by the Housing and Communities Committee on 31 May 2017

- 9** **FOI PERFORMANCE REPORT 2016/17** **175 - 184**
Report by Head of Legal and Governance Services (copy herewith
17/225)

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

- P1** **MINUTE OF MEETING OF THE SOCIAL WORK COMPLAINTS
REVIEW COMMITTEE (CRC) OF 30 MARCH 2017**

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SCRUTINY COMMITTEE

Minute of meeting of the Scrutiny Committee held in the Council Chambers, 2 High Street, Perth on Wednesday 19 April 2017 at 2.00pm.

Present: Councillors B Vaughan, K Baird, D Cuthbert, J Flynn, J Kellas (substituting for D Doogan), A Munro and A Younger.

In Attendance: J Elles (Culture Perth and Kinross and Horsecross Arts Ltd) (up to Art.** (Item 5)); H Smout (Culture Perth and Kinross) (up to Art.** (Item 5)); G Gibbons (Horsecross Arts Ltd) (up to Art.** (Item 5)); J Moyes and M Robinson (both Live Active Leisure) (both up to Art.** (Item 5)); N Brian (up to Art.** (Item 8)), C Jolly, K McNamara and B Renton (all The Environment Service); J Chiles and F Robertson (Education and Children's Services); C Flynn, H Rheinallt and L Simpson (all Corporate and Democratic Services).

Apology: Councillor D Doogan.

Councillor B Vaughan, Convener, Presiding.

. **STANDING ORDER 13**

Prior to the commencement of business, the Committee agreed that the meeting be recorded for use as part of the elected member development programme after the elections in May 2017, in terms of Standing Order 13.

. **WELCOME AND APOLOGIES**

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

. **DECLARATIONS OF INTEREST**

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

. **MINUTE**

The minute of meeting of the Scrutiny Committee of 8 February 2017 (Arts. 85-96) was submitted, approved as a correct record and authorised for signature

. **UPDATES BY ARMS' LENGTH EXTERNAL ORGANISATIONS**

With reference to the discussion at the last meeting of the Committee (Art. 87 refers), the three Arms' Length External Organisations were asked to provide further updates to the Committee at this meeting.

PERTH AND KINROSS COUNCIL
SCRUTINY COMMITTEE
19 APRIL 2017

Jason Elles, Vice Chair, Culture Perth and Kinross and Vice Chair, Horsecross Arts Ltd; H Smout, Chief Executive, Culture Perth and Kinross; Gwilym Gibbons, Chief Executive, Horsecross Arts Ltd; M Ruff, Conference and Events Manager, Horsecross Arts Ltd; M Robinson, Chair, Live Active Leisure Ltd; and J Moyes, Chief Executive, Live Active Leisure Ltd, attended the Committee and answered members' questions. Members sought assurance on matters such as: shared services between the three organisations; the development of income streams; purchasing collaboration; joint promotions; inclusivity; and benchmarking.

The Convener thanked all of the representatives for their attendance, and advised that representatives of the Arms' Length External Organisations would be regularly invited to attend meetings of the Scrutiny Committee at intervals of approximately six months.

REGISTRATION OF BIRTHS, DEATHS, MARRIAGES AND CIVIL PARTNERSHIPS – INSPECTION REPORTS BY NATIONAL RECORDS OF SCOTLAND

There was submitted a report by the Head of Democratic Services (17/158), commenting on the annual inspection reports from the National Records of Scotland on the provision of registration services in the Perth and Kinross Council area in 2015.

Resolved:

The content of Report 17/158, with regard to the annual inspection reports by the National Records of Scotland on the provision of registration services in the Perth and Kinross Council area, be noted.

SUMMARY REPORT ON CARE INSPECTORATE AND EDUCATION SCOTLAND INSPECTIONS

There was submitted a report by the Director (Education and Children's Services) (17/159), (1) providing an overview of the performance of Education and Children's Services inspected and reported by the Care Inspectorate and Education Scotland over the past year, since the previous report of this type, and (2) setting out the Service's approach to implementing improvement actions arising out of inspection.

Resolved:

The contents of Report 17/159 be noted.

SIXTH SCRUTINY REVIEW: PLANNING ENFORCEMENT – UPDATE REPORT

There was submitted a report by the Depute Chief Executive (17/160), providing an update on the implementation of the recommendations from the Scrutiny Review of Planning Enforcement.

PERTH AND KINROSS COUNCIL
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19 APRIL 2017

Resolved:

- (i) The work undertaken to implement the recommendations from the Sixth Scrutiny Review, detailed in Appendix 1 to Report 17/160, be noted.
- (ii) It be agreed that a further update on the implementation of recommendations two, three and six be provided to the Committee in six months' time, only if these actions have slipped from the scheduled timescales detailed in Appendix 1 to Report 17/160.

. **SEVENTH SCRUTINY REVIEW – “ROLE OF SCRUTINY IN A CHANGING WORLD”**

There was submitted a report by the Convener of the Scrutiny Committee (17/162), presenting a new guide to scrutiny at Perth and Kinross Council, produced following the review of the “Role of Scrutiny in a Changing World”.

Resolved:

The contents of the new guide to scrutiny at Perth and Kinross Council, comprising of the online toolkit and e-learning module, attached as Appendix 2 to Report 17/162, be approved.

. **SCRUTINY COMMITTEE FORWARD PLANNER**

There was submitted a report by the Depute Chief Executive (17/162) presenting a forward planner for scrutiny at Perth and Kinross Council during 2017/18.

Resolved:

The outline Scrutiny Committee forward planner, attached as Appendix 1 to Report 17/162, be noted.

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## PERTH AND KINROSS COUNCIL

## Scrutiny Committee

19 April 2017

**SEVENTH SCRUTINY REVIEW  
“ROLE OF SCRUTINY IN A CHANGING WORLD”**

**Report by the Convener of the Scrutiny Committee**

This report presents a new guide to Scrutiny at Perth and Kinross Council, produced following the review of the “Role of Scrutiny in a Changing World”. It focusses on our scrutiny activities in preparation for the new Council in 2017. There are three main elements to the guide: the Importance of Scrutiny for all Elected Members; the Work of the Scrutiny Committee; and Conducting a Scrutiny Review.

These elements have now been incorporated into an online toolkit which provides a one stop platform for all Elected Members and Officers. The toolkit also links to a newly created e-learning module which explains how scrutiny works in Perth and Kinross

**1. BACKGROUND**

- 1.1 The Scrutiny Committee recognise that it is of vital importance to ensure appropriate levels of scrutiny are applied across all Council services, if we are to continue as a high performing council and continue to meet our duties to ensure Best Value.
- 1.2 This is particularly the case when considering the significant challenges which are currently faced in terms of continuing financial pressures; rising demands for services; public service reform; and new statutory obligations relating to health and social care, and community engagement.
- 1.3 The Seventh Scrutiny Review sought to address these emerging challenges by creating a more dynamic approach to scrutiny both within Service Committees and within the Scrutiny Committee, and amongst all Elected Members.

**2. THE REVIEW ACTIVITIES**

- 2.1 The Scrutiny Review group held four sessions between September to November 2016, and the focus was on the effectiveness of our current scrutiny activities, with respect to both the Scrutiny Committee and more broadly across the scrutiny role for all Members. The findings and recommendations of the Group were encompassed into the document in Appendix 1. The content was agreed by the Scrutiny Review members in January 2017.

- 2.2 Throughout the period of the review the group developed material which could be converted into an online toolkit and e-learning module for Elected Members and Officers. The purpose of this was to ensure that the guide is an engaging and informative tool, which can be updated iteratively as the requirements of the Council develop.

### **3. PROPOSALS**

- 3.1 A briefing session for Members was held on 11 April 2017 where the latest developments with the proposed new toolkit and e-learning module were showcased. Comments and feedback from Members and Officers will now be used to improve the final product.
- 3.2 The content of the toolkit and e-learning modules is contained in Appendix 1 for information and screenshots of the final products are contained in Appendix 2.
- 3.3 It is proposed that these new tools form an integral element of the Elected Member induction in May/June of 2017.

### **4. CONCLUSION AND RECOMMENDATION**

- 4.1 The Scrutiny Committee is asked to approve the contents of the new guide to Scrutiny at Perth and Kinross Council which comprises our online toolkit and e-learning module.

#### **Author**

| <b>Name</b> | <b>Designation</b>                                     | <b>Contact Details</b>                                                                                    |
|-------------|--------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|
| Chris Jolly | Team Leader – Strategic Planning, Improvement and Risk | e-mail<br><a href="mailto:TESCommittee@pkc.gov.uk">TESCommittee@pkc.gov.uk</a><br>Telephone: 01738 475000 |

#### **Approved**

| <b>Name</b>   | <b>Designation</b>     | <b>Date</b>  |
|---------------|------------------------|--------------|
| Jim Valentine | Depute Chief Executive | 6 April 2017 |

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## 1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

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

### 1. Strategic Implications

#### Community Plan / Single Outcome Agreement/Corporate Plan

- 1.1 This report supports the delivery of the Strategic Objectives within Community Plan/ Single Outcome Agreement 2013-23 and Corporate Plan 2013-18.

### 2. Resource Implications

#### Financial

- 2.1 Not applicable.

#### Workforce

- 2.2 Not applicable.

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

- 2.3 Not applicable.

### **3. Assessments**

#### Equality Impact Assessment

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

#### Strategic Environmental Assessment

- 3.3 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals. No further action is required as it does not qualify as a PPS as defined by the Act and is therefore exempt.

#### Sustainability

- 3.4 Under the provisions of the Local Government in Scotland Act 2003 the Council has to discharge its duties in a way which contributes to the achievement of sustainable development. 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.
- 3.5 The information contained within this report has been considered under the Act. However, no action is required as the Act does not apply to the matters presented in this report.

#### Legal and Governance

- 3.6 Not applicable.

#### Risk

- 3.7 Not applicable.

### **4. Consultation**

#### Internal

- 4.1 The Scrutiny Review Group (Scrutiny Committee Members), the Head of Legal Services, the Head of Corporate and Democratic Services, the Head of Community Planning, Strategic Commissioning and Organisational Development have been consulted in the preparation of this report.

## External

4.2 No external consultation was required.

## 5. **Communication**

5.1 Not applicable.

## 2. **BACKGROUND PAPERS**

There are no background papers for this report.

## 3. **APPENDICES**

- Appendix 1: “Scrutiny in Perth and Kinross Council” (This document consists of the materials developed through the review process and has been used to create our online toolkit and e-learning module)
- Appendix 2: Extracts from the newly created online toolkit and e-learning module



## Appendix 1

### Scrutiny in Perth and Kinross

**Note:**

*The content of this document will form the basis of an online Scrutiny Toolkit on Eric and as an interactive eLearning package.*

## Scrutiny in Perth and Kinross Council

Our local communities want their Elected Members to represent them and ensure that Perth and Kinross Council provides them with the services they need, and to make sure that those services are of the expected standard. Elected Members bring a different perspective to the decision making process; Scrutinising performance and maintaining an overview of issues such as governance and risk management - and this in turn helps make decisions more robust.

It is crucial that all Elected Members understand how scrutiny works and the benefits it can bring.

This document is a guide for Elected Members and Officers to show how scrutiny works at Perth and Kinross Council (PKC). It was prepared following a review by members of the Scrutiny Committee in Autumn/Winter 2016.

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## Welcome

Welcome to this toolkit which focuses on the role of scrutiny in Perth and Kinross Council and what it means for you as elected members. Scrutiny is a role and responsibility for all elected members not just those Elected Members who are part of the Scrutiny Committee.

This information is in three main parts:

1. The importance of scrutiny for all elected members
2. The role of the Scrutiny Committee and,
3. Scrutiny Committee options.

## 1. The Importance of Scrutiny for all Elected Members

### Why is scrutiny important?

Effective scrutiny, by all Elected Members, is essential to ensure transparency, accountability and openness in the complex environment in which the Council operates. This results in improved public policies and services. Effective scrutiny can provide assurance that the Council has the correct policies in place, and that these are being properly implemented and if necessary improved. For more information on the [Work of the Scrutiny Committee](#) and [How to conduct a Scrutiny Review](#) please use the links.

*"It is important that councillors actively support and contribute to the effective governance of the council itself. For example taking fair and objective decisions and providing constructive scrutiny. The Accounts Commission's Best Value work has shown how difficult it is for councils to make progress where councillors do not support, or may even obstruct their council's governance processes."*

*"Putting effective scrutiny in place can be particularly difficult in complex partnerships or where there is an uncertain and changing environment . . . . A prerequisite for effective scrutiny is that councillors must regularly attend committee or board meetings and actively take part in scrutiny when they do so."*

[Audit Scotland Report: How councils work – Roles and working relationships in councils: are you still getting it right?](#)

The Council is committed to continuing sound governance arrangements and accountability. It has effective political and managerial structures and processes to govern decision-making and the exercise of authority within the organisation, supported by mature and effective relationships between members and officers. For further information view the [Council's Business Plan – Governance and Accountability](#).

## How can scrutiny be effective?

*“For scrutiny to be effective it needs to be seen as a ‘critical friend’. It is important to identify where decisions could be improved and how mistakes could be prevented from being made or repeated.”* (Local Government Association – Scrutiny for Councillors)

Scrutiny is not about blame or being negative – it is about making positive changes with a focus on forward thinking and the opportunity to improve. This will help to foster positive and constructive relationships between Officers, and Councillors exercising their scrutiny role.

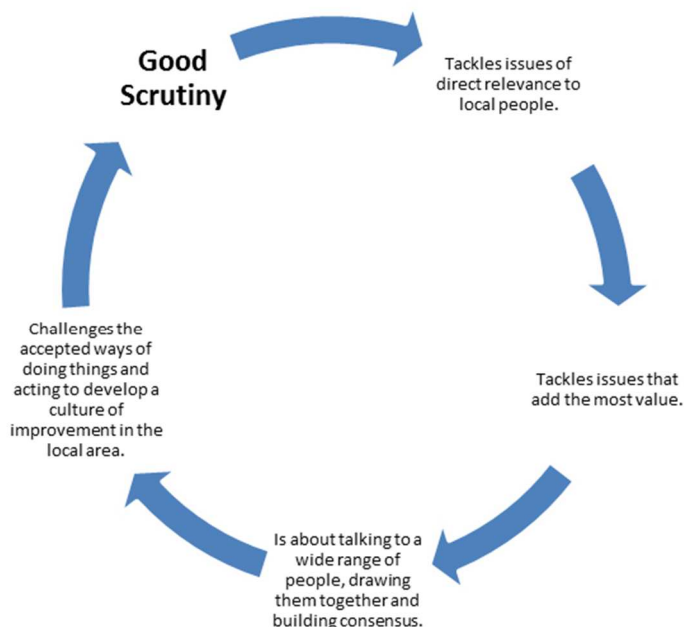
*In broad terms, scrutiny questions whether councils are doing the right thing and questions policy proposals and the performance and quality of services. Audit examines the regularity of governance and financial management including how the council has applied its resources to achieve its objectives. Councillors’ involvement in discussion and debate at the start of the decision-making process is an important element of good policy making and effective scrutiny.*

**Audit Scotland Report: How councils work – Roles and working relationships in councils: are you still getting it right?**

All elected members have a responsibility to be involved in the scrutiny process, not just the Scrutiny Committee members. Officers have a vital role to play in supporting the scrutiny process.

## What does effective scrutiny look like?

Effective scrutiny focuses on the priorities of local communities and feeds into the priorities of the council and its partners.



## The Four Principles of Effective Public Scrutiny

There are four principles of effective public scrutiny. These principles guide our work and run throughout our scrutiny processes. These principles are:

1. To provide a 'critical friend' challenge to Council services as well as to external authorities and agencies.
2. To reflect the voice and concerns of the public and its communities
3. To lead and own the scrutiny process on behalf of the public.
4. To make an impact on the delivery and improvement of public service.

## Effective Questioning

*"Questioning is a crucial component of the 'critical friend' challenge and an important principle of good public scrutiny. The key to successful questioning is balancing the need to get answers with the need to build strong relationships"*  
(Local Government Association – Scrutiny for Councillors)

The purpose of effective questioning is to:

- Improve public accountability and to seek best value in relation to the services which are being delivered.

- Establish whether data being presented is valid.
- Seek clarification and further evidence.
- Explore ideas.
- Question assumptions made.
- Challenge facts or opinion.

It is very helpful for Elected Members to know, through research, as much about the subject area as possible before engaging in a question and answer session with officers. Carrying out this preliminary research will assist in:

- developing the type of questions to ask
- when to ask them, and
- who to ask them of

Once the topic has been explored broadly, the use of more targeted questioning around specific points may be appropriate. During this phase of the questioning different types of questions may embellish the understanding and improve the outcome. More information on questioning approaches can be found in The Local Government Association [“Scrutiny for Councillors” workbook](#). (Other sources can be found in the [appendix](#)).

## 2. The Work of the Scrutiny Committee

The Scrutiny Committee is made up of elected members of the Council and its role ([as detailed in the Scheme of Administration](#)) is to scrutinise the performance of Perth and Kinross Council with regard to:



The Council is involved in a diverse and evolving range of partnerships and collaborative working, including sharing services with other councils, the Health and Social Care Integration Joint Board and local community Action Partnerships. The role of the Scrutiny Committee will develop alongside these evolving partnership arrangements.

## What does the Scrutiny Committee do?

A key role of the Scrutiny Committee is to influence the policies and decisions made by the Council and other organisations involved in delivering public services. The Scrutiny Committee gathers evidence on issues affecting local people and makes recommendations based on its findings.

*“Effective scrutiny work relies on scrutiny’s ‘soft’ influencing power, as it has no formal power to make changes.” (Local Government Association – Scrutiny for Councillors)*

The Committee does not approve policy and does not take decisions about the operation of Council Services.

*“The Accounts Commission believes that effective and transparent scrutiny is best achieved where the chair of the scrutiny or audit committee is not a member of the political administration.”*

[Audit Scotland Report: How councils work – Roles and working relationships in councils: are you still getting it right?](#)

The Scrutiny Committee members are also involved in setting the work programme for the Scrutiny Committee, bringing forward topics and issues, identifying who they want to hear from to inform their work, what they want to know and how they want information presented.

One of the conditions for effective scrutiny is to build a positive working relationship with those who are the subject of scrutiny’s recommendations. This ensures a much higher chance of scrutiny’s recommendations being implemented.

On an annual basis the Scrutiny Committee considers the [scrutiny universe](#) and the current position. The Committee looks at areas where there may be risks for the Council identified by the Annual Governance Statement, or where there is other evidence to suggest failing performance. The Committee should also consider what other scrutiny audit work is being undertaken at local/national level. The best time for this would be once the Annual Governance Statement has been produced. The Committee then conducts a self-determined programme of reviews of service delivery or policy.

*“It is important that scrutiny is seen as impartial and stays separate from party politics.” (Local Government Association – Scrutiny for Councillors)*

The challenge for the members of the Committee is to use knowledge and understanding of the needs of local communities to shape the discussions, whilst not acting in a party political manner or using the discussions to further party political objectives.

## **The Scope of the Scrutiny Committee**

The Scrutiny Committee has the following powers:

- Holding decision makers to account.
- Challenging and improving performance.
- Supporting the achievement of value for money.
- Challenging the way things are done.
- Influencing decision makers with evidence based recommendations.
- Establishing evidence and the views of stakeholders, users and the public.
- Calling before the Committee any officer or appropriate Convener/Vice-Convener to answer questions and make recommendations to the relevant Committee.

## **Roles and Responsibilities**

Knowing and understanding the specific roles and responsibilities of those involved in scrutiny is key to ensuring that our scrutiny is effective.

### Convener of the Scrutiny Committee

- Provides leadership and direction for the Scrutiny Committee.
- Supports, encourages and engages with all members of the Committee.
- Works with the Vice Convener to manage the Scrutiny Committee work programme including prioritising proposed topics.
- Co-ordinates work with other members of the Scrutiny Committee.
- Develops a constructive 'critical friend' relationship with other Committees.

### Members of the Scrutiny Committee

- Participate constructively in the activities of the Committee under the guidance of the Convener.
- Make positive changes and focus on forward thinking by being a critical friend.
- Hold councillors and officers to account in respect of their implementation of Council policy.
- Investigate the quality and performance of services provided by the Council.
- Participate in reviews of Council policies through the scrutiny process to support the achievement of value for money.
- Actively participate in any task agreed by the Scrutiny Committee.

### Members of the Public

- Members of the public, including service users, can be invited to assist members in their work by giving evidence and taking part in the discussion and consideration of topics.

### Council Officers

- Officers from any Council Service may be called on to provide expert input.

- Officers should be available as required to attend meetings to answer questions and provide explanations.
- Officers support the Scrutiny Committee by providing advice and guidance during meetings and assisting the Committee to undertake its work programme.

### External Agencies/ Community Planning Partners

- Representatives of external agencies or partnership organisations can be invited to assist members in their work by giving evidence.

## **Sources of Information**

There are various sources of information which will help the Scrutiny Committee identify the key areas of performance to focus on:

- [Business Management Improvement Plans](#) and the corresponding six monthly performance exception reports
- [Annual Performance Report](#)
- [Corporate Business Plan](#)
- [Community Plan](#)
- [Corporate Plan](#)
- [Single Outcome Agreement](#)
- Corporate Complaints
- Corporate Governance in Perth and Kinross Council
- Risk Strategy
- Monthly EOT Reports
- Annual Governance Statement
- Audit Committee

These resources are available on the Council's website and/or on CHIP/Eric and can be used to best understand the services which are being delivered and to then effectively question relevant officers.

Other sources of information external to Perth and Kinross Council include:

- Audit Scotland - [Perth & Kinross Council: Local Scrutiny Plan 2016/17](#)
- Audit Scotland – [National Scrutiny Plan 2016/17](#)
- [Audit Scotland](#)
- [Improvement Service](#)
- [Culture Perth and Kinross](#)
- [Horsecross](#)
- [Live Active Leisure](#)
- [Integration Joint Board](#)
- [Scottish Public Services Ombudsman](#)
- [Local Government Benchmarking Framework \(LGBF\)](#)
- Legislative changes



## **Service Performance Reports**

Before a performance report goes to the Scrutiny Committee, the report may have already gone through several stages of review and approval:

- Service Management Teams – Service specific scrutiny.
- Executive Officer Team – Corporate scrutiny role.
- Themed Committees – Thematic scrutiny
- Strategic Policy and Resources Committees – Corporate Scrutiny Role.

At each stage the performance information contained within the report should be scrutinised before approval is given to submit the report to the next level of scrutiny.

### 3. Scrutiny Committee Review Options

#### Criteria for selecting scrutiny topics

The Scrutiny Committee has the authority *“to review the performance and effectiveness of all of the Council’s work and the standards and level of service provided”*. (Extract from the [Scheme of Administration](#))

In the planning stage of scrutiny, topics for further review are identified; however Elected Members can also [suggest areas for scrutiny](#). There should be clear criteria to select these topics and agenda items, and this should be part of the overall process.

Topics are suitable for scrutiny reviews when:

- Scrutiny has an impact and adds value.
- The topic is of high local importance and reflects the concerns of local people.
- The resources are available that would be required to conduct the review, in terms of capacity and budget.
- It avoids work duplication elsewhere.
- The issue is one that the committee can realistically influence.
- The issue is related to an area where the council, or its involvement in a partnership, is not performing well.
- The issue is relevant to all or large parts of the local area.
- The review would be in the council’s interests.

Topics **are not** suitable for scrutiny when:

- The issue is already being addressed elsewhere.
- Pre-planned change is imminent.
- The topic would be better addressed elsewhere (and will be referred there), such as single Service issues being dealt with by Officers, a referral or a matter for a Service Committee.
- Scrutiny involvement would have limited or no impact upon outcomes.
- The topic may be sub-judice or prejudicial to the council’s interest.
- The topic is too broad to make a review realistic.
- New legislation or guidance relating to the topic is expected imminently.
- The topic area is currently subject to inspection or has recently undergone substantial change.

When defining scrutiny topics – it should be clear:

- What is the issue/activity/project under consideration?
- What is scrutiny being asked to do?
- What are the reasons for/expected benefits of involving scrutiny in the matter?
- Is there a specific deadline for the piece of work?

## **‘How to suggest a topic for consideration by the Scrutiny Committee’ - Guidance**

To suggest a topic any elected member is invited to:

- Contact the Convener of the Committee.
- Indicate why they consider the topic to be relevant to the Scrutiny Committee.
- Indicate which review format they feel is most appropriate for the issue (please see “[Selecting the appropriate review type](#)”).

The Convener should refer proposed topics to the Executive Officer Team (EOT), before going to the Scrutiny Committee for approval. This is to ensure that the EOT:

- Is aware of the proposal.
- Can advise on any other review work which is addressing the issue or where change is already taking place.
- Can comment on capacity and workforce issues to deliver the review.
- Bring issues to the Scrutiny Committee’s attention that may be a factor in the Committee’s decision to proceed.

The Scrutiny Committee should make a decision to proceed or otherwise with the topic. This should be made formally at the Committee meeting. In addition the Committee should consider the most appropriate [review format](#).

### **What makes a scrutiny review successful?**

- It meets the objectives set out by the Scrutiny Committee.
- Feedback from the public shows that they think there has been the service improvement the public desired.
- The work has helped to achieve corporate or partnership priorities.
- There is a return on investment, demonstrating scrutiny’s impact and outcomes in financial terms. There are examples of calculating return on investment in The Local Government Association “[Scrutiny for Councillors](#)” workbook.

## Toolkit: Selecting the appropriate review format

| Review Type                                 |                                  | Evidence gathering Type                            | Duration                                                        | Result                                     | Further action options                                     |                         |
|---------------------------------------------|----------------------------------|----------------------------------------------------|-----------------------------------------------------------------|--------------------------------------------|------------------------------------------------------------|-------------------------|
| Officer attendance at Scrutiny Review Group | Scrutiny Review Group Session    | Officer and Elected Member Q&A (informal)          | Single event                                                    | Committee agree on Officer recommendations | No further action                                          |                         |
|                                             | Option for smaller working group |                                                    |                                                                 | Committee seek to investigate further      | Officer and Elected Member Q&A at formal Committee         |                         |
|                                             |                                  |                                                    |                                                                 |                                            | Report to Committee                                        |                         |
|                                             |                                  |                                                    |                                                                 |                                            | Light review                                               |                         |
|                                             |                                  |                                                    |                                                                 |                                            | Full review                                                |                         |
| Officer attendance at Scrutiny Committee    |                                  | Officer and Elected Member Q&A at formal Committee | Single event                                                    | Committee agree on Officer recommendations | No further action                                          |                         |
|                                             |                                  |                                                    |                                                                 | Committee seek to investigate further      | Further Officer and Elected Member Q&A at formal Committee |                         |
|                                             |                                  |                                                    |                                                                 |                                            | Report to Committee                                        |                         |
|                                             |                                  |                                                    |                                                                 |                                            | Light review                                               |                         |
|                                             |                                  |                                                    |                                                                 |                                            | Full review                                                |                         |
| Officer written report to Committee         |                                  | Written submission from Officers                   | As per committee schedule                                       | Committee agree on report recommendations  | No further action                                          |                         |
|                                             |                                  |                                                    |                                                                 | Committee seek to investigate further      | Officer and Elected Member Q&A at formal Committee         |                         |
|                                             |                                  |                                                    |                                                                 |                                            | Light review                                               |                         |
|                                             |                                  |                                                    |                                                                 |                                            | Full review                                                |                         |
| Light Review                                |                                  | Officer and Elected Member Q&A (informal)          | As a guide, one to two Sessions of Scrutiny Review Group        | Committee agree on review recommendations  | No further action                                          |                         |
|                                             |                                  | Written submission from Officers                   |                                                                 | Committee seek to investigate further      | Update report to Committee, with recommendations           |                         |
|                                             |                                  | Consider reports from external bodies              |                                                                 |                                            |                                                            | Referral to full review |
|                                             |                                  |                                                    |                                                                 |                                            |                                                            |                         |
| Full Review                                 |                                  | Officer and Elected Member Q&A (informal)          | As a guide, three or more Sessions of the Scrutiny Review Group | Committee agree on review recommendations  | No further action                                          |                         |
|                                             |                                  | Written submission from Officers                   |                                                                 | Committee seek to investigate further      | Update report to Committee, with recommendations           |                         |
|                                             |                                  | Consider reports from external bodies              |                                                                 |                                            |                                                            |                         |

## Toolkit - Full Scrutiny Review

|                | Task                                                | Process                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|----------------|-----------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Stage 1</b> | Agree area for review                               | The scrutiny review process begins with agreeing which area will be reviewed.                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Stage 2</b> | Agree terms of reference and define scope of review | <p>The terms of reference sets out the aim and objectives of the review and how the review will be taken forward. The terms of reference includes the following</p> <ul style="list-style-type: none"> <li>• Scope – What will be looked at? What will not?</li> <li>• Objectives/Outcomes</li> <li>• Timescales and frequency of review group sessions</li> <li>• Who will be involved?</li> <li>• Resources required</li> <li>• Methods that will be used</li> </ul>                                                                     |
| <b>Stage 3</b> | Review existing information                         | <p>The next stage is to establish what is already known and available about the area being reviewed. This involves asking the following questions:</p> <ul style="list-style-type: none"> <li>• What do we know already?</li> <li>• What gaps are there?</li> </ul>                                                                                                                                                                                                                                                                        |
| <b>Stage 4</b> | Undertake Research and Consultation                 | <p>Choosing the right approach to gathering evidence is important to help ensure that information is collected on the right topics, from the right sources and those people who will add value to the scrutiny work are given the opportunity to do so. Some research methods include:</p> <ul style="list-style-type: none"> <li>• Site visits – other Councils, organisations</li> <li>• Survey – by post, phone, website</li> <li>• Focus groups</li> <li>• Workshops</li> <li>• Mystery shopper</li> <li>• Desktop research</li> </ul> |
| <b>Stage 5</b> | Scrutiny Committee                                  | <p>The outcome of the research and consultation stages of the review should be a clear statement about the current state of service delivery and options for improvement. This is achieved through:</p> <ul style="list-style-type: none"> <li>• Examining evidence gathered</li> <li>• Identifying issues arising from other related research</li> <li>• Identification of key messages</li> <li>• Option identification and analysis</li> </ul>                                                                                          |
| <b>Stage 6</b> | Report Findings                                     | <p>At the conclusion of the review, the findings must be reported to the Scrutiny Committee. This report should clearly identify the findings of the review and any recommendations for improvement that have been agreed by the Scrutiny Committee.</p> <p>The Final Report from the review should also be submitted to the relevant themed Committee for consideration of the findings and to allow the committee to respond to the recommendations for improvement.</p>                                                                 |

## Toolkit - Light Scrutiny Review

|                | Task                           | Process                                                                                                                                                                                                                                                                                                                                                                                                                         |
|----------------|--------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Stage 1</b> | Agree area for review          | The scrutiny review process begins with agreeing which area will be reviewed.                                                                                                                                                                                                                                                                                                                                                   |
| <b>Stage 2</b> | Define the scope of the review | The scope of a “Light Review” should be clearly and succinctly defined. A light review should take no more than three Scrutiny Review Sessions and the output may not need to be a formal committee report. The scope should however be noted so as focus attention on the issue being investigated.                                                                                                                            |
| <b>Stage 3</b> | Evidence gathering             | The review group should decide what resources should be utilised to gather sufficient evidence. This may included:<br><ul style="list-style-type: none"> <li>- Reviewing Service BMIPs and other Corporate documentation</li> <li>- Questioning of Council Officers</li> <li>- Taking evidence from members of the public or experts</li> </ul>                                                                                 |
| <b>Stage 4</b> | Evaluate Evidence              | The outcome of the research and consultation stages of the review should be a clear statement about the current state of service delivery and options for improvement. This is achieved through: <ul style="list-style-type: none"> <li>• Examining evidence gathered</li> <li>• Identifying arising issues</li> <li>• Make recommendations (this may include expanding the Review to become a Full Scrutiny Review)</li> </ul> |
| <b>Stage 5</b> | Report Findings                | The Scrutiny Review Group should consider the most appropriate methodology for reporting the findings but may included <ul style="list-style-type: none"> <li>• Verbal update to Committee</li> <li>• Committee Report</li> </ul>                                                                                                                                                                                               |

## Appendix A

### Extract from Scheme of Administration

#### **11. SCRUTINY COMMITTEE**

##### **Constitution**

11.1 The Scrutiny Committee shall consist of seven members of the Council.

##### **Terms of Reference**

11.2 There shall stand referred to the Scrutiny Committee the following:

##### **11.2.1 Continuous Improvement**

1. To consider the Best Value Review Implementation Plan

##### **11.2.2 Scrutiny of Service Delivery**

1. Without prejudice to the responsibilities or delegated authority of other Committees, to review the performance and effectiveness of all of the Council's work and the standards and level of service provided, particularly in relation to the promotion of equality of opportunity subject to performance reports being submitted to the relevant Committee in the first instance; 2. To commission and receive reports from officers, on any aspect of service delivery and to call before the Committee any officer or appropriate Convener/Vice-Convener to answer questions thereon and make recommendations to the relevant Committee; 3. To undertake an agreed annual programme of reviews on any aspect of service delivery or on any policy or the implementation thereof, and may call before the Committee any officers or members of the Council, expert witnesses or members of the public to give evidence, answer questions or provide written reports, and thereafter to make recommendations to the relevant Committee; 4. To consider trends in reports by both Education Scotland and Education and Children's Services on individual school performance, pre-school partner providers and community learning, including general aspects of education provision, learning and teaching, the curriculum, and care and welfare; 5. To consider trends in reports on inspections carried out by the Care Inspectorate; 6. To consider reports on external inspections of any aspects of the Council's work and the standards and level of service provided, subject to the reports being submitted to the relevant Committee in the first instance.

