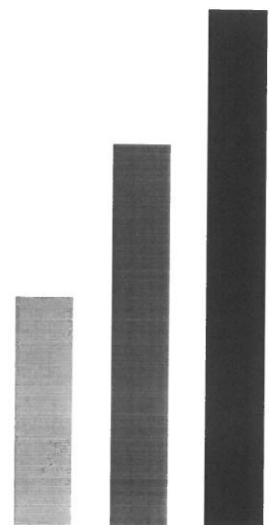


Agenda 2014

Policy & Resources Committee

For meeting on:

12	August	2014
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Ref: SL/AI

Date: 4 August 2014

A meeting of the Policy & Resources Committee will be held on Tuesday 12 August 2014 at 3pm with the Municipal Buildings, Greenock.

GERARD MALONE
Head of Legal & Property Services

BUSINESS

1. **Apologies, Substitutions and Declarations of Interest**

PERFORMANCE MANAGEMENT

2. **2013/14 Capital Programme Performance**
Report by Acting Corporate Director Environment, Regeneration & Resources
3. **Revenue Budget Outturn 2013/14 - Unaudited**
Report by Acting Corporate Director Environment, Regeneration & Resources
4. **2013/14 Efficiency Performance**
Report by Acting Corporate Director Environment, Regeneration & Resources
5. **Welfare Reforms Update**
Report by Acting Corporate Director Environment, Regeneration & Resources and Corporate Director Inverclyde Community Health & Care Partnership
6. **Organisational Development Strategy 2013–2016 – Performance Review for Teachers**
Report by Corporate Director Education, Communities & Organisational Development
7. **Inverclyde Council Assurance and Improvement Plan 2014 - 17**
Report by Chief Executive
8. **Procurement Report by Audit Scotland**
Report by Acting Corporate Director Environment, Regeneration & Resources
9. **Scotland's Public Finances – Audit Scotland Follow-Up Report**
Report by Acting Corporate Director Environment, Regeneration & Resources

NEW BUSINESS

10. **Capital Grant Allocation 2015/16**
Report by Acting Corporate Director Environment, Regeneration & Resources
11. **Budget Expenditure Requests**
Report by Acting Corporate Director Environment, Regeneration & Resources



12. **Glasgow City Region City Deal**
Report by Corporate Director Environment, Regeneration & Resources
13. **Use of Emergency Powers Procedure – Website Content Management Software and Hosting Arrangements**
Report by Acting Corporate Director Environment, Regeneration & Resources
14. **Revised Scheme of Salaries and Conditions of Service for Chief Officials**
Report by Corporate Director Education, Communities & Organisational Development
15. **Decriminalised Parking Enforcement (DPE) and the Greenock Town Centre Parking (GTCP) Strategy - FAQs**
Report by Corporate Director Education, Communities & Organisational Development and Acting Corporate Director Environment, Regeneration & Resources
16. **Work-Life Balance Policy**
Report by Corporate Director Education, Communities & Organisational Development
17. **Afghan and Syrian Resettlement Schemes**
Report by Corporate Director Inverclyde Community Health & Care Partnership

Enquiries to – **Sharon Lang** - Tel 01475 712112

Report To:	Policy & Resources Committee	Date:	12 August 2014
Report By:	Acting Corporate Director Environment, Regeneration & Resources	Report No:	2014/P&R/AP/12
Contact Officer:	Alan Puckrin	Contact No:	712764
Subject:	2013/14 Capital Programme Performance		

1.0 PURPOSE

- 1.1 The purpose of this report is to update Committee on the performance of the 2013/14 Capital Programme and to seek approval for proposed actions.

2.0 SUMMARY

- 2.1 Capital slippage has been an issue which has arisen over a number of years within the Council. This issue, however, is not confined to Inverclyde Council and annual surveys carried out by Directors of Finance would indicate that the majority of Councils experience difficulties in this area.
- 2.2 Following a high level of slippage in 2011/12, robust action was taken led by the Corporate Director Environment, Regeneration & Resources to significantly improve matters and a major improvement was achieved in 2012/13. However, in 2013/14 slippage increased albeit in percentage terms it represents less than half the level of slippage experienced in 2011/12.
- 2.3 Appendix 2 provides a summary of the main areas of slippage with reasons for the slippage being provided by Lead Officers. This Appendix has been reviewed by the Asset Management CIG. As has previously been the case, it is clear that slippage is not attributable to either a single project or a single reason.
- 2.4 Areas for improvement proposed by the Corporate Management Team centre around earlier identification of slippage and greater support and challenge by DMTs during the consultation on Capital Reports to Committee. This earlier identification will give more time for the identification of substitute expenditure or remedial action to be taken.
- 2.5 It is clear that some of the slippage is attributable to a lack of capacity within the Council to progress projects in the originally envisaged timescales. Heads of Service have a clear role in identifying where there are capacity issues in order that this can be addressed via either the appointment of temporary resource or external consultants to assist in project delivery, with these costs funded from the Project budget.
- 2.6 There is a specific issue within Property Services where there is an ongoing reduction in staffing numbers based on the future core level of Capital Spend envisaged. There has however been the addition of ancillary projects funded by Prudential Borrowing and Earmarked Reserves. There is also an increase in the number of projects which now require liaison with other Partners, the Third Sector or Community Groups where project formulation, design and delivery will take longer and this requires to be factored into both Capital Projections and Member expectations.

- 2.7 Corporate Directors have been set an upper limit of 10% for slippage in 2014/15 as part of their appraisal process. Clearly the intention is to minimise any slippage rather than view 10% as a target.
- 2.8 The Audit Committee raised the issue of capital slippage as part of the review of the 2013/14 Unaudited Accounts and requested that this report be remitted to the Audit Committee.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee note the 2013/14 Capital Out-turn Position.
- 3.2 It is recommended that the Committee support the actions identified in Section 7 of this report and note that actions have already been progressed.
- 3.3 It is recommended that the Committee agree to the report being remitted to the Audit Committee for consideration.

Alan Puckrin
Acting Corporate Director Environment, Regeneration & Resources

4.0 BACKGROUND

- 4.1 The issue of Capital Slippage has been one which has been regularly identified and reported on by the Council's External Auditors for many years. This situation is not unique to Inverclyde Council and based on the results of annual surveys carried out by Directors of Finance, it would indicate that the majority of Councils have difficulties in this area.
- 4.2 In 2012, following a significant level of slippage reported as part of the 2011/12 accounts, the Corporate Director Environment, Regeneration & Resources undertook action as part of the budget setting process to significantly reduce slippage and this was highly successful in 2012/13 when slippage reduced to less than 10%. Appendix 1 shows a breakdown of Capital Slippage levels over the last six years within Inverclyde Council.

5.0 2013/14 CAPITAL DELIVERY PERFORMANCE

- 5.1 Subject to the audit of the Final Accounts, the Capital Slippage for 2013/14 has increased from 9% in 2012/13 to 14.5% in 2013/14. Whilst this is an increase in slippage from 2012/13 performance, the CMT is asked to note that this still is a level of slippage which is less than half that experienced in 2011/12. However this has been highlighted both in Committee reports and by Audit Scotland as part of the AIP process.
- 5.2 Appendix 2 provides an analysis prepared by Officers and approved by the Asset Management CIG of the main areas of slippage. This analysis contains a commentary by the Lead Officer and a categorisation of the type of slippage. This latter issue is not an exact science, but does give an indication of what the main reason for the slippage are.
- 5.3 It can be seen that whilst there is no single reason or single project which caused the increase in slippage in 2013/14, most relate to internal delays, delays due to external factors or poor initial estimates. There were a relatively small number of major projects which contributed to the majority of the slippage.
- 5.4 The Committee is asked to bear in mind that the slippage in 2013/14 has a knock on impact to the potential performance in 2014/15, as it has increased the size of the 2014/15 required spend. As such, it is imperative that action is taken now to identify 2014/15 slippage and take appropriate action. Within the Environment, Regeneration & Resources Directorate an exercise identified slippage within the 2014/15 Capital Programme and as such a report seeking acceleration of spend originally planned for 2015/16 was approved by Committee in June.

6.0 PROPERTY SERVICES

- 6.1 A specific issue is in relation to capacity. It has previously been agreed that there will be a significant reduction in Property Services personnel to reflect the anticipated reduction in Capital Funding from 2016. Some Officers have already been released with more due to leave in March 2015 and March 2016. The current level Capital Slippage will put an increased Capital Spend burden on a reduced number of Officers.
- 6.2 In addition to the above, the continued identification of new projects funded by either Prudential Borrowing, Earmarked Reserves or Partner / External Funding was not factored in to the reduced employee levels and as such there is undoubtedly a capacity issue within Property Services in the medium term (2014/17).
- 6.3 Whilst the logical answer would be to make better use of consultants or bring in temporary employees, the practicalities of this can present challenges. In terms of consultants, then these require management and direction. Both the Head of Service and a Senior Manager on the Technical side have left the Council in recent months as part of the wider management restructure. There is therefore limited capacity to manage an increase in consultants by the remaining two Managers who are having to adjust workloads to absorb the work of their two

colleagues.

- 6.4 In terms of temporary employees, it is not always easy to attract the right type of employees especially for the professional disciplines. It takes time for any new employees to get up to speed on projects and there it remains the risk that the temporary employees will move on if a permanent job offer arises. Finally, there are certain disciplines where the offer of a temporary contract is not attractive and as such the Council requires to utilise consultants.
- 6.5 The Acting Corporate Director Environment, Regeneration & Resources and Head of Legal & Property Services have already taken steps to increase capacity funded from fee income and this will be kept under close review.

7.0 PROPOSED ACTION

7.1 The Corporate Management Team have agreed improvements as follows:

- a) Early notification of slippage – the main area of concern regarding the 2013/14 slippage was the late notification reporting of slippage to Committee. It can be seen from Appendix 3 that the level of Capital Slippage reported to Committee increased significantly between the late October Committee cycle and the January Committee cycle. Discussions at the CIG have confirmed that the slippage had been building up from the start of the financial year, but had not been highlighted or reported. The key role in making improvements here lies with the budget holder. The CMT have agreed that Corporate Directors need to robustly review the phasings with relevant Officers before signing off Committee Capital reports.
- b) 2014/15 Performance Targets - the Chief Executive has set an upper limit of 10% slippage for each Corporate Director as part of the Performance Appraisal process and performance against this will be closely monitored. The clear expectation is that actual slippage will be under 10%.
- c) Identify possible acceleration – allied to the early identification of slippage is the potential to identify alternative projects which could be accelerated. Roads investment in particular lends itself to this approach where projects can be developed and delivered in a far shorter timescale than many other capital projects. An example of this has been the recent request to accelerate £600,000 of carriageway projects from 2015/16 to 2014/15 to absorb slippage in others parts of the RAMP.
- d) Anticipate delays due to external factors – more projects require working with other Partners, the Third Sector or the Community. These issues are often linked to the potential to apply for external funding which will lead to delays, some of which can be substantial. A more realistic view of the timescales for the delivery of projects has to be taken at the time of agreeing phasing as aspects of the project will be outwith the Council's direct control.

8.0 IMPLICATIONS

Finance

- 8.1 Whilst there are no direct financial implications which can be quantified arising from general slippage, there can be an opportunity cost to the Council from the late delivery of projects. An increase in resources within Property Services to address the increase in projects within the existing Capital Programme would be off-set by increased fee income.

Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
N/A					

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (If Applicable)	Other Comments
N/A					

Legal

8.2 There are no legal implications arising from this report.

Human Resources

8.3 The issues highlighted in respect of Property Services have been supported by HR.

Equalities

8.4 There are no direct equalities implications arising from this report.

Repopulation

8.5 Delivery of projects on time and within budget helps increase public confidence in the Council and will improve the perception of Inverclyde. As such, reducing Capital Slippage and improving delivery performance will make the area more attractive to residents and potential incomers.

9.0 CONSULTATIONS

9.1 This report has been produced in consultation with the Corporate Management Team.

10.0 LIST OF BACKGROUND PAPERS

10.1 None.

Annual Slippage Summary

Appendix 1

<u>Year</u>	<u>Budget</u> <u>£000's</u>	<u>Slippage</u> <u>£000's</u>	<u>%age</u>
2008/09	29,739	5,466	18.4%
2009/10	24,878	9,342	37.6%
2010/11	33,626	14,633	43.5%
2011/12	45,730	14,130	30.9%
2012/13	54,302	5,072	9.3%
2013/14	38,975	5,632	14.5%
6 year average	37,875	9,046	23.9%

	Approved Budget 2013/14 £000's	2013/14 Final Position £000's	Slippage from Approved Budget £000's	Slippage from Approved Budget %age	1 Project Cost Reduced £000's	2 Internal Slippage £000's	3 Delay involving 3rd Party £000's	4 Accelerated Projects £000's	5 Minor Slippage	Variation Category	Comments
Policy & Resources											
Storage/Backup Devices	132	68	(64)	(48.5)%		(64)				2 Internal Slippage	Primarily this budget is used for network storage and backup upgrades. This spend needs to be phased over a number of years as there is an ongoing requirement for additional storage.
Minor Works & Projects	81	30	(51)	(63.0)%		(51)				2 Internal Slippage	This is a budget line that was consolidated from several others a number of years ago. It is used to support small projects throughout the year that require ICT input (eg Network infrastructure) as well as the annual ICT health check for PSN etc. The spend needs to be phased over a number of years.
Rolling Replacement of PC's	502	425	(77)	(15.3)%		(77)				2 Internal Slippage	The original estimate is based on indicative figures. The actual spend varies with annual price changes as well as differences highlighted in site audits.
2013/15 Indicative Allocation	89	0	(89)	(100.0)%		(89)				2 Internal Slippage	This was from 13/14 Core Allocation due to timing of refresh project.
Modernisation Fund	117	62	(55)	(47.0)%		(55)				2 Internal Slippage	Budget was a general estimate which was not achieved.
Various Projects	286	230	(56)	(19.6)%					(56)	5 Minor Slippage	
TOTAL Policy & Resources	1,207	815	(392)	(32.5)%	0	(336)	0	0	(56)		
Environment & Regeneration											
Environmental Services - Roads											
SPT	481	230	(251)	(52.2)%	(251)					1 Project Cost Reduced	Delays in getting agreement with land owner on cycle track (N743). Actual projects costs (including design) coming in well below projected estimates and funding was returned to SPT at their request. New funding in line with current estimates approved by SPT for FY14/15.
Various Projects	519	381	(138)	(26.6)%					(138)	5 Minor Slippage	
Roads Asset Management Plan											
Carriageways	2,817	2,997	180	6.4%			180			4 Accelerated Projects	Spend was accelerated although essential drainage work requirements on the B788 has postponed the bringing forward £140k from 14/15 programme for resurfacing works on this road.
Structures	150	3	(147)	(98.0)%		(147)				2 Internal Slippage	Temporary reduction in staffing due to technical transferring to Roads Network due to recruitment process timescales. Inspector post still remains unfilled as a result of previous inspector taking up vacated post of Technician. Hold put on Resident Engineers post from RAMP funding. Review required on Nittingshill bridge design calculations (2005) to ensure that it meets current structural standards.
Lighting	460	113	(347)	(75.4)%		(347)				2 Internal Slippage	Shared service strategy and move to column survey works, with deferral of main programme pending survey and business case outcome. Increased resource required on maintenance contract following non-performance of contractor and claims situation.
Capitalised Staff Costs	330	269	(61)	(18.5)%		(61)				2 Internal Slippage	See recruitment/turnover above.
Various Projects	230	248	18	7.8%					18	5 Minor Slippage	
Environmental Services											
Knocknairshill Cemetery Ph5c	65	0	(65)	(100.0)%		(65)				2 Internal Slippage	Budget slipped into 14/15 & 15/16 for cemetery feasibility studies.
Zero Waste Fund	87	29	(58)	(66.7)%		(58)				2 Internal Slippage	
Vehicles - Prudentially Funded per Transport Review (incl	380	542	162	42.6%			162			4 Accelerated Projects	
Play Areas (includes £76k of Supported Borrowing & £22k	363	71	(292)	(80.4)%			(292)			3 Delay involving 3rd Party	The slippage relates to Skatepark + Sir Michael St + Jacobs Drive (on-site at present) Delay has been with consultations with skatepark design and St Michael St, land use agreement between play area group and network rail.
Various Projects	100	80	(20)	(20.0)%					(20)	5 Minor Slippage	
Regeneration and Planning											
Gourock Pier & Railhead Development Area (includes £3	722	94	(628)	(87.0)%			(628)			3 Delay involving 3rd Party	Delay in issuing tenders due to scheme redesign & discussions with 3rd parties.
Broomhill Regeneration	96	1	(95)	(99.0)%			(95)			3 Delay involving 3rd Party	Slippage in 3rd Party spend.
Parklea Pavilion and Juniors Facility	17	128	111	652.9%				111		4 Accelerated Projects	
Leisure & Pitches Complete on site	99	4	(95)	(96.0)%	(95)					1 Project Cost Reduced	Contingency not used
SV Comet	134	18	(116)	(86.6)%		(116)				2 Internal Slippage	Delay in tendering & final design.
Regeneration of Port Glasgow Town Centre	184	88	(96)	(52.2)%			(96)			3 Delay involving 3rd Party	Slippage in project being progressed via ri
Various Projects	1,361	1,271	(90)	(6.6)%					(90)	5 Minor Slippage	
Property Assets and Facilities Management											
Battery Park Sea Defences	170	26	(144)	(84.7)%		(144)				2 Internal Slippage	Delay in commencing due to debate about detail of scheme
Various Rewiring Projects	175	24	(151)	(86.3)%		(151)				2 Internal Slippage	Fewer projects progressed than planned, only £100k committed. These projects were on site in March but spend delayed due to on site problems.
DDA Works	60	0	(60)	(100.0)%	(60)					1 Project Cost Reduced	Budget reallocated
Complete on Site Allocation	98	31	(67)	(68.4)%	(67)					1 Project Cost Reduced	Final accounts not settled
Greenock Municipal Buildings Customer Service Centre	71	4	(67)	(94.4)%		(67)				2 Internal Slippage	Final account not yet settled.
Greenock Municipal Buildings Balance	133	54	(79)	(59.4)%		(79)				2 Internal Slippage	Delay in commencing District Court detail design
Wellington Academy/Highholm Primary Demolition	54	4	(50)	(92.6)%	(50)					1 Project Cost Reduced	
Central Library Conversion	1,731	1,671	(60)	(3.5)%		(60)				2 Internal Slippage	slight slippage against original programme.
Lease Expiry	100	0	(100)	(100.0)%			(100)			3 Delay involving 3rd Party	Allowance unused due to negotiation of favourable lease termination conditions.
Replacement Depot	1,709	312	(1,397)	(81.7)%		(1,397)				2 Internal Slippage	Delay in commencing civic amenity site - had to be retendered which worsened position allied with unrealistic initial estimate
Kirn Drive Civic Amenity Site	145	1	(144)	(99.3)%		(144)				2 Internal Slippage	Delay in progressing design - debate about layout plus redesign of building due to reduced staff numbers.
Various Projects	1,109	888	(221)	(19.9)%					(221)	5 Minor Slippage	
TOTAL Environment & Regeneration	14,150	9,582	(4,568)	(32.3)%	(523)	(2,836)	(1,211)	453	(451)		

	Approved Budget 2013/14 £000's	2013/14 Final Position £000's	Slippage from Approved Budget £000's	Slippage from Approved Budget %age	1 Project Cost Reduced £000's	2 Internal Slippage £000's	3 Delay involving 3rd Party £000's	4 Accelerated Projects £000's	5 Minor Slippage	Variation Category	Comments
Education & Lifelong Learning											
Non-SEMP											
Inclusive Education, Culture & Corporate Policy											
Pitch Upgrading	0	31	31	#DIV/0!				31		4 Accelerated Projects	
Cultural & Sports											
New Community Facility Broomhill	50	123	73	146.0%				73		4 Accelerated Projects	
Watt Complex Refurbishment (includes £1,000K CFCR)	171	47	(124)	(72.5)%			(124)			3 Delay involving 3rd Party	Funding application resulted in delays.
Inverkip Community Facility	264	25	(239)	(90.5)%			(239)			3 Delay involving 3rd Party	Planning application not submitted due to SEPA assessment. In addition a potential benefactor donation offering scope to increase the project size arose during the year.
Housing											
Scheme of Assistance (previously PSHG)	1,833	1,199	(634)	(34.6)%			(634)			3 Delay involving 3rd Party	slippage is due to authorised grants not being taken up within the financial year.
TOTAL Education & Lifelong Learning (excl School E	2,318	1,425	(893)	(38.5)%	0	0	(997)	104	0		
SEMP											
Sacred Heart Decant School Upgrade	264	375	111	42.0%				111		4 Accelerated Projects	
Gourock HS - Refurb for St Columba's HS	4,367	5,619	1,252	28.7%				1,252		4 Accelerated Projects	
Demolish St Stephens HS	150	3	(147)	(98.0)%		(147)				2 Internal Slippage	Project on hold as school now being used as decant facility
Demolish Lilybank	77	3	(74)	(96.1)%		(74)				2 Internal Slippage	Delay in commencement due to later opening of Port Glasgow Community Campus
Primary School Accelerated Programme	628	562	(66)	(10.5)%		(66)				2 Internal Slippage	
Ardgowan PS Refurbishment	1,657	464	(1,193)	(72.0)%		(1,193)				2 Internal Slippage	Pre contract delays due to redesign, planning issues and resourcing issues
Balance of Contingency	489	0	(489)	(100.0)%	(489)					1 Project Cost Reduced	Unspent contingency greater than anticipated due to underspends
Complete on site	226	542	316	139.8%				316		4 Accelerated Projects	
Port Glasgow Community Campus Secondary School	8,565	8,831	266	3.1%				266		4 Accelerated Projects	
Lomond View Academy	483	656	173	35.8%				173		4 Accelerated Projects	
Prudential Funding - Capital Project Contributions	0	393	393	#DIV/0!				393		4 Accelerated Projects	
Complete on Site	105	0	(105)	(100.0)%	(105)					1 Project Cost Reduced	
Various Projects	4,106	4,048	(58)	(1.4)%					(58)	5 Minor Slippage	
TOTAL SEMP	21,117	21,496	379	1.8%	(594)	(1,480)	0	2,511	(58)		
Health & Social Care Committee											
Kylemore Childrens Home	123	8	(115)	(93.5)%		(115)				2 Internal Slippage	Final account in dispute.
Various Projects	60	17	(43)	(71.7)%					(43)	5 Minor Slippage	
Total Health & Social Care	183	25	(158)	(86.3)%	0	(115)	0	0	(43)		
Council Total	38,975	33,343	(5,632)	(14.45)%	(1,117)	(4,767)	(2,208)	3,068	(608)		
%age Variation					(2.87)%	(12.23)%	(5.67)%	7.87%	(1.56)%		

Slippage Categories:
 1 Project Cost Reduced
 2 Internal Slippage
 3 Delay involving 3rd Party
 4 Accelerated Projects
 5 Minor Slippage

Summary of Reported Slippage by Period

Appendix 3

	<u>Aug'13 - Period 3</u>		<u>Sept'13 - Period 4</u>		<u>Nov'13 - Period 6</u>		<u>Feb'14 - Period 7</u>		<u>March'14 - Period 9</u>		<u>May'14 - Period 11</u>		<u>Outturn</u>	
	<u>£000's</u>	<u>%</u>	<u>£000's</u>	<u>%</u>	<u>£000's</u>	<u>%</u>	<u>£000's</u>	<u>%</u>	<u>£000's</u>	<u>%</u>	<u>£000's</u>	<u>%</u>	<u>£000's</u>	<u>%</u>
Policy & Resources	265	22.0%	262	21.7%	276	22.9%	301	24.9%	361	29.9%	347	28.7%	392	32.5%
Environment, Regeneration & Resources	12	0.1%	294	2.1%	470	3.3%	2,710	19.2%	3,640	25.7%	4,453	31.5%	4,568	32.3%
Education & Lifelong Learning	(204)	-9.0%	71	3.1%	71	3.1%	895	38.6%	814	35.1%	1,092	47.1%	943	40.7%
School Estate	0	0.0%	0	0.0%	0	0.0%	2	0.0%	3	0.0%	27	0.1%	(379)	(1.8)%
Health & Social Care	0	0.0%	116	38.8%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	158	86.3%
Total	73	0.2%	743	1.9%	817	2.1%	3,908	10.0%	4,818	12.4%	5,919	15.2%	5,682	14.6%

	<u>Movement Nov'13</u> <u>(Period 6) v Outturn</u>	
	<u>£000's</u>	<u>%</u>
Policy & Resources	116	9.6%
Environment, Regeneration & Resources	4,098	28.9%
Education & Lifelong Learning	872	37.6%
School Estate	(379)	(1.8)%
Health & Social Care	158	86.3%
Total	4,865	12.5%

Report To:	Policy & Resources Committee	Date:	12 August 2014
Report By:	Acting Corporate Director Environment, Regeneration & Resources	Report No:	FIN/34/14/AE/AP
Contact Officer:	Angela Edmiston	Contact No:	01475 712143
Subject:	Revenue Budget Outturn 2013/14 - Unaudited		

1.0 PURPOSE

- 1.1 The purpose of the report is to advise Committee of the unaudited outturn of Service Committee Budgets for the year ending 31 March 2014 and to highlight any significant variances between revised budgets and outturn.

2.0 SUMMARY

- 2.1 Appendix 1 details the outturn (excluding earmarked reserves) per the unaudited accounts for 2013/14 and the variance between the outturn and the projection presented to the Policy & Resources Committee at Period 11 (May 2014) for all Service Committees.
- 2.2 The outturn per the unaudited accounts shows an underspend for 2013/14 of £1,329,000 (Appendix 1) for all Service Committees, this represents an underspend of 0.81% against 2013/14 revised budget of £164,980,000. The main areas of underspend relate to:
- Early achievement of savings £426,000.
 - Additional turnover savings achieved across the council of £880,000.
 - Further release of contingencies not required throughout 2013/14 £184,000.
 - Additional Internal Resources Income earned of £104,000.
 - Net over recovery of Benefit Subsidy of £121,000.
 - Underspend on various utility budgets of £167,000.
 - Over recovery within prior years Council Tax collection income of £58,000.

Further underspends below £50,000 were incurred across all Services. The underspend in year has been partly offset by increased costs for Older People Services, Learning Disability costs and ASN Placements.

- 2.3 Appendix 1 shows an increase in the underspend reported to the last Policy & Resources Committee (Period 11) of £409,000, which is 0.25% of the projected outturn reported in May 2014. Appendix 2 provides the material variances for individual Committees and further explanations for the underspends during the year and movement from Period 11 Policy & Resources Committee Report.
- 2.4 Overall it is encouraging that the Council contained costs within approved budgets and whilst the level of underspend is £1.3 million, it represents a small percentage of the overall Council budget. The majority of the underspend relates to early achievement of approved savings and turnover and should not be repeated. It is also important the Committee note the information in paragraph 6.1 which shows the annual reduction in net underspends. This reflects both the tightness of budgets and effective monitoring of budgets.

2.5 Overall, the unaudited accounts position reflects a free reserves position of £4.676m which is an increase of £0.876m since the budget was set in February 2014. The Committee has already agreed to defer use of any surplus reserves until the overall 2015/18 budget is considered.

3.0 RECOMMENDATIONS

3.1 That the Committee note the underspend per the unaudited accounts for 2013/14 of £1,329,000 and that this represents less than 1% of the Council's' net revenue budget.

Jan Buchanan
Head of Finance

4.0 BACKGROUND

4.1 The purpose of this report is to advise Committee of the outturn position per the unaudited accounts for 2013/14 and to highlight the main issues contributing to the underspend of £1,329,000. The report also informs the Committee of the movement since the last report to Committee and the main issues contributing to the movement.

5.0 2013/14 UNAUDITED OUTTURN

5.1 It can be seen from Appendix 1 that the outturn per the unaudited accounts for 2013/14 is an underspend of £1,329,000 for all Service Committees. The outturn comprises an underspend of £734,000 within the Policy & Resources Committee, £269,000 within the Environment & Regeneration Committee, £266,000 within Education & Communities and £60,000 within Health & Social Care.

5.2 In setting the 2013/16 budget in February 2013, the Council approved savings of £2,036,000 across all Directorates for 2013/14. Due to the early achievement of future savings, the Council achieved savings of £2,491,000 for the year, over achieving by £426,000. Other main areas of underspend relate to additional turnover savings achieved, the release of contingencies not required, additional Internal Resources Income earned and over recovery of benefit subsidy. Appendix 2 provides more detailed material variances and reasons behind the underspend on a Committee by Committee basis.

5.3 It can be seen in Appendix 1, that the outturn (per the unaudited accounts) of £1,329,000 is a movement of £409,000 since the last report to the Policy & Resources Committee in May 2014. Appendix 1 details the movement in underspend per Service Committee. Appendix 2 provides more details regarding the material variances since the Period 11 Policy & Resources Committee report and the reasons for these movements.

5.4 Further details on the 2013/14 outturn will be submitted to individual Committees with the first Revenue Monitoring Report for 2014/15 in the next Committee cycle.

5.5 The unaudited accounts position reflects free reserves of £4,676,000 at 31st March 2014. This is an increase in the reserves position of £876,000 since the budget was set in February 2014. The Committee has already agreed to defer use of any surplus reserves until the overall 2015/18 budget is considered.

6.0 OTHER INFORMATION

6.1 The accuracy of budgeting and projections is an important measure of the Council's Financial Management performance. Whilst the figures mentioned in this report appear large, the percentage movements are relatively small and have been improving year on year. The following shows the variance for the last 3 years and the percentage against revised revenue budget for the relevant year.

Year	Variance	Percentage Variance
2011/12	Underspend £3.719m	2.08%
2012/13	Underspend £2.835m	1.60%
2013/14	Underspend £1.329m	0.81%

7.0 IMPLICATIONS

7.1 FINANCE

All financial implications are discussed in detail within the report and presented in the attached appendices.

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
N/A					

Annually Recurring Costs / (Savings)

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
N/A					

7.2 LEGAL

There are no specific legal implications arising from this report.

7.3 HUMAN RESOURCES

There are no specific human resources implications arising from this report.

7.4 EQUALITIES

There are no equality issues arising from this report.

7.5 REPOPULATION

There are no repopulation issues arising from this report.

8.0 CONSULTATIONS

8.1 The Corporate Management Team has been consulted in the preparation of this report.

9.0 BACKGROUND PAPERS

9.1 There are no background papers for this report.

POLICY & RESOURCES

Appendix 1

2013/14 REVENUE BUDGET PROJECTED POSITION AT PERIOD 11 TO PROVISIONAL OUTTURN

OBJECTIVE ANALYSIS	Approved Budget 2013/14 £000	P11 Revised Budget 2013/14 £000	P 11 Projected Out-turn 2013/14 £000	P11 Projected Over/(Under) Spend 2013/14 £000	Final Over/(Under) Spend 2013/14 £000	Movement from P11 Outturn £000	Movement as % of Period 11 Projected Outturn	Variance as % of P11 Revised Budget
Policy & Resources	22,587	15,134	14,638	(496)	(734)	(238)	-1.63%	-4.85%
Education & Communities	86,406	80,054	79,865	(189)	(266)	(77)	-0.10%	-0.33%
Environment & Regeneration	22,733	20,716	20,501	(215)	(269)	(54)	-0.26%	-1.30%
Health & Social Care	48,491	49,076	49,056	(20)	(60)	(40)	-0.08%	-0.12%
COMMITTEE NET EXPENDITURE EXCLUDING EARMARKED RESERVES	180,217	164,980	164,060	(920)	(1,329)	(409)	-0.25%	-0.81%

Reasons: Final Outturn

POLICY & RESOURCES

Early Achievement of Savings	(28)
Additional Turnover Savings Achieved	(30)
Inflation Contingency underspend returned to reserves	(184)
Over recovery of Benefit subsidy	(121)
Over recovery of prior year council tax.	(58)
IRI over-recovery	(104)
Various underspends all under £50k.	(209)
	(734)

EDUCATION & COMMUNITIES

Early Achievement of Savings	(151)
Additional Turnover Savings Achieved	(68)
Education - Various Utility Underspends	(167)
Education - ASN Placements/Transport/Shortfall in Income	231
Various Underspends all under £50k.	(111)
	(266)

HEALTH & SOCIAL CARE

Early Achievement of Savings	(242)
Additional Turnover Savings Achieved	(518)
Older People - Overspend on homecare, residential & Nursing	448
Learning Disability - Overspend residential, day care packages & transport	331
Mental Health - Underspend on care packages and direct payments	(91)
Physical and Sensory - Net overspend for aids and residential	82
Various underspends all under £50k	(70)
	(60)

ENVIRONMENT & REGENERATION

Early Achievement of Savings	(5)
Additional Turnover Savings Achieved	(264)
Office Accommodation Electricity and Gas.	(78)
Roads Client Lighting Maintenance Contract underspend.	(108)
Underspend on Waste Strategy Bins and Plastic Sacks.	(59)
Increased Environmental Vehicle and Plant costs.	83
Under recovery of Roads' Construction Consent income.	64
Under recovery of Physical Assets' income	66
Under recovery of Office Accommodation income, offset by underspends across Council services.	104
Overrecovery of Vehicle Maintenance Drivers income.	(70)
Various underspends all under £50k	(2)
	(269)

Reasons: Movement P11 to Outturn

POLICY & RESOURCES

Inflation Contingency underspend returned to reserves	(184)
Under recovery on projected IRI Income	84
Various minor variances under £50k	(138)
	(238)

EDUCATION & COMMUNITIES

Early Achievement of Savings	(35)
Sports & Leisure - Bad Debt Provision	32
Education - ASN Placements/Transport/Shortfall in Income	39
Education - Various Utility Underspends	(95)
Education - Transport overspend	126
Various movements all under £50k.	(144)
	(77)

HEALTH & SOCIAL CARE

Older people - increase homecare costs	92
Mental Health - increase in client commitments	(94)
Various movements all under £50k	(38)
	(40)

ENVIRONMENT & REGENERATION

Underspends in Office Accommodation NDR, Gas and electricity costs.	(60)
Under recovery of Office Accommodation recharge income. This is offset by underspends in Office Accommodation across the Council.	84
Reduction in Environmental NDR, Gas and Electricity costs.	(47)
Various underspends all under £50k	(31)
	(54)

POLICY & RESOURCES COMMITTEE

1. Contingencies – Outturn Underspend £184,000 (5.81%), Movement Underspend £184,000

During the budget process, a saving of £869,000 was identified from contingencies and the Council approved the underspend to be earmarked and utilised in future years. A further saving of £184,000 has been generated since the budget process from the pay and non- pay Inflation contingencies.

2. Internal Resources Income – Outturn Over Recovery £104,000 (92.86%), Movement Under Recovery £84,000

The Internal Resources Interest received was £104,000 more than the adjusted budgeted in 2013/14, however, this was £84,000 less than anticipated at the May 2014 Policy & Resources Committee mainly due to reduction in investment income as a result of a loan funded from the AMP model.

3. Housing Benefit Subsidy – Underspend £121,000 (0.33%), Movement Underspend £0

The final Benefit Subsidy Claim produced in April 2014 reflected an actual underspend of £121,000 for 2013/14 mainly due to a lower than anticipated uptake within homelessness units. This was reported in full to the May Committee.

ENVIRONMENT & REGENERATION COMMITTEE

1. Additional Turnover Savings – Outturn Underspend £264,000 (1.42%), Movement Underspend £13,000

The Services within the Environment & Regeneration Committee achieved additional Turnover Savings of £264,000 in 2013/14. This was an increase of £13,000 in the underspend reported to the last Committee.

2. Roads Client Lighting Maintenance Contract – Outturn Underspend £108,000 (21.64%), Movement Overspend £10,000

Move of focus from planned maintenance to unplanned maintenance by the contractor has resulted in an underspend in the maintenance contract of £108,000. This is a reduction in the underspend reported to the last Committee of £10,000.

3. Physical Assets Income – Outturn Under Recovery £66,000 (39.76%), Movement Under Recovery £8,000

The Committee under recovered in physical assets income as a result of minimal disposal of property assets in line with previous years. This is an increase in the under recovery reported to the last Committee of £8,000.

4. Roads Construction Consent Income – Outturn Under Recovery £64,000 (53.33%), Movement Over Recovery £6,000

Due to delays in receipt of Construction Consent Income, the Committee under recovered income by £64,000; this is a reduction in the under recovery reported to the last Committee of £6,000. It is not anticipated that the under recovery will continue at this level in future years.

EDUCATION & COMMUNITIES

1. Additional Turnover Savings – Outturn Underspend £68,000 (0.12%), Movement Underspend £11,000

The Committee achieved additional Turnover Savings of £68,000 which is a movement of £11,000 since the last report to Committee.

2. Early Achievement of Savings – Outturn Underspend £151,000 (16.81%), Movement Underspend £35,000

Through early implementation of planned savings, the Directorate over achieved their savings target by £151,000 for 2013/14.

3. Various Utility Budget Lines – Outturn Underspend £167,000 (3.50%), Movement Underspend £89,000.

The Committee incurred underspends in non-domestic rates, gas, electricity, heating oil and biomass costs during 2013/14 of £167,000. This is an increase in the underspend reported to the last Committee of £89,000 and was primarily due to credits received for prior year and lower than anticipated gas consumption.

4. ASN Placements/ASN Transport/ Income – Outturn Overspend £231,000 (14.61%), Movement Overspend £100,000

The Committee is reporting an overspend of £231,000 on costs associated with ASN resources. The overspend reflects the pressures associated with increasing number of clients and the complexity of needs represented. As part of the 2013/16 budget, the Service introduced a policy to place clients within Inverclyde where possible. Other Local Authorities have similar policies to Inverclyde and this has resulted in a reduction in the number of external placements and an under recovery of Income. There has been an increase in the overspend reported to the last Committee of £100,000, the majority of which relates to transport costs.

HEALTH & SOCIAL CARE COMMITTEE**1. Additional Turnover Savings – Outturn Underspend £518,000 (1.91%), Movement Underspend £16,000**

The Committee produced additional turnover savings for 2013/14 of £518,000; this is an increase of £16,000 since the last report. This offsets in part the client commitment overspend within external homecare.

2. Early Achievement of Savings – Outturn Underspend £242,000 (50.42%), Movement Underspend £0

Through early implementation of planned savings, the Directorate over achieved their savings target by £242,000 in 2013/14.

3. Client Commitments Learning Disability – Outturn Overspend £331,000 (4.77%), Movement Overspend £10,000

Client Commitments overspent by £331,000 during 2013/14, which is a movement of £10,000 since last report to Committee. Increased costs resulted from an increase in clients residential and day care packages.

4. Client Commitments Older People – Outturn Overspend £448,000 (2.83%), Movement Overspend £125,000

Increased homecare and residential & nursing care costs have resulted in the Committee reporting an overspend of £448,000 for 2013/14. This is an increase in the costs projected to the last Committee of £125,000. This is offset in part by an underspend within employee costs.

Report To:	Policy and Resources Committee	Date: 12 August 2014
Report By:	Acting Corporate Director Environment, Regeneration & Resources	Report No: FIN/32/14/JB/CM
Contact Officer:	Jan Buchanan	Contact No: 01475 712223
Subject:	2013/14 Efficiency Performance	

1.0 PURPOSE

- 1.1 The purpose of this report is to advise the Committee of the level of efficiencies achieved by the Council in 2013/14 and to approve the Annual Return which is to be returned to Cosla by 22 August 2014.

2.0 SUMMARY

- 2.1 All Councils are required to make an Annual Return in respect of efficiencies achieved which Cosla co-ordinates and submits to the Scottish Government. The Government has agreed to treat the Council's Efficiency Statement with a light touch.
- 2.2 The return has to be signed by the Chief Executive and the draft return is attached as Appendix 1. It can be seen that in 2013/14 the Council achieved recurring efficiency savings of £1.419 million. Appendix 2 provides more detail and also a projection in respect of 2014/16 efficiencies.
- 2.3 The Council has delivered £12 million of recurring efficiency savings over the period 2008/14 and is on target to deliver a further £5.5 million by 31 March 16 (Appendix 3). This is clearly helping the Council to protect front line services at a time of ongoing reductions in funding. In addition to this the Council has reinvested the £4.6million saved to date generated by the School Estates Management Plan. This is excluded as it has been fully reinvested in new/upgraded schools.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee note the achievement of £1.419 million recurring efficiency savings in 2013/14 and approve the submission of the annual return to Cosla by 22 August 2014.

Jan Buchanan
Head of Finance

4.0 BACKGROUND

- 4.1 It is requirement of all Councils to make an Annual Return in respect of efficiencies achieved and submit this to Cosla who co-ordinate it on behalf of the Scottish Government. In return for this the Government has agreed to treat the Council's Efficiency Statement with a light touch.
- 4.2 The return has to be signed by the Chief Executive and the draft return is attached as Appendix 1. It can be seen that in 2013/14 the Council achieved recurring efficiency savings of £1.419 million. Appendix 2 provides more detail and also a projection in respect of 2014/16 efficiencies.
- 4.3 Based on these figures the Council has achieved £12 million of recurring efficiency savings over the six year period 2008/14 and is on target to achieve a further £5.5 million by 31 March 16 (Appendix 3). This is clearly helping the Council protect front line services at a time of ongoing reductions in funding. In addition to this the Council has reinvested the £4.6million saved to date generated by the School Estates Management Plan. This is excluded as it has been fully reinvested in new/upgraded schools.

5.0 IMPLICATIONS

Finance

- 5.1 The financial information is detailed at Appendix 2 of the report.

Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
N/A					

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (if Applicable)	Other Comments
N/A	Various	14/15	(2,025)		
		15/16	(3,514)		

Legal

- 5.2 Any legal implications arising from these efficiencies were addressed as part of the savings exercise.

Human Resources

- 5.3 Any HR implications arising from these efficiencies were addressed as part of the savings exercise.

Equalities

- 5.4 Any equalities issues arising from these efficiencies were addressed as part of the savings exercise

Repopulation

5.5 Achieving efficiencies helps protect front line service delivery which will assist in retaining people within the area.

6.0 CONSULTATION

6.1 The CMT have approved the proposed return to Cosla.

7.0 BACKGROUND PAPERS

7.1 None

CONFIRMATION OF EFFICIENCIES DELIVERED IN 2013-14

1	Local Authority Name	Inverclyde Council
2	Total cash efficiency achieved for 2013-14 £'000	£1.419 million
3	<p>Summary of efficiency activity e.g.</p> <p>The main initiatives the local authority has taken over the year to ensure a strategic approach to increased efficiency and productivity and the improvements achieved in these areas.</p> <p>The main information that the local authority uses to assess productivity, service quality and performance and how the scope, usefulness or reliability has been improved during the year.</p> <p>Specific steps the local authority has taken during the year to improve collaboration and joint working to deliver efficient and user-focused services and the improvements achieved.</p>	<p>£0.974million of the achieved savings came from the Councils Workstream programme with the main savings being:</p> <ul style="list-style-type: none"> - Procurement £0.173 million - Management Restructure £0.1 million - Increasing the working week £0.1 million - Service Reviews £0.43 million <p>Efficiencies are identified via the budget process and supported by impact sheets. The Council takes a robust view of savings which count towards efficiency targets.</p> <p>The Council continues to increase joint working via the CHCP, the development of a Pan-Renfrewshire Shared Service agenda and collaborative procurement with neighbouring Councils. The Council is also utilising the benchmarking information generated from the Solace benchmarking information to further analyse costs and identify possible efficiencies.</p>
4	<p>Breakdown of efficiency saving by Procurement, Shared Services or Asset Management £'000</p> <p>(only where relevant – not all efficiencies will fall into these categories, so the figures here do not have to match the overall total.</p>	<p>Procurement = £0.173 million</p> <p>Shared Services = N/A</p> <p>Asset Management = £0.06 million</p>
5	<p>Evidence: What performance measures and/or quality indicators are used to ensure that efficiencies were achieved without any detriment to services?</p>	<p>Via the Councils Performance Management Framework performance is regularly measured and reported. As stated above the Council takes a conservative view when classifying savings as efficiencies.</p>

Signed (Chief Executive or equivalent)

Date

Workstream Efficiencies

	2013/14	2014/15	2015/16
	£000	£000	£000
1/ Senior Management Restructure (April 2012)	82	72	170
2/ Review Committee Support	30	-	-
3/ Operating Model - March 2011	11	-	-
4/ November 11 Alternative Savings Finance/HR	257	35	113
5/ SEMP	-	190	-
6/ Facilities Management - Catering/Cleaning	52	-	-
7/ Utilities	29	-	-
8/ Procurement	173	34	78
9/ 37 Hour Working Week	71	-	-
10 Commissioning - Supported Living	40	-	-
11/ - Staffing	39	-	-
12/ Home Care Service Review	125	75	-
13/ LET Review	5	-	16
14/ Operational Efficiencies	-	-	147
15/ Social Transport	-	-	50
16/ Terms and Conditions	-	-	30
17/ AMP	60	133	45
18/ NDR Appeals	-	33	-
	<u>974</u>	<u>572</u>	<u>649</u>

Other Efficiency Savings

	2013/14	2014/15	2015/16
	£000	£000	£000
2013/16 Savings agreed February 2013		-	-
- CHCP	116	764	1957
- Environment, Regeneration & Resources	114	212	498
- Education, Communities & OD	215	477	410
	<u>445</u>	<u>1453</u>	<u>2865</u>
Total Efficiencies	<u>1,419</u>	<u>2,025</u>	<u>3,514</u>

Efficiencies - 2008/9 to 2015/16

<u>Year</u>	<u>£million</u>	<u>Comment</u>
2008/9	1.966	Per Efficiency Statement
2009/10	1.922	Per Efficiency Statement
2010/11	2.864	Per Efficiency Statement
2011/12	1.754	Per Efficiency Statement
2012/13	2.096	Per Efficiency Statement
2013/14	1.430	Per Efficiency Statement
2014/15	2.025	Per 13/16 Approved Savings
2015/16	3.514	Per 13/16 Approved Savings
Total	<u>17.571</u>	

Note: Excludes £4.6 million efficiencies generated by the School Estate Management Plan which have accumulated since 2006. These savings have helped fund new replacement schools.

Report To:	Policy & Resources Committee	Date:	12 August 2014
Report By:	Acting Corporate Director Environment, Regeneration & Resources & Corporate Director CHCP	Report No:	2014/P&R/AP/13
Contact Officer:	Alan Puckrin	Contact No:	712764
Subject:	Welfare Reforms Update		

1.0 PURPOSE

- 1.1 The purpose of this report is to provide an update to Committee on various aspects of the Welfare Reform agenda and to seek Committee decisions as appropriate.

2.0 SUMMARY

- 2.1 The impact of Welfare Reforms continues to expand as matters implemented at the beginning of 2013/14 become embedded and further developments occur.
- 2.2 In respect of the Scottish Welfare Fund, there is an increase in the number of applications and the number of approvals. Expenditure is largely in line with approved budget and awareness raising sessions are ongoing with relevant partners. Legislation is currently going through the Scottish Parliament to transfer responsibility to Councils to administer the Scottish Welfare Fund on a permanent basis.
- 2.3 The new application process for Discretionary Housing Payments, and in particular the Social Sector Size Criteria, has bedded in well with 183 applications received by the end of June 2014. Liaison with Registered Social Landlords will continue with difficult to reach claimants being contacted directly by RSLs to enable applications for funding to be processed.
- 2.4 The DWP, Scotland Office and Scottish Government have issued a letter giving authority to Councils to temporarily exceed the DHP cap during 2014 in lieu of legislation being passed to transfer cap setting to the Scottish Government. In addition, the Scottish Government is finalising confirmation of the amount of grant available to Local Authorities to fully mitigate the impact of the Social Sector Size Criteria cost.
- 2.5 Further external funding has been sourced by the Financial Inclusion Partnership this time in relation to the Scottish Government's Welfare Reform Resilience Fund. The funding award of £80,000 will be added to the £1.5million of external funding already successfully applied for by the Financial Inclusion Partnership. Members are, however, asked to note that due to delays in the implementation of universal credit, it may be necessary for the Council and partners to continue to fund some of the initiatives for a period of time. Proposals in this regard will be presented to the November Committee.
- 2.6 Following discussions with i.Heat it is proposed to implement a project targeted at those elderly persons struggling to meet heating costs. In addition to providing financial support the project will provide advice and support to provide sustainable improvements for those impacted. The proposed scheme aims to support 800 people in 2014/15.

