

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
20 October 2016

NOTICE OF MEETING

A meeting of the **POLICY AND RESOURCES COMMITTEE** will be held in the **COUNCIL CHAMBER, KILMORY, LOCHGILPHEAD** on **THURSDAY, 27 OCTOBER 2016** at **10:30 AM**, which you are requested to attend.

Douglas Hendry
Executive Director of Customer Services

BUSINESS

1. APOLOGIES FOR ABSENCE

2. DECLARATIONS OF INTEREST (IF ANY)

3. MINUTES

- (a) Policy and Resources Committee held on 18 August 2016 (Pages 1 - 12)
- (b) Special Policy and Resources Committee held on 29 September 2016 (Pages 13 - 14)

4. FINANCIAL REPORT MONITORING PACK – AUGUST 2016

- (a) Executive Summary (Pages 15 - 20)
Report by Head of Strategic Finance

- * (b) Treasury Monitoring Report as at 31 August 2016 (Pages 21 - 34)
Report by Head of Strategic Finance

5. BUDGETARY OUTLOOK 2017-18 TO 2019-20 - UPDATE (Pages 35 - 48)
Report by Head of Strategic Finance

6. ROTHESAY HARBOUR - JUDICIAL REVIEW (Pages 49 - 52)
Report by Executive Director – Customer Services

7. **NEW SCHOOLS - CAMPBELTOWN GRAMMAR AND OBAN HIGH SCHOOLS; KIRN PRIMARY - CONTRACT MONITORING** (Pages 53 - 54)
Joint report by Executive Director – Customer Services and Acting Executive Director – Community Services
- * 8. **DIGNITY AT WORK: ELIMINATING WORKPLACE BULLYING AND HARASSMENT POLICY AND PROCEDURE** (Pages 55 - 82)
Report by Executive Director – Customer Services
- * 9. **PROCUREMENT STRATEGY 2016/17-2017/18 AND SUSTAINABLE PROCUREMENT POLICY 2016/17-2017/18 - DRAFT DOCUMENTS AND ONGOING CONSULTATION** (Pages 83 - 176)
Report by Executive Director – Customer Services
10. **COUNCIL TAX ON SECOND HOMES** (Pages 177 - 180)
Report by Executive Director – Customer Services
11. **DISCRETIONARY HOUSING PAYMENTS POLICY UPDATE** (Pages 181 - 186)
Report by Executive Director – Customer Services
12. **CONSULTATION ON SOCIAL SECURITY** (Pages 187 - 248)
Report by Executive Director – Customer Services
13. **KILMAHEW/ST PETER'S - CHANGE OF NAME FOR OFFER OF GRANT** (Pages 249 - 252)
Report by Executive Director – Development and Infrastructure Services
14. **AMBERG-SULZBACH TWINNING ARRANGEMENT** (Pages 253 - 264)
Report by Executive Director – Development and Infrastructure Services
15. **LORN ARC UPDATE** (Pages 265 - 272)
Report by Executive Director – Development and Infrastructure Services
16. **POLICY AND RESOURCES COMMITTEE WORKPLAN - OCTOBER 2016** (Pages 273 - 276)
17. **OBAN NORTH PIER - PHASE 1 - MARITIME QUARTER VISITOR FACILITY** (Pages 277 - 284)
Report by Executive Director – Development and Infrastructure
- E1 (a) Report by Executive Director - Development and Infrastructure Services (Pages 285 - 288)
- E1 (b) Business Case (Pages 289 - 332)
18. **OBAN NORTH PIER - PHASE 2 - MARITIME QUARTER TRANSIT BERTHING FACILITY** (Pages 333 - 338)
Report by Executive Director – Development and Infrastructure Services

- E1** (a) Report by Executive Director - Development and Infrastructure Services
(Pages 339 - 344)
- E1** (b) Business Case (Pages 345 - 414)

The Committee will be asked to pass a resolution in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973 to exclude the public for items of business with an “E” on the grounds that it is likely to involve the disclosure of exempt information as defined in the appropriate paragraph of Part I of Schedule 7a to the Local Government (Scotland) Act 1973.

The appropriate paragraphs are:-

E1 Paragraph 8 The amount of any expenditure proposed to be incurred by the authority under any particular contract for the acquisition of property or the supply of goods or services.

Paragraph 9 Any terms proposed or to be proposed by or to the authority in the course of negotiations for a contract for the acquisition or disposal of property or the supply of goods or services.

Items marked with an “asterisk” are items, on the basis of information available at the time this Agenda is published, on which the Committee may not have delegated powers to act, and which may therefore require to be referred to the Council or another Committee, and that referral may depend on the decision reached at the meeting.

Policy and Resources Committee

Councillor Dick Walsh (Chair)	Councillor Rory Colville
Councillor Robin Currie	Councillor Mary-Jean Devon
Councillor Kieron Green	Councillor Roderick McCuish
Councillor Iain MacLean	Councillor Alistair MacDougall
Councillor Neil MacIntyre	Councillor Aileen Morton
Councillor Ellen Morton (Vice-Chair)	Councillor Gary Mulvaney
Councillor James Robb	Councillor Len Scoullar
Councillor Isobel Strong	Councillor Sandy Taylor

Contact: Hazel MacInnes Tel: 01546 604269

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**MINUTES of MEETING of POLICY AND RESOURCES COMMITTEE held in the COUNCIL
CHAMBERS, KILMORY, LOCHGILPHEAD
on THURSDAY, 18 AUGUST 2016**

Present:

Councillor Dick Walsh (Chair)

Councillor Rory Colville	Councillor Aileen Morton
Councillor Robin Currie	Councillor Ellen Morton
Councillor Mary-Jean Devon	Councillor Gary Mulvaney
Councillor Kieron Green	Councillor James Robb
Councillor Roderick McCuish	Councillor Len Scoullar
Councillor Iain Stewart MacLean	Councillor Isobel Strong
Councillor Alistair MacDougall	Councillor Sandy Taylor
Councillor Neil MacIntyre	

Also Present:

Councillor John MacAlpine	Councillor Elaine Robertson
Councillor Donald MacMillan	

Attending:

Cleland Sneddon, Chief Executive
 Douglas Hendry, Executive Director of Customer Services
 Patricia O'Neill, Central Governance Manager
 Kirsty Flanagan, Head of Strategic Finance
 Fergus Murray, Head of Economic Development and Strategic Transportation
 Jane Fowler, Head of Improvement and HR
 Judy Orr, Head of Customer and Support Services
 Ishabel Bremner, Economic Growth Manager
 Helen Ford, Helensburgh CHORD Project Manager
 Michael Casey, Schools Development Project Manager

1. APOLOGIES FOR ABSENCE

There were no apologies for absence.

2. DECLARATIONS OF INTEREST

There were none intimated.

3. MINUTES

The Minutes of the meeting of the Policy and Resources Committee of 12 May 2016 were approved as a correct record.

4. PERFORMANCE REPORT FQ1 2016-17

The Committee considered a report which presented the Customer Services departmental performance report with scorecards for Strategic Finance and Customer Services for FQ1 2016/17 (April to June 2016).

Decision

The Committee noted the Customer Services departmental performance report and associated score cards for FQ1 2016/17.

(Reference: Report by Executive Director – Development and Infrastructure Services dated August 2016, submitted)

5. EXECUTIVE SUMMARY - FINANCIAL REPORT MONITORING PACK - JUNE 2016

The Committee considered a report providing a summary of the financial monitoring reports as at the end of June 2016. Reports summarised included the Revenue Budget Monitoring Report as at 30 June 2016, Monitoring of Service Choices Savings, Monitoring of Financial Risks, Capital Plan Monitoring Report as at 30 June 2016, Treasury Monitoring Report as at 30 June 2016 and Reserves and Balances. The report also advised that following the establishment of the Argyll and Bute Integrated Joint Board on 1 April 2016; that the Board would now be responsible for financial and strategic oversight of social work and a range of health services. The report advised that financial reporting in respect of integrated services would now be submitted to the Integrated Joint Board via the Board's Chief Financial Officer and that it was expected that the Chief Financial Officer would also keep the Council up to date on the financial position.

Decision

The Committee noted –

1. The Revenue Budget Monitoring report as at 30 June 2016.
2. The progress of the service choices policy saving options as at the end of June 2016.
3. The current assessment of the Council's financial risks.
4. The Capital Plan Monitoring Report as at 30 June 2016.
5. The Treasury Monitoring Report as at 30 June 2016.
6. The overall level of reserves and balances.
7. The monitoring of the earmarked reserves.

(Reference: Report by Head of Strategic Finance dated 19 July 2016, submitted)

Councillors Len Scoullar and Alistair MacDougall joined the meeting at this point.

6. STRATEGIC RISK REGISTER UPDATE - FEBRUARY 2016 REVIEW

A report providing the Committee with an update on the Strategic Risk Register as per the agreed six monthly reporting cycle. The update followed on from the review undertaken in February 2016.

Decision

The Committee noted the content of the report and updated Strategic Risk Register.

(Reference: Report by Head of Strategic Finance dated 14 July 2016, submitted)

* **7. UPDATE TO CAPITAL PLAN 2016-17 TO 2019-20**

Consideration was given to a report detailing revisions proposed to the Capital Plan approved in February 2016 for the period 2016 to 2020. The revisions were based on updated capital plan funding assumptions, cost changes and proposed additions.

Decision

1. The Committee agreed to recommend to Council –

a) Approval of the revised capital plan as set out in the Appendix 2 to the report.

b) Approval of the following additions to the plan:

- An increase to the Helensburgh Waterfront project of £1.22m to allow for the reinstatement of the splash pool and play area and enhance the scope of the café as well as raising the level of the car park in light of flooding assessment.
- An increase to the Queen's Hall project of £1.951m to allow the tender of the building works to be accepted.

2. The Committee noted that the available balance of available resources was £1.812m.

Councillor James Robb, who had moved an amendment which failed to find a seconder, requested that his dissent be recorded from the foregoing decision.

(Reference: Report by Head of Strategic Finance and Head of Facility Services dated August 2016, submitted)

Councillor Mary Jean Devon joined the meeting at this point.

8. BUDGETARY OUTLOOK 2017-18 TO 2019-20

The Committee considered a report summarising the budgetary outlook covering the period 2017-18 to 2019-20 on a best and worst case scenario.

Decision

The Committee noted the current estimated budgetary outlook position 2017-18 to 2019-20.