##### **11.2.3 Scrutiny of Policy**

1. To commission and receive reports on any policy to be submitted to or having been approved by the Council and the implementation thereof and may call before the Committee any officer or appropriate Convener/Vice-Convener to answer questions thereon and make recommendations to the relevant Committee; and
2. To consider and report on suggestions from the public for policy review or substantive policy changes.

##### **11.2.4 Corporate Governance**

1. To review the adequacy of the arrangements and procedures, policies and practices in operation in relation to corporate governance.

##### **11.2.5 Complaints**

1. To review and oversee the operation of the Council's complaints procedures.

##### **11.2.6 Scottish Public Services Ombudsman**

1. To consider any report by the Scottish Public Services Ombudsman in respect of any finding of maladministration against the Council.
2. To consider the annual reports of the Scottish Public Services Ombudsman.

##### **11.2.7 Risk Management**

1. To review the adequacy of the arrangements and procedures in operation in relation to the assessment and management of risk.

##### **11.2.8 Arts and Cultural Services / Sport and Leisure Services**

1. To scrutinise the performance of the organisations providing arts & cultural services and sport & leisure services on behalf of the Council.

### **Sub-Committees**

11.3 The Committee shall appoint the following Sub-Committees:

#### **1. Social Work Complaints Review Committee**

Comprising three independent persons, at least one of whom will have experience in social work matters and the conduct of proceedings before a review body or tribunal.

**NOTE:** Independent persons should not currently be, or have been in the one year prior to being appointed to the Sub-Committee, a member or official of any local authority. Persons who are employed by organisations to which the local authority has delegated any of its social work functions cannot act as independent persons and the spouses of such members, officials or employees are similarly restricted.

#### **Terms of Reference**

The function of the Panel shall be to review, at the request of a complainer, the written response made by Social Work Services to any complaint in relation to the Authority's discharge or failure to discharge any of their functions under the Social Work (Scotland) Act 1968 or any other enactment referred to in Section 2(2) of the 1968 Act and to recommend any appropriate action.




## Appendix B

**Resources for Effective Questioning:** There are many online resources for effective questioning, some are listed below:

- [The Power of Good Questions | Thrive in 5 with Tom Adams](#) - Video
- [Questioning Techniques and Skills: How to Ask Better Questions](#) – Mind Tools Video
- [Skills You Need](#)
- [Mind Tools](#)
- [Changing Minds](#)

### Extracts from the online toolkit and e-learning module



**Scrutiny in Perth & Kinross Council**

click on Next to continue

Our local community wants its Elected Members to represent them and ensure that Perth and Kinross Council provides them with the services they need, and to make sure that those services are of the expected standard.

Elected Members bring a different perspective to the decision making process; scrutinising performance and maintaining an overview of issues, such as governance and risk management, and this helps decisions to be more robust. It is crucial that all Members understand how scrutiny works and the benefits it can bring.

click on Next to continue

It is crucial that all Elected Members understand how scrutiny works and the benefits it can bring.

This module is a guide for Elected Members and Officers to show how scrutiny works at Perth and Kinross Council.

It was prepared following a review by Members of the Scrutiny Committee in Autumn/Winter 2016.

Effective scrutiny focuses on the priorities of local communities and feeds into the priorities of the Council and its partners.

**Good Scrutiny**

- Tackles issues of direct relevance to local people
- Tackles issues that add the most value
- Is about talking to a wide range of people, drawing them together and building consensus.
- Challenges the accepted way of doing things and acts to develop a culture of improvement in the local area.

Why is Scrutiny Important?

Good scrutiny, for all Elected Members, is essential throughout all aspects of local government.

What do you think good scrutiny ensures in the complex environment in which the Council operates?

Type your answers in the boxes.

type your text here

type your text here

type your text here

Select this button to compare your answers

openness

transparency

accountability

This results in improved public policies and services.



## PERTH AND KINROSS COUNCIL

## Scrutiny Committee

21 June 2017

## ANNUAL GOVERNANCE STATEMENT 2016/17

## Report by Head of Legal &amp; Governance Services

**PURPOSE OF REPORT**

The purpose of the report is to seek approval of the Annual Governance Statement for the financial year 2016/17 which provides assurance as to the effectiveness of the Council's governance framework and in particular the system of internal control.

**1. INTRODUCTION**

- 1.1 The purpose of the Annual Governance Statement (AGS) is to give assurance to our stakeholders that we have effective arrangements in place to ensure that, as a Council, we are doing the right things for the right people at the right time in an open, honest and accountable way.
- 1.2 The AGS provides an opportunity to review our rules, resources, systems, processes, culture and values to make sure that our governance framework and in particular our system of internal control is:
  - legally compliant;
  - ethically sound; and
  - fit for purpose

thereby enabling the Council to achieve its strategic objectives and provide high quality services that meet the needs of our communities, in an appropriate, efficient and affordable way. It is important therefore, that governance issues are identified systematically and comprehensively and reported in an open and transparent manner.

- 1.3 The Annual Governance Statement for 2016/17 is attached as Appendix 1 to this report. It has been prepared in accordance with the CIPFA Framework: Delivering Good Governance in Local Government and is required to be published as part of the Annual Accounts.

**2. GOVERNANCE ASSURANCE PROCESS**

- 2.1 The process for reviewing the integrity and effectiveness of our governance arrangements to inform the AGS was itself reviewed and redesigned in 2015/16 as part of a wider review of corporate governance led by the Head of Legal & Governance Services. It was redesigned to better test the effectiveness of the

framework by requiring more in-depth evidence from Service Management Teams as to how well the internal controls are operating within their own service areas.

- 2.2 Evidence has been gathered by way of self-assessment from each of the Service Management Teams which was then scrutinised and reviewed through the Policy and Governance Group.
- 2.3 Directors have provided Certificates of Assurance in respect of the adequacy and effectiveness of the controls within their area.
- 2.4 Certificates of Assurance have also been provided by the following officers in respect of their assessment of key corporate controls:
  - Chief Finance Officer (S 95 Officer)
  - Head of Legal & Governance Services /Monitoring Officer
  - Head of Democratic Services
  - Chief Internal Auditor
  - Corporate Procurement Manager
  - Information Compliance Manager
  - Corporate IT Manager
  - Corporate HR Manager
  - Employee Innovation & Engagement Manager
- 2.5 Assurance has been provided from the Head of Public Sector Reform, Culture and Community Development, in her capacity as the Contract Monitoring Officer in respect of our Arms' Length External bodies (Horsecross Arts Ltd, Live Active Leisure and Culture Perth & Kinross).
- 2.6 The Assurance process is designed to test the continuing effectiveness of our governance arrangements and to identify current, emerging and potential future risks to enable the organisation to adjust and improve their internal controls to mitigate and manage these effectively.

### **3 EFFECTIVENESS OF GOVERNANCE ARRANGEMENTS**

- 3.1 The Assurance process demonstrated that the Council has in place adequate internal controls that are considered fit for purpose in accordance with the governance framework.
- 3.2 The process also identified that significant work has been undertaken to improve the controls in areas identified through the Assurance Process for financial year 2015/16. Improvements include:-
  - Development of a new Risk Strategy and Risk Appetite Statement
  - Implementation of the Procurement Strategy and improved governance arrangements in respect of procurement and commissioning across the organisation
  - Implementation of the Council 's Workforce Plan
  - Improved assurance arrangements in respect of Arm's Length External Bodies

- Close working with the Chief Officer and Chief Finance Officer of the Integrated Joint Board to define and develop governance arrangements

3.3 The process has also been successful in identifying the following areas which would benefit from continuing work or further development to ensure that they can manage and mitigate current and emerging risks more effectively.

- Implementation and roll out of the new risk strategy to ensure a consistent approach is taken to risk management across the organisation
- further review of contract management arrangements to ensure compliance and value for money
- ongoing monitoring of procurement / commissioning arrangements to ensure ongoing compliance
- a holistic review of information governance to ensure successful implementation of the new General Data Protection Regulation, ongoing compliance with information management requirements and to maximise the benefits of information as a corporate asset
- further development of the scrutiny and accountability arrangements for Arm's Length External bodies
- further development of the governance arrangements in respect of the Integrated Joint Board

3.4 It should be reassuring to Elected Members, Senior Management and our stakeholders however, that these areas are already the subject of ongoing work or planned reviews. This demonstrates that as an organisation we recognise and have a good understanding of our changing risk landscape, and are committed to continuously improving the effectiveness of our governance framework, to ensure that it is robust and fit for purpose in these challenging times.

## 4. RECOMMENDATION

4.1 It is recommended that the Committee:

- (i) Note the content of this report; and
- (ii) Scrutinise and comment on the draft Annual Governance Statement for the financial year 2016/17 attached as Appendix 1 to the report.

### Author(s)

| Name         | Designation                         | Contact Details                                                        |
|--------------|-------------------------------------|------------------------------------------------------------------------|
| Lisa Simpson | Head of Legal & Governance Services | <a href="mailto:legalservices@pkc.gov.uk">legalservices@pkc.gov.uk</a> |

### Approved

| Name          | Designation                                      | Date        |
|---------------|--------------------------------------------------|-------------|
| Jim Valentine | Depute Chief Executive (Chief Operating Officer) | 7 June 2016 |

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

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

1. **Strategic Implications N/A**

2. **Resource Implications N/A**

3. **Assessments N/A**

4. **Consultation**

### Internal

- Service Management Teams
- Executive Officer Team
- Corporate Management Group
- Policy & Governance Group
- Chief Internal Auditor

### External

Staff from external organisations have been consulted as part of the Assurance process in the preparation of the Annual Governance Statement

5. **Communication**

- 5.1 The Annual Governance Statement will be published with the Council's Final Accounts for 2016/17.

## **2. BACKGROUND PAPERS**

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

## **3. APPENDICES**

Annual Governance Statement 2016/17

## **ANNUAL GOVERNANCE STATEMENT 2016/17**

### **1 Introduction**

- 1.1 Good governance is key to the success of Perth & Kinross Council in delivering its corporate and community objectives and being recognised as an ambitious, high performing Council. It supports better informed decision making, the efficient use and management of our resources, high quality performance, greater scrutiny and accountability, resulting in better outcomes for the communities we serve.
- 1.2 The purpose of the Governance Statement is to give assurance to the people of Perth & Kinross, our Elected Members, staff, partner agencies and other stakeholders that our governance arrangements are effective and our system of internal control is robust.

### **2 Scope of Responsibility**

- 2.1 As a public body, the Council must act in the public interest at all times. It must behave with integrity, conduct its business in accordance with the rule of the law and demonstrate a strong commitment to ethical values. We must demonstrate and ensure that public money is used economically, efficiently, and effectively to deliver sustainable outcomes for the people of Perth & Kinross
- 2.2 The Local Government in Scotland Act 2003 also places a specific duty on the Council to make arrangements to secure best value and ensure continuous improvement in terms of the services it delivers to our communities.
- 2.3 A comprehensive and robust governance framework is integral to the Council's ability to discharge these responsibilities and deliver good outcomes. The Annual Governance Statement seeks to provide assurance that our governance framework is appropriate, adequate and effective in enabling the Council to deliver good outcomes and manage risk.
- 2.4 As well as providing assurance as to the effectiveness of the governance arrangements in place for the Council, this Annual Governance Statement also covers the six organisations that are included in the Council's Group Accounts.
  - Live Active Leisure Limited (subsidiary)
  - Horsecross Arts Limited (subsidiary)
  - Culture Perth & Kinross
  - Tayside Valuation Joint Board (associate)
  - Tayside Contracts (associate)
  - Perth & Kinross Integrated Joint Board ( statutory partnership)

### **3 The purpose of the Governance Framework**

- 3.1 Our governance framework comprises the rules, resources, systems, processes, culture and values designed to help us achieve our strategic objectives and provide effective, good quality services in the most cost effective way possible.
- 3.2 A crucial part of the governance framework is the system of internal control which is designed to manage the risk of a failure to the achievement of our intended outcomes.

- 3.3 The Council manages risk through a continuous process of identification, assessment, evaluation, prioritisation and mitigation. We evaluate risk on the basis of likelihood and impact in both financial and non-financial terms. We do however need to mitigate and manage risk proportionately; recognising that risk can never be eliminated completely and that only reasonable assurance can ever be given.
- 3.4 The purpose of the governance framework therefore is to ensure that we are using all of our resources effectively to deliver good outcomes for our communities and to provide assurance that we are indeed doing the right things, for the right people at the right time in an open, honest and accountable way.

## 4 Our Governance Framework

- 4.1 We recognise that the following are fundamental elements of good governance within public sector organisations:-
- Vision, direction & purpose
  - Leadership, Culture & Values
  - Stakeholder Engagement
  - Organisational Development
  - Effective Decision Making
  - Internal Controls
  - Scrutiny & Accountability
- 4.2 These fundamental elements of our governance framework reflect and seek to embed the principles of good governance within the International Framework: Delivering Good Governance in the Public Sector developed by CIPFA and the International Federation of Accountants, now incorporated into the 2016 CIPFA Framework for Delivering Good Governance in Local Government, namely :
- Defining outcomes in terms of sustainable economic, social and environmental benefits
  - Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law
  - Ensuring openness and comprehensive stakeholder engagement
  - Developing the entity's capacity, including the capability of its leadership and the individuals within it
  - Determining the interventions necessary to optimise the achievement of the intended outcomes
  - Managing risks and performance through robust internal control and strong public financial management
  - Implementing good practices in transparency, reporting and audit to deliver effective accountability
- 4.3 Our governance arrangements are underpinned by the fundamental principles of good governance, the requirements of legislation and best practice and can be summarised as:
- Our vision is the achievement of the shared priorities and intended outcomes for the citizens of Perth & Kinross defined in our [Community Plan/Single Outcome Agreement 2013-23](#) and our [Corporate Plan](#) for 2013-18. Building Ambition: Our Transformation Strategy together with our [Business Plan](#), [Revenue Budget 2017](#), [Capital Budget and Housing Investment Programme](#) and other strategic documents provide the necessary direction to the organisation to enable it to deliver on its vision and achieve its purpose.

- Our leadership is effective. The roles and responsibilities of Elected Members and Management within the Council are understood and respected. There is effective communication between Members and Management through Leaders Meetings, Convenors meetings, Member Officer Working Groups and all member briefings where appropriate.
- There are effective arrangement in place for the discharge of the following functions:
  - Head of Paid Service
  - Monitoring Officer
  - Chief Finance Officer
  - Chief Social Work Officer
- Our culture and values are reflected in everything we do as an organisation. It is determined by our decision making and behaviours and is reflected in our key corporate and community documents and strategies, our Local Code of Corporate Governance, Elected Member and Employee Codes of Conduct, Whistleblowing and anti- fraud and corruption policies, Elected Member Register of Interests, Gifts & Hospitality Policy and in our suite of policies, processes and procedures ensuring that as a Council we respect the rule of law, behave with integrity, promote a culture of good governance and demonstrate a strong commitment to ethical values.
- We recognise the importance of good stakeholder engagement in redesigning and reshaping public services and we will continue to actively engage with our communities, partners and other stakeholders to ensure that our services best meet their needs. The Council has a strategy for engaging with communities and has agreed a Statement of Intent with its Community Planning Partners to support a co-ordinated approach to community engagement. Our approach to consultations is based on the [National Standards for Community Engagement](#) and we have established a wide range of [consultation processes and procedures](#). The Community Empowerment (S) Act 2015 provides a framework for improving the quality of engagement and participation which will be reflected in Local Outcome Improvement Plan which is currently being developed with our community partners.
- In the current climate of constant change and financial challenge, Perth & Kinross Council recognise that we must adapt and evolve to be able to continue delivering cost efficient, high quality services in an increasingly complex public sector landscape. We believe that our people are our most valuable asset and that as an organisation we will secure the best outcomes for our communities by investing in the development of our workforce and our leaders to ensure that they have the right skills and have sufficient capacity to deliver. Our approach is outlined in our strategic document Building Ambition – A Workforce for the 21<sup>st</sup> Century and our “Learn, Innovate Grow” philosophy is being embedded across the organisation to create a highly motivated, skilled and flexible workforce. There is a programme of leadership development in place for our senior managers. An induction programme is in place for Elected Members and an ongoing programme will be developed in consultation with Members to ensure that it meets their needs going forward.

- The Council's Scheme of Administration sets out the role of committees in decision-making and the delegated decision-making powers of individual officers. The committees, boards and panels we have established ensure proper democratic engagement and provide an appropriate mechanism for effective decision making and accountability. As a local authority, the extent of our decision making powers are determined by statute and regulation. Our report template is designed to ensure that legal and financial checks are carried out before a report is presented for decision. It also provides that appropriate internal and external consultations and where relevant, options appraisals, ensure that decision makers are appropriately informed to determine the best course of action in the circumstances.
- The Council has developed and implemented a suite of policies, procedures and management processes to ensure that there are appropriate **internal controls** in place in respect of :-
  - Workforce Management
  - Financial management
  - Officer /Member relations
  - Performance Management
  - Change & Improvement
  - Workforce Planning
  - Risk Management
  - Procurement
  - Major Investment Project Management
  - Health & Safety
  - Information Management
  - Information Security
  - Civil Contingencies & Business Continuity
  - Anti- Fraud & Corruption
  - Conflicts of interests
  - Gifts & Hospitality
  - Whistle-blowing and reporting concerns
  - Complaints handling
  - Funding External bodies / ALEO's
- The Council believes in openness and transparency, and that as an organisation we are properly held to account for our decisions, actions and performance. Our management and democratic structures and processes are designed to facilitate effective decision making and the proper scrutiny of those decisions and their impact in terms of performance and the achievement of our intended outcomes.
- In February the Council set a two year budget (year 2 provisional). Each budget is allocated to a named budget holder. Budgets are monitored regularly by Service Management Teams and overall financial performance is monitored regularly by the Executive Officer Team.
- The Strategic Policy & Resources Committee receives regular financial monitoring information as part of the budgetary control framework.
- Capital spend is monitored by Senior Management through the Strategic Investment Group and the Corporate Resources Group, and reported regularly to the Executive Officer Team and the Strategic Policy & Resources Committee as

part of the budgetary control framework. The Capital Programme Office monitors project milestones.

- The annual service planning process ensures that Services meet the needs of customers, and that targets for quality improvements are set and monitored. Individual Business Management & Improvement Plans set out detailed actions and outcomes for each Service and include performance indicators. Service performance is reported regularly to the Executive Officer Team and publicly through the Council's themed committees and the Scrutiny committee. Financial performance is publicly reported through the Strategic Policy & Resources Committee and relevant service committees.
- The Council publishes an [Annual Performance Report](#) on its performance against the objectives set out within the Corporate Plan and Community Plan/Single Outcome Agreement.
- The Council's Transformation Programme is scrutinised by Service Management Teams, the Executive Officer Team and the Modernising Governance Member Officer Working Group. Progress is reported regularly to the Council's Strategic Policy & Resources Committee.
- The Council has a published process for dealing with complaints from members of the public and annually reports on performance in this respect of complaints handling
- The Council has a published process for individuals to access information under the Freedom of Information legislation and annually reports on performance in this area
- The Council has a published process for individuals to access information under the Data Protection legislation and annually reports on performance in this area

## **5 Governance Assurance Process**

- 5.1 Assurance evidence has been gathered from Service Management Teams (SMT) by way of self-assessment questionnaires designed around the fundamental elements of good governance and the principles set on in the 2016 CIPFA Framework).
- 5.2 The evidence submitted by services has undergone a process of quality assurance and challenge through the Policy & Governance Group, which is chaired by the Head of Legal & Governance Services and comprises Senior Officers from the following divisions and representatives of each Directorate;
- Legal
  - Finance
  - Human Resources
  - Internal Audit
  - Information Compliance & Security
  - IT and Information Systems
  - Procurement
  - Democratic Services
- 5.3 Each SMT has certified that, having considered the evidence of the financial and non-financial controls within each of their areas, they are satisfied that these are adequate

and effective subject to certain improvement actions which have been identified as part of that self-assessment process being implemented.

5.4 A Certificate of Assurance to this effect has been signed by each Director and their respective Depute Chief Executive.

5.5 Corporate assurance has also been provided as regards the adequacy of the internal controls from the following Officers:

- Chief Finance Officer ( S 95 Officer)
- Head of Legal & Governance Services /Monitoring Officer
- Head of Democratic Services
- Chief Internal Auditor
- Corporate Procurement Manager
- Information Compliance Manager
- Corporate IT Manager
- Corporate Procurement Manager
- Corporate HR Manager

5.6 For Arms Length External Organisations reliance has been placed upon:

- unaudited financial statements of the companies (audited accounts will be scrutinised when available);
- assurance self-assessment evaluations
- terms and conditions of Service Level Agreements
- quarterly contract monitoring meetings with Service;
- performance information and financial monitoring reports to Service; and
- presentations to Scrutiny Committee

5.7 For Tayside Contracts Joint Committee and Tayside Valuation Joint Board, reliance has been placed upon each organisation's own Annual Governance Statement.

5.8 For Perth & Kinross Integrated Joint Board reliance has been placed on their own Annual Governance Statement.

5.9 The draft Annual Governance Statement is considered by the Council's Scrutiny Committee prior to inclusion with the final draft Annual Accounts.

5.10 The Annual Governance Statement is considered by full Council as part of the Annual Accounts.

## **6 2015/16 Governance Statement : Improvement update**

6.1 The 2015/16 AGS identified the following areas for review and/or improvement:-

- corporate risk management
- contract management
- procurement / commissioning
- information management
- workforce planning
- funding external bodies



6.2 Significant work has been undertaken to review process and improve internal controls in these areas. In particular :

- i. Following review and consultation the Council has agreed a new Risk Strategy and has defined its Risk Appetite. A cohort of staff from across the organisation are undertaking accredited risk management training to ensure that the new approach is implemented consistently across the Council and to support Senior Management Teams to embed effective risk management into their business processes and practices
- ii. Resource has been allocated to embedding more standard, corporate processes for routine procurement tasks to ensure consistency and improve performance. Contract Rules have been revised and a number of tools and templates have been developed to support better procurement, commissioning and contract management as part of the implementation of our Procurement Strategy
- iii. The implementation of the new General Data Protection Regulation in May 2018 requires wholesale review of our current systems and process in respect of how we gather process and manage personal data. This work is currently underway and the opportunity is being taken to develop a new information governance framework to more effectively identify and manage information risk and to realise greater benefits from information as a corporate asset.
- iv. A Corporate Workforce Plan has been developed which provides a framework for more effective workforce planning at both a corporate and an operational level. The Public Sector People Managers Association PPMA Business Workforce Dialogue Tool supports managers to think longer term and more strategically in respect of resource planning. Work is being done to embed workforce planning into our business and financial management processes.
- v. Improvements have been made to the assurance process for our arm's length external bodies in that they are now required to undertake the governance self-assessment process. A more formal structure is being put in place in respect of the role of the Scrutiny Committee in monitoring the performance of the ALEOs and contract monitoring arrangements under the Service Level Agreement are to be strengthened going forward.

## **7 Effectiveness of Governance Arrangements**

- 7.1 Based on the assurance process outlined above, in terms of effectiveness, the Council governance arrangements continue to be regarded as fit for purpose in accordance with the governance framework, subject to the areas identified in section 9 below.
- 7.2 Our financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015)
- 7.3 Our assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010)
- 7.4 The Council has designated the Deputy Chief Executive (Chief Operating Officer) as the Senior Information Risk Owner with the Head of Legal & Governance Services as

Depute. Our information security measures have been reviewed in 2016/17 to ensure continuing compliance with the Public Service Network (PSN) requirements.

- 7.5 The Chief Internal Auditor is the Council's nominated Money Laundering Reporting Officer. There has been no relevant activity during the year.
- 7.6 We have structures in place which support constructive challenge and effective scrutiny. In particular;-
- Scrutiny Committee
  - Strategic Resources & Policy Committee
  - Themed Committees
  - Executive Officer Team
  - Corporate Management Group
  - Strategic Investment Group
  - Policy & Governance Group

## 8 Opinion of the Chief Internal Auditor

- 8.1 Audit activity and performance is detailed in the Annual Report by the Chief Internal Auditor for the year 2016/17. At paragraph 7.1 of that report the Chief Auditor has given the following opinion in respect of the effectiveness of the governance arrangements in place.

*"In the Chief Internal Auditor's opinion, reasonable reliance can be placed on the Council's governance arrangements and systems of internal control for 2016/17, subject to management implementation of the agreed actions detailed in Internal Audit reports and summarised at Section 2 [of the Annual Report for the year 2016/17]. Whilst limited reliance can be placed on the corporate risk management arrangements in place for 2016/17, the ongoing implementation and embedding of the corporate risk management strategy should enable reasonable reliance for 2017/18."*

## 9 Areas for continued improvement action

- 9.1 The areas referred to in 7.1 above which are the subject of continued improvement actions are:-
- to continue to review and improve contract management practices across the organisation to ensure legal compliance and best practice
  - to extend the scope of the review of information management to develop an information governance framework which ensures compliance with the new General Data Protection Regulation and better supports the Council to maximise the benefits of information as a corporate asset
  - to embed our new approach to risk management into our business and management processes to facilitate better risk based decision making to enable us to deliver our intended outcomes
  - to continue to implement our procurement strategy to ensure that our processes and practices are aligned and deliver value for money
  - to continue to develop our workforce planning to ensure that we have an adequately skilled and agile workforce equipped and motivated to meet the

challenges of delivering high quality cost efficient public services to our communities

- to further develop the scrutiny function in respect of our ALEOs to ensure better transparency and more robust accountability
- to continue to work with the Chief Officer and Chief Finance Officer of the Integrated Joint Board to further develop the governance arrangements in respect of the relationship between the IJB and the Council as a statutory partner.