- 2.7 At the last Committee there was a significant discussion in respect of conditionality and sanctions and an update was given by Officers from the Job Centre Plus to the Alliance Board in June. Section 7 provides a comprehensive update for Committee.
- 2.8 Appendix 4 provides an update in respect of the finances of Welfare Reform and identifies that there remains an element of funding not yet allocated. Committee, however, is asked to note that potentially significant costs are expected arising from further reductions in Housing Benefit Administration Grant, the creation of the Single Fraud Investigation Service, Temporary Accommodation and the previously mentioned need for the Council to potentially continue to fund some of the Financial Inclusion Partnership projects whose external funding run out in early 2015. It is proposed that the Committee defer consideration of the allocation of further funds from the Welfare Reform recurring budget and earmarked reserves until the November Policy & Resources Committee.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee note the latest position in respect of the various aspects of Welfare Reform.
- 3.2 It is recommended that the Committee approve the proposed project with i.Heat to support the elderly with heating costs.
- 3.3 It is recommended that the Committee agree to defer further decisions in respect of any remaining Welfare Reform funds until the November Policy & Resources Committee.

Alan Puckrin
Acting Corporate Director
Environment, Regeneration & Resources

Brian Moore
Corporate Director CHCP

4.0 BACKGROUND

- 4.1 Regular reports have been presented to Committee relating to the main Welfare Reform changes and Policies have been approved and revised as guidance has developed.
- 4.2 The Financial Inclusion Partnership has co-ordinated significant funding and cross partner working to support those impacted.
- 4.3 The Council allocated £3.2million in February 2013 to meet some of the costs caused by the Welfare Reform changes. Additional sums have been allocated by the DWP, Governments and the Council.

5.0 SCOTTISH WELFARE FUND & DISCRETIONARY HOUSING PAYMENTS

- 5.1 The level of applications made to the Scottish Welfare Fund since April 2014 averaged 75 applications each week with an approval rate of 75%. This compared with the same period in 2013/14 when 55 applications were made each week with an approval rate of 51%. The increase in applications and approvals reflects the national position and is largely due to the change to SWF guidance allowing applications from those subject to welfare benefit claimant commitment conditionality sanctions. 80% of the Community Care Grant budget and 72% of the Crisis Grant budget has been awarded against the flat budget profile to date. Underspent budget will be carried forward to be awarded in future months to meet demand.
- 5.2 Liaison continues with a range of support providers including staff awareness sessions being delivered to Housing Associations and i.HEAT (Inverclyde's Home Energy Advice Team). A number of successful supported applications have followed from these sessions.
- 5.3 The Welfare Funds (Scotland) Bill was introduced to the Scottish Parliament on 10th June 2014. The Welfare Reform Committee is expected to be calling for evidence on the Bill over the summer and the service will monitor and report on its progress.
- 5.4 Housing Associations were informed of the Council's decision to amend the DHP policy to remove the need to assess applicants' financial circumstances and to mitigate in full the effects of the Housing Benefit under occupancy policy. Shortened application forms and a telephone application process were successfully introduced aiding the process. 183 applications were made this way up to 30 June 2014, 81 of which were telephone applications.
- 5.5 The target completion timescale to process all DHP applications is mid-August after which those who have not applied will be sent a shortened application form and will be notified to their Housing Association who have agreed to take steps to contact the tenants directly to encourage them to apply.
- 5.6 The financial situation around DHP is clearer following further information and assurances from the DWP and Scottish Government. The Council estimates the cost of DHP applications relating to the Social Sector Size Criteria (SSSC) will be £860,000 in 2014/15 and this will be fully funded by the Scottish Government. The non-SSSC DHP applications will be cash limited to £71,000 which represents a 30% increase on the amount spent in 2012/13.
- 5.7 The DWP, Scotland Office and Scottish Government have issued a letter giving authority to Councils to temporarily exceed the DHP cap during 2014 in lieu of legislation being passed to transfer cap setting to the Scottish Government (Appendix 3). In addition, the Scottish Government is finalising confirmation of the amount of grant available to Local Authorities to fully mitigate the impact of the Social Sector Size Criteria cost.

6.0 FINANCIAL INCLUSION PARTNERSHIP UPDATE

- 6.1 All of the successful projects funded through SLAB and Big Lottery Support and Connect are now underway. Inverclyde Advice First, the one stop phone number for information and advice relating to benefits / money advice has taken nearly 550 calls from members of the public seeking advice related to welfare benefits. This is in addition to the number of calls that traditionally go directly through social work offices to the Advice team and also other 3rd sector advice providers. It is planned through time that all calls for advice provision will be routed through this one call number.
- 6.2 Inverclyde was one of 11 local authorities that were successful in bids submitted to the Scottish Government's Welfare Reform Resilience Fund. This funding is for £80,000 to be used by March 2015 and is to be utilised to test new delivery models. It has two strands (1) the development of Smarterbuys which is a scheme for people to access white goods and furniture at discounted prices. This will be a useful alternative to high cost lending currently dominated by a number of high street outlets and (2) system admin support to roll out the Brightoffice case management system, currently being implemented for CHCP Advice services, to a range of external partners who provide benefits / money advice. Works has already commenced on testing the feasibility of the Smarterbuys model and investigate the development of a similar model if required.
- 6.3 A further bid has been submitted to the most recent tranche of SLAB funding for a project targeting child poverty for families with children under the age of 8. If successful this will bring in £150,000 additional funding to undertake targeted work with this client group.
- 6.4 As previously reported, with the delay to Universal Credit implementation and at present no definitive implementation timescale for Inverclyde, evaluation of the current short term funded projects is essential. A report will be provided to future Committees regarding proposals for the continuation and funding some of these projects.
- 6.5 Committee awarded funding of £18,000 on a recurring basis to the Inverclyde Foodbank for food supplies. Discussions with Elim Church who run the local foodbank have been ongoing to try to find a way to support them within the funding criteria and ethos set by the Trussel Trust. This has resulted in this funding being decreased to £12,000 and it being utilised for both food supplies and running costs. A service level agreement is currently being developed.
- 6.6 £40,000 recurring was agreed at the November Committee for older people and following discussions with Your Voice and the Elderly Forum, fuel poverty and inability to afford warmth has been identified as an issue for elderly residents within Inverclyde. The CHCP, your Voice and iHeat have developed a proposal to commence in October 2014 entitled 75 for over 75.

This will be a signpost/referral from key agencies eg, Your Voice, CHCP staff working with over 75's etc to the iHeat project with an assessment by an iHeat advisor to ensure all current fuel benefits are being maximised. If they are found to be in Fuel Poverty (ie. Spending more than 10% of their income on Fuel); are Fuel fear; or at the discretion of the iHeat advisor based on this assessment, they will be eligible for a one-off payment of £75 in order to help them meet the requirements of keeping warm this winter. This will support 800 over 75's in 14/15 with 480 being supported in future years.

In addition an emergency fund has been identified for the over 75's who need support with boiler repairs and upgrades (if not eligible under any other current schemes). Further reports will be submitted as this programme of work gets underway.

Committee is asked to approve the use of the funding for older people for this programme.

- 6.7 Starter Packs Inverclyde provides on average 32 packs each month containing essential items for families setting up home. Packs cost £145 with an additional cost of £58 for each child. The project relies on grant funding and donations to meet demand and to cover the running costs of the project. It is proposed that the previously approved Council funding of £7,000 is allocated to meet running costs and any remaining budget is allocated for the

purchase packs. Work is progressing to develop options to purchase bespoke packs from Starter Packs Inverclyde to fulfil Scottish Welfare Fund grants. This would provide customers with a pack of goods instead of a grant payment.

7.0 CONDITIONALITY AND SANCTIONS

- 7.1 Benefit sanctions and conditionality have existed in the benefit system since the 1980s however, rules have been increasingly tightened since 2007. DWP figures show that one fifth of all Job Seekers Allowance (JSA) claimants over the five years April 2008 to March 2013 were subject to sanctions or disallowances.
- 7.2 Referrals for sanction are around double the number of adverse decisions and all of those referred will have had their benefit suspended and may have suffered hardship as a result. Those who have been referred and have had their benefit suspended immediately pending a decision on a sanction or disallowance can lose income for a number of weeks before it is reinstated. They may also lose entitlement to housing benefit during that period. Although they are likely, with the right advocacy and support, to have the money they are due paid back to them once benefit is reinstated, they will undoubtedly suffer hardship in the intervening period.
- 7.3 For Jobseekers Allowance, young people are more likely to be sanctioned. From October 2012 until September 2013, information from the DWP shows that young males across Scotland were disproportionately subject to Jobseekers Allowance adverse decisions.
- 7.4 In relation to Employment and Support Allowance sanctions there is a major concern that those being sanctioned are predominantly people suffering from mental health problems and behavioural disorders. Figures released by the DWP, following a Freedom of Information request, show that over half of those sanctioned in 2012 and the first half of 2013 were suffering from mental health problems and behavioural disorders. Within Inverclyde almost 50% of ESA claimants have mental health problems and behavioural disorders.
- 7.5 The Scottish Government, COSLA and the Improvement Service recently undertook a survey across all local authorities into the impact conditionality and sanctions are having. The main findings include council services seeing increase in demand, mostly in SWF, Welfare Rights and Money Advice services.
- The clearest finding from the survey is that communication seems to be the key issue:
- claimants don't understand what is being asked of them and are failing to comply because of this
 - JCP are not communicating with individuals when sanctioned or in danger of being sanctioned.
 - JCP are not sharing data on people being sanctioned, which makes it difficult for councils to respond/plan.
- 7.6 COSLA and the Scottish Government have submitted a proposal to JCP to develop pilots, with an objective to test how they can work with JCP to improve how the sanctions regime works locally.
- 7.7 The latest figures available from the Department of Work and Pensions on the number of sanctions applied in Inverclyde cover the period October 2012 to December 2013. The way the figures are produced only gives the number of sanctions referrals made, leading to suspensions, and the number of adverse sanctions decisions made. As people can be subject to more than one sanction the figures do not accurately reflect the number of individuals affected. These figures show that a total of 2,304 were sanctioned in the area during that time. The majority of these were in the Greenock area, 1,628, with Port Glasgow having a much smaller number, 676. This reflects the population and catchment areas of the local Job Centres. However, when the numbers of those referred are included the totals affected rises to 3,869. These are people who will have had their benefit suspended whilst a decision on the imposition of a sanction is being considered. This represents an additional 1,565 people losing benefit due to suspension, 1,078 in Greenock and 487 in Port Glasgow.

- 7.8 There is also an impact on Housing Benefit services as people who are suspended or sanctioned may have their entitlement stopped as a result of a referral. This can lead to rent arrears and whilst these issues can be resolved, the pressure on already hard pressed families because of this is considerable.
- 7.9 Locally, there is evidence of an increasing number of referrals being made to the Scottish Welfare Fund as a result of people being sanctioned. Before April 2014 rules were in place to prevent the Scottish Welfare Fund being used to make payments where sanctions were in place. However from April 2014 people who have been sanctioned can access the Fund where they are experiencing hardship. The SWF team have had 33 applications for customers who have been sanctioned since 1st April 2014 up to 30 June 2014. I.e. a 3 month period. To date all of these 33 applications have been paid at a cost of £2,386.56.
- 7.10 Discussions have already taken place between the CHCP Advice team and the Revenue & Benefits Team as to how to best support clients who have been sanctioned and how to mitigate the possible impact on Housing Benefit. In addition leaflets on how to challenge sanctions decisions have been provided to the Scottish Welfare Fund staff, and these will be issued directly to people who make contact as a result of a benefit sanction. The SWF staff will also ensure that every referral to the Scottish Welfare Fund, where benefit sanctions is given as a reason for that contact, is signposted to the CHCP Triage and Advice Services.
- 7.11 One of the biggest areas of concern, both locally and across the UK, is the lack of challenge against decisions to suspend and/or sanction benefit. Figures for the UK as a whole show that someone challenging these decisions has a 53% chance of success in having the decision overturned.
- 7.12 Given the higher than average rate of suspensions and sanctions in Inverclyde and the impact of these on claimants and Council Services, the CHCP are seeking to ensure that challenges are made to these decisions. It is also important to ascertain why, to date, there has been a lack of challenge and what can be done to counter this entitlement. The CHCP Advice Services team have launched a campaign locally, using the media and partner organisations, to promote the leaflet on sanctions and the work of staff in combating these.
- 7.13 Discussions have taken place locally with DWP colleagues around the use of sanctions with an offer to Council staff and the Financial Inclusion Partnership partners to visit their offices to better understand the application of sanctions in action. In addition discussions are underway with the Department of Urban Studies at Glasgow University to carry out research on the lack of challenges to suspension and sanction decisions and to look at the impact of these where they are put in place.

8.0 IMPLICATIONS

Finance

- 8.1 Appendix 4 shows the latest position of the Welfare Reform recurring and earmarked reserves budget. The figures show that whilst there remains some funding to be allocated there remains considerable uncertainty particularly around further reductions in DWP funding to the Council and the timing and impact of Universal Credit.

Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
N/A					

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (If Applicable)	Other Comments
CHCP	External Payments	2014/15	74		Cost in 2014/15 for iHeat project. Sum reduces to £40k from 2015/16.

Legal

8.2 There are no specific legal issues arising from this report.

Human Resources

8.3 There are no specific HR issues arising from this report.

Equalities

8.4 There are no new strategies or policies contained in this report therefore no Equalities Impact Assessment is required.

Repopulation

8.5 Addressing the impacts of Welfare Reform as sensitively and effectively as possible will help retain individuals impacted within the area and will have a positive impact on the Council's Repopulation strategy.

9.0 CONSULTATIONS

9.1 The report has been produced following discussions within the Welfare Reform Project Board consisting of representatives from Finance, CHCP, DWP and River Clyde Homes.

10.0 LIST OF BACKGROUND PAPERS

10.1 None.

Scottish Welfare Fund
17 July 2014

Calls Answered	3658		
Applications	1149		
Applications Granted	866	75.37%	
Applications Refused	178	15.49%	Note 3
Applications Withdrawn	28	2.44%	
In Progress	77	6.70%	
Referrals to DWP	99		Note 2
		<u>Budget</u>	<u>Spend</u>
		<u>£000</u>	<u>%</u>
Crisis Grant paid (582)	£43.6	208	22.40%
Community Care Grants paid (298) (includes 14 applications paying both CCG & CG)	£172.0	697	24.68%
	<u>£216k</u>	<u>906</u>	<u>23.81%</u>

Note 1 1st Tier Reviews = 20 (2.06%)
1st Tier Reviews Upheld in Customer Favour = 5 (25%)
2nd Tier Reviews = 2 (13%) out of 15 reviews refused
2nd Tier Reviews Upheld = Still to be heard

Note 2 Referrals to DWP relates to customers who are awaiting payment of a new claim for JSA / ESA from DWP. In these circumstances a Short Term Benefit Advance (STBA) can be paid by DWP.

Note 3 The most common reasons for refusal of claims are, applicants not meeting the eligibility criteria, not being in receipt of a qualifying benefit or incomplete evidence provided.

Discretionary Housing Payments17/July 2014Renewals

Number of Renewals to be considered	0		2013/14 applications carried forward to 2014/15
Renewals assessed to 17.7.14	933	(100%)	
Renewals - approved	667	(71%)	
Renewals - refused	65	(7%)	Applicants do not meet new priority group criteria
Renewals – not eligible	201	(22%)	No entitlement to DHP because Housing Benefit has stopped

New Applications

New Applications Received to date	671		
Applications Approved	112	(17%)	
Applications Refused	25	(4%)	
Applications - No Action	169	(25%)	DHP paid as 'Renewal'
Awaiting Supporting Evidence	0	(0%)	
New Applications still to be assessed	365	(54%)	335 from RSL tenants

£000

Paid to date	137		Paid to Landlords a month in arrears
Commitments	362		Assumes existing claims run their course
Includes Non-SSSC (£54k)			
New Applications to be assessed	245		Estimate based on current average weekly award of £14.00.
Total Projected Spend	<u>744</u>		Assumes no further new applications
DWP/ DHP Upper Limit – pending legislative change	533		
Reviews requested: 9 (1.%)			



Department
for Work &
Pensions



Scotland Office



The Scottish
Government
Riaghaltas na h-Alba

Minister for Welfare Reform
Lord Freud

T: 0207 340 4000
E: ministers@dwp.gsi.gov.uk

Parliamentary Under Secretary of
State for Scotland
RT Hon David Mundell MP

T: 020 7270 6806
E: pusofsscotland@scotlandoffice.gsi.gov.uk

Deputy First Minister
and Cabinet Secretary for
Infrastructure, Investment and Cities
Nicola Sturgeon MSP

T: 0845 774 1741
E: scottish.ministers@scotland.gsi.gov.uk

Councillor Stephen McCabe
Leader of the Council
Inverclyde Council
Municipal Buildings
Greenock
PA15 1LY

25 June 2014

Dear Stephen,

DISCRETIONARY HOUSING PAYMENTS – SECTION 63 ORDER

We are writing to provide you with information about the agreement reached between the UK Government and the Scottish Government in relation to Discretionary Housing Payments (DHPs).

On 2 May, the Parliamentary Under Secretary of State for Scotland wrote to the Deputy First Minister, on behalf of the UK Government, to offer to transfer the power to set the DHP cap to Scottish Ministers. This offer was accepted and officials in both Governments have prepared a draft Order in Council that will provide Scottish Ministers with the executive power to set the DHP cap in Scotland.

The Order must be debated and approved by both Houses of Parliament and the Scottish Parliament. The Deputy First Minister and Parliamentary Under Secretary of State for Scotland have spoken by phone on several occasions and we have confirmed our shared commitment to delivering the Order through its Parliamentary stages as quickly as possible.

We are committed to delivering the Order within the current financial year (2014-15). This will ensure that Scottish Ministers are able to use their new executive power to set the DHP cap level in Scotland prior to the end of this financial year. It will be for the Scottish Government to determine the revised cap and to deliver the necessary secondary legislation through the Scottish Parliament to set the revised DHP cap in Scotland. However we can confirm Local Authorities will be able to incur expenditure beyond the current DHP cap ahead of the legislation completing all its Parliamentary stages.

The Scottish Government's intention for the revised cap is to either remove it completely, or to set it at a level high enough to meet the Scottish Government's clearly stated policy intentions. This will allow local authorities the flexibility to add their own resources in order to support people who need extra help with their housing costs, within the DHP framework set out by DWP.

We trust that this letter offers the assurance your local authority requires on the steps that we are taking in this area.

We are copying this letter to Alan Puckrin in your finance department and John Mundell, Chief Executive of Inverclyde Council.

LORD FREUD

DAVID MUNDELL

NICOLA STURGEON

Welfare Reform – Unallocated Council Funding

	2014/15 <u>£000</u>	2015/16 <u>£000</u>
1. <u>Recurring Budget</u>		
Amount Approved February 2013	1100	1300
<u>Less:</u>		
Unfunded SWF/DHP Admission Costs	80	80
Unfunded Council Tax Reduction Costs	533	533
Estimated Administration Grant Cut-Core	50	50
Allocation to CHCP (Financial Advise Services)	200	200
Clothing Grants – Increase to £80	45	45
Food Bank	18	18
Starter Packs	7	7
Support for Elderly	40	40
	<u>973</u>	<u>973</u>
Balance Remaining	<u>127</u>	<u>327</u>

Pressures remaining:

- a) Further Benefit Administration Grant Reductions (DWP)
- b) Financial impact of Single Fraud Investigation Service creation (DWP)
- c) Planned reductions in SWF Administration Grant (Scottish Government)
- d) Universal Credit impact on Temporary Accommodation Costs (DWP)
- e) Continued funding of FIP Projects.

2. <u>Earmarked Reserve</u>	<u>£000</u>
Balance carried forward 1/4/14	613
Approved uses:	
DHP Accrual	19
Money Advice System contribution	<u>28</u>
Balance remaining	<u>566</u>

Report To:	Policy & Resources Committee	Date:	12 August 2014
Report By:	Corporate Director Education, Communities & Organisational Development	Report No:	HR/14/14/AW
Contact Officer:	Steven McNab, Head of Organisational Development, Human Resources & Communications	Contact No:	Ext 2016
Subject:	Organisational Development Strategy 2013-2016 – Performance Review for Teachers		

1.0 PURPOSE

- 1.1 The purpose of this report is to update Members on the introduction of Professional Update for the teaching profession in Scotland and how this process which is designed to maintain and improve the quality of our teachers can be compared favourably with the Council's Performance Appraisal Scheme for Local Government Employees.

2.0 SUMMARY

- 2.1 The introduction of Professional Update for the teaching profession in Scotland comes into effect in August 2014. Teachers will be licensed to teach for 5 years at a time supported by a process of, amongst other things, annual updates.
- 2.2 The Council's Organisational Development Strategy 2013-2016 makes reference to the possibility of introducing performance appraisal for teachers via discussion with stakeholders including exploring the possibility of using the existing performance appraisal scheme in place for Local Government employees.
- 2.3 Professional Update is applicable across all 32 Council areas and there is no other Council intending to introduce any other performance measure for teachers at this time. Both our (informal) Local Negotiation Committee for Teachers and the Association for Directors of Education in Scotland have been approached and both groups are satisfied that Professional Update is a robust process which supports Teachers' performance and development.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Professional Update scheme is recognised as a form of performance appraisal for teachers, which translates to all Council employees being covered by an appraisal process from August 2014.
- 3.2 It is recommended that an assessment of Professional Update is carried out in 2016 by which time the process has been running for two academic years.

- 3.3 It is recommended that the Professional Update be reported on annually in the same fashion as Performance Appraisal, which is as a Key Performance Indicator.

Patricia Cassidy
Corporate Director Education, Communities
& Organisational Development

4.0 BACKGROUND

- 4.1 The Organisational Development Strategy 2013-2016 includes under Theme 1, Organisational Development, the topic Performance Appraisal for Teachers. The target set was to explore the possibility by 2015.
- 4.2 The Scottish Parliament approved the Public Services Reform (General Teaching Council for Scotland) Order 2011 which set out the Government's plans for the granting of independent status to the General Teaching Council for Scotland (GTCS) from April 2012. As part of this legislation (Section 31), the Government placed the GTCS under a duty to introduce a scheme of re-accreditation for teachers.
- 4.3 GTCS has adopted the title *Professional Update* for the process described by the Government as "re- accreditation". The key focus is on maintaining and improving the quality of Scotland's teacher workforce. The scheme comes into effect in August 2014 - teachers will be licensed to teach for 5 years at a time, supported by annual reviews.
- 4.4 Education Services established a working group to develop the Council's approach and a GTCS validation visit in May complemented our approach. Professional Update represents a significant event for the teaching profession and was the subject of a report to the Education & Communities Committee on 6 May 2014.
- 4.5 The Council introduced performance appraisal to Local Government Employees in 2010 with a view to considering how and when such a scheme could be applied to Teachers. The introduction of Professional Update from August 2014 is considered appropriate to meet the objective of having all Council employees covered by an appraisal process.

5.0 PROPOSALS

- 5.1 It is proposed to consider that Professional Update is a scheme which replicates the Council's Performance Appraisal process, therefore, there is no value in also introducing the LGE performance appraisal system for teachers.
- 5.2 It is proposed to re-assess Professional Update in 2016 at which time it will have been operational for two years – 2014/2015 and 2015/2016 – thus providing a foundation to evaluate it.
- 5.3 It is proposed that the Professional Update be reported on annually in the same fashion as Performance Appraisal, which is as a Key Performance Indicator.

6.0 IMPLICATIONS

Finance

- 6.1 There are no financial implications as a result of this report.

Financial Implications:

One off Costs – not applicable

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
N/A					

Annually Recurring Costs/ (Savings) – not applicable

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (if Applicable)	Other Comments
N/A					

Legal

6.2 There are no legal considerations to be aware of.

Human Resources

6.3 Professional Update is a positive development introducing as it does a form of performance appraisal.

Equalities

6.4 Has an Equality Impact Assessment been carried out?

YES

NO - This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required.

Repopulation

6.5 Ensuring that our young people receive a high quality of education is an important factor in our attempts to positively promote the area.

7.0 CONSULTATIONS

7.1 The Trades Unions have been consulted in relation to Professional Update and they fully endorse the Council's approach outlined in the report.

8.0 CONCLUSIONS

8.1 Professional Update is a significant development and one which requires a period of time to settle in, after which a proper assessment of its impact can be conducted.

9.0 LIST OF BACKGROUND PAPERS

9.1 Organisational Development Strategy 2013 – 16.

Report To: Policy and Resources Committee

Date: 12 August 2014

Report By: Chief Executive

Report No: PR/114/14/JM/LF

**Contact Officer: Lynsey Frizell, Business
Support Executive**

Contact No: 2744

Subject: Inverclyde Council Assurance and Improvement Plan 2014-17

1.0 PURPOSE

- 1.1 The purpose of this report is to inform the Committee of the final Assurance and Improvement Plan (AIP) for 2014-17.

2.0 SUMMARY

- 2.1 The AIP sets out the planned scrutiny activity in Inverclyde Council between April 2014 and March 2017. The AIP is based on a shared risk assessment undertaken by a local area network (LAN). The aim of the shared risk assessment process is to focus scrutiny activity where it is most needed and to determine the most proportionate scrutiny response over a three year period.
- 2.2 This is the fifth AIP for Inverclyde Council since the introduction of the shared risk assessment process. It is the result of a shared risk assessment which began in October 2013.
- 2.3 The shared risk assessment undertaken for this year's AIP has concluded that the Council has continued to build on the good work established over the last few years and therefore no risk based scrutiny has been identified for 2014/15.
- 2.4 The AIP is structured around four areas: local priorities and public service reform, corporate assessment, service performance and improving and transforming public services / public performance reporting. The LAN has assessed all four areas and it has been concluded that no scrutiny is required beyond the scheduled annual audit and inspection work.
- 2.5 This is a good news story for the Council. The fact that no risk based scrutiny has been identified for 2014/15 is a testament to the progress and achievements made by the Council in the last few years.
- 2.6 A copy of the AIP for 2014-17 is contained within Appendix 1.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee note the contents of the AIP for 2014-17.

4.0 BACKGROUND

4.1 This is the fifth AIP for Inverclyde Council since the introduction of the shared risk assessment process. It is the result of a shared risk assessment which began in October 2013. The process drew on evidence from a number of sources, including:

- The annual report to the Controller of Audit and elected members for 2012/13 from the Council's appointed external auditors
- Evidence gathered from Audit Scotland, Education Scotland, the Care Inspectorate, the Scottish Housing Regulator and Her Majesty's Inspectorate of Constabulary (HMICS), including published inspection reports and other supporting evidence
- The Single Outcome Agreement (SOA) and associated development plan for the Council area
- The Council's performance data and self-evaluation evidence
- Analysis of data from the SOLACE / COSLA / Improvement Service Local Government Benchmarking Framework.

4.2 The AIP for 2014-17 covers four areas:

- Local priorities and public service reform
- Corporate assessment
- Service performance
- Improving and transforming public services / public performance reporting

4.3 In each of the four areas outlined in paragraph 4.2, the Council was assessed for scrutiny risk against the following criteria:

- No scrutiny required - there are no significant concerns, so no scrutiny work is necessary.
- Scrutiny required - there are concerns about performance, services or outcomes, resulting in the need for scrutiny work.
- Further information required - there is insufficient information to reach a judgement about performance

5.0 FINDINGS

5.1 The shared risk assessment concluded that the Council has continued to make progress in its corporate arrangements and has a clear awareness of where improvement could be made. Therefore no risk scrutiny has been identified for 2014/15. This is extremely positive and a testament to the progress and achievements made by the Council in the last few years.

5.2 The AIP for 2014-17 has highlighted the Council's achievements in the following areas:

Local Priorities and Public Service Reform

- Single Outcome Agreement - Current performance against the outcomes shows that for a number of indicators good progress is being made.
- Health and Social Care Integration - A recent pilot joint inspection of services for older people by the Care Inspectorate and Health Improvement Scotland found that the CHCP was well prepared for health and social care integration, with an integrated structure and senior management team, aligned budgets and evidence of joint budget planning.

Corporate Assessment

- Leadership - The council currently shows effective leadership. The CHCP has strong leadership through the committee and senior management team, and also has valuable clinical leadership provided by doctors and other health professionals.
- Governance and accountability - The Council has sound governance arrangements in place and is moving towards establishing an Annual Governance Statement that is supported by evidence.
- Community engagement and empowerment - The Council has a range of activities to involve local communities in Council services and to give communities a say in decision making.
- Financial management - The Council has generated and held significant useable reserves over the last four years. This is part of a long-term strategy within a three-year budget cycle, and the reserves will be used to allow the Council to fund specific projects.
- Asset management - The council has strategies in place to improve major groups of assets, including roads and schools. The PPP scheme for schools and the continuing upgrade of campuses are resulting in improved estates and facilities, considered an important part of education policy.
- Procurement - The work completed on the Strategic Procurement Framework (SPF) has contributed to a further improvement in the annual Procurement Capability Assessment from Scotland Excel, with a score of 54 per cent being achieved in the most recent assessment in October 2013 compared to 47 per cent in December 2012. This means that the Council is now in the 'improved' performance criteria.
- Risk management - Overall risk management is good and there has been good progress on risk management in a number of areas.
- Efficiency - The Council has made good progress in delivering savings through efficiency work streams. Efficiencies and cost reductions have been made early. The three year budgeting cycle has allowed the Council to think medium-term about its savings strategies and goals.

Service Performance

- Education - Inverclyde performs well overall as an education authority. Over the past year there have been inspections of early years, primary and secondary establishments, which have all been positive.
- Social Care Services - The joint inspection considered that the CHCP had very good capacity for improvement. It delivered good outcomes for many older people and their carers, had a range of competent, energetic and effective leaders throughout the organisation, and had shown that it could improve performance, when this was required.
- Waste Management - The Council is in the top performing quartile for both the cost of collection and disposal of waste.

Improving and Transforming Public Services / Public Performance Reporting

- Improving and Transforming Public Services - The Council has a modernisation

programme to coordinate improvement activity in a number of areas including office rationalisation, records management, customer service and mobile working.

- Public Performance Reporting- The Council has good arrangements in place to collect and review performance data, and to report it publicly.

5.3 A copy of the AIP for 2014-17 is contained within Appendix 1.

6.0 IMPLICATIONS

6.1 **Finance**
N/A

6.2 **Personnel**
N/A

6.3 **Legal**
N/A

6.4 **Equalities**

Has an Equality Impact Assessment been carried out?

YES (see attached appendix)

NO - This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required.

6.5 **Repopulation**
N/A

7.0 CONSULTATION

7.1 N/A

8.0 BACKGROUND PAPERS

8.1 N/A

Inverclyde Council

Assurance and Improvement Plan

2014–17

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Introduction

1. This Assurance and Improvement Plan (AIP) sets out the planned scrutiny activity in Inverclyde Council between April 2014 and March 2017. The AIP is based on a shared risk assessment undertaken by a local area network (LAN). There is a LAN for each council, comprising representatives of all the scrutiny bodies who engage with the council. The aim of the shared risk assessment process is to focus scrutiny activity where it is most needed and to determine the most proportionate scrutiny response over a three year period.
2. This is the fifth AIP for Inverclyde Council since the introduction of the shared risk assessment process.¹ It is the result of the shared risk assessment which began in October 2013. The process drew on evidence from a number of sources, including:
 - the annual report to the Controller of Audit and elected members for 2012/13 from the council's appointed external auditors
 - evidence gathered from Audit Scotland, Education Scotland, the Care Inspectorate, the Scottish Housing Regulator and Her Majesty's Inspectorate of Constabulary (HMICS), including published inspection reports and other supporting evidence
 - the Single Outcome Agreement (SOA) and associated development plan for the council area
 - the council's own performance data and self-evaluation evidence
 - analysis of data from the SOLACE/COSLA/Improvement Service Local Government Benchmarking Framework.²
3. The shared risk assessment process was reviewed in 2013, in the context of a significantly changed scrutiny landscape and the evolving public service reform agenda.³ Based on the findings of the review, this year's shared risk assessment focused on identifying the council's current position in implementing the Scottish Government's reform agenda. It also placed more emphasis on scrutiny risk in relation to the council's improvement and transformation agenda. This change in approach is reflected in the structure of the AIP for 2014-17, which covers four areas:
 - local priorities and public service reform
 - corporate assessment
 - service performance
 - improving and transforming public services/public performance reporting.

¹ Assurance and Improvement Plans for each council since 2010 are available on the Audit Scotland website: <http://www.audit-scotland.gov.uk/work/scrutiny/aip.php>

² The indicators used in the framework can be found on the Improvement Service website: <http://www.improvementservice.org.uk/benchmarking/>

³ The review of the shared risk assessment process was one of four work streams taken forward by the Strategic Group for Local Government Scrutiny Co-ordination during 2013.

4. Scrutiny risk is assessed against the following criteria:
 - No scrutiny required - there are no significant concerns, so no scrutiny work is necessary.
 - Scrutiny required - there are concerns about performance, services or outcomes, resulting in the need for scrutiny work.
 - Further information required - there is insufficient information to reach a judgement about performance.
5. The National Scrutiny Plan for 2014/15 is available on the Audit Scotland website. It provides a summary of planned scrutiny activity across all councils in Scotland, based on the AIPs for each council.

Summary

6. In our previous AIP, issued in April 2013, we reported that the council had continued to build on the good work established over the past few years. It had made progress in its corporate arrangements and had a good awareness of where it needed to improve. The majority of the risk assessments remained unchanged from previous years and therefore no specific scrutiny activity was identified in the AIP.
7. The shared risk assessment undertaken for this year's AIP indicates that the council has continued with this positive direction of travel. Therefore, we have identified no risk-based scrutiny for 2014/15.
8. We highlighted in the 2013/14 AIP the Scottish Housing Regulator's (SHR) significant concerns around some aspects of the council's services to the homeless. This was due to a drop in the proportion of lets secured for homeless households from local Registered Social Landlords (RSL), with the council's performance among the poorest in Scotland. SHR planned to monitor the council's and local RSL's performance in this area over the year, as there had been some late improvement in the number of offers of housing received.
9. In 2012/13 the Care Inspectorate, together with partners Healthcare Improvement Scotland, carried out a pilot joint inspection of services for older people, as delivered by the Inverclyde Community Health and Care Partnership. Overall the findings of the joint inspection were positive, with the service delivering good outcomes for many older people, and with the partnership showing that it could improve performance when required.
10. The Care Inspectorate, in partnership with the Association of Directors of Social Work and the Risk Management Authority, has been undertaking supported self-evaluation activity to assess the initial impact of the introduction of the assessment and case planning instrument LS/CMI across Scotland's criminal justice social work services. This activity started in June 2013 and will conclude with the publication of a national report by May 2014. Action plans arising from this activity will be implemented in 2014.
11. As set out in the introduction to this report, the 2014-17 AIP is structured around four areas; local priorities and public service reform, corporate assessment, service performance and improving and transforming public services/public performance reporting. The LAN has assessed all local priorities and public service reform areas as 'no scrutiny required'.
12. The SOA sets out eight strategic local outcomes. These are:
 - Inverclyde's population is stable with a good balance of socio-economic groups.
 - Communities are stronger, responsible and more able to identify, articulate and take action on their needs and aspirations to bring about an improvement in the quality of community life.

- The area's economic regeneration is secured, economic activity in Inverclyde is increased, and skills development enables both those in work and those furthest from the labour market to realise their full potential.
 - The health of local people is improved, combating health inequality and promoting healthy lifestyles.
 - A positive culture change will have taken place in Inverclyde in attitudes to alcohol, resulting in fewer associated health problems, social problems and reduced crime rates.
 - A nurturing Inverclyde gives all our children and young people the best possible start in life.
 - All children, citizens and communities in Inverclyde play an active role in nurturing the environment to make the area a sustainable and desirable place to live and visit
 - Our public services are high quality, continually improving, efficient and responsive to local people's needs.
13. As part of the process of developing the new SOA, a new quality assurance process was put in place. The quality panels comprised officials from bodies involved in community planning across Scotland. These included councils, the NHS, the police and fire and rescue services, the Improvement Service, civil servants, Scottish Enterprise, Skills Development Scotland and other government agencies.
14. The quality assurance panel provided support and help to partnerships by providing an outside perspective on strengths and areas that could be further developed. The CPP agreed four key improvement actions following the quality assurance process:
- to better reflect an asset based approach in the SOA
 - to set out more examples of joint planning, tasking and coordinating, and integrating service provision at neighbourhood levels in the SOA
 - to develop a process of identifying how partners are shifting planning and resources to early intervention and measuring success of reducing demand, costs and releasing savings
 - to reflect more practical examples in the SOA of partners working together to engage communities.
15. In terms of the corporate assessment, service performance and improving and transforming public services/public performance reporting we have also concluded that no scrutiny is required beyond the scheduled annual audit and inspection work.

Planned scrutiny activity

16. Through the SRA process we have concluded that no additional risk-based scrutiny is required for Inverclyde council.
17. The Care Inspectorate, in partnership with the Association of Directors of Social Work and the Risk Management Authority, has been undertaking supported self-evaluation activity to assess the initial impact of the introduction of the assessment and case planning instrument LS/CMI

across Scotland's criminal justice social work services. This activity started in June 2013 and will conclude with the publication of a national report by May 2014. Action plans arising from this activity will be implemented in 2014.

18. There is some non-risk based scrutiny activity planned across councils in 2014/15, but where scrutiny bodies are yet to determine which specific council areas will be included. This includes the following:
 - The SHR recently carried out a thematic inquiry into the outcomes that councils are achieving by delivering housing options and prevention of homelessness services. A sample of councils were selected to take part in this as case studies. The findings from this work could potentially lead to further engagement with some councils. The SHR will carry out further thematic inquiries between 2014/15 and 2015/16. If a council is to be involved in a thematic inquiry the SHR will confirm this with the council and the appropriate LAN lead.
 - HMICS will be inspecting local policing across Scotland over the next three years. This will examine, amongst other things, local scrutiny and engagement between Police Scotland and councils. The geographic areas to be inspected during 2014/15 have yet to be determined.
 - Education Scotland will be working in partnership with councils to carry out self-evaluation of education psychology services over a two year period beginning in 2014/15.
 - Education Scotland will be reviewing the quality of Careers Information Advice and Guidance services delivered by Skills Development Scotland across all council areas over the next three years.
 - Education Scotland will continue to engage with councils for the purpose of validated self-evaluation (VSE). The scheduling of VSEs will be arranged by negotiation between Education Scotland and individual councils.
19. During 2014, Audit Scotland will carry out a targeted follow-up of two national performance audits - *Arm's-length external organisations (ALEOs): are you getting it right?* (June 2011) and *Major capital investment in councils* (March 2013). Audit Scotland will also carry out a programme of performance audits during the period of this AIP that will involve work with councils. The performance audit programme for 2014/15 is available at <http://www.audit-scotland.gov.uk/work/forwardwork.php?year=2014>.
20. Scheduled audit and inspection work will take place through the annual audit process. The ongoing inspection of school and care establishments by Education Scotland and the Care Inspectorate respectively will continue as planned. Individual audit and inspection agencies will continue to monitor developments in key areas of council activity and will provide support and challenge as appropriate. This will help to inform future assessment of scrutiny risk.
21. A timetable for the planned audit and inspection activity in Inverclyde Council between April 2014 and March 2017 is at [Appendix 1](#).

Local priorities and public service reform

22. Local councils are operating within a context of significant change as a result of the challenging financial environment and the public service reform agenda. The Scottish Government's reform agenda emphasises the importance of place, people, partnership, prevention and performance in public services. This year's shared risk assessment identified the council's current position in implementing the Scottish Government's reform agenda, specifically in relation to:
- community planning and new Single Outcome Agreements
 - police and fire oversight arrangements (following the introduction of new national police and fire services)
 - health and social care integration
 - welfare reform.

Community planning and Single Outcome Agreements

23. The Community Planning Partnership (CPP) vision for Inverclyde is 'getting it right for every child, citizen and community'. As part of the vision, the CPP has developed seven wellbeing outcomes it wants to achieve: Safe, Healthy, Achieving, Nurtured, Active, Respected and Responsible, and Included. The partnership has agreed a number of strategic local outcomes to deliver the vision and wellbeing outcomes (see page 5).
24. The SOA identifies a number of targets for each purpose. Performance is measured each year against a progress target for 2012-17 and an overall end target. Current performance against the outcomes shows that for a number of indicators good progress is being made, but that further improvements are needed in some areas. One of the main priorities for the area is economic growth. In 2006, the council established Riverside Inverclyde as a joint venture organisation with Scottish Enterprise to help regenerate economically depressed parts of Inverclyde. The council and Scottish Enterprise commissioned a mid-term review in 2013 and this highlighted that the organisation had not met a number of its original targets. The council proposed a review of the management structure, and currently a member of the council corporate management team is leading the organisation on a temporary basis, and the leader of the council is also on the board on Riverside Inverclyde. The board appointed a new chair in March 2014.
25. In 2012 the council implemented a new strategic planning and performance management framework. As part of this framework the council has developed Corporate Directorate Improvement Plans for each Directorate which set out the agreed improvement actions. The actions are aligned to the Wellbeing Outcomes established in the SOA. Across each of the outcomes good progress is being made, with 97 per cent of actions complete or on track to be

met. As part of these actions the council has delivered projects including; tackling knife crime; youth employment action plan; rationalising the number of council buildings; and establishing three community sports hubs.

26. Inverclyde continues to face challenges with a decreasing working age population, and a significant gap between the most affluent and the most deprived areas. Targeted actions to address these challenges include a repopulation action plan, the Inverclyde Integrated Employability Programme and the Economic Regeneration/Employability outcome delivery group. Progress against these actions is monitored through the SOA, with the risks being re-assessed each year.

Police and fire

27. Local scrutiny of police and fire is carried out by the Local Police and Fire Subcommittee. To date there have been two meetings of the subcommittee, which received the Interim Local Police Plan and Interim Local Fire and Rescue Plan.
28. HMICS conducted a thematic inspection of the new arrangements for local scrutiny in 2013 and believes that the new arrangements for local scrutiny and engagement require more time to bed in and that it is therefore too early to assess the effectiveness of these arrangements.
29. In relation to the wider issue of the delivery of community safety, HMICS has seen no significant changes to partnership arrangements since the creation of a single police service model for Scotland. HMICS is considering community safety as a possible area of focus within its 2014-17 work plan.
30. Fire reform is also still at an early stage and HM Fire Service Inspectorate (HMFSI) has not as yet undertaken any detailed examination of the way in which community safety and engagement activities are delivered across local authority areas in Scotland. HMFSI published *An Overview of the Scottish Fire and Rescue Service (SFRS)* in 2013. In its report, HMFSI highlighted that local senior officers (LSOs), who have responsibility for overseeing partnership working with local authorities in the delivery of community safety and engagement, are clearly sighted on their responsibilities and are keen to make local partnerships work in an effort to optimise community outcomes.
31. The SFRS is consulting on a suite of local fire and rescue plans. HMFSI is not currently proposing any specific scrutiny on local planning and consultation processes, but may consider this in its future inspection plans.

Health and social care integration

32. The purpose of health and social care integration is to provide the framework which will support improvement of the quality and consistency of health and social care services through the establishment of new statutory health and social care partnerships. All services for adults (including older people) are included as a minimum, but local areas have the flexibility to include other services as they feel relevant and appropriate.

33. The Inverclyde Community Health and Care Partnership(CHCP) commenced in 2010. All social work services and most primary health care services are included within the CHCP. The Inverclyde CHCP will be the baseline structure for the body that will implement the provisions of the forthcoming legislation on health and social care integration. A transition working group is developing a plan to transition the current CHCP to a shadow Health and Social Care Partnership by April 2014. A recent pilot joint inspection of services for older people by the Care Inspectorate and Health Improvement Scotland found that the CHCP was well prepared for health and social care integration, with an integrated structure and senior management team, aligned budgets and evidence of joint budget planning.

Welfare reform

34. The council regularly reports to the Policy and Resources Committee on the significant impacts of, and its response to, the welfare reform agenda. The council has established a Welfare Reform Group which has representation from across the council and also partners, including the Department for Work and Pensions. Inverclyde has also developed a Financial Inclusion Partnership, chaired by the CHCP, which brings together a range of partners. It has developed a strategy and action plan to tackle financial exclusion, with welfare reform a key agenda for the partners.
35. In 2013-14, the SHR surveyed social landlords and published findings on the early impact of welfare reform on rent arrears. It will continue to gather information on rent and arrears through the annual return on the Scottish Social Housing Charter in order to monitor the impact of welfare reform on social landlords and their tenants..

Corporate assessment

36. The following table provides an assessment of scrutiny risk relating to the council's management arrangements (including how it is meeting its Best Value obligations).⁴

Area	Risk assessment	Current position	What we plan to do
<p>Leadership and direction</p> <p>How the council's vision is designed around its knowledge of its local communities and how this is translated throughout all the council's plans and strategies.</p>	No scrutiny required	<p>The council currently shows effective leadership, but there is a risk of a lack of capacity at senior management given the interim management arrangements for Riverside Inverclyde (see page 8). The council has recognised this risk and has implemented revised management arrangements in the team, and the director remains part of the council management team. A new Chair was appointed at the start of March 2014 and recruitment for a permanent chief executive for Riverside Inverclyde is continuing. However, an appointment has not yet been made and the current interim arrangements are being extended until the end of October 2014.</p> <p>The CHCP has strong leadership through the committee and senior management team, and also has valuable clinical leadership provided by doctors and other health professionals.</p> <p>The new strategic performance management arrangements ensure that all directorate plans are aligned to council priorities and progress is regularly reported to members.</p>	No specific scrutiny activity

⁴ The Local Government in Scotland Act 2003. Best Value Guidance, Scottish Executive, 2004.