(Reference: Report by Head of Strategic Finance dated 18 July 2016, submitted)

9. SIX MONTHLY REPORT ON CASH FLOW SUPPORT LOANS - 1 JANUARY 2016 TO 30 JUNE 2016

Consideration was given to a report that set out a summary of the cash flow support loans dealt with through delegated powers. Two loans had been granted within the period 1 January 2016 to 30 June 2016.

Decision

The Committee noted the content of the report.

(Reference: Report by Head of Strategic Finance dated 14 July 2016, submitted)

10. NEW SCHOOLS REDEVELOPMENT PROJECT: INVESTMENT OPPORTUNITY - HUB CO SUB DEBT

A report providing a update on the investment in Hub Co sub debt approved at the Policy and Resources Committee on 17 March 2016 was considered.

Decision

The Committee noted the content of the report.

(Reference: Report by Head of Strategic Finance dated 14 July 2016, submitted)

11. DRAFT STRATEGIC POLICE PRIORITIES FOR SCOTLAND - CONSULTATION

The Committee considered a draft response in respect of a consultation outlining draft Strategic Police Priorities for Scotland. The matter had previously been considered by Council in January 2016 in relation to the initial Scottish Government discussion paper on the review of Scottish Strategic Police Priorities. That discussion phase had informed the content of the consultation paper that was currently before the Committee for consideration.

Councillor Iain MacLean joined the meeting during consideration of this item.

Decision

The Committee -

1. Considered the consultation document outlining draft Strategic Police Priorities for Scotland.
2. Delegated the Executive Director of Customer Services, in consultation with the Leader, Depute Leader and leader of the largest opposition group, to arrange for submission of a response to the Scottish Government as close to the deadline as possible, taking into account the points raised by the Committee.

(Reference: Report by Executive Director – Customer Services dated 25 July 2016, submitted)

* **12. REVISION OF THE CORPORATE HEALTH AND SAFETY POLICY**

Consideration was given to a revised Health and Safety Policy for the Council. The current version of the Policy required to be updated to reflect organisational changes, the creation of the Argyll and Bute Health and Social Care Partnership and changes to the responsibilities related to the management of Council facilities.

Decision

The Committee agreed to recommend to the Council, approval of the revised Health and Safety Policy.

(Reference: Report by Executive Director – Customer Services dated 29 June 2016, submitted)

* **13. REDUCING STRESS IN THE WORKPLACE POLICY**

Consideration was given to a revised Reducing Stress in the Workplace Policy. A review of this Policy had been recommended following a Stress Audit undertaken as an outcome from the reporting and monitoring of attendance by the Council's Performance Review and Scrutiny Committee.

Decision

The Committee agreed to recommend to Council, approval of the updated Reducing Stress in the Workplace Policy.

(Reference: Report by Executive Director – Customer Services dated 8 July 2016, submitted)

* **14. PEOPLE STRATEGY 2016 - 2020**

A report presenting the Council's draft People Strategy 2016-2020 was given consideration. The Strategy set out the Council's approach to people and improvement, recognising that organisational success is rooted in the motivated and hardworking employees who deliver and continue to improve the Council's services.

Decision

The Committee agreed to recommend to the Council, approval of the People Strategy 2016-2020.

(Reference: Report by Executive Director – Customer Services dated 25 July 2016, submitted)

15. BROADBAND PATHFINDER NORTH UPDATE

The Committee considered a report updating them on the Broadband Pathfinder re-procurement for a wide area network for the Council which would provide connectivity to all schools, libraries and offices. The report detailed the progress following the report presented to Council on 13 February 2014 and the update report presented to the Policy and Resources Committee on 17 March 2016.

The Head of Customer and Support Services gave a verbal update and advised the Committee that she had received a site by site forecast from Capita on 16 August which indicated that 40 sites would be delivered after the current Vodafone contract end date. The majority of these were expected to be delivered before the end of the calendar year. Vodafone had now confirmed pricing for continued service on all sites for a further period of up to 12 months. This was very much welcomed and overall pricing was broadly comparable to the existing costs. That ensured that we would be guaranteed continuity of service for all our sites. The pricing was structured in such a way that it became relatively more expensive when there were fewer sites in scope. This meant that towards the end of 2016 when we were expected to have relatively few sites which were not transitioned to SWAN, we needed to examine alternative interim options for service. For Argyll and Bute there were 8 fibre sites where the circuit delivery date was expected to be around December/January. There were reasonably acceptable copper based alternatives for 6 of these sites, and we would place orders shortly for these alternative interim arrangements. We

would also ensure that any wayleave issues were expedited for these few sites. Overall, costs were still expected to be maintained within the funds currently provided.

Decision

The Committee noted –

1. The details provided.
2. The actions being undertaken to mitigate the risks described within the report.

(Reference: Report by Executive Director – Customer Services dated 19 July 2016, submitted)

16. GENERAL ARRANGEMENTS FOR THE ASSET MANAGEMENT INVESTMENT FUND

A report was considered which updated Members on the proposed remit of the Asset Management and Investment Fund, the governance arrangements for its operation and the operational responsibility for its management.

Decision

The Committee agreed the governance arrangements, remit and operational arrangements for the Asset Management and Investment Fund as outlined within the submitted report.

(Reference: Report by Executive Director – Customer Services dated August 2016, submitted)

17. RURAL RESETTLEMENT FUND

A report outlining the options for delivery of a one off Rural Resettlement Fund of £500,000 which had been announced in the Argyll and Bute Council Budget 2016/17 was considered.

Motion

That members of the Committee –

- Agree the Rural Resettlement Fund includes all types of support listed in table 1;
- Agree the fund operates on a first come first served basis;
- Agree £10,000 of the fund be allocated to marketing;
- Agree that the Rural Resettlement Fund will be administered within Economic Development and Strategic Transportation using existing structures;
- Agree that officers proceed with the development and delivery of the Rural Resettlement Fund.

Moved Councillor Dick Walsh, seconded Councillor Aileen Morton

Amendment

That members of the Committee agree the recommendation but make changes to table 1 as follows –

- Remove the reference to ‘young’ from each of 3 target audiences.
- Change recipients to 16+ rather than 18+
- Item 3 to refer to families relocating to Argyll and Bute to “take up or continue employment” rather than “to take up a job”.

Moved Councillor James Robb, seconded Councillor Sandy Taylor

Decision

Following a show of hands vote the Motion was carried by 11 votes to 3 and the Committee resolved accordingly.

(Reference: Report by Executive Director – Development and Infrastructure Services dated 20 June 2016, submitted)

18. REPORT ON OPTION TO TAKE OWNERSHIP OF SITE OF FORMER WEST KIRK, ROTHESAY

Consideration was given to a report updating Members on the demolition of the West Kirk, Rothesay. It further reported on the legal options for taking ownership of the building, exploring the potential end uses of the land and recommended a course of action in accordance with the resolution of full Council taken in September 2015.

Decision

The Committee –

1. Noted the removal of public danger from the West Kirk and the current safe and clean condition of the cleared site.
2. Agreed to take ownership of the site and to apply to the Court to make a vesting order under Section 1021 of the Companies Act.
3. Agreed that Development and Infrastructure Services should include the site on a very limited maintenance regime.

(Reference: Report by Executive Director – Development and Infrastructure Services dated 4 May 2016, submitted)

19. MAJOR CAPITAL REGENERATION PROJECTS - UPDATE REPORT AS AT 4 AUGUST 2016

Consideration was given to a report which updated the Committee on the progress of the delivery of the 12 major capital regeneration projects, excluding the 9 Lorn Arc projects. The highlight report along with a programme plan submitted outlined the current position of the projects as at 18 June 2016. The paper also reported on key issues that would impact on the successful delivery of the projects from the development stage through to procurement and implementation.

Decision

The Committee –

1. Noted the current progress and agreed allocation of budget resources to date against each of the projects.
2. Noted the homologation of the £100k of works to Rothesay Pavilion.
3. Approved the projected increased cost of £375k to deliver the Rothesay Pavilion enabling works contract.

(Reference: Report by Executive Director – Development and Infrastructure Services dated 4 August 2016)

20. ALLOCATION OF CHORD SURPLUS FUNDS

Consideration was given to a report which invited the Committee to consider how any surplus CHORD funds would be allocated.

Decision

The Committee agreed -

1. To delegate the allocation of any CHORD surplus funds from the original Council allocation on the 27 November 2008, to Area Committees to approve in accordance with the original CHORD objectives detailed at 4.3 of the submitted report and the town centre project activities as outlined in Appendix A.
2. Any deviation from the aforementioned terms and conditions of the award of surplus funds would, in line with CHORD governance, require the approval of the Policy and Resources Committee.

(Reference: Report by Executive Director – Development and Infrastructure Services dated August 2016, submitted)

21. PROJECTS AND REGENERATION TEAM - LARGE SCALE PROJECT UPDATE REPORT

A report updating the Committee on progress in delivering the larger scale project work of the Project and Regeneration Team with a focus on those projects that are mainly externally funded was considered. The Highlight Report attached at Appendix A outlined the current position of the projects as at July 2016. The paper also reported on key issues that would impact on the successful delivery of the projects.

Decision

The Committee noted the current progress and agreed to future update project reports coming before the Committee every six months.

(Reference: Report by Executive Director – Development and Infrastructure Services dated August 2016, submitted)

22. UPDATE ON IMPLEMENTATION OF THE PAVEMENT CAFE LICENCE POLICY

Consideration was given to a recommendation from the Environment, Development and Infrastructure Committee held on 11 August 2016 in respect of the implementation of the Pavement Café Licence Policy.

Decision

The Committee approved the waiving of the Pavement Café Licence fee for a further year.

(Reference: Recommendation from Environment, Development and Infrastructure Committee held on 11 August 2016, submitted)

23. POLICY AND RESOURCES COMMITTEE WORK PLAN

Consideration was given to the Policy and Resources Work Plan as at August 2016.

Decision

The Committee noted the content of the Work Plan.

(Reference, Policy and Resources Committee Work Plan dated August 2016, submitted)

The Chair advised that in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973, the appendices relating to the following item of business would require him to exclude the press and public should any Member wish to discuss the content of those appendices on the grounds that it was likely to involve the disclosure of exempt information as defined in Paragraphs 8&9 respectively of Part 1 of Schedule 7A to the Local Government (Scotland) Act 1973.