## **10 Statement**

- 10.1 The Governance Framework has been in place for the financial year ending 31 March 2017 and up to the date of approval of the Annual Accounts..
- 10.2 The Council is legally required to conduct an annual review of the effectiveness of its governance arrangements and to publish a reporting statement, known as the Annual Governance Statement, with its Annual Accounts.
- 10.3 This Statement confirms that a comprehensive review of the Council's corporate governance arrangements has been undertaken and reports on the effectiveness of its arrangements and in particular its internal controls.
- 10.4 The review has been carried out in accordance with Chartered Institute of Public Finance and Accountancy (CIPFA) Framework: Delivering Good Governance in Local Government 2016.
- 10.5 The review of the effectiveness of the Council's system of internal control and overall governance framework has been informed by different sources providing assurance and assessing risk:-
- Service Management Teams
  - Executive Officer Team
  - Chief Finance Officer
  - Monitoring Officer
  - Chief Internal Auditor
  - Policy & Governance Group
  - Internal Audit
  - External Audit
  - External agencies and inspectorates.
- 10.6 Internal Audit have provided me with assurance for the year 2016/17 and an Internal Audit plan is in place for 2017/18 that will focus on areas which have been identified as corporate or service specific risks.
- 10.7 Each Deputy Chief Executive and Director who has responsibility within the Scheme of Delegation for the development and maintenance of the system of internal control has provided me with assurance that the internal controls and governance arrangements within their service are effective and have been reviewed.
- 10.8 The Chief Financial Officer has provided assurance that the financial arrangements in place conform to the relevant CIPFA requirements and that our expenditure is lawful.

- 10.9 The Monitoring Officer has provided assurance that our governance arrangements ensure compliance with relevant laws, regulations, internal policies and procedures.
- 10.10 I have been advised of the outcome of the review of the effectiveness of the governance arrangements, as outlines above, by the Head of legal & Governance Services and am satisfied that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.
- 10.11 Governance improvement actions will be delivered where possible through existing improvement plans and change programmes to avoid duplication of effort. A plan for the improvement activity is outlined in Appendix 1.
- 10.12 Oversight of governance improvement activity will be maintained through Corporate Management Group with support from the Policy & Governance Group who will regularly monitor progress.
- 10.13 Progress will be reported to the Council's Executive Officer Team and the Council's Scrutiny Committee.

I am also reassured by the fact that the areas identified for further development are already the work in progress. This demonstrates to me that this Council has a good understanding of our key risks and provides assurance to our communities that we are committed to continuously improving the effectiveness of our governance framework to ensure that it is fit for purpose and enables us to deliver our intended outcomes.

Signed:

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Bernadette Malone  
Chief Executive

Perth & Kinross Council

Date:

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Ian Campbell  
Leader of the Council

Perth & Kinross Council

Date:

**PERTH AND KINROSS COUNCIL**

**Scrutiny Committee – 21 June 2017**

**FOLLOWING THE PUBLIC POUND ANNUAL REPORT 2016/17**

**Report by Head of Legal and Governance Services**

This report describes the Council's arrangements for monitoring of the Council's performance against the Code of Guidance for Funding External Bodies & Following the Public Pound for financial year 2016/2017 and advises of the enhancements made to governance arrangements which align the Code with the Procurement Strategy.

**1. BACKGROUND**

- 1.1 'Following the Public Pound' means ensuring that there is proper accountability for public funds used in delivering services and providing social benefits, irrespective of the means of delivering them.
- 1.2 In common with other local authorities, the Council uses a number of external organisations to assist in the provision of its services. These external organisations can include community partner organisations, trusts, private sector companies and providers from the voluntary and not-for-profit sectors.
- 1.3 The Council developed a code of guidance based on the Code of Guidance on Funding External Bodies and Following the Public Pound issued by the Accounts Commission in co-operation with COSLA (the original code).
- 1.4 The Council's local 'Following the Public Pound' Code is in place to ensure there is consistency and transparency in respect of the funding of external organisations that are providing services which might otherwise have been provided by the Council.
- 1.5 The FPP Code applies in any situation where the Council decides to fund an external organisation by means other than those delivered by a transparent procurement process. The Code improves assurance for these agreements by adopting the FPP principles in circumstances where the arrangements with external bodies are exempt from procurement rules.
- 1.6 The Code was revised in 2016, ([report 16/270](#) refers) and Strategic Policy and Resources committee was advised that further work to review and improve the Council's Contract Rules and the Following the Public Pound practitioners' Toolkit had commenced. Since that time further revisions have also been made to the FPP Code to take account of the revised Council's Contract Rules and to reflect the relationship with the newly developed FPP

Practitioners Toolkit. These updates together brought arrangements for FPP agreements into line with changes to public procurement rules.

- 1.7 The revised Contract Rules and the FPP Toolkit are now complete and are appended to this report (Appendices 2 and 3).

## **2. CURRENT ARRANGEMENTS**

- 2.1 Registers of payments which are made under the FPP Code and the contracts agreed via a public procurement route are maintained by the Council. At present, tenders accepted each financial year are reported to Strategic Policy and Resources committee annually and the arrangements made under the FPP Code are reported to committee in a separate report.
- 2.2 The register of FPP arrangements is compiled from information captured in the Council's finance system on payments made as grants or to arm's length organisations through relevant budget codes. As part of the ongoing work to strengthen our governance arrangements the reporting on payments will be reviewed in 2016/17 to further automate how the data is captured.
- 2.3 For the financial year 2016/17 the reports have been presented separately to committee. Appendix 1 of this report sets out the arrangements recorded under the FPP Code for the year. A separate report to Strategic Policy and Resources committee today presents the tenders accepted under the public procurement regime.

## **3. PROPOSALS**

- 3.1 The further revision of the FPP Code and the Contract Rules to take account of new procurement legislation found that improved assurance is possible by presenting both the tenders accepted on behalf of the Council and the Following the Public Pound arrangements together, in one report. This approach will provide a transparent overview of the full extent of external expenditure.
- 3.2 The changes to procurement legislation introduce a new statutory reporting regime for public bodies spending in excess of £5,000,000. This regime requires public bodies to demonstrate in an annual report the ways in which external spend is being used to meet strategic objectives.
- 3.3 It is proposed that in future years Strategic Policy and Resources committee will receive a suite of related items comprising:
  - the Annual Report on the delivery of the Procurement Strategy, as required by legislation,
  - the detail of tenders accepted on behalf of the Council; as set out in the Scheme of Administration;

- and the record of FPP arrangements as defined in the local FPP Code.

- 3.4 Appendix 1 lists just over 240 providers that have been in receipt of funds during 2016/17. Funding reported under the FPP Code for 2016/17 amounted to almost £4m to third sector organisations with a further £31m of funding to ALEO's.
- 3.5 Appendices 2 and 3 set out the governance documents that have been prepared to align the Following the Public Pound regime with the current procurement legislation. The Contract Rules, the FPP Code and associated Practitioners Toolkit are provided for scrutiny and comment. The revisions are yet to be approved and the documents will be submitted to Strategic Policy and Resources committee in the next cycle.

#### 4. CONCLUSION AND RECOMMENDATIONS

- 4.1 By aligning the FPP Code and the Council's Contract Rules, we will develop a consistent approach to the risk assessment, management and monitoring of the spectrum of contractual arrangements, giving greater transparency across the supply chain.
- 4.2 It is therefore recommended that this Committee:
- note the performance under the arrangements Following the Public Pound set out in Appendix 1;
  - scrutinise and comment on the draft of the revised Contract Rules, the revised FPP Code and proposed Practitioners' Toolkit presented in Appendices 2 and 3.

#### Author(s)

| Name          | Designation                   | Contact Details                                                                    |
|---------------|-------------------------------|------------------------------------------------------------------------------------|
| Mary Mitchell | Corporate Procurement Manager | <a href="mailto:procurement@pkc.gov.uk">procurement@pkc.gov.uk</a><br>01738 475000 |

#### Approved

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

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## ANNEX

### 1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

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

#### 1. Strategic Implications

##### Community Plan / Single Outcome Agreement

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

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

##### Corporate Plan

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

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

#### 2. Resource Implications

### Financial

- 2.1 There are no direct financial implications arising from this Report.

## **3. Assessments**

### Equality Impact Assessment

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

### Strategic Environmental Assessment

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

### Sustainability

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

## **4. Consultation**

### Internal

- 4.1 The information contained in this report has been prepared in consultation with membership of the Policy and Governance Group; nominees of each Service area with a remit to review governance matters in each Service.

### External

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

## **5. Communication**

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

## **6. BACKGROUND PAPERS**

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

## **7. APPENDICES**

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

Following the Public Pound Annual Report  
Appendix 1

| Name of Organisation             | Description                                | Service |         |     |       | Total<br>£ |
|----------------------------------|--------------------------------------------|---------|---------|-----|-------|------------|
|                                  |                                            | CDS     | ECS     | HCS | TES   |            |
|                                  |                                            | £       | £       | £   | £     |            |
| A & S Barbour                    | Gap Analysis Report for North East Green   |         |         |     | 1,400 | 1,400      |
| Abernethy in Bloom               | Annual Grant 2016/17 Abernethy in bloom    |         |         |     | 150   | 150        |
| Aberuthven Ablaze                | Annual Administration Grant 2016/17        |         |         |     | 150   | 150        |
| Aberuthven Village Hall          | Annual Grant 16016 Aberuthven Village Hall |         |         |     | 250   | 250        |
| Action for Children Services Ltd | Intensive Family Support                   |         | 152,888 |     |       | 152,888    |
| Airlie Street Hall               | Annual Grant 2016/17                       |         |         |     | 250   | 250        |
| Alyth in Bloom                   | Annual Grant 2016/17 Alyth in Bloom        |         |         |     | 150   | 150        |
| Alyth Out of School Care         | Breakfast Club                             |         | 1,890   |     |       | 1,890      |
| Alyth Parish Church              | Annual Grant 16081 Alyth Parish Church     |         |         |     | 250   | 250        |
| Amulree Hall                     | Annual Grant 16040 Amulree Hall            |         |         |     | 250   | 250        |
| Ardoch Gardening Club            | Annual Administration Grant 2016/17        |         |         |     | 150   | 150        |
| Auchterarder Bloom Association   | Annual Administration Grant 2016/17        |         |         |     | 150   | 150        |
| Ballintuim Village Hall Fund     | Annual Grant 16017 Ballintuim Village Hall |         |         |     | 250   | 250        |
| Barnardo's                       | Hopscotch                                  |         | 7,880   |     |       | 7,880      |
| Barnardo's Scotland              | Funding 2016/17                            |         | 65,640  |     |       | 65,640     |
| Beautiful Perth                  | Annual Administration Grant 2016/17        |         |         |     | 150   | 150        |
| Biodynamic Farms and Gardens     | CECF**                                     |         |         |     | 8,364 | 8,364      |

| Name of Organisation                     | Description                                     | Service |       |       |     | Total<br>£ |
|------------------------------------------|-------------------------------------------------|---------|-------|-------|-----|------------|
|                                          |                                                 | CDS     | ECS   | HCS   | TES |            |
|                                          |                                                 | £       | £     | £     | £   |            |
| Blackford Is Brighter                    | Annual Administration Grant 2016/17             |         |       |       | 150 | 150        |
| Blackwater Public Hall                   | Annual Grant 16017 Blackwater Public Hal        |         |       |       | 250 | 250        |
| Blair Atholl Village Hall                | Annual Grant 16019-Blair Atholl Village Hall    |         |       |       | 250 | 250        |
| Blair In Bloom                           | Annual Administration Grant 2016/17             |         |       |       | 150 | 150        |
| Blair Rattray & Dist Freedom Coach Assoc | Section 10 2016/17                              |         |       | 8,120 |     | 8,120      |
| Bonnie Rait                              | Annual Administration Grant 2016/17             |         |       |       | 150 | 150        |
| Breatheaberdely.co.uk                    | SLA                                             |         | 3,600 |       |     | 3,600      |
| Bridge Of Cally Hall                     | Annual Grant 16020 Bridge of Cally Hall         |         |       |       | 250 | 250        |
| Bridge Of Earn Institute                 | Annual Grant 16021 Bridge of Earn Inst.         |         |       |       | 250 | 250        |
| Brig in Bloom                            | Annual Grant 2016/17 Brig in Bloom              |         |       |       | 150 | 150        |
| Bullionfield Recreation Club             | Annual Grant 16022 Bullionfield Recreation Club |         |       |       | 250 | 250        |
| Burrelton Village Hall                   | Annual Grant 16023 Village Hall 2016            |         |       |       | 250 | 250        |
| Cafe Eck's                               | Woodland Working Group                          |         |       |       | 231 | 231        |
| Caffe Canto                              | Tayside Recorder day/7.05.6                     |         |       |       | 211 | 211        |
| Camserney Hall                           | Annual Grant 16024 Camserney Hall               |         |       |       | 250 | 250        |
| Caputh Village Hall                      | Annual Grant 16025 Caputh Village Hall          |         |       |       | 250 | 250        |
| Carnbo & District Community Hall Assoc   | Annual Grant 16026 Carnbo Hall                  |         |       |       | 250 | 250        |
| Carse in Bloom                           | Annual Administration Grant 2016/17             |         |       |       | 150 | 150        |

| Name of Organisation              | Description                                      | Service |        |                |        | Total<br>£     |
|-----------------------------------|--------------------------------------------------|---------|--------|----------------|--------|----------------|
|                                   |                                                  | CDS     | ECS    | HCS            | TES    |                |
|                                   |                                                  | £       | £      | £              | £      |                |
| Centre For Inclusive Living P & K | FAP 2016/17                                      |         |        | 39,729         |        | 39,729         |
| Chapelhill Hall                   | Annual Grant 16027 Chapelhill Hall               |         |        |                | 250    | 250            |
| CHAS                              | Contribution to Hospice Care 2016/17             |         | 17,730 |                |        | 17,730         |
| Checkin                           | SLA 2016/17                                      |         |        | 27,030         |        | 27,030         |
| Church Of Scotland                | SLA 2016/17                                      |         |        | 92,565         |        | 92,565         |
| Churches Action For The Homeless  | SLA 2016/17 - Day Centre                         |         |        | 145,307        |        | 145,307        |
| Churches Action For The Homeless  | SLA 2016/17 - Outreach                           |         |        | 67,649         |        | 67,649         |
|                                   | <b>Churches Action For The Homeless Subtotal</b> |         |        | <b>212,956</b> |        | <b>212,956</b> |
| Cleish Village Hall               | Annual Grant 16028 Cleish Village Hall           |         |        |                | 250    | 250            |
| Clunie Public Hall                | Annual Grant 16029 Clunie Public Hall            |         |        |                | 250    | 250            |
| Common Ground Mediation Ltd       | ASN Mediation Services                           |         | 6,400  |                |        | 6,400          |
| Comrie Community Centre           | Annual Grant 16030 Comrie Community Centre       |         |        |                | 250    | 250            |
| Comrie in Colour                  | Annual Administration Grant 2016/17              |         |        |                | 150    | 150            |
| Comrie Rural Hall                 | Annual Grant 16031 Comrie Rural Hall             |         |        |                | 250    | 250            |
| Cornerstone Community Care        | SLA 2016/17                                      |         |        | 62,990         |        | 62,990         |
|                                   | <b>Cornerstone Community Care Subtotal</b>       |         |        | <b>62,990</b>  |        | <b>62,990</b>  |
| Coupar Angus Pride of Place       | Annual Administration Grant 2016/17              |         |        |                | 150    | 150            |
| Coupar Angus Pride of Place       | CECF*                                            |         |        |                | 12,000 | 12,000         |

| Name of Organisation             | Description                                    | Service |        |                |               | Total<br>£     |
|----------------------------------|------------------------------------------------|---------|--------|----------------|---------------|----------------|
|                                  |                                                | CDS     | ECS    | HCS            | TES           |                |
|                                  |                                                | £       | £      | £              | £             |                |
|                                  | <b>Coupar Angus Pride of Place Subtotal</b>    |         |        |                | <b>12,150</b> | <b>12,150</b>  |
| Crieff in Leaf                   | Annual Administration Grant 2016/17            |         |        |                | 150           | 150            |
| Crieff in Leaf                   | CECF*                                          |         |        |                | 2,808         | 2,808          |
|                                  | <b>Crieff in Leaf Subtotal</b>                 |         |        |                | <b>2,958</b>  | <b>2,958</b>   |
| Crook and Drum Growing Together  | Annual Administration Grant 16202 2016/17      |         |        |                | 150           | 150            |
| Crook Of Devon Institute         | Annual Grant 16032 Crook of Devon Village Hall |         |        |                | 250           | 250            |
| Crossreach                       | SLA 2016/17                                    |         |        | 10,098         |               | 10,098         |
| Crossroads                       | SLA 2016/17                                    |         |        | 338,136        |               | 338,136        |
| Crossroads                       | SLA 2016/17 Dementia Care                      |         |        | 25,309         |               | 25,309         |
|                                  | <b>Crossroads Subtotal</b>                     |         |        | <b>363,445</b> |               | <b>363,445</b> |
| Crossroads Care Attendant Scheme | Care of Individuals 2016/17                    |         | 16,702 |                |               | 16,702         |
| Cruse Bereavement Care Scotland  | SLA 2016/17 (FAP & HB)                         |         |        | 15,376         |               | 15,376         |
| Dalguise & District Public Hall  | Annual Grant Dalguise & District Public Hall   |         |        |                | 250           | 250            |
| Duchess Anne Hall                | Annual Grant 16034 Duchess Anne Hall           |         |        |                | 250           | 250            |
| Dunkeld & Birnam In Bloom        | Annual Administration Grant 2016/17            |         |        |                | 150           | 150            |
| Dunning in Bloom                 | Annual Grant 2016/17 Dunning in Bloom          |         |        |                | 150           | 150            |
| East Haven Together              | People & Comm - East Haven                     |         |        |                | 328           | 328            |
| East Haven Together              | Core Budget TBAP                               |         |        |                | 488           | 488            |

| Name of Organisation              | Description                                        | Service |               |         |               | Total<br>£    |
|-----------------------------------|----------------------------------------------------|---------|---------------|---------|---------------|---------------|
|                                   |                                                    | CDS     | ECS           | HCS     | TES           |               |
|                                   |                                                    | £       | £             | £       | £             |               |
|                                   | <b>East Haven Together Subtotal</b>                |         |               |         | <b>816</b>    | <b>816</b>    |
| Elspeth A Coutts                  | Urban/swifts Budget                                |         |               |         | 114           | 114           |
| Enable Scotland                   | Individual Support Packages                        |         | 12,888        |         |               | 12,888        |
| Enable Scotland                   | Perth Children's Services SLA                      |         | 29,297        |         |               | 29,297        |
|                                   | <b>Enable Scotland Subtotal</b>                    |         | <b>42,185</b> |         |               | <b>42,185</b> |
| Errol Community Association       | Annual Grant 16047 Errol Village Hall              |         |               |         | 250           | 250           |
| Ethnic Minorities Law Centre      | Budget Motion 2016/17                              |         |               | 20,000  |               | 20,000        |
| Findo Gask Hall                   | Annual Grant 16035 Findo Gask Hall                 |         |               |         | 250           | 250           |
| Forgandenny Village Hall          | Annual Grant 16036 Forgandenny Village Hall        |         |               |         | 250           | 250           |
| Fowlis Wester Village Hall        | Annual Grant 16038 Fowlis Wester Village Hall      |         |               |         | 250           | 250           |
| Friends of Stanley Primary School | Grant ref 15132 Trim Trail                         |         |               |         | 4,883         | 4,883         |
| Gateway Enterprises - Strathmore  | SLA 2016/17                                        |         |               | 113,810 |               | 113,810       |
| Georgetown Community Hall         | Annual Grant 16039 Georgetown Community Hall       |         |               |         | 250           | 250           |
| Gilmerton & Monzie                | Annual Grant 16037 Gilmerton & Monzie Hall         |         |               |         | 250           | 250           |
| Glenfarg & Duncricvie in Bloom    | Annual Administration Grant 2016/17                |         |               |         | 150           | 150           |
| Glenfarg & Duncricvie in Bloom    | CECF*                                              |         |               |         | 10,000        | 10,000        |
|                                   | <b>Glenfarg &amp; Duncricvie in Bloom Subtotal</b> |         |               |         | <b>10,150</b> | <b>10,150</b> |
| Glenfarg Public Hall Association  | Annual Grant 16041 Glenfarg Public Hall            |         |               |         | 250           | 250           |



| Name of Organisation                     | Description                                                   | Service |        |        |            | Total<br>£ |
|------------------------------------------|---------------------------------------------------------------|---------|--------|--------|------------|------------|
|                                          |                                                               | CDS     | ECS    | HCS    | TES        |            |
|                                          |                                                               | £       | £      | £      | £          |            |
| Glenfincastle Hall                       | Annual Grant 16042 Glenfincastle Hall                         |         |        |        | 250        | 250        |
| Grandtully & Strathtay Hall & Park Assoc | Annual Grant 16043 GSHPA Village Hall                         |         |        |        | 250        | 250        |
| Guildtown Community Association          | Annual Administration Grant 2016/17                           |         |        |        | 150        | 150        |
| Guildtown Community Association          | Annual Grant 16044 Guildtown Community Associate Village Hall |         |        |        | 250        | 250        |
|                                          | <b>Guildtown Community Association Subtotal</b>               |         |        |        | <b>400</b> | <b>400</b> |
| Headway Perth & Kinross                  | Section 10 2016/17                                            |         |        | 950    |            | 950        |
| Helen Dickinson                          | Travelling Expenses                                           |         |        |        | 32         | 32         |
| Home-Start Perth                         | Home-Start core funding 2016/17                               |         | 10,000 |        |            | 10,000     |
| Inchture Village Hall                    | Annual Grant 16045 Inchture Village Hall                      |         |        |        | 250        | 250        |
|                                          | <b>Inchture Village Hall Subtotal</b>                         |         |        |        | <b>250</b> | <b>250</b> |
| Independent Advocacy Perth & Kinross     | SLA 2016/17                                                   |         |        | 55,909 |            | 55,909     |
| Independent Advocacy Perth & Kinross     | SLA 2016/17 .6 Vol Co-Ord (Recurring)                         |         |        | 21,420 |            | 21,420     |
| Independent Advocacy Perth & Kinross     | SLA 2016/17 Carers                                            |         |        | 33,150 |            | 33,150     |
| Independent Advocacy Perth & Kinross     | SLA 2016/17 Prisoner Health Care N/R                          |         |        | 8,920  |            | 8,920      |
| Independent Advocacy Perth & Kinross     | SLA 2016/17 Rohallion Unit                                    |         |        | 33,867 |            | 33,867     |
| Independent Advocacy Perth & Kinross     | SLA 2016/17 Strathmartine                                     |         |        | 27,730 |            | 27,730     |
| Independent Advocacy Perth & Kinross     | SLA 2016/17 Worker                                            |         |        | 19,045 |            | 19,045     |
| Independent Advocacy Perth & Kinross     | SLA 2016/17 Mental Health ACT                                 |         |        | 63,036 |            | 63,036     |

| Name of Organisation                    | Description                                              | Service |        |                |              | Total<br>£     |
|-----------------------------------------|----------------------------------------------------------|---------|--------|----------------|--------------|----------------|
|                                         |                                                          | CDS     | ECS    | HCS            | TES          |                |
|                                         |                                                          | £       | £      | £              | £            |                |
|                                         | <b>Independent Advocacy Perth &amp; Kinross Subtotal</b> |         |        | <b>263,077</b> |              | <b>263,077</b> |
| Kenmore in Bloom                        | Annual Administration Grant                              |         |        |                | 300          | 300            |
| Killiecrankie Memorial Hall             | Annual Grant 16046 Killiecrankie Memorial Hall           |         |        |                | 250          | 250            |
| Kinglands Hall                          | Annual Grant 16046 Kinglands Hall                        |         |        |                | 250          | 250            |
| Kinloch Memorial Hall                   | Annual Grant 16047 Kinloch Memorial Hall                 |         |        |                | 250          | 250            |
| Kinloch Rannoch Village Hall            | Annual Grant 16050 Kinloch Rannoch Village Hall          |         |        |                | 250          | 250            |
| Kinloch Wri Hall                        | Annual Grant 16051 Kinloch Wri Hall                      |         |        |                | 250          | 250            |
| Kinnesswood In Bloom                    | Annual Administration Grant 2016/17                      |         |        |                | 150          | 150            |
| Kinross in Bloom                        | Annual Administration Grant 2016/17                      |         |        |                | 150          | 150            |
| Kinross in Bloom                        | CECF*                                                    |         |        |                | 1,759        | 1,759          |
|                                         | <b>Kinross in Bloom Subtotal</b>                         |         |        |                | <b>1,909</b> | <b>1,909</b>   |
| Kinrossie Public Hall Committee         | Annual Grant 16077 Kinrossie Public Hall                 |         |        |                | 250          | 250            |
| Kinross-Shire Day Centre                | SLA 2016/17                                              |         |        | 87,979         |              | 87,979         |
| Kinross-Shire Vol. Grp Rural Outreach S | SLA 2016/17 incl HB transfer                             |         |        | 6,359          |              | 6,359          |
| Kirkmichael Hall                        | Annual Grant 16052 Kirkmichael Village Hall              |         |        |                | 250          | 250            |
| Kirkmichael In Bloom                    | Annual Administration Grant 16197                        |         |        |                | 150          | 150            |
| Kynachan Village Hall                   | Annual Grant 16053 Kynachan Village Hall                 |         |        |                | 250          | 250            |
| Logos Youth Project                     | Supporting a Range of Youth Initiatives                  |         | 14,300 |                |              | 14,300         |

| Name of Organisation                 | Description                                   | Service |     |                |     | Total<br>£     |
|--------------------------------------|-----------------------------------------------|---------|-----|----------------|-----|----------------|
|                                      |                                               | CDS     | ECS | HCS            | TES |                |
|                                      |                                               | £       | £   | £              | £   |                |
| Luncarty and Redgorton in Bloom      | Grant 16201 Annual Administration Fee 2016/17 |         |     |                | 150 | 150            |
| McLean Hall Fearnan                  | Annual Grant 16054 McLean Hall                |         |     |                | 250 | 250            |
| MECOPP                               | Budget Motion 2016/17 Equalities              |         |     | 22,000         |     | 22,000         |
| Meikleour Village Hall & Institute   | Annual Grant 2016/17                          |         |     |                | 250 | 250            |
| Methven Community Centre             | Annual Grant 16057 Methven Comm Centre        |         |     |                | 250 | 250            |
| Mid Atholl Village Hall              | Annual Grant 16058 Mid Atholl Village Hall    |         |     |                | 250 | 250            |
| Millbridge Hall Management Committee | Annual Grant 16059 Millbridge Hall            |         |     |                | 250 | 250            |
| Milnathort In Bloom                  | Annual Administration Grant 2016/17           |         |     |                | 150 | 150            |
| Mindspace Limited                    | Level One Monies 2016/17                      |         |     | 28,208         |     | 28,208         |
| Mindspace Limited                    | SLA 2016/17 Co-ordinators Post                |         |     | 30,358         |     | 30,358         |
| Mindspace Limited                    | SLA 2016/17 Core Funding                      |         |     | 24,033         |     | 24,033         |
| Mindspace Limited                    | SLA 2016/17 Counselling                       |         |     | 43,443         |     | 43,443         |
| Mindspace Limited                    | SLA 2016/17 HB Transfer                       |         |     | 25,516         |     | 25,516         |
| Mindspace Limited                    | SLA 2016/17 Perth City                        |         |     | 29,746         |     | 29,746         |
|                                      | <b>Mindspace Limited Subtotal</b>             |         |     | <b>181,304</b> |     | <b>181,304</b> |
| Molteno Hall                         | Annual Grant 16060 Molteno Hall               |         |     |                | 250 | 250            |
| Monzievaird & Strowan Hall           | Annual Grant 16061 Monzievaird & Strowan      |         |     |                | 250 | 250            |
| Moubray Hall                         | Annual Grant 16062 Moubray Hall               |         |     |                | 250 | 250            |

| Name of Organisation                     | Description                                 | Service |                |         |       | Total<br>£     |
|------------------------------------------|---------------------------------------------|---------|----------------|---------|-------|----------------|
|                                          |                                             | CDS     | ECS            | HCS     | TES   |                |
|                                          |                                             | £       | £              | £       | £     |                |
| Moulin Hall                              | Annual Grant 16063 Moulin Hall              |         |                |         | 250   | 250            |
| Move 2 Improve                           | Annual Administration Grant 2016/17         |         |                |         | 150   | 150            |
| Muirton Community Nursery                | SLA 2016/17                                 |         | 42,500         |         |       | 42,500         |
| Murthly in Bloom                         | Annual Administration Grant 2016/17         |         |                |         | 150   | 150            |
| Murthly Village Hall                     | Annual Grant 16064 Murthly Village Hall     |         |                |         | 250   | 250            |
| Muthill In Bloom                         | Annual Administration Grant 2016/17         |         |                |         | 150   | 150            |
| National Schizophrenia Fellowship (Scotl | Mental Health Carers Project 2016/17        |         |                | 40,596  |       | 40,596         |
| NHS Tayside                              | Administrative Support                      |         | 4,231          |         |       | 4,231          |
| NHS Tayside                              | Speech & Language Therapy                   |         | 336,500        |         |       | 336,500        |
|                                          | <b>NHS Tayside Subtotal</b>                 |         | <b>340,731</b> |         |       | <b>340,731</b> |
| Oakbank Community Centre                 | Annual Grant 16065 Oakbank Community Centre |         |                |         | 250   | 250            |
| Pamis                                    | SLA 2016/17                                 |         |                | 8,957   |       | 8,957          |
| Parent To Parent Tayside                 | Support and Advocacy                        |         | 78,125         |         |       | 78,125         |
| Perth & Kinross ADHD Support Group       | Drop in sessions Parenting Strategy 2016    |         | 400            |         |       | 400            |
| Perth Access Cars                        | SLA 2016/17                                 |         |                | 10,022  |       | 10,022         |
| Perth and Kinross Countryside Trust      | CECF*                                       |         |                |         | 3,300 | 3,300          |
| Perth Autism Support                     | Perth Autism Support funding                |         | 420            |         |       | 420            |
| Perth Citizens Advice Bureau             | Budget Motion 2016/17                       |         |                | 100,000 |       | 100,000        |