Area	Risk assessment	Current position	What we plan to do
<p>Governance and accountability</p> <p>Whether governance arrangements are working effectively and whether good governance underpins council decisions and supports performance improvement.</p>	No scrutiny required	<p>The council has sound governance arrangements in place and is moving towards establishing an Annual Governance Statement that is supported by evidence. This statement will record the council's governance arrangements and assurances around the achievement of the vision and strategic objectives.</p> <p>A key area of focus for the council is the governance of Arms Length External Organisations (ALEOs). The council had created Riverside Inverclyde as a joint venture with Scottish Enterprise to meet its economic development objectives. During the year, the council and Scottish Enterprise commissioned a scheduled independent mid-term review of Riverside Inverclyde against its objectives and of its effectiveness. The mid-term review showed that not all of these objectives had been met or were on target. Since this review, the council and Scottish Enterprise have taken action to address the concerns raised. A new board is being put in place, and it is developing an implementing an improvement plan.</p> <p>The council has also implemented a framework for monitoring other arms length bodies, including those that provide commissioned services. This allows the council to proportionately monitor these bodies, and can provide early warning signs of any potential problems.</p>	No specific scrutiny activity
<p>Community engagement and empowerment</p> <p>Whether the council is</p>	No scrutiny required	The council has a range of activities to involve the local communities in council services and to give communities a say in decision-making. The council makes use of the citizens' panel, and has existing arrangements with communities resulting from	No specific scrutiny activity

Area	Risk assessment	Current position	What we plan to do
giving local people a greater say in local budget decisions and giving communities a right to challenge local public service delivery.		<p>land and community facilities transfers.</p> <p>The council is also developing an asset transfer strategy. In the light of the tight financial environment, the council is looking at how best they can conduct budget consultation activities over the next year.</p> <p>The CHCP includes service user representatives, and gives the opportunity for input into budget decisions.</p>	
<p>Financial management</p> <p>How effectively the council is planning and managing its budgets.</p>	No scrutiny required	<p>The council has generated and held significant useable reserves over the last four years. This is part of a long-term strategy within a three-year budget cycle, and the reserves will be used in 2013/14 to allow the council to continue funding its activities.</p> <p>The council has agreed a balanced 2013-16 budget, with a planned surplus of £4.7 million in 2013/14 and £1.8 million in 2014/15. The council outperformed its budget in 2012/13. The council experienced difficulty managing its capital budget in 2011/12, with significant slippage. However, there was a significant improvement in 2012/13, with works progressing on time and the backlog being addressed. In 2013/14 the level of slippage has increased again but levels are less than half those experienced in 2011/12.</p>	No specific scrutiny activity
<p>People management</p> <p>The effectiveness of the council's workforce planning and</p>	No scrutiny required	<p>The council has developed a refreshed Organisational Development Strategy for 2013-16, based on the previous Corporate Workforce and Development Strategy.</p> <p>The council undertook a staff survey in August 2012 and</p>	No specific scrutiny activity

Area	Risk assessment	Current position	What we plan to do
management arrangements.		developed an action plan to deliver the necessary improvements. The council is currently considering next steps and is to provide an update in 2014.	
Asset management The council's arrangements for managing assets and how this key resource is used to support effective service delivery.	No scrutiny required	The council has strategies in place to improve major groups of assets, including roads and schools. The PPP scheme for schools and the continuing upgrade of campuses is resulting in improved estates and facilities, considered an important part of education policy. The council also has implemented renovation schemes using private finance which are leading to enhancements in office buildings that were identified as in need of regeneration. Improving access has been an important part of the ongoing works, and the number of accessible council buildings has increased and is now above the national average.	No specific scrutiny activity
Procurement How effectively corporate procurement contributes to the council maximising value for money in the goods and services it uses to deliver its services.	No scrutiny required	The work completed on the Strategic Procurement Framework (SPF) has contributed to a further improvement in the annual Procurement Capability Assessment from Scotland Excel, with a score of 54 per cent being achieved in the most recent assessment in October 2013 compared to 47 per cent in December 2012. This means that the council is now in the 'improved' performance criteria.	No specific scrutiny activity
Risk management	No scrutiny	Overall risk management is good and there has been good	No specific scrutiny activity

Area	Risk assessment	Current position	What we plan to do
The effectiveness of the council's arrangements for identifying, managing and mitigating risks and how its management of risk contributes to the successful delivery of public services.	required	<p>progress on risk management in a number of areas:</p> <ul style="list-style-type: none"> • Ongoing review and update of strategic and operational risk registers. • Ongoing training of members in Corporate Governance arrangements, including risk management. • Maintaining a risk register for the Financial Strategy. • Implementing risk management as a key aspect of the Strategic Planning and Performance Management Framework. • Continuing the advancement of emergency planning, crisis management and business continuity within the council. • Recruiting a Corporate Risk Advisor to support the ongoing development of risk management. 	
<p>Information management</p> <p>The effectiveness of the council's arrangements for managing information as a key resource in delivering services.</p>	No scrutiny required	<p>The council, ICT Services and internal audit all play a role in managing and safeguarding information. There have been no information or data protection breaches reported to auditors.</p> <p>The 'Inverclyde Performs' system is working well to provide better and more timely access to performance information across the council. Financial and budget information is comprehensive but goes through several different iterations and takes some time before final budget and performance information is produced.</p>	No specific scrutiny activity
<p>Joint working</p> <p>Progress with any significant shared services initiatives, in</p>	No scrutiny required	The council has been willing to actively consider shared services, but has not gone ahead with schemes that have not got sufficient evidence of Best Value. The council was participating in a shared street lighting maintenance scheme which is delivering good	No specific scrutiny activity

Area	Risk assessment	Current position	What we plan to do
particular in relation to governance or pace of implementation.		<p>outcomes and the council is now examining the possibility of shared street lighting procurement with neighbouring councils for the future.</p> <p>The council works closely with the NHS and CHCP, and was considering a shared ICT services process with two other councils and following assessment of the options the council has now formally withdrawn from the arrangement. The council's chief executive is the designated lead for developing proposals for collaboration in roads and transportation services with two other councils and a report on the options is scheduled to be completed by June 2014.</p>	
<p>Efficiency</p> <p>How effectively the council is improving its efficiency in response to the budget challenges being faced.</p>	No scrutiny required	<p>The council has made good progress in delivering savings through efficiency work streams. Efficiencies and cost reductions have been made early, allowing the council to build up reserves to smooth the future impact of further cuts in income.</p> <p>The three year budgeting cycle has allowed the council to think medium-term about its savings strategies and goals.</p> <p>Limiting recruitment and offering early retirements early in the budget cycle allowed the council to plan efficiency savings around restructuring.</p> <p>Performance indicator information suggests that outcomes are not currently suffering as a result of the efficiencies.</p>	No specific scrutiny activity
<p>Equalities</p> <p>Whether the council is</p>	No scrutiny required	In April 2011, the Equality act 2010 introduced a new public sector 'General Duty' which encourages equality to be mainstreamed into	No specific scrutiny activity

Area	Risk assessment	Current position	What we plan to do
<p>providing effective leadership of equalities and is meeting its statutory obligations.</p>		<p>public bodies' core work so that it is not a marginal activity but part and parcel of how public bodies operate.</p> <p>The council has reconvened the Corporate Equalities Group and its remit is to understand the legislative duties outlined in the 2010 Equality Act, and what these mean for Inverclyde Council.</p> <p>The Corporate Equalities Group delivered a series of Equality Act 2010 awareness-raising sessions for directors, heads of service, service managers, elected members, head teachers and heads of early years establishments to ensure the council was addressing the requirements of the Act. In addition, Directorates were supported with the production of Equality Outcomes through advice being built into directorate planning guidance, a workshop for staff directly involved in directorate planning, and a series of drop-in clinics on directorate planning.</p>	

Service performance

37. The following table provides an assessment of scrutiny risk relating to the performance of the council's main inspected public services (education, social care services and housing) and non-inspected services (eg corporate services, culture and leisure services, environmental services).

Area	Risk assessment	Current position	What we plan to do
Education The quality of local education services and the resulting outcomes (including early years).	No scrutiny required	<p>Inverclyde performs well overall as an education authority. Over the past year there have been inspections of early years, primary and secondary establishments, which have all been positive. The authority continues to know its establishments well overall and work with them on action plans for improvement after inspections. The council has again worked well over the past year at building increasing coherence across learning, and cross-sectoral heads of establishments meetings encourage this and help develop relationships. The current curriculum structure in S3/S4 continues to present a challenge because specialisation by subject choice takes place with all learners at the end of S2. The challenge for subject departments has been to ensure that necessary experiences and outcomes which form part of the broad general education from all curricular areas are covered by the end of S3. An authority-wide interim plan for the structure of the senior phase is in place.</p> <p>SQA results are good overall, and better than comparators across most key measures. There are particular issues for a few departments and levels and these are being targeted for additional support by</p>	No specific scrutiny activity

Area	Risk assessment	Current position	What we plan to do
		<p>central staff. There continue to be concerns in relation to attainment for looked after children but the council has investigated its own data and are confident that it is improving and uses the virtual school methodology to target support to individual learners.</p> <p>Inverclyde Council was awarded with Best Public-Public Partnership Initiative Award 2013 for its 'Positive School Leaver Destination' Programme.</p> <p>The authority is engaging well with the new regional college as it develops and ensuring that local needs continue to be understood.</p>	
<p>Social care services The quality of local social work and care services and the resulting outcomes (including adult care, older people's services, learning disability services, criminal justice services, mental health services, children and families).</p>	No scrutiny required	<p>Inverclyde CHCP provides a range of high-quality services to older people and carers who care for older people. Health and social work services staff work well together to deliver these services. The joint inspection considered that the CHCP had very good capacity for improvement. It delivered good outcomes for many older people and their carers, had a range of competent, energetic and effective leaders throughout the organisation, and had shown that it could improve performance, when this was required.</p> <p>The Care Inspectorate's inspection of the council's home care service assigned very good inspection grades to the service.</p> <p>The CHCP has met the current Scottish Government target of no delayed discharges over four week's duration.</p> <p>The council continues to report low average educational tariff scores for looked after children, but has improvement plans in place to try and address this.</p>	No specific scrutiny activity

Area	Risk assessment	Current position	What we plan to do
<p>Housing and homelessness</p> <p>The quality of housing and homeless services and the resulting outcomes.</p>	No scrutiny required	<p>Overall, there is no risk associated with the homelessness service. Applications for homelessness services have decreased by 41 per cent since 2010/11, and repeat applications are increasing and are significantly above the national figure. In 2012/13 the council significantly reduced its use of Bed and Breakfast accommodation.</p> <p>The percentage of Registered Social Landlords lets has decreased by 14.8 per cent to 20.6 per cent, which is below the national figure.</p> <p>The SHR is currently engaging with Inverclyde Council and will be following up the council's progress in implementing improvements in late 2014, as part of its ongoing engagement.</p>	No specific scrutiny activity
<p>Non-regulated services</p> <p>Particular strengths and challenges in the range of non-regulated services provided by the council, and any significant changes to performance.</p>	No scrutiny required	<p>Performance in non-regulated service areas, as with all councils, varies across service areas. There are some areas of high performance and some areas for improvement. A summary of these, evidenced by performance indicator data, are provided below. However, there are no areas where we feel performance levels are of sufficient concern to require specific scrutiny activity.</p> <p>Cultural and (Community) Leisure Services</p> <p>Attendance at sports and leisure facilities is improving and better than average. The council has agreed to transfer outdoor leisure facilities to Inverclyde Leisure.</p> <p>Museum attendance is worse than the previous year but is better than the national average. The council is working in collaboration with the National Museum of Scotland on a number of exhibitions and events.</p> <p>The council has submitted a Stage 1 application to the Heritage Lottery Fund to refurbish and upgrade the Mclean Museum and Watt</p>	No specific scrutiny activity

Area	Risk assessment	Current position	What we plan to do
		<p>Library. This will enhance the visitor experience, improve access, extend the use of the archive and collections and increase attendance. Visits to libraries have worsened but are better than the national average. During 2012/13 two branch libraries were temporarily closed for a total of nine months. The council has a number of actions underway to improve both library facilities, digital access and stock for young adults.</p> <p>Development, Environmental and Protective Services</p> <p>The council is improving performance in reducing time elapsed between the complaint and attendance on site, but this is still below the national average. There is also scope to improve responses to customer complaints and business advice.</p> <p>Roads and Lighting</p> <p>The percentage of the road network that should be considered for maintenance treatment increased slightly in 2012/13 but remains below the national average. As part of the 2013/16 budget £17million was allocated to investment in Roads, Footways and Lighting and over time this will result in increased performance.</p> <p>Waste Management</p> <p>The council is in the top performing quartile for both the cost of collection and disposal of waste. These figures reflect the recent renewal of the fleet and implementation of the collection of food waste. The council has shown a significant improvement in recycling performance moving from the bottom quartile to the top quartile in the space of two years. Overall street cleanliness is just below the</p>	

Area	Risk assessment	Current position	What we plan to do
		<p>Scottish average. The council has an improvement plan to address this.</p> <p>The council monitors performance through the relevant committees. We are satisfied that the appropriate measures are in place to identify performance issues and prioritise corrective action.</p>	

Improving and transforming public services/public performance reporting

38. The following table provides an assessment of scrutiny risk relating to how the council is improving and/or transforming public services, and the extent to which it is meeting its public performance reporting obligations under the Local Government in Scotland Act 2003.

Area	Risk assessment	Current position	What we plan to do
<p>Improving and transforming public services</p> <p>The council's arrangements for continuing to deliver services with reducing resources and growing demand, and what impact this is having on service outcomes.</p>	No scrutiny required	<p>The council has a modernisation programme to coordinate improvement activity in a number of areas including office rationalisation, records management, customer service, mobile working and ICT collaboration.</p> <p>The Modernisation Corporate Improvement Group's remit is to identify suitable modernisation proposals, monitor progress with the projects, and ensure that interdependencies between projects are managed.</p> <p>The council has introduced a strategic performance management framework and each Directorate develops its own improvement plan which aligns to the SOA wellbeing outcomes. Performance is monitored regularly with an annual corporate performance report presented to the Policy and Resources Committee in February. The CHCP committee also receives regular performance updates.</p>	No specific scrutiny activity
<p>Public performance reporting (PPR)</p> <p>The progress that is being made by councils</p>	No scrutiny required	<p>The council has good arrangements in place to collect and review performance data, and to report it publicly. The corporate performance report is an annual publication.</p> <p>In June 2013 Audit Scotland published a report on Public Performance</p>	No specific scrutiny activity

Area	Risk assessment	Current position	What we plan to do
in meeting their PPR obligations.		Reporting. The report presented the findings of an assessment of all 32 councils' PPR arrangements for the 2011/12 financial year in accordance with the Accounts Commission SPI Direction for 2013/14 (December 2012). The review assessed whether each council fully, partially or does not meet the corporate assessment themes and service areas set out in the Direction. The assessment of Inverclyde's Council's PPR showed that performance was maintained or improved for the majority of the specified indicators.	

Appendix 1: Scrutiny plan

INVERCLYDE COUNCIL		2014/15										
Scrutiny activity year 1	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
No risk-based scrutiny proposed for 2014/15.												
National or supported self-evaluation work year 1												
Targeted follow-up of <i>Arm's-length external organisations (ALEOs): are you getting it right?</i> report	X											
Targeted follow-up of <i>Major capital investment in councils</i> report.			X					X				

INVERCLYDE COUNCIL		2015/16										
Scrutiny activity year 2	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
No risk-based scrutiny proposed for year 2.												

INVERCLYDE COUNCIL		2016/17										
Indicative scrutiny activity for third year	Potential scrutiny bodies involved											
No risk-based scrutiny proposed for year 3.												

Note: The focus of the AIP is strategic scrutiny activity - that is, scrutiny activity which is focused at a corporate or whole-service level. However, there will also be baseline scrutiny activity ongoing at a unit level throughout the period of the AIP, for example, school and residential home inspections. Scrutiny bodies also reserve the right to make unannounced scrutiny visits. These will generally be made in relation to care services for vulnerable client groups. The annual audit of local government also comprises part of the baseline activity for all councils and this includes work necessary to complete the audit of housing benefit and council tax benefit arrangements. Education Scotland, through the Area Lead Officer, will continue to support and challenge education services regularly and as appropriate. The Care Inspectorate will continue to regulate care services and inspect social work services in accordance their responsibilities under the Public Services Reform (Scotland) Act 2010.

Report To: Policy & Resources Committee **Date:** 12th August 2014

Report By: Acting Corporate Director **Report No:** FIN/33/14/JB/BH
Environment, Regeneration &
Resources

Contact Officer: Brendan Hurrell **Contact No:** 01475 712223

Subject: Procurement Report by Audit Scotland

1.0 PURPOSE

- 1.1 The purpose of the report is to advise Committee of the main issues arising from the recent Audit Scotland report on Procurement in Scotland and to highlight any actions proposed.

2.0 SUMMARY

- 2.1 Audit Scotland conducted an investigation into the current status of Procurement at all 32 Local Authorities in the later part of 2013 and into 2014. The subsequent report on their findings was published in the late spring and is contained within Appendix 2 to this report.
- 2.2 Regular reports to the Policy and Resources Committee on Procurement performance within Inverclyde Council demonstrate that improvements have been made and this is reflected in the workstream savings and Procurement Capability score which stands at 54%.
- 2.3 The Audit Scotland report highlights the improvement in Procurement performance across Scottish Councils. The report commends the improvements that have been made but recommends that Councils continue with Procurement improvement strategies to deliver further efficiencies and working practices. A summary of the recommendations and the Inverclyde Council approach to these is contained within Appendix 1.

3.0 RECOMMENDATIONS

- 3.1 That the Committee note the findings and recommendations of the Audit Scotland report on Procurement in Councils and approve the action in Appendix 1.

Jan Buchanan
Head of Finance

4.0 BACKGROUND

- 4.1 Audit Scotland conducted an investigation into the current status of Procurement at all 32 Local Authorities in the later part of 2013 and into 2014. The subsequent report on their findings was published in the late spring and is attached as Appendix 2 to this report.
- 4.2 Regular reports to the Policy and Resources Committee on Procurement performance within Inverclyde Council demonstrate that improvements have been made and this is reflected in the workstream savings and the Procurement Capability score which stands at 54% which is Improved Performance.
- 4.3 There are 4 performance standards identified within the McClelland report on Public Procurement in Scotland: Non Conformance, Conformance, Improved Performance and Superior Performance.
- 4.4 Since 2006, Scottish Government and Scotland Excel initiatives have led to significant changes in councils' procurement practices. Procurement now has a higher profile and councils buy more goods and services collaboratively. New legislation and EU directives will bring about further change.
- 4.5 Councils spent over £5.4 billion on goods and services in 2012/13, over half of the total public sector spend in Scotland. This spending is extremely diverse, although more than half is on social care and construction.
- 4.6 A summary of the recommendations and the Inverclyde Council approach to these is contained within Appendix 1

5.0 REPORT SUMMARY

- 5.1 The analysis of councils' PCA results between 2009 and 2013 indicates a general trend of councils improving their procurement performance. Between 2009 and 2013, average council PCA scores increased from a low base of 22% to 56%. Inverclyde Council scores have increased from 4% to 54%.
- 5.2 Councils have improved in all PCA sections but progress has been slow in contract management, key purchasing processes and systems, and performance measurement where average scores remain at or below 40%. Councils and Scotland Excel reported that it is more difficult to improve in these areas as improvement in contract and supplier management requires a culture change across the entire council. Changes in purchasing systems and processes generally require significant investment in ICT systems, which can be expensive and take time to implement.
- 5.3 There are significant differences between the highest and lowest performing councils in the PCA (Exhibit 6, page 32). Renfrewshire was the highest performing council in 2013, scoring 80 per cent, and is the only council in the 'superior performance' category. Twenty-seven councils achieved, 'improved performance' (50–74 per cent) and four councils were in, 'conformance'.
- 5.4 The rate of improvement varied among councils. Some, such as Renfrewshire, South Lanarkshire and Inverclyde, have improved significantly. But progress has been slower in some larger councils that performed well in the early years of the PCA, for example Aberdeen City, Aberdeenshire, City of Edinburgh, Glasgow City and Highland

- 5.5 Larger councils tend to score more highly in the PCA and there is a statistically significant correlation between PCA score and council size, (measured in terms of population or procurement spend). Some councils, such as Comhairle nan Eilean Siar and Renfrewshire, perform better than other councils of their size.
- 5.6 The report states that 54 per cent of Scottish Councils' spend is with SMEs, ranging from 35% in Inverclyde Council to 77% in Shetland Isles Council. In 2012/13 Inverclyde Council made large payments to the contractor for the Joint Campus which depressed the SME spend in that year; normally the SME spend would be in the region of 50%.

6.0 REVIEW OF MAIN RECOMMENDATIONS

- 6.1 The report recommends that there should be a process to formalise arrangements to fund procurement reform activity beyond 2016 and that the aim should be to achieve the superior performance level in the PCA. The report demonstrates that larger Councils have found it easier to achieve better performance, largely due to investment in resources and technology.
- 6.2 The report further recommends that councils should benchmark their procurement staffing against similar-sized councils with higher PCA scores and, where appropriate, produce a business case for employing additional qualified procurement staff where they have low staffing levels. The Procurement Manager has already carried out high level benchmarking which has indicated that although PCA scores have improved at larger councils, it is difficult to establish if the return on investment will pay a proportionate dividend particularly where budgets are reducing.
- 6.3 Inverclyde Council takes part in many joint working or joint procurement projects and is looking at further opportunities to increase this work as a way of securing economies of scale and creating collaborative contracts. This good practice is also recommended within the report.
- 6.4 The recommendations to phase out paper purchasing systems and consider the business case for moving all purchasing systems to an electronic 'purchase to pay' basis is again an issue of return on investment. Other Councils have taken these measures but as the report points out, most of the spend within councils is focused towards social care and construction. The efficiencies in using electronic systems are largely focused on goods rather than works and services and therefore it remains to be seen if the perceived return on this significant investment could be achieved in the short term. It is believed that the Council would be better served on rationalising contracted goods, works and services and putting in place good contracts that are well managed.
- 6.5 Appendix 1 contains an assessment of the main recommendations. Relevant issues will be factored into the refreshed Procurement Strategy and reported to the Committee as part of the regular updates.

7.0 IMPLICATIONS

7.1 Finance

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
N/A					

Annually Recurring Costs/(Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (If Applicable)	Other Comments

7.2 Legal

None

7.3 Human Resources

None

7.4 Equalities

None

7.5 Repopulation

Procurement has a key role to play in the Council's drive to stabilise and grow the Inverclyde population. Engagement with Economic Development and making Council contracts more accessible to local businesses are viewed as key requirements and as such are an integral part of the Strategic Procurement Framework.

8.0 CONSULTATION

8.1 The proposals have been approved by the CMT.

9.0 LIST OF BACKGROUND PAPERS

9.1 None

Appendix 1

A full review of Inverclyde Council progress in relation to the recommendations contained in the Audit Scotland report on Procurement in Councils on page 40 is detailed below.

Review of Recommendations

Audit Scotland Recommendation

1. Councils and Scotland Excel should:

Review and formalise arrangements to fund procurement reform activity beyond 2016.

Inverclyde Council Status

Whilst the report demonstrates that larger Councils have managed to achieve better performance largely due to investment in resources and technology, high level benchmarking carried out by the Procurement Manager would indicate that although PCA scores have improved at larger councils, it is difficult to establish if the return on investment will pay a proportionate dividend particularly where budgets are reducing significantly.

Audit Scotland Recommendation

2. Council staff involved in procurement should:

Aim to achieve the superior performance level in the PCA, particularly in relation to:

- *spend covered by agreed commodity/project strategies*
- *participation in Scotland Excel contracts*
- *automation of procurement and payment processes*
- *spend captured in the council's contract register*

Develop a systematic approach to collecting information on non-financial benefits including economic, community and environmental benefits and report the benefits to the relevant council committee on a regular basis.

Inverclyde Council Status

As with recommendation 1, the aim to achieve Superior Performance is well intentioned but cannot be achieved in the short term without significant investment in resources and technology. However, Inverclyde Council already works with Services to produce commodity and project strategies, participates in all Scotland excel contracts where there is a requirement and maintains a contract register. The automation of procurement and payment processes is a step change for the Council and work is underway to make changes to the way the council carries out its transactions with its suppliers.

Audit Scotland Recommendation

3. Councils' corporate management teams should:

- *Benchmark their procurement staffing against similar-sized councils with higher PCA scores and, where appropriate, produce a business case for employing additional qualified procurement staff where they have low staffing levels*
- *Examine the benefits of joint working or joint procurement teams as a way of securing economies of scale and creating collaborative contracts*
- *Phase out paper purchasing systems and consider the business case for moving all purchasing systems to an electronic 'purchase to pay' basis*

- *Raise staff awareness of accountability and controls by:*
 - *implementing a written code of ethics*
 - *requiring staff involved in procurement to complete a register of interest statement*
 - *requiring internal audit to conduct a regular assessment of procurement risk, including the risk of fraud.*

Inverclyde Council Status

As with recommendation 1 above, the report does demonstrate that larger Councils have found it easier to achieve better performance and this largely due to investment in resources and technology. High level benchmarking already carried out by the Procurement Manager would indicate that although PCA scores have improved at larger councils, it remains to be seen if there is a significant return on this investment beyond what is already being delivered by existing resources. There may also be a perception that the larger Councils approach to Procurement reform is the best method. Larger Councils have taken the view that Procurement should be undertaken by Corporate Procurement staff. This has taken procurement responsibility from Service professionals such as Architects, Social workers and Civil Engineers. The approach at Inverclyde has been to empower Corporate Procurement but at the same time train those service experts in up to date procurement techniques and legislation. It may be the case that a centralised model in larger Councils gives more control over Procurement activity but this does not mean that this is suitable for smaller Councils.

The Councils Contract Standing Orders, Procurement Manual, staff code of conduct and Financial Regulations cover the requirements on accountability and ethics. Internal Audit regularly conduct audits of procurement related activity and liaise with Corporate Procurement.

Audit Scotland Recommendation

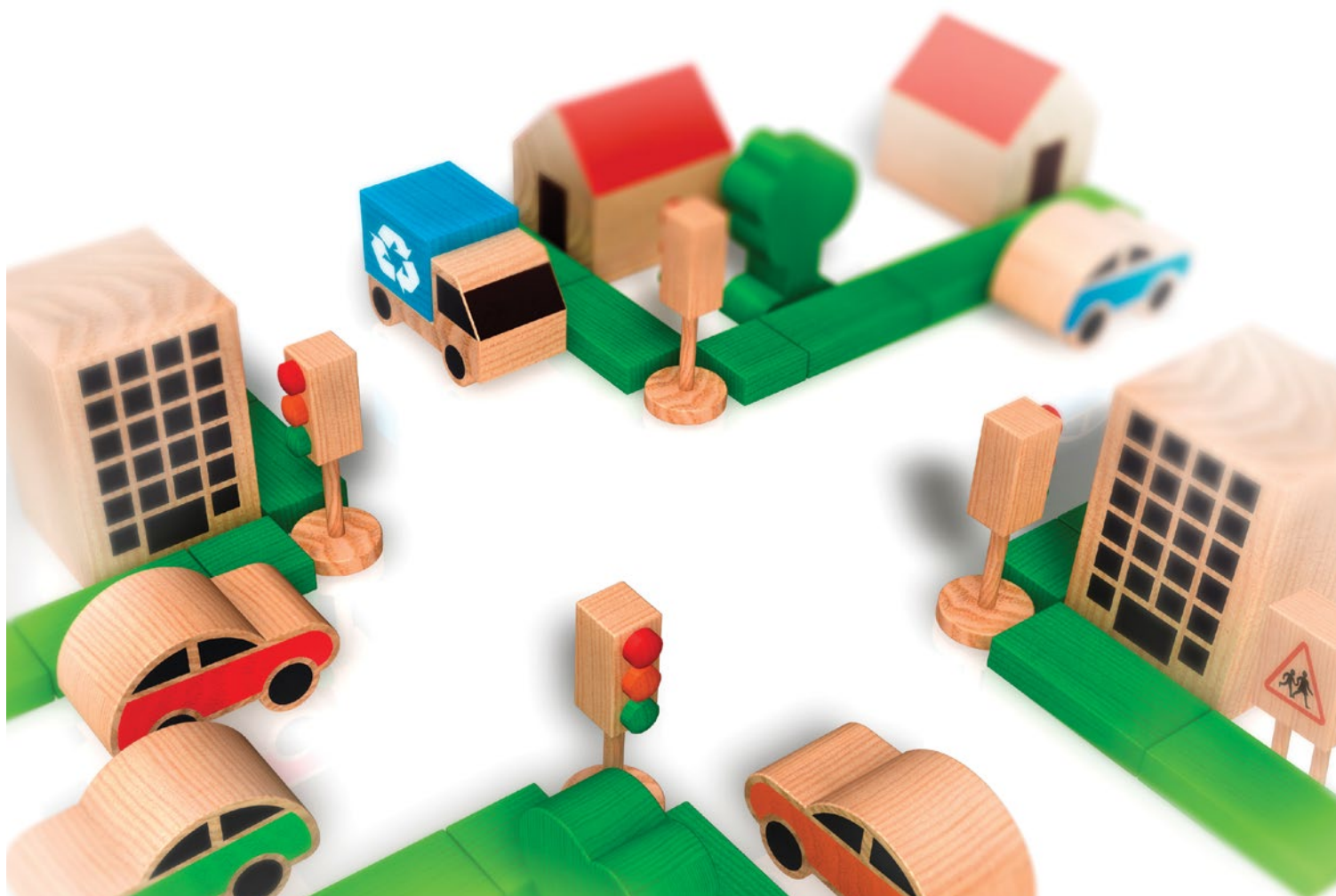
4. Councils should:

Encourage elected members sitting on the main committee(s) dealing with procurement to complete specific training to help them undertake their governance role more effectively.

Inverclyde Council Status

The Corporate Procurement Manager has conducted member training on Procurement and will be included as part of the members ongoing training programme.

Procurement in councils



 ACCOUNTS COMMISSION

Prepared by Audit Scotland
April 2014

The Accounts Commission

The Accounts Commission is the public spending watchdog for local government. We hold councils in Scotland to account and help them improve. We operate impartially and independently of councils and of the Scottish Government, and we meet and report in public.

We expect councils to achieve the highest standards of governance and financial stewardship, and value for money in how they use their resources and provide their services.

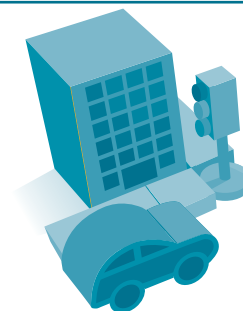
Our work includes:

- securing and acting upon the external audit of Scotland's councils and various joint boards and committees
- assessing the performance of councils in relation to Best Value and community planning
- carrying out national performance audits to help councils improve their services
- requiring councils to publish information to help the public assess their performance.

You can find out more about the work of the Accounts Commission on our website: www.audit-scotland.gov.uk/about/ac 

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. We help the Auditor General for Scotland and the Accounts Commission check that organisations spending public money use it properly, efficiently and effectively.

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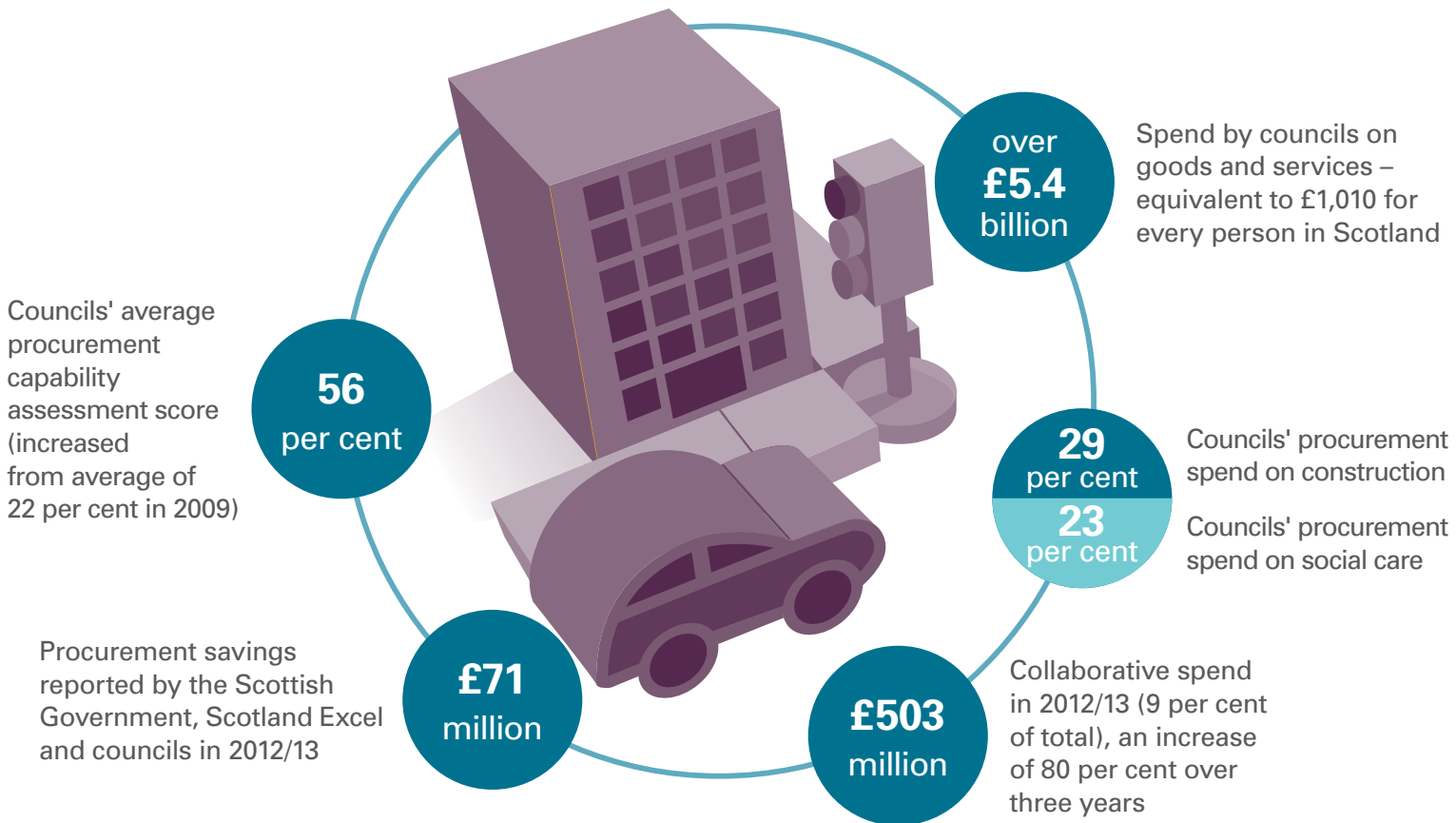
Exhibit data

When viewing this report online, you can access background data by clicking on the graph icon. The data file will open in a new window.

Summary



Key facts




Background

1. Procurement is the process that councils follow to buy the goods and services they need to provide public services. Effective procurement is important in helping councils achieve their local outcomes and priorities, secure value for money and deliver other benefits. Effective procurement involves the following:

- Having the right people in the right place – does the council have adequate numbers of appropriately qualified staff and appropriate organisational structures?
- Defining the supply need – does the council have a well-planned process for deciding what it needs, including deciding how it should provide services and looking at alternative ways of delivering services?
- Sourcing strategies and collaborative procurement – does the council have a good idea of how it can best meet its needs?
- Contract and supplier management – does the council manage its suppliers and contracts effectively?
- Purchasing processes and systems – does the council have effective and reliable processes and ICT systems to support procurement?

2. Councils spent over £5.4 billion, over a quarter of their total capital and revenue spend, on procurement in 2012/13. This represents over half of the public sector procurement spend and about £1,010 for every person in Scotland.

3. In March 2006, the Scottish Government published the *Review of Public Procurement in Scotland* (the McClelland report). This concluded that public sector structures, people and technology were not in place to improve procurement. The report identified the opportunity to achieve significant, recurring financial savings across the public sector through increased use of collaborative contracts (agreements between one or more contracting authorities and one or more companies, which set out the terms under which the companies will enter into contracts with a contracting authority). Since 2006, the Scottish Government and Scotland Excel have launched several initiatives to improve procurement in councils.

4. Our 2009 report, [Improving public sector purchasing \(PDF\)](#)  concluded that public bodies' progress in making savings from better procurement had been variable and slower than expected. It also identified wide variation across public bodies in the quality of purchasing data, practice and skill levels. Our other performance audits have also examined aspects of councils' procurement. These include:

- [Improving public sector efficiency \(PDF\)](#)  (2009)
- [Getting it right for children in residential care \(PDF\)](#)  (2010)
- [Commissioning social care \(PDF\)](#)  (2012)
- [Major capital investments in councils \(PDF\)](#)  (2013).

About our audit

5. The aim of our audit was to assess whether councils are efficiently and effectively managing how they procure goods and services. The specific objectives were to determine:

- How much do councils spend on goods and services and what savings and other benefits have councils identified through better procurement?
- Do councils manage procurement well and have good governance for it in line with good practice?
- How well is Scotland Excel helping councils to improve procurement and achieve savings in spending on goods and services?

6. This report focuses on the performance of councils and Scotland Excel; the latter is the centre of procurement expertise for Scottish councils. We did not look at procurement by arm's-length bodies set up by councils to provide services. We did not evaluate procurement activities outside local government such as the operation of Public Contracts Scotland or the wider work of the Public Procurement Reform Board (the PPRB brings together leaders from across the public sector to champion procurement reform and influence their sectors). We did draw on information from these areas where they were relevant.


7. We gathered audit evidence from:

- published and unpublished information on procurement, including the results of councils' Procurement Capability Assessments (PCAs) undertaken by Scotland Excel
- fieldwork at six councils and Scotland Excel
- our survey of 32 councils and analysis of data from the Scottish Government Procurement Information Hub (the Hub)
- interviews with representatives from organisations including the Scottish Government, Scotland Excel, private sector organisations such as the Scottish Chambers of Commerce and the Federation of Small Businesses, and the Scottish Council for Voluntary Organisations.

8. Further details of our audit approach are included at [Appendix 1](#).

9. This report has three parts:

- [Part 1. Setting the scene](#)
- [Part 2. The benefits of effective procurement](#)
- [Part 3 How councils are performing.](#)

10. In addition to this report, we have prepared a [Checklist for elected members in councils \(PDF\)](#)  to help them in their scrutiny role.

11. The Accounts Commission may undertake a follow-up audit, depending on councils' progress.

Key messages



- 1** Councils spent over £5.4 billion on goods and services in 2012/13; over half of the total public sector procurement spend in Scotland. This spending is extremely diverse, although more than half is on social care and construction. Since 2006, initiatives by the Scottish Government and Scotland Excel have led to significant changes in councils' procurement practices. Procurement now has a higher profile and councils are buying more goods and services collaboratively. New legislation and EU directives will bring about further change.
 - 2** Councils can use procurement to improve service quality and achieve benefits for the community. Councils are systematically using procurement spending to support local economic development. Councils have recently begun to make community benefits such as apprenticeships and environmental improvements an integral part of contracts.
 - 3** Councils' spending through collaborative contracts set up by the Scottish Government and Scotland Excel has increased by over 80 per cent over the past three years to £503 million, but accounts for only 9.3 per cent of their total procurement spend. This percentage is likely to increase further as Scotland Excel and the Scottish Government introduce more collaborative contracts. The Scottish Government, Scotland Excel and councils reported total procurement savings of £71 million in 2012/13, 1.3 per cent of procurement spend; with £43 million (61 per cent) of these savings arising from Scotland Excel or Scottish Government collaborative contracts. Councils are relying on procurement to generate savings to meet budget pressures, but some of their savings calculations may not be reliable or may be incomplete. Further savings are possible if councils make greater use of collaborative contracts and replace paper-based systems with 'purchase to pay' compliant ICT systems.
 - 4** Councils and Scotland Excel have used the Procurement Capability Assessment process to improve procurement practice. All councils have improved their procurement capability since 2009; however, the average assessment score has only reached 56 per cent. The rate of improvement varies among councils and some need to improve more quickly. Councils that invest in qualified improvement staff and improved systems can both improve service quality and achieve financial savings.
-

Recommendations

The Scottish Government should work with councils to:

- review and update the Best Practice Indicators (BPIs), drawing on councils' experiences, to reflect changes in procurement since 2008 and improve their usefulness to councils.

Scotland Excel should:

- maintain and improve its sharing of knowledge and experience with the Scottish Futures Trust, and with the associated joint venture companies
- set realistic timescales for contract development, particularly in new areas of contracting.

Councils and Scotland Excel should:

- review and formalise arrangements to fund procurement reform activity beyond 2016.

Council staff involved in procurement should:

- submit accurate and complete information to the procurement Hub on a regular and timely basis (ideally quarterly, and as a minimum within three months of the end of the financial year)
- examine the costs and benefits of differentiating ALEO and council expenditure in their Hub submissions
- make greater use of the tools and facilities provided by the Hub, including the use of BPIs in their performance reporting and to benchmark their progress
- engage earlier with suppliers and the people who use public services to help develop contract specifications that more accurately reflect service user requirements and allow for greater innovation within contracts
- use the Public Contracts Scotland tender module for all applicable contracts
- make full use of national collaborative contracts and provide a clear explanation for non-participation in these contracts to the relevant council committee
- develop a systematic approach to collecting information on non-financial benefits including economic, community and environmental benefits and report the benefits to the relevant council committee on a regular basis
- calculate procurement savings using a consistent and transparent methodology that demonstrates clearly how the savings are calculated and their relationship to improved procurement
- make better use of market research, cost avoidance and improved contract management to identify savings and potential service improvements

- aim to achieve the superior performance level in the PCA, particularly in relation to:
 - spend covered by agreed commodity/project strategies
 - participation in Scotland Excel contracts
 - automation of procurement and payment processes
 - spend captured in the council's contract register.

Councils' corporate management teams should:

- benchmark their procurement staffing against similar-sized councils with higher PCA scores and, where appropriate, produce a business case for employing additional qualified procurement staff where they have lower staffing levels
- examine the benefits of joint working or joint procurement teams as a way of securing economies of scale and creating collaborative contracts
- phase out paper purchasing systems and consider the business case for moving all purchasing systems to an electronic 'purchase to pay' basis
- raise staff awareness of accountability and controls by:
 - implementing a written code of ethics
 - requiring staff involved in procurement to complete a register of interest statement
 - require internal audit to conduct a regular assessment of procurement risk, including the risk of fraud.

Councils should:

- require a report on procurement savings and non-financial procurement benefits to be submitted to the appropriate committee on a regular basis
 - encourage elected members sitting on the main committee(s) dealing with procurement to complete specific training to help them undertake their governance role more effectively.
-

Part 1

Setting the scene



Key messages

- 1 Since 2006, Scottish Government and Scotland Excel initiatives have led to significant changes in councils' procurement practices. Procurement now has a higher profile and councils buy more goods and services collaboratively. New legislation and EU directives will bring about further change.
- 2 Councils spent over £5.4 billion on goods and services in 2012/13; over half of the total public sector spend in Scotland. This spending is extremely diverse, although more than half is on social care and construction.
- 3 The Scottish Procurement Information Hub is a powerful source of information for analysing council spending data, but not all councils are fully using it. Councils populate the Hub with information on BPIs, but we found little evidence that they use these effectively.

Since 2006, Scottish Government and Scotland Excel initiatives have led to significant changes in councils' procurement practices

12. In March 2006, the Scottish Government published the *Review of Public Procurement in Scotland* (the McClelland report). The report concluded that public sector structures, people and technology were not in place to improve how the public sector buys goods and services and that the public sector needed to improve quickly. Since then, the Scottish Government has implemented several measures that have changed the organisation of procurement across the public sector. They include:

- **The Public Procurement Reform Board (PPRB)** – established in 2006, the PPRB brings together leaders from across the public sector. Although it has no formal powers to direct public bodies, its members promote procurement reform and influence their sectors.
- **The Scottish Procurement Information Hub (The Hub)** – set up in 2006, the Hub uses data from public bodies' payment systems to produce a broad picture of public sector spending. It provides a starting point for public sector bodies to identify areas of spend, common suppliers and spend with small and medium-sized enterprises (SMEs). Councils also populate the Hub with information on their BPIs.^{1,2}

councils spent over £5.4 billion on goods and services in 2012/13, £1,010 for every person in Scotland

- **Public Contracts Scotland** – launched in 2008, this website is the platform for all public bodies in Scotland to advertise and tender public sector contracts. It aims to promote efficiency and to give suppliers open access to contract opportunities.
- **The Scottish Futures Trust** – established in 2008 as a limited company, and wholly owned by Scottish ministers. Its purpose is to facilitate and improve the procurement and delivery of public sector construction projects.
- **The Single Point of Enquiry** – this was established in 2008 as an independent, impartial and confidential service for suppliers. It offers advice on procurement rules and works with suppliers and public sector bodies to resolve concerns about tender exercises.
- **The Procurement Capability Assessment (PCA)** – in 2009, the Scottish Government introduced a new improvement tool to assess all public bodies' purchasing activity and to promote improvement.

13. In 2008, councils set up Scotland Excel as a shared service funded by its members. Scotland Excel develops and manages a range of collaborative contracts for goods and services, from salt for winter road maintenance to secure care for children. It provides the centre of procurement expertise for councils in Scotland and works with them (and suppliers) to develop and share best practice and raise standards. It conducts PCAs annually with each council and supports them with the development of their improvement plans.

14. The McClelland report identified that increased use of collaborative contracts could achieve significant, recurring financial savings and service quality improvements, based on three groups of contracts:

- **National** – for goods and services that the whole of the public sector commonly uses, for example utilities and office supplies. The Scottish Government's Procurement and Commercial Directorate leads collaborative procurement of these goods and services.
- **Sector-specific** – for goods and services that a specific sector commonly uses. There are centres of procurement expertise for each sector that lead collaborative procurement for public bodies in their respective sectors. Scotland Excel is the centre for councils.³
- **Local** – for goods and services where public bodies make contracts at a local level. Local or regional collaboration may be useful for some goods and services.

Further changes in procurement legislation and practice are underway

15. The Scottish Government introduced The Procurement Reform (Scotland) Bill to the Scottish Parliament on 3 October 2013. It proposes to place a new general duty on public bodies to conduct procurement effectively and in a proportionate manner. It will require public bodies to consider social and environmental factors, such as the creation of apprenticeships, as part of their procurement decisions.

16. The Bill will sit alongside the 2014 EU directive, which also supports these aims by introducing a criterion of the 'most economically advantageous tender' in contract award procedures. This will enable councils to give greater weighting to quality, environmental considerations, social aspects or innovation in their procurement decisions. It will also encourage councils to call for tenders to solve a specific problem without pre-empting the solution, leaving room for innovative solutions.

17. The Social Care (Self-directed Support) (Scotland) Act 2013 came into effect on 1 April 2014. This requires councils to commission a wide variety of services to meet the needs of people who opt to direct their own care. The Accounts Commission will publish a report in mid-2014 on councils' preparations for this new duty.

18. The Scottish Government published the results of a review of how the public sector awards construction contracts in October 2013. The review made several recommendations, including a chief construction adviser to be appointed by the Scottish Government and a review of how construction priorities are set across the public sector.⁴

The procurement landscape is complex

19. In addition to councils and groupings of councils, other organisations are involved in supporting improved procurement in councils. The main ones are the Scottish Government, Scotland Excel and the Scottish Futures Trust ([Exhibit 1, page 13](#)). Councils also have access to frameworks and framework contracts set up by councils and groups of councils in Scotland and the rest of the UK.⁵

The Scottish Futures Trust will become increasingly important in construction procurement

20. The Scottish Futures Trust (SFT) was set up to support and improve public sector infrastructure investment. It manages the 'hub community infrastructure partnership programme' across five territories (in the South East, North, East Central, West and South West regions of Scotland). In each area, public bodies have joined with a private partner to form a new joint venture company. SFT intends these joint venture companies to be a value-for-money option, which can become a first port of call when a public body wishes to undertake a community construction project.⁶

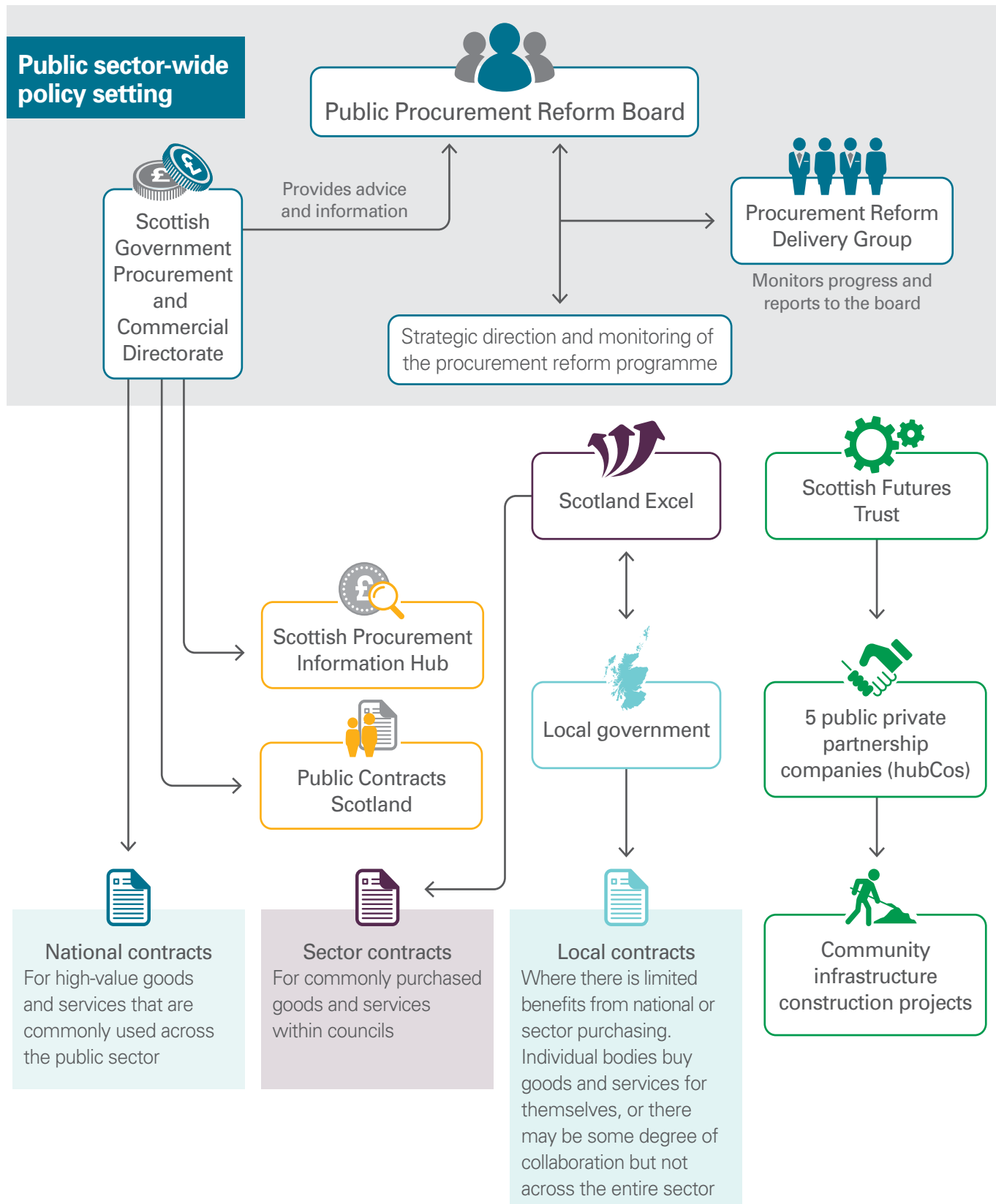
21. All 32 councils have signed up to the programme. SFT estimates the value of all current projects to be over £1 billion. Of this, over £700 million relates to councils. Most work is in the development stage, with £70 million completed and £225 million in construction. Almost 60 per cent of the programme is made up of school projects.