* **24. QUEENS HALL TENDER UPDATE**

The Committee gave consideration to a report which updated Members on the tender evaluation process in respect of the Queen's Hall. The paper included information on the tendered prices and the variation between the approved budget and the anticipated final cost.

Decision

The Committee agreed to recommend to the Council that they –

1. Note that the Queens Hall Refurbishment and Public Realm Works Contract has been the subject of a competitive procurement exercise involving three Tenderers. This exercise identified the Most Economically Advantageous Tender and the detail of the tender evaluation process and determination of the project's Anticipated Final Cost is at Appendix A.
2. Note that the Most Economically Advantageous Tender results in an Anticipated Final Cost for the project at variance with the Approved Budget.

3. Approve the recommendation to award the Contract as shown at Section 5.5, with the balance of funding to be met from available Capital Reserves.

(Reference: Report by Executive Director – Development and Infrastructure Services dated August 2016, submitted)

The Council resolved in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973 to exclude the press and public for the following 4 items of business on the grounds that it was likely to involve the disclosure of exempt information as defined in Paragraphs 8&9 respectively of Part 1 of Schedule 7A to the Local Government (Scotland) Act 1973.

25. NEW SCHOOLS REDEVELOPMENT PROJECT

A report providing the Committee with an update on the project to build new secondary schools in Campbeltown and Oban; and a new primary school in Kirn, Dunoon was considered. The report also contained an update on the project in respect of Dunoon Primary School.

Decision

The Committee agreed the recommendations as contained within the submitted report.

(Reference: Joint report by Executive Director of Customer Services and Executive Director of Community Services dated 5 August 2016, submitted)

26. OBAN MARITIME QUARTER - PHASE 2 - TRANSIT BERTHING FACILITY - PROJECT DEVELOPMENT FUNDING

The Committee considered a report in relation to the drawdown of funding to facilitate the development of the Oban Maritime Quarter – Phase Two – Transit Berthing Facility project to full business case and detailed design.

Decision

The Committee agreed the recommendations as contained within the submitted report.

(Reference: Report by Executive Director – Development and Infrastructure Services dated August 2016, submitted)

27. HELENSBURGH WATERFRONT PROJECT INITIATION DOCUMENT (PID) AND DEVELOPMENT FUNDING

The Committee gave consideration to a report requesting the drawdown of development funding and approval of the Helensburgh Waterfront Development Project Initiation Document.

Decision

The Committee agreed the recommendations as contained within the submitted report.

(Reference: Report by Executive Director – Development and Infrastructure Services dated 27 June 2016, submitted)

28. LORN ARC - UPDATE REPORT AS AT 19 JULY 2016

The Committee gave consideration to a report updating them on the progress in the delivery of the Lorn Arc Tax Incremental Financing Programme. The highlight report outlined the current position of the three most immediate projects as at 19 July 2016. The paper also reported on key issues that would impact on the successful delivery of the projects from the development stage through to procurement and implementation and on the overall affordability of the Lorn Arc Programme. The Chair gave a verbal update on information that had recently become available following the Oban, Lorn and the Isles Area Committee held on 10 August 2016 that hadn't been included in the submitted report.

Decision

The Committee noted -

1. The current progress with the Lorn Arc Programme.
2. That a meeting was scheduled to be held on 7 September 2016 for further consideration over the current position of the project.
3. That an update report would be provided to the October meeting of the Committee.

(Reference: Report by Executive Director – Development and Infrastructure Services dated 19 July 2016, submitted)

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**MINUTES of SPECIAL MEETING of POLICY AND RESOURCES COMMITTEE held in the
COUNCIL CHAMBER, KILMORY, LOCHGILPHEAD
on THURSDAY, 29 SEPTEMBER 2016**

Present: Councillor Dick Walsh (Chair)

Councillor Rory Colville	Councillor Ellen Morton
Councillor Robin Currie	Councillor Gary Mulvaney
Councillor Kieron Green	Councillor Len Scoullar
Councillor Roderick McCuish	Councillor Isobel Strong
Councillor Aileen Morton	Councillor Sandy Taylor

Attending: Douglas Hendry, Executive Director of Customer Services
Ann Marie Knowles, Acting Executive Director of Community Services
Kirsty Flanagan, Head of Strategic Finance
Mike Casey, School Redevelopment Project Manager

1. APOLOGIES FOR ABSENCE

An apology for absence was intimated by Councillor Alastair MacDougall.

2. DECLARATIONS OF INTEREST

There were none intimated.

The Council resolved in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973 to exclude the press and public for the following item of business on the grounds that it was likely to involve the disclosure of exempt information as defined in Paragraphs 8&9 respectively of Part 1 of Schedule 7A to the Local Government (Scotland) Act 1973.

E1 3. NEW SCHOOLS REDEVELOPMENT PROJECT - DUNOON PRIMARY SCHOOL

The Committee gave consideration to a report providing them with details of the Stage 1 Submission by hubNorth Scotland Ltd to provide a refurbished/part new build of Dunoon Primary School.

Decision

The Committee –

1. Noted the Dunoon Primary School Project key programme dates as detailed in Paragraph 4.1 of the submitted report.
2. Agreed the Stage 1 Submission from hubNorth Scotland Ltd in respect of Dunoon Primary School. The detail of which was referred to in Paragraph 4.3 of the submitted report.
3. Noted the Council's financial provision, as previously reported to the Policy and Resources Committee on 18 August 2016, was unchanged following receipt of the Stage 1 Submission for Dunoon Primary School.

(Reference: Joint report by Executive Director - Customer Services and Acting Executive Director – Community Services dated 7 September 2016, submitted)

ARGYLL AND BUTE COUNCIL**POLICY AND RESOURCES COMMITTEE****STRATEGIC FINANCE****27 OCTOBER 2016**

EXECUTIVE SUMMARY**FINANCIAL REPORT MONITORING PACK – AUGUST 2016**

1. INTRODUCTION

1.1 This report provides a summary of the financial monitoring reports as at the end of August 2016. There are six detailed reports summarised in this Executive Summary:

- Revenue Budget Monitoring Report as at 31 August 2016
- Monitoring of Service Choices Savings
- Monitoring of Financial Risks
- Capital Plan Monitoring Report as at 31 August 2016
- Treasury Monitoring Report as at 31 August 2016
- Reserves and Balances

The web link to the detailed reports is as follows:

<http://www.argyll-bute.gov.uk/financial-monitoring>

The Treasury Monitoring Report has been attached to this covering report as there is a recommendation that requires to go onto Council.

1.2 The Argyll and Bute Integrated Joint Board (IJB) with responsibility for Social Work and a range of Health services was established and came into effect on 1 April 2016. The IJB will be responsible for financial and strategic oversight of these services. Financial reporting in respect of Integration Services will now be submitted to the IJB via the IJB's Chief Financial Officer and it is expected that the Chief Financial Officer of the IJB will also keep the Council up to date on the financial position. The Scheme of Integration notes at paragraph 8.2.17 that "Any potential deviation from the planned outturn should be reported to Argyll and Bute Integration Joint Board, the Council and NHS Highland at the earliest opportunity".

1.3 The reports contained in the Council's monitoring pack herewith, will no longer have the same level of detail on Integration Services, however, the latest budget monitoring for the IJB as at the end of August 2016 is included as an appendix to the Financial Risks report.

2. DETAIL**2.1 Revenue Budget Monitoring Report**

2.1.1 This report provides a summary of the current revenue budget monitoring position to ensure net expenditure is contained within budget. It provides

corporate and departmental information with comparisons on a forecast outturn and a year to date basis.

- 2.1.2 The forecast outturn is an underspend of £1.045m. The underspend relates to an underspend in utility costs (£0.500m), a forecast saving in loans interest payments (£0.500m), additional anticipated income from berthing, car and passenger dues since the introduction of RET (£0.200m), offset by the potential shortfall in savings due to the delay in implementing two service choices savings options (£0.155m).
- 2.1.3 There is a year to date surplus of £13,386k against the year to date budgeted expenditure. Of this, £5,000k relates to the accounting of the LIBOR grant for the Helensburgh Waterfront project, this amount will be earmarked as a contribution to capital and a large element of the remainder is due to profiling of capital financing costs.

2.2 Monitoring of Service Choices Savings

- 2.2.1 This report provides an update on the implementation and delivery of the Service Choices policy savings options agreed by Council in February 2016. The savings options will be reported as being delivered, on track to be delivered, still to be implemented, being developed or delayed.
- 2.2.2 Of the 125 savings options, 40 have already been delivered, 52 are on track to be delivered, 14 have still to be implemented, 10 have still to be developed and 9 are delayed.
- 2.2.3 The 9 options delayed are noted below and further information is contained within the report.

Community Services:

- Creation of a Charitable Leisure Trust – initial timeframe not feasible, delay of around 6 months with a financial implication in 2017-18 of £0.429m. The business case suggests full year NDR and VAT savings of £0.636m offset by recurring costs of £0.095m resulting in a net saving of £0.541m full year (original estimate £0.700m). This has been reflected within the updated budgetary outlook.
- ASN Efficiencies - as a result of the annual exercise to consider the individual needs of our young people there has been a greater need identified than previously forecast with a financial delay implication of £0.090m within 2016-17. The service are working to ensure that the cost of this delay is met from existing resources.
- The increase to fees for non-statutory music tuition by 50% - not fully achievable in 2016-17 due to the implementation date being pushed back until August for legal reasons. Although non-statutory music tuition fees were increased by 50% it should be noted that:
 - In schools in Argyll and Bute, Music Education as a subject is part of the expressive Arts curriculum area for Curriculum for Excellence. It is taught by GTCS registered teachers to young people from primary one and throughout the Broad General

Education

- In addition, Education Services contribute to the delivery of the Youth Music Initiative, a Scottish Government programme administered by Creative Scotland – the national agency for the arts, screen and creative industries. This allows for additional music experiences for pupils with one year of free tuition provided,
- There are no charges for Argyll and Bute pupils who are provided with instrumental music provision relating to learners' SQA course work in music examinations.
- Instrumental Instructor provision reduced by 20% - this equates to a 2.6 FTE reduction however this will not be fully achieved as instructors are on teacher's terms and conditions and on which there is currently a no redundancy policy. The financial implication of the two music related savings amounts to £0.018m in 2016-17. The service are working to ensure that the cost of this delay is met from existing resources.

