

Public Document Pack

Argyll and Bute Council Comhairle Earra-Ghàidheal Agus Bhòid

Customer Services
Executive Director: Douglas Hendry



Kilmory, Lochgilphead, PA31 8RT
Tel: 01546 602127 Fax: 01546 604435
DX 599700 LOCHGILPHEAD

15 January 2016

SUPPLEMENTARY PACK 2

ARGYLL AND BUTE COUNCIL - COUNCIL CHAMBER, KILMORY, LOCHGILPHEAD on THURSDAY, 21 JANUARY 2016 at 10:30 AM

I enclose herewith **item 5 (Leader's Report)** which was marked to follow on the Agenda for the above meeting.

Douglas Hendry
Executive Director of Customer Services

ITEM TO FOLLOW

5. LEADER'S REPORT (Pages 1 - 10)

Report by Leader of the Council

Argyll and Bute Council

Councillor John Armour
Councillor Gordon Blair
Councillor Rory Colville
Councillor Robin Currie
Councillor Mary-Jean Devon
Councillor Anne Horn
Councillor David Kinniburgh
Councillor Roderick McCuish
Councillor Alistair MacDougall
Councillor Robert Macintyre
Councillor Iain MacLean
Councillor Alex McNaughton
Councillor Bruce Marshall
Councillor Ellen Morton
Councillor Douglas Philand
Councillor James Robb
Councillor Sandy Taylor
Councillor Dick Walsh

Councillor Len Scoullar (Chair)
Councillor Michael Breslin
Councillor Maurice Corry
Councillor Vivien Dance
Councillor George Freeman
Councillor Donald Kelly
Councillor John McAlpine
Councillor Iain MacDonald
Councillor Neil MacIntyre
Councillor Robert Graham MacIntyre
Councillor Donald MacMillan
Councillor James McQueen
Councillor Aileen Morton
Councillor Gary Mulvaney
Councillor Elaine Robertson
Councillor Isobel Strong
Councillor Richard Trail

This page is intentionally left blank

ARGYLL AND BUTE COUNCIL**COUNCIL**

21st January 2016

LEADER'S REPORT

1. INTRODUCTION

- 1.1 This report provides members with an update on my activities as Leader of the Council from 21st November 2015 to 15th January 2016. As it is my first report of 2016, I would like to take this opportunity to repeat my good wishes to you all for the New Year. I look forward to working together over the next twelve months, undoubtedly facing challenges but always putting the best outcomes for our communities first.
- 1.2 As the budget meeting in February approaches, inevitably there is a significant focus on Planning our Future, Service Choices and the challenging decisions which we, like all Scottish local authorities, must make imminently.
- 1.3 The Deputy First Minister has now made the Local Government Settlement announcement and discussions are ongoing at a national level through COSLA.
- 1.4 I have also provided updates in respect of my role as Policy Lead Councillor for Finance, IT, HR and Governance and Law.

2. RECOMMENDATIONS

- 2.1 Members are asked to note the report,
- 2.2 Members are asked to note that the full Leader's Report Pack is available in the Leader's office. This includes COSLA papers and briefings as referenced in the report. Any COSLA items heard in public session can be provided to members electronically; the papers for items taken in private session can be reviewed in the Leader's office.

3. PLANNING OUR FUTURE

- 3.1** Work continues apace on Planning our Future as we consider the dual challenge of delivering services alongside investing in the future, growing our population and securing a vibrant future for our people and our communities.

The consultation agreed by council in October concluded on 31st December. This consultation has attracted one of the highest level of responses in recent years through the various channels available to people to share their views. More detailed information about this will come forward to members at the Policy and Resources Committee on 4th February. As normal, the papers for this meeting will be published one week beforehand.

As part of the consultation, I took part in an online web chat about Service Choices on the evening of Monday 14th December. In line with the level of response to the consultation generally, several people joined the web chat and asked a significant number of questions relating to the current savings proposals.

Many members have taken the opportunity to discuss particular aspects of Service Choices with myself, the Depute Leader and Policy Lead councillors. I would reiterate that I am happy to meet with colleagues and discuss this or, indeed, any other matter. The February budget meeting is very close but if any member does wish to have a discussion before this, I will certainly do my best to accommodate this.