22. Each joint venture company has performance indicators that include the amount of work awarded to SMEs. SFT reported that SMEs have won 77 per cent of the £105 million of contracts awarded to date. The SFT also seeks to have apprenticeships built into contracts and is collecting data on other community benefits.

Exhibit 1

More organisations are becoming involved in council procurement

It is important that national procurement organisations maintain strong lines of communication.



23. It is important that national procurement organisations maintain strong lines of communication. We found that there was regular contact between Scotland Excel and the Scottish Government. There has also been engagement between Scotland Excel and the SFT on specific contracts; however, there was only limited evidence of engagement around the joint venture company activity. The expected growth in the number and value of construction projects through the joint venture companies may create further opportunities for Scotland Excel and the SFT to work together on contracts for items such as plumbing materials or education.

Councils spend over £5.4 billion on goods and services, over half the total for the public sector in Scotland

24. In 2012/13, councils spent over £5.4 billion buying goods and services, over one-quarter of their total capital and revenue spending. This represents over half of the total procurement spend for the public sector in Scotland and is equivalent to £1,010 for every person in Scotland. This includes £259 million spending by arm's-length external organisations (ALEOs), including £240 million by Glasgow ALEOs. ALEOs can be used by councils to deliver services.^{7,8}

25. Procurement spending varied among councils, depending on size, ranging from £35 million in Shetland Islands Council to £622 million in Glasgow City Council. Councils spend money on many kinds of goods and services, although over half is on construction (29 per cent) and social care (23 per cent) ([Exhibit 2, page 15](#)).⁹

26. Between 2010/11 and 2012/13 councils' procurement spending increased by £300 million (6 per cent) in real terms. The biggest increase was in construction spending, which rose by £208 million (15.2 per cent) in real terms. Spending fell in some areas, such as legal services and public transport. Real-terms spending increased in 20 councils and fell in 12 councils. Individual councils' annual procurement spend can seem volatile because of capital projects, which may cause large increases (and decreases) in procurement spending from year to year.

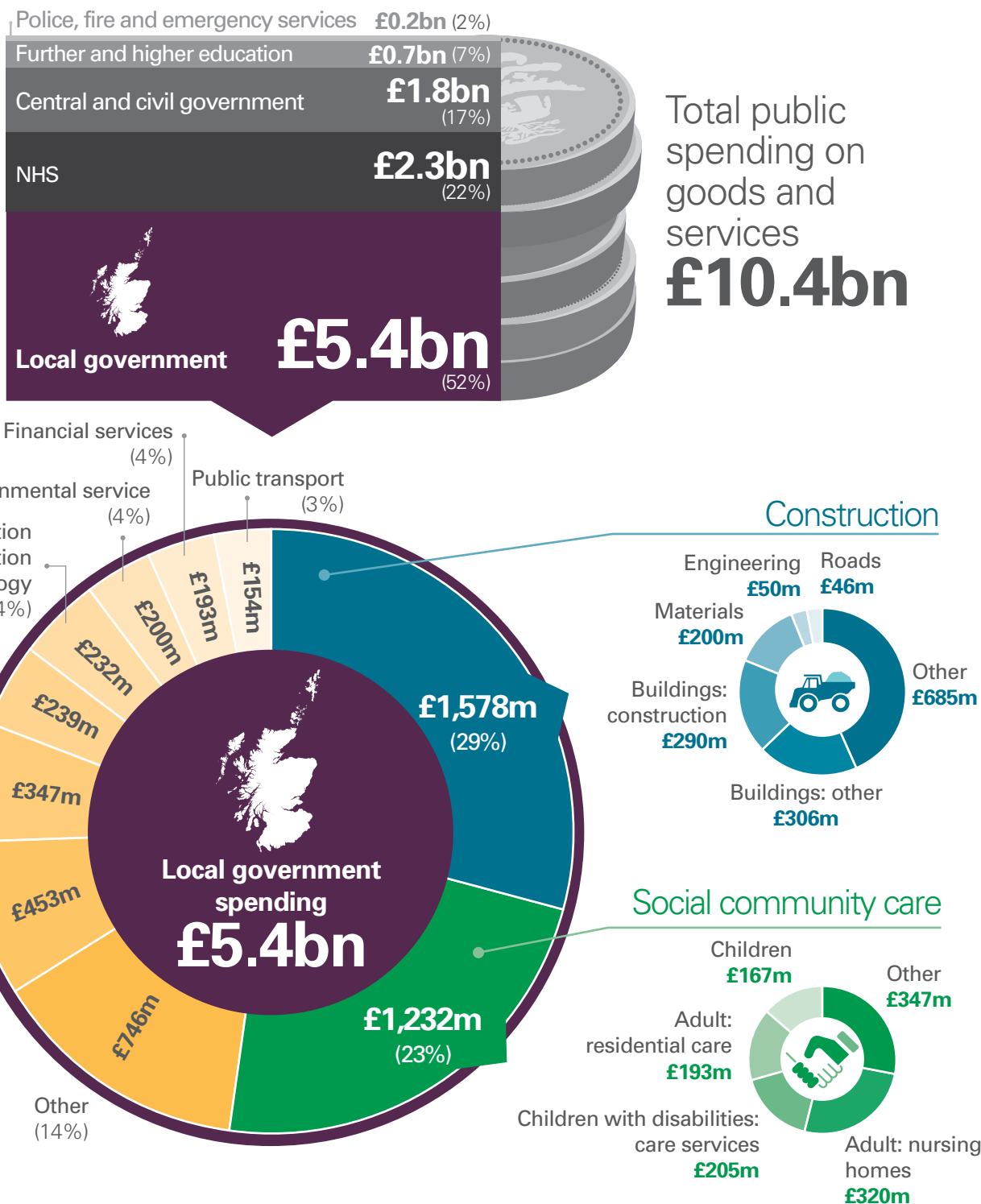
The Scottish Procurement Information Hub is a powerful information source but councils are not fully using it

27. The primary source of information about public sector spending on goods and services is the Scottish Procurement Information Hub (the Hub). Councils submit payment data to the Hub, which is then categorised in various ways, for example by supplier, local spend, spend with SMEs and contract type. The Hub has some limitations; for example, it classifies spending using a supplier's main business, not on the goods or services a council buys. This means that where a supplier's main business is ICT, but it also supplies air conditioning, the Hub would classify all spending with that company as ICT.

Exhibit 2

Estimated public sector spending on goods and services in Scotland 2012/13

Councils are responsible for over half of all Scottish public spending on goods and services. This spending is extremely diverse, though most is on social care and construction.



Notes:

1. This is core trade spend, which is spend with suppliers with whom over £1,000 has been spent in a 12-month period, that have also been classed as a trading organisation or as a non-trade social care provider.
2. There are inconsistencies in how councils report ALEO spending. In some councils, ALEOs pay their suppliers through council payment systems. Where this happens, councils sometimes include ALEO payments in their Hub submissions. ALEOs with their own systems do not supply payment data to the Hub. Because of the way the Hub is configured, it is not possible to separate out ALEO spending.
3. The spending information includes spending information from all councils and health boards, 16 out of 19 universities, 12 out of 32 colleges and central and civil government bodies with significant procurement spend (with the exception of four public corporations, including Scottish Water).

Source: Audit Scotland analysis of Scottish Procurement Information Hub data.



28. The Hub is a potentially powerful source of information with a wide range of functions. It can enable organisations to:

- comprehensively analyse their spend on goods and services
- identify suppliers and analyse spending they have in common with other public sector bodies to help identify opportunities for collaborative purchasing
- find out how their spend profile compares with other public sector bodies
- connect contract and spend data to make it easier to analyse, track and manage spend
- measure their progress using a standardised set of public sector-specific key performance indicators, in this case BPIs (we consider these in more detail below).

29. Hub data is becoming more comprehensive and up to date. But councils submit data inconsistently; some councils submit data on a quarterly basis and some annually (some over three months after the end of the financial year).

30. It is in councils' interests to have a good working knowledge of the Hub and ensure they record their data accurately. Councils vary in how well they use the tools and facilities available on the Hub. Greater use of these could better inform councils' decision-making. There are good online training facilities on the Hub database, but some councils feel that additional 'hands-on' training would be helpful.

31. Both Scotland Excel and the Scottish Government use the Hub database to identify areas that may be suitable for national and sector-specific collaborative contracts.

Most councils collect information to produce BPIs but we found little evidence that councils are using them effectively

32. In May 2008, in consultation with other bodies, the Scottish Government introduced the Procurement BPIs. These include performance measures such as contracted spend, savings, staff qualifications and e-procurement. The intention was that the PPRB and Delivery Group would use the indicators to monitor improvements and identify areas of concern. Public bodies submit BPI data directly to the Hub to help them to share best practice, improve joint working and increase efficiency. In 2012/13, 31 councils submitted BPI data to the Hub. Only Stirling Council had not submitted BPI data to the Hub at the time of audit, although data was incomplete for several others.

33. In 2011, the Scottish Government made it an indicator in the PCA for councils to complete the BPIs. The Scottish Government identified inconsistencies in savings reported through the BPIs compared with those reported through Efficient Government in 2012. To ensure all public bodies report consistently, the Scottish Government published savings and benefits guidance in November 2012. Procurement policy has changed since 2008, for example in terms of sustainability and community benefit, and a review of BPIs would be appropriate to ensure they reflect current practice. Some council procurement managers do not currently use BPIs as they find them less useful than the PCA.^{10,11}

Recommendations

The Scottish Government should work with councils to:

- review and update the Best Practice Indicators (BPIs), drawing on councils' experiences, to reflect changes in procurement since 2008 and improve their usefulness to councils.

Scotland Excel should:

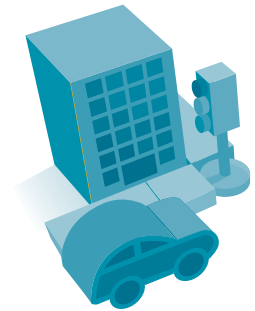
- maintain and improve its sharing of knowledge and experience with the Scottish Futures Trust, and with the associated joint venture companies.

Council staff involved in procurement should:

- submit accurate and complete information to the procurement Hub on a regular and timely basis (as a minimum within three months of the end of the financial year)
 - examine the costs and benefits of differentiating ALEO and council expenditure in their Hub submissions
 - make greater use of the tools and facilities provided by the Hub, including the use of BPIs in their performance reporting and to benchmark their progress.
-

Part 2

The benefits of effective procurement



Key messages

- 1 Councils can use procurement to improve the quality of services and achieve benefits for the community. Councils are systematically using procurement spending to support local economic development. Councils have begun to make other community benefits such as apprenticeships and environmental improvements an integral part of contracts.
- 2 The use of collaborative contracts set up by the Scottish Government and Scotland Excel has increased by over 80 per cent over the past three years to £503 million, but accounts for only 9.3 per cent of total council procurement spend. It is likely to increase further as Scotland Excel and the Scottish Government introduce more collaborative contracts.
- 3 The Scottish Government, Scotland Excel and councils reported total procurement savings of £71 million in 2012/13, 1.3 per cent of procurement spend; with £43 million (61 per cent) of these savings arising from Scotland Excel or Scottish Government collaborative contracts. Councils are relying on procurement to generate savings to meet budget pressures, but some of their savings calculations may not be reliable or may be incomplete. Further savings are possible if councils make greater use of collaborative contracts.

Councils are using procurement spending to stimulate local economic development; other community benefits are beginning to follow

34. The initial focus of the McClelland procurement reforms was on collaboration and financial savings. More recently, the Scottish Government launched the Scottish Sustainable Procurement Action Plan. In it, the Scottish Government defines sustainable procurement as 'A process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole-life basis and generates benefits not only to the organisation, but also to society, the economy and the environment'.¹²

35. To achieve Best Value when deciding between procurement options, councils consider the balance between cost, quality and wider community benefit. For some contracts, for example buying goods such as stationery, price is likely to be the biggest factor in the procurement decision. In others, for example social

council spending through collaborative contracts is increasing, but accounts for a relatively low proportion of procurement spend

care, it will be service quality. In major contracts, particularly larger construction contracts, whole-life costs and community benefits such as the creation of apprenticeships and economic development will also be significant factors. Achieving these wider benefits depends on councils having enough skilled procurement personnel, good ICT and effective procurement processes.

36. The Procurement Reform (Scotland) Bill places emphasis on encouraging innovation from suppliers and enhancing contract opportunities for newer businesses, SMEs and the third sector, such as voluntary organisations. The Bill also includes a sustainable procurement duty to promote economic, social and environmental wellbeing.

37. Scotland Excel has supported councils' economic development and community benefit policies by breaking contracts into smaller 'lots' to encourage SMEs to bid. Scotland Excel currently has 38 contracts with 409 suppliers valued at £408 million; of these:

- 286 suppliers (70 per cent) are SMEs and they account for 44 per cent of spend
- 167 suppliers (41 per cent) are Scottish SMEs and they account for 31 per cent of spend
- 48 per cent of overall spend is with Scottish suppliers.

38. Hub information shows that 54 per cent of Scottish councils spend is with SMEs, ranging from 35 per cent in Inverclyde Council to 77 per cent in Shetland Isles Council. While there was no change in spending with SMEs between 2010/11 and 2012/13, a 2013 survey, commissioned by the Federation of Small Businesses, indicated that these initiatives were having an impact. It found that 53 per cent of Scottish councils' spending was with SMEs compared to a UK average of 47 per cent.¹³

39. All councils are working with local suppliers to help them bid for council contracts. Additionally, the Supplier Development Programme (SDP), a local authority partnership programme supported by 25 councils, helps SMEs and third sector organisations to win more public sector contracts. It offers support, and runs training events, to help SMEs and third sector organisations understand councils' tendering processes. Councils are also using procurement to help benefit the community and the environment. North Ayrshire Council is particularly active in using procurement to improve local economic development ([Exhibit 3, page 20](#)).

40. Although most councils have a well-established supplier development programme, examples of community benefits and environmental improvements are relatively recent. Some councils, such as Renfrewshire and Dundee, have appointed community benefits managers to engage with suppliers and take a systematic view of community benefits (for example, they coordinate apprenticeships and training across council construction projects to enable local apprentices to complete their training). Falkirk Council has made environmental improvements ([Exhibit 3, page 20](#)). However, PCA results indicate that most councils have yet to implement a systematic approach to achieving community and environmental benefits.

Exhibit 3

Good practice examples of councils using procurement to achieve community, economic and environmental benefits

North Ayrshire Council's economic development programme

The council is implementing a plan to help SMEs and local businesses that includes:

- holding Supplier Development Programme (SDP) events and providing 'Meet the Buyer' and 'Is the Public Sector for you?' presentations
- offering to meet local businesses one-to-one
- offering to debrief unsuccessful suppliers to help with future bids
- monitoring the SME and local business success rate in the pre-qualification questionnaire (PQQ) process
- ensuring its tender strategies take account of SMEs' needs
- ensuring they invite a fair representation of local companies to bid for low-value quotes and monitoring the success rate of this policy
- reviewing tender documents to ensure they are consistent and user friendly and by streamlining the information required in a tender process.

The council is also working on a 'Partners for Change' pilot to improve its relationships and communication with the third sector.

The council uses community benefits clauses to maximise the economic, social and environmental wellbeing of the area. As well as targeted recruitment and training clauses, the council also requests other voluntary community benefits. The council has recruited a Community Benefits Officer to support this initiative. The council has advertised on the Public Contracts Scotland portal for expressions of interest from third sector organisations to provide services to the council. It aims to use this database for 'quick quote' requirements and to share it with main contractors to help with subcontracting opportunities.

Falkirk Council – environmental benefits

Falkirk Council has specified a minimum mandatory standard for cleaning products and cleaning services. Successful contractors work with the contracting authority to achieve best practice standards. Contract award conditions included an environmental assessment of tenderers' proposals to mitigate their impact on the environment, for example through waste disposal and fuel emissions. The council monitors contractor performance throughout the lifetime of the contract.

Renfrewshire Council – the benefits of improved supplier engagement

Renfrewshire Council's Building Better Communities (BBC) is a £103 million programme of investment in schools, sports, social care and community facilities. Improved supplier engagement and a partnership approach helped to improve the delivery of major capital projects. It also helped deliver community benefits. These included 31 per cent of subcontracted work going to local subcontractors; jobs for 27 apprentices; and the development of local environmental projects, including educational input to local schools.

Exhibit 3 (continued)

Fife Council – using outcome specifications to encourage innovation

Following a review of its services by Fife's Youth Offenders Management Group, Fife Council put services out to tender for young people who offend. Expected outcome specifications were set, including evidence that:

- young people and families satisfactorily engage with the services being provided
- young people using the service reduced the frequency and seriousness of their offending behaviour
- victims satisfactorily engage in restorative processes.

The review also helped to clarify the format of expected quarterly performance monitoring reports including key targets and outcomes. Following the revision of the service specification, the council was able to demonstrate the impact of the service provider on the level of offending in Fife.

Source: North Ayrshire Council, Falkirk Council, Renfrewshire Council, Fife Council

Better consultation with suppliers could lead to improved contracts

41. The Federation of Small Businesses and Chambers of Commerce believe that better and earlier engagement with suppliers could help develop contract specifications that more accurately reflect user requirements and allow for greater innovation. Good examples of early engagement with suppliers and using outcome specifications to encourage innovation are Renfrewshire Council and Fife Council ([Exhibit 3](#)). Some councils are nervous of early engagement with suppliers because of the risk that companies not awarded contracts could legally challenge them for giving some suppliers an unfair competitive advantage. The Procurement Reform (Scotland) Bill and the new EU procurement directive will specifically encourage innovation in this area.

42. Organisations representing small businesses have said that the bureaucracy and cost involved is a major disincentive to bidding for public sector contracts. One particular issue for small businesses is the way councils use pre-qualification questions (PQQs), which are time-consuming for small firms to complete. This becomes a significant problem when different councils require similar, but slightly different information. To help small businesses, Public Contracts Scotland has recently introduced PCS tender which holds businesses' answers to standardised PQQs on the system, avoiding duplication and reducing the burden on businesses. More councils need to use this facility. Although 31 councils have been trained to use PCS tender; not all currently use it, although more plan to do so in future.^{14,15}

Council spending through collaborative contracts is increasing, but accounts for a relatively low proportion of procurement spend

43. The vast majority of councils' procurement spend is through local contracts. Almost 9.3 per cent is through Scottish Government and Scotland Excel collaborative contracts. Council procurement spending in 2012/13 can be broken down as follows:

- £253 million (4.7 per cent) – on national contracts negotiated by the Scottish Government's Procurement and Commercial Directorate for goods and services used across the whole of the public sector (utilities, such as gas and electricity, account for about 80 per cent of this total)
- £250 million (4.6 per cent) – on contracts negotiated by Scotland Excel
- About £4.9 billion (90.7 per cent) is spent on local contracts between the council and its suppliers, contracts where councils collaborate with each other or with other public bodies and off-contract spend. Of the councils who provided a breakdown of this spend:
 - 74.1 per cent is on local contracts between the council and its suppliers
 - 7.8 per cent is on contracts where councils collaborate with each other or with other public bodies
 - 18 per cent is off-contract spend.¹⁶

44. Council spending through collaborative contracts developed by Scotland Excel increased from £116 million in 2010/11, to £191 million in 2011/12 and £250 million in 2012/13. Over the same period, spending through Scottish Government contracts increased from £163 million in 2010/11 to £225 million in 2011/12 and £253 million in 2012/13. This represents an increase of just over 80 per cent.¹⁷

Scotland Excel is increasing the number and value of its contracts, but its original timescale was over-ambitious

45. Scotland Excel's 2012–15 business plan included a target to increase the value of its contract portfolio to £500 million in 2012/13. Its value had increased to £408 million at February 2014. Scotland Excel acknowledges that its original timescales were ambitious because of the high level of stakeholder and market engagement required for developing some contracts. It remains confident of meeting its overall target of £750 million by 2014/15.¹⁸

46. Scotland Excel reported particular difficulties in developing social care contracts, for example the extent of consultation required for the residential children's care services contract. Scotland Excel recognises that it needs to improve its estimates of the time required to develop contracts that are more complex.

47. Scotland Excel currently has four social care contracts in place: fostering, prepared meals, secure care and telecare equipment. A further four contracts, with an estimated value of £148 million, are planned in children's residential care services, adult specialist residential care, adult supported living and agency workers in social care. These contracts are currently at different stages of development and Scotland Excel has scheduled them for delivery between March 2014 and January 2015.¹⁹

48. Scotland Excel is making progress in social care contracts and this was recognised at the 2012/13 Government Opportunity awards (GO Awards),

where its social care team won the 'John F McLelland Collaborative Procurement Initiative of the Year Award' for work on the secure care contract.

49. Scotland Excel's management group monitors progress against its contract delivery schedule. The schedule for 2013/14 includes 50 contracts with an overall value of £732 million. Scotland Excel will:

- continue to manage 20 existing contracts valued at £217 million
- consider extending eight contracts, valued at £37 million
- renew ten contracts, valued at £153 million
- develop 12 new contracts valued at £325 million.

50. The Scottish Government has plans to introduce or renegotiate 27 contracts between 2013/14 and 2015/16, covering various goods and services, including server maintenance, travel services, general stationery and office paper.

Councils have saved money by using collaborative contracts

51. In 2012/13, total reported procurement savings were £71 million:

- £25.6 million (36 per cent of overall savings) reported by the Scottish Government for national contracts
- £17.7 million (25 per cent of overall savings) reported by Scotland Excel for sector contracts
- £5 million (7 per cent of overall savings) reported by councils for collaborative savings with other local councils or public bodies²⁰
- £23 million (32 per cent of overall savings) reported by councils for individual council contracts.²¹

52. We identified significant differences between savings reported by the national bodies responsible for making the collaborative contracts and savings reported by councils using those contracts. We looked in detail at the savings methodologies councils and Scotland Excel used to find out reasons for these differences.

Scotland Excel produces reasonable estimates of potential savings from collaborative contracts

53. Scotland Excel estimates potential savings for each new collaborative contract. It bases its calculations on the total spend of participating councils in the previous year(s) and current market data. It works closely with councils to develop its savings estimates and councils agree these estimates during the contract development process.

54. Scotland Excel calculates savings using the percentage saving that a council might achieve if it opted for the best value supplier in a framework agreement. When the contract becomes operational, Scotland Excel collects spend information from suppliers and applies the expected percentage saving to the actual spending on the contract.²²

55. Scotland Excel reports savings to councils through quarterly business review reports and to its governance committees. Its method of calculating savings is reasonable. But it may not always reflect the savings achieved by councils for the following reasons:

- The cheapest option in the framework may not be available to the council.
- The council may not choose the cheapest supplier from those in the framework, for example they may not choose the cheapest tyres in a framework contract if higher cost, but better-quality, tyres have a lower whole-life cost to the council.
- A council may join a contract after Scotland Excel has awarded it and the saving may be higher or lower depending on the price in the council's predecessor contract.

Councils need a more consistent approach to calculating savings

56. It is difficult to draw conclusions by comparing councils' savings figures with those provided by Scotland Excel because of the variation among councils in how they record and report savings. For example:

- some councils rely on savings figures provided by Scotland Excel and the Scottish Government for national collaborative contracts without calculating their actual savings
- councils use different methods to calculate and report savings ([paragraph 57](#))
- some councils do not calculate or report all procurement savings, including collaborative savings; some said that this was because their procurement teams did not have the time to do so.

57. We asked all councils to provide details of their three highest procurement savings for the year 2012/13. We reviewed seven to assess whether the savings calculations were reasonable. We found that:

- In two councils, the biggest savings arose from changes in recycling collection contracts. Instead of paying contractors to uplift recyclables, the councils sold the contract to uplift recyclables to private companies.
- Three councils made savings by securing a better price. They did this by introducing framework contracts or by securing a lower price than a previous contract.
- In one example, the saving arose from an open competition, where the council selected the bid with the best combination of price and quality.
- In one example, it was questionable whether the saving could be attributed to improved procurement. The council changed how it delivered one of its services. Savings were from staff costs and how buildings were being used. The council attributed the savings to improved procurement.

58. Although we consider the first three examples above to be procurement savings, the variation in how councils make and calculate savings shows how difficult it is to present a clear picture. The way councils use procurement savings also varies. In 2012/13, the 23 councils that were able to break down how their savings were used reported that, of their £34.3 million total recurring revenue savings:

- £9.4 million was recycled within the department making the savings
- £9.6 million was returned to the corporate centre to re-allocate
- £15.3 million was used to reduce service budgets to meet savings targets.

Councils could generate further savings if they made greater use of existing collaborative contracts

59. Most of the councils we visited viewed collaborative contracting as their preferred procurement method when looking to buy goods and services. In many cases, this is written into their standard procurement procedures, as these examples show:

- South Lanarkshire Council looks for contracts that are already available before setting up new contracts. They also use contracts set up by consortia in the rest of the UK (East Anglia, Yorkshire and West Midlands), as well as Scotland Excel contracts.
- The Tayside councils (Dundee, Perth & Kinross and Angus) and Tayside Contracts use Scotland-wide contracts. In addition, the Tayside Procurement Consortium (TPC) sets up contracts across the region and supports the procurement teams in each council.
- Aberdeen City and Aberdeenshire Councils have a joint procurement team that manages contracts on behalf of both councils and looks for opportunities for collaboration wherever possible.
- Renfrewshire Council has a policy of consulting surrounding councils to examine the scope for joint contracting when setting up a new contract.²³

60. Not all councils participate fully in collaborative contracting. In 2013, councils' uptake of Scotland Excel and Scottish Government contracts ranged from 49 per cent of available contracts in Orkney Islands to 92 per cent in West Lothian. The average participation rate was 58 per cent in Scottish Government contracts and 78 per cent in Scotland Excel contracts. There was a significant correlation between how councils used Scottish Government contracts and Scotland Excel contracts. The main reasons put forward by councils for not participating in national or sector contracts were as follows:

- The council or an ALEO provides the service directly, for example City Building in Glasgow.
- The council is tied to an existing contract and would incur penalties if they withdrew.

- There is little or no demand for the particular service in the council area.
- No suppliers came forward in the national tender exercise for a particular council area. This is a particular issue for islands councils, although it affects other councils too.
- The council has a specific focus on community benefit and has opted for a local supplier not included in the national contract.
- The council has identified a local supplier who can provide a better combination of price and quality than in the national contract.

61. In 2012/13, 23 councils reported savings of £6.5 million on spending of £250 million on Scotland Excel contracts. Councils could make greater savings if they all made better use of Scotland Excel contracts. We calculated that councils could make additional savings of £4.9 million if they used all of the available contracts at a similar level of spending to the ones they currently use. However, for the reasons outlined in [paragraph 60](#), this method of calculation is likely to overstate the achievable savings.²⁴

62. Scotland Excel believes there is significant scope for more collaborative contracts and greater savings. However, the complexities involved in setting up collaborative contracts mean it is not possible at present to estimate the savings that might be available. Scotland Excel and Scottish Government collaborative contracts currently account for 9.3 per cent of council spend, while collaborative spend is 34 per cent for the NHS and 28 per cent for further and higher education. However, collaborative procurement has a considerably longer history in the health sector and smaller ranges of goods and services are purchased in both sectors.

Councils are relying on procurement to generate savings to meet budget pressures

63. Councils have identified procurement as a source of significant savings. During 2013/14, 23 councils reported that they are planning to make £27 million of savings from procurement, representing 13 per cent of their overall savings targets. Targets set by individual councils vary from 0 per cent of their overall savings target (East Ayrshire, Orkney Islands and Stirling Councils) to 100 per cent (Comhairle nan Eilean Siar). The City of Edinburgh Council's four-year budget is heavily dependent on improved procurement delivering recurring annual savings of £41 million by 2017/18. However, as only a small number of councils set savings targets for more than a year in advance, it is not possible to make a reasonable estimate of the expected contribution of procurement savings beyond 2013/14.²⁵

64. In some cases, councils may have already achieved the savings available through collaboration, and saving money when renewing contracts will become more difficult. Because of this, the focus of high-performing councils is changing. It is now on making savings through improved market research, cost avoidance (avoiding buying unnecessary items) and improving how they manage contracts, rather than relying purely on competition in the bidding process.

Recommendations

Scotland Excel should:

- set realistic timescales for contract development, particularly in new areas of contracting.

Council staff involved in procurement should:

- engage earlier with suppliers and the people who use public services to help develop contract specifications that more accurately reflect service user requirements and allow for greater innovation within contracts
- use the Public Contracts Scotland tender module for all applicable contracts
- make full use of national collaborative contracts and provide a clear explanation for non-participation in these contracts to the relevant council committee
- calculate procurement savings using a consistent and transparent methodology that demonstrates clearly how the savings are calculated and their relationship to improved procurement
- make better use of market research, cost avoidance and improved contract management to identify savings and potential service improvements.

Councils should:

- require a report on procurement savings and non-financial procurement benefits to be submitted to the appropriate committee on a regular basis.
-

Part 3

How councils are performing



Key messages

- 1** Councils and Scotland Excel have used the Procurement Capability Assessment process to improve procurement practice. All councils have improved their procurement capability since 2009; however, the average assessment score has reached only 56 per cent. The rate of improvement varies among councils and some need to improve more quickly. Councils that invest in qualified improvement staff and improved systems can both improve service quality and achieve financial savings.
- 2** Councils have increased the proportion of spend covered by contracts and are using IT to reduce the risk of fraud and error and improve performance information, but there is scope for improvement.
- 3** Savings of £9 million are possible by replacing paper-based systems with 'purchase to pay' compliant ICT systems.

The Procurement Capability Assessment is a reliable process that focuses on improving procurement practice

65. The Scottish Government introduced the Procurement Capability Assessment (PCA) to help public bodies improve their procurement structures, capability, processes and performance, and to achieve the best procurement standards. The aim of the PCA is to assess procurement capability in important areas against common criteria and standards and to help councils continuously improve. The PCA process involves an annual assessment visit by Scotland Excel staff. To facilitate the process, councils can provide evidence to Scotland Excel in advance of the formal assessment.

66. We examined Scotland Excel's PCA process and concluded that it effectively assesses councils' procurement arrangements. Scotland Excel employ experienced and knowledgeable assessors and they challenge councils' evidence appropriately. The PCA is accepted by councils as a demanding but worthwhile exercise.

67. The PCA uses 52 questions in eight sections ([Exhibit 4, page 29](#)) to assess councils' capability. For each question, Scotland Excel rates councils' capability from level 0 to level 3 and calculates a percentage score for each section and an overall percentage. Ratings are:

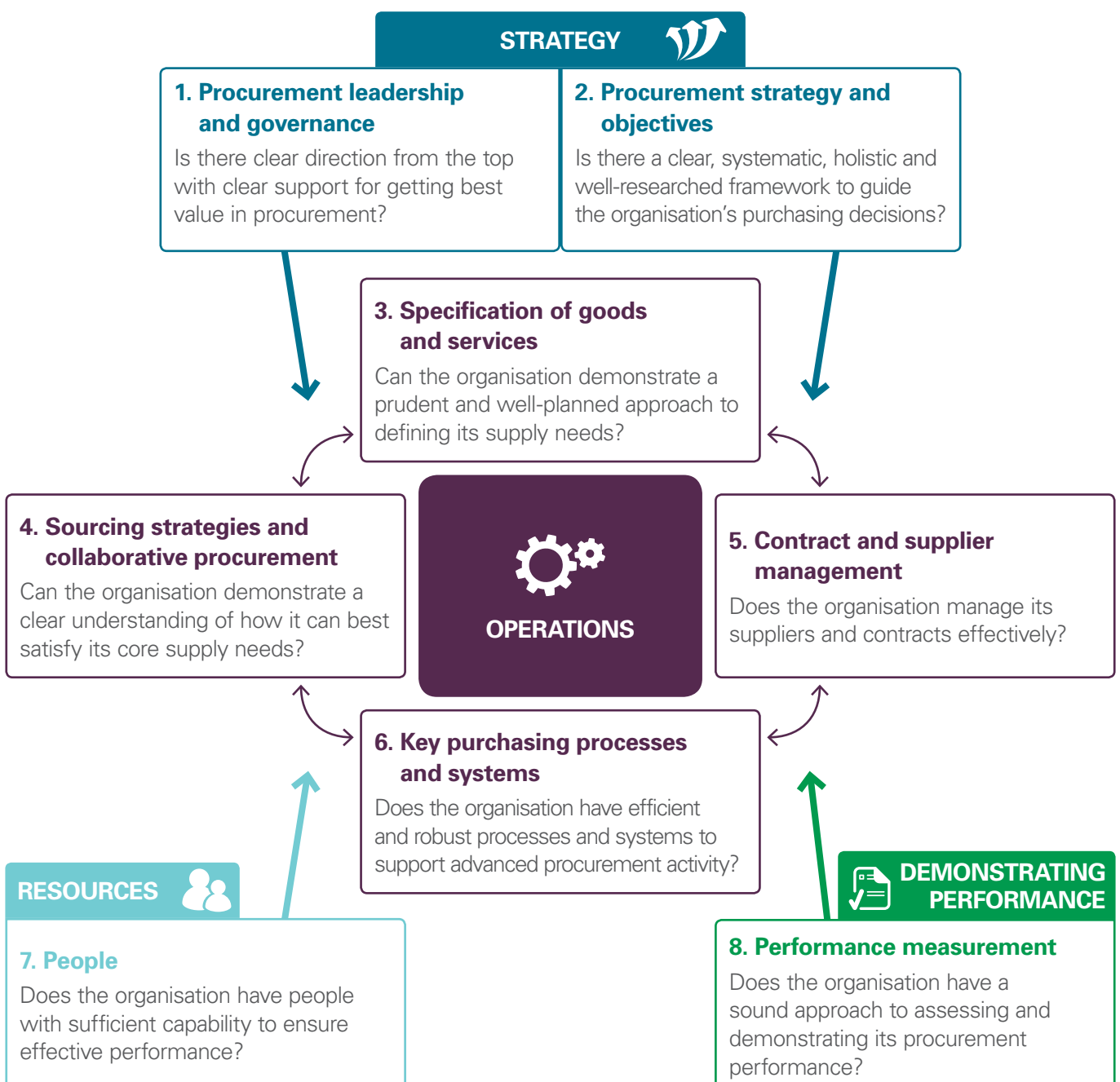
all councils have improved their procurement capability, but some councils need to improve more quickly

- 0–24 per cent – non-compliance
- 25–49 percent – compliance
- 50–74 per cent – improved performance
- 75 per cent or over – superior performance.

Exhibit 4

The Procurement Capability Assessment

The Procurement Capability Assessment tool involves systematically reviewing purchasing strategy, operations, resources and performance in eight sections.



68. Scotland Excel uses the results of PCAs and feedback from councils to help councils identify where they have not implemented good improvement practice and target improvement activity. Fieldwork councils told us that reporting PCA assessments to elected members (generally through a council committee) was helpful and led to a greater focus on improving procurement. All fieldwork councils had developed improvement plans in response to their assessment.

69. The chief executives and senior managers we interviewed said they found Scotland Excel's presentations to council management teams particularly valuable in providing an overview of their council's procurement challenges and identifying where the council needed to improve. Procurement managers also valued workshops that Scotland Excel held after completing PCA assessments.

70. Scotland Excel carried out customer satisfaction surveys for the first time in 2013. This involved surveying procurement leads, other procurement and technical contacts and chief executives. All surveys provided positive feedback, but also highlighted a small number of areas where Scotland Excel could improve, for example reporting progress on contract delivery, price stability within contract terms and the focus on sustainability in contracts.

71. When councils created Scotland Excel, the Scottish Government gave it a grant of £4.5 million to fund its set-up costs and procurement reform activities. At March 2013, £1.2 million remained, which Scotland Excel intends to continue to use to fund procurement reform activities, including the PCA. At current spending rates, these funds will run out in two to three years. Scotland Excel is reviewing options for long-term funding of reform activity, for example through secondments, central government funding or through charges. Introducing charges may be a challenge in the current economic climate.

Between 2009 and 2013, average council PCA scores improved from 22 per cent to 56 per cent; improvement rates vary and some councils need to improve more quickly




72. Our analysis of councils' PCA results between 2009 and 2013 indicates a general trend of councils improving their procurement performance. Between 2009 and 2013, average council PCA scores increased from a low base of 22 per cent to 56 per cent ([Exhibit 5, page 31](#)).


73. Although councils have improved in all PCA sections, progress has been slow in contract management, key purchasing processes and systems, and performance measurement where average scores remain at or below 40 per cent. Councils and Scotland Excel reported that it is more difficult to improve in these areas as improvement in contract and supplier management requires a culture change across the entire council. Changes in purchasing systems and processes generally require significant investment in ICT systems, which can be expensive and take time to implement.

74. There are significant differences between the highest- and lowest-performing councils in the PCA ([Exhibit 6, page 32](#)). Renfrewshire was the highest-performing council in 2013, scoring 80 per cent, and is the only council in the 'superior performance' category. Twenty-seven councils achieved 'improved performance' (50–74 per cent) and four councils were in the 'conformance' category (25–49 per cent). Orkney Islands Council was lowest at 31 per cent.

Exhibit 5**Overall changes in Procurement Capability Assessment areas between 2009 and 2013**


Councils have improved in all areas but significant improvement is still required.

Procurement Capability Assessment section	Average council score (%)				
	2009	2010	2011	2012	2013
Procurement leadership and governance	 25	 38	 48	 58	 63
Procurement strategy and objectives	 31	 43	 58	 64	 73
Defining the supply need	 13	 23	 30	 45	 54
Commodity/project strategies and collaborative procurement	 25	 32	 40	 53	 61
Contract and supplier management	 14	 18	 24	 33	 39
Key purchasing processes and systems	 26	 37	 39	 38	 40
People	 25	 39	 49	 58	 71
Performance measurement	 22	 22	 34	 39	 50
Overall score	 22	 32	 40	 48	 56


Non-compliance
 0–24 per cent


Compliant
 25–49 per cent


Improved performance
 50–74 per cent


Superior performance
 75–100 per cent

Source: Scotland Excel

75. The rate of improvement also varied among councils. Some, such as Renfrewshire, South Lanarkshire and Inverclyde, have improved significantly. But progress has been slower in some larger councils that performed well in the early years of the PCA, for example Aberdeen City, Aberdeenshire, City of Edinburgh, Glasgow City and Highland. Four councils have still not yet achieved the ‘improved performance’ target level set by the PPRB (Clackmannanshire, East Dunbartonshire, Orkney Islands and Shetland Islands).

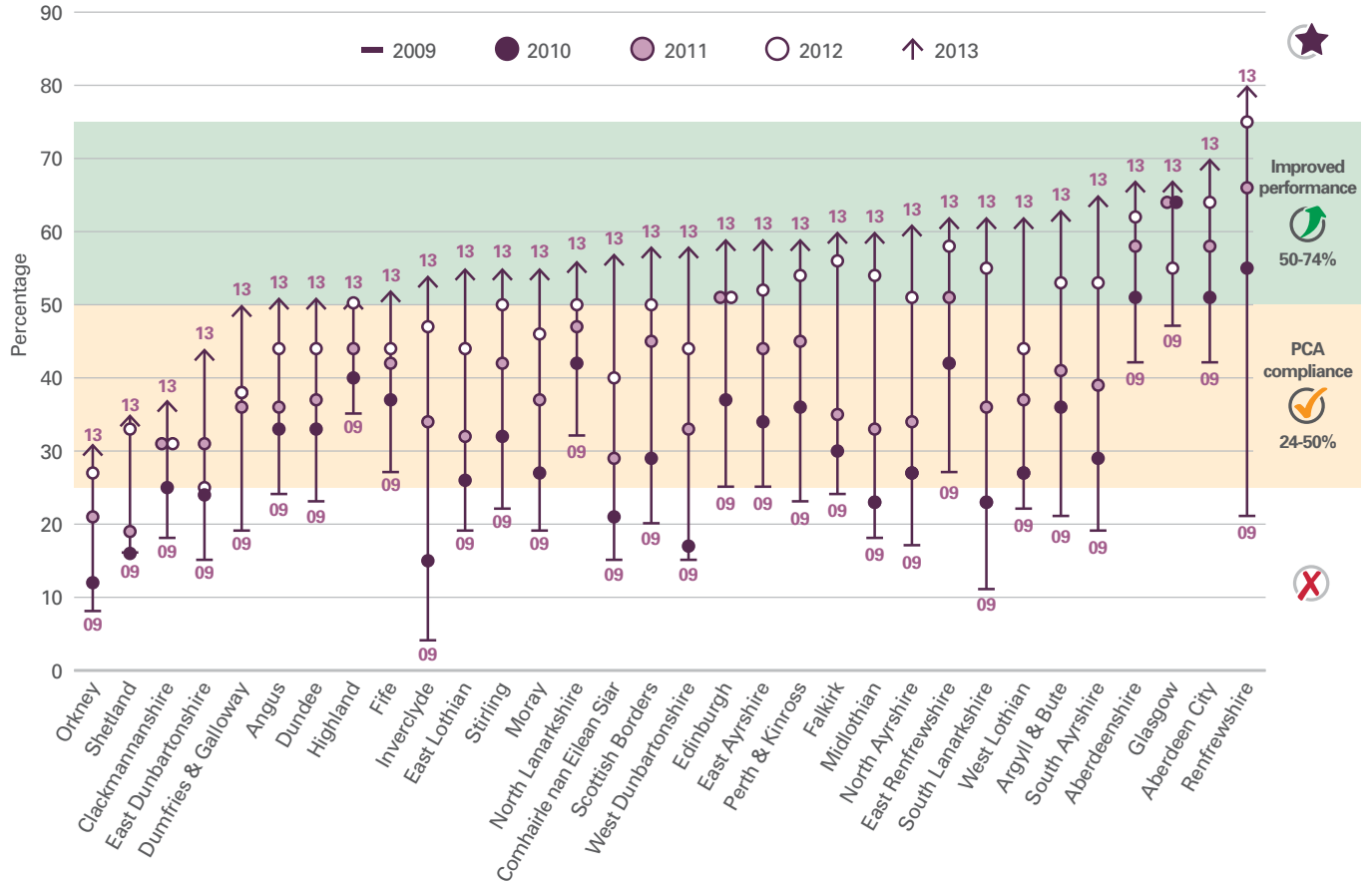
Larger councils perform better in the PCA, but smaller councils are catching up

76. Larger councils tend to score more highly in the PCA and there is a statistically significant correlation between PCA score and council size, (measured in terms of population or procurement spend). Some councils, such as Comhairle nan Eilean Siar and Renfrewshire, perform better than other councils of their size ([Exhibit 7, page 32](#)). ([Exhibit 8, page 33](#)) describes how these councils have invested in procurement and improved their performance. The strength of the link between council size and PCA scores has fallen since 2011, which indicates that smaller councils are catching up.

Exhibit 6

Changes in Procurement Capability Assessments 2009–13

Most councils have made improvements although their rate of progress varies significantly.

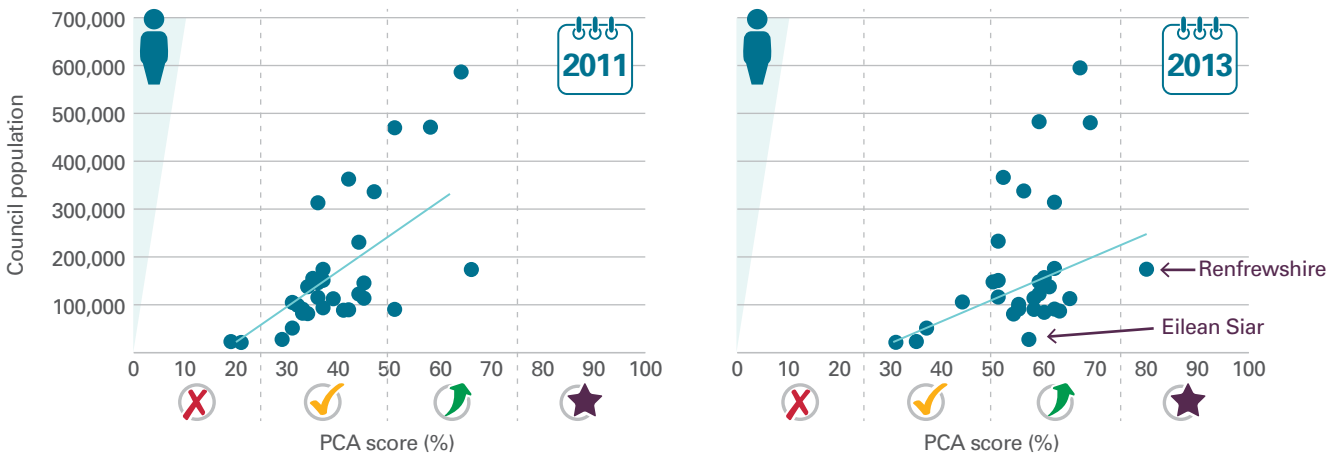


Note: Scotland Excel did not undertake the PCA in Dumfries and Galloway in 2010.
Source: Scotland Excel

Exhibit 7

Variation in PCA score against council size

Larger councils tend to score more highly in the PCA although the correlation between council size and PCA score is decreasing over time as smaller councils improve.



Source: Scotland Excel

Exhibit 8

Good practice examples of investing in staff to improve procurement performance

Renfrewshire Council

Renfrewshire is the highest-scoring council in the PCA. It attributes the improvement in its PCA score from 21 per cent in 2009 to 80 per cent in 2013 to the following factors:

- Visible and continuing support from the corporate management team and council members.
- The recruitment of a head of procurement with sufficient status within the organisation and leadership skills to develop the procurement function.
- Investment in qualified procurement staff over a period. This included:
 - In year 1 – three new procurement staff (in addition to the head of procurement).
 - In year 2 – seven new procurement staff, plus a change management team (consisting of three staff plus a project manager), plus some additional staff working within service teams.
 - Additional staff costs were £213,000 in year 1 and £300,000 in year 2.