| Name of Organisation                        | Description                                  | Service |         |                |              | Total<br>£     |
|---------------------------------------------|----------------------------------------------|---------|---------|----------------|--------------|----------------|
|                                             |                                              | CDS     | ECS     | HCS            | TES          |                |
|                                             |                                              | £       | £       | £              | £            |                |
| Perth Citizens Advice Bureau                | FAP Funding 2016/17                          |         |         | 151,980        |              | 151,980        |
| Perth Citizens Advice Bureau                | SLA 2016/17                                  |         |         | 107,089        |              | 107,089        |
|                                             | <b>Perth Citizens Advice Bureau Subtotal</b> |         |         | <b>359,069</b> |              | <b>359,069</b> |
| Perth College                               | Service Level Agreement with local College   |         | 75,863  |                |              | 75,863         |
| Perth Film Society                          | Grant 15205 2015/16 Season at Concert Hall   |         |         |                | 200          | 200            |
| Perth Six Circle Project                    | SLA 2016/17                                  |         |         | 18,134         |              | 18,134         |
| Perth Toy Library                           | SLA 2016/17                                  |         | 3,822   |                |              | 3,822          |
| Perthshire Wildlife                         | 2hr Inchtute Church scaffold/urban           |         |         |                | 75           | 75             |
| Perthshire Wildlife                         | Coast & Estuaries Working Group              |         |         |                | 250          | 250            |
| Perthshire Wildlife                         | Talk Guided Walk Muthill/Auchterarder        |         |         |                | 150          | 150            |
| Perthshire Wildlife                         | Water & Wetland                              |         |         |                | 35           | 35             |
|                                             | <b>Perthshire Wildlife Subtotal</b>          |         |         |                | <b>510</b>   | <b>510</b>     |
| Perthshire Women's Aid                      | SLA 2016/17                                  |         | 108,000 |                |              | 108,000        |
| Pitcairngreen Village Association           | Annual Grant 2016/17                         |         |         |                | 250          | 250            |
| Pitlochry in Bloom                          | Annual Grant Payment                         |         |         |                | 150          | 150            |
| Pitlochry in Bloom                          | Edradour Path Improvement Project            |         |         |                | 7,094        | 7,094          |
|                                             | <b>Pitlochry in Bloom Subtotal</b>           |         |         |                | <b>7,244</b> | <b>7,244</b>   |
| Pitlochry Senr Citizens Good<br>Neghbr Asoc | Section 10 2016/17                           |         |         | 1,936          |              | 1,936          |

| Name of Organisation              | Description                                     | Service |               |                |     | Total<br>£     |
|-----------------------------------|-------------------------------------------------|---------|---------------|----------------|-----|----------------|
|                                   |                                                 | CDS     | ECS           | HCS            | TES |                |
|                                   |                                                 | £       | £             | £              | £   |                |
| PKAVS                             | Budget Motion 2016/17 Min Com Hub               |         |               | 24,000         |     | 24,000         |
| PKAVS                             | Grant income VAP                                |         | 30,000        |                |     | 30,000         |
| PKAVS                             | Level One Monies 2016/17                        |         |               | 29,144         |     | 29,144         |
| PKAVS                             | SLA 2016/17 Carers Cen HB tran, Creiff          |         |               | 165,943        |     | 165,943        |
| PKAVS                             | SLA 2016/17 Core Funding                        |         |               | 61,696         |     | 61,696         |
| PKAVS                             | SLA 2016/17 MEAD                                |         |               | 24,480         |     | 24,480         |
| PKAVS                             | SLA 2016/17 Perth City                          |         |               | 25,414         |     | 25,414         |
| PKAVS                             | Young Carers Grant                              |         | 42,500        |                |     | 42,500         |
|                                   | <b>PKAVS Subtotal</b>                           |         | <b>72,500</b> | <b>330,677</b> |     | <b>403,177</b> |
| Plus Perth & Kinross              | SLA 2016/17                                     |         |               | 51,401         |     | 51,401         |
| Portmoak Village Hall             | Annual Grant Portmoak Village Hall 2016/17      |         |               |                | 250 | 250            |
| Powmill in Bloom                  | Annual Grant 2016/17 Powmill in Bloom           |         |               |                | 150 | 150            |
| Pride in Meigle                   | Annual Grant 2016/17 Pride in Meigle            |         |               |                | 150 | 150            |
| Push (Perth & Kinross) Ltd        | SLA 2016/17                                     |         |               | 30,866         |     | 30,866         |
| Rannoch in Bloom                  | Annual Grant 2016/17 Rannoch in Bloom           |         |               |                | 150 | 150            |
| Robert Douglas Memorial Institute | Annual Grant 16069 Robert Douglas Memorial Hall |         |               |                | 250 | 250            |
| Royal Voluntary Service           | SLA 2016/17                                     |         |               | 66,596         |     | 66,596         |
| Samaritans (Perth)                | Section 10 2016/17                              |         |               | 285            |     | 285            |

| Name of Organisation                 | Description                           | Service |     |        |       | Total<br>£ |
|--------------------------------------|---------------------------------------|---------|-----|--------|-------|------------|
|                                      |                                       | CDS     | ECS | HCS    | TES   |            |
|                                      |                                       | £       | £   | £      | £     |            |
| Sandison Hall                        | Annual Grant Sandison Hall 2016/17    |         |     |        | 250   | 250        |
| Scone in Bloom                       | Annual Administration Grant 2016/17   |         |     |        | 150   | 150        |
| Scone New Church                     | Annual Grant Scone New Church 2016/17 |         |     |        | 250   | 250        |
| Scone Remembers - c/o Dr Peter Olsen | Scone Woods WW1 Memorial Project      |         |     |        | 1,500 | 1,500      |
| Scotlandwell In Bloom                | Annual Administration Grant 2016/17   |         |     |        | 150   | 150        |
| Scottish Care                        | Local Lead                            |         |     | 23,100 |       | 23,100     |
| Scottish Huntington's Association    | SLA 2016/17                           |         |     | 27,608 |       | 27,608     |
| Seed the Path                        | Aly Muir                              |         |     | 650    |       | 650        |
| Seed the Path                        | Centre for Inclusive Living           |         |     | 750    |       | 750        |
| Seed the Path                        | Community Café Social Activities      |         |     | 100    |       | 100        |
| Seed the Path                        | Craigie & Moncrieffe Church           |         |     | 2,000  |       | 2,000      |
| Seed the Path                        | Craigie Fish Lunches                  |         |     | 2,000  |       | 2,000      |
| Seed the Path                        | Crieff Parish Church                  |         |     | 2,000  |       | 2,000      |
| Seed the Path                        | Crieff Tuesday Club                   |         |     | 2,000  |       | 2,000      |
| Seed the Path                        | Ericht Allotment Association          |         |     | 2,000  |       | 2,000      |
| Seed the Path                        | Fidget Blanket Project                |         |     | 100    |       | 100        |
| Seed the Path                        | Gateway Mental Health Training Fund   |         |     | 1,000  |       | 1,000      |
| Seed the Path                        | Homestart Volunteer Prep Course       |         |     | 1,600  |       | 1,600      |

| Name of Organisation                    | Description                                   | Service |       |               |       | Total<br>£    |
|-----------------------------------------|-----------------------------------------------|---------|-------|---------------|-------|---------------|
|                                         |                                               | CDS     | ECS   | HCS           | TES   |               |
|                                         |                                               | £       | £     | £             | £     |               |
| Seed the Path                           | Hope Park House                               |         |       | 1,500         |       | 1,500         |
| Seed the Path                           | PKAVS                                         |         |       | 1,350         |       | 1,350         |
| Seed the Path                           | Safe Art Group                                |         |       | 1,100         |       | 1,100         |
| Seed the Path                           | South Perth Community Partnership             |         |       | 1,864         |       | 1,864         |
| Seed the Path                           | Stanley Development Trust                     |         |       | 16,571        |       | 16,571        |
|                                         | <b>Seed the Path Subtotal</b>                 |         |       | <b>36,585</b> |       | <b>36,585</b> |
| South Perth Green Spaces Group          | Annual Administration Grant 16118 2016/17     |         |       |               | 150   | 150           |
| Spittalfield Hall                       | Annual Grant Spittalfield Hall 2016/17        |         |       |               | 250   | 250           |
| St Johnstone Football Club Ltd          | Budget Motion 2016/17 Equalities              |         |       | 10,000        |       | 10,000        |
| St Madoes and Kinfauns Parish Church    | Madoch Centre Outside Play Space              |         |       |               | 4,068 | 4,068         |
| St Madoes Community Centre              | Annual Grant 16015 St Madoes Community Centre |         |       |               | 250   | 250           |
| St Martins Public Hall                  | Annual Grant 16072 St Martins Public Hall     |         |       |               | 250   | 250           |
| Stanley & District Public Hall          | Annual Grant Stanley & District Public Hall   |         |       |               | 250   | 250           |
| Stanley Development Trust               | CECF*                                         |         |       |               | 6,420 | 6,420         |
| Stanley In Bloom                        | Annual Administration Grant 2016/17           |         |       |               | 150   | 150           |
| Stormontfield Community Centre          | Annual Grant Stormontfield Community Centre   |         |       |               | 250   | 250           |
| Strathmore Centre for Youth Development | SCYD Moving On Prog 2016                      |         | 2,400 |               |       | 2,400         |
| Tabernacle Hall                         | Annual Grant Tabernacle Hall 2016/17          |         |       |               | 250   | 250           |



| Name of Organisation                  | Description                                     | Service |               |               |            | Total<br>£    |
|---------------------------------------|-------------------------------------------------|---------|---------------|---------------|------------|---------------|
|                                       |                                                 | CDS     | ECS           | HCS           | TES        |               |
|                                       |                                                 | £       | £             | £             | £          |               |
| Take A Pride In Errol                 | Annual Administration Grant 2016/17             |         |               |               | 150        | 150           |
| Take a Pride in North Muirton         | Annual Administration Grant 2016/17             |         |               |               | 150        | 150           |
| Take a Pride in North Muirton         | CECF*                                           |         |               |               | 323        | 323           |
|                                       | <b>Take a Pride in North Muirton Subtotal</b>   |         |               |               | <b>473</b> | <b>473</b>    |
| Tayside Council On Alcohol            | SLA 2016/17                                     |         |               | 23,556        |            | 23,556        |
| Tayside Council On Alcohol            | SLA 2016/17 Core Funding & ADP                  |         |               | 40,055        |            | 40,055        |
|                                       | <b>Tayside Council On Alcohol Subtotal</b>      |         |               | <b>63,611</b> |            | <b>63,611</b> |
| The James Hutton Institute            | 20 years of Scottish Biodiversity               |         |               |               | 500        | 500           |
| The Kelty Bridge & Maryburgh          | Annual Administration Grant 2016/17             |         |               |               | 150        | 150           |
| The University of Edinburgh           | Partnership Agreement 2016/17                   |         | 10,033        |               |            | 10,033        |
| The University of Edinburgh           | Partnership Agreement 2016/17 CALL Scotland     |         | 6,772         |               |            | 6,772         |
|                                       | <b>The University of Edinburgh Subtotal</b>     |         | <b>16,805</b> |               |            | <b>16,805</b> |
| Tulloch Net                           | SLA 2016/17 Tulloch Net                         |         |               | 5,000         |            | 5,000         |
| Tulloch Primary School Parent Council | Annual Grant 15407 School Summer                |         |               |               | 700        | 700           |
| Vision PK                             | SLA 2016/17                                     |         |               | 157,536       |            | 157,536       |
| West Carse Public Hall                | Annual Grant 16056 West Carse Public Hall       |         |               |               | 250        | 250           |
| Who Cares ? Scotland                  | Independent Advocacy                            |         | 26,750        |               |            | 26,750        |
| Williamson Hall Management Committee  | Annual Grant Williamson Hall Management 2016/17 |         |               |               | 250        | 250           |

| Name of Organisation           | Description                                         | Service |                  |                  |               | Total<br>£       |
|--------------------------------|-----------------------------------------------------|---------|------------------|------------------|---------------|------------------|
|                                |                                                     | CDS     | ECS              | HCS              | TES           |                  |
|                                |                                                     | £       | £                | £                | £             |                  |
| Wolfhill Memorial Village Hall | Annual Grant Wolfhill Memorial Village Hall 2016/17 |         |                  |                  | 250           | 250              |
| You Can Learn It Ltd           | Consultation & Development You Can Learn            |         | 110              |                  |               | 110              |
| <b>Grand Total</b>             |                                                     |         | <b>1,107,640</b> | <b>2,769,767</b> | <b>89,732</b> | <b>3,967,138</b> |

\*CECF - Community Environment Challenge Fund

## Arms Length External Organisations

| Name of Organisation    | Description                                 | Service       |                   |                |                   | Total<br>£        |
|-------------------------|---------------------------------------------|---------------|-------------------|----------------|-------------------|-------------------|
|                         |                                             | CDS           | ECS               | HCC            | TES               |                   |
|                         |                                             | £             | £                 | £              | £                 |                   |
| Horsecross Arts Ltd     | Theatre and Arts                            | 1,351         | 1,295,681         | 4,545          | 50,860            | 1,352,437         |
| Live Active Leisure Ltd | Leisure Services                            | 57,438        | 4,816,260         | 41,967         | 35,637            | 4,951,302         |
| Culture Perth & Kinross | Library, Museums and Cultural Services      | 1,886         | 2,565,414         | 2,860          | 5,176             | 2,575,337         |
|                         |                                             |               |                   |                |                   |                   |
| Tayside Contracts       | Roads                                       |               | 141               | 1,426          | 12,117,799        | 12,119,366        |
| Tayside Contracts       | Catering                                    | 2,374         | 5,781,336         | 12,342         | 13,811            | 5,809,863         |
| Tayside Contracts       | Cleaning                                    |               | 2,854,319         | 143,535        | 178,608           | 3,176,462         |
| Tayside Contracts       | Street Lighting                             |               |                   | 62,686         | 279,911           | 342,597           |
| Tayside Contracts       | Liquid Fuel                                 |               |                   | 48,997         | 157,630           | 206,628           |
| Tayside Contracts       | Rent                                        |               |                   | 27,702         |                   | 27,702            |
| Tayside Contracts       | Signage                                     |               |                   | 100            | 4,518             | 4,618             |
| Tayside Contracts       | Other (e.g. training, materials, equipment) | 1,767         | 3,905             | 3,229          | 374,614           | 383,515           |
|                         | <b>Tayside Contracts Subtotal</b>           | <b>4,141</b>  | <b>8,639,701</b>  | <b>300,016</b> | <b>13,126,892</b> | <b>22,070,751</b> |
|                         |                                             |               |                   |                |                   |                   |
| <b>ALEO Spend Total</b> |                                             | <b>64,816</b> | <b>17,317,056</b> | <b>349,389</b> | <b>13,218,565</b> | <b>30,949,826</b> |
|                         |                                             |               |                   |                |                   |                   |

### Note to Table

In respect of the Council's use of Tayside Contracts to deliver services:

Roads expenditure relates to the Roads Maintenance Partnership established to deliver maintenance and repairs of our roads network.

Catering: principally describes the provision of school meals.

Cleaning: principally the school estate.

Streeting Partnership

Fuel – the use of Tayside Contracts depots to refuel Council vehicles.

Signage – purchases of signage from the in-house sign shop at Tayside Contracts

# PERTH AND KINROSS COUNCIL



Head of Legal and Governance Services  
31/3/2017

1/6/2017

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## SECTION 1: Background

### Definitions

In these Contract Rules the following words and expressions have the following meanings:

**Authorised Officer:** The officer designated to be responsible for the procurement process and the contract all in terms of clause 2.1 (Authority to Contract).

**Agent:** Any external individual or organisation acting on behalf of the Council.

**Best Value:** The legal duty to secure continuous improvement in the performance of the Council's functions.

**Bidder:** A contractor, supplier, or tenderer who responds to an invitation to quote (ITQ) or to tender (ITT).

**Collaboration (also known as collaborative procurement):** The process of achieving value for money for the Scottish public sector through partnership working between buying organisations.

**Contract:** A legally enforceable agreement between two or more parties.

**Contract Manager:** Officer charged with management of the relationship with a contractor.

**Contractor:** Anyone with whom the Council has a contract is a contractor (including providers of services).

**Council:** Perth & Kinross Council.

**ESPD:** European Single Procurement Document which is a qualifying document used for all tenders above the value of £50,000. The ESPD (Scotland) replaces the standard Pre-Qualification Questionnaire (sPQQ).

**EU:** The European Union.

**Framework Agreement:** an agreement with suppliers to establish terms governing contracts that may be awarded during the life of the agreement. It is a general term for agreements that set out terms and conditions for making specific purchases (call-offs).

**In-house Provision:** The provision by existing service/services within the Council of the Procurement Officer's requirements.

**Most Economically Advantageous Tender (MEAT):** The best value for money proposal based on the optimum combination of price and quality, not simply price alone.

**Official Journal of European Union (OJEU):** The Official Journal of the European Union, which publishes all public sector tenders breaching the EU thresholds.

**OJEU Tender:** A formal sealed bid procurement process that must comply with the requirements of the Scottish Regulations.

**Prior Information Notice:** A notice sent to the Official Journal.

**Procurement:** The acquiring by purchase, lease or other legal means, the goods, works and services used by the Council to discharge its functions in an effective, efficient and economic manner.

**Procurement Journey:** The Corporate Procurement Process.

**Procurement Toolkit:** A toolkit provided to give a step by step guide to navigate the Procurement Journey.

**Public Contracts Scotland:** This portal enables the Council to advertise all contracting opportunities.

**Scheme of Administration:** The approved scheme for the arrangement and discharge of functions by Perth and Kinross Council, its Committees and its Officials.

**Tayside Procurement Consortium (TPC):** A Central Procurement Team created by Angus, Dundee City, and Perth & Kinross Councils. The TPC Steering Group reviews all collaborative contracts.

**Tender:** An offer to supply goods or deliver services.

**Tenderer:** A contractor, supplier, or bidder who responds to an invitation to quote (ITQ) or to tender (ITT).

**Threshold:** The financial maximum or minimum which determines the relevant procurement route. Procurement procedures vary depending on the type and value of the contract. Financial thresholds can be found in the Procurement Toolkit.

**Value for Money:** The optimum combination of whole life costs and quality (or fitness for purpose) to meet the customer's requirements, and largely analogous with "most economically advantageous"

## Introduction and Legal Overview

1.2.1 All tendering and contract arrangements and procedures shall comply, with:

- (a) the statutory duty to secure Best Value.
- (b) The European Union Public Procurement regime and associated UK/Scottish legislation.

1.2.2 These Rules are subject to the exemptions specified in Section 5 and they do not apply to any situation where the Council decides to fund external organisations other than by means of a transparent procurement process. The funding of an external organisation shall be undertaken in accordance with the Council's policy, Following the Public Pound Code ([attach hyperlink](#)) and the Following the Public Pound Toolkit.

## SECTION 2: Authority to contract

### Authority to Contract

There must be statutory authority and Council authority before inviting a tender and entering into a contract. Each Service shall maintain a scheme of delegation of authority to enter into contracts within their Service.

The regulatory thresholds applicable to procurement are as follows:

|                                                   | Goods and Services | Works Contracts |
|---------------------------------------------------|--------------------|-----------------|
| Contracts subsidised by a contracting authority   | £164,176           | £4,104,394      |
|                                                   | €209,000           | €5,225,000      |
| Social and other specified services in schedule 3 | £589,148           |                 |
|                                                   | €750,000           |                 |

To contract on behalf of the Council in respect of those contracts above the regulatory thresholds, officers must:

- (a) register on the National Advertising Portal - Public Contracts Scotland, and
- (b) invite bids or quotations through the Portal.

2.1.2 Only those officers who have completed appropriate training, accredited by the Corporate Procurement Team may invite tenders and enter into contracts on behalf of the Council.

2.1.3 The following shall constitute authority to invite tenders and enter into contracts:-



- (a) The cost of the services, supplies or works is part of the approved budget and can be met from the approved budget.
- (b) The action is in accordance with the Scheme of Administration and Financial Regulations.

### **Emergencies**

An emergency or unforeseen circumstance may be authorised in line with the Scheme of Administration and authorisation shall be reported to the appropriate Committee as soon as possible thereafter.

## **SECTION 3: Compliance and Conduct**

### **Appointment of Authorised Officer**

- 3.1.1 Directors must appoint an Authorised Officer who will be responsible for the procurement process and for ensuring the contract is carried out in accordance with the Service's requirements.

### **Conduct and Conflicts of Interest**

- 3.2.1 Officers must comply with the [Employee Code of Conduct](#) and the [Conflict of Interest Procedure](#) contained therein in all tender, contract and procurement processes.
- 3.2.2 A breach of these Contract Rules or the Corporate Procurement Strategy may undermine the validity of the contract and allow an unsuccessful bidder/tenderer to challenge an award of contract or to seek damages. A breach of these Rules or the Strategy may therefore lead to disciplinary action.

## **SECTION 4: Responsibilities of Directors, Heads of Services and Officers**

### **Responsibilities of all officers**

- 4.1.1 Every authorised officer must ensure that all invitations to tender and contracts entered in to comply with the:-
  - (a) [Scheme of Administration](#)
  - (b) [Council's Financial Regulations](#)
  - (c) [Corporate Procurement Strategy](#)
  - (d) Contract Rules
  - (e) [Procurement Toolkit](#)

- 4.1.2 Auditable records of procurement and contracting activities shall be maintained in accordance with Council's [approved retention schedule](#). Further guidance may be obtained from the Council's Records Manager.

## **4.2 Responsibilities of Directors and Heads of Service**

- 4.2.1 A report detailing all tenders over £5,000 in value accepted by each Service during the preceding 12 months is submitted annually to SP & R Committee. Each Head of Service shall verify and submit the information for their Service to the Corporate Procurement Team.
- 4.2.2 Each Head of Service shall provide verified information detailing its anticipated contracts over the next two financial years to the Corporate Procurement Team so that the Council can comply with its statutory duty to publish the contract delivery plan.
- 4.2.3 Each Head of Service shall ensure all relevant staff undertaking contracting activities have read, understood and are familiar with these Rules and the Procurement Toolkit or other guidance issued in respect of these Rules.
- 4.2.4 Each Head of Service shall take appropriate action immediately upon becoming aware of a breach of these Rules or non-compliance with the Procurement Toolkit.

## **4.3 Responsibilities of Authorised Officers**

- 4.3.1 The authorised officer is responsible for all contracts they have tendered, let and managed on behalf of the Council and must comply with the following duties:
- 4.3.2 General
- (a) Ensure compliance with these Rules and the [Procurement Toolkit](#);
  - (b) Keep all commercial information confidential subject to any legal requirements;
  - (c) Where appropriate a conduct assessments as may be required e.g. Equality and Human Rights Impact Assessment; Privacy Impact Assessment or Strategic Environmental Assessment.
  - (d) Where a third party such as a consultant procures works, goods or services on the Council's behalf, the Authorised Officer must take steps to ensure that the third party acts in accordance with these Contract Rules.
  - (e) Thresholds
    - In respect of small contracts for services, supplies or works below £5,000, tenders need not be invited. In respect of any contract where the costs of the services, supplies or works is above £5,000 but does not exceed £50,000

- For all contracts of £50,000 or above these Rules shall apply. All tenders of this value shall be submitted to the Corporate Procurement Team prior to issue.

When a contract is to be procured the estimated value of the contracts must be aggregated to decide whether the threshold is reached.

No officer shall disaggregate contracts to avoid the procurement process applicable to a higher threshold.

Best value must be demonstrated in all contracts.

For all of the above thresholds guidance as set out in the Procurement Toolkit shall be followed.

#### 4.3.3 Pre Contract (Development Phase)

- To prepare and approve where required by an appropriate Contract Strategy for each proposed purchase or contract;
- To check whether there is any existing Council or other collaborative framework that can be used to achieve Best Value for the Council before undergoing a further competitive tender process;
- To prepare, in consultation with the Corporate Procurement Team, appropriate contract and tender documents which clearly specify the scope, quality, quantity and terms and conditions of the works, goods or services;
- To ensure that appropriate contract security (such as a performance bond) is specified and obtained where required or considered prudent;
- To ensure that any evaluation panel is suitably informed to assess tenders;
- To limit risk associated with the use, adoption, purchase, commissioning, lease or subscription of any ICT (information and communication technologies) hardware, software or services software officers are required to consult with Corporate IT Manager.

#### 4.3.4 Tender Phase

- To ensure contracts are awarded and any appropriate contract security documents are signed before work, services or supply provision commences;
- To make appropriate arrangements for the opening of tenders and their secure retention so as to protect the integrity of the procurement process. Where tenders are received in paper form to ensure they are opened in the presence of an authorised officer together with a witness.
- To prepare a Tender Report as outlined in the [Procurement Toolkit](#); submit this to their Head of Service and thereafter approved Tender Reports shall be submitted the Corporate Procurement Manager

#### 4.3.5 Post–Award (Contract Management Phase)

- (a) To put in place arrangements for efficient contract and supplier management including the identification of a Contract Manager and management of benefits and performance, for the entire duration of the contract;
- (b) Completion of a contract award notice which must be undertaken within one month of contract award;
- (c) To ensure no supplier is requested by the Council to provide goods, services or works without first having a valid purchase order in place;
- (d) To enter all purchase order information onto the relevant Council financial system prior to the service or goods requested;
- (e) To retain a copy of the contract and keep proper records of all contracts and tenders, including minutes of tender evaluation panels and other meetings;
- (f) Take all appropriate measures to prevent, identify and remedy conflicts of interest and include measures to combat fraud through the life of the contract.

## **SECTION 5: Exemptions from Contract Rules**

### **Exemptions from Contract Rules**

#### **5.1.1 These Rules do not apply to:-**

- (a) Contracts of employment;
- (b) The acquisition, disposal, lease or rental of land, existing buildings, other immovable property, any developer obligation pursuant to a legal agreement under section 75 of the Town & Country Planning (Scotland) Act 1997 or any other interest in land;
- (c) The arrangement of works, goods or services to be delivered through an In-House Service Provider or Arm's Length External Organisation (ALEO);
- (d) Any contract awarded to Tayside Contracts outwith a bidding process;

#### **5.1.2 These Rules may not apply to:-**

- (a) Contracts which are exempt by virtue of the Public Contracts (Scotland) Regulations 2015 including:
  - (i) service contracts such as specific legal and financial services
  - (ii) contracts awarded on the basis of an exclusive right such as; Tayside Joint Evaluation Board.
  - (iii) contracts awarded between entities within the public sector.
- (b) An immediate need is created by a sudden, unforeseen, real and demonstrable emergency requiring immediate action;
- (c) A contract for the continuing use of an existing contractor/supplier in order to maintain continuity of supply or site experience, where the justification has been submitted to the Corporate Procurement Manager;

- (d) The purchase of goods or materials, the execution of works or supply of services for which the authorised officer can demonstrate that no genuine competition can be obtained;
- (e) Purchase of works, goods or services from a supplier under an acknowledged public sector agreement or a collaborative procurement agreement including Tayside Procurement Consortium
- (f) The purchase of social and specific support services but only where approved by the Chief Social Worker or Director of Education and required so the Council meets its statutory obligations;

### **Application for exemption**

- 5.2.1 If it is considered that any matter specified in 5.1.2 (a) to (f) applies, an application for an exemption should be made in writing to the Corporate Procurement Manager at the earliest practicable opportunity and provide the reason for the exemption.
- 5.2.2 Authorisation for an exemption from these Rules will be granted, where appropriate, by the Head of Legal and Governance Services in consultation with Corporate Procurement Manager.

## **SECTION 6: Contract Amendments**

### **Variations to an existing or proposed contract**

- 6.1.1 Variations in contract terms can be of minor or major significance. Such variations may relate to the Council's Standard Terms and Conditions or a contract procured via a Framework or otherwise, and may include assignments, changes to the contract sum etc. Any such variations will require to take account of whether they are consistent with a fair, reasonable and transparent procurement process.
- 6.1.2 If an authorised officer or contractor wishes to vary conditions of a contract, the Authorised Officer shall consult with Legal Services and notify the Corporate Procurement Manager detailing the proposed variations.
- 6.1.3 In the event of a contract variation being approved it may be necessary to update the Contract Register; this update should be made in writing using the [Contract Register Amendment Form](#) where appropriate.

### **Amendments to insurance requirements in contract**

- 6.2.1 If any proposed variations relate to insurance levels, then the Authorised Officer must also consult with the Council's Insurance Team, Legal Services and the Corporate Procurement Team

## SECTION 7: Reporting of Breaches or suspected breaches

- 7.1 Any breach or suspected breach of these Contract Rules and/or Corporate Procurement Strategy must be reported immediately to the Head of Service who thereafter should notify the Corporate Procurement Manager

## SECTION 8: Legal Framework

### Relevant legislative provisions

Every contract must comply with all relevant legislation. Some of the legislative provisions which commonly affect contract development are listed below. For the avoidance of doubt, this list is not exhaustive and authorised officers are expected to familiarise themselves with the legislation relevant to their own particular requirements.

#### 8.1.1 Health and Safety at Work Act and Regulations

Authorised officers should ensure contracts are awarded in accordance with the Council's statutory health & safety duties which are described in detail in the [Corporate Occupational Health & Safety Policy](#).