4. RESIGNATION OF COUNCILLOR DUNCAN MACINTYRE

- 4.1** It was with deep regret that, in December, the council received notification of Duncan MacIntyre's resignation from the role of councillor. Duncan has served his local community in Oban North and Lorn, as well as the wider Argyll and Bute area, with pride, passion and commitment over the years and his contributions to our work, our business and our discussions will be much missed.

5. COSLA LEADERS, 27th November 2015

- 5.1** I attended the COSLA Leaders meeting in Edinburgh on Friday 27th November 2015. On this occasion, all agenda items were taken in private session, which means I am unable to report on them in full here. However, the reports and associated officer briefings are available for members to review in the Leader's Report Pack.
The agenda items were:

- COSLA Leaders Workplan
- Spending Review
- Distribution Issues
- National Improvement Framework for Education
- Developing Scotland's Young Workforce
- Consultation on Provisions for a Future Islands Bill
- Local Government Proofing
- Roads Collaboration
- Household Recycling Charter and Code of Practice
- Procurement Reform Statutory Guidance
- National Transport Strategy Refresh
- Independent Review of Planning
- Working Group on Consumer and Competition Policy in Scotland
- Refugee Crisis and Resettlement Programme
- Calendar of COSLA Meetings for 2016
- Minute of Previous Meeting 25th September
- Minute of Special Leaders Meeting 30th October

6. MEETING WITH DAIRY INDUSTRY AND NFU, 2nd December 2015

- 6.1** Along with the Chief Executive, the Executive Director for Development and Infrastructure, other senior officers and local members, I met with the National Farmers' Union policy advisor and dairy farmers from Bute and Kintyre. Following the meeting it was agreed that the council should offer support by facilitating further discussions with HIE and First Milk. I have also written to Richard Lochhead, the Minister for Rural Affairs and the Environment, to press for the Scottish Government's urgent assistance in prioritising the Basic Payment Scheme to Kintyre and Bute milk producers, given the financial hardship they are currently facing. A copy of this letter is available in the Leader's Report Pack. A report on this issue is likely to come forward for all members in due course.

7. VISIT TO HELENSBURGH AND LOMOND CIVIC CENTRE, 15th December

- 7.1** I had the opportunity to visit the council's new Helensburgh office – the Helensburgh and Lomond Civic Centre – for a Customer Services Policy Lead meeting on 15th December 2015. This is a fantastic new facility not only for the council, but for the people of Helensburgh and Lomond, and represents a significant investment. The office and public spaces available are bright and modern, innovative in design, appearance and functionality. The first marriage has already taken place in the attractive ceremonies room which faces the waterfront. The end result of the Helensburgh Office Rationalisation Project, this new building is a credit to the council and to the local area, and provides a top-class amenity with incredible potential. I would encourage any members who have not yet had the opportunity to see the building to visit and, at the same time, have a look at the

improvements to Helensburgh achieved through the CHORD regeneration investment.

8. COSLA SPECIAL LEADERS, 16th December 2015

- 8.1** On 16th December, there was a special meeting of COSLA Leaders to discuss the Local Government Settlement announcement made the same day. This was a private session, which means that I cannot report on it fully here, but the report can be reviewed in the Leader's Report Pack.

9. AUDIT SCOTLAND BEST VALUE REPORT, 17th December 2015

- 9.1** Audit Scotland published its Best Value report on Argyll and Bute Council on 17th December 2015. The Accounts Commission considered the report and its findings, along with the main report, have previously been circulated to all members.

It is encouraging to note that we are described as 'a significantly different council' now and that no further targeted Best Value audit work is required. We have made significant progress and improvement as an organisation and that is to the credit of both members and officers who have committed to working together positively and effectively. It goes without saying that we will continue to build on the progress and improvements already achieved.

On 11th January 2016, members had the opportunity to take part in a discussion workshop with the Improvement Service, focusing on some of the points identified in the Best Value report. This was a useful and constructive session and will complement the council's formal consideration of the report on 21st January.