A well-resourced procurement unit, which takes an active role in all areas of the council, can also significantly improve procurement performance. The council reported savings of £1.6 million in 2009/10, £6.9 million in 2010/11, £4.1 million in 2011/12 and £5.6 million in 2012/13.

Comhairle nan Eilean Siar

Comhairle nan Eilean Siar attributes the improvement in its PCA score from 15 per cent in 2009 to 57 per cent in 2013 to the following factors:

- Meetings between the senior stakeholders and Scotland Excel staff secured corporate commitment to improving procurement.
- A head of service to spend 50 per cent of time working in procurement, plus the refocusing of resources within the purchasing team to enable the establishment of a new procurement officer.
- The council established a procurement steering group consisting of three directors and three heads of service. This group approves all procurement strategies, specifications and contracts, and has raised the profile of procurement across the council.
- A procurement checklist for all contracts ensures that processes are followed and sets contract outcomes are set. This fosters a corporate approach to procurement and helps mitigate procurement risks.
- The council has a focus on bringing off-contract spend under contract and on reducing maverick spend.
- It has established a procurement training programme for managers, which 120 staff have completed to date.
- Investment in and the enforcement of the use of electronic procurement systems across the council.

Note: Maverick spend is where someone in the council purchases goods or services from a non-contracted supplier where the council already has a contract for those goods or services.

Source: Renfrewshire Council, Comhairle nan Eilean Siar

77. The impact of council size on the PCA depends on the area examined. Economies of scale appear most significant in purchasing systems and processes and defining the supply need, and least significant in the areas of people and commodity/project strategies and collaborative procurement.²⁶

78. Collaborative contracts have helped smaller councils to benefit from economies of scale and bring down the cost of some goods and services. They have also helped reduce procurement teams' workloads. But councils still need to contribute to Scotland Excel user groups to ensure that contracts meet their needs.

79. Another way for councils to achieve economies of scale is through joint working. This helps smaller councils to achieve economies of scale and local collaboration. Apart from Scotland Excel there are two formal examples of joint working among Scottish councils:

- The Tayside Procurement Consortium was launched in November 2007 as a shared service for Angus, Dundee City and Perth & Kinross Councils, in association with Tayside Contracts, to develop joint procurement. It comprises a central procurement unit based in Dundee together with procurement teams within the partner authorities.
- Aberdeen City and Aberdeenshire councils operate a fully shared procurement service. This enables collaboration across the councils and ensures consistency, economies of scale, and the best use of resources.

Councils with more qualified staff tend to perform better in the PCA

80. In 2012/13, councils spent £14 million on central procurement staffing. This varies significantly from £56,000 in Clackmannanshire to £1.5 million in Glasgow. Staffing levels varied considerably among councils, both in terms of numbers of staff and staff per procurement spend. Councils with higher levels of Chartered Institute of Purchasing and Supply (CIPS) qualified staff relative to procurement expenditure tended to have higher overall PCA scores, although there are exceptions.²⁷

81. The McClelland report identified a shortage of skilled purchasing staff in the Scottish public sector. Since then many councils have encouraged staff to undertake CIPS training. Currently there are 133 CIPS qualified staff and 67 trainees in Scottish councils. However, councils and Scotland Excel believe shortages of skilled purchasing staff remain, and that there is a limited pool of experienced purchasing staff in the public sector from which to draw. As the economy improves, there is a risk that councils will lose qualified staff to other public sector organisations and the private sector, where salaries are higher.

82. A council's ability to properly plan and manage procurement will depend on having enough qualified staff available to do the work, with even the smallest council requiring a team of staff. Above a minimum number, the staff required will increase depending on the scale and complexity of procurement spend. Significant investment in qualified staff has helped Renfrewshire Council to become the only council to achieve superior performance in the PCA and significant financial savings. Comhairle nan Eilean Siar, one of the smallest councils, has also achieved significant improvements ([Exhibit 8, page 33](#)).

Developing a council-wide approach to procuring particular goods and services can improve purchasing effectiveness

83. In addition to developing an overall strategy, it is also important that councils develop a strategy for purchasing in a particular service, for example social care or construction or for purchasing particular commodities used across the council, for example vehicles. Such strategies can lead to more consistent and better coordinated purchasing across the council. PCA evidence indicates that less than a third of councils perform well in this area with strategies accounting for:

- less than 50 per cent of procurement spend in nine councils
- 50–70 per cent of spend in 12 councils
- over 70 per cent of spend in five councils (Argyll & Bute, East Renfrewshire, North Ayrshire, North Lanarkshire and West Lothian)
- over 90 per cent of spend in five councils (East Lothian, Falkirk, Midlothian, Renfrewshire and Scottish Borders).

84. In some councils, the central procurement team is responsible for all procurement activity. In others, service departments, particularly social work and construction, have considerable autonomy. To ensure a consistent approach and minimise risk, it is important that the central procurement team has an influence over all council spend. For example, in Renfrewshire Council category managers are physically located in services. Working together in this manner ensures that services have access to both procurement and service-specific expertise and can improve service quality and reduce costs. Some councils also have special arrangements to ensure scrutiny of high-risk, high-value contracts ([Exhibit 9](#)).

Exhibit 9

Good practice example of taking a corporate approach to ensure contract quality

South Lanarkshire – arrangements for managing high-risk, high-value contracts

South Lanarkshire council uses a risk-scoring matrix to identify high-risk contracts. Procurement staff examine and score every contract based on the financial, reputational, service delivery and compliance risks, the complexity of what they are purchasing and the complexity of the procurement process. Procurement managers score each aspect of the contract on a scale of one to three, with definitions available for each score.

Where necessary, senior managers establish independent scrutiny groups to assess procurements classified as high-risk. These groups consist of a range of officers representing departments of the council, and procurement, legal services, finance and audit. They sign off each stage of the procurement (business case and options, specification and evaluation and the award process) and present their findings to the Corporate management team of the council.

Councils have increased the proportion of spend covered by contracts

85. It is good procurement practice to obtain goods and services through contracts. Contracts give councils a clear understanding of what they are buying and at what price. Councils can use contract registers to aggregate spending for particular goods or services across the whole council (or public sector) to bring about economies of scale and ensure value for money.²⁸

86. To reduce inefficient spending, council staff need to know which contracts to use to buy goods and services. The procurement team can play an important role in ensuring that staff are able to do this and to monitor spending to ensure it is in line with council policy and meets service requirements.

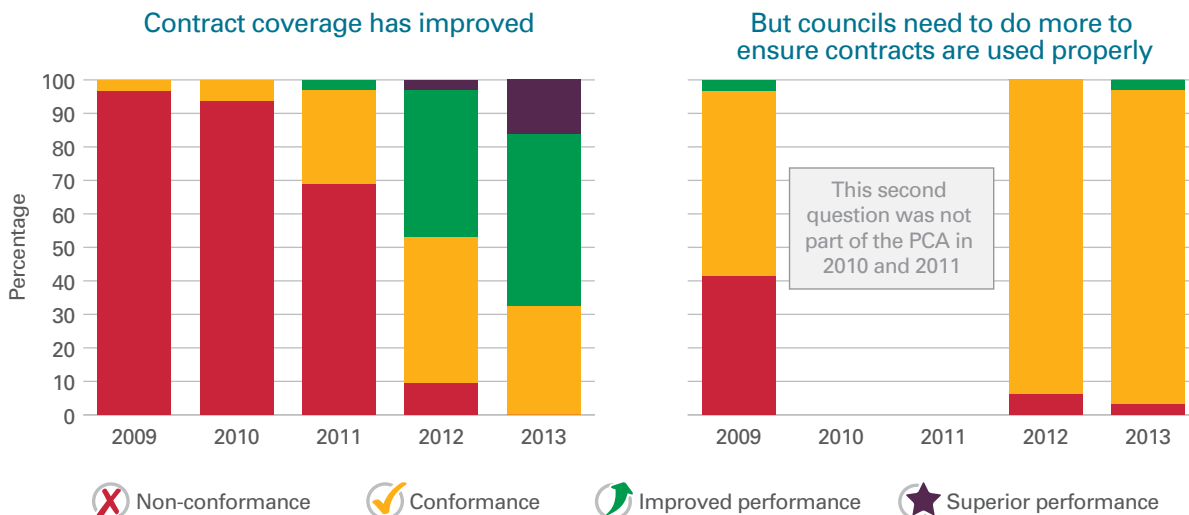
87. The councils we assessed in our fieldwork made good use of contract registers to identify areas for improvement, for example to identify regular off-contract spend. They used the registers to plan contracts coming up for renewal or retendering within a certain period. The 25 who could supply information in our survey reported that their total off-contract spend was about £704 million.

88. We asked councils to provide us with details of their three highest value areas of off-contract spend. Most of this spending (totalling £194 million) was in social work (60 per cent), land and environment (4 per cent), education (5 per cent) and roads (4 per cent).

89. The PCA covers how councils manage off-contract spend and control of maverick spend (spend outside of approved contracts) ([Exhibit 10](#)). Most councils have improved their contract coverage since 2009 – over half of councils are in the improved performance category (over 70 per cent of spend is covered by strategies) or superior performance category (over 70 per cent of spend is covered by contracts). Most councils still need to do more to ensure staff use contracted suppliers. Almost all councils are still in the conformance category and no councils are in the superior performance category.²⁹

Exhibit 10

PCA scores for contract coverage and ensuring councils use contracts properly



Councils are using IT to reduce the risk of fraud and error and improve performance information, but there is scope for improvement

90. Before the McClelland report, procurement and purchasing systems were seen as separate functions from finance and accounting. ICT systems reflected this split. The absence of joined-up processes and detailed council-wide reporting of procurement spending meant that there was little opportunity to generate efficiencies. Councils can now generate significant procurement efficiencies by implementing integrated 'purchase to pay' systems (P2P) ([Exhibit 11](#)).

Exhibit 11

Advantages of 'purchase to pay' systems

'Purchase to pay' systems bring about significant efficiencies and reduce risks.

Advantages of 'purchase to pay' systems (P2P)

P2P is the process that covers requesting, purchasing, receiving, paying and accounting for goods and services. It is often associated with the technology that supports it, such as e-procurement.

P2P helps councils manage procurement more effectively:

- End-to-end automated processes reduce costs and the risks of fraud and error.
- They bring about a council-wide view of the goods and services provided by each supplier allowing a council to manage more effectively supplier relationships.
- They allow procurement staff to look at spending across the whole council, allowing them to monitor compliance with contract processes and adherence to council policies.
- They create opportunities for closer collaboration with suppliers on initiatives such as demand planning and forecasting.

Source: Audit Scotland

91. Our survey gathered information about the number and value of invoices processed through councils' paper and computerised payment systems. Seventeen councils used some paper-based procurement systems and one council, Clackmannanshire, used exclusively paper systems. Overall we found that:

- there were 322,523 transactions through paper-based systems (7.5 per cent) and four million electronic transactions (92.5 per cent)
- £544 million (9 per cent) of spending was through paper systems and £5.5 billion (91 per cent) through electronic systems
- 57 per cent of councils' electronic purchasing systems were fully P2P compliant

- of the transactions through electronic systems, £4.1 billion (75 per cent) of spending was through P2P-compliant systems and £1.4 billion was through non-compliant systems.³⁰

92. Councils tended to use more than one system to manage procurement, with an average of three procurement systems in each council. Councils commonly have separate purchasing systems in roads, construction and social work, although this is not always the case. Some systems provide additional functions such as care planning packages. Having multiple systems does not prevent councils achieving efficiencies, providing their systems can operate effectively together. However, this is not always the case and separate systems create inefficiencies in some councils, for example when records have to be reconciled using spreadsheets.

Savings of £9 million are possible by replacing paper-based systems with P2P compliant systems

93. Scottish Government guidance suggests that invoices processed through P2P systems offer a saving of £28 per invoice compared to paper systems, and £9 compared to on-line ordering with a procurement card. We estimate that savings of £9 million are possible by replacing paper-based systems with P2P-compliant systems. Councils could make further savings if all spending was through P2P-compliant systems. IT systems can also make better performance measurement possible by providing reporting systems and the ability to analyse spending data.³¹

Detected procurement fraud is low but it remains a high-risk area

94. Procurement fraud is any fraud relating to the purchasing of goods and services and can happen before and after a contract award. Examples include price fixing and bid rigging, false or duplicate invoicing, altered payment details and diverted payments and the delivery of inferior products. Detected procurement fraud in Scottish Councils averaged about £200,000 a year over the last three years, less than 0.1 per cent of procurement spend. Examples include fictitious creditors and nurseries claiming for children who have left.

95. Procurement fraud is difficult to detect and measure. Research by the National Fraud Authority and the CIPS among procurement professionals from the private, public and voluntary sectors found that:

- 9.3 per cent confirmed that their organisation had suffered at least one procurement fraud in the last year
- 41 per cent stated 'procurement fraud poses a significant risk to my organisation'
- 41 per cent said that spend on construction is at greatest risk from procurement fraud
- only 29 per cent said their organisation had ever undertaken a fraud risk measurement exercise.³²

96. The survey also found that a perceived lack of accountability and controls enables procurement fraud, and that more visible auditing and fraud awareness could prevent this. Only seven councils asked staff to complete a register of interest statement and only two (Eilean Siar and Midlothian) asked all staff involved in purchasing to complete a statement.

97. The PCA presents a mixed picture of the controls that councils use to minimise fraud risk. It found that most councils had good internal controls and delegation arrangements, backed up by regular internal audit and reporting to the audit committee. Arrangements for managing supply risk and controlling maverick spend were poor.

Most councils have good governance arrangements but there is room for improvement in performance measurement

98. It is important that councils' senior managers and elected members oversee procurement decisions and have clear and accurate information about procurement performance. The councils we visited monitored procurement performance and reported procurement activity, including spend and savings. Member approval was required for all contracts over a certain predetermined limit.

99. In our fieldwork we found various committee structures in place to oversee procurement, with one council (Renfrewshire) having a dedicated procurement subcommittee. The level of detail presented to members about tendering processes and contract selection varied among councils.

100. All of the councils we visited reported their PCA scores to committee and all said that this improved the focus on improving procurement. However, the level of council members' knowledge of procurement varied. Given the importance of procurement in terms of financial, service performance and reputational risk, it is important that council members have a good knowledge of procurement rules and their role in the procurement process.

101. The PCA section on leadership and governance had the third-highest average section score in 2013; but councils scored less well on performance measurement. The PCA results showed the following:

- Most councils have defined performance measures but focus largely on financial benefits, with less systematic reporting of performance against other objectives such as community benefits.
- Most councils monitor procurement outcomes on a contract-by-contract basis, but without an overall picture of performance.

102. Better performance measurement would enable councils to improve the transparency of their reporting to committee and improve governance.

Recommendations

Councils and Scotland Excel should:

- review and formalise arrangements to fund procurement reform activity beyond 2016.

Council staff involved in procurement should:

- aim to achieve the superior performance level in the PCA, particularly in relation to:
 - spend covered by agreed commodity/project strategies
 - participation in Scotland Excel contracts
 - automation of procurement and payment processes
 - spend captured in the council's contract register
- develop a systematic approach to collecting information on non-financial benefits including economic, community and environmental benefits and report the benefits to the relevant council committee on a regular basis.

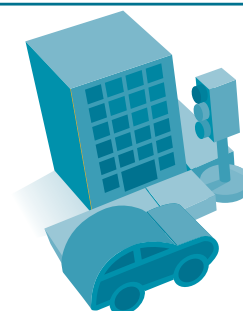
Councils' corporate management teams should:


- benchmark their procurement staffing against similar-sized councils with higher PCA scores and, where appropriate, produce a business case for employing additional qualified procurement staff where they have low staffing levels
- examine the benefits of joint working or joint procurement teams as a way of securing economies of scale and creating collaborative contracts
- phase out paper purchasing systems and consider the business case for moving all purchasing systems to an electronic 'purchase to pay' basis
- raise staff awareness of accountability and controls by:
 - implementing a written code of ethics
 - requiring staff involved in procurement to complete a register of interest statement
 - require internal audit to conduct a regular assessment of procurement risk, including the risk of fraud.


Councils should:

- encourage elected members sitting on the main committee(s) dealing with procurement to complete specific training to help them undertake their governance role more effectively.
-

Endnotes

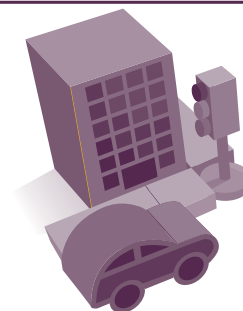


- ◀ 1 Spikes Cavell Analytic Ltd operate the Hub; users know it as the Spikes Cavell database.
- ◀ 2 SMEs are businesses with fewer than 250 employees.
- ◀ 3 The sectors are central government; universities and colleges; the NHS; and local government.
- ◀ 4 *Review of Scottish public sector procurement in construction*, Scottish Government, October 2013.
- ◀ 5 A framework is an agreement with suppliers to establish the terms that will govern contracts that may be awarded during the life of the agreement. The framework does not have to be a contract. However, where it is a contract it is treated like any other contract, and the EU procurement rules apply.
- ◀ 6 Each joint venture company is referred to as a 'hubCo' – these are not related to the Scottish Procurement Information Hub, mentioned elsewhere in this report.
- ◀ 7 For the purposes of this audit, we have focused on core trade spend. This is spend with suppliers with whom over £1,000 has been spent in a 12-month period, that have also been classed as a trading organisation or as a non-trade social care provider.
- ◀ 8 [Arm's-length external organisations \(ALEOs\): are you getting it right \(PDF\)](#)  Audit Scotland, June 2011.
- ◀ 9 Glasgow City Council spend includes ALEO procurement spend.
- ◀ 10 In the Efficient Government Initiative, the Scottish Government expects every public body to deliver efficiency savings of at least three per cent per annum during the course of the current Spending Review (2011/12 to 2014/15) and to report publicly on the actions undertaken and the results achieved.
- ◀ 11 *Scottish Publicly Funded Sectors: Procurement Benefits Reporting Guidance*, Scottish Government, November 2012.
- ◀ 12 *The Scottish Sustainable Procurement Action Plan for Scotland*, Scottish Government, October 2009.
- ◀ 13 *Local Procurement: Making the most of small businesses, one year on: Scotland Report*, Centre for Local Economic Strategies, July 2013.
- ◀ 14 *Local procurement – Making the most of small businesses*, Federation of Small Businesses, July 2012.
- ◀ 15 Shetland Islands Council have not been trained to use PCS tender and Shetland Islands Council and East Dunbartonshire Council have not used the PCS tender site.
- ◀ 16 Off contract spend is procurement spending with suppliers that is not covered by a contract. The figure quoted is from 21 councils.
- ◀ 17 Council spending and Tayside contracts.
- ◀ 18 *Three Year Business Plan 2012-15*, Scotland Excel, February 2012.
- ◀ 19 The January 2015 date for the adult supported living contract is under review.
- ◀ 20 Not all councils could provide local collaborative savings data. The figure quoted is from 13 councils.
- ◀ 21 Not all councils could provide local savings data. The figure quoted is from 24 councils.
- ◀ 22 A framework is an agreement with suppliers to establish the terms that will govern contracts that may be awarded during the life of the agreement. The framework does not have to be a contract. However, where it is a contract it is treated like any other contract, and the EU procurement rules apply.

- ◀ 23 All the councils we visited based their procurement documentation on the 'procurement journey', a complete set of documentation compiled by the Scottish Government and available on its website.
- ◀ 24 We made a number of assumptions in calculating these savings. Only total spend was analysed. We could not determine from the available data the individual contracts that each council used or the level of spend attributable to each contract. We calculated the estimated savings from councils using all available contracts by using estimated total spend and savings to calculate a 'savings rate' per council and applying this to actual spend. This was then pro-rated to the number of contracts each council used and adjusted upwards. This method does not take into account the contracts that each council currently uses or variation of demand from each council.
- ◀ 25 [The Audit of Best Value and Community Planning, The City of Edinburgh Council \(PDF\)](#)  Audit Scotland, May 2013.
- ◀ 26 There were statistically significant correlations between council population and purchasing systems and processes scores ($r^2 = 0.40$) and defining the supply need ($r^2 = 0.42$). Scores in the areas of people ($r^2 = 0.08$) and commodity/project strategies and collaborative procurement ($r^2 = -0.5$) were not statistically significant. The strength of the correlation between council population and overall PCA score fell between 2011 and 2013 (from $r^2 = 0.65$ to 0.38).
- ◀ 27 There was a statistically significant correlation between CIPS qualified staffing levels and PCA score ($r^2 = 0.36$).
- ◀ 28 A contract register will usually include the contract name, supplier name, contract start and end dates, total value, annual value, basic savings data, the level of contract management required, contract manager and procurement route (ie, whether it is a national, Scotland Excel or local contract).
- ◀ 29 We have based the exhibit on PCA questions: '5.2 Does the organisation have a clear understanding of its contract coverage?' and '5.1 How does the organisation ensure that contracts are being used?'
- ◀ 30 The total value of invoices is greater than the £5.4 billion included in [Exhibit 1](#) for several reasons: Hub core trade spend excludes annual spend of less than £1,000 with an individual supplier, payments to individuals, grants to organisations and some ALEO spend. In addition Edinburgh City Council's Hub return excluded over £300 million of relevant data.
- ◀ 31 *Scottish Publicly Funded Sectors, Procurement Benefits Reporting Guidance*, Scottish Government 2012.
- ◀ 32 *Annual Fraud Indicator*, National Fraud Authority, March 2012.

Appendix 1

Audit approach



The audit looked at the performance of councils and Scotland Excel. It did not examine procurement by any arm's-length bodies set up by councils to provide services. We did not evaluate activities outside local government such as the operation of Public Contracts Scotland or the wider work of the Public Procurement Reform Board.

Methodology

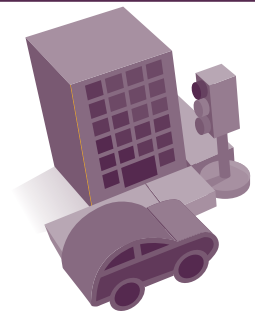
We used a range of approaches to address the aim and objectives of the audit, including document reviews, data analysis and interviews. The audit had three main components:

- **Desk research** – we reviewed a range of relevant written material on procurement, including council strategies and budgets, spending analysis, savings estimates and reports. We also looked at examples of good procurement practice by councils and reports on procurement by other audit agencies such as the National Audit Office.
- **Data analysis and surveys** – we analysed information on procurement spending including data from the Scottish Procurement Information Hub.¹ We analysed PCA results to show councils' progress in improving their procurement processes. We surveyed all 32 councils to collect information about procurement, including:
 - policies
 - staff numbers
 - consulting service users
 - spending data, including savings generated by improved procurement
 - use of information technology to streamline procurement processes.
- **Interviews with relevant public bodies and stakeholders** – we visited six councils (Aberdeenshire, Dundee City, Eilean Siar, Fife, Renfrewshire and South Lanarkshire) to look at how they manage procurement and collect qualitative information. We selected the sample so that it included large, small, urban and rural councils and reflected different levels of procurement capability. We also interviewed representatives from organisations including the Scottish Government and Scotland Excel. We also spoke to private sector organisations such as the Scottish Chambers of Commerce and the Federation of Small Businesses and third sector organisations such as the Scottish Council for Voluntary Organisations. We did this to seek their views on the effect of public sector procurement practice on local economies, including small to medium enterprises.

¹ Also known as the Spikes Cavell database. This provides extensive spending, supplier and contract data for public sector procurement in Scotland. The database draws on spending information provided by about 200 public bodies and the Scottish Government pays for its operation centrally. The database also provides a range of useful tools to enable users to analyse their own spending and spending across the public sector.

Appendix 2

Membership of the project advisory group



Audit Scotland would like to thank members of the advisory group for their input and advice throughout the audit.

Member	Position
Liz Cameron	Chief Executive, Scottish Chambers of Commerce
Dorothy Cowie	Director, Scotland Excel
John Downie	Director of Public Affairs, Scottish Council for Voluntary Organisations
Ian Howie	Deputy Director, Scottish Government procurement team
Ian Lorimer	Head of Finance, Angus Council
David Martin	Chief Executive, Renfrewshire Council
Angela Salmons	Corporate Procurement Manager, West Dunbartonshire Council
Julie Welsh	Head of Procurement and Business Support, Renfrewshire Council

Note: Members of the advisory group sat in an advisory capacity only. The content and conclusions of this report are the sole responsibility of Audit Scotland.

Procurement in councils

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Audit Scotland, 110 George Street, Edinburgh EH2 4LH
T: 0845 146 1010 E: info@audit-scotland.gov.uk
www.audit-scotland.gov.uk 

ISBN 978 1 909705 31 9

This publication is printed on 100% recycled, uncoated paper



Report To: Policy & Resources Committee **Date:** 12 August 2014

Report By: Acting Corporate Director **Report No:** 2014/P&R/AP/10
Environment, Regeneration &
Resources

Contact Officer: Alan Puckrin **Contact No:** 712764

Subject: Scotland's Public Finances – Audit Scotland Follow-Up Report

1.0 PURPOSE

1.1 The purpose of this report is to highlight to the Committee the recently issued follow-up in respect of Scotland's Public Finances and to highlight any relevant matters.

2.0 SUMMARY

- 2.1 In 2011, Audit Scotland issued a report into Scotland's Public Finances which largely highlighted on the financial challenges facing the whole public sector in Scotland and actions which Councils and other organisations should be considering in terms of medium-term financial planning and workforce planning.
- 2.2 At the time a report was presented to the Policy & Resources Committee which highlighted a small number of actions which Officers have been progressing.
- 2.3 The follow-up report updates the financial position facing Councils and other public sector organisations and provides a number of key messages viz:
- a) Significant budget reductions are still likely and organisations face significant challenges in maintaining service standards whilst meeting rising demand and reduced budgets.
 - b) Public bodies need to focus more on their priorities and link spending with delivery outcomes.
 - c) Organisations need to improve and extend the periods of their longer term financial strategies.
 - d) Councillors have a crucial role in holding Officers to account on how money is spent and the outcomes achieved and to do this they require good quality information.
- 2.4 Supplement 1 of the attached report provides a number of questions for Councillors and Officers to consider.
- 2.5 Many of the issues highlighted in this report have recently been highlighted in the 2014 Local Government Overview report and a recent Option Appraisal Audit Scotland publication, both of which have been reported to the Policy & Resources Committee. It is therefore proposed that no specific actions arise from this latest follow-up report.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee consider the contents of this report and agree with the action proposed in 2.5.

Alan Puckrin
Acting Corporate Director Environment, Regeneration & Resources

4.0 BACKGROUND

- 4.1 In 2011, Audit Scotland produced a report into Scotland's Public Finances. This report highlighted the significant budget challenges which organisations faced in the period up to 2016 and emphasised the need for good medium-term financial planning, workforce planning and policy direction. In addition, the report also highlighted the need for organisations to improve the quality of their management information in respect of unit cost data, benchmarking data and outcomes data.
- 4.2 At the time a report was presented by the Chief Financial Officer to the Policy & Resources Committee which agreed to a number of actions the progress against which is covered in Appendix 1.

5.0 CURRENT POSITION

- 5.1 Page 9 of the Scotland's Public Finances follow-up report contains four key messages as follows –
- a) that Scotland's public sector continues to face significant financial challenges with further significant reductions in real term budgets expected in the medium-term. This reduction in budget needs to be considered in the context of rising demand which will provide real challenges in terms of maintaining service standards.
 - b) Public bodies need to focus more on their priorities and making clearer connections between planned spending and the delivery of outcomes. This needs to be supported by rigorous option appraisal supported by good financial and performance information.
 - c) Organisations need to extend the horizon for their medium to long-term financial planning to test the longer term affordability of decisions which are being taken.
 - d) Councillors have a crucial role when considering budget proposals in holding Officers to account as to how money is being spent and what outcomes are being delivered.
- 5.2 Supplement 1 of the Audit Scotland document contains issues for Councillors and Senior Officers to consider in respect of the challenges facing local government. Many of the issues contained in this supplement were previously raised in the 2014 Local Government Overview report on the Option Appraisal Audit Scotland report, both of which were reported to the Policy & Resources Committee in May 2014.
- 5.3 Whilst the Audit Scotland report does not raise any new issues, it is timely that as the Council embarks on its most challenging budget exercise to date, these matters are raised both with the Corporate Management Team and the Policy Resources Committee.

6.0 IMPLICATIONS

Finance

- 6.1 In order for the Council to address the significant financial challenges which it faces over the period 2015/18 and beyond, it will need to be extremely clear on its policy priorities and how these link with the SOA. In addition, Officers in all services will need to be clear as to how they can demonstrate value for money in how they deliver their services for the Council. To this end, a robust Option Appraisal process and good financial and performance information are vital.

Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
N/A					

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (If Applicable)	Other Comments
N/A					

Legal

6.2 There are no direct legal implications arising from this report.

Human Resources

6.3 As well as the Council having a medium-term Financial Strategy, it is important that the Council has a medium-term Workforce Planning Strategy to address the impact of the forthcoming budget round. As a result, it is recommended that options in terms of managing further reductions in its workforce are considered as part of the 2015/18 budget process.

Equalities

6.4 There are no specific equalities implications arising from this report.

Repopulation

6.5 Repopulation is one of the key strategic outcomes identified in the SOA and as such it is important when shaping the 2015/18 budget that this matter is at the forefront of the budget decisions which are taken.

7.0 CONSULTATIONS

7.1 The Corporate Management Team are in agreement with the contents of this report.

8.0 BACKGROUND PAPERS

8.1 None

Actions Arising from 2011 Scotland's Public Finances Report

Action Agreed	Responsible Officer	Progress July 2014
1. Continue to develop Workforce Planning & Development Proposals.	Head of Organisational Development, Human Resources & Communications.	Various policies have been approved which support improved Workforce Planning & Development including Succession Planning, Performance Appraisals, Training & Development, Flexible Working and revision to the Councils Early Release policy.
2. Improved demonstration of competitiveness & improved cost information.	Corporate Director Education, Communications & Organisational Development.	Revised CDIP documents include a Section on competitiveness which specifically links to benchmarking with professional associations and Solace indicators which are reported to Committee.
3. Improved linkages of outcomes and budgets.	Corporate Director Education, Communications & Organisational Development.	Key budget decisions highlight impacts on SOA. Work is being progressed via SOA Board to look at Community Planning Partner joint resourcing and links to outcomes.

Scotland's public finances

A follow-up audit: Progress in meeting the challenges



 ACCOUNTS COMMISSION

 AUDITOR GENERAL

Prepared by Audit Scotland
June 2014

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- assessing the performance of councils in relation to Best Value and community planning
- carrying out national performance audits to help councils improve their services
- requiring councils to publish information to help the public assess their performance.

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Auditor General for Scotland

The Auditor General's role is to:

- appoint auditors to Scotland's central government and NHS bodies
- examine how public bodies spend public money
- help them to manage their finances to the highest standards
- check whether they achieve value for money.

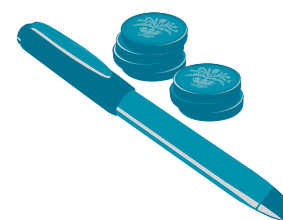
The Auditor General is independent and reports to the Scottish Parliament on the performance of:

- directorates of the Scottish Government
- government agencies, eg the Scottish Prison Service, Historic Scotland
- NHS bodies
- further education colleges
- Scottish Water
- NDPBs and others, eg Scottish Police Authority, Scottish Fire and Rescue Service.

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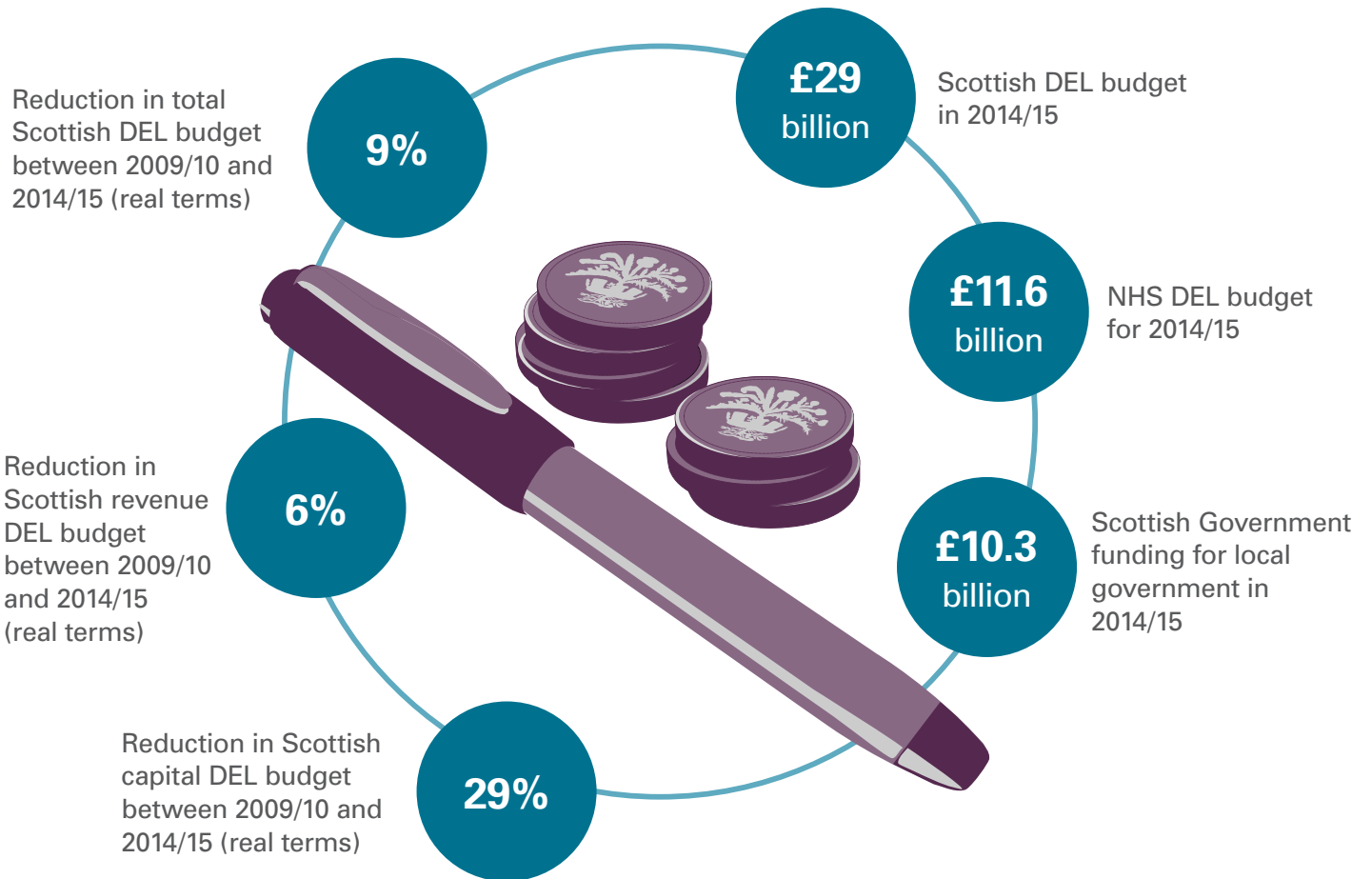


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Summary



Key facts




Introduction


1. Since 2009/10, public sector budgets have fallen each year with the Scottish budget decreasing by nine per cent in real terms to 2014/15.¹ Public bodies have coped well, so far, with budget reductions and have maintained services during this challenging period. Looking ahead, finances remain tight and most public bodies anticipate further reductions. Just a few examples of the significant ongoing issues facing public sector bodies are:

- increasing numbers of older people, who typically need more services in the form of health and social care
- the need to provide and maintain public assets (eg, schools, hospitals, prisons and roads) that are required to deliver services
- paying for public sector pensions.

These pressures have been evident for some time and will continue for the foreseeable future.

2. We highlighted the challenges facing the public sector in our 2011 report [Scotland's public finances: Addressing the challenges \(PDF\)](#) . This provided an overview of the scale of budget reductions expected in the Scottish public sector in the five years to 2014/15, and how public bodies were beginning to respond. The report highlighted that pay restraint and reducing staff numbers were the most common ways of balancing budgets but that these alone were not sustainable in the longer term.

3. Since then, we have published other reports that have looked in more detail at aspects of public sector spending.²

- The NHS financial performance reports concluded that the NHS managed its overall finances well in the short term but needed to increase its focus on longer-term financial planning. With demand for healthcare rising and the introduction of treatment time targets, there were signs of pressure within the system. Vacancy rates for NHS staff were increasing and boards were spending more on agency staff and on private sector providers.
- The annual overview of local government in Scotland reports found that demand on local services such as housing, advice services and school places continued to increase. In response, councils needed to review how services are currently delivered and to consider options for delivering services in the future. In addition, more work was needed to develop longer-term resource plans to show how to get the most from finances, staff and assets such as land and buildings. The most recent [overview report](#), in March 2014, highlighted the need for councils to make better use of options appraisal, based on sound information, to help make clear why decisions are made.
- [Scotland's public sector workforce \(PDF\)](#)  found that in the four years to March 2013, the Scottish public sector workforce reduced by 26,600 whole-time equivalents (WTE) (seven per cent) to 373,400. This included transferring almost 10,000 WTE staff to arm's-length external organisations (ALEOs) and organisations outside the public sector although some of

these staff will still be providing public services. Given the continuing challenges, public bodies were likely to need to make further workforce changes and think differently about how they delivered services. Examples of the latter included prioritising and redesigning services and increasing joint working and collaboration.

- Reports on Scotland's colleges highlighted that the further education sector was facing significant funding reductions. Colleges faced an 11 per cent reduction in revenue grant allocation from the Scottish Government between 2011/12 and 2014/15. They aimed to reduce staff numbers as the main way of making savings. In doing so, they would need to ensure they retained the skills and experience required to maintain the quality of learning they were providing.

4. These reports show that the challenges facing leaders and managers across the public service vary from sector to sector. Yet there is a great deal of common ground: all must produce balanced budgets and hold people in their organisations to account for how the money is used and what is achieved. Regardless of sectors or structures, councillors and non-executive directors have an important role in making sure the budgets they approve are used to best effect. To do this they need good-quality and timely financial information. They need to take a longer-term view on:

- the options available for services and how these will deliver outcomes
- the standards of services that are affordable
- the sustainability of financial plans.

5. The Scottish public sector has undergone significant changes in recent years. The Scottish Government's public service reforms aim to provide more effective and efficient public services that make best use of public finances. The reforms centre on four key components; prevention, performance, people and partnerships. Since 2007, these reforms have resulted in the number of public bodies reducing from 199 to 113. In addition, there have been significant reforms in the police, fire and further education sectors and more recently in the approach to health and social care services.

6. The Scottish Government sets the national policy context for public services in Scotland. In 2007, it established an outcome-focused performance framework to provide a common purpose and direction for all public service activity. The National Performance Framework (NPF) sets out targets and outcomes for public bodies to work towards to deliver the Government's overall objectives. For example, in the health sector all NHS bodies are required to develop local delivery plans in line with outcomes established in the NPF. Similarly, the Scottish Government and Community Planning Partnerships (CPPs) agreed Single Outcome Agreements based on local priorities and the Scottish Government's national outcomes. The agreements set out how each CPP will work towards local outcomes within the context of the Scottish Government's overall objectives.

7. The voluntary sector continues to have an important role in delivering public services. Spending by charities is at its highest level; in 2012/13, charities in Scotland spent £4.7 billion, over half of which was spent on providing social care

and housing services.³ Despite this, the voluntary sector has raised concerns about financial pressures as 60 per cent of organisations expect their costs will increase during 2014 due to rising demand but many do not expect their income to increase.

8. Alongside the current and future pressures, other factors will affect public finances in Scotland. The Scotland Act 2012 introduces tax-raising powers, through the land and buildings transactions tax and landfill tax from 2015 and the new Scottish rate of income tax from 2016. The Act also provides limited borrowing powers. These new measures provide more flexibility but also introduce greater variability if, for example, the amounts raised through taxes are more or less than expected.


9. Irrespective of the outcome of the 2014 Referendum on Scottish independence, pressures on finances will remain. Those leading and managing public services will face increasingly difficult choices about how to spend the money that is available; making best use of that money is paramount.

Who is this report for?

10. The report is aimed at public bodies including councils, NHS boards and central government bodies such as executive agencies and non-departmental public bodies. The report does not cover the Scottish Parliamentary process for approving the Scottish Government's overall budget although the messages should be considered by all organisations that are responsible for spending public money. The report raises a range of important issues for those involved in scrutinising public finances including councillors, non-executive directors, chief executives and other board members. For simplicity, we refer only to 'non-executive directors and councillors', however, the findings and issues raised apply to all those who have a role in financial scrutiny.

11. Alongside this follow-up report, we have published three sector-specific checklists designed to help public sector organisations to improve. These are aimed at councillors and non-executive directors and are intended to help promote good practice, scrutiny and challenge in setting 2015/16 budgets and beyond.

About this audit report

12. The challenges of increasing demand and cost pressures and the need to focus on long-term financial sustainability were among the key issues raised in our 2011 report [Scotland's public finances: Addressing the challenges \(PDF\)](#) . This report provides a high-level update on the financial position and on how public bodies are meeting the challenges of reduced public spending. It considers the importance of long-term financial planning and the key role of councillors and non-executive directors in ensuring bodies are well positioned to deliver quality services for less money.

13. During 2013, the auditors of 67 public bodies examined and reported on how the bodies are meeting the challenges of budget constraints. This report provides a high-level summary of the main themes arising from the local audit work and identifies what more needs to be done. The [Appendix](#) provides a list of the public bodies where local audit work was carried out.

14. The auditors assessed whether public bodies had sustainable financial plans that reflected a strategic approach to their finances. They also considered the role of councillors and non-executive directors in approving budgets and in holding staff to account for delivering budgets.

15. The report is organised in two parts:

- In **Part 1**, we consider the current financial position and outline indicative future spending levels across each sector in 2015/16.
- In **Part 2**, we report on financial scrutiny and the progress public bodies are making in getting the most from budgets and developing approaches that are sustainable.

16. Our findings are based on evidence from a number of sources, including:

- local audit reports from 67 individual public bodies
- a review of published documents on Scotland's public finances
- analysis of financial information on the Scottish budget
- published good practice on governance and budgeting mechanisms.

17. All budget figures in the report are quoted in real terms at 2013/14 price levels using the latest GDP deflators (March 2014) unless otherwise stated.⁴

Key messages



- 1** Scotland's public sector continues to face significant financial challenges. The Scottish budget has fallen nine per cent, in real terms, from £31.9 billion in 2009/10 to £28.9 billion in 2014/15 and is expected to reduce further. Public bodies have coped well so far but face increasingly difficult choices in reducing spending while maintaining service standards and meeting rising demand.
- 2** In setting budgets, public bodies need to focus more on their priorities, making clearer connections between planned spending and the delivery of outcomes. Rigorous use of options appraisal based on sound information is required for good budget-related decisions and making those decisions clear and understood.
- 3** There is limited evidence of longer-term financial planning. Plans generally focus on the short to medium term up to five years. More work is needed to develop and regularly review long-term financial strategies, that reflect priorities, risks and liabilities and the implications for affordability.
- 4** Non-executive directors and councillors have a crucial role. This involves approving budgets and holding people within their organisations to account for how the money is spent and the outcomes achieved. Public bodies need to improve the quality of information provided to non-executive directors and councillors to support them in their role.

Part 1

The financial position



18. This part of the report sets out the current position of public finances in Scotland. It considers how levels of funding for public bodies have changed in recent years and indicates how much money will be available in the future.

Scottish public spending reduced significantly after 2009/10

19. In 2014/15, the total Scottish budget is £34.6 billion. This provides funding for central government, the NHS and local government. The Scottish Government's annual spending plans are set out in the budget approved by the Scottish Parliament. The Scottish Government has discretion on how the £28.9 billion set aside for day-to-day spending is used. This is known as the Departmental Expenditure Limit (DEL) budget. The remaining £5.7 billion covers demand-led expenditure such as pensions for NHS staff and teachers. This is known as Annually Managed Expenditure (AME). The Scottish Government administers AME but has no discretion over how it is spent.

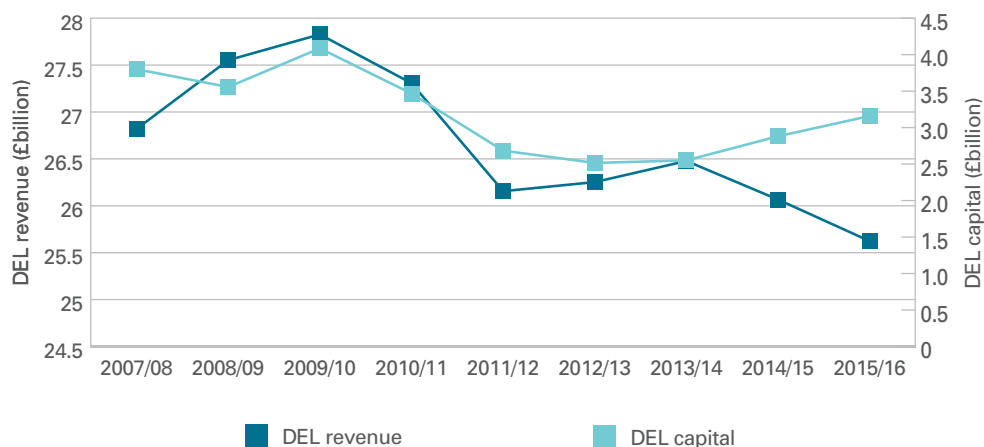
20. Following annual growth in budgets averaging five per cent from 2000/01, the total Scottish DEL budget has fallen nine per cent in real terms since 2009/10. It has fallen from a peak of £31.9 billion in 2009/10 to £28.9 billion in 2014/15. ([Exhibit 1, page 11](#)). The two main components of the DEL budget, revenue and capital, show different trends since 2009/10:

- The revenue DEL budget, for day-to-day expenditure such as staff salaries and supplies, has fallen by £1.8 billion (six per cent) to £26 billion in 2014/15. The revenue DEL budget reduced each year except between 2011/12 and 2013/14 when it increased by one per cent.
- The capital DEL budget, for maintaining and building property such as schools, hospitals and roads, has fallen by £1.2 billion (29 per cent) to £2.9 billion in 2014/15. Although the overall trend shows a decline, the budget has increased by 15 per cent since 2012/13 in line with the Scottish Government's policy to increase capital investment. The Scottish Government also plans to use several revenue-financed methods such as Non-Profit Distribution (NPD) to finance capital projects and increase capital investment activity.⁵ These methods can be used to support investment but their effect is to create longer-term financial commitments and to reduce flexibility in how future revenue budgets can be used. Since 2010, contracts for projects with a value of around £1.7 billion have been agreed using revenue-financed methods with a further £1.7 billion planned for future years.⁶ The Scottish Government has set a limit of five per cent of future total annual DEL budgets to be used on the total annual costs associated with these financing methods.

**the total
Scottish DEL
budget has
fallen nine
per cent in
real terms
since 2009/10**

Exhibit 1

The Scottish Government DEL budget 2007/08 to 2015/16 (real terms at 2013/14 prices)



Source: Scottish Government

Further budget reductions are planned for 2015/16 and beyond

21. Looking ahead, the Scottish Government has outlined spending levels for 2015/16 in its draft budget.⁷ The overall DEL budget will fall slightly, by £0.1 billion (0.4 per cent) to £28.8 billion. Within this, the revenue budget will reduce by £0.4 billion (two per cent) to £25.6 billion, whereas the capital budget will increase by ten per cent from £2.9 billion to £3.2 billion.⁸

Funding for health and local government sectors will reduce in 2015/16

22. The Scottish Government's health DEL budget will reduce by £73 million (one per cent) in 2015/16. Within this:

- funding for territorial NHS boards will increase by £85 million to £8.2 billion, an average increase of one per cent
- funding for NHS special boards (such as NHS 24 and Scottish Ambulance Service) will reduce by an average of one per cent, with total funding reducing from £1.03 billion in 2014/15 to £1.02 billion in 2015/16
- the amount spent by the Scottish Government directly, will decrease by £58 million (three per cent) to £2.1 billion in 2015/16.