#### 8.1.2 TUPE the "Transfer of Undertakings (Protection of Employment)

The TUPE rules protect employees' rights when the organisation or service they work for transfers to a new employer. It is important to be aware of the implications of TUPE when contracting e.g. some bidders may qualify their tenders in respect of any liabilities arising under TUPE. Please refer to the following [TUPE Guidance](#) for further information.

#### 8.1.3 State Aid

State aid arises where public funds are used resulting in a distortion in competition. The provision of state aid without approval from the European Commission is unlawful. If a contract is proposed in which State Aid may arise, officer(s) should seek guidance from the Corporate Procurement Manager and/or the Head of Legal Services.

#### 8.1.4 Bribery

Should an Officer become aware of any potential contravention of the Bribery Act 2010, they should report their concerns to their Head of Service. The Head of Service shall notify the Chief Internal Auditor of their concerns and, if appropriate, the Monitoring Officer.

#### 8.1.5 Employment status of the contractor

Officers should be aware of the legislative requirements set out by HMRC (Her Majesty's Revenue and Customs) in order to correctly assess the employment status of a contractor or worker engaged through the procurement toolkit. These requirements are often referred to as Intermediaries Regulations or IR35. Guidance on the IR35 process to follow can be found on Eric.



**PERTH & KINROSS COUNCIL**

**CODE OF GUIDANCE**

**FOR**

**FUNDING EXTERNAL ORGANISATIONS**

**&**

**“FOLLOWING THE PUBLIC POUND”**

**MAY 2017**

## 1 **INTRODUCTION & BACKGROUND**

1.1 Councils as public bodies are accountable for how they spend public money in the delivery of their services. They are also under a statutory duty to achieve Best Value in terms of the discharge of their functions and as such are being encouraged to consider innovative and alternative service delivery models. Irrespective of how Councils may design or deliver services, it is important that there is proper accountability and transparency as to how funds are being spent. This concept is known as “Following the Public Pound”.

1.2 Councils have the power to deliver services to discharge their functions in a variety of ways:

- **Direct provision** - where the services are delivered in-house through the Council’s own departments and employees
- **Contracted provision** – where the services are contracted from other public, private, third sector or voluntary suppliers
- **Arm’s Length External provision** – where a separate organisation is created to deliver the services on behalf of the Council and over which the Council has a degree of control or influence (e.g. ALEOs / Trusts)

1.3 In terms of:

- **Direct provision** - the Council accounts for their spend through the normal budget setting, monitoring and public reporting processes
- **Contracted provision** - Procurement legislation and the Council’s internal Contract Rules ([hyperlink for contract rules](#)) set out the basis for engaging and contracting with other bodies. That procurement and commissioning process provides the transparency and accountability as to how the funds are being spent.

1.4 Historically there has been less clarity and transparency around spend where services have been delivered on behalf of Council through Arm’s Length External Organisations (ALEOs). The use of ALEOs has become increasingly popular as a service delivery model as external organisations may be able to provide a better range or quality of service, or provide services that would otherwise not be provided. External organisations may also be able to attract funding from sources not so readily accessible to the Council, such as the private or voluntary sectors. Concerns as regards the lack of transparency and proper accountability for funds around the use of ALEOs prompted the Accounts Commission and COSLA to publish the “Code of Guidance on Funding External Bodies and Following the Public Pound” (“the original Code”) in 1996. This sets out the principles of best practice when establishing significant funding arrangements with companies, trusts and other bodies other than on a contractual basis



- 1.5 Since then the original Code has been given more formal status under the Local Government in Scotland Act 2003, in establishing the statutory duty on councils to ensure that they secure Best Value in the discharge of their functions.
- 1.6 The original Code reflects a self-regulatory approach and it is for Councils to interpret the Code and make their own arrangements as to how the general principles will be implemented locally.
- 1.7 This document constitutes the Perth & Kinross Council Code of Guidance for Funding External Organisations and “Following the Public Pound” (“the FPP Code”). It is based on the original Code as supplemented by the Controller of Audit’s report and Accounts Commission’s findings from March 2004 (“Following the Public Pound”) and the supplementary report by Audit Scotland entitled “Arm’s-length external organisations (ALEOs): are you getting it right?” from June 2011 (together the “FPP Framework”).
- 1.8 The FPP Framework cannot however be applied in isolation. As a public body, the Council is subject to a number of external rules and regulations governing how and with whom it spends its funds. In preparing this Code therefore, the following must be taken into account and adhered to:
- Procurement Reform (Scotland) Act 2014
  - Public Contract (Scotland) Regulations 2015 and supplementary guidance
  - Procurement (Scotland) Regulations 2016
  - State Aid rules set out in the Treaty on the Functioning of the European Union.

## 2 SCOPE OF THIS CODE OF GUIDANCE

### 2.1 In this Code:

**“Assistance-in-kind”** includes all staff time and all associated costs involved in enabling the outside organisation to carry out its core activities which are essential to its continued existence e.g. administrative support, professional services, advice, accommodation, rates remission, use of equipment, training, preparation of material for reporting to Council etc.

But does not include:

- staff time and associated costs involved in supporting and developing groups as part of Council’s duty to promote and support community action;
- staff time and associated costs in providing advice on setting up the funding and applications to Council
- staff time and associated costs incurred in the formal monitoring and review of funding arrangements by Council;

**“Best Value”** means balancing quality and cost considerations in improving performance. Achieving Best Value requires the Council to make arrangements to

secure continuous improvement in performance (while maintaining an appropriate balance between quality and cost) and in doing so to have regard to economy, efficiency, effectiveness, equal opportunities requirements and to the achievement of sustainable development;

**“Contract Rules”** means the rules and regulations put in place by the Council for advertising and awarding contracts as more particularly set out in section 81 of the Local Government (Scotland) Act 1973;

**“External organisation”** includes Arm’s Length External Organisations, companies, trusts, voluntary organisations and grant aided bodies;

**“Funding”** means money, grants, capital grants, guarantees, loans, common good fund, shares, assets and assistance-in-kind;

**“Public Services Contract”** has the meaning ascribed to it in the Public Contracts (Scotland) Regulations 2015;

**“Value for Money (VFM)”** is defined as the optimum combination of whole life costs and quality (or fitness for purpose) to meet the customer's requirements, and can be taken to be largely analogous with "most economically advantageous".

- 2.2 The FPP Code applies in any situation where the Council decides to fund external organisations other than by means of a transparent procurement process in accordance with the Council’s Contract Rules ([attach hyperlink](#)) and Procurement Toolkit ([attach hyperlink](#))
- 2.3 Contracts with a value of less than £5,000 in total, whilst not requiring to be publicly procured, do need to demonstrate value for money. Similarly there are specific exceptions for larger contracts contained within the Contract Rules. As the FPP Code reflects general principles designed to provide transparency in respect of public spending, the FPP Code is applied in these situations also to provide assurance as to Best Value and VFM considerations.
- 2.4 Therefore the FPP Code is likely to apply:-
- (i) where the Council provides funding to an external organisation which is a separate legal entity from Council but over which the Council exerts a degree of control or influence by virtue of its constitution or the terms of its funding agreement (such as an ALEO/ Trust arrangement); or
  - (ii) In the event clauses 2.2 and 2.3 do not apply and the Council intends to directly award a contract for the supply of education or social care services to an independent supplier because no competition exists in the market; or
  - (iii) where the estimated costs of the services are below the EU threshold (all of which are set out in the Procurement Toolkit) and a review has been carried out

which has determined that Best Value can be obtained without going to tender;  
or

(iv) where the total value of the spend is less than £5,000); or

(v) where the Council provides some form of grant or assistance-in-kind (subject to compliance with any state aid rules).

2.5 This Code does not apply where the Council's Contract Rules or other rule of law requires a public procurement process to be followed.

2.6 Subject to 2.4(ii)-(iv) above, under no circumstances should this FPP Code be applied to a situation where the Council is procuring:-

- works or services pursuant to a public works contract;
- any form of professional or consultancy services; or
- the purchase of goods.

In these circumstances, the appropriate procurement route must be followed as set out in Contract Rules in conjunction with the Procurement Toolkit.

(more detailed guidance is contained within the FPP Practitioner Toolkit)

2.7 In reality most spend will be subject to the Council's Contract Rules and the Procurement Toolkit and these should always be checked, in the first instance, to see if they apply before considering the application of the FPP Code. If you are unsure you should always seek advice from the Council's Corporate Procurement Team.

2.8 The obligations as regards the governance of public funds do not end with the transfer of funding to the external body. All Council staff responsible for the award or payment of public funds to external organisations outside the Council's Contract Rules must follow the processes set out in this FPP Code.

2.9 Attached to this FPP Code is a toolkit to assist those individuals in identifying whether or not the FPP Code applies and how to put the appropriate checking, monitoring and reporting arrangements in place. It also details the specific roles and duties of staff in dealing with FPP arrangements.

2.10 Should Services require any further guidance in relation to funding external organisations, they should contact the Head of Legal and Governance Services.

### **3 PRINCIPLES OF "FOLLOWING THE PUBLIC POUND"**

3.1 As stated above, the original Code sets out basic principles governing FPP arrangements to ensure openness, transparency and adequate accountability. These can be summarised as follows:-

- **PURPOSE**: the Council must be clear about the reasons for their involvement in any external funding arrangement;
- **FINANCIAL REGIME**: the Council must specify clearly the extent of its financial commitment to the external body, including the nature of the financial relationship and the criteria for making and receiving payment;
- **MONITORING**: the Council ensure that there are appropriate and robust financial and performance monitoring and reporting arrangements are in place from the start of the relationship;
- **REPRESENTATION**: the Council should carefully consider its representation on the Board of any external organisation and ensure that Members and Officers understand their roles and responsibilities;
- **LIMITATIONS**: the Council must lay down a timetable for the achievement of its objectives, clearly specify any limits to funding and provisions for terminating the arrangement;
- **ACCOUNTABILITY**: provisions must be made for the Council and its external auditors to have access to the records of the funded body.

(more detailed guidance is contained within the FPP Practitioner Toolkit.)

## 4 APPLYING THE PRINCIPLES

4.1 In practice therefore it is essential that before any FPP arrangement is entered into:-

- (i) you can clearly link what the external organisation will be providing to an objective, strategy or policy of the Council;
- (ii) a risk-based assessment is carried out of the external organisation prior to agreeing funding to ensure the organisation is able to achieve the Council's objectives and that there are no state aid implications arising out the decision to fund the external organisation;
- (iii) that an adequate level of checks is carried out on the external organisation before and during any funding, based on the amount of money they are receiving in total from the Council;
- (iv) a funding agreement will be reached between the Council and the external organisation prior to any funding being made available, setting out the terms and conditions of the payment;
- (v) a Monitoring Officer from the Council will be appointed to oversee the funding provided to each external organisation;
- (vi) the position as regards Elected Member or officer representation on any board or governing body of any external organisation is identified and that roles and responsibilities are fully understood.

(More detailed guidance is contained within the FPP Practitioner Toolkit)

4.2 It is the responsibility of each Director to ensure that expenditure is being correctly categorised under this Code (and is not subject to any procurement rules) and where

such expenditure meets the test under this Code, then there is clear accountability for all funds which are provided from their Service budgets.

## 5 ASSURANCE FRAMEWORK

5.1 The requirement to provide assurance in respect of funding to external organisations does not end at the point of payment being made. Whilst a number of risks will have been identified and addressed prior to funding, a number of different risks will continue or emerge in the course of performance (e.g. non delivery or poor performance of the service, misuse of funds, reputational risk etc. Assurance will therefore be required in respect of the external organisation's ability to deliver high quality services. The level of assurance required must be reflective of the risks/potential risks that exist.

5.2 The purpose of a financial and operational risk assessment is to determine how any changes in income and expenditure will impact upon the external organisation's future viability and operational ability to deliver the necessary outcomes.

5.3 This FPP Code applies the principle of proportionality to the assessment of risk and assurance, recognising that different levels of scrutiny will be required depending on;

- the degree, nature and impact of the risks/potential risks identified
- the level of control/influence which the Council has over the external organisation
- the level of funding given.

5.4 The following matrix will be used to determine the level of risk assessment and assurance required.

| <b>FINANCIAL RISK LEVEL</b>                                                                                                                       | <b>SCORE</b> |
|---------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| Less than £5,000                                                                                                                                  | 1            |
| Greater than £5,000 but less than £50,000                                                                                                         | 2            |
| Greater than £50,000                                                                                                                              | 3            |
| Substantially greater than £50,000 and included in Group Accounts for the Council                                                                 | 4            |
| <b>NON- FINANCIAL RISK LEVEL (OPERATIONAL / REPUTATIONAL)</b>                                                                                     | <b>SCORE</b> |
| One off grant / subsidy to body for community benefit                                                                                             | 1            |
| External organisation - Council has no interest or control                                                                                        | 2            |
| External organisation - Council has substantial interest and control                                                                              | 3            |
| External organisation - Council has substantial interest and control and the results of organisation are included in the Council's Group Accounts | 4            |

5.5 To assess the level of assurance required select the relevant criteria from both the financial and non-financial risks and add the scores together.

| <b>SCORE</b> | <b>ASSURANCE ASSESSMENT LEVEL</b> |
|--------------|-----------------------------------|
| 1-2          | LEVEL 1                           |
| 3-4          | LEVEL 2                           |
| 5-6          | LEVEL 3                           |
| 7-8          | LEVEL 4                           |

(more detailed guidance as to the content of each level of risk assessment is contained within the FPP Practitioner Toolkit.)

5.6 Once the financial/ non-financial risks have been assessed and a decision to fund has been made the next stages of the assurance process are:

- to agree clear and transparent contractual arrangements
- to agree a schedule of payments
- to establish regular and robust approval, monitoring and reporting arrangements
- where appropriate, to determine the degree of the Council's representation and participation in the external organisation.

(more detailed guidance is contained within the FPP Practitioner Toolkit.)

## **6 CENTRAL REGISTER**

6.1 It is important that the Council is publicly accountable for how it is spending public funds.

6.2 Under the Council's Contract Rules, details of all contracts entered into as a result of regulated procurement must be entered into a Contract Register. Those arrangements which fall out with the scope of regulated procurement shall be recorded on a central FPP Register. Accordingly the following arrangements will require to be recorded on the FPP Register :

- where the total value of the spend in respect of the services is less than £5,000 (or such other minimum level as prescribed in the Council's Contract Rules); or
- where the Council provides some form of grant or assistance-in-kind (subject to compliance with any state aid rules); or
- where the Council intends to directly award a contract for the supply of education or social care services to an independent supplier because no competition exists in the market, the value of which is less than £50,000; or
- where the estimated costs of the services are below £50,000 and a review has been carried out which has determined that Best Value can be obtained without going to tender; or
- where the Council provides funding to an external organisation which is a separate legal entity from Council but over which the Council exerts a

degree of control or influence by virtue of its constitution or the terms of its funding agreement (such as an ALEO/ Trust arrangement).

6.3 Where the FPP Code has been applied because :

- (i) the Council intends to directly award a contract for the supply of education or social care services to an independent supplier because no competition exists in the market; or
- (ii) where the estimated costs of the services are below the EU or other relevant threshold and a review has been carried out which has determined that Best Value can be obtained without going to tender; and
- (iii) the **value is greater than £50,000**

The arrangement shall be recorded on the CONTRACT REGISTER as opposed to the FPP Register.

6.4 The FPP Register will be maintained by the Head of Legal & Governance Services. Service Management Teams are required to ensure that the Register is kept up to date with all relevant information.

| Version | Summary of Changes                                                                                           | Approved |     |
|---------|--------------------------------------------------------------------------------------------------------------|----------|-----|
| V.1     | Initial draft 30/04/14                                                                                       | DH       | ITI |
| V1.2    | Second draft issued 1/10/14                                                                                  | DH       | ITI |
| V2      | Third draft issued 21/11/14                                                                                  | DH       | ITI |
| V3      | Fourth draft issued 12/12/14                                                                                 | DH       | ITI |
| V4      | Fifth draft issued 17/12/14                                                                                  | DH       | ITI |
| V5      | Sixth draft issued 10/04/15                                                                                  |          |     |
| V6      | Seventh draft issued 29/05/15                                                                                |          |     |
| V7      | Eighth draft issued 24/07/15                                                                                 |          |     |
| V8      | Ninth Draft issued 20/11/2015                                                                                |          |     |
| V9      | Revisals made following comments from JC and MM. Issued to LS for comment 04/02/2016.                        |          |     |
| V10     | Further revisals made to reflect changes in Procurement legislation. Issued to and LS for comment 30/03/2016 |          |     |
| V11     | Revisal made by LS                                                                                           |          |     |
| V12     | Revisals made by LC 02/06/2017                                                                               |          |     |





## **FUNDING EXTERNAL ORGANISATIONS AND “FOLLOWING THE PUBLIC POUND”**

### **PRACTITIONER TOOLKIT**

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## **Section 1: INTRODUCTION**

1. This is the 'Following the Public Pound (FPP) Practitioners' Toolkit' which is referred to in the 'Perth & Kinross Council Code of Guidance for Funding External Organisations & "Following the Public Pound"' (the FPP Code).
2. This Toolkit is intended to assist Council Officers who are involved in decision-making, arranging and monitoring funding agreements under the FPP Code.
3. This Toolkit has been set out in a series of checklists to help the user complete each step of the process towards awarding, providing and monitoring funding to an external organisation.
4. By working through the checklists below, Council officers should be able to determine what steps are to be carried out prior to any funding and throughout the funding agreement.
5. This Toolkit should be read alongside the FPP Code. Further explanation and a glossary of terms used in this Toolkit are available in the FPP Code.
6. Further information or advice in relation to Following the Public Pound may be sought by referring to the FPP Code or by contacting the Head of Legal & Governance Services.

## **Section 2: SUMMARY OF THE STAGES OF FPP FUNDING**

The various stages involved in the awarding, providing and monitoring of funding under the FPP Code can be broadly summarised as follows:

- Application for funding received from external organisation / identified need for external organisation to deliver a service on behalf of the Council
- Determine the level of funding – this will indicate the information, documentation and agreement type required
- The Monitoring Officer undertakes a financial and non-financial risk assessment
- A decision is taken under the Scheme of Delegation or by Committee to approve the funding
- The funding agreement is put in place by the Monitoring Officer
- The Monitoring Officer advises the Head of Legal & Governance Services of the agreement for the purpose of updating the Central Register
- The external organisation provides its reports and documentation as required under the funding agreement
- The Monitoring Officer provides annual information to the Head of Service, Service Management Team or Committee as appropriate
- The Monitoring Officer continues to oversee the funding agreement
- Funding may be extended beyond a single financial year, subject to annual and ongoing financial and non-financial checks and aggregation rules/thresholds.

**These stages can vary and the Checklists set out in the remainder of this Toolkit should be followed in all cases.**

## **Section 3: PRIOR TO FUNDING**

Before any decision is made that the Council will provide funding to an external organisation, you must be able to justify the funding in accordance with the Council's strategic objectives and demonstrate that the funding should be made under FPP rules, rather than through procurement of the service.

Complete the checklists below to ensure that the funding should be made through FPP.

### **3.1 CHECKLIST 1: Is the funding necessary?**

1. Is the purpose of the funding clearly linked to the achievement of the Council's objectives or the implementation of a Council Strategy or Policy?
2. Are there clear benefits to delivering this service through an external body, as opposed to direct provision by the Council?
3. Do you have an approved budget for the funding?
4. Have you checked if any other Council Service is already directly delivering or procuring the same or similar service?

**If the answer to any of the above is "NO" then further consideration needs to be given to the proposal before proceeding.**

### **3.2 CHECKLIST 2: Should this be publicly procured?**

1. Is the value of the proposed arrangement over £5,000?
2. Does the proposed arrangement fall within the definition of "public services contract" under the procurement regulations?
3. Is the proposed arrangement for the delivery of what might constitute "public works" under the procurement regulations?
4. Are there a number of suppliers in the market who could provide the service?
5. Is the value of the proposed arrangement greater than the current EU procurement threshold?
6. Are there State Aid implications? (see State Aid Checklist in Part B)

**If the answer to any of the above is “yes” or “don’t know” then seek advice from the Council’s Corporate Procurement Manager or Head of Legal & Democratic Services before proceeding any further.**

### **3.3 CHECKLIST 3: Does the FPP Code apply?**

1. Is the value of the proposed arrangement under £5,000 and has not been recorded on the Council’s contract register?
2. If the contract is for the provision of education or social services, and the value of the proposed arrangement is greater than £5,000, can you demonstrate that no market competition exists in respect of the proposed supplier?
3. If the value of the proposed arrangement is above £5,000, but below EU threshold limits, and has not been recorded on the Council’s Contract Register can you demonstrate that Best Value can be achieved??
4. Is the proposed funding to take the form of a grant, loan or assistance in kind?
5. Is the proposed funding being made to an Arm’s Length External Organisation (ALEO)? (An ALEO is a company, trust or other external organisation which is a separate legal entity from the Council, but over which the Council exercises a degree of control or influence, e.g. through Board/Trustee Membership, shareholding or the terms and nature of the funding agreement)

**If the answer to any of the above is YES, then the FPP Code applies.**

**If the answer to all of the above is NO or you are unsure, please seek advice from the Corporate Procurement Manager or the Head of Legal & Governance Services before proceeding any further.**

## **Section 4: STATE AID**

Any Service proposing to fund an external organisation through a grant or direct award without competition must comply with the rules relating to State Aid. Services should apply the following tests when determining whether the State Aid rules are applicable.

### **4.1 Checklist 1: Do the State Aid rules apply?**

1. Is the external organisation an 'undertaking'?

**An undertaking is defined as any entity, regardless of its legal status, which is engaged in economic (commercial/competitive) activity and where there is a market in comparable goods or services**

2. If so, is the external organisation engaged in economic activity?

**This is defined as offering goods and/or services on a given market and which could, at least in principle, be carried out by a private operator for remuneration in order to make profits**

**If the answer to these two questions is YES, then the checklist below must then be applied to determine the possible presence of State Aid.**

### **4.2 Checklist 2: Does the funding amount to State Aid?**

1. Has there been an intervention in the market using public money?
2. Does the funding give the external organisation an advantage, for example when dealing with specific companies or industry sectors, or to companies located in a specific region?
3. Could competition within the market for these goods or services be distorted as a result of this funding?
4. Is the funding likely to affect the trade of goods or services between EU Member States?

**If the answer to all these questions is YES, then it is likely that the funding amounts to State Aid.**

**Where it is determined State Aid may apply, you must contact the Head of Legal & Governance Services before any funding can be given, as there are certain exemptions and *de minimis* rules that apply. Clearance may be required from the Scottish Government State Aid Unit before the funding agreement can be entered into.**

If you are unsure as to whether State Aid applies, seek advice from the Corporate Procurement Manager or the Head of Legal & Governance Services before proceeding further.

## **Section 5: RISK ASSESSMENT OF EXTERNAL ORGANISATION**

Once the decision has been made to fund an external organisation and you have established that the FPP Code applies, a risk assessment must be carried out to determine the level of financial and non-financial checks required.

The level of financial and non-financial checks will be based on the Assurance Assessment Level, which is arrived at by using the checklists below. This takes into account the level of funding to the external organisation and the extent of the Council's interest in or control over the external organisation. This will minimise the risk to the Council and ensure that the requirements on smaller organisations are not too onerous.

### **5.1 CHECKLIST 1: What is the financial risk level?**

1. Is the Council funding to the external organisation substantially greater than £50,000 and included in Group Accounts for the Council?  
**(If so, score 4 points and proceed to Checklist 2)**
2. Is the Council funding to the organisation £50,000 or more?  
**(If so, score 3 points and proceed to Checklist 2)**
3. Is the Council funding to the organisation less than £50,000 but more than £5,000?  
**(If so, score 2 points and proceed to Checklist 2)**
4. Is the Council funding to the organisation £5,000 or less?  
**(If so, score 1 point and proceed to Checklist 2)**

### **5.2 CHECKLIST 2: What is the non-financial risk level (i.e. operational / reputational)?**

1. Is the funding to an external organisation in which the Council has substantial interest and control and the results of the organisation included in the Council's Group Accounts?  
**(If so, add 4 points to the previous score and proceed to Checklist 3)**



2. Is the funding to an external organisation in which the Council has a substantial interest and control?  
**(If so, add 3 points to the previous score and proceed to Checklist 3)**
3. Is the funding to an external organisation in which the Council has no interest or control?  
**(If so, add 2 points to the previous score and proceed to Checklist 3)**
4. Is the funding a one-off grant / subsidy to an external organisation for a community benefit?  
**(If so, add 1 point to the previous score and proceed to Checklist 3)**

### **5.3 CHECKLIST 3: What is the assurance assessment level?**

1. What was the total score from Checklists 1 and 2?

| <b>SCORE</b> | <b>ASSURANCE ASSESSMENT LEVEL</b> |
|--------------|-----------------------------------|
| 1-2          | LEVEL 1 – go to Checklist 4       |
| 3-4          | LEVEL 2 – go to Checklist 5       |
| 5-6          | LEVEL 3 – go to Checklist 6       |
| 7-8          | LEVEL 4 – go to Checklist 7       |

### **5.4 CHECKLIST 4: Assurance Assessment Level 1**

1. Do you have the following documentation from the external organisation?
  - An annual income and expenditure account and statement of cash balance, which has been approved by a person independent of the day to day running of the organisation
2. Has the funding been approved by your service through its budget approval process and delegated authority arrangements or by the appropriate Committee?

**If you have all of the information set out in this Checklist, go to Part D**

### **5.5 CHECKLIST 5: Assurance Assessment Level 2**

1. Do you have the following documentation from the external organisation?

- Financial Statements for the preceding three financial years (unless the organisation is less than three years old)
2. Does the organisation have a management board to oversee the direction, service delivery and financial stability of the organisation?
  3. Is the organisation a registered charity, and if so have they complied with guidance from OSCR?
  4. Is the organisation a registered company, and if so have they complied with their requirements under the Companies Acts?
  5. Does the organisation have a clear statement of purpose and organisational objectives?
  6. Is the organisation able to provide evidence or other support to demonstrate achievement of its objectives and purpose?
  7. Are there any known reasons that would result in a risk to the Council's reputation through association with an external body if financial or service delivery problems emerge?
  8. Has the funding been approved by your service through its budget approval process and delegated authority arrangements or by the appropriate Committee?

**If you have all the information set out in this Checklist, and you are satisfied that the external organisation is a suitable organisation to receive the proposed Council funding, go to Part D**

## **5.6 CHECKLIST 6: Assurance Assessment Level 3**

1. Do you have the following documentation from the external organisation?
  - Financial Statements for the preceding three financial years (unless the organisation is less than three years old)
  - Objectives – a statement of the external organisation's strategic objectives

**The items listed above are the minimum requirements of the Council and will be required for all funding arrangements at this Assurance Assessment Level**

2. Have you asked the external organisation for the following documentation (which the Council has the right to ask for)?
  - Copies of (non-confidential) Minutes of the Board of Directors or Trustees meetings

- Details of the organisation's financial and non-financial transactions, policies and procedures

**The items listed above exceed the minimum requirements, however the Council has the right to ask for or inspect these items to satisfy itself as to the suitability of the external organisation to receive Council funding**

3. Does the organisation have a management board to oversee the direction, service delivery and financial stability of the organisation?
4. Is the organisation a registered charity, and if so have they complied with guidance from OSCR?
5. Is the organisation a registered company, and if so have they complied with their requirements under the Companies Acts?
6. Does the organisation have a clear statement of purpose and organisational objectives?
7. Is the organisation able to provide evidence or other support to demonstrate achievement of its objectives and purpose?
8. Are there any known reasons that would result in a risk to the Council's reputation through association with an external body if financial or service delivery problems emerge?
9. Has the funding been approved by your service through its budget approval process and delegated authority arrangements or by the appropriate Committee?

**If you have all the information set out in this Checklist, and you are satisfied that the external organisation is a suitable organisation to receive the proposed Council funding, go to Part D**

## **5.7 CHECKLIST 7: Assurance Assessment Level 4**

1. Do you have the following documentation from the external organisation?
  - Financial Plan – a detailed one year plan and summary three year plan
  - Financial Statements – for an external organisation seeking funding for the first time, annual accounts for the preceding three financial years (unless the organisation is less than three years old). For an organisation already in receipt of Council funding, an annual set of accounts, audited or approved
  - Objectives – a statement of the external organisation's strategic objectives

**The items listed above are the minimum requirements of the Council and will be required for all funding arrangements at this Assurance Assessment Level**

2. Have you asked the external organisation for the following documentation (which the Council has the right to ask for)?
  - Details of the performance of the organisation against the organisation's financial plan
  - Copies of (non-confidential) Minutes of the Board of Directors or Trustees meetings
  - Details of the organisation's financial and non-financial transactions, policies and procedures

**The items listed above exceed the minimum requirements, however the Council has the right to ask for or inspect these items to satisfy itself as to the suitability of the external organisation to receive Council funding**

3. Does the organisation have a management board to oversee the direction, service delivery and financial stability of the organisation?
4. Is the organisation a registered charity, and if so have they complied with guidance from OSCR?
5. Is the organisation a registered company, and if so have they complied with their requirements under the Companies Acts?
6. Does the organisation have a clear statement of purpose and organisational objectives?
7. Is the organisation able to provide evidence or other support to demonstrate achievement of its objectives and purpose?
8. Are there any known reasons that would result in a risk to the Council's reputation through association with an external body if financial or service delivery problems emerge?
9. Has the funding been approved by your service through its budget approval process and delegated authority arrangements or by the appropriate Committee?

**If you have all the information set out in this Checklist, and you are satisfied that the external organisation is a suitable organisation to receive the proposed Council funding, go to Part D**

## **5.8 Checklist 8: Credit Check**

1. Have you completed the required checks above and are still not satisfied as to the suitability of the external organisation to receive Council funding?