Customer Services

- Catering and Cleaning redesign (3 options) - Catering and Cleaning Business Case outlines total savings of £0.777m expected by 2020-21 with £0.331m deliverable by 2018-19. Comparing to the original savings estimated there is a shortfall reflected within the budgetary outlook of £0.040m in 2017-18 and £0.524m in 2018-19 as shown in the table below:

	2017-18 £000	2018-19 £000	2019-20 £000
FS01A-C - Long term redesign of catering service.	0	560	560
FS01D - Build up and develop catering service for events and functions.	40	40	40
FS02A-B - Long term redesign of cleaning service.	0	255	255
Total Original Estimate of Savings:	40	855	855
Revised Estimate of Savings	0	331	331
Shortfall / Delayed Saving	(40)	(524)	(524)

Development and Infrastructure:

- Removal of school crossing patrollers - the original proposal to remove school crossing patrollers (SCP) was amended to remove lunch time element of service. Original completion date was for implementation by school summer holidays. The financial implication of this delay amounts to £0.018m in 2016-17 and although this was originally forecast as an overspend position, the department have now identified additional income to offset this overspend.
- Three weekly rubbish collection - Slight delay to original June implementation date due to complexity of the Service Choice, amendments to routes, negotiations with staff, Trade Unions, Third Sector Groups and contractors. On track for implementation from October. The

financial implication of this delay amounts to £0.137m in 2016-17 and although this was originally forecast as an overspend position, the department have now identified additional income to offset this overspend.

2.3 Monitoring of Financial Risks

2.3.1 This report outlines the process and approach developed in carrying out a financial risks analysis and provides an update on the current assessment of financial risks.

2.3.2 There are a number of Council wide risks identified. In respect of revenue all have been assessed as remote or unlikely with the exception of two risks that have been assessed as likely as noted below:

- Auto enrolment into the pension scheme which impacts on employers superannuation. The majority of staff will not be auto enrolled until October 2017 and the impact of this has been reflected within the medium term budgetary outlook.
- The risk that the Integrated Joint Board (IJB) refer back to the Council for additional funding in the event that there is an overspend and where a recovery plan has proved to be unsuccessful.

2.3.3 There are currently 44 departmental risks totalling £3.946m. Only 3 of the risks are categorised as likely, with a potential impact of £0.700m, and no risks have been categorised as almost certain. These will continue to be monitored and action taken to mitigate or manage these risks.

2.3.4 The top 3 risks in terms of their likely financial impact are noted in the table below.

SERVICE	TITLE OF RISK	DESCRIPTION OF RISK	LIKELIHOOD	FINANCIAL IMPACT £000
Roads and Amenity Services	Winter Maintenance	Adverse weather conditions which require greater than budgeted number of gritting runs.	4	570
Facility Services	Surplus Properties	Ongoing market difficulties lead to increased numbers of surplus properties, there are residual running costs associated with surplus properties.	3	250
Roads and Amenity Services	Roads Maintenance	Adverse weather conditions result in deterioration of the road network necessitating greater spend on repair of defects.	3	230

2.4 Capital Plan Monitoring Report

2.4.1 Capital Plan Monitoring Report – this report provides a summary of the current capital plan monitoring position. Information is provided in terms of monitoring year to date budget, current full year budget, future years total budget and funding and non-financial in terms of project performance.

2.4.2 Actual net expenditure to date is £8.996m compared to a budget for the year to date of £8.865m giving rise to an overspend for the year to date of £0.131m. The forecast outturn for the year is a forecasted underspend of

£5.464m.

2.4.3 The £0.131m year to date overspend consists of an overspend within Capital Property works which will be covered from elsewhere within the service, in addition to other small variances.

2.4.4 The forecast underspend for the year is £5.464m. This is largely due to £4.715m of slippage within the new schools projects to reflect the current estimated build period. The projects are still working to planned timescales, the expenditure is simply being re-profiled to when it is likely to be incurred.

2.5 Treasury Monitoring Report

2.5.1 This report provides information on the current levels and recent transactions in relation to the capital financing limit, total borrowing, temporary borrowing and long term borrowing and investments.

2.5.2 Long term borrowing was taken out during the period 1 July 2016 to 31 August 2016 of £5m from the PWLB: as interest rates fell considerably during the period a decision was taken to reduce the Council's refinancing risk.

2.5.3 Borrowing is estimated to be below the capital financing requirement for the period to 31 March 2017. This reflects the approach taken to minimise surplus cash on deposit in order to avoid overdue exposure to investment/credit worthiness risks. However, if it becomes clear that longer term interest rates are likely to increase significantly the position will be reviewed to ensure the Council locks in funding at low interest rates.

2.5.4 Investments at 31 August 2016 were £74.4m with a return achieved of 0.651% which compares favourably with the target of 7 day LIBID which was 0.139%.

2.5.5 The current market decisions have made investment decisions more difficult as the number of counterparties which meet the Council's parameters has reduced making it harder to achieve reasonable returns while limiting the exposure to any one institution. It is recommended that the Council reduce its minimum sovereign rating from AA to AA- which is in line with Capita's recommended minimum rating (Capita are the Council's treasury advisors).

2.6 Reserves and Balances

2.6.1 This report summarises the overall level of reserves and balances and monitors the spending of the earmarked reserves, providing detailed information on the unspent budget earmarked balances.

2.6.2 The Council has a total of £146.204m unusable reserves that are not backed with resources. They are required purely for accounting purposes.

2.6.3 The Council has a total of £57.115m usable reserves as at the end of 31 March 2016. Of this balance, £0.671m relates to Repairs and Renewals

Fund, £4.027m relates to Capital Funds and the remainder is held in the General Fund, with £43.272m of the balance earmarked for specific purposes.

- 2.6.4 The General Fund contingency is set at 2% of net expenditure for 2016-17. There is currently an estimated surplus over contingency of £5.503m and this is being directed towards the delivery of the Single Outcome Agreement.

3. RECOMMENDATIONS

- 3.1 Members to note the revenue budget monitoring report as at 31 August 2016.
- 3.2 Members to note the progress of the service choices policy saving options as at the end of August 2016.
- 3.3 Members to note the current assessment of the Council's financial risks.
- 3.4 Members to note the capital plan monitoring report as at 31 August 2016.
- 3.5 a) Members note the treasury monitoring report as at 31 August 2016.
b) The Policy and Resources Committee recommend to Council that the Investment Strategy be amended to reduce the minimum sovereign rating from AA to AA- to match the Capita Asset Services suggested counterparty criteria and allow access to a wider range of counterparties.
- 3.6 Members to note the overall level of reserves and balances and note the monitoring of the earmarked reserves.

4. IMPLICATIONS

- 4.1 Policy – None.
- 4.2 Financial - Outlines the revenue and capital monitoring for 2016-17 as at 31 August 2016.
- 4.3 Legal - None.
- 4.4 HR - None.
- 4.5 Equalities - None.
- 4.6 Risk - Details of financial risks are included within the report.
- 4.7 Customer Service - None.

Policy Lead for Finance: Councillor Dick Walsh

**Kirsty Flanagan
Head of Strategic Finance
13 October 2016**

ARGYLL AND BUTE COUNCIL**POLICY AND RESOURCES COMMITTEE****STRATEGIC FINANCE****27 OCTOBER 2016**

TREASURY MANAGEMENT MONITORING REPORT 31 AUGUST 2016

1. EXECUTIVE SUMMARY

- 1.1 This report sets out the Council's treasury management position for the period 1 July 2016 to 31 August 2016 and includes information on:
- Overall Borrowing Position
 - Borrowing Activity
 - Investment Activity
 - Economic Background
 - Interest Rate Forecast
 - Prudential Indicators.
- 1.2 Borrowing is below the Capital Financing Requirement for the period to 31 August 2017, however, there are substantial internal balances, of which £74.4m is currently invested.
- 1.3 Long term borrowing was taken out during the period 1 July 2016 to 31 August 2016 of £5m from the PWLB: as interest rates fell considerably during the period a decision was taken to reduce the Council's refinancing risk.
- 1.4 The net movement in external borrowing in the period was an increase of £4.1m.
- 1.5 The levels of investments have increased to £74.4m at 31 August 2016. The rate of return achieved was 0.651% which compares favourably with the target of 7 day LIBID which was 0.139%.
- 1.6 As part considering ways to increase the number of eligible counterparties for investments discussion took place with Capita Asset Services the outcome of which were that the minimum sovereign rating criteria be reduced from AA to AA- to match Capita's suggested minimum rating and to allow for the potential downgrading of sovereign ratings that would remove institutions which are currently used from the acceptable counterparty list. It was also agreed that the Council actively considers lending to other local authorities when making any investment decisions.
- 1.7 It is recommended that:
- a) Members note the treasury monitoring report as at 31 August 2016.
 - b) The Policy and Resources Committee recommend to Council that the Investment Strategy be amended to reduce the minimum sovereign rating from AA to AA- to match the Capita Asset Services suggested counterparty criteria and allow access to a wider range of counterparties.

TREASURY MANAGEMENT MONITORING REPORT 31 AUGUST 2016

2. INTRODUCTION

2.1 This report sets out the Council's treasury management position for the period 1 July 2016 to 31 August 2016 and includes information on:

- Overall Borrowing Position
- Borrowing Activity
- Investment Activity
- Economic Background
- Interest Rate Forecast
- Prudential Indicators.

3. RECOMMENDATIONS

3.1 Members note the treasury monitoring report as at 31 August 2016.

3.2 The Policy and Resources Committee recommend to Council that the Investment Strategy be amended to reduce the minimum sovereign rating from AA to AA- to match the Capita Asset Services suggested counterparty criteria and allow access to a wider range of counterparties.

4. DETAIL**Overall Borrowing Position**

4.1 The table below details the estimated capital financing requirement (CFR) and compares this with the estimated level of external debt at 31 March 2017. The CFR represents the underlying need for the Council to borrow to fund its fixed assets and accumulated capital expenditure.

	Forecast	Budget	Forecast	Forecast
	2016/17	2016/17	2017/18	2018/19
	£000's	£000's	£000's	£000's
CFR at 1 April	253,896	259,000	263,368	261,395
Net Capital Expenditure	20,643	17,937	8,271	2,656
Less Loans Fund Principal Repayments	(9,236)	(9,236)	(8,236)	(8,236)
Less: NPDO Repayment	(1,935)	(1,935)	(2,008)	(2,117)
Estimated CFR 31 March	263,368	265,766	261,395	253,698
Less Funded by NPDO	(74,059)	(74,059)	(72,051)	(69,934)
Estimated Net CFR 31 March	189,309	191,707	189,344	183,764
Estimated External Borrowing at 31 March	169,589	169,589	179,589	181,589
Gap	19,720	22,118	9,755	2,175

4.2 Borrowing is below the CFR for the period to 31 March 2017. This reflects the approach taken to minimise surplus cash on deposit in order to avoid overdue exposure to investment / credit worthiness risks.