23. The Scottish Government provides over 80 per cent of the funding for local government. The rest comes mainly from council tax. The Scottish Government's DEL budget for local government will decrease by £0.2 billion from £7.7 billion to £7.5 billion, a decrease of three per cent. The Scottish Government's total funding to local government, which includes redistributing money raised from non-domestic rates, will decrease by £88 million (one per cent) to £10.2 billion in 2015/16.⁹

Funding for central government bodies will increase in 2015/16


24. Central government funding includes budget allocations for the core Scottish Government, agencies, non-departmental public bodies and bodies directly funded from the Scottish budget such as the Scottish Parliamentary Corporate Body. The overall DEL budget for this group of public bodies will increase by £147 million (two per cent) to £9.7 billion in 2015/16 including increased funding for housing supply (£92 million) and police and firefighters' pensions (£16 million).

Further funding reductions are forecast beyond 2015/16

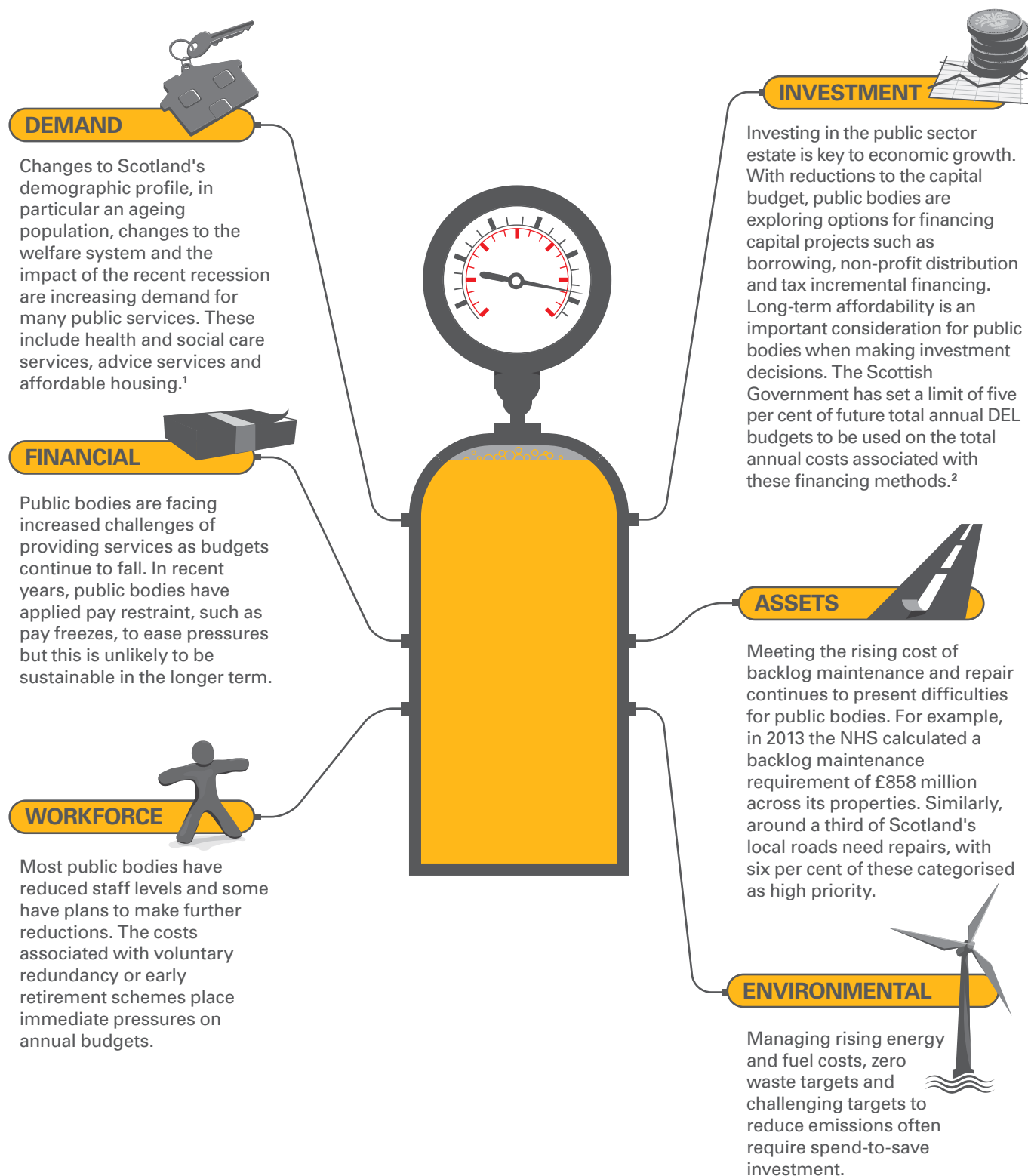
25. There may be further reductions in budgets beyond 2015/16. In March 2014, the UK government published total spending projections up to 2018/19 although allocations to individual departments, including Scotland's allocation, have yet to be decided.¹⁰ At the same time, the Office for Budget Responsibility suggests that the UK DEL budget could reduce by 4.2 per cent in 2016/17, 5.1 per cent in 2017/18 and 2.2 per cent in 2018/19.¹¹ If the Scottish Government's budget reduces in line with UK projections, the overall Scottish DEL budget could reduce by:

- £1.2 billion to £27.6 billion in 2016/17
- £1.4 billion to £26.2 billion in 2017/18
- £0.6 billion to £25.6 billion in 2018/19.

Public bodies have coped well so far, but service demands and pressures are increasing

26. Public bodies have coped well so far with reduced budgets. Reducing staff costs was one of the main methods used to achieve the required savings. In our report [Scotland's public sector workforce \(PDF\)](#)  we estimated that staff costs across councils, the NHS, and central government reduced by a total of £1 billion (eight per cent) to £12.7 billion between 2009/10 and 2011/12. This was achieved mainly by reducing staff numbers by 26,600 to 373,400 (whole-time equivalent) using voluntary early release schemes and transferring almost 10,000 WTE staff to ALEOs and organisations outside the public sector. Where staff transferred, some form of public funding is paid to the provider to deliver public services, a proportion of which will be used to pay staff. Other methods such as pay and recruitment freezes were also used to manage costs.

27. Public bodies continue to face significant challenges from rising demand, increasing energy prices and the need to provide and maintain 'fit-for-purpose' assets such as schools and hospitals ([Exhibit 2, page 13](#)). These pressures remain and present even greater challenges as budgets continue to fall.

Exhibit 2**Ongoing pressures in the public sector**

Notes:

1. Scotland's population of people aged 75 and over is expected to increase by 86 per cent by 2037. *Projected Population of Scotland (2012-based)*, General Register Office for Scotland, January 2014.

2. *Infrastructure Investment Plan 2011*, Scottish Government, December 2011.

Source: Audit Scotland

Part 2

Getting the most from budgets



28. This part of the report provides an update on how public bodies are meeting the financial challenges outlined in [Part 1](#). It focuses on budget setting and how longer-term planning can help achieve financial sustainability. It also underlines the crucial role of non-executive directors and councillors in scrutinising their organisations' finances and the information they need to do this effectively.

Public bodies need to focus more on their priorities when setting budgets

29. Despite reducing budgets, the level of public spending in Scotland continues to be significant. Public bodies need to focus on making the most of the money available as well as identifying ways to reduce costs. Effective budgeting is an important component of good financial management and can help bodies understand where best to direct resources to achieve the greatest benefit. It sets out where and how much money will be allocated and provides the basis for monitoring the position throughout the year. As a result, the development and scrutiny of setting annual budgets is an important activity within public bodies, particularly during periods of financial constraint.

30. Public bodies have different approaches to budgeting. Most use an incremental approach where they allocate money based on the previous year's budget and adjust to reflect inflation, savings targets and other known factors. An incremental approach to budgeting works best when available funding is similar to previous years and change is gradual and planned. But it can limit the ability to prioritise spending or reduce costs when less money is available. Some bodies take a zero-based approach, where they decide budgets based on need through continually reassessing the base budget. Zero-based budgeting is a useful approach in specific circumstances as it helps public bodies provide a greater focus on value for money in their budget decisions.

31. In the current financial environment, public bodies need to implement an approach to budgeting that focuses more on their priorities and links planned spending more closely with the outcomes they want to achieve. The outcome-based performance framework (through the National Performance Framework and Single Outcome Agreements) provides a basis for public bodies to adopt a priority-based approach. The approach focuses on priorities and allocating money to the services or areas that contribute most to delivering these outcomes. This depends on a shared understanding of which services contribute most and least to the organisation's priorities. Services or activities that contribute least to outcomes may be reduced or withdrawn. A priority-based approach helps non-executive directors and councillors take decisions in the clear knowledge of the consequences. Local audit work found that only a few bodies have adopted a priority-based approach to budgeting.

**scrutiny
arrangements
are sound
but more
information
is needed
on progress
towards
delivering
outcomes**

32. Achieving outcomes often involves joint working with partners. Where this is the case, for example in Community Planning Partnerships (CPPs), public bodies need to work together to identify where they can direct money to make the greatest difference. This means ensuring that budget setting takes full account of shared priorities and commitments. In September 2013, the national Community Planning Group agreed that it should focus on getting partners to deploy their resources jointly towards partnership objectives.¹² This includes a requirement for relevant partners in CPPs to:

- share budget, investment and resource planning information
- agree how total resources can most effectively be deployed and aligned between partners to achieve outcomes.

33. Options appraisal and benchmarking are key components of financial management including priority-based budget setting. Rigorous options appraisal based on sound information, including information from service users, helps ensure good budget-related decisions and helps make clear why decisions are made. Using benchmarking information in budget setting can highlight potential opportunities associated with different options such as improved procurement practices or more efficient deployment of staff. There is evidence that some public bodies are considering proposals to reduce or stop services, for example some councils are considering removing subsidies for bus services, closing libraries or reducing support for arts development. As part of that process, public bodies need to identify the risks associated with budget options, including the potential implications for how services perform, the impact on service users and the effect on longer-term outcomes.¹³

There is limited evidence of longer-term financial planning

34. Long-term financial strategies covering a five to ten-year period help set the context for annual budgets. They also help clarify the financial sustainability of an organisation over an extended period and can help identify problems with affordability at an early stage. Although funding allocations from the Scottish Government typically cover one to three-year spending review periods, this should not prevent public bodies assessing their spending needs and options over a longer period.

35. It is important that public bodies develop and maintain long-term financial strategies to direct and control their finances. A strategy should outline spending levels over an extended period (five to ten years) and include projected levels of income, how spending will be funded and, where relevant, why reserves are held and how they will be used ([Exhibit 3, page 16](#)). To enable them to implement the strategy, public bodies should also develop detailed financial plans that outline spending commitments over the short (one year) and medium term (two to five years).

36. Most councils produce longer-term financial plans, but the timescales involved vary up to ten years. Where councils have longer-term plans, they generally contain less detailed financial information in later years but councils use indicative spending levels to estimate potential funding gaps. [Case study 1 \(page 17\)](#) provides an example of City of Edinburgh Council's financial planning to 2017/18. The council plans to address a potential budget shortfall of £95 million although it is too early to comment on whether this will be achieved.

Exhibit 3

Important features of a financial strategy

A financial strategy should cover five to ten years.



COSTS

A clear understanding of the business model and the cost of individual activities within it



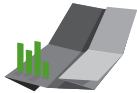
SAVINGS OPTIONS

Evidence-based options for achieving savings



SAVINGS DETAILS

Details of one-off and recurring savings



SCENARIO PLANNING

Scenario planning to outline best, worst and most likely scenarios of the financial position and the assumptions used



ASSETS/LIABILITIES & RESERVES

Details of assets, liabilities and reserves and how these will change over time



CAPITAL INVESTMENT ACTIVITY

Details of investment needs and plans and how these will be paid for



DEMAND

An analysis of levels of service demand and projected income



FUNDING SHORTFALLS

Any income or funding shortfalls and how to deal with these



STRATEGY LINKS

Clear links to the corporate strategy, CPP objectives and other relevant strategies such as workforce and asset management



RISKS & TIMESCALES

The risks and timescales involved in achieving financial sustainability



The strategy should be underpinned by detailed financial plans in the short (one year) and medium (two to five years) term.

Case study 1

Financial planning in the City of Edinburgh Council

In 2012/13, the council developed a budget covering years 2013/14 to 2017/18. This was designed to help deal with a potential budget shortfall of £95 million by 2017/18 that their financial plan identified.


Using the plan as a starting point, the council applied a planning framework to identify pressures and the options to achieve savings. It also considered structural and legislative changes, such as the integration of health and social care services and welfare reform. The 2013/14 budget was developed using the principles agreed as part of the framework.

The framework approach focused on identifying proposed savings across three main areas:

- transformation (such as recruiting more foster carers while reducing the use of foster agencies)
- efficiency and council-wide savings (such as improving procurement and increasing the use of e-advertising)
- additional income (reviewing existing charges and fees).

An important element of the process was preparing a service cost model to chart changes in projected service costs over the medium to long term. The outputs of this model were integrated as closely as possible to the financial plan.

Source: The City of Edinburgh Council

37. In the NHS, the timeframe for financial planning is generally three or five years.¹⁴ The report [NHS financial performance 2012/13 \(PDF\)](#)  highlighted that NHS boards' Local Delivery Plans provide financial projections covering expected funding, expenditure levels and savings required, but that detailed financial planning is restricted to the first year. Central government bodies generally do not produce long-term financial strategies. Financial information is reported within the corporate plan but, in many cases, the information is limited or does not extend beyond a three-year period.

38. With limited information on available funding beyond 2015/16, public bodies should undertake scenario planning as part of their long-term financial strategies. This involves making assumptions about different levels of future income, expenditure and activity and outlining options based on each scenario. This helps to identify potential solutions to difficulties arising from variations in levels of future funding. It also provides an opportunity to outline ways to maintain service levels. Without planning like this, there is a risk that public bodies continue taking a short-term approach to cost reduction at the expense of better alternatives over the longer term. Local audit work showed that few public bodies had undertaken scenario planning as part of their long-term financial planning.

Better information is needed to scrutinise spending plans

Scrutiny arrangements are sound but more information is needed on progress towards delivering outcomes

39. Scrutiny plays an essential role in ensuring public bodies' budgets, financial plans and strategies are credible and transparent: that is, based on clearly understood information. It also ensures they work towards achieving their overall aims and objectives. Effective scrutiny should be independent, balanced and hold people to account for their spending plans and use of public money for which they are responsible. It requires relevant, reliable and timely information.

40. Different scrutiny arrangements are in place across public bodies in Scotland. Overall, across local government, the NHS and central government, arrangements to enable scrutiny are generally sound.

- Within councils, relevant committees consider financial plans and budgets regularly (at least four times a year). Many councils have established committees or working groups to scrutinise and develop budget proposals before they are considered at council level.
- In the NHS, board members, including non-executive directors, are involved in preparing Local Delivery Plans, allowing them to challenge and scrutinise financial plans. Financial monitoring is generally reported at each board meeting, along with minutes from financial scrutiny committees. In 2012/13, NHS Fife established a Programme Management Office to challenge savings plans. Other health boards are considering a similar approach ([Case study 2, page 19](#)).
- In central government bodies, non-executive directors and individual committees generally scrutinise finances. Most have financial and performance monitoring reports at every board meeting. Local audit work found that, in general, the budget-setting process involves significant input from senior officials and board members.

41. Irrespective of the structures in place, councillors and non-executive directors have an important role in making sure public bodies plan to achieve the necessary outcomes from spending decisions. This requires the identification and definition of desired outcomes and the ability to monitor progress towards their achievement. Together, public sector leaders should be clear how each spending decision contributes to each outcome; how it will result in improvements; and what changes can be made to ensure it is successful. Scrutiny should include regular monitoring of progress towards outcomes and include feedback on where further improvements can be made.

Case study 2

Scrutiny of savings plans: NHS Fife

NHS Fife set up a Programme Management Office (PMO) in 2012/13 to help identify and deliver savings. The PMO supports the coordination and prioritisation of resources across different projects, helping to manage the links between projects, and identifying any impact on other services or patient care, as well as overseeing the delivery of efficiency savings.

Directorate service managers and their teams identify savings. These are overseen and challenged by directorate and divisional heads, with relevant input from finance staff. The risks associated with delivering individual savings schemes are identified as high, medium or low. This indicates the likelihood of not achieving individual savings so that NHS Fife can assess and manage the impact on the overall savings programme. The PMO uses a tracking database to monitor the progress of projects, with regular reports being provided to management. Using this approach NHS Fife achieved £17.5 million savings in 2012/13.

During 2012/13, the emphasis was on cash-releasing savings schemes. In 2013/14 the PMO considered cash-releasing and non-cash releasing savings and identified £16.3 million cash and non-cash savings.

The PMO approach provides a clear evidence base for identifying savings plans. Some other health boards have expressed an interest in developing a similar approach.

Source: NHS Fife

There is scope to improve financial information provided for scrutiny

42. All levels of the governance structure, from working groups to committees and boards, need reliable, accurate and timely information to scrutinise effectively. Public bodies need to improve the level and consistency of information provided for scrutiny. For example, auditors reported cases where:

- actions, responsibilities, measurable outcomes or timescales were unclear
- reporting of financial information was limited in frequency and content
- scrutiny of plans and savings took place in private with no reporting of decisions.

43. Budget scrutiny largely focuses on how budgets compare with the previous year. The actual spending outturn and savings achieved in the previous year receive limited attention. In addition, more work is needed to identify and consider different options available including new ways of delivering services that make better use of the money that is available.

44. The opportunity to provide good scrutiny and challenge of financial plans and savings will be reduced if information is not provided, incorrect, out of date or incomplete ([Exhibit 4](#)). Senior managers and staff in public bodies are responsible for making sure enough information is available for public sector leaders to scrutinise effectively and approve spending decisions. They also need to ensure an appropriate balance is made between information used for internal purposes and information made publicly available as part of the scrutiny process. Likewise, it is the responsibility of non-executive directors and councillors to make sure they have the information they need.

45. The public sector workforce reduced by 26,600 WTE (seven per cent) to 373,400 between 2009 and 2013.¹⁵ In view of these significant staff reductions, public sector leaders should also consider the leadership, capacity and resilience of finance departments and their ability to supply information to scrutinise budgets. The chief financial officer has a crucial role in providing advice on all aspects of finance and is central to effective governance. For example, in local government, in assessing the capacity of finance departments, councillors should satisfy themselves that the officer has appropriate access and influence to perform the role.¹⁶

Exhibit 4

Important characteristics of financial information



RELIABLE

Information should be accurate, representative and verifiable. Where assumptions or estimates are used these should be clearly stated



TIMELY

Information should be up to date and provided on a regular basis



COMPLETE

Information should be comprehensive and cover the areas relevant to the needs of key decision-makers



TRANSPARENT

Information should be clear, understandable and easy to obtain



CONSISTENT

Information should be reported on the same basis across different periods to allow for comparisons to be made

Most public bodies consulted stakeholders on savings plans

46. Engaging with communities and service users is an important component of priority-based budget setting. It can provide information on demand and help to ensure budgets are allocated where they are needed most. In most cases, auditors reported that public bodies consult people who use or are affected by services on financial and savings plans, and on how these are likely to affect the services delivered. Consultation activity was more common in local government and the NHS than in central government bodies. Most councils and NHS bodies had consulted on major decisions such as relocating services or decisions that had implications for staff. However, some public bodies had taken no action to consult the public.

47. Where public bodies decide to change how services are delivered, they need to ensure these decisions are based on the needs of the people who use that service. A decision to deliver a service in an alternative way can change long-standing arrangements and have far-reaching consequences for service users, systems and staff. By consulting with the public and staff, public bodies can manage expectations about what they can achieve within available budgets.


Public bodies need to use benchmarking data to gain a better understanding of their costs and performance

48. Benchmarking is measuring how an organisation is performing against one or more other organisations. It helps to identify areas for improvement, highlight opportunities and validate successful performance. Auditors reported that contributing to benchmarking exercises is common across the Scottish public sector. Auditors for both central government and NHS bodies reported there were few examples of measurable benefits derived from benchmarking activities. In local government, auditors reported that councils could benchmark more effectively and do more to demonstrate its benefits. SOLACE,¹⁷ COSLA¹⁸ and the Improvement Service have been leading on work to establish a new benchmarking framework in local government. The new framework provides comparative benchmarking across all major service areas, covering costs, performance and customer satisfaction.

49. Improving the use of benchmarking data across the public sector can help identify potential inefficiencies. Throughout the year, public bodies need to monitor their performance against benchmarking data to explore opportunities for improvements, reducing costs and changing the way services are delivered within the boundaries of the money available.

Non-executive directors and councillors need training to support them in budget-setting and scrutinising performance against budgets

50. In the quickly changing context set out in [Part 1](#) of this report, it is more important than ever that non-executive directors and councillors are supported in their role. The introduction of different methods of paying for major capital investment, such as tax incremental financing and NPD, is an example of a complex area where support may be required to ensure public sector leaders are fully aware of the key issues, risks and impact on public finances.

51. Effective budget-setting and budget scrutiny can only take place when these people have the right skills and support to carry out their roles. Our report [An overview of local government in Scotland 2014 \(PDF\)](#)  found that there is demand and more need in councils for training for councillors. All public bodies should assure themselves that they provide appropriate training and support for

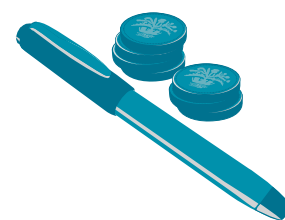
individuals in these roles. Awareness and understanding of how budget setting and scrutiny links with the overall organisation are other important aspects that public bodies can support through training and development for non-executive directors and councillors.

Recommendations

Public bodies should:

- implement an approach to budgeting that focuses more on priorities and links planned spending more closely with the outcomes they want to achieve
 - develop a longer-term approach to financial planning that takes account of priorities, risks and liabilities and provides assurances on long-term affordability
 - support effective scrutiny by ensuring that good-quality information is available and that councillors and non-executive directors have the right skills to carry out their scrutiny roles.
-

Endnotes



- ◀ 1 This is the Departmental Expenditure Limit budget.
- ◀ 2 *NHS financial performance 2011/12*, October 2012; *NHS financial performance 2012/13*, October 2013; *An overview of local government in Scotland*, March 2012, March 2013 and March 2014 *Scotland's public sector workforce*, November 2013; *Scotland's colleges: current finances, future challenges*, October 2012; *Scotland's colleges 2013*, August 2013. All Audit Scotland.
- ◀ 3 *SCVO State of the Sector report*, Scottish Council for Voluntary Organisations, April 2014.
- ◀ 4 The Scottish Government's draft budget for 2014/15 uses GDP deflators from June 2013, therefore there may be minor differences between figures quoted in this report and the draft budget document.
- ◀ 5 Non-Profit Distribution caps returns to the private sector, with surpluses reinvested in the public sector.
- ◀ 6 This is based on major capital projects valued at over £20 million and includes revenue finance methods such as Non-Profit Distribution, Hub and Regulated Asset Base (RAB).
- ◀ 7 *Scottish Budget: Draft Budget 2014/15*, Scottish Government, September 2013.
- ◀ 8 The capital DEL budget for 2015/16 includes £285 million in real terms of borrowing from the National Loans Fund introduced under the provisions of the Scotland Act 2012.
- ◀ 9 Funding from non-domestic rates is classified as Annually Managed Expenditure and is outwith the DEL budget.
- ◀ 10 *UK Budget 2014*, HM Treasury, March 2014.
- ◀ 11 *Economic and Fiscal Outlook*, Office for Budget Responsibility, March 2014.
- ◀ 12 *Agreement on Joint Working on Community Planning and Resourcing*, National Community Planning Group, September 2013.
- ◀ 13 In March 2014, the Accounts Commission published *Options appraisal: are you getting it right?* as part of their *How Councils Work* improvement series. The report is aimed at councillors, senior officials and managers in councils and is intended to stimulate change and improve performance through better options appraisal.
- ◀ 14 NHS financial plans are generally required for a three-year period. A five-year plan is required when there is a major capital project in development, brokerage arrangements are in place, an underlying deficit of over one per cent of baseline revenue funding, or major service redesign. A five-year capital plan is required by all boards.
- ◀ 15 *Scotland's public sector workforce*, Audit Scotland, November 2013.
- ◀ 16 Local authorities must appoint a statutory/proper officer for finance, under section 95 of the Local Government (Scotland) Act 1973.
- ◀ 17 The Society of Local Authority Chief Executives and senior managers.
- ◀ 18 The Convention of Scottish Local Authorities.

Appendix

List of public bodies where local audit work was carried out



Local government sector

- 29 councils
- Strathclyde Partnership for Transport

Health sector

- All 14 territorial health boards
- National Waiting Times Centre Board (Golden Jubilee National Hospital)
- NHS 24
- NHS Education for Scotland
- NHS National Services Scotland
- NHS Health Scotland
- Scottish Ambulance Service
- The State Hospital

Central government sector

- Care Inspectorate
- Creative Scotland
- Crown Office
- Forestry Commission and Forest Enterprise (Scotland)
- Highlands and Islands Enterprise
- Historic Scotland
- Scottish Court Service
- Scottish Enterprise
- Scottish Environment Protection Agency

- Scottish Funding Council
- Scottish Natural Heritage
- Scottish Prison Service
- Scottish Qualifications Authority
- Skills Development Scotland
- Sportscotland
- Transport Scotland

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Audit Scotland, 110 George Street, Edinburgh EH2 4LH
T: 0845 146 1010 E: info@audit-scotland.gov.uk
www.audit-scotland.gov.uk 

ISBN 978 1 909705 39 5 AGS/2014/4

This publication is printed on 100% recycled, uncoated paper



Report To:	Policy & Resources Committee	Date:	12 August 2014
Report By:	Acting Corporate Director Environment, Regeneration & Resources	Report No:	2014/P&R/14/AP
Contact Officer:	Alan Puckrin	Contact No:	712764
Subject:	Capital Grant Allocation 2015/16		

1.0 PURPOSE

- 1.1 The purpose of this report is to advise Committee of a better than expected Capital Grant Settlement recently advised by the Government for the financial year 2015/16.

2.0 SUMMARY

- 2.1 The Council's Capital Grant figures for 2015/16 were estimated when preparing the 2013/16 Capital Budget which was approved in February 2013. At that point in time, no figures were produced by the Scottish Government and as such a prudent approach was taken when projecting the Capital Grant expected in 2015/16.
- 2.2 In July the Scottish Government issued Finance Circular 6/2014 which confirmed that Inverclyde Council's core Capital Grant for 2015/16 is estimated to be £8.42million compared to the figure of £6.0million which has been used in Council estimates since February 2013.
- 2.3 The increase is due to two factors, firstly a significant increase in the overall National Capital Grant monies available from those estimated in February 2013 and secondly following the review of the needs based indicators which allocated increased revenue funding to the Council, there has been a small increase in the Council's share of the national pot.
- 2.4 The increase in Capital Grant for 2015/16 is extremely welcome given the significant infrastructure investment pressures which the Council faces. In addition the Council is currently engaged in discussions around the City Deal which, if approved, will require the Council to identify further significant funds for investment in regeneration projects. Lastly, there is currently an estimated shortfall in resources in the 2013/16 Capital Programme of approximately £1.1million which requires to be addressed.
- 2.5 It is proposed that this increase in Capital Grant be factored into the overall 2015/18 budget preparation exercise and at this point in time no action is taken.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee agree to defer any decisions on the increased Capital Grant allocation for 2015/16 until the consideration of the 2015/18 budget in February 2015.

Alan Puckrin
Acting Corporate Director Environment, Regeneration & Resources

4.0 BACKGROUND

- 4.1 The Council agreed a 2013/16 Capital Programme in February 2013 and at that time had extremely limited information from the Scottish Government regarding the likely 2015/16 Capital Settlement.
- 4.2 As a result of the lack of information a prudent view was taken in respect of the likely Capital Grant for 2015/16 and Members agreed a three year Capital Programme on this basis.
- 4.3 In July 2014 the Scottish Government issued Finance Circular 6/2014 which gave updated Revenue and Capital figures for 2015/16 following the decision by CoSLA Leaders to update all indicators for 2015/16.

5.0 CURRENT POSITION

- 5.1 Appendix 1 outlines the current position and shows that the Council's core Capital Grant for 2015/16 is estimated to be £8.42million compared to the previously estimated £6.0 million.
- 5.2 In addition to this, the Council is due to get £1.743million in respect of Flooding Grant in 2015/16 and a further £422,000 to assist with the Capital Expenditure related to the Children and Young Persons Bill.
- 5.3 The increase in Grant is largely due to the amount of Capital Resources at a national level being significantly greater than estimated at the time of approving the 2013/16 Capital Budget in February 2013. The needs based indicators have also resulted in a small increase in Inverclyde Council's share of the National Capital Funds.
- 5.4 The Committee are asked to note that there are significant capital pressures building on the Council largely relating to the ongoing investment in Council infrastructure. These include:
 - a) Roads – The Council has made an in principle commitment to maintain the £6 million a year investment in the RAMP from 2016 onwards. This is in the context of the standard roads allocation being currently £1.4million per year.
 - b) Flooding – Following the announcement for £1.74million of Flooding Grant, there is a need for the Council to continue addressing some significant flooding issues in the area and reports in this regard are due to be presented to the September and November Environment & Regeneration Committees.
 - c) Other Property AMP – Condition Surveys have been returned in respect of all the non-school/office and depot properties, including those operated by the CHCP and these are currently being examined by Property Services. It is clear from the initial analysis that a significant investment is required if all existing properties are to be retained and this will not be addressed with the current £1million per year Property Capital Allocation.
 - d) Open Space AMP – The Council is currently preparing a first draft of the Open Space AMP and this is flagging up the significant investment required in paths, walls, fencing, coastal protection, play areas, bridges, etc, which exist within the Council's parks and open spaces. There is currently no dedicated Capital Budget for this purpose and this issue will have to be considered as part of the 2015/18 budget.
 - e) City Deal - The Corporate Director Environment, Regeneration & Resources is currently leading discussions in respect of the Council's involvement in the City Deal. Despite the considerably improved financial position following commitments from the UK Treasury and Scottish Government, there will still be a significant financial implication for the Council if it signs up to the City Deal.
 - f) Shortfall in current Capital Programme – There is currently a shortfall in resources of

approximately £1.1million in the approved 2013/16 programme. This issue requires to be addressed.

- 5.5 It can be seen from the above that there are considerable calls on the Capital Programme in future years and the extra £2.4million in 2015/16 requires to be seen in that context.
- 5.6 It is proposed that this increase in Capital Grant be factored into the overall 2015/18 budget preparation exercise and at this point in time no action is taken.

6.0 FINANCIAL IMPLICATIONS

Finance

- 6.1 It should be noted that the final Capital Grant for 2015/16 will not be confirmed until early 2015 however it is highly unlikely that the figure will vary much from those outlined in this report. Given the size of the Council's prudential borrowing programme, there is no likelihood that the Council will not fully utilise the Capital Grant allocated by the Government and therefore any deferment in identifying projects for 2015/16 and beyond will not jeopardise receipt of the Grant.

Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
N/A					

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (If Applicable)	Other Comments
N/A					

Legal

- 6.2 There are no direct legal implications arising from this report.

Human Resources

- 6.3 There are no direct HR implications arising from this report.

Equalities

- 6.4 As this report does not introduce a new strategy or amend an existing Council policy, there is no requirement for an Equalities Impact Assessment.

Repopulation

- 6.5 Any increase in resources to the Council is welcome and the opportunities which arise from this extra resource to invest in projects will encourage individuals to move to the area or retain citizens within Inverclyde.

7.0 CONSULTATIONS

7.1 The Corporate Management Team support the recommendation in 2.5.

8.0 LIST OF BACKGROUND PAPERS

8.1 Finance Circular 6/2014.

Council Capital Allocation 2015/16

	<u>£000</u>
Core Allocation	7456
Add: Grant rephased from 2012/14	<u>964</u>
	8420
Add: Flooding Grant	1743
Children & Young Persons Capital	<u>422</u>
	<u>10,585</u>

Notes

1. In addition the Council will receive £121,000 specific Grant for Cycling, Walking & Safer Streets.
2. The Council's current recurring Capital Budgets are:

	<u>£000</u>
SEMP	4300
Roads/Lighting	1400
Property	1000
ICT	450
Housing Grants	500
Zero Waste	<u>80</u>
	<u>7730</u>

Report To: Policy & Resources Committee **Date:** 12 August 2014

Report By: Acting Corporate Director Environment, Regeneration & Resources **Report No:** HC/LP/021/14

Contact Officer: Helena Couperwhite **Contact No:** 01475 712111

Subject: Budget Expenditure Requests: (1) Purchase of New Polling Booths and (2) Hire of Buses for Drumhead Service

1.0 PURPOSE

- 1.1 The purpose of this report is to seek approval for two budget expenditure requests, those being (1) the purchase of new voting booths for use in polling stations with effect from September 2014 and (2) the hire of up to 3 buses to transport guests to the Drumhead Service to be held on Sunday 10 August 2014.

2.0 SUMMARY

Polling Booths

- 2.1 Inverclyde Council is responsible for managing elections. The existing wooden voting booths are approaching the end of their useable lives and can no longer be maintained for safe usage.

Drumhead Service

- 2.2 Inverclyde Council has received an allocation of 82 invitations to attend the Drumhead Service to take place at Edinburgh Castle on Sunday 10 August 2014.

3.0 RECOMMENDATIONS

- 3.1 That approval be given for the purchase of 50 four way aluminium voting booths at an estimated cost of £17,000 to be funded from contingencies; and
- 3.2 That approval be given to hire up to 3 buses to transport guests to the Drumhead Service at an estimated cost of £600, to be funded from the Common Good Fund.

4.0 BACKGROUND

Polling Booths

- 4.1 The existing wooden voting booths are approaching the end of their useable lives and can no longer be maintained for safe usage.
- 4.2 The new voting booths are lightweight and portable. They are designed to provide four compartments for voting and the desk can be adapted to different levels to enable access to all electors, including wheelchair users. These booths are flexible in their design and can be set up with fewer than four compartments if space is limited.
- 4.3 The use of these polling booths will enable the efficient delivery of elections and provide an improved customer experience. The Council obtains additional financial support by way of government grant for the running of elections and referendums, but this purchase of election equipment is outwith the grant and is the Council's responsibility.

Drumhead Service

- 4.4 The Scottish Commemorative Programme has highlighted 8 dates, which will afford the country with the opportunity to reflect on the impact which the Great War had on our country and our people as well as enabling us to recognise Scotland's contribution to the War and its lasting social and civic legacy.
- 4.5 The first event in the programme calendar will be a Drumhead Service, which will take place within Edinburgh Castle on Sunday 10 August 2014. This multi-faith Service will re-enact what would have taken place 100 years ago, familiar to generations of Servicemen and women since. The Service will last for 30 minutes, after which the Tri-Service contingents on Parade will 'March as to War' down the Royal Mile to Holyrood Park.
- 4.6 The congregation in attendance will also have the opportunity to progress down the Royal Mile and those choosing so to do will, upon arrival at Holyrood Park, join members of the public at a Memorial (marked by headstones in the style of Commonwealth War Grave Cemeteries across the world) at which all will be able to leave wreaths or commemorative markers.
- 4.7 Inverclyde Council has received 82 invitations for this event and a wide range of individuals from the Inverclyde Community have been invited to attend the Service. To ease traffic congestion at Edinburgh Castle, transport in the form of hired buses will be available from Clyde Square, Greenock and will leave at 7am and return from Edinburgh at 2.30pm. It is appropriate to fund this from the Common Good Fund.

5.0 PROPOSALS

Polling Booths

- 5.1 It is proposed that the Policy & Resources Committee agree to renew the remaining stock of polling booths, by purchasing 50 four way polling booths at an estimated cost of £17,000.

Drumhead Service

- 5.2 It is proposed that the Policy & Resources Committee agree to the hire of up to 3 buses to transport the Inverclyde guests to and from the event at an estimated cost of £600, to be funded from the Common Good Fund.

6.0 IMPLICATIONS

Finance

- 6.1 This purchase will be a one-off sum with no ongoing maintenance costs for the life of the new booths.

Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
Elections	Elections Equipment	2014/15	£17,000	Contingencies	
Common Good	Events Contingency	2014/15	£600		

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (if Applicable)	Other Comments
N/A					

Legal

- 6.2 There are no legal issues.

Human Resources

- 6.3 There are no HR issues.

Equalities

- 6.4 Each four way voting booth provides a compartment which is accessible to voters who use wheelchairs or those who need to sit whilst marking their ballot paper as one desk within every unit is at a lower level. This provides a greater level of accessibility to people with disabilities than the current wooden voting booths. This removes a barrier to access and will accommodate all electors.

Repopulation

- 6.5 There are no repopulation issues.

7.0 BACKGROUND PAPERS

- 7.1 None.

Report To:	Policy and Resources Committee	Date:	12th August 2014
Report By:	Corporate Director Environment, Regeneration & Resources	Report No:	PR/115/14/AF
Contact Officer:	Aubrey Fawcett	Contact No:	712764
Subject:	Glasgow City Region City Deal		

1.0 PURPOSE

- 1.1 The purpose of this report is to advise Members of the response from the UK and Scottish Governments to the City Deal Proposals put forward by the Local Authorities in the Glasgow City Region and to seek approval to accept the offer of the City Deal and the associated financial implications as set out in the report.

2.0 SUMMARY

- 2.1 The Clyde Valley Councils which together cover the 'City Region' of Glasgow have collectively pursued a bid to the UK Government to establish a City Deal Agreement, similar to those established in England, with a view to bringing forward a major investment programme to stimulate economic growth for the benefit of residents and businesses in the Glasgow City Region.
- 2.2 The City Deal Agreement comprises three elements: an Infrastructure Fund supported by parallel streams of activity in relation to Labour Market and Innovation measures. The UK and Scottish Governments have now agreed to fund £1billion towards the overall £1.13billion Infrastructure Fund and further funding is being provided to enable the Innovation element to be developed. Discussions are ongoing regarding refocusing labour market initiative funding already being provided by public partners with additional grant being allocated by the UK Government.
- 2.3 A new Clyde Valley Economic Partnership together with appropriate sub groups and a Project Management Office are proposed to be established to manage and oversee the implementation of projects with individual Councils taking on responsibility to procure and manage projects located within their own authority area.
- 2.4 Following confirmation of acceptance of the offer by the 8 Councils involved, a tripartite agreement between the UK Government, Scottish Government and Glasgow City Council, on behalf of all 8 Councils, is due to be signed on the 21st August.
- 2.5 There has been significant work carried out in recent months around the financial modelling and associated financial risks/implications. This is covered in detail in section 10 of the report.

3.0 RECOMMENDATIONS

- 3.1 Members are asked to note the response from the UK and Scottish Governments to the City Deal Proposals, in summary:
- A Grant mechanism worth up to **£1billion** over twenty years funded by the UK and Scottish Governments, on the basis of agreed milestones including increased economic activity

being achieved.

- Grant Support from the UK Government for Life Sciences projects of **£18.87m** over three years.
- Grant Support from the UK Government for Region wide Labour Market Programmes of circa **£4.8m** over 3 years.

3.2 It is recommended that the Committee accepts the offer of a City Deal as detailed in the 'Glasgow and Clyde Valley City Deal' document and outlined in the report; and, delegates authority to the Corporate Director Environment, Regeneration and Resource to:

- a. Work with the other Councils in the Clyde Valley to seek their approval to participate in the City Deal Initiative and develop all necessary agreements in this regard.
- b. Develop the Governance model and set up the Programme Management Office to begin the implementation of the City Deal Agreement.
- c. In collaboration with the other Councils in the Clyde area, conclude detailed negotiations with the UK and Scottish Governments on the operation of the Gateway Review mechanism.
- d. Develop and implement Operating Plan for the first three years of the City Deal, from 1st April 2015 to 31st March 2018.
- e. Engage Riverside Inverclyde to assist with the implementation of Inverclyde's City Deal Projects.
- f. Submit regular reports to the Environment and Regeneration Committee on progress.

3.3

It is recommended that the Committee approve the funding strategy as set out in section 10 of the report and that officers factor this into the development of the 2015/18 budget.

Aubrey Fawcett
Corporate Director Environment, Regeneration & Resources

4.0 BACKGROUND

- 4.1 The Committee will recall that in December 2013, approval was given to continue to participate in developing an economically focused Infrastructure Fund bid with the other Authorities in the Clyde Valley area. This was a direct response to the City Deals which had been agreed for the English Core Cities, and which were at the time being developed by a further twenty urban areas across England.
- 4.2 The City Deal Agreement in England allowed City Regions to put together programmes of work, often including Infrastructure, Skills and Enterprise activity to accelerate growth and create jobs in the region. The Clyde Valley Authorities undertook to pursue a City Deal for the Glasgow City Region, directly with the UK Government.

5.0 THE CASE FOR A GLASGOW CITY REGION CITY DEAL

- 5.1 Glasgow City Region is critical to the UK economy as it is in the heart of the economy of Scotland. The Region has:
 - A population of 1.8m (34% of Scotland), clustered round a vibrant urban core with world class educational, recreational and business facilities;
 - 35% of Scottish jobs and 40% of the jobs in some of the key sectors such as Finance, Aerospace, Defence and Marine;
 - 36% of GVA (£36bn in 2011);
 - The only conurbation of scale in Scotland with the diversity of people and talent to compete on an international stage;
 - A strong track record of joint work and the ability to deliver investments of scale; and
 - A clear vision for action – and the partnership with business and academia to make it happen.
- 5.2 Now is the right time for a major step up in the economic development effort. As growth is starting to return to the UK economy, there is an opportunity to exploit it and to capitalise on the emerging opportunities from recovery.
- 5.3 The Local Authorities in the City Region have a track record of collaboration on strategic issues through the Clyde Valley Community Planning Partnership, which has its vision:

“We want the Glasgow City Region to be one of the fastest growing City Regions in the UK – a City Region that is characterised by a strong growing core in Glasgow, yet exploits growth opportunities across the City Region. In pursuing growth we will also look to reduce economic inequality and disparities, between people and between places”
- 5.4 Over the last year Glasgow City Council on behalf of the Clyde Valley Local Authorities has led the development of a credible set of proposals which would deliver over £2bn of additional economic activity and thousands of new jobs over the next 20 years. These proposals are centred around an Infrastructure Fund and have parallel streams of activity to support Labour Market and Innovation measures. Details of the projects are included Section 8 below. All eight Clyde Valley Councils participate, however East Dunbartonshire is not involved in the Infrastructure Fund element.

6.0 THE DEAL PROPOSED BY THE UK AND SCOTTISH GOVERNMENTS

UK Government

- 6.1 The UK Government have responded to our proposals and are offering a City Deal for the City region with the following components:
 - An award of £500 million for the Infrastructure Fund which will be subject to Gateway Reviews at years 5, 10 and 15 with consideration given to extent of implementation initially and gross value added performance in the latter two assessments,.
 - Award of grant throughout the period of 20 years, subject to performance, with the first

five years provision of £15 million per year.

- Grant support for Life Sciences of £18.87 million over three years
- Grant support for labour market programmes of £4.8 million over three years.

6.2 Scottish Government

The Scottish Government's award follows similar lines to the UK Government as follows:

- An award of £500 million for the Infrastructure Fund which will be subject to Gateway Reviews at years 5, 10 and 15 with consideration given to extent of implementation initially and gross value added performance in the latter two assessments,.
- Award of grant throughout the period of 20 years, subject to performance, with the first five years provision amounting to £15 million per year.

7.0 PROJECTED IMPACT ON THE REGIONAL ECONOMY

7.1 Details of the projected benefits across the City Region have been prepared by the consultants KPMG and its assessment is approximately the Glasgow City Region is forecast to increase by 40,993 jobs between 2011 and 2035, which includes delivery of the Clyde Gateway projects. The package is expected to increase jobs in the region over and above this by an additional 28,400 jobs - a 69% increase. In relation to Inverclyde's projected performance, KPMG advises that there should be net additional 1522 jobs by 2035.

8.0 PROPOSALS

8.1 There are three elements to the City Deal, namely:

- **Innovation Projects** - Projects, which will serve the wider Clyde Valley area, include: Initiative to develop tailored treatments for individuals and create high quality jobs through the newly established Stratified Imaging Centre for Excellence at Southern General Hospital, receiving approximately £16million in funding from UK Government with separate funding envisaged to be provided through European Regional Development Fund and Scottish Government; Development of business incubation centre (Medi City) in North Lanarkshire for emerging SMEs/Companies involved in the medical sector, receiving approximately £1.2 million funding from UK Government; and Integrated Grow Initiative, a new business incubation centre in Glasgow City Centre providing space for up to 50 businesses to set up and develop with £1.67m funding from UK Government support from Business Gateway.
- **Labour Market Initiatives** – 3 projects proposed to be developed: Reducing unemployment for those on Employment Support Allowance (ESA) receiving £4.5m UK Government funding; Reducing Youth Unemployment funded from partners (£15m); and Boosting earnings for those on low incomes (£300k UK Government funding).
- **Infrastructure Fund** - This is the major element of the City Deal and consists currently of 20 projects across the City Region. The projects range from road infrastructure projects to tourism and business infrastructure works with a total programme value of £1.13bn. As a result of the funding of £1billion awarded by the UK and Scottish Governments the seven participating authorities in the Infrastructure Fund element, are required to contribute the remaining £130m. It is proposed that two strategic projects, Glasgow Airport Rail Link and SPT's Bus Programme, which are deemed to generate pan City Region benefits, will be fully funded by grant funding. Glasgow and Renfrewshire will be responsible for cash flowing and delivering the rail project and covering/receiving any overspends/savings. In relation to the Bus Programme, this will also be fully funded, however all Councils will be responsible for cash flowing the project and covering/receiving any overspends/savings on a pro-rata basis.

8.2 In relation to Inverclyde's projects there were originally eight projects submitted for consideration for inclusion within the Infrastructure Fund Programme and 3 have been successful i.e. Inverkip, Ocean Terminal and Inchgreen. The details of the projects are as follows:

Project	Activity	Programme Costs	Indicative Timescales
Inchgreen	Formation of West of Scotland Hub for Renewables – works to pier and access including site remediation. This project requires a joint venture with Peel Ports, which requires to be state aid compliant.	£9.4m*	Start Jan 2021 Completion Oct 2022
Ocean Terminal	Clyde International Cruise Liner Facility - Ocean Terminal: Extend/new pier, access improvements and improved tourist facilities. This project requires a joint venture with Peel Ports, which requires to be state aid compliant.	£14.2m*	Start Jan 2017 Completion Oct 2018
Inverkip Power Station Development	Provision of road infrastructure works at Inverkip Village on the A78 to enable redevelopment of former power station to progress.	£3.8m*	Start Oct 2016 Completion Oct 2017
Total		£27.4m	

*Project proformas are available for Members through Member Services, please note that costings above include an element of optimisation bias which has been included by the consultants developing the bid document.