**Where specific issues exist or additional information may be helpful to the assessment of the organisation, a credit check may be appropriate and should be discussed with the appropriate Line Manager and be reported to the Service's Senior Management Team. Credit check services can be obtained through the Finance Division.**

**If you remain unsatisfied as to the suitability of the external organisation to receive Council funding, funding should not be provided under the FPP Code.**

## **Section 6: ESTABLISHING A FUNDING AGREEMENT**

Once you have completed the risk assessment and carried out all checks according to the Assurance Assessment Level, you can proceed to setting up the funding agreement with the external organisation.

The funding agreement will comprise a schedule of payments, setting out how the funds will be paid over the course of the funding arrangement, and a Service Level Agreement, setting out how the funding agreement is to be carried out and what will be expected in return for the funding.

Consideration may be given to the Council being represented by Council Members or Officers within the external organisation.

Use the checklists below to reach a suitable funding agreement.

### **6.1 CHECKLIST 1: Schedule of payments**

1. Is the annual funding in excess of £5,000?

**If so, payments should be made in no fewer than four instalments per financial year, and preferably made monthly to minimise the Council's exposure in the event of the organisation encountering financial difficulties.**

2. Have all financial checks been completed to the satisfaction of the Council?
3. Has all the required information been submitted by the external organisation?
4. Have you tailored the payments to meet the cash flow requirements of the external organisation?
5. Has the external organisation been consulted in relation to the schedule of payments and are they in agreement?

**If the answer to questions 2-5 is YES, then complete the Schedule of Payments form and proceed to Checklist 2**

## 6.2 CHECKLIST 2: Service Level Agreement

1. Which form of Service Level Agreement should be used?

- Is the Council funding to the external organisation greater than £5,000?

**If so, the Service Level Agreement should be used. Proceed to Part 2 of Checklist 2**

- Is the Council funding to the organisation £5,000 or less?

**If so, a written funding letter may be used, setting out clearly the amount of funding, the period for which it is applicable and any conditions or objectives attached to the funding. Proceed to Checklist 3**

2. Does the Service Level Agreement include the following?

- The purpose of the funding and the expectation of use
- The Council policy / strategy that the funding is linked to
- The level of funding approved by the Council and schedule of payments
- The period over which the funding applies
- Financial reporting requirements
- Monitoring and reporting requirements
- A statement on the consequences of failure to provide reporting information to the Council, e.g. the discontinuation of further funding
- A statement on the ability of the Council to deduct any debts due to the Council prior to making any further awards
- A statement on access to the accounting records of the organisation that requires to be given to Council staff, including internal and external audit staff
- Details of Council representation of Councillors and Officers
- The need for the Council to be acknowledged for its support on all publicity material relating to the project / service
- Procedures for cancelling the Funding Agreement

**You must ensure that the Service Level Agreement includes all of the above. If you require assistance including all this information in the Service Level Agreement, please contact the Head of Legal and Governance Services**

## 6.3 CHECKLIST 3: Council representation / participation within the external organisation

1. Does the Council have clear reasons why it wants representation within the external organisation?

2. Has the Council been transparent in its decision-making about which Council Members or Officers will be involved and why?

3. Has the Council provided advice and guidance to the Council Member and/or Officer involved which covers:
- Their responsibilities to the Council and to the external organisation?
  - The potential for conflicts of interest and the need to have regard to the national Code of Conduct for Councillors at all times?
  - The need to recognise their duties towards the external organisation differ from their duties to the Council?
  - The limitations on what they may disclose to the Council where there is a conflict of interest?

**If the answer to any of the questions above is NO, you should give further consideration to the Council's involvement with the external organisation before proceeding**

4. Has the Head of Democratic Services (for Council Members) or the Legal & Governance Services (for Council Officers) been advised of the appointment to the external organisation?

## Section 7: MONITORING THE ARRANGEMENT

Once the funding arrangement is in place, it must be monitored on an ongoing basis. The level of monitoring will be determined by the Assurance Assessment Level which was reached in Part B.

Checklist 1 sets out the monitoring requirements for all funding agreements. Checklists 2 and 3 set out the additional monitoring requirements which apply to funding agreements with Assurance Assessment Levels 3 and 4 respectively.

### 7.1 Checklist 1: Monitoring required in all cases

1. Has a Council Monitoring Officer been appointed to oversee this funding agreement?
2. Is the Monitoring Officer familiar with the FPP Code and this Toolkit?
3. Does the Monitoring Officer understand their responsibilities in relation to the funding agreement?
4. Has the Head of Legal & Governance Services been made aware of any changes to the funding agreement for the purpose of maintaining the Central Register?
5. Has the Monitoring Officer submitted an annual report to the relevant Senior Management Team or approving Committee?

### 7.2 Checklist 2: Assurance Assessment Level 3

1. Has the Monitoring Officer completed the following checks?
  - Every year – check that sufficient cash exists to enable the organisation to meet its financial obligations for at least the next 12 months
  - Every year – check that any other material sources of external funding are secure and assess any risks relevant to the ability of the organisation to continue as a going concern

**Where the external organisation is unable to demonstrate its operational or financial capability, future discussions should be held with the organisation to review its financial plans.**

**Funding will only be approved where an organisation can demonstrate it has the ability to continue to meet the objectives for Council funding as well as its financial obligations.**

### 7.3 Checklist 3: Assurance Assessment Level 4

1. Has the Monitoring Officer completed the following checks?



- Every two years - ensure the organisation has adequate policies and procedures in place to govern the way their finances are handled
- Every year – check that projections in the financial plan are realistic and achievable
- Every year – check that sufficient cash exists to enable the organisation to meet its financial obligations for at least the next 12 months
- Every year – check that any other material sources of external funding are secure and assess any risks relevant to the ability of the organisation to continue as a going concern
- Ongoing – check the six monthly Management Accounts to ensure that there is sufficient cash to meet the organisation's outgoings for the following year

**Where the external organisation is unable to demonstrate its operational or financial capability, future discussions should be held with the organisation to review its financial plans.**

**Funding will only be approved where an organisation can demonstrate it has the ability to continue to meet the objectives for Council funding as well as its financial obligations.**

## **7.4 Checklist 4: Group Accounts Concept**

1. Has the Council entered into a financial arrangement with an external organisation which has resulted in that organisation being treated as a 'subsidiary' (in terms of the Group Accounts concept under the Code of Practice on Local Authority Accounting)?

**If so, the following documentation is required by the Council as part of its monitoring of the funding agreement**

- Draft financial statements provided in a timescale to be agreed with the Head of Finance, to enable the proper and timely production of the Council's draft financial statements each year
- Audited financial statements and a summary of any audit adjustment in a timescale to be agreed, to enable the proper and timely production of the Council's audited financial statements each year
- An annual assurance statement on the system of internal controls, including financial controls, is to be sent to the Head of Finance for review and to inform the production of the Council's Annual Governance statement
- Internal Audit should consider the audit of subsidiary organisations in the annual audit planning process. Internal Audit will report their findings to the Audit Committee



**PERTH AND KINROSS COUNCIL**

**Strategic Policy and Resources Committee**  
**21 June 2017**

**Scrutiny Committee**  
**21 June 2017**

**PROCUREMENT ANNUAL REPORT 2016/17**

**Report by Depute Chief Executive, Environment (Chief Operating Officer)**

**PURPOSE OF REPORT**

This report details the progress made by Perth and Kinross Council in delivering the Procurement Strategy, published in December 2015. The main purpose of the report is to document the achievement of the aims and objectives set out in the Strategy and to demonstrate value through the purchasing decisions taken for the period.

**1. BACKGROUND**

- 1.1 A review of the Council's procurement functions took place during 2015. A new Procurement Strategy was developed in response to the findings of this review and published in December 2015 ([report 15/572 refers](#)). This report records the progress made in the achievement of the aims and objectives set out in the published Strategy.
- 1.2 For the reporting period there has been a significant focus on using procurement as a vehicle for delivery of greater value in our supply chain. This focus has delivered under two themes; increased delivery of community benefits through our contracts and the realisation of savings where possible.
- 1.3 Highlights from the report include:
  - Savings from contracts - £1.3m (recurring revenue savings) for the period
  - Over 200 community benefits offered in tenders
  - Rating against the national benchmark standard (PCIP) rose from 17% (projection in October 2015) to 62% (assessed September 2016)
  - Work undertaken with local businesses to grow their public sector procurement capacity, including increasing the involvement in training by 27% during 2016/17.

- 1.4 It is expected that the delivery of community benefits through our contracts will continue to grow over 2017. Benefits are offered under five key themes:

Community Investment  
Improving Education  
Improving Skills  
Improving Employability  
Economic Impact

- 1.5 From April 2018 the annual reporting on procurement will become a statutory duty. The statutory duties are explicit and include a requirement to provide information on all regulated procurement exercises, the methods used in review of these activities, and what has been achieved as a result.

## **2. PROPOSALS**

- 2.1 A further report on all tenders accepted is also being submitted to Strategic Policy and Resources Committee in June 2017. This report will discharge the existing governance requirement, set out in the Scheme of Delegation and the Council's Contract Rules, for Services to report the acceptance of tenders to committee annually. It is proposed that in future these reports will be merged with the annual report so that reporting is compliant with the new statutory requirements.
- 2.2 In addition, current practice is to record and report funding streams provided by the Council under the Following the Public Pound (FPP) Code to committee in a separate report. In future, to align the Council's commissioning and procurement reporting, it is proposed that this FPP information will also be provided as part of the statutory procurement report.

## **3. CONCLUSION AND RECOMMENDATIONS**

- 3.1 The annual report presented as Appendix 1 is an overview of how the procurement work, under taken on behalf of the Council in the 2016 and the first quarter of 2017, has supported delivery of the Corporate Plan.
- 3.2 This report concludes the scope of work undertaken through the Procurement Strategy for the period of 2016.
- 3.3 A revision of our Procurement Strategy was brought before Strategic Policy and Resources Committee in December 2016; setting the direction for the remainder of 2017 and to the start of the financial year 2017/18 ([report 16/534](#) refers). The new strategy is the first to be developed to meet statutory guidance issued following the introduction of Procurement (Scotland) Regulations 2016.
- 3.4 This Procurement Annual Report shows the progress made in meeting the priorities, actions and targets for 2016/17.

3.5 The Strategic Policy & Resource Committee is requested to:

- a) Note the Procurement Annual Report and the progress made with the 2016/17 Action Plan.

3.6 The Scrutiny Committee is requested to:

- a) Scrutinise and comment as appropriate on the Procurement Annual Report and the Action Plan.

**Author(s)**

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**Approved**

| <b>Name</b>   | <b>Designation</b>                               | <b>Date</b> |
|---------------|--------------------------------------------------|-------------|
| Jim Valentine | Depute Chief Executive (Chief Operating Officer) | 17 May 2017 |

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

All Council Services can offer a telephone translation facility.

## 1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

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

### 1. Strategic Implications

#### Community Plan / Single Outcome Agreement

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

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

## **2. Resource Implications**

### Financial

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

## **3. Assessments**

### Equality Impact Assessment

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

### Strategic Environmental Assessment

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

### Sustainability

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

## **4. Consultation**

### Internal

- 4.1 The information contained in this report has been prepared in consultation with membership of the Corporate Procurement Group; nominees of each Service area with a remit to champion procurement reform in each Service.

## External

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

## **5. Communication**

- 5.1 The information contained within this report will be published on the Tayside Procurement Consortium and Perth and Kinross Council websites.

## **2. BACKGROUND PAPERS**

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

## **3. APPENDICES**

- Appendix 1 – Procurement Annual Report
- Appendix 2 – Progress Report on the Improvement Action Plan 2016/17



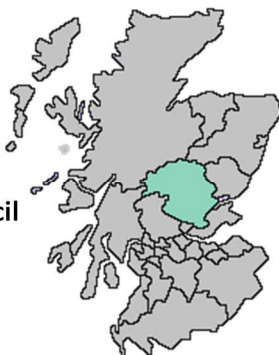
# Procurement Annual Report

2016/17

Perth and Kinross Council

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

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## 1. Executive Summary

The Council's Procurement Strategy for 2016 was published in December 2015. Council spend was just over £200m per year on goods, services and works. This figure included monies allocated to support capital investment decisions taken by the Council.

The Procurement Strategy and the associated action plan set out how the Council intended to direct the expenditure and highlighted how we would work to not only deliver essential savings but also to support the wider objectives of the Council and local community partners.

A primary focus of the Procurement Strategy was to align how the local objectives would be met 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**”.

This report provides an update on the ways in which procurement activity has been used to support the specific needs of the Perth and Kinross Council area.

Highlights include:

- The delivery of savings from our contracts: £1.3m for the period
- Embedding Community Benefits offered in our tendering processes, leading to over 200 benefits live at present
- Our rating against the national benchmark standard (PCIP) rose from 17% (projection in October 2015) to 62% (assessed September 2016)
- Extensive work with local business community and third sector providers to grow their public sector procurement capacity

As the Council also works on the development of contracts jointly with Angus Council and Dundee City Council, the report also references the Tayside Procurement Consortium (TPC) strategy and directs readers to review the annual reporting on progress made jointly with the other Tayside local authorities. This model gives us a more efficient interface with the business community across Tayside.

An update for the Council's Scrutiny Committee has also been prepared. 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.

## Introduction

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

Procurement has a key role in creating the infrastructure to underpin the Corporate Plan and the achievement of these objectives.

The changing face of public services means that enhancements must be made to the way in which the Council carries out its procurement activities. In recent years there has been a greater commercial focus on procurement and commissioning. A new approach to our Procurement Strategy and the creation and resourcing of a detailed improvement plan has led to a more rapid pace of change.

This commitment reflects the increasingly important role that strategic procurement plays in enabling our Council to deliver local economic, environmental and social benefits. This report provides an overview of the progress made during 2016 in the transformation of our procurement approach.

As well as reviewing our arrangements for procurement, we have also revised our governance arrangements which support the management of externalised resourcing. A new Following the Public Pound Code was approved by the Strategic Policy and Resources committee in 2016. The new code has led to the development of a toolkit which sets out, step by step, the tasks to ensure grant funding is aligned to our corporate goals. The Council's Contract Rules have also been revised to reflect new legislation. Together this package of guidance will ensure we maximise the value we derive from all the routes we use to commission services.

Effective commissioning and procurement decision making about how the Council will shape the externally delivered elements of services, amounts on average to around 60% of the overall budget set by the Council each year. As such the Procurement Strategy plays a critical role in ensuring that value for money is achieved.

## 2. Vision for procurement

In the Procurement Strategy for 2016 the Council set out the vision for procurement:

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

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



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

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

**Developing educated, responsible and informed citizens**

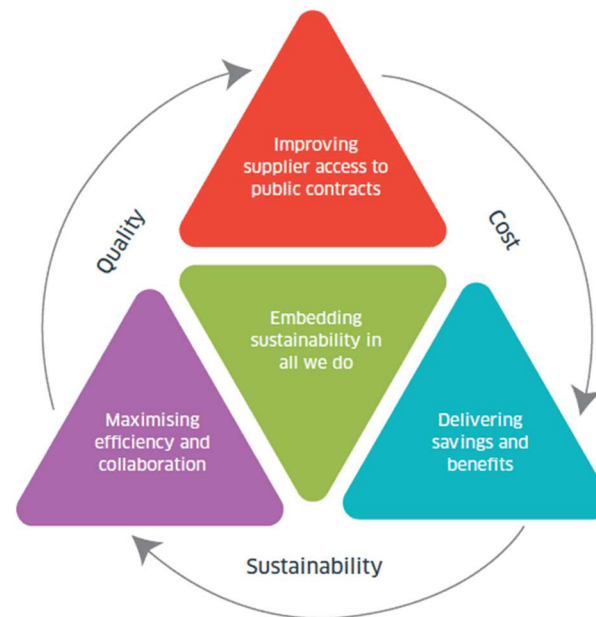
**Promoting a prosperous, inclusive and sustainable economy**

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

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

### 3. Context

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



Collaborative partnerships are a key part of maximising efficiencies in procurement processes and outcomes, and we are committed to several of these arrangements, including the Tayside Procurement Consortium and Scotland Excel. [click here.](#)

Our partnership with Dundee City and Angus Councils is constituted by the Tayside Procurement Consortium (TPC). TPC has its own strategy which provides an overarching approach for the three Councils. Therefore this annual update should be considered in conjunction with the any updates on the Tayside Procurement Consortium procurement strategy 2015-2020. [click here.](#)

#### 4. Information on Contracts

One of the key principles of effective 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.

The Council achieves this by using the national advertising portal – [Public Contracts Scotland](#). All opportunities with a contract value greater than £50,000 are 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 = £164,176; Social services = £589,148 and works = £4,104,394.
- Where contracts are valued between **£50,000** (goods and services) or **£2,000,000** (works) and the thresholds set out in the EU procurement directives, we will carry out procurement as set out in the Procurement (Scotland) Regulations 2016; **via an advertised tender**.
- From contracts valued between **£5,000** and **£50,000** we will invite **quotations** from a minimum of 3 bidders.

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

#### Contracting Activity for the period

During 2016 and the first quarter of 2017 the Council issued **47 calls for competition** that had an anticipated value of £50,000 or more. The average value of the resulting contracts was £392,000.



In addition to these we also awarded **14 distinct contracts** through pre-existing frameworks and published detailed information about those contracts through the same portal. This supported our commitment to collaborative working with other public bodies. In the same period quotations were sought for **82 low value requirements** (values above £5,000 but below £50,000). These three together amounted to the creation of 143 new contracts: See infographic below.



Although procurement legislation prevents public bodies from specifying a local element to their supply, it is possible for lower value contracts to be shaped in a way that encourages the involvement of local and smaller businesses. To that end the Council has approved a policy of inviting Perth and Kinross businesses to quote in every process where this is possible. Our internal rules state a minimum of three quotes must be invited when contracts have values between £5,000 and £50,000. On average 7 suppliers were invited per opportunity, giving a wider range of businesses a chance to bid. Of these invitations **149 were issued to local**



**SME's** - 62 invitations to micro (1-9 employees), 63 to small (10-49 employees) and a further 24 to medium sized businesses (50-249 employees). This means that on average 2 local businesses were invited to each opportunity.

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 registered.

### **Contracts Register**

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

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

## 5. Highlights

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

### Best Start in Life



There are a wide range of goods and services sourced to support the corporate objective of **Giving every child the best start in life**.

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

New legislation introduced during 2016 means that the rules on the way in which agreements with providers of social care and support services are established has changed. This affects a range of services currently commissioned in support of children and families. The Council's procurement team has been working to support the transformation of commissioning in our Children's and Families services. Events have been held to consult with providers of these services and to raise awareness within in the provider community of the implications of the new legislation.

**Mitigation of cost increases** - Some types of goods have been affected by instability in the European market or by currency fluctuations since mid-2016. Food costs have undergone some stresses as a result. The Council has been working with Tayside Contracts and Scotland Excel to minimise the impact these changes are having on our budgets. Strategies have included switching of ingredients and development of local capacity. Combining our requirements with those of the wider local government community has given us more influence in these negotiations.

### Educated, responsible and informed citizens



The Council's procurement function 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 year one of the changes we supported was the revision of contracts for transporting young people to and from schools. More work on this area of spend is planned for 2017; two **supplier information events** on these changes were held in March 2017. The information gathered from our suppliers will help to strengthen the developing strategy for the new contracting mechanisms.

Secondly, by supporting colleagues to develop **Community Benefits clauses** in contracts. Community Benefit clauses will also contribute to the delivery of the sustainable procurement objectives we set out in our Procurement Strategy in December 2015. Community Benefits might include developing skills for the Young Workforce of the Perth and Kinross area, providing opportunities for young people still in education through **work placements, work experience** or simply visiting a company to see how work is carried out. We have received benefits meeting those descriptions from several companies, notably during the refurbishment of Mill Street, Perth and the renovation of Perth Theatre as well as through smaller service contracts.

During 2016 the procurement team has also supported the national [Procurement People of Tomorrow](#) programme. Two modern apprentices joined the team in 2016. Both worked towards **SVQ3 level qualifications** and have both benefited from further opportunities in the Council. One of our modern apprentices was placed in the Council's benefits team and the other continues to work in the procurement team and is studying for an **entry level certificate** for the Chartered Institute of Procurement and Supply.

The work we do also supports the objective to **inform citizens**: through developing contracts for our **corporate communications** team, and our transformational **investment in digital technology**. Early in 2016 our Information Technology team ran a competitive dialogue to select a partner to change the way we capture information when working with citizens in front line services.

### Prosperous, sustainable and inclusive economy



A range of contracts and procurement work developed during the period of this annual report will contribute to the economic development of the area.

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

- the refurbishment of the [Canal Street car park](#) in Perth and the improvements to [Mill Street](#).
- development of the Food and Drink Park on the outskirts of Perth which required four different contracts during the programme – consultancy, landscaping, the construction of a solar farm and the fabrication of business units.

**Smart Growth** – work began in 2016/17 to deliver on the [Perth City Plan](#) with contracts being awarded for the installation of digital signage and provision of Wi-Fi in public areas of Perth city. Specifying our requirements in fast moving, innovative markets gave us new challenges and required the development of new approaches to our procurement work.

**Leisure** While some aspects of events and festivals are effectively exempt by legislation from traditional procurement work, the procurement team was pleased to support a range of requests for quotations to deliver the Winter Festival. The economic benefit of the two main Winter Festival events can be [found here](#).

Another interesting procurement process was carried out to [develop the use of the River Tay](#). A contract for construction of two pontoons on the river was concluded and when in place they will be operated in partnership with the Tay and Earn Trust.

**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.

### Independent, healthy and active lives



**Support for independent living** - New legislation introduced during 2016 means that the rules on the way in which agreements with providers of social care and support services are established has changed. This led to the Recommissioning of Care at Home services. An extensive schedule of work was developed to support the change; including consultation with providers, service users, and training for Council staff and for representatives of our providers on the impact of new procurement legislation and processes which will now be used. The new framework agreement which results from the preparatory work we undertook in 2016 will be live in June 2017.

Another significant support services contract for those people who need additional support as a result of sensory impairment was developed. This service contributes to how we will meet the objectives of the [Joint Strategy to support independent living](#).

Negotiations with organisations that provide care within the Perth and Kinross area took place in October 2016 to ensure a minimum hourly wage of £8.25 was being paid to care workers.

**Healthy Lives** - Improvements to a number of play areas across Perth and Kinross have been made, with the largest contracts being for a refurbishment in Grandtully and the terraces at Pitlochry Recreation Ground. A new multi-use games area was also completed in Inchtute.

### Safe and sustainable place for future generations



**Housing** - A significant area of focus for 2016/17 has been developing our housing; not only adding to the homes in Perth and Kinross through a new build programme with 60 properties under construction across 5 local sites but also making improvements to the existing homes.

These improvements include window and door replacements, external insulation and upgrades to heating systems; all contributing to reducing the energy consumption in each home and in turn contributing to the Council objectives for reducing fuel poverty.

**Infrastructure** - As with every year the Council included infrastructure improvement in the 2016/17 budget. Some supported was offered by the procurement team to the professional teams responsible for a programme of contracts to maintain and improve our infrastructure. These contracts include routine repairs and maintenance to bridges and other structures as well as ensuring the measures taken to provide flood protection are as effective as possible in adverse conditions.

Our infrastructure work extends to improvements to our roads and traffic management – aimed to improve road safety for all users of our roads network. Preparations also began for a new pan-Tayside roads maintenance framework; this will be advertised on the national portal during 2017.

New contracts were also awarded during 2016/17 for winter maintenance of our roads network. This service is through Tayside Contracts with the materials being bought from a Scotland Excel framework –at pricing which benefits all local authorities across Scotland.



## 6. Delivering Best Value

### Savings

As part of the Council's approach to transforming delivery of services to communities a commitment was given during 2015 to establish means of reducing the money spend on the procurement of goods, services and works by £2.5m by 2018/19. £1.41m of improvement opportunities have been created in 2016/17. Further work to rationalise purchased goods is ongoing. A proactive approach to identifying potential areas for savings has been developed; achieved savings are agreed with financial teams and senior management and removed from budgets where appropriate.

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

| Capital Budgets | Housing Revenue Account | School Funds | Revenue Budgets |
|-----------------|-------------------------|--------------|-----------------|
| £17,634         | £62,078                 | £769         | £1,332,371      |

Procurement Savings by Budget

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

### Electronic Tools

Another source of efficiencies we have advanced this year is the use of electronic systems to support and manage the procurement work we do. 46 tenders were issued in the period covered by this report; just over 50% of those were issued electronically. This is an area of focus for 2017; we aim by November 2019 to be able to carry out all of our communications with suppliers digitally. This change will help to reduce the cost of doing business for our suppliers as well as for the Council, it will help shorten payment windows and to improve efficiency in managing performance.

All competitive activities use the national portal Public Contracts Scotland to ensure our potential suppliers are able to identify contracting opportunities in a single place. We committed to promoting the portal as a powerful resource for suppliers to the public sector.

Preparation for the roll out of an electronic platform to record contract and supplier management activities was a key work stream in 2016. This platform will improve the way we are able to communicate with our suppliers while they are working on our behalf. Consistent methods of capturing and reporting on the information we hold will help us to identify areas for improvement, but also to evidence good value and high performance.

Future developments will focus on the Council adapting our systems and processes to introduce eInvoicing. This will bring greater efficiency to our payments processes and reduce costs for our suppliers.



## Collaborative Contracts

In addition to contracts which arise from procurement work undertaken by officers working directly for the Council we also make use of a range of contractual agreements awarded in collaboration with other bodies.

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

By using these mechanisms it has been possible to achieve efficiencies; in the case of the A9/A85 road junction improvements, earlier involvement of an experienced civil engineering contractor helped the Council to establish a robust contract in line with time and cost targets for the overall project.

The Council also joined a collaborative purchasing body which focuses on contracts for managing social housing. Through this mechanism we have been able to accelerate delivery of planned improvements to the housing estate. This has included replacing central heating systems and doors and windows in preparation to meet the energy performance standards which will become law in December 2020.

We have also made good progress with new housing building in 2016; we have planned for 80 new houses a year and construction work is underway to achieve this target.

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

The full range of contracts awarded by each of the collaborative groups can be viewed by following the links embedded in the icons below:



## 7. Resourcing

Investment in the Procurement functions of the Council has been made to facilitate rapid improvement in our procurement capability. Our Procurement Strategy was supported by a detailed improvement plan. This section draws out the most significant enhancements we aimed to make in the period covered by the Strategy and how those are being resourced.

**We Said: Focus on meeting our savings targets through continually improving and lean procurement practice.**

**We Did:** All new contracts are tracked for savings opportunities. A process for tracking savings through from the inception of the need for the contract, during the tendering phase and into the delivery cycle of the contract has been defined and approved. Developments planned for 2017/18 include automating more of the processes for information capture.

**We Said: 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.**

**We Did:** During 2016/17 the support offered to local business has focused on enhancing capability so that our business community are informed and appropriately skilled to respond to public sector contracting opportunities. The Council is a member of a national, publically funded training consortium, which facilitates access to a wide range of training events and resources for businesses. We have hosted training events locally, sign posted interested parties to online resources and shared learning from this facility ([Supplier Development Programme](#)). A total of 265 Perth and Kinross based businesses registered to use this facility in 2016/17 – a 27% increase on 2015/16.

In conjunction with the Supplier Development Programme we have also participated in the annual Tayside-wide 'Meet the Buyer' conference, which was attended by over 100 local businesses. This year the conference also included one-to-one training session on how to use the electronic tools now prevalent in public sector tendering.

We also ran engagement sessions for specific contract opportunities; this helped both potential suppliers and Council Services by creating the opportunity to discuss the most effective ways in which contracts might be structured to achieve Best Value. A recent example of this working well has been in transport contracts where feedback has resulted in consideration of a longer contract term contract which could in turn support transport companies to plan for investment in vehicles.

While group sessions with businesses and charities work well for many purposes, we recognise there is still a need to work with individual organisations in some circumstances; officers involved in procurement have met a wide range of businesses on a one-to-one basis.

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

**We Did:** This has included national working – attending strategic and tactical planning sessions with Scotland Excel, as well as participating in the Scottish Government eCommerce forum which acts as a reference group for strategic planning. In Tayside our work within the TPC continues and the collaborative opportunities for the wider partnership work is facilitated by our involvement in a community partners group TOPIC (Tayside Opportunities for Procurement in Collaboration). Partners to this group include local further education establishments and NHS Tayside, as well as Dundee City and Angus Councils.

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

**We Did:** The inclusion of Community Benefits is considered for every contract. This is embedded in our standard templates and guidance. We now have a corporate record of benefits delivered. At present more 200 benefits offered by businesses are in the process of delivering a social outcome within the Perth and Kinross community. The willingness of contractors to offer benefits has meant we are now developing a new approach to matching these to the needs of our communities

## 8. Monitoring, Reviewing and Reporting performance

### Monitoring

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

### Reporting

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

### Review

In alternate years an independent review of the procurement capability will take place. The Council procurement functions are benchmarked against an assessment tool, the Procurement Capability and Improvement Programme (PCIP). The assessment requires the submission of 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%), which showed the level of progress achieved in less than a year. This improved result is a strong indicator of the high quality evidence we were able to provide to the assessors, reflecting our delivery of the agreed Action Plan.

### Revision process

This strategy will be reviewed and an update published by 31 March 2018.

From 2019 an annual procurement strategy will be published as close as possible to 1 April each year.