4.3 The Council's estimated net capital financing requirement at the 31 August 2016 is £189.3m. The table below shows how this has been financed. Whilst borrowing is less than the CFR there are substantial internal balances (mainly the General Fund) of which £74.4m is currently invested.

	Position at 30/06/2016 £000's	Position at 31/08/2016 £000's
Loans	165,489	169,583
Internal Balances	100,535	94,193
Less Investments & Deposits	(72,610)	(74,467)
Total	193,414	189,309

Borrowing Activity

4.4 The table below summarises the borrowing and repayment transactions in the period 1 July 2016 to 31 August 2016.

	Actual £000's
External Loans Repaid 30th June 2016 to 31st August 2016	(887)
Borrowing undertaken 30th June 2016 to 31st August 2016	5,000
Net Movement in External Borrowing	4,113

4.5 The external borrowing of the Council increased by £4.1m during the period as £5m of long term borrowing was taken out from the PWLB taking advantage of historic low interest rates. This was offset by the repayment of £0.9m of long term borrowing.

4.6 The table below summarises the movement in level and rate of temporary borrowing at the start and end of the period.

	£000s	% Rate
Temp borrowing at 30th June 2016	663	0.30%
Temp borrowing at 31st August 2016	629	0.10%

Investment Activity

4.7 The average rate of return achieved on the Council's investments to 31 August 2016 was 0.651% compared to the average LIBID rate for the same period of 0.139% which demonstrates that the Council is achieving a reasonable rate of return on its cash investments. At 31 August 2016 the Council had £69.4m of short term investments at an average rate of 0.651% and £5m placed in an Enhanced Money Market Fund with an unrealised gain of £3,841.02 at 31 August 2016. The table below details the counterparties that the investments

were placed with, the maturity date, the interest rate and the credit rating applicable for each of the counterparties.

Counterparty	Maturity	Amount £000s	Interest Rate	Rating
Clydesdale Bank Instant	Instant Access	957	0.25%	Short Term A-2, Long Term BBB+
Handel 35 Day	35 Day Notice	5,000	0.55%	Short Term A-1+, Long Term AA-
BOS Corp	Instant Access	10	0.40%	Short Term A-1, Long Term A
Santander 95D	95 Day Notice	5,000	0.90%	Short Term A-1, Long Term A
Santander 180D	180 Day Notice	2,500	0.80%	Short Term A-1, Long Term A
Helaba Landesbank	31/08/2016	5,000	0.65%	Short Term A-1, Long Term A
Helaba Landesbank	19/04/2017	2,500	0.93%	Short Term A, Long Term A-1
Toronto Dominion	19/04/2017	2,500	0.90%	Short Term A-1+, Long Term AA-
Goldman Sachs	06/12/2016	5,000	0.75%	Short Term A-1, Long Term A
Commonwealth Bank of Australia	02/06/2017	5,000	0.985%	Short Term A-1+, Long Term AA-
Commonwealth Bank of Australia	22/06/2017	2,500	0.96%	Short Term A-1+, Long Term AA-
Nationwide BS	13/01/2017	5,000	0.49%	Short Term A-1, long Term A
BOS 3mth FTD	14/10/2016	5,000	0.65%	Short Term A-1, Long Term A
BOS 6mth FTD	20/01/2017	2,500	0.80%	Short Term A-1, Long Term A
CD - Toronto Dominion	12/01/2017	5,000	0.97%	Short Term A-1+, Long Term AA-
CD - National Australia Bank	04/11/2016	5,000	0.76%	Short Term A-1, Long Term A
MMF - BNP Paribas	Instant Access	3,000	0.41%	AAA
ENH MMF - Federated Cash Plus (T+1)	Instant Access	5,000	0.00%	AAA
MMF - Standard Life (formerly Ignis)	Instant Access	5,000	0.43%	AAA
MMF - Invesco AIM	Instant Access	3,000	0.40%	AAA
MMF - Blackrock	Instant Access	0	0.00%	AAA
MMF - Insight	Instant Access	0	0.00%	AAA
Total		74,467		

4.8 All investments and deposits are in accordance with the Council's approved list of counterparties and within the limits and parameters defined in the Treasury Management Practices. The counterparty list is constructed based on assessments by leading credit reference agencies adjusted for additional market

information available in respect of counterparties.

- 4.9 The current market conditions have made investment decisions more difficult as the number of counterparties which meet the Council's parameters has reduced making it harder to achieve reasonable returns while limiting the exposure to any one institution.
- 4.10 When considering the Council's Investment Strategy at the latest treasury strategy meeting with the Council's treasury advisors Capita Asset Services they recommended that the Council reduce its minimum sovereign rating from AA to AA-. The justification for the reduction is that following the vote on Brexit a number of countries sovereign ratings were placed on negative watch which could lead to a downgrading, if this happened then a number of the counterparties which the Council currently uses could be removed from the counterparty list. The change in minimum rating would also bring the Council into line with Capita's recommended minimum rating.
- 4.11 The use of other local authorities as counterparties was also discussed and it was agreed that the day to day investment decisions would take the possibility of dealing direct with other local authorities into account. This will not require a change in the Council's Investment Strategy as it already allows for investments with other local authorities.

Economic and Interest Rate Forecasts

- 4.12 The latest economic background is shown in appendix 1 with the interest rate forecast in appendix 2.

Prudential Indicators

- 4.13 The prudential indicators for 2016-17 are attached in appendix 3.

5. CONCLUSION

- 5.1 The Council's borrowing increased by £4.1m but it is still below the Capital Financing Requirement for the period to 31 August 2016. There are substantial internal balances, of which £74.4m is currently invested. The investment returns were 0.651% which is above the target of 0.139%.
- 5.2 It is suggested that there is a change to the Council's Investment Strategy to reduce the minimum sovereign rating from AA to AA-. The Council will also consider lending to other local authorities when making lending decisions.

6. IMPLICATIONS

- | | | |
|-----|--------------------|--|
| 6.1 | Policy – | Change to the Council's Investment Strategy to reduce the minimum sovereign rating from AA to AA-. |
| 6.2 | Financial - | None |
| 6.3 | Legal - | None. |
| 6.4 | HR - | None. |
| 6.5 | Equalities - | None. |
| 6.6 | Risk - | None. |
| 6.7 | Customer Service - | None. |

Kirsty Flanagan, Head of Strategic Finance
Dick Walsh Council Leader and Policy Lead for Strategic Finance

For further information please contact Peter Cupples, Finance Manager –
Corporate Support 01546-604183.

Appendix 1 – Economic Background
Appendix 2 – Interest Rate Forecast
Appendix 3 – Prudential Indicators

Appendix 1

Economic background:

- During the quarter ended 30 June 2016:

- The UK voted to leave the EU;
 - The economic recovery lost some momentum ahead of the vote;
 - Growth remained highly dependent on consumer spending;
 - The jobs recovery slowed, but wage growth picked up;
 - Inflation remained stuck at very low levels;
 - Sharp fall in sterling following the referendum result;
 - Post-referendum uncertainty brought the prospect of a near-term rate cut onto the agenda;
 - Both the ECB and the Federal Reserve kept policy unchanged.
- The economic recovery lost a little momentum in Q1 2016, with real GDP growth slowing from 0.7% q/q in Q4 to 0.4% – an annual rate of 2.0%. The recovery remained highly unbalanced too, with net trade subtracting from GDP growth for the second time in three quarters. And the current account deficit stood at 6.9% of GDP in Q1, only a little off the record 7.2% of GDP seen in Q4 2015. Business surveys suggest that activity slowed further in Q2 ahead of the EU referendum. Indeed, the Markit/CIPS composite PMI for May is consistent with quarterly growth slowing to 0.2% or so in Q2.
 - However, the official output data for Q2 so far have been a little more upbeat. Industrial production rose by a monthly 2% in April – which suggests that the sector may have pulled out of recession in the second quarter – and construction output rose by a monthly 2.5%. Beyond the referendum, the first PMI survey conducted after the vote – released on August 1st – will provide an initial indication of the extent to which the vote to leave has affected activity. The first post-referendum official activity data are for industrial production, due to be released on August 9th.
 - Consumers generally appear to have taken pre-referendum uncertainty in their stride, with household spending still the principal driver of economic growth. The pace of retail sales volumes growth has picked up, rising to a healthy annual rate of 6% in May. Away from the high street, the Bank of England's Agent's scores of consumer services turnover growth rose too. Admittedly, GfK/NOP consumer confidence has slipped back from its 2015 highs in the run-up to the referendum but remained elevated prior to the vote. Indeed, the balance for major purchases stayed at +9 in June, well above its long-run average of -6, pointing to solid growth in durable goods spending. However, consumer confidence is likely to weaken following the referendum result: the extent of any immediate impact on confidence will be evident in the next GfK/NOP data, due on July 29th.
 - The labour market performed fairly well prior to the EU referendum too, with employment rising by 55,000 in the three months to April. Admittedly, this is below the strong rises seen last year, but some easing in the pace of the jobs recovery was always to be expected given how much slack has

already been eroded. Indeed, the ILO unemployment rate fell to 5.0% in the three months to April, it's lowest in over a decade. The timelier claimant count measure held at 2.2% in May. Pay growth also picked up in April – annual growth in regular pay (ex. bonuses), jumped from 1.9% to 2.5%.