9.0 FRAMEWORK FOR A CLYDE VALLEY CITY DEAL

- 9.1 Outline details of how the City Deal is to be managed, its governance structure and the financing of the projects are included in 'Framework For A Clyde Valley City Deal', see Appendix 1 to this report.
- 9.2 It is proposed that the Framework For A Clyde Valley City Deal is adopted by Inverclyde Council and the Corporate Director Environment, Regeneration and Resources in consultation with the Acting Corporate Director Environment, Regeneration and Resources and Head of Legal and Property Services develop and conclude necessary agreements with other Councils and UK/Scottish Governments to establish and engage with the Clyde Valley Economic Partnership, Project Management Office, appropriate sub groups and participating organisations.
- 9.3 The City Deal Agreement document is being finalised by the Scottish/UK Governments and the participating Councils and is due to be completed by 8th August. The finalised version will be sent to all Councillors no later than 11th August, prior to the Committee.
- 9.4 It is envisaged, following the signing of the City Deal Agreement by all parties, that the Economic Partnership will be formally established and the Project Management Office will progress with the approval process for individual projects in line with the pre-established timescales, Inverclyde's project dates are identified in the table above.
- 9.5 It is proposed that Riverside Inverclyde is engaged in order to assist with the implementation of projects.

10.0 FUNDING AND FINANCING

- 10.1 Whilst the agreement by the Governments to contribute to the City Deal by way of a Capital Grant greatly simplifies the funding from that originally envisaged, the Financial implications are relatively complex and, as negotiations are on-going, they will be subject to change. Based on the latest information the funding and financial implications are as follows:

A)The maximum net capital cost to the Council is £3.75million which represents approximately

14% of the project cost. On the assumption that the joint ventures proceed, then the loan charges on the estimated net capital spend would ultimately be £114,000 per year.

B)The Capital Grant from the UK & Scottish Governments is due to be paid over 20 years whilst the projects are planned to be delivered over 10 years. As such there will be a cash flow cost to be met by the Council. Based on estimated phasings, over the 20 year period 2015/16 – 2034/35, the estimated interest and loan charges cost is £6.45million.

C)If following one of the 5 yearly gateway reviews , the Capital Grant award is withdrawn then the Council will require to fund any future Grant shortfall. Clearly at this point the Council may opt not to proceed with any project which it has not yet made a legal commitment to. The maximum exposure to the Council occurs if the Grant is withdrawn at Year 10. In these circumstances the 20 year cost is estimated to be £11.44 million with Loan Charges from years 21-30 being approximately £925,000 compared to £114,000 in A) above.

D)The movement in future interest rates will impact on the above figures. If interest rates end up being 1% higher than estimated then the cost in 10.2 increases by £88,000 per year for every 1% increase.

E)The above figures assume that the Council will be able to accrue Capital Grants earned but not received from the two Governments; this matter is being clarified with CIPFA. In the event this cannot happen then the Council will require to fund both the interest and principal costs of loan debt and this is estimated to add up to £250,000 per year onto the costs.

10.2 It is proposed that the annual cost over 18 years of £359,000 on the basis of 10.1 (A&B) above be met from the unallocated Regeneration allocation (currently allocated to ri) from 2017/18 and that this be factored into the 2015/18 budget preparation.

10.3 It is also proposed that in the event the Council cannot accrue the earned but not received Capital Grant then a further report be brought back to Committee as part of the 2015/18 budget process indicating how this could be funded.

10.4 The Council will also be required to part fund a small Programme Management Office which will be based in Glasgow. It is estimated that the Council's share of the costs will not exceed £16,000 per year and it is proposed that this is also funded from the unallocated Regeneration budget.

11.0 RISKS

11.1 Members should be fully aware of the inherent risks associated with developing physical regeneration projects; particularly those of the nature identified within Inverclyde due to the location of projects, with a level of unknowns associated with built up dockland, establishing state compliant joint venture agreements with the private sector and cash flowing projects where funding can be made subject to economic performance. Details of the associated risks for the City Deal Initiative are included in Appendix 2 to this report.

12.0 IMPLICATIONS

12.1 **Finance:** This is covered in section 10 above

Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
N/A					

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (if Applicable)	Other Comments
Regeneration	Development Fund	2017/18	359 16		Annual allowance by 2017/18 would be £900,000 before this decision. To part fund the PMO

Legal

12.2 Members are asked to note that development of agreements associated with the City Deal and the implementation thereof will be subject to review by the Head of Legal and Property Services.

Human Resources

12.3 There may be a requirement to second staff to the Project Management Office.

Equalities

12.4 There are no anticipated equality issues envisaged and an Equalities Impact Assessment will be prepared.

Repopulation

12.5 The overall economic development programme will assist in generating local employment opportunities and should have a positive resultant impact in stimulating repopulation of Inverclyde.

13.0 CONSULTATIONS

11.1 The seven Clyde Valley Councils, Riverside Inverclyde and through Glasgow City Council the UK and Scottish Governments.

13.2 The report has been agreed by the Corporate Management Team

14.0 CONCLUSION

14.1 Overall the City Deal Agreement provides Inverclyde Council with a significant opportunity to develop projects which not only have the potential to generate significant job opportunities and lever in private sector investment but also contribute to the wider economic growth within the wider Glasgow City Region. In addition, the Fund enables the Council to benefit from grant of circa 86% and possibly up to 100% depending on any joint venture established to bring forward the projects as referred to above.

15.0 LIST OF BACKGROUND PAPERS

15.1 Project Pro-formas will be available through Members Services.

FRAMEWORK FOR A CLYDE VALLEY CITY DEAL

- 1 Capital Investment Programme is set at £1.13B consisting of 20 discrete projects.
- 2 Individual Councils are responsible for funding and delivering their own projects. The Bus programme is sponsored by all Councils and the Airport Link by Renfrewshire and Glasgow. Individual Councils are responsible for any ongoing revenue costs associated with their projects. Funding of operating costs for Bus Programme and Airport Link still to be decided.
- 3 Funding for Bus Programme and Airport Link will be 100% from Capital Grant based on estimated costs included in £1.13B. All other capital projects will be funded 86% capital grant, 14% Council funding on basis of estimated capital costs included in £1.13B.
- 4 Any cost increases (eg inflation) to be funded by Councils. Any cost savings to be retained by Councils subject to capital grant being no more than 100% of actual costs. In the event that third party contributions are received and project costs reduce, grant levels will be capped at 100% of net cost to the Council. As regards the Bus Programme any cost increases/savings will be met by all Councils. As regards the Airport Link any cost increases/savings will be met jointly by Renfrewshire and Glasgow.
- 5 Where a project cannot proceed (eg fails to receive planning permission) then that Council has 6 months to identify a replacement project. Capital Grant is fixed at 86%, of cost of original project. The GVA of the new project must be at least equal to the lowest GVA of the 20 projects.
- 6 Where a Council decides not to proceed with a project then any other Council can submit a proposal on the same basis as 5 above. Where more than one Council submits a proposal then the project with the highest incremental GVA will proceed. In this regard two or more Councils may proceed with a joint proposal for a replacement project, eg 2X£10M projects to replace a £20M project.
- 7 All Councils are collectively responsible for the delivery of the capital investment programme and meeting agreed outcomes. As such consideration will have to be given to the implications of targets not being met, eg GVA Targets or project completion dates.

- 8 A new Governance Board will be established (Clyde Valley Cabinet) chaired by the Leader of Glasgow City Council and consisting of the Leaders of each Council. Each Council will have one vote. On the basis of 8 Councils a decision must have the support of 5 Councils. The Chair will not have a casting vote. On the basis of 7 Councils a decision must have the support of 4 Councils.
- 9 A number of Leaders will hold a portfolio for the whole of the Clyde Valley, eg Skills Development, Enterprise, Connectivity etc. Each portfolio holder will be supported by a nominated Chief Executive from another Council.
- 10 A central Project Management Office (PMO) will be established to support the Partnership Board and Portfolio Holders, co-ordinate and monitor capital projects, and work with individual Councils to ensure agreed outcomes are delivered. The costs of the PMO will be funded by participating Councils on an annual basis. The PMO will mainly consist of staff seconded from participating Councils.
- 11 The PMO will act as a commissioner for the delivery of projects by individual Councils and SPT etc. It will develop standard conditions for payment of capital grant.
- 12 The PMO will be responsible for assessing requests for Outline Approval and Final Detailed Approval of projects. It will also assess any requests for virement of grant between projects within the one Council. The PMO will also develop "Step-In Rights" for the Cabinet where a project gets into severe difficulty. These arrangements will also include the treatment of aborted costs (ie where expenditure is incurred on a project that does not fully proceed).

Annex on Financial Issues

1. Cost Modelling Assumptions

- Clyde Valley authorities deliver £1.13Bn Investment Programme over 10 years.
- Treasury (£500m) and SG (£500m) possible capital grant towards the programme over 20 years.
- In years 1 to 5 the total grant received is assumed to be £32m per annum (£16m from SG and Treasury each). Thereafter, assumption is that balance will be received evenly over the remainder of years (£56m per annum)
- £174m of the grant income will be required to fund strategic projects (£144m GARL and £30m SPTE). This means that in total £826m will be available directly to the Clyde Valley authorities
- Grants received will be allocated to Councils on the basis of the overall share of the investment programme being delivered by Councils, but will only be paid out on the basis of actual spend with Glasgow holding any positive balances in a central account.
- The funding of the strategic projects from the govt grant means that in a number of the earlier years there is nil grant available to the Clyde Valley authorities.
- Over the 20 year period the total cost of projects is £1.13bn being £956m Clyde Valley directly delivered projects and £174m Strategic. The net cost to Clyde Valley authorities at year 20 is £130m being £956m Clyde Valley capital investment less £826m capital grant.
- The timing of grant income however, means that authorities require to fund a significant part of the programme upfront.

2. Milestones

- The proposal allows for milestone reviews
- First review 2019 (after 5 years). A review of the progress of project/programme delivery.
- Second review 2024 (10 years). A review of increase in GVA within Clyde Valley area.
- Third review 2029 (15 years). A review of GVA increase within Clyde Valley area
- There is a risk at milestone that the programme will have deemed to have failed and balance of grant is not paid. Particularly relevant to second milestone.

3. Financial Model – Illustrative Purposes

- The 2 spreadsheets attached have three financial tables to **illustrate the potential** impact of the City Deal proposal.
- Table 1 – Phasing of grant availability based on principles above and calculations of overall grant availability to LAs.
- Table 2 – Allocation of grant between authorities based on percentage of authority spend against the programme.
- Table 3 – Calculation of “worst case” borrowing costs for years 1 to 20.

4. Potential to Accrue Future Grant

- Accounting Regulations would appear to allow for the accrual of future grant in certain circumstances. If future income could be accrued then this would reduce capital repayment to revenue account. Interest charged however, would reflect actual interest charged to an authority in that year. The ability to accrue is linked to the certainty of receipt of future income.

5. Other Issues for Consideration

- Model requires to be refined/updated for changed/refined assumptions.
- Clarity should be sought as to the ability to accrue Clyde Valley future grants.
- Treasury/SG should be requested to share milestone risks. (ie where programme is ceased Clyde Valley authorities still receive outstanding capital grant up to a minimum level).
- Each Clyde Valley authority requires to review the potential financial impact on its own authority.
- Additionality to be evidenced from SG and view taken as to whether Ministerial approval still required for non LA spend
- Further discussion required on the use of borrowing to finance assets which will not be the property of Councils

To be added –

1. Rules on virement between projects within the one Council.
2. Two stage approval process – (1) Outline Approval, (2) Final Detailed Approval.
3. Treatment of aborted costs where a project cannot fully proceed.
4. Arrangements for “Step-In Rights” where a project gets into severe difficulty.

City Deal – Risk Register

	Risk	Mitigation
1.	The projects may cost more than has been allowed for in the City Deal.	Whilst the Council would need to fully fund any cost increases, the project costs include significant optimism bias and are viewed as generous.
2.	The Governments' 20 year grant commitment may not be met in full for a number of reasons including City Deal not achieving the outputs specified in the agreement.	Were this to happen the Council would need to: <ul style="list-style-type: none"> a) Decide if it wished to proceed with any project not yet started; b) Reprioritise future investment plans to accommodate the financial implications.
3.	It may not be possible to agree a Joint Venture in the 2 projects where this will be required in order to meet State Aid rules.	Were this to happen the Council would have the option of: <ul style="list-style-type: none"> a) Submitting an alternative project which met the criteria within the available funding, or b) Foregoing the grant funding and allowing other City Deal Partners to apply for the freed up grant. <p>It should be noted that if this were to happen it is likely the Council would be liable for 100% of pre-contract costs of the cancelled project.</p>
4.	There is a risk that a project may not achieve the economic outputs set and that the envisaged level of grant may not be received.	<ul style="list-style-type: none"> a) The economic targets, which have been identified by the appointed Consultants, KPMG, are based on economic modelling and grant funding is based upon overall Gross Value Added (GVA) performance – there will be a requirement to seek outline and detailed approval from the Programme Management Office which will assess this measure. b) Whilst the financial impact of economic targets not being met has yet to be agreed by Partners, any grant shortfall would require a review of capital spend plans.
5.	There is a risk that the overall programme does not achieve the collective outputs which are overseen by the Partnership Board	Implement robust governance arrangements for the Partnership Board and the Programme Management Office to define structures, roles and responsibilities.

Appendix 2

6.	Her Majesty's Treasury (HMT) may not allow funding for years 11-20 to be used to reduce debt as outlined in the financial implications.	The Scottish Government are discussing this matter with HMT. If this cannot be resolved then it could fundamentally change the timing and/or overall affordability of the project.
7.	Councils are awaiting confirmation that it is possible to accrue the Governments' Capital Grants in advance of receipt. If this is not achieved then overall costs over 20 years will increase by approximately 70%.	In the event that the Council could not accrue the Capital Grants earned but not received then the extra annual cost of approximately £250,000 would need to be addressed as part of the 2015/18 budget process.

Report To: Policy & Resources Committee **Date:** 12 August 2014

Report By: Acting Corporate Director
Environment, Regeneration and
Resources **Report No:** ICT 12-8-14 Web
CMS Renewal

Contact Officer: Robert Stoakes **Contact No:** 2765

Subject: Use of Emergency Powers Procedure- Website Content
Management Software and Hosting Arrangements

1.0 PURPOSE

1.1 The purpose of this report is to advise the Committee of the use of the emergency powers procedure to negotiate a new contract with the existing supplier pursuant to Standing Order 11.1 of the Council's Standing Orders relating to Contracts, rather than tendering for a replacement solution. The use of emergency powers was sought in order to secure staff resources at Web Labs and to allow the development project to progress without delay.

2.0 SUMMARY

2.1 The Council procured the Web-Labs CMS in 2007 and the solution has proven to be reliable and cost effective.

2.2 The CMS allows designated Council employees to directly manage and update web content for each service, rather than having to have all content published via the ICT Service. This results in the efficient and timely publication of information via the Council's web site and minimises the size of the ICT web team.

2.3 As well as the Council's main web site (<http://www.inverclyde.gov.uk>) the Web-Labs CMS is also used to maintain approximately 50 other Council-related sites, including ICON (Council intranet), schools' websites and the Inverclyde Child Protection Committee website. The existing system [updated to the latest version of software] continues to meet functionality. On-going service requirements for the existing system are limited to software maintenance and hosting services which would cost approximately £12,000 per annum.

2.4 There will be substantial cost and time implications in migrating the content from the existing Council web sites to new ones if a new CMS has to be procured.

2.5 The anticipated cost of installing a new CMS and migrating all existing Web-Labs powered sites to new solution will be in the region of £100,000. This does not include the cost of running the procurement process.

2.6 It is estimated that it would take around 12-18 months to migrate all web sites to a new solution.

2.7 Substantial retraining would be required for a large number of staff who have been trained in the use of the existing web CMS.

- 2.8 In order to maintain the current web presence during this transition, both old and new solution support costs would apply.
- 2.9 Web site hosting arrangements have been in place with Web-Labs via a hosting company, Selcom, since 2007 and the Council has experienced no service provision issues in this period. Websites hosted under these arrangements have always been available.
- 2.10 Inverclyde Council-owned servers located at Selcom are now 7 years old and are running old versions of operating system and database software. This prevents the Council taking advantage of a free upgrade to the latest version of Web-Labs CMS and as part of this work, it is proposed that the hosting of the Council's web sites moves to the Selcom virtual server environment at no additional cost.

3.0 RECOMMENDATIONS

- 3.1 That the Committee notes the use of the emergency powers procedure as outlined above.

Robert Stoakes
Transitional Head of ICT

4.0 BACKGROUND

- 4.1 The Council procured the Web-Labs Content Management System (CMS) in 2007 and the solution has proven to be reliable and cost effective.
- 4.2 The CMS allows designated Council employees to directly manage and update the web content for each service, rather than having to have all content published via the ICT Service. This results in the efficient and timely publication of information via the Council's web site and minimises the size of the ICT web team.
- 4.3 As well as the Council's main web site (<http://www.Inverclyde.gov.uk>) the Web-Labs CMS is also used to maintain approximately 50 other Council-related websites, including ICON (Council intranet), schools' websites and the Inverclyde Child Protection Committee website. The existing system [updated to the latest version of software] continues to meet functionality. On-going service requirements for the existing system are limited to software maintenance and hosting services which would cost approximately £12,000 per annum.
- 4.4 The Council's Digital Access Strategy will require the Council's existing website to be redesigned and relaunched during 2014. This work involves an upgrade to the supplier's CMS which will enable services to maintain the website content in a convenient and timely manner.
- 4.5 New requirements for additional websites have also been identified recently.

Website	Description
Heritage	Promotional site to provide source of information for Coastal Pathways initiative.
Inverclyde Living	Information and promotion site to enhance Inverclyde Living brand around repopulation.

- 4.6 There will be substantial cost and time implications in migrating the content from the existing Council web sites to new ones if a new CMS had to be procured.
- 4.7 The anticipated cost of installing a new CMS and migrating all existing Web-Labs powered sites to new solution will be in the region of £100,000. This does not include the cost of running the procurement process.
- 4.8 It is estimated that it would take around 12-18 months to migrate all Council web sites to a new solution.
- 4.9 In order to maintain the current web presence during this transition, both old and new solution support costs would apply.
- 4.10 Multiple users within Council services have been trained to use the Web-Labs solution and the introduction of a new CMS would require substantial retraining of staff.
- 4.11 Web site hosting arrangements have been in place with Web-Labs via a hosting company, Selcom, since 2007 and the Council has experienced no service provision issues in this period. Websites hosted under these arrangements have always been available.
- 4.12 Inverclyde Council-owned servers located at Selcom are now 7 years old and are running old versions of operating system and database software. This prevents the Council taking

advantage of a free upgrade to the latest version of Web-Labs CMS and as part of this work, it is proposed that the hosting of the Council's web sites moves to the Selcom virtual server environment at no additional cost.

5.0 IMPLICATIONS

Finance

5.1 Financial Implications:

There are no additional costs associated with this work. However, costs for redevelopment of the new web site, including the upgrade of CMS and template redesign, have been agreed via Committee approval of report ICT 25-3-14 Modernisation Update.

One Off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report	Virement From	Other Comments
N/A	N/A	N/A	N/A	N/A	

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect From	Annual Net Impact	Virement From (if applicable)	Other Comments
N/A	N/A	N/A	N/A	N/A	Existing £12,000 annual software maintenance and hosting charges will continue to be met from within the existing ICT software maintenance budget

Legal

- 5.2 Based on the information provided in this report, in particular that (i) the existing system continues to have useful life and on-going service requirements are limited to software support and maintenance services and (ii) for technical reasons/reasons connected with the incumbent's intellectual property rights only the incumbent can provide such services, it is appropriate to enter into a new agreement or seek an extension to the existing agreement with the incumbent supplier and that on terms acceptable to the Head of Legal and Property Services.

Human Resources

- 5.3 There are no HR implications.

Equalities

- 5.4 There are no Equalities implications - Web-Labs site templates meet all DDA guidelines.

Repopulation

- 5.5 A content management-driven website enables service staff to maintain content within new Inverclyde Living website. The present site (under development) is hand coded by ICT and this is a time consuming, resource intensive method. Moving to a new CMS will

enable more timely content changes to be made, resulting in the site being more useful and informative for visitors.

6.0 USE OF EMERGENCY POWERS

- 6.1 In order to ensure that these developments related to the Council's Modernisation Programme are not delayed and to ensure that technical development resources at WebLabs can be secured in a timely fashion, Councillors McCabe, Clocherty, McEleny and the Chief Executive, using the emergency powers procedure, granted permission to negotiate a new contract with the existing supplier in accordance with Standing Order 11.1 of the Council's Standing Orders relating to Contracts, rather than tendering for a replacement solution.

Report To:	Policy & Resources Committee	Date:	12 August 2014
Report By:	Corporate Director Education, Communities & Organisational Development	Report No:	HR/ 17/14/BMcQ
Contact Officer:	Steven McNab, Head of Organisational Development, Human Resources & Communications	Contact No:	Ext 2016
Subject:	Revised Scheme of Salaries & Conditions of Service for Chief Officials		

1.0 PURPOSE

- 1.1 The purpose of this report is to advise the Committee of the main changes in the new SJNC Scheme of Salaries and Conditions of Service for Chief Officials and highlight matters which will need to be considered by the Council as a consequence of the new agreement. The new agreement supersedes the previous one and is fully effective from 1 April 2014.

2.0 SUMMARY

- 2.1 The main changes nationally concern preservation and annual leave and in addition for the Chief Executive, the Disciplinary and Capability Frameworks.
- 2.2 Like many other Councils, Inverclyde have an agreed policy to automatically adopt national agreements and this is reflected in the contracts of employment of employees. Accordingly no decision of the Council is required to adopt the new national agreement. However, local consideration requires to be given to salary preservation, annual leave and the working hours of Chief Officials and a number of proposals have been made for consideration by the Committee.
- 2.3 In addition, the Corporate Management Team have been, over time, working to harmonise the terms and conditions of all employee groups within the Council as far as practicable locally.
- 2.4 An audit of the old national agreement has been undertaken to establish if there are any other changes in the new agreement which may impact on the Chief Executive and other Chief Officials. Following consideration of this report by the Committee, all Chief Officials will be advised of the new agreement and its effects on their contracts of employment.

3.0 RECOMMENDATIONS

- 3.1 That the Committee note the introduction of the new SJNC Scheme of Salaries and Conditions of Services for Chief Officials with effect from 1 April 2014.
- 3.2 That the Committee agree to extend the scope of the local policy on salary preservation for employees under the SJC Scheme for Local Government Employees, to include Chief Officials (i.e. one year preservation).
- 3.3 That the Committee agree a reduction in the annual leave entitlement of Chief Officials to that which currently applies to SJC employees within the Council as outlined in paragraph 4(b).

- 3.4 That the Committee agree the participation of Chief Officials in the Flexible Working Scheme as outlined in paragraph 4(c).
- 3.5 That the Committee agree to increase Chief Officials' standard working hours from 35 to 37 hours per week in line with SJC local government employees, as outlined in paragraph 4.3.
- 3.6 That the Committee note that Chief Officials will be advised of the new agreement and its effect on their contracts

Patricia Cassidy
Corporate Director Education, Communities
& Organisational Development

4.0 BACKGROUND

4.1 Councils have received from COSLA, the new SJNC Scheme of Salaries and Conditions of Service for Chief Officials. It is known as the Chief Officials Book and is available on the COSLA Employers website. Also available is an additional circular (IR/01/14) issued by COSLA to accompany the new Scheme which provides details on the main changes and provides additional guidance notes. The new agreement supersedes the previous one and is fully effective from 1 April 2014.

4.2 Over the last few years, the Corporate Management Team have been working to harmonise the terms and conditions of all employee groups within the Council as far as practicable locally.

4.3 MAIN CHANGES NATIONALLY

The main changes nationally concern preservation and annual leave and in addition for the Chief Executive, the Disciplinary and Capability Frameworks. The main areas for consideration are detailed below.

a) Preservation

The previous national agreement on preservation, including salary preservation, no longer applies. The only reference to preservation in the new national agreement enables future salary preservation arrangements, if any, to be determined locally. Inverclyde currently do not apply preservation arrangements to Chief Officials.

COSLA circular IR/01/14 advises councils that they may wish to consider extending the scope of any local policy on salary preservation for employees under the SJC Scheme for Local Government Employees, to include Chief Officials. At Inverclyde the current provision is 1 year preservation for Local Government Employees and in accordance with 4.2 above it is proposed that this arrangement is also now applied to Chief Officials.

b) Annual Leave

Annual leave entitlement, which was 27 days, is now harmonised with that within the SJC Scheme for Local Government Employees giving an entitlement of 20 days increasing to 25 after 5 year's service but it was recognised that the 20/25 day entitlement is a minimum entitlement which has been improved at a local level by many councils.

Chief Officials at Inverclyde initially receive 27 days annual leave rising to 30 days on completion of 10 years continuous service. SJC employees within Inverclyde initially receive 20 days annual leave rising to 28 days on completion of 10 years continuous service. All employees also receive an additional 5 days leave (former fixed public holidays) which were added to employees annual leave entitlement by local agreement in 2008.

The essence of the new national agreement is that the entitlement which applies to SJC employees within the Council should also apply to Chief Officials. However, the COSLA guidance circular IR/01/14 also highlights that where a locally determined annual leave arrangement is in place as a result of a local agreement (as is the case in Inverclyde), then this should continue in accordance with the terms of that agreement.

Chief Officials within Inverclyde have discussed the issue of annual leave entitlement and following consideration have indicated they would be prepared to accept the recommendation of a reduction in their annual leave entitlement in line with SJC local government employees consistent with 4.2 above. In most circumstances employee groups would expect some form of buy-out in return for loss of annual leave or other condition but the Chief Officials locally have agreed by way of example that this should not apply locally in this case. The application of this entitlement to Chief Officials within Inverclyde would see a reduction in their annual leave of between 2 and 7 days per annum depending on length of service. Subject to committee approval it is proposed that the reduced annual leave entitlement will take effect from 1 January 2015 with existing Chief Officials annual leave entitlement being protected for one year.

Members should also be aware that the number of Chief Official positions across the Council has reduced in number in recent years by over 50%, placing additional demands and responsibilities on those Chief Officials who remain. This regularly requires Chief Officials to undertake significant additional hours in order to fulfil the duties and responsibilities of their post. Members may also wish to consider potential recruitment and retention issues which may result from a reduced annual leave entitlement for Chief Officials.

c) Flexitime

The COSLA guidance circular IR/01/14 highlights that flexitime arrangements within councils which apply to SJC employees may not apply to Chief Officials. Chief Officials within Inverclyde do not currently participate in the flexible working hours scheme. In light of any changes to Chief Officials annual leave entitlement and from an equalities perspective it is suggested that Chief Officials become eligible to participate in the Council's flexible working hours scheme.

d) Disciplinary Framework for Chief Executives

The national agreement introduces a new Disciplinary Framework for Chief Executives. This framework may only be modified at a local level in regard to timescales, disciplinary sanctions, length of time warnings remain 'live' and representation, to ensure that there is consistency with that which applies within the Council's disciplinary procedure which applies to other Chief Officials.

e) Capability Framework

The national agreement also introduces a new framework for councils to deal with any question or complaint as to the capability of the Chief Executive to fulfil the duties and responsibilities of the post. Again that framework may only be modified at a local level, as per the Disciplinary Framework outlined above.

f) Sick Pay

Chief Officials who start employment after 31 March 2014 will only be entitled to receive occupational sick pay if they have 26 weeks or more continuous service as defined as per paragraph 10.1 of the national agreement at the start of the period of sickness absence. Currently occupational sick pay commences immediately. This brings Chief Officials sick pay conditions in line with SJC employees.

g) Appeals and Grievances

The previous provisions for local appeals and settlement of grievances no longer apply and there is no longer any right of appeal at a national level. The agreement indicates the route by which a Chief Executive should pursue a grievance within a council. The procedure to be followed by a council should as far as possible replicate the arrangements for other Chief Officials.

4.4 Hours of Work

The current national conditions are silent on hours of work for Chief Officials and this does not change in the new agreement. The standard working week for Chief Officials in Inverclyde is 35 hours per week. However, contracts of employment state that the "hours worked will be those required to fulfil the duties and responsibilities attached to the position."

There is no requirement under the new agreement to amend standard working hours, however, it is proposed that the standard working week for Chief Officials is increased to 37 hours per week in line with SJC local government employees. This change would not impact on existing salaries and would be implemented as soon as practicable.

4.5 Other Conditions

The above outlines the main changes arising from the new agreement. It is suggested in the accompanying circular IR/01/14 that councils undertake an audit of the old national agreement to determine whether there are any other conditions which they have applied to their Chief Executive and other Chief Officials and which are now withdrawn from the national agreement. This has been undertaken to ensure there are no other changes in the new agreement which may impact on the Chief Executive and other Chief Officials.

5.0 PROPOSALS

5.1 The following proposals are put forward to the Policy and Resources Committee in relation to Chief Officials terms and conditions of employment:

Salary Preservation – To extend the scope of the local policy on salary preservation for employees under the SJC Scheme for Local Government Employees, to include Chief Officials (i.e. one year preservation).

Annual Leave – To reduce the annual leave entitlement of Chief Officials to that which currently applies to SJC employees within the Council as outlined in paragraph 4(b).

Flexible Working Scheme – To agree the participation of Chief Officials in the Flexible Working Scheme as outlined in paragraph 4(c).

Hours of Work – To increase Chief Officials' standard working hours from 35 to 37 hours per week in line with SJC local government employees as outlined in paragraph 4.4.

6.0 IMPLICATIONS

Finance

6.1 None.

Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
N/A					

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (If Applicable)	Other Comments
N/A					

Legal

6.2 There are no legal implications.

Human Resources

- 6.3 Consultation was conducted nationally on the changes to the Scheme of Salaries & Conditions of Service for Chief Officials. Chief Officials have been informed and consulted on issues locally. Following consideration of this report by the Committee, all Chief Officials will be advised of the new agreement and its effects on their contracts of employment.

Equalities

- 6.4 As outlined in the report.

Has an Equality Impact Assessment been carried out?

YES

NO - This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required.

Repopulation

- 6.5 n/a.

7.0 CONSULTATIONS

- 7.1 Consultation took place with Trade Unions at National level on the amendment to the Chief Officials Conditions of Service.

8.0 LIST OF BACKGROUND PAPERS

- 8.1 a) The Scheme of Salaries and Conditions of Service for Chief Officials
b) CoSLA circular IR/01/14 – Revised Scheme of Salaries & Conditions of Service for Chief Officials

Report To:	Policy & Resources Committee	Date:	12 August 2014
Report By:	Corporate Director Education, Communities & Organisational Development and Acting Corporate Director, Environment, Regeneration & Resources	Report No:	HR/21/14/BMcQ
Contact Officer:	Steven McNab, Head of Organisational Development, Human Resources & Communications	Contact No:	Ext 2016
Subject:	Decriminalised Parking Enforcement (DPE) and the Greenock Town Centre Parking (GTCP) Strategy – FAQ's		

1.0 PURPOSE

- 1.1 The Decriminalised Parking Enforcement, Independent Reporter's Recommendations and Associated Proposed Traffic Regulation Orders were approved by the Environment & Regeneration Committee on 17 June 2014.
- 1.2 The purpose of this report is to advise the Committee of the attached information booklets to be published which provide frequently asked questions and answers highlighting the implications of the Decriminalised Parking Enforcement Scheme to the Public and to Council Employees. The Committee is also asked to approve recommendations in relation to car parking expenses incurred in respect of employees using cars for business purposes, and fees for reserved parking within the confines of the Greenock Municipal Buildings.

2.0 SUMMARY

- 2.1 Parking enforcement through Decriminalised Parking Enforcement (DPE) and the introduction of the Greenock Town Centre Parking Strategy (GTCPS) will be effective across the whole of Inverclyde from 6 October 2014. This follows extensive public consultation and a report produced by the Independent Reporter appointed by Inverclyde Council.
- 2.2 As part of the preparation for the introduction of DPE and the GTCPS it is appropriate that a Frequently Asked Questions (FAQ) booklet is prepared which answers, as far as possible, any questions that both the general public and staff within Inverclyde Council may have on this matter.
- 2.3 Appendix 1 contains information specific to Inverclyde Council employees. Appendix 2 provides questions and answers covering the majority of queries that are likely to be asked on the implementation and enforcement of the above.
- 2.4 The Committee are also asked to approve recommendations in relation to car parking expenses incurred in respect of employees using cars for business purposes and fees for reserved parking for the Chief Executive, Corporate Directors and Elected Members within the confines of the Greenock Municipal Buildings.

3.0 RECOMMENDATIONS

- 3.1 That Committee approve the policy set out in Appendix 1 (the FAQs for Council employees) and confirm that there will be no reimbursement of car parking fees incurred by staff within Inverclyde as outlined in paragraph 4.5.
- 3.2 That Committee agree that a fee of £220 per year should be determined for the reserved parking provided to the Chief Executive and Corporate Directors within the confines of Greenock Municipal Buildings.
- 3.3 That Committee agree that a fee of £110 per year should be determined for Elected Members who have access to the reserved parking within the confines of the Greenock Municipal Buildings. This reduced charge is in recognition that Elected Members will not attend the Buildings every day.
- 3.4 That Committee agree that usage of the reserved parking within the confines of the Greenock Municipal Buildings will be monitored and, where possible, further spaces will be offered to other members of the Extended Corporate Management Team.
- 3.5 That Committee note that all Blue Badge holders are exempt from parking charges within Council car parks.

Patricia Cassidy
Corporate Director Education Communities &
Organisational Development

Alan Puckrin
Acting Corporate Director Environment, Regeneration
& Resources

4.0 BACKGROUND

- 4.1 It was agreed by the Environment & Regeneration Committee on 17 June 2014 that Parking enforcement through DPE will be effective across the whole of Inverclyde from 6 October 2014.
- 4.2 It is recognised that the introduction of DPE and the GTCPS will generate many questions on how it will be implemented and how it will be enforced.
- 4.3 Appendix 1 addresses questions specific to Inverclyde Council Employees. Appendix 2 sets out to address many of the wider questions that are likely to arise as a result of the introduction of DPE and the GTCPS.
- 4.4 It is proposed to make available copies of the Appendices as relevant to Inverclyde Council staff and the general public. The information will be posted on the Council Internet and ICON. Hard copies will be distributed/placed on Council notice boards.
- 4.5 It is recognised that Inverclyde Council staff who are required to attend Council buildings for business purposes may incur expenses as a result of having to pay for parking. It is proposed that no reimbursement of parking fees will be made. This is in line with arrangements for employees based in the Council buildings and also avoids additional costs to the Council.
- 4.6 Reserved parking is available to the Chief Executive and Corporate Directors within the confines of Greenock Municipal Buildings. Given the introduction of parking charges within specified car parks in Greenock Town Centre it would be appropriate and timely that an annual charge is made for this reserved parking. A reduced fee is proposed for Elected Members for the reserved parking within the confines of the Greenock Municipal Buildings in recognition that they will not attend the Buildings every day. Within Council car parks all Blue Badge holders are exempt from parking charges.

5.0 PROPOSALS

- 5.1 It is proposed that the Committee notes the intention to publicise, as appropriate, the attached "Frequently Asked Questions and Answers" on Decriminalised Parking Enforcement (DPE) and Greenock Town Centre Parking Strategy (GTCPS).
- 5.2 It is also proposed that there will be no reimbursement of car parking fees incurred by staff within Inverclyde as outlined in paragraph 4.5.
- 5.3 It is further proposed that a fee of £220 per year should be determined for reserved parking provided to the Chief Executive and Corporate Directors within the confines of Greenock Municipal Buildings.
- 5.4 A fee of £110 per year is proposed for the reserved parking provided to Elected Members within the confines of the Greenock Municipal Buildings. This reduced charge is in recognition that Elected Members will not attend the Buildings every day.

6.0 IMPLICATIONS

Finance

- 6.1 The financial implications in the implementation of this report are as detailed below.

6.2 Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
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Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (if Applicable)	Other Comments
Roads	DPE Income	2014/15	(1.98)		Charge to Chief Executive, Corporate Directors & Members for Car Parking

Legal

6.3 The issues raised within this report are matters within the remit of Organisational Development, Human Resources and Communications and there are no direct legal implications identified other than the need for compliance with public sector equality duties on the introduction of new policies.

Human Resources

6.4 Human Resources will conduct communication sessions with trades unions and inform employees on the implications of the strategy.

6.5 Equalities

Has an Equality Impact Assessment been carried out?

The attached communications provide comprehensive answers to the many questions that may be asked by the diverse groups who will be affected by the introduction of DPE.

YES (The EQiA would be conducted as part of the overall Car Parking Strategy which went to the Environment & Regeneration Committee on 17 June 2014.

NO - This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required.

Repopulation

6.6 It is hoped that the DPE strategy through effective management and its practical application will be of further assistance in encouraging the repopulation of Inverclyde.

7.0 CONSULTATIONS

7.1 The Head of Legal and Property Services has been consulted on this report.

7.2 The Head of Finance Services has been consulted on this report.

7.3 The Trades Unions have been consulted and are content with this report.

8.0 LIST OF BACKGROUND PAPERS

8.1 Appendix 1 – FAQ (Employees)
Appendix 2 - FAQ (Citizens)

APPENDIX 1

2014

Car Parking Enforcement - Frequently Asked Questions for Council Employees



INVERCLYDE COUNCIL

August 2014

Greenock Town Centre Parking Strategy and Decriminalised Parking Enforcement (DPE)

All employees should familiarise themselves with the full list of Frequently Asked Questions and Answers relating to the above. Detailed below are further FAQs specific to Inverclyde Council Employees.

1. Are there parking spaces reserved for Inverclyde Council staff?

No. However there will continue to be dedicated spaces available to the Chief Executive and Corporate Directors within the confines of the Greenock Municipal Buildings who will pay £220 per year for the use of these parking spaces.

2. If Inverclyde Council Employees use their own car or have the use of a Council vehicle for business purposes, will Inverclyde Council repay any parking charges that they incur?

Employees will not be reimbursed for any parking charges incurred within Inverclyde.

3. Who will be responsible for any parking penalties Inverclyde Council Employees incur while carrying out their normal duties?

The employee will be responsible for paying any fines they incur as a result of their failure to comply with the parking restrictions that apply to the area where they are parked.

4. What car Parking spaces are available?

Free for 3 hours - The Bullring and Cathcart Street West (link to maps will be included when maps become available) –

Long stay charged at £1 per day (link to maps will be included when maps are available) - You pay for a ticket which is reusable on the same day and will be accepted in any of the long stay '£1 a day' car parks. If an employee purchases a ticket and has to leave the car park to conduct his/her duties then the ticket is still valid on their return. Tickets cannot be passed from one person to another to use up unspent time

5. Are there any exemptions to the Penalty Charge Notice

Council vehicles are exempt in the circumstances described: - Local Authority Vehicles (or those of contractual agents) whilst being used to carry out statutory duties (i.e. refuse collection, street cleansing, highway maintenance) or whilst carrying out duties that require the vehicle to be in close proximity (i.e. verge grass cutting) . Any unattended vehicles will be issued with a Penalty Charge Notice (PCN) and will not be cancelled.

Training and briefings on these matters will be organised for those employees likely to be affected by the above issues.

6. Is the Employees Cycle to Work Scheme available

The Council operates a Cycle to Work scheme which is a government approved salary sacrifice initiative allowing Council employees to obtain a bike and accessories to a value of £1000 for the purpose of cycling to work (or part of the journey). The expense is free of Tax and National Insurance (you pay the cost, less your saving over 12 months deducted from your salary). Further details of the scheme, including windows for signing up, can be found on ICON, notice boards or by contacting HR directly on 01475 712740.

2014

Car Parking Enforcement - Frequently Asked Questions



Mark Higginbotham
INVERCLYDE COUNCIL
August 2014

Decriminalised Parking Enforcement and Greenock Town Centre Parking Strategy

Frequently asked Questions and Answers

1. What does Decriminalised Parking Enforcement (DPE) mean?

Decriminalised parking enforcement (DPE) is the process by which the Council has applied to Government, under the Road Traffic Act 1991, for the power to enforce parking restrictions itself, instead of the Police Traffic Wardens. As you may know, the Police removed the Traffic Wardens from Inverclyde in July 2011 and the yellow lines have not been enforced properly since.

Parking Attendants working for the Council will now enforce parking offences and issue penalty charge notices, (PCNs), for non-compliance. Meanwhile, the Police remain responsible for all moving traffic offences in Inverclyde as well as instances of obstruction.

Parking offences cease to be criminal offences and are therefore 'decriminalised'. Any fines issued by Parking Attendants are treated as civil debts and income generated through the issue of PCNs, is retained by the Council and goes towards scheme running costs or, if in surplus, other transport related schemes.

2. Why do we need a Parking Strategy?

Inverclyde Council recognised the existing parking situation was not meeting the needs of our town centres. Greenock Town Centre has suffered from problems with inconsiderately or illegally parked vehicles for a number of years. Complaints are being received from the public and businesses about parking spaces being unavailable and congestion affecting road safety and deliveries. Parking on yellow lines is now commonplace and reportedly having an economic impact on Greenock Town Centre.

Inconsiderate and illegal parking is a real issue causing safety concerns and serious inconvenience to shoppers, disabled people and businesses. Our new Parking Strategy will provide a better managed system with better availability of spaces and, by reducing congestion in the area, will improve access for deliveries and improve pedestrian safety.

3. When will the parking enforcement come into effect?

Parking enforcement through DPE will be effective from 6 October 2014 across the whole of Inverclyde.

4. What Consultation has taken place on the Parking Strategy?

Public and employee engagement was undertaken following the Committee Report of 25 October 2012 when press releases were sent to the local and national press and posted on ICON.

The outline strategy was consulted on with key stakeholders and the community at a number of events in late 2011/early 2012 which consisted of a questionnaire sent to the Citizens' Panel, a 5,000 household leaflet drop, exhibitions in the Oak Mall and meetings with Community Councils.

The statutory public consultation procedure for the strategy's traffic regulation orders (the legal documents that make enforcement of the restrictions possible) was undertaken between July and August 2013. The proposal attracted some objections and so some changes were made to the orders

to help those with specific problems. A number of objectors wished to maintain their objections, despite our efforts, so a Hearing before an independent Reporter was held on 8 April 2014. The Reporter issued his recommendations on 29 May 2014 which were that:

- the duration of maximum stay of the Cathcart Street on-street parking bays, should be increased from 30 minutes to 1 hour;
- the duration of maximum stay of the William Street on-street parking bays, should be increased from 30 minutes to 2 hours;
- the duration of maximum stay of the Cathcart Street West car park should be increased from 2 hours to 3 hours; and
- the duration of maximum stay of the Bullring car park should be increased from 2 hours to 3 hours.

These recommendations have since been incorporated into the traffic regulation orders.

5. What is our parking Strategy

The strategy was designed to address parking issues in Inverclyde. It provides parking opportunities for all road users by introducing signs and lines to advise where parking can take place and for how long. Restrictions are generally in operation from 08:00 to 18:00 Monday to Saturday.

A key part of our parking plans involve reviewing the existing traffic regulation orders in the area. Our roads officers have examined what is in place and put forward five traffic regulation orders to collect all the restrictions together into one place for ease of administration. The orders cover;

- Inner Greenock;
- Outer Greenock;
- Port Glasgow, Kilmacolm and Quarriers Village;
- Gourock, Inverkip and Wemyss Bay; and
- Off street car parks.

All the orders except 'Inner Greenock' do little more than record the existing restrictions that everyone has got used to over the years. The Inner Greenock order records the strategy's on-street and off-street parking controls in the inner town centre of Greenock. Within this zone, on-street parking is allowed free for maximum durations of 30 minutes, 1 hour or 2 hours, depending on location. Off-street parking is divided into medium stay up to 3 hours free and long stay for which a day ticket costs £1. The car parks outside Inner Greenock will remain free. Free, time limited parking places will require the driver to display a simple cardboard clock disk on the dashboard showing the time at which they parked. The disks are reusable and will be made available free of charge from Council offices and local volunteer traders such as newsagents, etc. The £1 tickets are available from pay and display machines.

6. What are the parking restrictions that are being implemented?

There will be 3 hours free parking in the Bullring and Cathcart Street West car parks and day long parking in the Council's other town centre car parks, charged at £1.00 per day.

The car parks operate from 08:00 to 18:00 Monday to Saturday. Sunday parking is free of charge and without time limit.

Penalties will apply to those parking beyond the 3 hours in the free car parks or parking without a valid ticket in the all day car parks.

7. What is a parking disk? Where can I get one/are they free?

Parking disks will be available at Council buildings and a number of local shops (there will be signs in the windows advising disks can be obtained there). Details of these can be found on the Inverclyde Council web site.

Visitors to Inverclyde will see signs at the entrance to the town centre explaining this is a disk zone and that they will need to use one to park.

The disks are free.

The instructions for use of the disks are printed on the disk itself. You set it to your arrival time and put it inside the car windscreen. Parking Attendants can then compare how long you have been parked with the time allowed on the parking signs. It is an offence to not display a disk or to put the wrong time on it.

8. Where can I park free of charge?

On Street Parking – in marked white bays, is free for up to 30 minutes, 1 hour or 2 hours depending on location.

Off Street Parking - is free in the Bullring and Cathcart Street West car parks (see below) for a period of up to 3 hours.

9. What days/times are restrictions in place?

Details will be on signs next to the location concerned. However, the scheme's operational hours are generally between 08:00 and 18:00 Monday to Saturday.

10. What car parking spaces are available?

Free for 3 hours - The Bullring and Cathcart Street West ([links to maps are currently being prepared for the Council Website](#))–

Long stay charged at £1 per day ([links to details/maps are currently being prepared for Council Website](#)) - you pay for a ticket which is reusable on the same day and will be accepted in any of the long stay '£1 a day' car parks. If a citizen purchases a ticket and has to leave the car park then the ticket is still valid on their return as long as it is on the same day. Tickets cannot be passed from one person to another to use up unspent time..

11. What is a Traffic Regulation Order

A Traffic Regulation Order (TRO) is a legal order which makes the restrictions listed in it enforceable. Every time there is a need to change the way in which you are allowed to use the road or a Council controlled off-street car park, the Council must promote a Traffic Regulation Order explaining the circumstances.

Traffic Regulation Orders are consulted on with the public. The public notice for a Traffic Regulation Order will include the reasons for the proposed changes and the likely effects they will have. Traffic Regulation Orders are required for many different restrictions including:

- Waiting and Loading
- One-way streets
- Speed Limits
- Weight and width restrictions
- Access and turning restrictions
- Road and Footway closures - both permanent and temporary
- Cycle and bus lanes

All new Traffic Regulation Orders will be published on the Council's website. Orders are also advertised in the local press and are displayed for public view in appropriate Council offices.

12.If parking is decriminalised can I park where I like?

No. Parking offences have been decriminalised and powers have been given to local authorities to allow them to enforce parking restrictions. The increased level of enforcement under DPE means you could be more likely to receive a penalty charge notice if you contravene the regulations.

13.How will I know if I am parked legally

Read the signs next to the parking bays or yellow lines – they will explain when you can park, for how long and if you need to pay. (links will be provided to a Council webpage showing typical lines and signs)

In all free spaces with time limits in Greenock town centre you will need to put a disk in the windscreen.

14.How is decriminalised parking enforcement done?

Parking Attendants will patrol all areas of Inverclyde where parking restrictions are in force. This will include yellow lines, pay and display bays, loading and unloading areas, disabled bays, limited waiting areas, and Council controlled off-street car parks.

15.How much will a Penalty Charge Notice (PCN) cost and how do I pay?

Parking Attendants will issue PCNs which are set at £60. The penalty charge is reduced by 50% to £30 if paid within 14 days of the date of issue. If a PCN remains unpaid after 56 days it will be increased by 50% to £90.

Should the Council need to remove parked vehicles charges may be made for removal, storage and in extreme circumstances, the disposal of unclaimed vehicles to cover the Council's expenses.

Parking Attendants cannot accept payment and will be under strict instructions that once a PCN has been issued it cannot be withdrawn. Drivers will however be given the opportunity to appeal against any aspect surrounding the issue of a PCN where reasonable.

16.What methods are available to make payment of a PCN?

Details of how to pay a fine is explained on the back of the PCN. Payment will be possible by cheque or credit or debit card and these can be made, by automated phone line (number still to be finalised) or on-line webpage (link to follow once arrangements with Fine Processing contractor have been made).

17.Can Motorists contest liability for a Penalty Charge Notice?