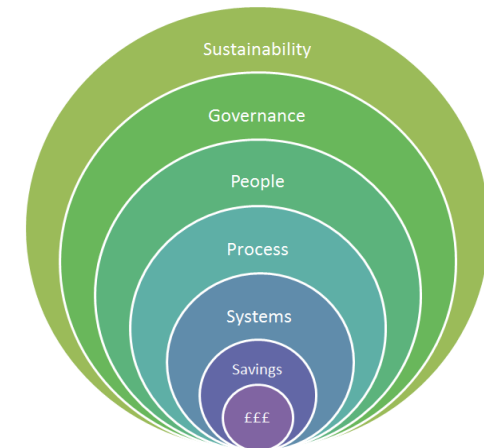
## 9. Improvement Planning

An action plan to ensure that the strategy was delivered was prepared and approved in December 2015. The operational work to deliver 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



## 10. Strategy Ownership and Contact Details

Procurement is included in the portfolio of Jim Valentine, the Depute Chief Executive with responsibility for Sustainability, Strategic and Entrepreneurial Development.

The Council's Procurement Team sits within the Community Planning, Strategic Commissioning and Organisational Development service which is led by Keith McNamara.

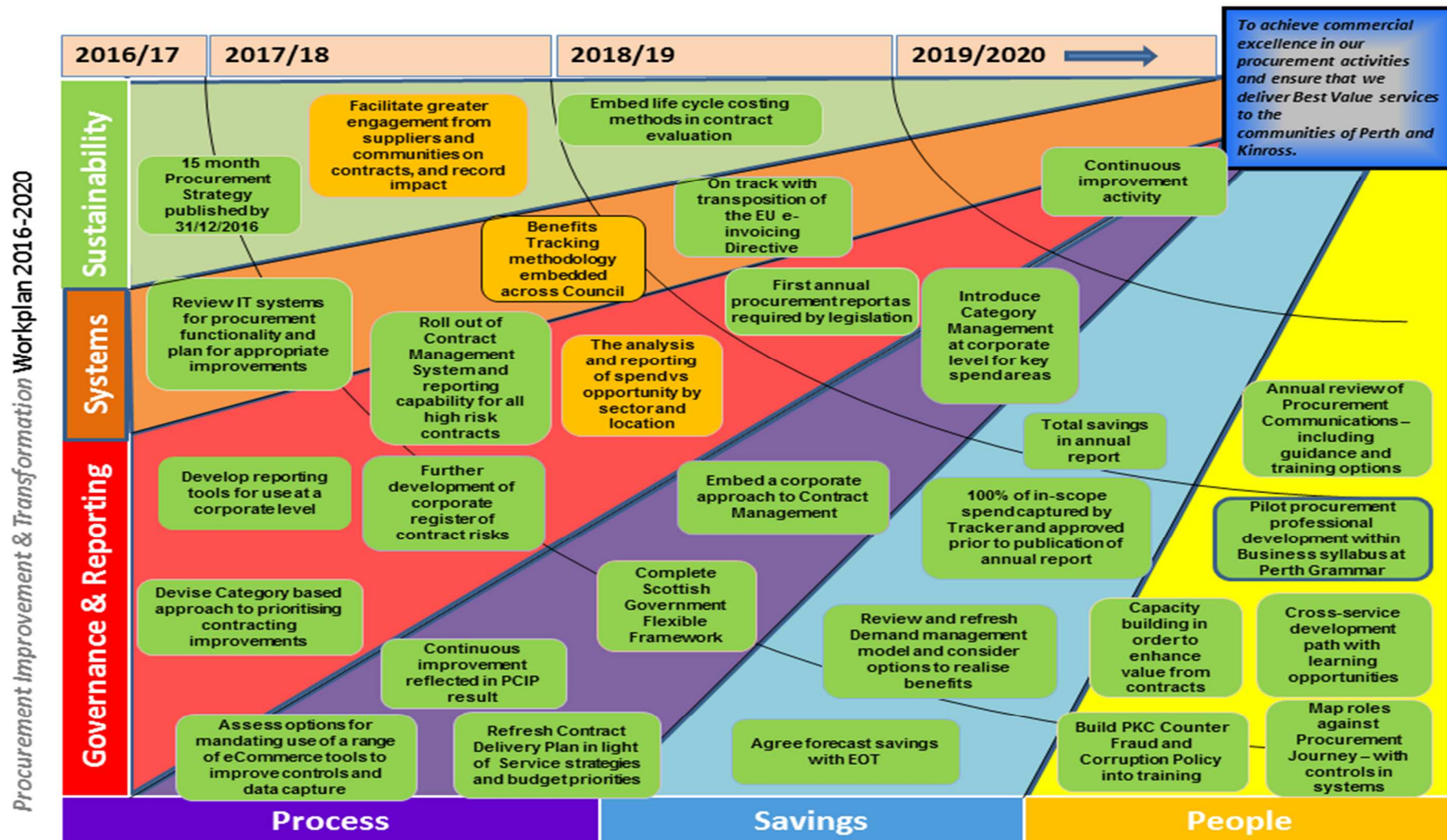
The Corporate Procurement Manager, Mary Mitchell has responsibility managing the provision of a professional procurement service ensuring that legislation, agreed policies, professional standards, procedures and principles are followed.

Contact details

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

## 11. Future Improvement Actions

The wave plan below outlines the high level plan for further improvement to our procurement functions.



Workplan 2016-2020 Wave Plan: January 2017



## Glossary

This glossary includes terms used in the Procurement Strategy document and the Improvement Plan.

| TERM                                 | DEFINITION                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|--------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Balanced Scorecards</b>           | Used to measure supplier performance against defined indicators.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Contract Strategy</b>             | Outlines the purpose and governance of the procurement exercise. The strategy will reflect the risk, value and strategic importance of the proposed contract to Perth and Kinross Council.                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Benchmarking</b>                  | 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.                                                                                                                                                                                                                                                                                                                                                          |
| <b>Best Value (BV)</b>               | 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. |
| <b>Commissioning</b>                 | The process of ensuring that the health and care services provided effectively meet the needs of the population. Often a complex process with responsibilities ranging from assessing client needs, prioritising health outcomes, procuring products and services, and managing service providers.                                                                                                                                                                                                                                                            |
| <b>Commissioned Services</b>         | This term is used to describe services for which a third party organisation has been engaged to manage delivery.                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Contract</b>                      | A binding agreement to perform a certain service or provide a certain product in exchange for valuable consideration, usually money.                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Contracts Register</b>            | 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.                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Equal opportunities</b>           | The practice of ensuring that all employees and users of services receive fair and equal treatment.                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>European Directives (EU Regs)</b> | Rules and regulations set by the European Union with regard to procurement for public sector organisations – these are mandatory for public sector organisations. This is facilitated by regulations in each member state (see <a href="#">Procurement Legislation from 18 April 2016</a> ).                                                                                                                                                                                                                                                                  |
| <b>Following the Public Pound</b>    | This term describes the code which the Council follows to ensure information about how public money is used in support of arm's length organisations, trusts and voluntary bodies. Following the public pound' principles do not apply to conventional contracts which involve councils purchasing goods, materials or services e.g., contracts with a private care home to provide residential care places - information on these is provided in the Contracts Register.                                                                                     |



| TERM                                                       | DEFINITION                                                                                                                                                                                                                                                       |
|------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Governance</b>                                          | The framework of authority and control within an organisation.                                                                                                                                                                                                   |
| <b>Official Journal of the European Union/OJEU</b>         | The publication in which all high value public sector contracts in the EU must be advertised.                                                                                                                                                                    |
| <b>Public Contracts Scotland</b>                           | 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.        |
| <b>Public Contracts (Scotland) Regulations</b>             | 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.                                                       |
| <b>Procurement Commercial Improvement Programme (PCIP)</b> | 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. |
| <b>Procurement</b>                                         | The process of sourcing goods, services or contracts for construction works.                                                                                                                                                                                     |
| <b>Quality</b>                                             | Fitness for purpose when judged against the standards specified in the contract.                                                                                                                                                                                 |
| <b>Scotland Excel</b>                                      | A national collaborative buying initiative representing the 32 Scottish local authorities.                                                                                                                                                                       |
| <b>Scottish Procurement</b>                                | 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.                                   |
| <b>Selection Criteria</b>                                  | Factors taken into account when determining whether bidders are appropriately qualified to undertake public work. These criteria are set out in the ESPD.                                                                                                        |
| <b>Small and Medium sized Enterprises (SMEs)</b>           | Firms that employ less than 250 people and have a turnover of less than £50m.                                                                                                                                                                                    |
| <b>Social Value</b>                                        | 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.                                                                                                              |
| <b>Specification</b>                                       | 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.                                                                             |
| <b>Stakeholders</b>                                        | 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.                                                                       |
| <b>Supplier Engagement</b>                                 | In simple terms, working with suppliers to achieve mutual goals – as opposed to ‘them and us’.                                                                                                                                                                   |

| TERM                                        | DEFINITION                                                                                                                                                                                                                                                                         |
|---------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Supply Chain</b>                         | The flow of resources into and out of the enterprise's collective operations. The chain can be said to start with the suppliers of your suppliers and ends with the customers of your customer.                                                                                    |
| <b>Suppliers Charter</b>                    | A joint statement between the Public Sector Procurement and Businesses sectors committing to facilitating improved access to public sector procurement opportunities.                                                                                                              |
| <b>Supplier Development Programme</b>       | A local authority partnership programme established to offer small and medium sized enterprises (SMEs) the opportunity to grow and diversify through procurement.                                                                                                                  |
| <b>Supported Business</b>                   | A supported business draws at least 30% of the workforce from the most disadvantaged groups in our communities.                                                                                                                                                                    |
| <b>Sustainable Development</b>              | 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.                                    |
| <b>Sustainable Procurement</b>              | The application of sustainable development principles to procurement (see above).                                                                                                                                                                                                  |
| <b>Tayside Procurement Consortium (TPC)</b> | 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 <a href="#">here</a>                                   |
| <b>Thresholds</b>                           | The financial threshold above which certain procedural aspects of the procurement Regulations become mandatory. There are two thresholds, one that applies to most central government bodies and one for other authorities. The current threshold is published on the OGC website. |
| <b>Transparency</b>                         | Being clear with potential suppliers as to what is planned and the steps that will be and have been taken in relation to a procurement process, and performing that procurement process as described in the communications with potential suppliers.                               |
| <b>Values</b>                               | Represent the beliefs within an organisation and are demonstrated through the day to day behaviours of its employees.                                                                                                                                                              |
| <b>Vision</b>                               | A statement describing how an organisation wishes to be in the future. Also see Mission Statement.                                                                                                                                                                                 |



The following tables set out the improvement actions agreed at Council in December 2015 and an update on the progress made in meeting the objectives contained within the Action Plan.

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

|     |                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                        |            |                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                 |
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|     | and develop an appropriate action plan to develop skills across the organisation.<br><br>Some aspects                                                                                                  | Assess skills, prioritised by outcome of Objective 1.1 and 1.2.1<br><br>Develop targeted training plan, identify costs and budget pressures. Develop and resource a delivery model for Year 1 and a plan for year 2 and beyond.                                                                                                        |            | training were checked against job evaluations. Feb 2016.<br><br>Training materials revised June 2016.<br><br>Work is continuing to enhance skills.<br><br><b>Status: Partially complete.</b> Training approach was reviewed along with revision of Contract Rules. | improved outcomes for all.<br><br>Ensure the most skilled officers are deployed for contract development to reduce risk arising from poor contracts<br>Bridge existing skills gap and maintain an appropriate support package to ensure continuous improvement for those involved in contracts. |
| 1.3 | Develop a specific action plan to shift activities of the Corporate Procurement Team from operational to a more strategic focus and set specific personal objectives linked to the new strategic plan. | Procurement team development session, to develop a common understanding of the new framework, and team members' roles in delivering this<br><br>Identify all operational activities currently considered BAU. Consider options for deploying available resources to be more effective on a strategic level.<br><br>Map customer needs. | April 2016 | Operational management of user records on PECOS transferred to Financial Systems team. Jan 2016.<br><br>Tracking support offered and delivered to teams.<br><br>Consultation                                                                                       | Less time spent on routine procurement activities and more effort dedicated to supporting the delivery of higher value/higher risk spend areas.<br><br>Focus is on areas of contracting activity from which the greatest level of savings can be                                                |

|     |                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                   |                                                                                                                                                                     |                                                                                                                                                                                                             |
|-----|----------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|     |                                                                                                                | <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>throughout 2016.</p> <p>Self-service processes developed for procurement toolkit and PECOS use. June 2016.</p> <p><b>Status: Complete</b></p>                    | <p>achieved.</p>                                                                                                                                                                                            |
| 1.4 | <p>Effective communication plan to be developed to keep key stakeholders informed of programme and changes</p> | <p>Review <a href="#">existing communication plan</a> including the provision of guidance and online resources.</p> <p>Revise and make necessary changes. Including:</p> <ul style="list-style-type: none"> <li>· Improving search capability in eric</li> <li>· Removing outdated information</li> <li>· Improve use of SharePoint technology</li> <li>· Increase use of Procurement News</li> <li>· Change email accounts</li> <li>· Introduce auto-responses</li> <li>· Rationalise telephone numbers</li> </ul> <p>Communicate changes and establish time lines for regular communications as per plan, include a plan to resource and allocate responsibilities.</p> | <p>April 2016</p> | <p>Plan revised. Updated to use new technology.</p> <p>Design team now involved in issue of Procurement News bulletin to staff..</p> <p><b>Status: Complete</b></p> | <p>Good staff engagement levels and support for the required changes. Input and feedback provided by key stakeholders.</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"> <li>Improved governance</li> <li>Reduced duplication of effort</li> <li>Increased efficiency in procurement activities</li> <li>Improved awareness within the Council of the impact of the procurement function on business capability</li> </ul> | <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"> <li>More effective corporate procurement function.</li> </ul>                                                                                                                                                                                     | <p>Increased score in PCIP assessment – target 33% (based on mock score of 17% in October 2015).</p> <p>Outcome - 62% achieved in September 2016.</p> |

| <b>2</b> | <b>Improvement Theme: Processes</b><br>Provide effective frameworks to manage the Council's procurement activities.                                                                                                                 |                                                                                                                                                                                                                                                                                                                                   |                                                                                                                               |                                                                                                                                                                                                                                                                  |                                                                                                                     |
|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|
|          | <b>Objectives</b>                                                                                                                                                                                                                   | <b>Specific Action</b>                                                                                                                                                                                                                                                                                                            | <b>Timescales</b>                                                                                                             | <b>Update</b>                                                                                                                                                                                                                                                    | <b>Quality Improvement aims</b>                                                                                     |
| 2.1      | Develop a Council wide procurement pipeline and associated capacity plan, including clear targets (savings, community benefits, living wage rates etc.), identified and agreed with the Services for specific contracts/commodities | Populate Forward Plan<br><br>Identify opportunities for benefits realisation. Identify and document targets per contract.<br><br>Identify resource requirement from Services and CPT as appropriate.<br><br>Develop time line for delivery and assign workload accordingly.<br><br>Document plan and report progress to Services. | <del>February 2016</del><br><br>First version finalised by February 2016 and refreshed annually thereafter.<br><br>April 2017 | First version was prepared by May 2016. Regular updates have been made.<br><br>Reported to SP&R 30/11/17.<br><br>Published on <a href="http://www.pkc.gov.uk">www.pkc.gov.uk</a><br><br>in April 2017 for financial year 2017/18.<br><br><b>Status: Complete</b> | 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.<br><br>Identify core documents, review content and agree final versions with Legal Services where appropriate.<br><br>Consider potential for mandating the use of PCS-T for all regulated procurement activity. Develop resource plan and costings.                  | <del>By June 2016.</del><br><br>Ongoing                                                                                       | Broader range of template documents now in use.<br><br>Worked closely with Legal Services throughout 2016/17.                                                                                                                                                    | Simplified processes, consistently applied thus reducing effort and risks.                                          |



|     |                                                                      |                                                                                                                                                                                                                                                         |                                                          |                                                                                                                                                                                                                                                             |                                                      |
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|     |                                                                      |                                                                                                                                                                                                                                                         |                                                          | Report submitted to Policy and Governance Group with proposal for mandating use of PCS-T. To be revised.                                                                                                                                                    |                                                      |
| 2.3 | Upfront demand management challenge process to be implemented        | <p>Design and develop the process to be used to manage consumption.</p> <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> | By end March 2016                                        | <p>Process developed. March 2016.</p> <p>Four major corporate contracts have been taken through the process and have delivered savings opportunities of £130k</p> <p><b>Status:</b><br/><b>Complete – new process implemented with ongoing delivery</b></p> | Savings opportunities 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</p>                                                                                          | <p><del>By end June 2016</del></p> <p>By end of 2017</p> | System capability has meant this register has been created manually. June 2016.                                                                                                                                                                             | Reduced risk and less threat of reputational damage. |

|     |                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                   |                                                                                                                                                                                                                      |                                                                                                     |
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|     |                                                                               | <p>Performance team.</p> <p>Contract Risk register is linked to corporate risk management activities and reported appropriately based on category.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                   | <p>Systems work planned for 2017 aims for partial automation.</p>                                                                                                                                                    |                                                                                                     |
| 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 eCM or eVPM to capture data per contract with the aim of automating all possible steps in these processes.</p> <p>Develop the communication strategy and processes for prompting the 'difference' that is being made as benefits are realised.</p> <p>Agree reporting hierarchy for benefits data throughout the</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> | Improved reporting of procurement performance and easier to track progress against savings targets. |

|     |                                                                               |                                                                                                                                                                                                                                                              |                          |                                                                                                                                                                                                                                 |                                                                                |
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|     |                                                                               | organisation, including budget holders, senior management and elected members.                                                                                                                                                                               |                          | <p>SP&amp;R Committee twice annually.</p> <p>MOWG as required.</p> <p>EOT quarterly</p> <p>CMG twice annually</p> <p>Service SMT's as required.</p> <p>Corporate Procurement Group 8 weekly.</p> <p><b>Status: Complete</b></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>Embedded in systems – 48% of contracts delivered in this way during reporting period. This information has been used for prioritisation in 2016.</p> <p><b>Status: Partially</b></p>                                         | Increased savings opportunities secured and post award contract risks reduced. |

|  |                                                                                                                                                                                                                                                                                                                                          |  |  |                                                                                                                                                                                                                              |  |
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|  |                                                                                                                                                                                                                                                                                                                                          |  |  | Complete – process developed in line with plan; implementation is ongoing.                                                                                                                                                   |  |
|  | <b>Expected Outcomes</b>                                                                                                                                                                                                                                                                                                                 |  |  | <b>Monitoring and evaluation</b>                                                                                                                                                                                             |  |
|  | <ul style="list-style-type: none"> <li>Improved evidence of strategic development of contracts</li> <li>Improved value from contracts</li> <li>Risk mitigation improved</li> <li>Improved involvement across the organisation in securing procurement improvements, through demonstration of benefits realised, to colleagues</li> </ul> |  |  | <ul style="list-style-type: none"> <li>Tracked benefits reported</li> <li>Contract Risk register reported</li> </ul>                                                                                                         |  |
|  | <b>Outcome</b>                                                                                                                                                                                                                                                                                                                           |  |  | <b>Evidence</b>                                                                                                                                                                                                              |  |
|  | <ul style="list-style-type: none"> <li>Savings achieved in line with budget projection</li> <li>Risk Register created</li> <li>Escalation of issues is recorded and reported to senior management</li> <li>PCIP score 30 percentage points higher than target</li> </ul>                                                                 |  |  | <ul style="list-style-type: none"> <li>Evidence of benefits realised</li> <li>Documented actions to mitigate risk</li> <li>Documented actions to improve contract performance.</li> <li>Improved PCIP performance</li> </ul> |  |

| <b>3</b> | <b>Priority: Systems</b><br>Invest in digital technology to ensure efficiency of our procurement processes and effective knowledge management for our contracts.                                                                                             |                                                                                                                                                                                                                                                                                                        |                                 |                                                                                                                                                                                                                             |                                                                                                                                                                                                                |
|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|          | <b>Objectives</b>                                                                                                                                                                                                                                            | <b>Specific Action</b>                                                                                                                                                                                                                                                                                 | <b>Timescales</b>               | <b>Update</b>                                                                                                                                                                                                               | <b>Quality Improvement aims</b>                                                                                                                                                                                |
| 3.1      | Review IT systems from a procurement perspective and develop an appropriate action plan for improvement (resourced from Transformation project)                                                                                                              | <p>Liaise with ICT (Transformation) and Capital programme office to establish joint approach to developing systems.</p> <p>Map processes to ensure identified outcomes can be met.</p> <p>Generate a detailed requirements schedule to feed into related Transformation projects (IT, Performance)</p> | Review commenced in April 2016. | <p>Detailed map of procurement information needs was created.</p> <p>This has led to the development of a programme of information and systems architecture recommendations and changes.</p> <p><b>Status: Complete</b></p> | <p>Procurement opportunities more easily identified and 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 developed and maintained | <p>Map the procurement journey in system terms with specific reference to change required; timings and resources to achieve full role out.</p> <p>Establish detailed parameters for creating the data in systems, naming conventions, titles, numbering of contracts.</p>                              | Plan in place by June 2016.     | <p>This work was integrated with the action described at 3.1.</p> <p>The planned work will be carried forward through 2017 and beyond,</p>                                                                                  | Full compliance with new Reform Act requirements. More consistency and easier for suppliers to do business with us.                                                                                            |

|  |                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                        |  |                                                                                                                                                                                                                                                                                                                                                        |  |
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|  |                                                                                                                                                                                                                                                                                                                                                    | <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>reflecting the complexity of the changes required.</p> <p><b>Status:</b><br/><b>Complete</b></p>                                                                                                                                                                                                                                                    |  |
|  | <b>Expected Outcomes</b>                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                        |  | <b>Monitoring and evaluation</b>                                                                                                                                                                                                                                                                                                                       |  |
|  | <ul style="list-style-type: none"> <li>Controls of purchasing activities are automated</li> <li>Purchasing transactions are simplified and efficient</li> <li>Sourcing activities are recorded electronically</li> <li>Contract documentation is systems based</li> <li>Annual Forward Plan accurate and complete with reduced resource</li> </ul> |                                                                                                                                                                                                                                                                                                                                        |  | <ul style="list-style-type: none"> <li>Percentages of invoices supported by an authorised instruction.</li> <li>Percentages of tenders managed electronically</li> <li>Percentage of Contract Register content enabled in eCM &amp; eVPM or appropriate equivalent (Concerto, NEC3 platform).</li> <li><a href="#">See listed data sets</a></li> </ul> |  |
|  | <b>Outcome</b>                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                        |  | <b>Evidence</b>                                                                                                                                                                                                                                                                                                                                        |  |
|  | <ul style="list-style-type: none"> <li>Improved contract governance and compliance with legislation.</li> <li>Reduced risk</li> <li>Increased efficiency of processes</li> </ul>                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                        |  | <ul style="list-style-type: none"> <li>PCIP scoring reflects improved standards.</li> </ul>                                                                                                                                                                                                                                                            |  |

| <b>4</b> | <b>Team Priority: Governance and Reporting</b><br>Ensure the commercial activities undertaken maximise the benefit to our communities.     |                                                                                                                                                                                                                                                                                                                                                                                                                              |                                            |                                                                                                                                                         |                                                                                                                                                                                                                                                                       |
|----------|--------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|          | 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                      | Establish the operating model for this structure, by providing an options appraisal to board.<br><br>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.<br><br>Reporting is improved through use of systems based data capture to populate clear, visual displays. | <del>By June 2016.</del><br><br>March 2018 | This work has been delayed and is carried forward into 2017.<br><br><b>Status: To Be Completed. Delayed due to reprioritisation of resources.</b>       | Reduces fragmentation and risk of duplication<br>Increases levels of expertise used in the category per contract<br><br>Increase savings<br><br>Increase efficiency and effectiveness of contract management<br><br>Prioritisation of opportunities is evidence based |
| 4.2      | Make better use of market research, cost avoidance and improved contract management to identify savings and potential service improvements | Explore available market research resources, make recommendation for adoption.<br><br>Each contract Strategy will include detailed information on market conditions relevant to the procurement exercise.                                                                                                                                                                                                                    | Process in place by April 2016.            | Trials of two online resources were compared from April 2016 to March 2017.<br><br>Neither system will be taken forward.<br><br><b>Status: Complete</b> | Better informed, more evidence based decision making                                                                                                                                                                                                                  |

|                                                                                            |                                                                                                                     |                                                                                                                                                                                                   |                  |                                                                                                                                |                                                                                                           |
|--------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|--------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|
| 4.3                                                                                        | Establish a more regular, improved reporting of procurement performance in line with Audit Scotland recommendations | Develop a schedule for managing reporting on Transformation, to senior management and elected members.<br><br>Identify key data sets and prioritise generation of this data through action 3.1.3. | By April 2016    | As detailed in the update to action 2.5.<br><br><b>Status: Complete</b>                                                        | Improved governance and scrutiny of procurement decisions.                                                |
| 4.4                                                                                        | Develop regular report to capture procurement savings and other non-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.<br><br><b>Status: Complete</b> | Increased focus on procurement and the benefits that can be delivered. Audit Scotland recommendations met |
| 4.5                                                                                        | Review procurement performance and progress.                                                                        | Arrange peer review of progress to data at end of June 2016.<br><br>Report on output of PCIP assessment carried out 16/9/16.                                                                      | Annually         | Peer review is being undertaken as part of the programme of collaborative work across Tayside.<br><br><b>Status: Ongoing</b>   | Increased focus on procurement and the benefits that can be delivered. Audit Scotland recommendations met |
| <b>Expected Outcomes</b>                                                                   |                                                                                                                     |                                                                                                                                                                                                   |                  | <b>Monitoring and evaluation</b>                                                                                               |                                                                                                           |
| Improved oversight and challenge                                                           |                                                                                                                     |                                                                                                                                                                                                   |                  | PCIP Score<br>Performance Reports to SMTs<br>Annual reports to committees                                                      |                                                                                                           |
| <b>Outcome</b>                                                                             |                                                                                                                     |                                                                                                                                                                                                   |                  | <b>Evidence</b>                                                                                                                |                                                                                                           |
| Broader awareness of procurement related strengths, opportunities, weaknesses and threats. |                                                                                                                     |                                                                                                                                                                                                   |                  | Reported impact – Annual Reports.                                                                                              |                                                                                                           |



**PERTH AND KINROSS COUNCIL**

**Housing and Communities Committee 31 May 2017**  
**Scrutiny Committee 21 June 2017**

**Housing and Community Care Complaints and Customer Feedback****Executive Director (Housing and Community Safety)****PURPOSE OF REPORT**

This report details the complaints received between 1 April 2016 and 31 March 2017 across Housing and Community Care. It includes information on the number of Stage 1 and Stage 2 complaints received and some examples of feedback from customer satisfaction surveys. It also summarises actions taken to improve services as a result of customer feedback.

**1. BACKGROUND/MAIN ISSUES**

- 1.1 In Perth and Kinross we value what people tell us about our services by way of complaints and other customer feedback. We use the information to support learning and improve services. We are committed to providing high quality services, however we do accept that sometimes things can go wrong, and when they do, we aim to resolve things quickly.
- 1.2 The Council has a statutory responsibility to establish and maintain a formal procedure for receiving and considering complaints by, or on behalf of, people who use services. This is enshrined in social work legislation as well as government guidance which asks local authorities to report annually on the complaints investigated and the outcomes of these. Across housing, community care and community safety, the service also reports on non-social work areas, including those relating to finance, local taxes and business support. This statutory requirement ceases for the reporting year 2017-18 due to the introduction of the new model Social Work Complaints Handling Procedure.
- 1.3 Procedures have been amended to reflect national requirements and recent changes introduced across Scotland from April 2017. All complaints will now be included in the Council's Annual Complaints Performance Report in accordance with the requirements of the Scottish Public Services Ombudsman. Changes are also being made to align NHS complaints and social work complaints to support services and improvements within the Perth and Kinross Health and Social Care Partnership.

**2. PROGRESS SINCE LAST REPORT**

- 2.1 The previous report presented to Housing and Health Committee on 25<sup>th</sup> of January 2017 (Report No 9 17/35) covered the 18 month period from April 2015 to September 2016. This report overlaps, but now aligns to a financial year reporting cycle and annual report. Progress has been made on the improvement actions highlighted in the previous report and are noted below.

- 2.2 The Customer Liaison Team supports the Quality Assurance Group for Social Work and the Complaints Scrutiny Group for housing which allows a consistent approach to scrutinising and learning from complaints.
- 2.3 The Customer Liaison Team have a full programme of staff training to all community care staff and will closely monitor performance and provide any further training as required. The Team is continuing to explore closer joint working with health colleagues and how information is shared and services improved.

### 3. ANALYSIS OF COMPLAINTS

- 3.1 This section summarises the types of complaints reported in the past year and the improvements introduced. Services have been undergoing significant transformational change to improve and alter the way they are delivered to meet rising demand, public expectation and challenging financial times for public services. This has a bearing on the number and type of complaints the service receives.

**Table 1: No Complaints received**

|                                 | 2015/16 | 2016/17 |
|---------------------------------|---------|---------|
| <b>Social work services</b>     |         |         |
| Stage 1                         | 46      | 65      |
| Stage 2                         | 13      | 20      |
| <b>Non social work services</b> |         |         |
| Stage 1                         | 406     | 521     |
| Stage 2                         | 26      | 50      |

- 3.2 The table above shows that the majority of complaints about Social Work and non social work services were resolved at the first point of contact by frontline services.

#### 3.3 Complaint Numbers in Context

Although the numbers of complaints recorded has increased, they are low compared to the number of service users, but still an important source of feedback about services.