- However, the labour market story hasn't been entirely positive. At least some of April's rise in pay growth was probably down to the imposition of the National Living Wage, so may not entirely be a reflection of a tighter labour market. And much of the rise in employment in the three months to April was driven by self-employment, which may reflect people struggling to find employee roles. In any case, employment growth may slow markedly in the next few months due to the disruption associated with the vote to leave the EU.
- Away from the labour market, inflation has been very subdued in the months preceding the EU referendum. CPI inflation has stood at just 0.3% every month so far this year, with the exception of March when Easter timing effects distorted the figures. But price pressures are likely to pick up in the months ahead. Around 80% of the difference between headline inflation and the Bank of England's 2% target is due to low food and energy price inflation. But the dampening influence of food and energy prices is set to wane as last year's sharp falls drop out of the annual comparison. What's more, sterling dropped by more than 8% following the UK's decision to leave the EU, leaving it around 14% below its mid-November peak. **This should eventually feed through to higher inflation, which we expect to rise above the Bank of England's 2% target in the first half of next year.**
- This leaves the MPC with an awkward trade-off between minimising the short-term hit to the economy and overshooting its inflation target. However, given how low inflation currently is, the MPC has some room for manoeuvre. We expect interest rates to be cut from 0.5% to 0.25%, probably at the MPC's next meeting on July 14th. Indeed, in a speech on 30 June, Governor Carney stated that "some monetary easing will likely be required over the summer", and markets are pricing in a rate cut at the MPC's next meeting. A ramp-up in the Bank's asset purchase programme is also a possibility, depending on the scale of the short-term economic damage.
- Like the Bank of England, both the Federal Reserve and the ECB kept rates on hold during Q2. However, despite leaving its economic projections largely unchanged, the FOMC nonetheless cut its interest rate projections quite sharply. Six of the 17 officials anticipate just one hike in the US this year, and median interest rate forecasts for end-2017 and 2018 were revised down too. What's more, this was before the financial market turmoil which followed the results of the UK's EU referendum. At the margin, this could delay hikes even further. Meanwhile, we expect the ECB

to respond to the economic damage generated by the UK's vote to leave the EU by accelerating the pace of its asset purchases and possibly with another small cut in interest rates.

- Turning to the public finances, the data released since March's Budget will only have added to the Chancellor's worries. Public sector net borrowing (excluding public sector banks) was only slightly down on a year earlier at £9.7bn in May, indicating that borrowing was already on course to overshoot the OBR's forecast of a 25% fall in FY 2016/17 as a whole before the effects of any post-referendum disruption are accounted for.
- The plans laid out in the March Budget stated that fiscal tightening would intensify this year – and Chancellor Osborne has warned that he would impose an austere emergency budget following a vote to leave the EU. However, Mr Osborne has already rowed back on this threat. What's more, if the OBR projects that the four-quarter average of annual GDP growth will fall below 1%, this activates a get-out clause in the government's fiscal rules. This could lead to some of the near-term tightening described in the Budget being deferred to help reduce the damage caused by the referendum result.
- Finally, the FTSE 100 has now recovered the ground it lost following the UK's vote to leave the EU, and stands around 3% higher than at the start of Q2. But the multinational-heavy FTSE 100 has benefitted from sterling's collapse, which boosts the value of firms' overseas earnings. The FTSE 250, which better reflects the domestic economy, is down 5% since the start of the quarter. Meanwhile, 10-year bond yields have sunk to new record lows of just under 1% on the back of safe-haven demand.

Appendix 2

Interest Rate Forecast:

Our treasury management advisers, Capita Asset Services have provided us with the following update to their interest rate forecasts.

Post EU referendum interest rate review

- The outcome of the EU referendum has necessitated a review of our interest rate forecasts. The UK now faces a very different situation from what it was in ten days ago both politically and economically. This mix of both political and economic uncertainty makes this the most difficult interest rate review we have done in recent years due to the sheer number of known unknowns. However, the impact on financial markets in the last ten days has not been as great as some had feared.
- This also puts the Monetary Policy Committee (MPC), in a very difficult position in terms of knowing how much the vote for Brexit will impact the real economy. What most forecasters expect is that the first two quarters growth in 2016 of around +0.4% is likely to fall to zero in the second half of the year. However, after the initial shock, the economy may recover some momentum so Capital Economics are forecasting growth of 1.5% for 2017, (after average overall growth for 2016 of 1.5%), and then recovery back to 2.5% in 2018. In his speech last Friday, the Governor of the Bank of England, Mark Carney, made clear that the MPC will consider cutting Bank Rate in the very near future but will also give consideration to using further quantitative easing (QE) purchasing of gilts, (and possibly other assets), as a means of providing further stimulus to economic growth by lowering borrowing rates.
- **Our own interest rate forecast is based on a cut of Bank Rate of 0.25% in the current quarter; this could come at the next MPC meeting of July 14 or at the next quarterly Inflation Report meeting on August 4. However, we would certainly not rule out a further cut to zero or possibly 0.10%. The first increase in Bank Rate does not then occur until quarter 2 2018 and the pace of increases thereafter has also been slowed down from that in our previous forecast. However, we have to emphasise that there are so many variables over this time period that it is very likely that these forecasts will be subject to significant updating as events evolve on both the political and economic scenes.**
- Carney's comments last Friday on the possibility of further quantitative easing caused an immediate fall in gilt yields of around 25 – 37 basis points (bps) in gilts with a duration of 10 and 50 years, so it could be said that just the threat of further QE has already achieved a significant drop in gilt yields and so borrowing costs. This, arguably, means that the benefits of actually implementing further QE are reduced. We have therefore revised down our forecasts for PWLB rates to take account of

these movements in gilt yields since the referendum - which have fallen to all-time lows (with 2 year gilt yields even briefly turning negative!).

- However, Carney did make a strong point that it is not the role of the Bank of England to be the sole combatant in helping to stimulate growth of the UK economy and employment by using the monetary policy measures at its disposal. The Government has fiscal policy as a powerful tool to promote growth and it has various policy measures it could employ. Already the Chancellor of the Exchequer has said that the target of achieving a budget surplus in 2020 will need to be put back to avoid austerity measures creating an unwelcome headwind for growth during the near future. In addition, there are already comments in the public arena around lowering corporation tax - from falling from 20% to 17% by 2020 to falling from 20% to 15% as a stimulus to stop corporates moving out of the UK and attracting corporates to come to the UK. Fiscal policy could also include cuts in income tax, national insurance, VAT etc to stimulate consumer demand in the economy: however, such cuts may impact on the size of the budget deficit.
- In addition, the Government could take advantage of the plunge in gilt yields to borrow extra money to invest in infrastructure to improve the productivity of the UK economy.
- However, what will be vital will be to ensure that the UK retains the trust of international investors, both in terms of the fact that about 30% of all gilts are owned by overseas investors, who will want to be assured that the Government is not borrowing beyond the means of the economy to sustain the ability to pay interest and to repay the debt, and in terms of the value of sterling against other currencies. The current size of the balance of payments deficit of 6.9% of GDP is a major concern. The fall of 14% in the value of sterling since November 2015 will feed through eventually to stimulate demand for UK exports and to choke off imports into the UK by making home made goods and services more competitive. However, this will take time to feed through into reducing the size of this deficit.
- What will make the decision making of the MPC more difficult in the next few years is that the fall in the value of sterling will feed through over the next 3-4 years into the economy and cause an increase in inflation. But manufacturers and service providers could absorb some of the extra costs from the increased cost of imports of materials etc, or could increase productivity to offset extra costs, so there is considerable uncertainty about the timing and size of this feedthrough into inflation. Capital Economics have revised their interest rate forecast for inflation as follows: - 2016 0.6%; 2017 2.2% (was 1.5%); 2018 2.8% (was 2.1%). The MPC's target for CPI inflation is 2% but in the past they have looked through temporary spikes of imported

inflation on the basis that they will drop out of the calculation of CPI after 12 months. So it is by no means certain that the MPC will, or will not, take action to counter such a rise in inflation.

- What we do have to emphasise at this point in time is that there are huge variables which could have a major impact on the UK economy and interest rates over the next four to five years in particular: -
 - Political uncertainty: the Conservative party is currently facing a leadership election and the situation in respect of the Labour party is under major stress. There is also another general election due in May 2020.
 - Political uncertainty in the EU if other countries hold referendums or there is a strong growth in anti EU political parties.
 - Uncertainty about when Article 50 will be initiated to start the UK withdrawal from the EU and what form any final agreement with the EU will take over access to the single market and requirements to conform to EU rules and to contribute to the EU budget etc. This in turn, could have a major influence on corporates deciding whether, or not, to move jobs away from the UK into the EU.
 - Whether the potential impact of all of the above could bring to the fore the question of whether Scotland remains as a part of the UK.
 - Consumer confidence in the UK will have a major impact on consumer expenditure and so on GDP growth; many factors could affect confidence e.g. house prices, inflation rising to outweigh pay inflation and so depressing disposable income, the outcome of Brexit negotiations, etc.

We will be undertaking a further review of our interest rate forecast following the release of the Bank of England Quarterly Inflation Report on 4th August where the Bank of England will update all its forecasts for growth, inflation etc and will explain its thinking around Bank Rate and QE.

CAPITA ASSET SERVICES' FORWARD VIEW

Economic forecasting remains difficult with so many external influences weighing on the UK. Our Bank Rate forecasts, (and also MPC decisions), will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Forecasts for

average earnings beyond the three year time horizon will be heavily dependent on economic and political developments. Major volatility in bond yields is likely to endure as investor fears and confidence ebb and flow between favouring more risky assets i.e. equities, or the safe haven of bonds.

The overall longer run trend is for gilt yields and PWLB rates to rise, albeit gently. An eventual world economic recovery may also see investors switching from the safe haven of bonds to equities.

We have pointed out consistently that the Fed. rate is likely to go up more quickly and more strongly than Bank Rate in the UK and recent events have not changed that view, just that the timing of such increases may well have been deferred somewhat. While there is normally a high degree of correlation between the two yields, we would expect to see a decoupling of yields between the two i.e. we would expect US yields to go up faster than UK yields. We will need to monitor this area closely and the resulting effect on PWLB rates.

The overall balance of risks to economic recovery in the UK remains to the downside. Although economic growth remains relatively steady, only time will tell whether some of the global headwinds sap some of the strength from the UK's future growth.

We would, as always, remind clients of the view that we have expressed in our previous interest rate revision newsflashes of just how unpredictable PWLB rates and bond yields are at present. We are experiencing exceptional levels of volatility which are highly correlated to emerging market, geo-political and sovereign debt crisis developments. Our revised forecasts are based on the Certainty Rate (minus 20 bps) which has been accessible to most authorities since 1st November 2012.