10. MEETING WITH LOCAL MSPS AND MP, 8th January 2016

- 10.1** In my November report I advised that, along with the Depute Leader, Councillor Gary Mulvaney, the Chief Executive and other senior officers, I met with Michael Russell and Mike McKenzie MSPs and Brendan O'Hara MP. Our meeting focused on the funding gap we face and discussing ways of working together to secure additional support for Argyll and Bute.

The Chief Executive and I met again with Mr Russell and Mr O'Hara in Dunoon on 8th January to continue and progress those discussions. Once again this was a positive and constructive meeting and we remain in contact about making a strong case to the Scottish Government for additional support for our area. Work on this is ongoing, but as soon as it is finalised, more information will be available. In the meantime, if any

member would like to discuss this in more detail, or feels they can make a contribution to that strong case, I will be happy to meet with you.

11. POLICY LEAD UPDATE – as at 10th December 2015

11.1 Local Tax Collections

Collections of Council Tax for the 2015/16 were 75.95% at end of November, up 0.62% on this time last year – an improvement of a further 0.16% when last reported as at the end of October.

Collections on the 2014/15 year continue to be slow and are now 96.15% down 1.10% on the previous year at this time, but earlier years are well up.

Collections of non-domestic rates for 2015/16 are 79.13% at end of November up 0.87% on this time last year. Collections on 2014/15 year are now at 98.56%, down by 0.19% on the previous year at this time, although well up on the year end position of 96.09%.

11.2 Scottish Welfare Fund

At the end of November we have spent £248,289 compared to the profiled budget of £248,507 (99.9% of profiled spend). Since the start of April we have been supporting both medium and high priority cases and we hope to continue with this level of support for the remainder of the year. 30 applications are currently awaiting processing and a further 19 were part paid at the end of November.

The new regulations and guidance for the new scheme from 1 April 2016 should be finalised in January. The most recent drafts which we have seen suggest that there will be little change apart from all second tier reviews being carried out by the Scottish Public Services Ombudsman (SPSO) in future (to bring added independence), and it is hoped to shorten the application form slightly, and to collect additional data in future about applicants from abroad, and numbers of applicants affected by benefit sanctions. Funding for next year still has not been announced.

The settlement and distribution group have made a new agreement for the distribution of funding and administrative costs for the start of the permanent scheme on 1 April 2016. This will in future be based on the Income Domain of the Scottish Index of Multiple Deprivation (SIMD). We will transition to this new distribution basis over a 3 year period, and during this period it will be based on a combination of spend to date and Income Domain of SIMD. This is unfortunate as we do not think this index takes full account of rural poverty.

11.3 Discretionary Housing Payments (DHPs)

£504,248 has now been either paid out or committed as at the end of November, with awards made to 1,045 cases. There are 57 cases still awaiting processing. Of this spend, nearly all (86.8% by value) has been for under-occupancy cases. We are supporting medium and high priority cases for all non-bedroom tax cases. We continue to support all bedroom tax cases irrespective of hardship.

We have already spent the full allocation received from Department of Work and Pensions (DWP) and Scottish Government of £437,343 and are now using the carried forward amount of £138,368. The final allocation from Scottish Government is not expected to be announced till next June. Latest estimates are that we may receive a further £95,329 in funding from Scottish Government for 2015/16 after the year end, but would like to keep these funds to provide further support for non bedroom tax cases in 2016/17.

The Settlement and Distribution Group have considered proposals for future distribution of DHP funds. It is proposed to continue to distribute 80% on an estimated basis in the Local Government Finance Order 2016 and to retain 20% for reconciliation following publication of DWP caseload statistics in May 2017. The caseload statistics do not reflect actual spend as this is dependent on applications.

11.4 Benefits processing

New claims processing year to date to end of November has taken on average 20.99 days which is well within the Scottish average of 27 days for 2013/14, and better than our target of 23 days, and very similar to that previously reported at end of October of 20.98. Changes in circumstances in the year to date to end of November have taken on average 7.71 days which is also below the Scottish average of 9 days for 2013/14 and our target of 8 days, but a slight fall from that previously reported at end of October of 7.65 days. Unfortunately we have still not met our accuracy target of 94% year to date, as we have only achieved 90.7%, but this is an improvement on the position reported at end of October of 89.9%. We met the target in November, but haven't achieved it year to date.