Motorists wishing to contest liability for PCN may make representations to the Council and, if rejected, may appeal to an independent adjudicator, whose decision is final.

18.What do I do if I want to Appeal?

Write to Inverclyde Council Parking, PO Box(full address will follow once arrangements with Fine Processing Contractor have been made) with your reasons why you think you are not due the fine. Your appeal will be considered and if your appeal is upheld the fine will be cancelled. If your appeal is not upheld you can take your case to an independent adjudicator and have your case dealt with in person or by written submission.

19.Do Parking Attendants have targets to meet?

No, there will be no target for the number of PCNs that a Parking Attendant must issue.

20. What are the benefits of local enforcement?

Local enforcement will keep Inverclyde moving, discourage dangerous and inconsiderate parking, support local businesses, assist loading and unloading and assist Blue Badge holders.

21. Will the police be responsible for any parking enforcement?

The Police will not be responsible for enforcing any permanent waiting, loading or parking restrictions. They will still enforce all “moving” traffic offences and matters of obstruction and some temporary waiting restrictions, such as areas marked with “Police No Waiting” cones at special events. Parking Attendants can only enforce restrictions that are marked with signs and yellow lines or white parking bays.

22. How do I avoid getting a PCN?

Motorists who do not contravene parking regulations will not receive a PCN. Look out for the lines, signs and notices when you park. These will tell you about any restrictions or charges in force. The Highway Code will help explain what the signs and lines mean. Further useful information is contained on the Council website.

23. If I receive a PCN will I get penalty points on my licence?

No. Penalty points are only received for offences dealt with by the Police under criminal law.

24. What happens if I don't pay the Penalty Charge Notice?

Non-payment of a PCN will result in the issue of a Charge Certificate which increases the value of the PCN from £60 to £90. If the penalty charge remains unpaid the Charge Certificate will be passed to debt recovery agents for collection.

25. Can I park on a single yellow line to pick up a newspaper or buy a sandwich?

No, unless you park at times when the regulations are not in force. The times of operation will be shown on adjacent signs usually located near to the kerb side. Parking for even short periods within these times is not permitted and you may be issued with a PCN.

26. Can I park on a yellow line if there are no signs indicating times?

No, not all restrictions need a sign. For example double yellow lines indicate “No Waiting at any Time” and do not require a sign.

27. I am a blue badge holder, will the changes affect me?

The Blue Badge scheme will continue to operate as before. If you park in accordance with the Blue Badge scheme rules you will not receive a PCN. Roadside disabled bays in Greenock Town Centre are limited to 3 hour stays. Blue Badge holders using these spaces must use a parking disk to record their arrival time. Within Council car parks all Blue Badge holders are exempt from parking charges. This may not be the case in private car parks so please check.

28. Will the restrictions apply on bank holidays

Waiting and loading restrictions as indicated by yellow lines / markings on the carriage- way and /or kerbs will be in force throughout the year. Unless the on-street signs state expressly “except bank holidays” the relevant restriction will apply on bank holidays.

29. Are there any exemptions to the Penalty Charge Notice

Council vehicles are exempt in the circumstances described: - Local Authority Vehicles (or those of contractual agents) whilst being used to carry out statutory duties (i.e. refuse collection, street cleansing, highway maintenance) or whilst carrying out duties that require the vehicle to be in close proximity (i.e. verge grass cutting). Any unattended vehicles will be issued with a PCN and will not be cancelled.

30. What should I do if I have a complaint?

Complaints should be made in writing to the following address: (address will follow once arrangements with our Fine Processing Contractor have been made)

Report To:	Policy & Resources Committee	Date:	12 August 2014
Report By:	Corporate Director Education, Communities & Organisational Development	Report No:	HR/15/14/AW
Contact Officer:	Steven McNab, Head of Organisational Development, Human Resources & Communications	Contact No:	Ext 2016
Subject:	Work-Life Balance Policy		

1.0 PURPOSE

- 1.1 The purpose of this report is to seek Committee approval to implement the Work Life Balance Policy which is attached at Appendix 1. This policy has been developed to support the Council's Organisational Development Strategy and to meet the requirements of recent legislative changes which extend the right to request flexible working to all employees, not just those with dependants.

2.0 SUMMARY

- 2.1 The promotion of flexible working patterns can promote a good work-life balance, reduce unauthorised absences from work and employee stress, and improve the performance and productivity of our workforce. There are also other benefits in regards to more efficient use of physical resources such as office space and ICT equipment, and in having a committed and engaged workforce who are able to take advantage of these attractive benefits, thus heightening our reputation as an employer of choice.
- 2.2 There is a number of different work attendance patterns already in place across the Council linked to the existing Family Friendly Policy. These include: part time working, job sharing, compressed hours, home-working, shift working and flexi-time. The attached Work-Life Balance Policy is designed to complement the existing Family Friendly Policy and provides guidance to employees and managers to ensure a consistent approach in the application of the Policy, particularly around dealing with individual requests.
- 2.3 The Work-Life Balance Policy extends the right to request flexible working, currently only formally available to those with dependants, to all employees. This is in light of the employment legislation which came into effect in June 2014, which will extend this right to all employees who have 26 weeks service with their employer.
- 2.4 Subject to Committee approval, the attached Work-life Balance Policy will be combined with the existing Family Friendly Policy and communicated to the workforce as appropriate. Relevant on-line and face to face training will also be further developed to ensure a consistent application of the Policy.

3.0 RECOMMENDATIONS

- 3.1 That Committee approve the Work-Life Balance Policy attached at Appendix 1.
- 3.2 That Committee note that flexible working requests will continue to be monitored via workforce information and activity reports to the Corporate Management Team.
- 3.3 That the revised Work-Life Balance Policy is communicated to the workforce and that relevant online and face to face training be developed to ensure consistent application of the Policy.

Patricia Cassidy
Corporate Director Education, Communities
& Organisational Development

4.0 BACKGROUND

- 4.1 Work-Life Balance is the commonly used phrase to describe a range of atypical employee attendance patterns which can be beneficial to both the Council and employees. From June 2014 government legislation widens access to the right to apply for flexible working to all employees with at least 26 weeks service. Current ACAS advice states: *“The Government proposes to extend the right to request flexible working to all employees; they will remove the current statutory procedure for considering requests. Instead employers will have a duty to consider all requests in a reasonable manner; however, business will have the flexibility to refuse requests on business grounds.”*
- 4.2 Requests under the Work-life Balance Policy can only be approved following careful consideration of the impact on Service delivery and is therefore not an automatic entitlement to change. The Work-Life Balance Policy attached provides information to employees and managers in relation to the application of the policy, including service impact considerations and acceptable reasons for rejecting any requests.
- 4.3 The existing Family Friendly policy allows employees with dependants to make requests for flexible working and they can request any pattern/method which suits their personal needs. Requests made via the Family Friendly policy are generally accepted. Requests from other employees are made from time to time and are considered on a case by case basis with no statutory obligation on the Council to consider them.
- 4.4 Expanding the access to flexible working patterns can promote a good work-life balance, reduce unauthorised absences from work and employee stress, and improve the performance and productivity of our workforce. There are also other benefits in regards to more efficient use of physical resources such as office space and ICT equipment, and in having a committed and engaged workforce who are able to take advantage of these attractive benefits, thus heightening our reputation as an employer of choice.
- 4.5 As indicated in paragraph 4.3 above there are a number of different work attendance patterns already in place across the Council linked to the existing Family Friendly Policy. These include: part time working, job sharing, compressed hours, home-working, shift working and flexi-time. The attached Work-Life Balance Policy is designed to complement the existing Family Friendly Policy and provides guidance to employees and managers to ensure a consistent approach in the application of the Policy, particularly around dealing with individual requests. The proposed Work-life Balance policy opens up the various work-life balance options to all employees which meets the requirements of the recent legislation.

5.0 PROPOSALS

- 5.1 That Committee approve the Work-Life Balance Policy attached at Appendix 1.
- 5.2 That Committee note that flexible working requests will continue to be monitored via workforce information and activity reports to the Corporate management Team
- 5.3 That the revised Work-Life Balance Policy is communicated to the workforce and that relevant online and face to face training be developed to ensure consistent application of the Policy.

6.0 IMPLICATIONS

Finance

- 6.1 Any changes that are agreed under this Policy will require Head of Service approval.

Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
N/A					

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (If Applicable)	Other Comments
N/A					

Legal

- 6.2 Meets requirements of revised June 2014 employment legislation.

Human Resources

- 6.3 Positive OD development which meets OD Strategy goals and objectives.

Equalities

- 6.4 Has an Equality Impact Assessment been carried out?

YES (Policy fully satisfies an equality impact assessment and is being brought in to comply with changes to flexible working legislation.)

NO - This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required.

Repopulation

- 6.5 Enhances Council as a modern and flexible employer, which is attractive to potential employees coming into the area.

7.0 CONSULTATIONS

- 7.1 The Trades Unions have been consulted and are supportive of the new Work Life Balance Policy.

8.0 LIST OF BACKGROUND PAPERS

- 8.1 Appendix 1 - Work Life Balance Policy,

Organisational Development, Human Resources & Communications

Work Life Balance Policy

Version 1.0

Produced by:

Organisational Development, Human Resources & Communications

Inverclyde Council
Municipal Buildings
GREENOCK
PA15 1LX

June
2014



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AUDIOTAPE, OR CD.**

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1. Introduction to Work-Life Balance Policy & Procedure

- 1.1 The Council understands that the promotion of flexible working patterns can promote a good work-life balance, reduce unauthorised absences from work and employee stress, and improve the performance and productivity of our workforce. There are also other benefits in regards to more efficient use of physical resources such as office space and ICT equipment, and in having a committed and engaged workforce who are able to take advantage of these attractive benefits, thus heightening our reputation as an employer of choice.
- 1.2 There are many variations of work attendance patterns already worked by many employees, mainly under the Councils Family Friendly Policy and this policy is being introduced to comply with the 2014 legislation which extends the right to request flexible working to all employees. The Family Friendly Policy still applies to those employees with dependants.

2. Scope, Eligibility and Principles

2.1 Scope & Eligibility

- 2.1.1 This policy & procedure will come into effect from 30th June 2014.
- 2.1.2 The Work-Life Balance Policy & Procedure ensures that the Council demonstrates best practice and compliance with the June 2014 legislation which extends the right to request flexible working to all qualifying employees.
- 2.1.3 Requests to alter working patterns can be made by all full time, part time, temporary and permanent employees covered by the following conditions of service and who have 26 weeks continuous service at the date of application:
- Inverclyde Council Conditions of Service for Local Government Employees;
 - Scottish Joint Council for Building & Civil Engineering Operatives, Engineering Craftsmen, Electricians & Plumbers;
 - Scottish Negotiating Committee for Teachers (SNCT);
 - Scheme for Salaries and Conditions of Service laid down by the Joint Negotiating Committee (JNC) for Chief Officials of Local Authorities (Scotland).
- 2.1.4 Qualifying employees may submit 1 request per year. Additional or earlier requests may be considered in exceptional circumstances.
- 2.1.5 Note that for Teaching employees, only part-time working and job share requests can be fully considered due to the nature of the profession and delivery of education services.
- 2.1.6 Employees who have dependents who wish to apply to make a change to their working arrangement for family friendly reasons, should make their application using the Flexible Working Form. This is to allow the council to monitor flexible working requests from those employees with dependants alongside other work-life balance requests.

2.2 Principles

- 2.2.1 The Council is keen to support as many employee led requests as possible and managers will fully consider all requests made. Where a request cannot be accommodated, the reasons will be explained and will normally be in line with the reasons outlined in Section 4 of this Policy.
- 2.2.2 When a service management led move leads to a different way of working, the objective will be to seek the agreement from all affected employees, and only as a last resort would any change be imposed with due consultation and notice periods and full consideration of the circumstances.

3. Service Impact Considerations

3.1 Employees and managers should consider the following before requesting or agreeing to a Work-Life Balance request:

- Customer/Client Impact;
- Finance/Additional Costs – normally there should be no additional costs;
- Statutory Responsibilities (e.g. Legal requirements, certain staff to client ratios);
- Size of team, e.g. impact on others/workload if a working pattern is changed;
- Rotas, e.g. would approving a request negatively impact well established rotas for covering workload/important times;
- Known problematic absence levels/holiday periods (e.g. are there staffing/cover issues due to attendance issues such as high absence or a large periods of annual leave to be taken);
- Nature of work being undertaken;
- Management or support responsibilities (e.g. does employee support a client who requires services on a specific schedule/cover arrangements);
- The need for managers to be at a place of work to effectively manage.
- Attendance patterns of other employees in teams;
- Impact on the individual employee making the request (workload etc.).
- Exigencies of the service
- Practicality of working hours, e.g. proposed certain services require to limit the variety of start and finish times to allow more efficient management of staff and service delivery.

The above list is not exhaustive and is provided for illustrative purposes only.

4. Reasons for Rejecting Requests

4.1 The following list provides some guidance on what may be considered as acceptable reasons for rejecting a request under the Policy. Please note that this

is not an exhaustive or mandatory list and that individual circumstances should be taken into account when considering any requests:

- Insufficient work during the period the employee proposes to work;
- Burden of additional cost – normally requests must be cost neutral to be approved;
- A detrimental effect on the ability to meet customer demand;
- An inability to reorganise work amongst existing employees;
- An inability to recruit additional staff (e.g. to fill part of a post if employee requests less hours);
- A detrimental impact on quality or performance;
- Inability to effectively manage performance
- Planned structural changes (e.g. the timing is not good as service is reviewing how it operates and no decisions can be made until afterwards);
- Corporate position and wider implications due to volume of requests.
- The post holder has supervisory or line management responsibilities that require them to be available at all working times in line with the attendance of their team or customers;
- The employee has an absence level greater than 9 days (or pro-rata equivalent) in the 12 months leading up to the request (note that absences relating to disability, gender, age or race may be discounted as these are protected characteristics under the Equality Act 2010 – HR advise will be provided in this area).
- Inability to meet Statutory Responsibilities

The above list is not exhaustive and is provided for illustrative purposes only. Managers will liaise with Human Resource for advice if there is any concern over reasons for rejecting a request.

- 4.2 Where a request is rejected, an appeal can be made to the next level of manager and should be submitted within 5 working days of the rejection being received. The appeal must outline why the employee believes the rejection is not reasonable. Appeals will normally be heard within 28 days by a Corporate Director or other appropriate senior officer not involved in the decision making.

5. Employee Led Requests

- 5.1 Individual employees and groups of employees can make requests under the Policy and will do so following the Procedure in Appendix 1, Part 1.
- 5.2 The proposed start date of the change should normally be at least 8 weeks from when the written request is submitted to allow time for full management consideration, employee meetings, and any required administrative changes to take place.

6. Approval Process for Employee Request

- 6.1 All decisions on requests made must be ultimately approved by the relevant Head of Service. Line Managers will also undertake discussions with more senior managers as part of their decision making and completing the necessary paperwork in line with the Procedures in Appendix 1, Part 2.

7. Service Led Changes

- 7.1 Service Management may consider posts or groups of posts which may benefit from introducing new ways of working. For example if there are considerable potential service delivery or efficiency benefits to be gained from making a change to working patterns/methods as well as

providing a greater opportunity for Work-Life Balance for employees, but where those employees have not requested a change.

- 7.2 In these circumstances, the proposals will be formulated with the support of Human Resources and include full consultation with Trade Unions, with the ultimate goal being able to gain agreement on any changes.

8. Monitoring Arrangements & Contractual Status of Agreed Changes

- 8.1 Any changes agreed under the scheme will be subject to at least annual review. Managers will consider if arrangements are still a best fit and to determine if any changes are required consultation will begin with HR involvement.
- 8.2 In some circumstances, trial periods may be agreed in the first instance and it is important that a decision is made to either agree to the change or revert to previous way of working at the end of the trial period. Trial periods should normally last no longer than 3 months.
- 8.3 Where there is a large demand or numerous staff wishing to change their hours/working arrangements but not their contractual (paid) hours, it will be acceptable for managers to agree a rota of arrangements, for example if 4 employees request to move to condensed hours, managers may agree a few months each as an operational but not contractual change.
- 8.4 Any arrangements under this policy which are for a reduction in hours are normally permanent, unless otherwise agreed (for example during a trial period). There is no right to revert to full time hours once a permanent change to reduced hours has been agreed.
- 8.5 Requests which do not effect contractual (paid) hours may be agreed on a temporary basis. End dates or review dates should be clearly documented and adhered to.

9. Work-Life Balance Options

- 9.1 There are a variety of work-life balance options open to employees and services, the majority of which are explained in this section. It may be possible to combine options, or to have options which are not listed in this section considered;
- Part-Time Working
 - Job share
 - Term-Time Working
 - Compressed Hours
 - Mobile/Home/Flexible Working
 - Annualised Hours
 - Flexitime/Flexible Hours System
 - Shift/Rota Working

9.2 *Part-Time Working*

- 9.2.1 Part time working is where an employee's contracted weekly working hours are less than the contracted hours of a full-time employee, i.e., less than 37 hours per week. The salary , holiday

entitlement and other conditions of service such as sick pay and maternity, paternity and adoption pay of employees who work part-time are calculated on a pro rata basis, according to the hours worked.

9.3 *Job Share*

- 9.3.1 Job share is where two employees share the responsibilities of one full-time post normally evenly. At the point of application, there does not need to be an identified job share partner, but if it is not possible to find a partner within a period considered reasonable by management, then the job share arrangement cannot go ahead. There is a separate Job Sharing Policy available from HR and on ICON should further information be required.
- 9.3.2 Salary, holiday entitlement and other conditions of service such as sick pay and maternity/paternity/adoption pay of employees who work job share are calculated on a pro rata basis, according to the hours worked by each sharer. A job-sharer is differentiated from a part-time worker in that a job-sharer has a job-share partner and this is important when one part of the job-share post becomes vacant as the sharing partner, under the Councils Job Share Policy, has the right to be offered the remainder of the post or if unable to accept it, remain in their post until efforts to recruit a new job-sharer have been exhausted.
- 9.3.3 A range of job-sharing arrangements can be agreed but the most common are on an hourly basis: split-day (morning/afternoon) or split-week (2.5 days per week or 2/3 days on alternate weeks but paid in equal amounts).

9.4 *Term-Time Working*

- 9.4.1 Term time working is where an employee attends work during the school timetable and does not work during the school holidays. Term time working is most common to services that provide and operate primarily during the school term, but is not restricted to these services (for example an employee in a post not connected to school term but for whom term-time working arrangements would suite their personal circumstances).
- 9.4.2 The employee's salary and holiday entitlement is pro-rata'd based on hours worked and weeks worked, and is paid in equal amounts over 12 months.
- 9.4.3 It is essential to stress that in term-time working, annual leave is allocated during the pre-determined school holidays only, and cannot be taken at any other time.

9.5 *Compressed Hours*

- 9.5.1 Compressed hours is where an employee works their contracted weekly hours over fewer days e.g. a full time employee may work 4 extended days rather than the usual 5 days within the working week or; their contractual hours over 9 days per fortnight instead of 10 days. It is also possible for part time employees to consider this under this Policy, for example 18.5 hours per week - 18.5 hours worked over 2 days rather than the traditional 2.5 days or 20 hours per week – 20 hours worked over 2.5 days rather than the traditional 3 days. Compressed hours per day must normally not exceed 9.25.
- 9.5.2 Although the working pattern may vary, an employee receives their salary in equal instalments. This way of working is advantageous in many ways and complex in others, and is it expected to be popular and frequently requested, as such, separate guidance is available from HR and in ICON on this approach.

9.6 *Flexible/Home/Mobile Working*

9.6.1 The Council has produced separate and full guidance for Flexible/Home/Mobile working, available [here on ICON \(HR Policies A-Z\)](#). Currently, any requests to move to these ways of working, other than in exceptional circumstances, will be service led. Employees may make a request for this way of working but should be aware that they are more difficult to agree as this way of working is relatively new, subject to development, and due to the complexities around ICT requirements, office/desk space availability, and health and safety considerations. To provide an overview of what these ways of working mean, the separate guidance outlines the categories as follows:

Flexible Worker

Works out of different locations. However, is office based for in excess of 50% of their time. Tasks can be carried out remotely, no need for a fixed base. Able to operate from a range of office locations by hot-desking:

- Works from multiple locations
- Requires mobile access to ICT systems
- Predominantly works across different locations
- Occasionally works from home – For example, 1 or 2 days per week

Mobile Worker

Works across various locations. Duties are carried out in the field – e.g., customers' homes, site visits, therefore no need for fixed base. Can hot-desk and /or home work. Is office based for less than 50% of their time:

- Works from multiple locations
- Requires remote access to ICT systems
- Predominantly works across different locations
- Occasionally works from home – 3+ days per week
- Hot-desks as and when required

Home Worker

Based at home for at least 90% of working time. No allocated desk - will book hot desk when time in office required. Duties carried out can be done out-with office environment:

- Works full time from home (90%)
- Provided with ICT equipment and support
- Requires remote access to ICT systems
- No office desk required

9.7 *Annualised Hours*

9.7.1 Annualised hours involve organising working time flexibly across a 12-month period rather than over a fixed standard working week. Although the working pattern varies, an employee receives his/her salary in equal instalments, irrespective of the actual number of hours worked in any given period.

9.7.2 Annualised hours are likely to be best suited to posts in which demand varies seasonally, and as such attendance is best suited to particular times of the year.

9.7.3 Annualised hours can be beneficial to employees and services, but can also raise complex issues around terms and conditions of employment, and as such, full consultation and HR involvement will be undertaken before any arrangement is implemented.

9.8 *Flexitime/Flexible Hours System*

9.8.1 This scheme is already in operation in some parts of the Council however, it may be possible to apply it in other areas. Full, separate details of the scheme are available from HR and ICON. Essentially it is a scheme which allows employees flexibility in relation to their start, finish and break times. It is designed to allow flexibility within the core-working day, rather than have set start, finish and lunch times each day, and on some occasions allow employees to take full or half days off as flexi-days as a result of hours being worked in a more flexible way.

9.8.2 Normally employees should use the scheme to allow greater balance in their working day. There may be occasions if an employee is particularly busy that they find themselves working more hours on a particular day, and balancing that out on another day, or, over a period of weeks, it may be that they can use accrued of these hours to take a day or part of a day off, subject to the limitations of the scheme as outlined in the full separate guidance.

9.9 *Shift/Rota Working*

9.9.1 This too is already in place in many areas in the Council. Any move to shift work will require careful consideration as it is important that staff are working at the times that meet service demands and that any costs associated with changes to working hours are fully considered in line with the Councils agreed working-time envelope. Moves to ways of working which propose a move into an atypical working envelope, as outlined in section 9.2 will be rejected on the grounds of additional cost.

9.9.2 Shift working can help meet demands placed on services and also provide an opportunity for a greater work life balance as often it means non-working days do not necessarily fall only on weekends. There are numerous models for shift working, but some of the most common are “4 on, 4 off” rotations, split shifts or “earlies/lates”. Examples of where this approach is already in operation are Community Safety/Wardens Service, Street Scene and Homecare that is, services where service provision is required out-with “standard” offices hours.

9.9.3 Shift working may be suitable if there are demands to be met particularly early in the morning, in the evenings or at weekends. Rotas play a key role in shift working, and rotas are normally agreed some time in advance.

9.9.4 It is likely that any move to shift work will affect a team/group of employees rather than an individual, as such, full consultation will be required with the affected group and HR will be involved in consultations.

10 ***Combining New Working Arrangement with Flexitime/Flexible Hours system***

10.1 Flexitime must be managed carefully and if other ways of working are being adopted, the following guidance must be adhered to:

(i) When applying the following approaches, flexitime can only be used to allow flexibility within the working day (i.e. moveable start/lunch/finish times), rather than to allow accumulation of days off:

- Compressed hours
- Shift/Rota working
- Home/Flexible working

10.2 If, under these arrangements, hours over and above contractual hours are worked as a result of high workload, any accumulation of hours should be with management approval only and may be taken as TOIL or paid overtime in line with the Conditions of Service for Local Government Employees.

10.3 It may be possible to apply flexitime in the normal way (i.e. in line with the established policy) together with the following approaches:

- Job Share
- Part-Time
- Term-Time (exceptional circumstances)

11. *Impact on Annual Leave, Public Holidays & Pay*

Any change under this Policy which reduces employee's contractual hours will require an adjustment of annual leave, public holiday entitlement and pay. This is a manual calculation in line and will normally be carried out by the Service with HR advice as necessary. Balances either owed to the employee to the service must be taken as annual leave and cannot be given as payment.

12 Work Life Balance Application Procedures for Managers and Employees

These step by step procedures should be applied with reference to the full Policy.

Step by Step Guide for Employee(s)

Step 1: *This step is optional but recommended as it allows both you and your manager to discuss theoretically what may be possible.*

If you are considering making a request under this policy, contact your Line Manager to request an informal meeting to discuss your initial ideas. If group request, no more than 3 employees should normally attend the informal meeting.



Step 2: Once you have decided that you wish to proceed with a request, complete the Work-Life Balance Request form, Part 1 (from ICON) and submit it to your Line Manager. Do not detach Part 1 from Part 2, your manager will complete Part 2.



Step 3: Expect to meet formally with your line manager to discuss your request form normally no later than 28 days after the form being submitted. If group request expect to elect no more than 3 colleagues to attend the meeting.



Step 4: Expect a verbal outcome of the decision on your request normally no later than 14 days after the formal meeting. Expect written confirmation from HR normally no later than 14 days of the verbal outcome.

Note: Advice can be obtained from Human Resource at any time.

Step by Step Guide for Managers

Step 1: *This step is optional as not all employees will request an informal meeting, it is however encouraged.*

- Arrange an informal meeting in response to employee request arrange a meeting no later than 14 days after receiving the request. If group request ensure that no more than 3 employees from the group attend the meeting.
- At this meeting discuss the initial ideas presented, prompt discussion around service impact and advise employee(s) that if they wish to proceed formally they should do so using the Work-Life Balance request form.



Step 2: Upon receipt of a Work-Life Balance Request form:

- Record the date the form was received and arrange to meet with the employee(s) no later than 28 days of the date received to discuss the request. If group request, invite no more than 3 employees from the group to the meeting. Meetings should last between 20-60 minutes.
- You can call the meeting earlier than 28 days were possible.
- In the time leading up to the meeting you should consider the impact of the request in line with the Policy, and discuss with your Corporate Director Head of Service and your initial recommendations to obtain their views.



Step 3: You must notify the employee(s) verbally of a decision within no later than 10 days after the meeting referred to in Step 2.

- Contact the employee(s) by email or phone to arrange a short meeting to confirm the outcome.
- Ensure you have approval from Head of Service confirming the decision to the employee. This should be obtained by email as these are required by HR for monitoring and administrative reasons.
- If request approved, confirm the start date to the employee and ensure this is at least 2 weeks in the future (to ensure confirmation letters and any changes to pay can be made on time)
- If request approved, agree monitoring arrangements with the employee, in line with the Policy.
- If request is being rejected – confirm the reasons why and advise employee that they have the right to appeal which will be officer led.



- Step 4:**
- Submit the entire, completed Work-Life Balance request form and Head of Service approval to HR within 2 working days of the verbal outcome. This will allow written confirmation to be sent to the employee (s) within 14 days of them being advised of your decision. You must do this also for both rejected and approved requests.
 - You will receive a copy of the written confirmation.

Note: Advice can be obtained from Human Resource at any time.

Appendix 1 - Work-Life Balance Request Form

(Available separately on ICON or from HR)

WORK-LIFE BALANCE REQUEST FORM

PART 1 – For Completion by Employee (s) – Complete all sections in Part 1.

Before completing this form, you should first read and understand the Work-Life Balance Policy. An informal meeting normally will have taken place with your manager in relation to your request before this form is submitted.

Name:			
Service/Team		Job Title:	
Line Manager:		Length of Service with Inverclyde Council:	Date Submitted

Equalities Monitoring Data

This information does not affect your application; it is gathered to ensure the Council complies with its Public Sector Equality Duty and is used for anonymous data monitoring reasons only. If Group request put all names, team name & length of service dates & Equalities Monitoring in a supporting document

<p>Do you have caring responsibilities</p> <p>Yes Child or Children Under 18 <input type="checkbox"/></p> <p>Yes – Other <input type="checkbox"/></p> <p>No <input type="checkbox"/></p> <p>Prefer Not to Answer <input type="checkbox"/></p>	<p>Marital Status</p> <p>Single <input type="checkbox"/></p> <p>Living with Partner <input type="checkbox"/></p> <p>Divorced <input type="checkbox"/></p> <p>Prefer Not to Answer <input type="checkbox"/></p>
<p>Gender</p> <p>Male <input type="checkbox"/></p> <p>Female <input type="checkbox"/></p> <p>Transgender <input type="checkbox"/></p> <p>Prefer Not to Answer <input type="checkbox"/></p>	<p>Do you Consider yourself to have a Disability</p> <p>Yes <input type="checkbox"/></p> <p>No <input type="checkbox"/></p> <p>Prefer not to Answer <input type="checkbox"/></p>

1. Describe your current working pattern/method (days/hours/times worked):

2. Describe the working pattern/method you would like to work in the future (days/hours/times worked):

--

3. Describe how you think the proposed change will affect your Service:

--

4. Describe how you think any difficulties could be overcome:

--

5. Date you wish new arrangement to commence: (this must be at least 28 days from today's date)

--

Is your request for a Permanent or Temporary change:

(Note that if change is a reduction in hours it will automatically become permanent)

If Temp, requested End Date:

(Note that changes to working hours only may be agreed on a temp basis)

Send this completed form by email or hard copy to your Line Manager who will complete Part 2. This request will be considered in line with the Work Life Balance Policy, and your Line Manager will meet with you in line with the timescales outlined in the Policy and final confirmation of the decision on your request will ultimately be confirmed in writing from Human Resources.

PART 2: For Completion by Manager

You must meet with employee within 28 days of receiving their written request, sooner where practicable. Final decisions must be confirmed by Heads of Service. Outcomes should be confirmed verbally to the employee (s) and supporting documentation sent to HR who will confirm in writing.

Section 1 – Final Outcome

Approved: **Complete Sections 2 , 4 , 5 & 6**

Rejected: **Complete Sections 3, 4, 5 & 6**

Where alternatives has been suggested, discussed and agreed, this is categorised as “approved”.

Section 2 - Approved Requests - Final Details of Working Arrangements

Weekly Contractual Hours:

Nature of Change:

- Part-Time Working
- Job share
- Term-Time Working
- Compressed Hours
- Mobile/Home/Flexible
- Annualised Hours
- Flexitime
- Shift/Rota Working
- Other

Details if Other:

Working Pattern (if relevant):

Mon

Tue

Wed

Thu

Fri

Sat

Sun

If Group Request: detail each individual working pattern and attach to this form when submitting to HR.

Effective Date:	
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Section 3 – Rejected Requests - Select Reasons

Insufficient work during the period the employee (s) propose to work. <input type="checkbox"/>	Burden of additional cost. <input type="checkbox"/>
Detrimental effect on the ability to meet customer demand. <input type="checkbox"/>	An inability to reorganise work amongst existing employees. <input type="checkbox"/>
An inability to recruit additional staff. <input type="checkbox"/>	A detrimental impact on quality or performance. <input type="checkbox"/>
Planned structural changes. <input type="checkbox"/>	The post holder has supervisory or line management responsibilities that require them to be available at all working times in line with the attendance of their team or customers. <input type="checkbox"/>
Other (details required in Section 4) <input type="checkbox"/>	Employee(s) do not have 26 weeks service at date of application. <input type="checkbox"/>
Employee has absence level above Council Target <input type="checkbox"/>	Statutory Responsibilities could not be met if request approved <input type="checkbox"/>

Section 4 – Additional Comments /Information

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Section 5 – Manager Check List

1. Head of Service supports your decision (email confirmation received to this effect should be attached to this form when submitting to HR).	<input type="checkbox"/>
2. Employee(s) advised verbally of outcome & if relevant, start date/end date. (Start date must be at least 2 weeks from when you submit this form to HR).	<input type="checkbox"/>
3. If group request, full list of employees and changes attached and send together to HR will this form & Head of Service/Finance Approval	<input type="checkbox"/>

Section 6 - Confirmation

Name & Job Title (Print):	
Signature (or by Email is acceptable):	
Date:	

Submit this form fully completed (even if request rejected) to: human.resources@inverclyde.gov.uk

HR will:

- Register the request and outcome to monitor activity under the policy;
- Make any necessary changes to HR/Payroll systems;
- Confirm the arrangements in writing to the employee;
- Provide manager with copy of the letter.

Report To:	Policy and Resources Committee	Date:	12th August 2014
Report By:	Brian Moore Corporate Director ICHCP	Report No:	CHCP/30/2014/AH
Contact Officer:	Andrina Hunter Service Manager Health Improvement, Inequalities and Personalisation	Contact No:	01475 715367
Subject:	Afghan and Syrian Resettlement Schemes		

1.0 PURPOSE

- 1.1 To provide information to Committee on a request from the Home Office, via COSLA, for local authorities to provide accommodation and support to the Syrian Vulnerable Persons Relocation (VPR) scheme and the Afghan Resettlement Scheme

2.0 SUMMARY

- 2.1 The UK Government has stated its intention to relocate to the UK some of the most vulnerable Syrian refugees, displaced to neighbouring countries by the ongoing conflict. The Syrian Vulnerable Persons Relocation Scheme will run in parallel with the UNHCR's Syria Humanitarian Admission Programme (HAP) and will prioritise help for survivors of torture and violence, women and children at risk and those in need of medical care.
- 2.2 In addition, following an announcement by the Secretary of State for Defence, the National Security Council has agreed a package of measures to offer locally engaged Afghan staff who worked as interpreters and translators, and will be made redundant as a result of the withdrawal of UK forces, the option to relocate to the UK.
- 2.3 Cosla has been in discussion with the Home Office and local authorities to ascertain interest from any Scottish local authorities to participate in these resettlement programmes.
- 2.4 Officers from within the CHCP have carried out a scoping exercise to ascertain whether conditions and services within Inverclyde would be able to support any Syrian or Afghan nationals, relocating to the UK, settling in the area.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that Committee note the content of this report and give consideration to the request for support from the UK Government in a way, and at a level, that balances the services provided for the Syrian and Afghan nationals and their families against existing local pressures for accommodation and Council services.
- 3.2 It is recommended that Inverclyde Council advise the Home Office and Cosla of their intention, that having completed initial scoping work, it be agreed in principle to participation in the Afghan Resettlement Scheme, but not the Syrian Vulnerable Persons Relocation scheme, subject to more detailed work being completed on support requirements.

4.0 BACKGROUND

Syrian Vulnerable Persons Relocation (VPR) scheme

- 4.1 The UN estimates that 9.3 million people are in dire need of humanitarian aid within Syria. At least 6.5 million people in Syria have been forced to flee their homes and there are almost 2.4 million refugees in neighbouring countries. On 29 January, the Home Secretary made a statement to Parliament outlining the Government's intention to relocate to the UK some of the most vulnerable Syrian refugees, displaced to neighbouring countries by the ongoing conflict. The Syrian Vulnerable Persons Relocation Scheme will run in parallel with the UNHCR's Syria Humanitarian Admission Programme (HAP).
- 4.2 The VPR scheme will prioritise help for survivors of torture and violence, women and children at risk, and those in need of medical care.
- 4.3 The scheme is based on need rather than being designed to meet a quota. However, it is predicted that it will support several hundred people across the UK over the next three years.
- 4.4 Individuals identified by UNHCR will be allowed to bring their immediate family with them. This will be limited to one spouse / partner (who must be over 18) and their minor dependant children (under 18 and not living an independent life). There will be no provision to allow applicants to bring over-age dependant relatives unless they also meet the vulnerability criteria in their own right or the Home Office is satisfied that there is an existing dependency.
- 4.5 Local authorities who choose to participate in this scheme require to take the lead in working with other key local partners to ensure that arrivals are provided with suitable accommodation and the specific needs of these extremely vulnerable individuals are met. Consideration will also need to be given to bringing in specialist support providers subject to individuals' specific requirements.
- 4.6 Medical reports will be produced by the International Organisation for Migration (IOM) in advance of arrival. An assessment tool is being developed to aid local authorities and partners to review the medical reports and other information and identify whether suitable support services exist locally. Following this assessment, local authorities will confirm with the Home Office whether or not they are able to accept specific cases.
- 4.7 It is envisaged that as this scheme will be supporting vulnerable persons, the support needs required will be extremely complex and potentially be ongoing for a considerable time period.
- 4.8 To date three local authorities have noted interest in this scheme and are progressing plans with Cosla and the Home Office. These are Glasgow, Edinburgh and Renfrewshire.

Afghan Resettlement Scheme

- 4.9 Following an announcement by the Secretary of State for Defence, the National Security Council has agreed a package of measures to offer locally engaged Afghan staff who will be made redundant as a result of the withdrawal of UK forces, the option to relocate to the UK. This will be offered to those who have put themselves in most danger whilst serving Her Majesty's Government (HMG). Staff must have been working in roles, such as interpreters and translators, which regularly took them outside the wire on the frontline in Helmand Province. Seriously injured staff will also be offered relocation where they would have qualified had their employment not been terminated due to injuries sustained in combat. The relocation offer is provided in recognition of service and not on any future risk to staff because of their association with British Forces.
- 4.10 The actual numbers eligible for the relocation offer are still being finalised. Original estimates suggest that 600 main applicants will qualify and 220 have already indicated their desire to relocate. Staff will only be eligible once they have been given notice of their redundancy and this process has already begun. The first arrivals in the UK will be in July 2014 and thereafter spread throughout 2014 and into 2015. There will be a lag between being made redundant and actual arrival in the UK to allow time for immigration checks and visa processing to be completed and to

ensure there is sufficient time to put adequate reception arrangements in place.

- 4.11 Those eligible for relocation will also be allowed to bring their immediate family with them. This will be limited to one spouse/partner, who must be over 18, and their dependent children, who must be under 18 and not living independently. There is no provision to allow applicants to bring over-age dependent relatives. It had been estimated that families will comprise between 4-6 people, inclusive of the applicant. However, an analysis of the initial 220 applicants shows that 45% are single males, 28% are childless couples, 12% are families of 3 and the remaining 15% are families of 4 and above. These percentages may change as more people choose to relocate.
- 4.12 The majority of those who will qualify for relocation will have been employed as interpreters, so it can be expected that they will have some degree of English language skills. However, the level of English language skills may vary considerably and some may have limited abilities in written English. It is not expected that other family members will have English language skills.
- 4.13 The Government expects that those who relocate will have a desire to find employment once they arrive in the UK. To be eligible for relocation the applicant must have demonstrated a degree of bravery (regularly working on the frontline) and loyalty (at least 12 months service) in their past employment with HMG. This is considered to be a good indicator of future employability and the overall desire to work. However, it is recognised that there may, initially, be a gap between the desire to work and actually finding work. Assistance to find work will be necessary.
- 4.14 Training on the reality of life in the UK will be provided prior to leaving Afghanistan and arriving in the UK. Additional training options are being looked at and may include training for employment however to date this has not yet been identified.
- 4.15 A paper-based medical screening will take place prior to arrival in the UK providing information on medical needs. There will, however, be a group that will qualify for relocation on account of injuries sustained and which prevented them from continuing to work on the frontline. This group will have heightened medical needs and will require closer management prior to arrival in the UK to ensure adequate reception arrangements are in place to cater for their needs. Current information suggests that there will be fewer than 10 of these cases.
- 4.16 All applicants, including accompanying family members, will be subject to the usual immigration checks and vetting prior to a visa being granted. Those with a criminal past or links to war crimes or extremism will be excluded from the scheme.
- 4.17 Those meeting the eligibility and immigration requirements will be granted leave to enter the UK for 5 years. After 5 years, applicants will be able to apply for permanent settlement. Permanent settlement will be refused if the person's character or conduct do not meet a satisfactory level. Leave can be curtailed if the person poses a danger to the public, or to national security, during the initial 5 year period.
- 4.18 To date four Scottish Local Authorities have noted interest in this scheme and are progressing plans with Cosla and the Home Office. These are Glasgow; Fife; North Ayrshire and South Ayrshire. Glasgow City expects to take their first cohort in July 2014.

5.0 LOCAL CONSIDERATIONS

Syrian Vulnerable Persons Relocation (VPR) scheme

- 5.1 Discussion has taken place with Cosla and also colleagues in Glasgow City Council who have a wealth of experience in participating in a range of similar schemes and have suggested that the Syrian scheme will potentially be complex and challenging due to the nature of the issues the refugees will present with, as they are survivors of torture and violence, women and children at risk, and those in need of medical care.
- 5.2 Discussions with NHSGGC have also raised concerns regarding the complex requirements, the potential requirement for specialist services and ongoing support.

- 5.3 Due to the initial conversations highlighting the complex support environment which would be required, and Inverclyde's lack of previous experience in such schemes, further scoping has not been carried out at this time on the Syrian Vulnerable Persons Relocation (VPR) scheme.

Afghan Resettlement Scheme

5.4 Integration Support

Local authorities participating in the scheme will take the lead in determining how the new arrivals will be integrated into their community. It will be for individual councils to put in place the mechanisms needed to integrate new arrivals. There would be a requirement for Inverclyde Council to ensure suitable staff resource is in place to support and coordinate the Afghans arrival and resettlement.

This will include:

- Reception arrangements for clients and, where appropriate their dependants, at the airport, including handover from flight escorts and welcome briefing.
- A package of advice and assistance to cover employment, welfare benefits, housing, health, education and utility supply. Specifically, this package should ensure that new arrivals are registered with GPs, registered with their local Job Centre Plus, receive a National Insurance Number and assistance to secure school places for school aged children.
- Orientations to the local area.

5.5 Numbers

Local authorities participating in the scheme have been asked by the Home Office to indicate how many individuals/families they would be willing to accommodate. The agreements made with local authorities will stipulate how many individuals they will take and over what period. There is no minimum on how many individuals a local authority can decide to accommodate.

The Home Office will work with local authorities to agree a process of how referrals will be made. The assumption is that local authorities will be given a minimum of 4 weeks' notice of new arrivals and longer for any cases with complex care needs.

Local discussions and intelligence from other experience from other local authorities have suggested Inverclyde may wish to take 8-12 families.

5.6 Housing

It is expected that participating local authorities would secure and provide furnished accommodation. The accommodation will be in accordance with Local Authority housing standards and should be modestly furnished and adequate for the needs of the individuals and families for the first three months. Councils would want to consider what happens after the first three months. Under a similar scheme for Iraqi staff, local authorities secured or provided a longer tenancy than central government provided funding for. This enabled new arrivals to stay in the same accommodation, but to pay rent after the first three months using housing benefit, where necessary. This worked well in the local authorities that participated in the Iraqi scheme and helped prevent this group relying on homelessness assistance after the first three months. However, it will be down to local authorities to determine how they accommodate new arrivals, but if they need to vacate the property after three months consideration will have to be given to the support that they may need to find new accommodation. Consideration may be given for central government funding to cover a short period of void costs associated with holding a property in anticipation of receiving a new arrival.

Discussion has taken place with the RSLs, with River Clyde Homes and Oak Tree Housing Association stating an interest and availability of housing within the area.

5.7 Financial Assistance

Local authorities will need to determine how to provide individuals with financial support in the initial 3 months in lieu of benefits i.e. through cash payments or bank transfers. The rate of financial assistance will be determined by the Government in order to ensure consistency across different local authorities. These payments will be equivalent to Job Seekers Allowance rates for adults, and asylum support rates for children. Central Government funding will cover the cost of the financial assistance provided.

Grand Central Savings situated within Greenock Town centre could be utilised for initial payments and support individuals with ongoing bank account requirements.

5.8 Education

Dependent on the individuals/couples/families Inverclyde chooses to host there may be a need to accommodate preschool and school aged children within the early years and school establishment. It is unlikely that children will have English as a language therefore there will be a requirement for interpreting services, however the fathers will all have a degree of English as they worked as interpreters for the British Forces. Consideration will require to be given to numbers of children, capacity of schools and also whether all children would be best accommodated within one school dependent on location of housing.

5.9 Access to Health Services

In terms of access to health services, individuals will have full rights to accessing mainstream NHS services and will be supported on arrival to register with a local GP and Dentist. Inverclyde can advise the Home Office that it does not wish to accommodate any individuals with complex needs or adapted housing requirements due to injury. Discussions have taken place with the CHCP Clinical Director who does not envisage any specific issues from an NHS perspective.

5.10 Safety

Inverclyde has a very small ethnic minority population and concerns have been raised regarding the acceptance and safety of these individuals within communities in Inverclyde. In addition as these individuals have worked for the British Government there is a potential risk from opposing forces. Discussions with Police Scotland have confirmed they have been briefed nationally on this scheme and it is not considered to be a security risk.

From a local perspective consideration would require to be given to a positive media campaign to welcome these individuals to Inverclyde to help with community relationships.

5.11 Employment

As the majority of those who will qualify for relocation will have been employed as interpreters it is expected that they will have some degree of English language skills. It is therefore hoped that with this, and the fact that they have previously worked for the British Forces, they will have an overall desire to work and find suitable employment. Individual training requirements would require to be determined and support provided by local employability providers to help identify suitable employment options following the initial three months settlement period.

5.12 Religion

In terms of religion we are led to believe from the Home Office that all individuals will be Muslim and will speak Pashto but many will also speak Farsi.

There is one prayer room sited in Greenock with access to larger facilities in both Renfrew and Glasgow and an established Afghan community in Glasgow.

6.0 IMPLICATIONS

Finance

- 6.1 Central Government, via a Home Office grant agreement with the local authority, will provide funding to cover the cost of providing accommodation and financial support for the first three months as outlined below. After this those being accommodated will be able to access mainstream benefits. Funding will also be available to cover the cost of providing integration support.

The intention is to pay the integration support funding upfront as a one-off supplement per person. It is recognised that individuals' integration needs will differ and some may need support for longer than three months. The integration supplement should be sufficient to cover on-going support, but the expectation is for local authorities to provide an intense three month period of integration support to ensure new arrivals have access to benefits advice and services during this initial period.

Accommodation					
Set-up and void costs (lump-sum)	Per person rate for families		Per person rate for couples		Per person rate for singles
	£1250		£1425		£2850
Rent (up to 4 months)	£15 per person, per day				
1 night hotel accommodation (if needed, dependant on time of arrival)	£50 per person				
Baby pack comprising cot, high chair etc	£225 per any child under two years of age				
Integration					
To provide integration support (lump-sum)	Per person rate for families		Per person rate for couples		Per person rate for singles
	£4500		£6000		£7500
Cash support					
Weekly cash support rates (up to 4 months)	Single (under 25)	Single (25 or over)	Couples	Child (under 16)	Child (at least 16, but under 18)
	£56.80	£71.70	£112.55	£52.96	£39.80
Transport					
Transfer from airport to accommodation	£40 per person				

Legal

- 6.2 There are no current legal issues arising from the approval of this report.

Human Resources

- 6.3 There are no current human resources issues arising from the approval of this report as it is expected that the service will be provided from within existing resources or through additional financial support provided for the purpose by Central Government.

Equalities

- 6.4 This report has not been assessed for equalities impacts. However, should the Council agree to accommodate families and individuals, equalities considerations will be considered before doing so.

Repopulation

- 6.5 Agreeing to accommodate and support the Afghans relocating to the UK in Inverclyde will assist in

the longer term goal of repopulating the area and potentially lead to other migrants coming to live in the area.

7.0 CONSULTATIONS

7.1 Discussions have taken place with Council Services and key partners to date to ascertain interest and challenges which may be encountered if Inverclyde participates in this scheme.

8.0 CONCLUSIONS

8.1 Initial scoping has allowed for some of the challenges and advantages to Inverclyde participating in these schemes to be discussed. Overall there appears to be a willingness to be involved in the Afghan Resettlement Scheme and that Inverclyde would benefit from the addition of a more ethnically migrant population.

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POLICY AND RESOURCES COMMITTEE**

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Community Councils 10

TOTAL 50

21/05/2012