Apart from the uncertainties already explained above, downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- Emerging country economies, currencies and corporates destabilised by falling commodity prices and / or Fed. rate increases, causing a further flight to safe havens (bonds).
- Geopolitical risks in Europe, the Middle East and Asia, increasing safe haven flows.
- UK economic growth and increases in inflation are weaker than we currently anticipate.
- Weak growth or recession in the UK's main trading partners - the EU and US.
- A resurgence of the Eurozone sovereign debt crisis.
- Recapitalisation of European banks requiring more government financial support.
- Monetary policy action failing to stimulate sustainable growth and combat the threat of deflation in western economies, especially the Eurozone and Japan.

The potential for upside risks to current forecasts for UK gilt yields and PWLB rates, especially for longer term PWLB rates include: -

- The pace and timing of increases in the Fed. funds rate causing a fundamental reassessment by investors of the relative risks of holding bonds as opposed to equities and leading to a major flight from bonds to equities.
- UK inflation returning to significantly higher levels than in the wider EU and US, causing an increase in the inflation premium inherent to gilt yields.

APPENDIX 3 : PRUDENTIAL INDICATORS

PRUDENTIAL INDICATOR	2016/17	2016/17	2017/18	2018/19
(1). EXTRACT FROM BUDGET				
	Forecast	Original	Forecast	Forecast
	Outturn	Estimate	Outturn	Outturn
	£'000	£'000	£'000	£'000
Capital Expenditure				
Non - HRA	20,643	34,685	25,926	14,758
TOTAL	20,643	34,685	25,926	14,758
Ratio of financing costs to net revenue stream				
Non - HRA	7.80%	7.80%	7.39%	7.39%
Net borrowing requirement				
brought forward 1 April *	253,896	259,000	263,368	261,395
carried forward 31 March *	263,368	265,766	261,395	253,698
in year borrowing requirement	9,472	6,766	(1,973)	(7,697)
In year Capital Financing Requirement				
Non - HRA	9,472	6,766	(1,973)	(7,697)
TOTAL	9,472	6,766	(1,973)	(7,697)
Capital Financing Requirement as at 31 March				
Non - HRA	263,368	265,766	261,395	253,698
TOTAL	263,368	265,766	261,395	253,698
Incremental impact of capital investment decisions				
Increase in Council Tax (band D) per annum	£ p	£ p	£ p	£ p
	43.30	38.44	17.36	5.57

PRUDENTIAL INDICATOR	2016/17	2017/18	2018/19
(2). TREASURY MANAGEMENT PRUDENTIAL INDICATORS			
	£'M	£'M	£'M
Authorised limit for external debt -			
borrowing	220	215	215
other long term liabilities	83	83	83
TOTAL	303	298	298
Operational boundary for external debt -			
borrowing	215	210	210
other long term liabilities	80	80	80
TOTAL	295	290	290
Upper limit for fixed interest rate exposure			
Principal re fixed rate borrowing	190%	190%	190%
Upper limit for variable rate exposure			
Principal re variable rate borrowing	60%	60%	60%
Upper limit for total principal sums invested for over 364 days (per maturity date)	£20m	£20m	£20m

Maturity structure of new fixed rate borrowing during 2014/15	upper limit	lower limit
under 12 months	30%	0%
12 months and within 24 months	30%	0%
24 months and within 5 years	30%	0%
5 years and within 10 years	40%	0%
10 years and above	80%	0%

ARGYLL AND BUTE COUNCIL**POLICY AND RESOURCES COMMITTEE****STRATEGIC FINANCE****27 OCTOBER 2016**

BUDGETARY OUTLOOK 2017-18 TO 2019-20 - UPDATE

1. EXECUTIVE SUMMARY

- 1.1 A report on the budgetary outlook 2017-18 to 2019-20 was presented to the Policy and Resources Committee on 18 August 2016. This report provides Members with a further update to the position and contains detail on the assumptions that have been updated.
- 1.2 The report also includes a timetable for the 2017-18 budget preparation process.
- 1.3 The estimate of Scottish Government funding has been updated to reflect a worsening position than originally anticipated. The Fraser of Allander Institute published its first annual briefing on the Scottish Budget on 13 September 2016 and this contained an independent analysis on the issues facing Scotland. It predicts the average reduction in funding for “unprotected” public services such as Local Government could be in the range of between 2.6% to 4.5% annually between now and 2020-21.
- 1.4 The Council’s loans charges budget has been reviewed and a prudent ongoing reduction of £0.250m built into the estimates.
- 1.5 In respect of Services Choices, consultants have now presented their findings on the longer term redesign of the catering and cleaning service and savings estimates have been updated to reflect their advice. A Full Business Case (FBC) for the Leisure Trust option has now been prepared by Ernst and Young. The business case suggests full year savings of £0.541m (£0.700m original estimate) and for 2017-18 implementation would be from October 2017 and these changes have been updated within the outlook.
- 1.6 The cost of implementing the Living Wage has now been updated and the worst case scenario has been increased by £0.110m.
- 1.7 A detailed review of the assumption in respect of pensions auto enrolment has been undertaken. The assumption has been changed to reflect the cost using the most up to date list of staff who are within the auto enrolment category as well as reflecting auto enrolment from October 2017 rather than April 2017.
- 1.8 The Scottish Government has given a commitment that legislation would be introduced to allow Councils to end the Council Tax discount on second homes from April 2017, this could generate an additional £0.380m for the Council.

- 1.9 The outlook now includes a saving for one of the innovation ideas brought forward by staff in respect of a print management solution for the Council. This should generate savings of around £0.140m by 2018-19.
- 1.10 The funding gap estimated over the three year period 2017-18 to 2019-20 has been revised to be between £18.2m and £39.9m with a gap of between £4.0m and £13.1m in 2017-18.
- 1.11 Members are asked:
- to note the updated estimated budgetary outlook position 2017-18 to 2019-20.
 - To note the 2017-18 budget timetable.

BUDGETARY OUTLOOK 2017-18 TO 2019-20

2. INTRODUCTION

2.1 A report on the budgetary outlook 2017-18 to 2019-20 was presented to the Policy and Resources Committee on 18 August 2016. This report provides Members with a further update to the position and contains detail on the assumptions that have been updated.

2.2 The report also includes a timetable for the 2017-18 budget preparation process.

3. RECOMMENDATIONS

3.1 Members to note the updated estimated budgetary outlook position 2017-18 to 2019-20.

3.2 Members are asked to note the 2017-18 budget timetable.

4. DETAIL

4.1 Background

4.1.1 A budgetary outlook report was presented to the Policy and Resources Committee on 18 August 2016. The funding gap estimated over the three year period 2017-18 to 2019-20 was between £16.9m and £33.9m with a gap of between £3.4m and £10.5m in 2017-18.

4.1.2 In December 2015, the Scottish Government announced a one year budget covering 2016-17 with the expectation that the new Scottish Government would announce a three year budget 2017-18 to 2019-20 later in 2016. We are now advised that the Scottish Government intend setting only a one year budget for 2017-18 and information will not be received until after the Chancellor's Autumn Statement. The Autumn Statement has now been confirmed as 23 November and it is anticipated that the Scottish Draft Budget will be announced three weeks after this date, however, we cannot rule out that there could be a delay until into January.

4.1.3 Any budget outlook is based on a number of assumptions. Since producing the outlook presented to Policy and Resources Committee on 18 August, further information has been received that leads to a change to the following assumptions:

- Scottish Government funding estimate
- Estimate of Loans Charges budget required

- Catering and Cleaning Service Choices Savings
- Leisure Trust Service Choices Savings
- Living Wage cost
- Pensions Auto Enrolment.

- 4.1.4 I have also built in another two estimates into the outlook in relation to:
- Removing the 10% discount on second homes (would require Council approval)
 - A saving in relation to the print management innovation proposal that is being taken forward.

4.2 Scottish Government Funding Estimate

4.2.1 Over the last few weeks, there has been some talk that Scottish Local Authorities should prepare for a cut in 2017-18 of the similar magnitude to 2016-17. On 13 September 2016, the Fraser of Allander Institute (FAI) published its first annual briefing on the Scottish Budget. They report that the financial outlook looks just as, if not more, challenging than we have had in the last few years.

4.2.2 Based on updated information within the FAI report, the average reduction in funding for “unprotected” public services such as Local Government could be in the range of between 2.6% to 4.5% annually between now and 2020-21.

4.2.3 The assumption in respect of the floor adjustment has also been reviewed and it is suggested that a reduction in the range of between 0.7% to 1.0% would be sufficient.

4.2.4 The revised percentage changes to the Scottish Government funding are summarised in the following table:

	Best Case			Worst Case		
	2017-18	2018-19	2019-20	2017-18	2018-19	2019-20
% Change All Scotland	-2.6%	-2.6%	-2.6%	-4.5%	-4.5%	-4.5%
% Floor Adjustment ABC	-0.7%	-0.7%	-0.7%	-1.0%	-1.0%	-1.0%
Total % Change	-3.3%	-3.3%	-3.3%	-5.5%	-5.5%	-5.5%
Estimated Change to SG Funding £000	-6,473	-6,260	-6,053	-10,789	-10,196	-9,635
Estimated SG Funding	189,689	183,429	177,376	185,373	175,177	165,542

4.2.5 The table below presents the change to the previous assumptions as reported to the Policy and Resources Committee on 18 August 2016:

	Best Case			Worst Case		
	2017-18 £000	2018-19 £000	2019-20 £000	2017-18 £000	2018-19 £000	2019-20 £000
Previous Estimated SG Funding	191,454	184,753	179,210	189,492	180,207	172,278
Revised Estimated SG Funding	189,689	183,429	177,376	185,373	175,177	165,542
Change	(1,765)	(1,324)	(1,834)	(4,119)	(5,030)	(6,736)

4.3 Estimate of Loans Charges Budget

4.3.1 A review of the Council's loans charges budget has been undertaken. Over the last three years, the loans charges budget has been underspent due to the factors noted below:

- Borrowing is below the capital financing requirement due to the approach taken to minimise surplus cash on deposit in order to avoid overdue exposure to investment/credit worthiness risk resulting in a net saving between investing and borrowing rates.
- The return on investments has been consistently above the average expected return.
- Old borrowing maturing with a significantly higher interest rate than is now currently available for borrowing.

4.3.2 In assessing whether any saving on the ongoing budget can be made, a prudent reduction would be by £0.250m at this stage. As cash balances are used for the significant capital projects that have been approved within the capital plan, there will be a need for the Council to borrow additional money. This will also reduce the monetary return on investments that we are currently achieving. There is also still uncertainty around Brexit and the implications for treasury. The position will be kept under review and assumptions updated if the position changes.