Although we exceeded the Fraud and Error Reduction Incentive Scheme (FERIS) baseline for the quarter to end of September, we were well short of this in October as staff were concentrating on council tax reduction scheme interventions which do not count towards this target. The threshold is proving difficult to achieve and we do not think it is cost effective to try and achieve this going forward.

11.5 Freezing of Local Housing Allowance Rates

Following the announcement in the Summer Budget of the government's intention to freeze Local Housing Allowance (LHA) rates for 4 years, amendments to the Rent Officers Order, to take this measure forward, were laid and published on 12 October 2015. From April 2016, rates will either remain at the April 2015 rate or be set at the 30th percentile of local rents if this is lower. This means in areas where the levels of market rents may have dropped, rates could decrease as they do under the current system. They will not increase from the current LHA rates. The LHA rates which will apply from April 2016 will be determined and published by Rent Officers on 29 January 2016, together with the 30th percentiles of market rents.

Around 30 per cent of the potential savings from this measure will be used to create more Targeted Affordability Funding which will be available from 2017/18. Further detail about this is still to be announced.

11.6 Autumn Statement 26th November 2015

Housing Benefit Subsidy and administration grants will change significantly over the next few years. Some of the dates are as yet unknown. Here are just some of the changes announced that will impact specifically on Housing Benefit.

Absence from home: this will end if a claimant leaves the UK for more than 4 weeks (starting from April 2016) thereby replacing the current 13 week rule.

Social sector rents will in future be limited to the maximum of the Local Housing Allowance rates (see above). This means the shared rate for single claimants aged under 35 without dependent children will start to apply in this sector (and this may make it very difficult for social landlords to let to this group). The cap will apply from 1 April 2018 but only to tenancies signed after 1 April 2016. At the moment Registered Social Landlord (RSL) rents are generally below the LHA rates except for those only entitled to the shared room rate. This is unlikely to continue for much longer if LHA rates are frozen, and this may affect funding plans for RSL new builds.

The **funding of temporary accommodation** will be radically reformed. The additional amount of £45 per week paid by DWP to local authorities on each qualifying claim will end from 2017-18. Instead, there will be a new grant system. This is intended to give greater flexibility to invest in preventing homelessness. Under Universal Credit, payments will be limited to the LHA rate.

The announcement refers to “temporary accommodation” but the housing benefit definition has recently been changed to be one of “specified accommodation” which includes both temporary and supported accommodation so this may well apply to the broader category. Additional Discretionary Housing Payment funding will be made available to local authorities to “protect the most vulnerable including those in supported accommodation”. This suggests there will be no or few exceptions under the rules above.

There are plans for **30% of Job centres** to be fully located in local authority buildings. This is intended to save rent for DWP.

Consideration will be given to transferring the responsibility for funding the **administration of Housing Benefit for pensioners**. Where or how or to whom is as yet unclear and it might be that local authorities will have to fund the cost at some stage in the future. This seems to suggest that HB for those of pensionable age will continue to be administered by local authorities long-term.

The proposed **changes to tax credits** are being abandoned although the “two children” limit for new claimants (from 2017) will still apply.

JSA claimants may be required to sign on every week in the first three months of their claim and there will be an extension of “conditionality”.

The **Fraud and Error Reduction Incentive Scheme** (FERIS) will be extended until the end of 2017-18. The government is concerned about levels of fraud and error in the benefits system where it is not clear whether someone must make a joint, rather than single, claim. It will therefore consult shortly on ways to make the requirement clearer.

The **basic state pension** will increase by the 'triple lock', rising by £3.35 to £119.30; from April 2016, those reaching pensionable age will receive the 'single-tier' pension with a starting rate of £155.65.

The government will begin the **rollout of the Universal Credit (UC) Digital Service** in May 2016, completing by 2021. We go live with UC in our area from 7 March 2016. The initial estimates of cases have been withdrawn and we are still waiting for revised estimates to assist our planning.