**Table 2: Complaints in relation to total service users/tenants**

| Service or Team | Number         | Number         | Number of Complaints & % | Number of Complaints & % |
|-----------------|----------------|----------------|--------------------------|--------------------------|
|                 | 2015/16        | 2016-17        | 2015-16                  | 2016-17                  |
| Comm Care       | 10,681 (users) | 10,652 (users) | 46 (0.43%)*FLR           | 65                       |
|                 |                |                | 13                       | 20                       |

|                    |                  |                  |                    |     |
|--------------------|------------------|------------------|--------------------|-----|
|                    |                  |                  | (0.12%)**Invest    |     |
| Housing Repairs    | 24,401 (repairs) | 21,606 (repairs) | 169 (0.7%) *FLR    | 267 |
|                    |                  |                  | 9 (0.04%) **Invest | 17  |
| Area Housing Teams | 7,457 (houses)   | 7,467 (houses)   | 118 (1.6%) *FLR    | 148 |
|                    |                  |                  | 4 (0.08%) **Invest | 23  |

\*FLR Front Line Resolution (Stage 1)

\*\* Investigation (Stage 2)

### 3.4 Social Work Complaints (Community Care)

The figures show that complaints for this reporting year are higher than last year. In the reporting year, 65 complaints were dealt with by frontline staff, with a smaller number being investigated (20) at stage 2. Of the 20 stage 2 complaints, 3 (18%) were upheld. The main areas of complaint related to learning disabilities, Perth City team and care at home services. The reasons were primarily due to provision of services.

Of the 20 investigations:-

- Service Provision (including quality and reduction of services) represents the largest reason for complaints, but we also received complaints in relation to staff conduct/attitude
- Complaints are evenly spread across a number of teams with no specific team highlighted
- All 20 complainants (100%) received an acknowledgement within the target time set of 5 working days
- 12 (67%) of complainants received their detailed response within the target time set of 28 days or where an extension had been agreed. 2 complaints were withdrawn before the final response was sent
- Five Complaints Review Committees were held in the reporting period

### 3.5 Other Service Complaints (Non Social Work Complaints)

The majority of complaints about housing, finance and business support services were also resolved at the first point of contact by frontline services. Between 1 April 2016 and 31 March 2017 there were 521 complaints which were dealt with and resolved by frontline services and 50 complaints which were investigated under stage 2. Of those investigated:-

- Housing Repairs had the largest number of the 50 stage 2 complaints, followed by some of the Area Teams, which reflects the volume of services provided in these areas
- The main reason for the complaints was provision of services or issues with employees

- 48 (96%) received their acknowledgements within the target time of 3 working days
- 37 (79%) of the complainants received their response within the target time of 20 working days. Where responses were delayed, complainants were given information about a new target date

The increase in complaints from last year may be a reflection of the considerable amount of training carried out across the service to emphasise the importance of recording accurately complaints activity.

### 3.6 Key Improvement Areas

Working with management teams improvement actions have been implemented and include:-

- Staff have been reminded of the Customer Service Standards and their responsibilities with regard to returning calls and correspondence
- Improved process for calculating charges for services and improved the information given to service users and their families
- Reiterated the importance to staff and contractors of wearing and carrying ID badges
- Through our Repairs Transformation Project we are looking at ways to improve communication with tenants about the status of their repairs
- Staff have been challenged about inappropriate parking of Council vehicles
- Improved signage and reviewed how we deal with customers at one rural office

### 3.7 Themes and Lessons Learned

- Poor customer care and communication are a key element of many of the complaints we deal with
- Issues around charging for services in Community Care, especially the delay in sending out invoices had caused a spike in complaints activity within Finance and Support Services, however the improvement actions have resulted in a reduction of these type of complaints
- Failure to communicate clearly or timeously with customers often causes complaints and can result in them escalating, often out of proportion to the initial problem
- Complaints handling is not consistent across the three areas of the service, although with the change to the Social Work process there are opportunities to share good practice now across the service
- In the second half of the year we received no complaints concerning parking or use of ID badges indicating that practice had improved in this area after being raised as an issue of concern

- 3.8 In addition to improvements undertaken with individual teams and services, a number of actions have been introduced to help support and improve how we handle complaints and improve the customer experience.

These include:-

- Ensuing all improvement actions relating to specific complaints are completed
- Working to fully introduce and embed the new Social Work procedure
- Working with Health colleagues on “joint” complaints
- Monitoring improvement actions across the service and where appropriate share the learning
- Monitoring decisions made by the SPSO concerning other public bodies and share the learning where appropriate

#### 4. Customer Satisfaction

We regularly gather information from people about the services they receive, some of which is summarised in the table below.

##### 4.1 Housing Services

| Indicators                                                                                             | *2013-15 | **2015-17 |
|--------------------------------------------------------------------------------------------------------|----------|-----------|
| % of tenants satisfied with Perth and Kinross Council as a landlord                                    | 84.5     | 85%       |
| % of tenants who have had a repair completed in the last year satisfied with the service they received | 90.43%   | 90%       |
| % of Gypsy/Travellers satisfied with the management of our Gypsy/Travellers site                       | N/A      | 69%       |
| % of tenants who think the rent for their property represents good value for money?                    | 84%      | 85%       |
| % of tenants satisfied are you with the quality of their home?                                         | 85%      | 85%       |

\*Source: Tenant Satisfaction survey April 2013.  
7,300 surveys sent out, 858 returned (response rate 11.75%)

\*\*Source: Tenant Satisfaction survey April 2016.  
7,400 surveys sent out, 1,536 returned (response rate 20%)

- 4.2 Housing Services satisfaction levels remained similar across all indicators. Some initiatives introduced as a result of feedback included the introduction of Take the Lead project with the Environment Services to re-inforce messages about dog-fouling and a Tenant Welcome Pack to enhance the experience of new tenants moving into their home.

#### 4.3 Adult Social Work and Social Care

| <b><u>Specific Area of Service<br/>Adult Social Work and<br/>Social Care</u></b>              | <b>*2016</b> | <b>**2017</b> |
|-----------------------------------------------------------------------------------------------|--------------|---------------|
| % of service users who agreed that they were satisfied with the overall service they received | 90.1%        | 86.7%         |
| % of service users who agreed that they were supported to live as independently as possible   | 84.9%        | 80.1%         |
| % of service users who agreed that they received a high quality service                       | 87.5%        | 85.8%         |
| % of service users who agreed that they can rely on the services that they receive            | 85.4%        | 80.6%         |
| % of service users who agreed they were treated with dignity and respect                      | N/A          | 89%           |
| % of service users who agreed they were treated with compassion and understanding             | N/A          | 86.3%         |

\*Source: Community Care survey May-June 2016.

Sample size 900 service users, of whom 242 responded (Response rate 26.9%)

\*\* Source: Adult Social Work and Social Care survey April-May 2017.

Sample size 1,200 service users of whom 344 responded (Response rate 28.6%)

#### 4.4 In response to this feedback the Community Care Management Team have undertaken a number of improvement actions including:-

- Discussions with Care at Home providers about their quality and contractual arrangements
- Followed up with respondents who have highlighted areas of concern around their support to ensure that these were addressed and alternatives steps put in place
- Reviewed communication and information about charging and how this would be embedded in the outcome focussed assessment/review process

Staff are in the process of identifying improvement actions based on this year's survey concluded in May 2017.

## 5. Conclusion and recommendations

5.1 This report summarises the Social Work and other service complaints received during 2016/17.

5.2 The Committee is asked to:-

- (i) Note the contents of this report and the impact that feedback from customers has had on improving services.
- (ii) Note the improvement actions noted to support and improve how we handle complaints and improve the customer experience.

5.3 The Committee is asked to refer this report to the Scrutiny Committee for their consideration.

### Author

| Name            | Designation                     | Contact Details                                                                                    |
|-----------------|---------------------------------|----------------------------------------------------------------------------------------------------|
| Joy Mayglothing | Team Leader<br>Customer Liaison | <a href="mailto:hcccommitteereports@pkc.gov.uk">hcccommitteereports@pkc.gov.uk</a><br>01738 475000 |

### Approved

| Name          | Designation                                      | Date       |
|---------------|--------------------------------------------------|------------|
| Bill Atkinson | Executive Director Housing &<br>Community Safety | 3 May 2017 |

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

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

### 1. Strategic Implications

#### Community Plan/Single Outcome Agreement

- 1.1 The Perth and Kinross Community Plan/Single Outcome Agreement 2013-2023 and Perth and Kinross Council Corporate plan 2013-18 have five outcomes which provide clear strategic direction, inform decisions at a corporate and service level and shape resources allocation. All are relevant to this report.

#### Corporate Plan

As above

### 2. Resource Implications

#### Financial

- 2.1 None

#### Workforce

- 2.2 None



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

- 2.3 None

## **3. Assessments**

### Equality Impact Assessment

- 3.1 Under the Equality Act 2010, the Council 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. However, no action is required as the Act does not apply to the matter presented in this report. The matters presented in this report were considered under the Environmental Assessment (Scotland) Act 2005 and no further action is required as it does not qualify as a PPS as defined by the Act and is therefore exempt.

### Sustainability

- 3.4 None

### Legal and Governance

- 3.5 The Head of Legal & Governance Services has been consulted and there are no direct legal implications of this report.

### Risk

- 3.6 The Housing and Community Care Senior Management Team regularly reviews complaints and identifies areas for action.

## **4. Consultation**

### Internal

- 4.1 The Heads of Finance and Legal & Governance Services have been consulted on this report.

### External

- 4.2 The Tenant Committee Reporting Panel was consulted on the report. They commented that the 'report emphasises the need for complaints to be dealt with and recorded in a clear and precise way.'

**5. Communication**

- 5.1 None

**2. BACKGROUND PAPERS**

None

**3. APPENDICES**

Detailed complaints monitoring

## Appendix 1

### Community Care Stage 2 - 1 April 2015 – 31<sup>st</sup> March 2017

**Table 1: Complaints Activity and Performance**

| Number of Stage 2 complaints | No. & % ack by target date | No. & % responded to by target date | No. & % upheld | No. & % satisfied with response | Number progressing to Complaints Review Committee |
|------------------------------|----------------------------|-------------------------------------|----------------|---------------------------------|---------------------------------------------------|
| 13 (2015/16)                 | 10 (77%)                   | 7 (64%)                             | 4 (36%)        | 11 (100%)                       | 0                                                 |
| 20 (2016/17)                 | 20 (100%)                  | 12 (71%)                            | 3 (18%)        | 11 (55%)                        | 3*                                                |

\* In addition to the 3 CRCs escalated from Stage 2 there were an additional 2 CRCs that we were directed to hold as a result of decisions from the SPSO.

**Table 2: Teams Involved**

| Team Concerned                  | Number of Stage 2 (2015/16) | Number of Stage 2 (2016/17) |
|---------------------------------|-----------------------------|-----------------------------|
| SW Perth City                   | 2                           | 5                           |
| Learning Disabilities           | 0                           | 5                           |
| Care at Home                    | 0                           | 2                           |
| Finance Charging                | 1                           | 2                           |
| SW Access Team                  | 1                           | 2                           |
| Community Mental Health Team    | 1                           | 1                           |
| SW South/Finance Charging       | 1                           | 1                           |
| AHT North/ Safer Communities    | 2                           | 0                           |
| Community Mental Health Team    | 1                           | 1                           |
| SW North                        | 1                           | 0                           |
| Hospital Discharge Team         | 1                           | 0                           |
| SW South                        | 0                           | 1                           |
| Occupational Therapy            | 1                           | 0                           |
| SW Perth City/ Finance Charging | 0                           | 1                           |
| AHT South/ Safer Communities    | 1                           | 0                           |
| SW North/Care at Home           | 1                           | 0                           |
| <b>Total</b>                    | <b>13</b>                   | <b>20</b>                   |

**Table 3: What was the focus of the complaints?**

|         | <b>Employee</b> | <b>Service provision</b> | <b>Communication</b> | <b>Policy and procedure</b> | <b>Other</b> | <b>Equal</b> |
|---------|-----------------|--------------------------|----------------------|-----------------------------|--------------|--------------|
| 2015/16 | 2               | 8                        | 0                    | 3                           | 0            | 0            |
| 2016/17 | 2               | 16                       | 0                    | 2                           | 0            | 0            |

**Community Care Complaints dealt with at Stage 1**

In addition to the complaints dealt with at stage 2, between April 2016 and Mar 2017 we had 65 complaints that were dealt with at stage 1 primarily by the teams themselves and sometimes by the Customer Liaison Team. Between April 2016 and Sep 2016 we had 32 complaints dealt with at Stage 1.

The main area dealing with complaints informally was the Care at Home Service and the Learning Disability Team, which is understandable due to the immediate and personal nature of these services and the large number of service users and carers involved. The other area identified, which was reflected in the formal complaints data, concerned staff conduct / attitude and service users feeling that they received a poor quality or reduced service. Many of these issues were dealt with to the complainants' satisfaction when a member of staff made prompt contact and clarified the situation and also made an apology, where this was required.

## Appendix 2

Complaints dealt with under Corporate Complaints Procedure, which comprise Housing and Finance and Support Services.

**Table 1: Complaints Activity and Performance**

| <b>Number of Stage 2 complaints</b> | <b>No. &amp; % ack by target date</b> | <b>No. &amp; % responded to by target date</b> | <b>No. &amp; % of complaints upheld</b> |
|-------------------------------------|---------------------------------------|------------------------------------------------|-----------------------------------------|
| 26 (2015-16)                        | 25 (95%)                              | 13 (50%)                                       | 19 (73%)                                |
| 50 (2016-17)                        | 48 (96%)                              | 37 (74%)                                       | 23 (46%)                                |

**Table 2: Teams involved**

| <b>Team Concerned</b>            | <b>Number of Stage 2 (2015/16)</b> | <b>Number of Stage 2 (2016/17)</b> |
|----------------------------------|------------------------------------|------------------------------------|
| Housing Repairs and Imp          | 8                                  | 9                                  |
| Area Team North                  | 2                                  | 9                                  |
| HAC Housing Access               | 2                                  | 4                                  |
| Area Team Letham                 | 0                                  | 5                                  |
| Area Team City                   | 0                                  | 6                                  |
| Area Team South                  | 1                                  | 3                                  |
| Local Taxes                      | 4                                  | 1                                  |
| Area Housing Team Letham Repairs | 0                                  | 3                                  |
| Finance Charging                 | 3                                  | 1                                  |
| Benefits                         | 0                                  | 1                                  |
| HAC Homeless                     | 1                                  | 0                                  |
| Welfare Rights                   | 0                                  | 0                                  |
| Scottish Welfare Fund            | 0                                  | 1                                  |
| Housing                          | 0                                  | 1                                  |
| CSC/HRIS                         | 0                                  | 2                                  |
| Area Housing Team City/HRIS      | 1                                  | 1                                  |
| Area Housing Team North/Benefits | 1                                  | 0                                  |
| Area Housing Team North/HRIS     | 1                                  | 0                                  |
| Customer Service Centre          | 2                                  | 0                                  |
| Area Housing Team City Repairs   | 0                                  | 1                                  |
| Housing                          | 0                                  | 1                                  |
| Area Housing Team North Repairs  | 0                                  | 1                                  |
| Safer Communities                | 0                                  | 1                                  |
| <b>Total</b>                     | <b>26</b>                          | <b>50</b>                          |

**Table 3: What was the focus of the complaints?**

|         | <b>Employee</b> | <b>Service provision</b> | <b>Communication</b> | <b>Policy and procedure</b> | <b>Other</b> | <b>Equal</b> |
|---------|-----------------|--------------------------|----------------------|-----------------------------|--------------|--------------|
| 2015/16 | 3*              | 21                       | 0                    | 3*                          | 0            | 0            |
| 2016/17 | 5               | 44                       | 0                    | 1                           | 0            | 0            |

\* Covers more than one category

### **Complaints dealt with at Stage 1**

In addition to the complaints dealt with by way of Investigation Stage 2 the new model CHP expects staff to deal with complaints raised with them by way of Front Line Resolution (Stage1).

In 2016-17 staff in Housing and Finance and Support Services dealt with 521 stage 1 complaints and in the. Of these complaints raised at stage 1 the numbers escalating to Investigation are very small indicating that staff are dealing with these complaints well and more importantly to the customer's satisfaction.

PERTH AND KINROSS COUNCIL

Scrutiny Committee

21 June 2017

FOI Performance Report 2016-17

Head of Legal & Governance Services

**PURPOSE OF REPORT**

This report provides the Committee with an overview of the Council's performance in relation to requests for information under the Freedom of Information (Scotland) Act 2002 for the year 2016-17.

The report also provides an overview of some of the Council's other information-related activities.

**1. BACKGROUND**

- 1.1 The Freedom of Information (Scotland) Act 2002 ("FOI(S)A") was fully implemented in January 2005 and established a general public right of access to all information held by Scottish public authorities.

It has been agreed that the Council's performance should be reported annually to the Executive Officer Team and the Scrutiny Committee.

**2. CONTEXT: REQUESTS RECEIVED**

- 2.1 During 2016-17, the Council received 1524 requests for information under the FOI(S)A 2002. This represents an increase of 7.6% from 2015-16 in line with the general trend as illustrated in Figure 1 below

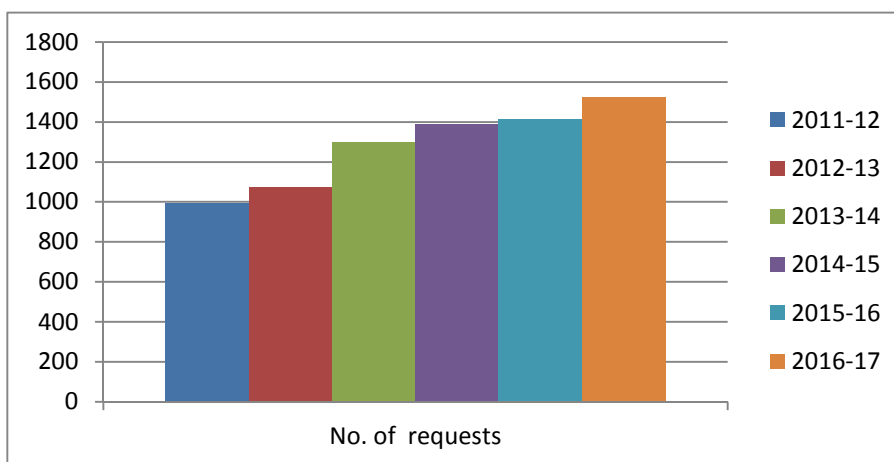


Figure 1

2.2 Of the 1524 requests received: -

- 24 were subsequently rejected when clarification was not received from the applicant; and
- 14 were withdrawn by the applicant.

2.3 Of the 1486 information requests processed, 179 of those were processed under the Environmental Information (S) Regulations.

The Figure 2 below shows the number of FOI(S)A / EI(S)R requests received in 2016-17 broken down by month.

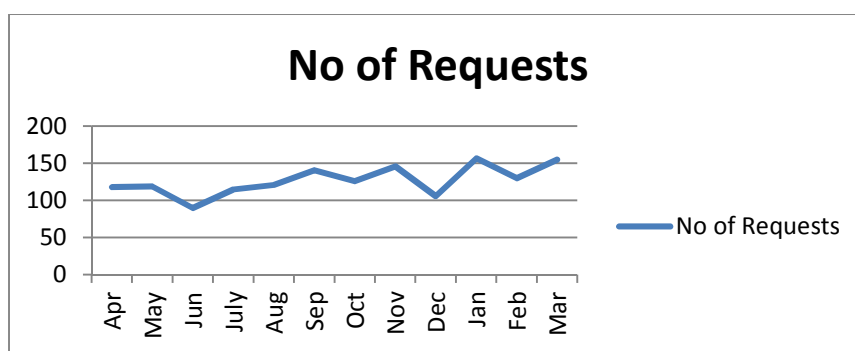


Figure 2

2.4 Analysing the requests based on the type of applicant shows the highest single group making requests are members of the general public. However as a percentage of the total number that equates to 37% of the overall total of requests received. A breakdown is illustrated at Figure 3 below:

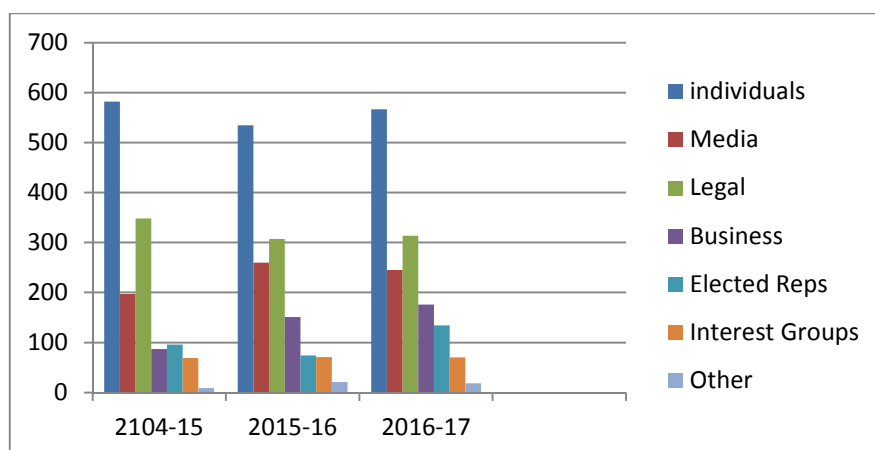


Figure 3

2.5 In the course of the year, the Council may receive several requests from the same requester. During the year 2016-17 requests were received from 866 different requesters. The number of requests made are broken down as follows :-



- 670 requesters made a single information access request accounting for 670 requests
  - 181 requesters (making <10 requests each) accounted for 538 requests
  - 4 individuals accounted for 54 requests
  - 8 media organisations accounted for 125 requests
  - 3 businesses accounted for 57 requests
  - 1 legal firm accounted for 18 requests
- 2.6 The subject matter of the requests was wide and varied and did not identify any particular theme or issue. Where requests for the same or similar information are identified by the FOI team, Services are notified and encouraged to make this information available on the website.

### 3 PERFORMANCE

- 3.1 The statutory timescale for processing requests for information under FOI(S)A is twenty working days with the option for extension depending upon the circumstances.

Of the 1486 valid requests made, the processing time was as follows:

| ≤ 20 working days | 21-25 working days | 26-30 working days | > 30 working days |
|-------------------|--------------------|--------------------|-------------------|
| 1406 (95%)        | 46 (3%)            | 24 (1.5%)          | 10 (0.5%)         |

- 3.2 The figure for completion within the statutory timescale is in line with the Council's target of 95%.
- 3.3 Reasons for delays in processing times were primarily due to the complexity and volume of the information requested. In some cases, the delay was due to the unavailability of relevant staff to provide the information (e.g. school information requested during school holiday periods).
- 3.4 Of the 1486 valid requests processed: -
- 648 requests (44%) were satisfied in full
  - 609 requests (41%) were satisfied in part
  - 229 requests (15%) resulted in no information being issued
- 3.5 66 requests were refused completely or in part on the grounds of excessive cost – the estimated cost involved in processing being in excess of £600.
- 3.6 The predominant reasons for not supplying information in respect of the remainder were that the information requested was: -
- not held by the Council;
  - personal data or information otherwise exempt under FOI(S)A;

- already available to the public.

## 4 REVIEWS AND APPEALS

- 4.1 The Council received 21 requests to review its decision (complaints about the initial response), which represents 1.4% of the total requests made. One request for review was subsequently withdrawn by the requestor. A breakdown of the relevant review data is contained in Figure 4

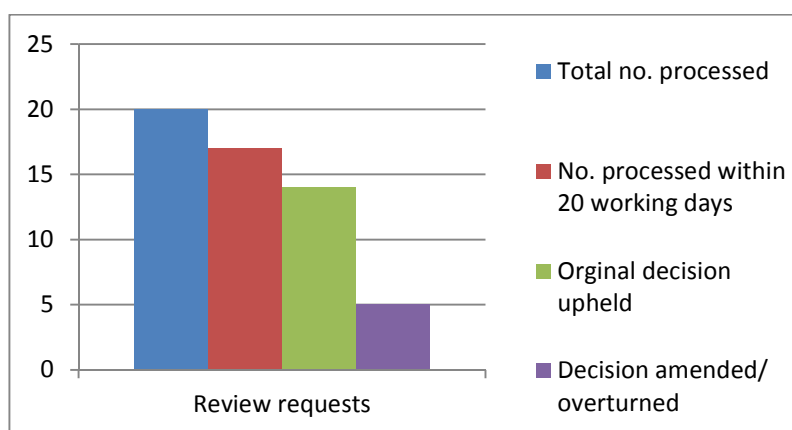


Figure 4

- 4.2 Of the 20 review decisions, 5 were subsequently appealed to the Scottish Information Commissioner during 2016-17.
- 1 appeal was withdrawn following the disclosure of additional information
  - 2 appeals were partially upheld and ordered the disclosure of some information
  - 1 appeal was overturned but with observations made about the Council's handling of the request.
  - 1 appeal is still the subject of investigation by the Commissioner.

## 5 ISSUES /OBSERVATIONS

- 5.1 The number of requests in 2016-17 increased (7.6%) from the preceding year which is in line with the trend in recent years.
- 5.2 Going forward, if the current trend continues in respect of increasing numbers of requests, the target of 95% for responding to FOI(S)A within the statutory timescale will likely become difficult to maintain. The team will however continue to look for more effective and efficient ways of working, to try to maintain the current high standards of performance, and where possible improve.

- 5.3 The number of requests for review remain a small percentage of the total number received which would indicate good levels of customer satisfaction in terms of the quality the Council's responses and the effectiveness of our process.
- 5.4 The Scottish Information Commissioner requires public authorities to supply details of FOI(S)A and EIR statistics on a quarterly basis. The information for the 12 months to December 2016 for local authorities ranks the Council 2nd in terms of the percentage of responses issued on time.
- 5.5 A review of common requests was again undertaken to identify possible subjects for the proactive publication of information with a view to reducing the number of requests in those areas. Very few areas were identified where this would be useful and possible without generating additional work, but this continues to be monitored by the FOI team and is part of ongoing work in conjunction with the Council's Open Data project.

## **6 DATA PROTECTION ACT**

- 6.1 As from year 2016/17, all subject access requests under the Data Protection Act 1998 (DPA) are now handled by the FOI team. At this stage therefore we cannot provide information regarding trends in respect of these requests.
- 6.2 During the year the FOI team received 102 subject access requests. Of these:
- 13 did not provide the necessary information when requested
  - 3 were withdrawn.
- 6.3 Of the remaining 86 requests :-
- 14 are still in process
  - 74 have been completed
- 6.4 The timescale for processing requests for information under the Data Protection Act is 40 calendar days. Of the 86 requests that were processed 61 (71%) of the requests were completed within the statutory timescale.
- 6.5 The late responses were all due to the complexity or scale of the requests. Six of the requests each took more than 25 hours to process, with a maximum of 60 hours recorded for a single request. The overall average time to process a request in the year was 8 hours.
- 6.6 There were no major data breaches recorded during the year.
- 6.7 The UK Information Commissioner contacted the Council once during the year in relation to a complaint by a member of the public, but concluded that that it was likely that the Council had complied with the DPA and no further action was required..

- 6.8 Work is in progress for the implementation of the General Data Protection Regulation in May 2018. This is a significant undertaking and will be the subject of a separate report to the Council in due course.

## **7 SURVEILLANCE & INTERCEPTION OF COMMUNICATIONS**

- 7.1 The Council has powers under the Regulation of Investigatory Powers (Scotland) Act to undertake directed surveillance and to utilise covert human intelligence sources. The Council also has powers under the Regulation of Investigatory Powers Act to obtain information ('intercept') about electronic communications.
- 7.2 Council officers now have a duty to report on the use of these powers to the Council's elected members.
- 7.3 During the year, there was one directed surveillance authorised in relation to a criminal investigation conducted by Trading Standards; no covert human intelligence sources were used.
- 7.4 During the year no electronic communications information was obtained.
- 7.5 The Council's policy statement on the use of directed surveillance and the interception of communications is attached as Appendix 1.

## **8 CONCLUSIONS**

- 8.1 The council's processes and procedures for handling information requests are adequate and effective in ensuring high levels of compliance and performance.

## **9 RECOMMENDATIONS**

- 9.1 The Committee is asked, scrutinise and make comment on the content of the report and highlight any areas of concern.
- 9.2 The Committee is asked to note: -
- (i) that the Council's performance in respect of processing requests under FOI(S)A continues to be very good and on target for 2016-17;
  - (ii) that FOI(S)A helps to provide an assurance of openness and transparency to the public in their dealings with the Council and it is essential that this service continues to operate to a high standard;
  - (iii) the Council's policy on directed surveillance and interception of communications.

### **Author(s)**

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**Approved**

| <b>Name</b>   | <b>Designation</b>     | <b>Date</b> |
|---------------|------------------------|-------------|
| Jim Valentine | Depute Chief Executive | 9 June 2017 |

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All Council Services can offer a telephone translation facility.

## 1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

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

1. **Strategic Implications** - N/A

2. **Resource Implications** - N/A

3. **Assessments**

### Equality Impact Assessment

The proposals have been considered under the Corporate Equalities Impact Assessment process (EqIA) and assessed as **not relevant** for the purposes of EqIA.

### Strategic Environmental Assessment

The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals. However, no further action is required as it does not qualify as a PPS as defined by the Act and is therefore exempt.

Sustainability - N/A

Legal and Governance - N/A

Risk - N/A

4. **Consultation** - None

5. **Communication** - None

**2. BACKGROUND PAPERS**

None

**3. APPENDICES**

Appendix 1 - Policy statement – directed surveillance and interception of communications

## **The Regulation of Investigatory Powers (Scotland) Act 2000**

### **The use of powers to conduct directed surveillance and interception of communications**

#### **Policy Statement**

The Regulation of Investigatory Powers (Scotland) Act gives powers to Local Authorities to undertake directed surveillance and to utilise covert human intelligence sources in prescribed circumstances

In prescribed circumstances the Council also has powers under the Regulation of Investigatory Powers Act to obtain information ('intercept') about electronic communications.

Where grounds to exercise such powers are established, the Council will only undertake directed surveillance or the interception of communications when no other reasonable means are available to obtain the necessary information, and then only with the prior approval of the Head of Legal and Governance Services and in accordance with statutory guidance .