Benefit cap reduction from £26,000 to £20,000 outside London – there was no mention of this, so it is still unclear when this will come in.

11.7 Pathfinder North Migration to SWAN.

The confirmed initial order under the Scottish Wide Area Network has now placed. Surveys have been carried out for all our sites which will have fibre

connections and orders are about to be placed for the copper circuits. The site tracker portal will be live for us to monitor installation progress over the next few weeks and first sites are expected to transition early in the New Year. Fortnightly checkpoints reviews will be held. Our local transition workshop was held last week with representation from Roads, Planning and Property as well as IT. Many of our local project team were involved in the last implementation and are well organised in terms of what is required this time round. . Capita has already begun work on transition planning in advance of the formal order being submitted. There are continuing concerns about Capita's ability to deliver against schedule based on their performance for other SWAN members. These risks are being mitigated through good local planning on our behalf and close monitoring of progress.

Angus Council has recently asked to join the PathfinderNorth Hub and this was agreed at the December board meeting. They hope to transition 9 sites to SWAN prior to September 2016 (when PFN transition should complete) and their remaining sites should transition in the 6 months thereafter. This should not put PFN transition at risk, and in future will slightly reduce our share of PFN costs.

HIE have given us a recent update on the rollout of superfast broadband across the Highlands and islands. This is going well and 101,000 premises now have coverage, and there is a 20% take-up to date – which is above predictions. Phase 1 is likely to now extend to 163,000 premises, up from 156,000. Phase 2 is being discussed with the EU. It is hoped with phase 2 that coverage will increase from c 85% to close to 90%. BT is still doing the modelling and will not report on this till the New Year.

11.8 Customer Service Centre (CSC)

The percentage of calls to CSC being abandoned for November was 3.0% - well below our 7.5% target. This has steadily improved since April and has been below target all year. The average call length for November is 2.63 minutes – well below the target of 3 minutes.

Good progress is being made on the implementation of the new customer contact software and this is on track. The ACD and payment servers have been installed and migration of voice automation process to the new platform has commenced. The Oracle CRM instance has been set up and build has begun of some processes and work is under way on the LAP integration server The first design workshops have been held for council tax processes, and test environments have been created.

The first meeting of the new Digital Working Group has been held and work is well underway in updating our Digital Capability Map.

11.9 Procurement

We had our mock Procurement and Commercial Improvement Programme (PCIP) assessment on 26 November – this is the new assessment process which replaces the previous procurement capability assessment. Our score was 36% - the highest of any of the mock scores, and we now know what evidence we need to gather for the real assessment in March when we would hope to get an even better score. Our score of 36% is equivalent to the previous PCA score of 72%.

Scotland Excel held its joint committee meeting on 27 November and agreed an increase of 9.4% in their subscriptions. This will allow them to baseline their support for PCIP and their learning and development programme both of which have been funded up to now by carried forward Efficient Government grants from Scottish Government. And these monies are now about to run out. Our new subscription will be £68k for 2016/17, and it is considered good value for the contracts which we can access and the ancillary services provided to us.

We have had sight of the draft Scottish Government statutory guidance on procurement through COSLA and are generally in favour of most of this although the new requirements on toolkits to be used for community benefit and sustainability are considered somewhat onerous.

We are well under way in terms of preparing to meet the new requirements for annual reports and annual strategies and these will be finalised once the final guidance is published next year.

12. CONCLUSION

- 12.1 This report highlights some of the main activities I have undertaken in my role as Leader of the council during the past two-month period. I hope that this update is helpful for members and will be happy to provide more information wherever possible. The full Leader's report pack can be viewed in the Leader's office at any time.

Councillor Dick Walsh
Leader, Argyll and Bute Council
Policy Lead Councillor for Strategic Finance, IT, HR and Governance and Law
21st January 2016

For further information or to access the Leader's Report Pack please contact Aileen McNicol, Leadership Support and Member Services Manager, telephone 01546 604014 or email aileen.mcnicol@argyll-bute.gov.uk