4.4 Catering and Cleaning Service Choices Savings

4.4.1 At the Council meeting on 11 February 2016, Members were asked to make a decision on all Service Choices policy options that were subject to public consultation irrespective of whether the saving was due to be delivered in 2016-17, 2017-18 or beyond. This was to assist in planning beyond 2016-17 and to allow for preparation time particularly in areas where significant redesign of services to deliver longer term savings was proposed.

4.4.2 The savings options included longer term redesign options for catering and cleaning and the service have engaged the services of FMS Consultancy who are experienced consultants in this field. A thorough review has been carried out and summary points from the review are noted below:

- No easy wins in terms of generating extra revenues or reducing catering and cleaning costs.

- Number of specific factors/constraints affecting Argyll and Bute.
- Opportunities for income generation.
- Current cleaning standards at the lower end of acceptable.
- Financial targets of around 17% may be available in two phases.
- Savings Phase 1 by March 2018 circa £331k then Phase 2 to 2021 circa £446k.

4.4.3 There is an impact on the original estimated savings and the changes up to 2019-20 are noted below. The impact is the same for both the best and worst case scenarios.

	2017-18 £000	2018-19 £000	2019-20 £000
FS01A-C - Long term redesign of catering service.	0	560	560
FS01D - Build up and develop catering service for events and functions.	40	40	40
FS02A-B - Long term redesign of cleaning service.	0	255	255
Total Original Estimate of Savings:	40	855	855
Revised Estimate of Savings	0	331	331
Shortfall / Delayed Saving	40	524	524

4.5 Leisure Trust Service Choices Savings

4.5.1 Within the budgetary outlook report presented to Policy and Resources Committee on 18 August 2016, the Leisure Trust saving for 2017-18, originally estimated to be £0.700m full year, had been reduced to £0.350m representing a half year saving due to the anticipated delay in implementing this saving.

4.5.2 A Full Business Case (FBC) for the Leisure Trust option has now been prepared by Ernst and Young. The business case suggest full year NDR and VAT savings of £0.636m offset by recurring costs of £0.095m resulting in a net saving of £0.541m full year. The 6 month saving for 2017-18 has been reduced to £0.270m.

4.5.3 The change to the budgetary outlook is noted within the table below. The impact is the same for both the best and worst case scenarios.

	2017-18 £000	2018-19 £000	2019-20 £000
Leisure Trust Original Saving	700	700	700
Reduced as per Budgetary Outlook 18 August 2016	(350)	0	0
Revised Saving 18 August 2016	350	700	700
Revised Estimate of Savings	270	541	541
Saving Shortfall	80	159	159

4.6 Update to Living Wage Cost

- 4.6.1 As part of agreeing the budget to transfer to the IJB, an estimate of the likely Living Wage cost was required as we were not able to reduce the Social Work budget by more than the share of the second £125m after allowing for the cost of uprating of staff to the Living Wage. The cost of the Living Wage implementation from 1 October 2016 was estimated to be £1.3m.
- 4.6.2 The Argyll and Bute Health and Social Care Partnership have been working with the Adult Care Providers who employ care workers and the financial assessment of the cost of applying the Living Wage from 1 October 2016 has been revised to £1.410m and the IJB will be contacting the Council looking for additional funding to meet this shortfall in 2016-17.
- 4.6.3 In terms of the budgetary outlook, the best case scenario, was to assume that the full year effect of the Living Wage in 2017-18 would be met by Scottish Government and the worst case scenario was that a further half year would be required at a cost of £1.3m. The worst case scenario has now been adjusted to £1.410m.

4.7 Pensions Auto Enrolment

- 4.7.1 Auto enrolment will require the Council to automatically enrol staff into the pension scheme. This has been underway for new staff and a small number of other qualifying existing staff, however, existing staff who are not members of the pension scheme do not need to be auto enrolled until 2017.
- 4.7.2 A detailed review of the assumption has been undertaken and there are changes that have a positive financial effect on the budgetary outlook.
 - The previous estimate assumed that staff would be auto enrolled from the beginning of the financial year, however, it has been confirmed that auto enrolment will not take place until October 2017.
 - The previous best and worst case estimate was based on all staff not already in the scheme being auto enrolled. However, only staff earning over £10,000 will be auto enrolled and some staff within this group have already opted out of the scheme. A detailed list of staff has now been used to calculate the estimate. Like before, I have assumed that 60% of staff auto enrolled would remain in the scheme for the best case scenario and 100% would remain in the scheme for the worst case scenario.
- 4.7.3 The change to the original estimated cost is noted within the table below.

	Best Case			Worst Case		
	2017-18 £000	2018-19 £000	2019-20 £000	2017-18 £000	2018-19 £000	2019-20 £000
Original	840	840	840	1,400	1,400	1,400

Estimated Cost						
Revised Estimated Cost	205	410	410	341	682	682
Change to previous budgetary outlook	635	430	430	1,059	718	718

4.8 Council Tax Income

4.8.1 The Scottish Government published a document entitled “A Plan for Scotland” on 6 September 2015. Included within the document was a commitment that legislation would be introduced to allow councils to end the Council Tax discount for second homes from April 2017. This has now been laid before Parliament.

4.8.2 The discount currently available to Councils ranges from between 10% to 50% and our Council has applied a 10% discount. The additional income from the 10% to 50% discount is retained locally and must be spent for the provision of new-build affordable social housing to meet locally determined priorities. This income is transferred to our Strategic Housing Fund.

4.8.3 It is unclear at this stage as to whether the additional income from removing the 10% discount would also have to be routed towards affordable housing, although in a statement made by Finance Secretary Derek MacKay he mentions the additional money could be used by Councils to “invest in local public services”. It is therefore assumed there is flexibility if we chose to remove the 10% discount.

4.8.3 Removing the 10% discount could raise an additional £0.382m in Council Tax income. Council approval would be required to remove the discount but on the basis of the additional revenue this would generate, the assumption within the updated budgetary outlook is that Members would agree to the removal.

4.9 Innovation Proposals

4.9.1 The Council agreed to create an Innovation Fund of £0.100m in 2015. This fund was to provide support to services in developing business cases in regard to innovative ideas that are considered to be feasible for development as projects to deliver innovation, income generation, efficiencies and wider benefit to the communities of Argyll and Bute and growth in the economy and population.

4.9.2 One of the proposals that is progressing is in relation to a print management solution for the Council and it is estimated savings of around £0.140m could be achieved from 2018-19 onwards.

4.9.3 As further proposals with quantifiable savings come forward, the budget

outlook will be updated.

4.10 Summary of Revised Estimated Funding Gap

4.10.1 The table below summarises the revised estimated funding gap, with further detail provided in Appendix 1 and 2.

	Best Case			Worst Case		
	2017-18 £000	2018-19 £000	2019-20 £000	2017-18 £000	2018-19 £000	2019-20 £000
Funding Surplus / (Gap) Cumulative	(3,430)	(10,562)	(16,918)	(10,496)	(22,887)	(33,890)
Changes to SG Estimated Funding	(1,765)	(1,324)	(1,834)	(4,119)	(5,030)	(6,736)
Reduction to Loans Charges Estimate	250	250	250	250	250	250
Changes to Catering and Cleaning Savings	(40)	(524)	(524)	(40)	(524)	(524)
Changes to Leisure Trust Savings	(80)	(159)	(159)	(80)	(159)	(159)
Update to Living Wage Cost	0	0	0	(110)	(110)	(110)
Changes to Pensions Auto Enrolment estimate	635	430	430	1,059	718	718
Additional CT Income from removing 10% discount second homes	380	380	380	380	380	380
Innovation Proposal Saving	0	140	140	0	140	140
Revised Funding Surplus / (Gap) Cumulative	(4,050)	(11,369)	(18,235)	(13,156)	(27,222)	(39,931)
Funding Surplus / (Gap) In-Year	(4,040)	(7,319)	(6,866)	(13,156)	(14,066)	(12,709)

4.8.2 The funding gap estimated over the three year period 2017-18 to 2019-20

has been revised to between £18.2m and £39.9m.

4.8.3 In terms of delivering savings to this magnitude, there are some budget areas that are classed as non-controllable, where there is little flexibility to influence the costs. These include, payments to Joint Boards, loans charges, historic pensions costs, NPDO and waste PPP contract costs, audit fee and bank charges. If the Scottish Government also protect Education and Social Care costs at current budget levels, then the remaining budget available for savings to be applied to is £65.2m. To deliver savings of between £18.2m and £39.9m would see a reduction to the remaining services of between 27.9% and 61.2%.

4.9 2017-18 Budget Timetable

4.9.1 The table below outlines a timetable for key dates between now and the Council budget setting meeting in February 2017.

	Key Date
Policy and Resources Committee: <ul style="list-style-type: none"> Note revised budgetary outlook 2017-18 to 2019-20 Note 2017-18 budget timetable 	27 October 2016
Strategic Finance/Services confirm salary establishment, inflation and cost and demand pressures to inform updated Budgetary Outlook paper due at P&R in December	31 October 2016
Budget Seminar for All Members	Dates to be agreed between November and January
Chancellor's Autumn Statement	23 November 2016
Council Meeting: <ul style="list-style-type: none"> Budget public consultation to be approved Management/Operational Savings identified by Officers for 2017-18 to be advised to Council. 	24 November 2016
Budget public consultation	28 November 2016 – 9 January 2017
Statutory Trade Union Consultation (if required – dependant on options within budget consultation)	tbc (assume starts on 28 November for 45 days, completed by mid-January – subject to agreement with TUs to include the Christmas and New year break in the 45 day statutory period.)
SG Settlement Announcement	15 December 2016

Policy and Resources Committee: <ul style="list-style-type: none"> Updated Budgetary Outlook report considered (prior to financial settlement figures) 	15 December 2016
Budget public consultation closes	9 January 2017
Analysis of Budget public consultation responses begins	10 January 2017
Council Meeting: <ul style="list-style-type: none"> Updated budgetary Outlook following financial settlement 	26 January 2017
Budget Pack completed	6 February 2017
Budget Pack published	9 February 2017
P&R Meeting	16 February 2017
Council Budget Meeting	23 February 2017

5. CONCLUSION

- 5.1 The funding gap estimated over the three year period 2017-18 to 2019-20 has been revised to be between £18.2m and £39.9m with a gap of between £4.0m and £13.1m in 2017-18.
- 5.2 The budget outlook and the underlying assumptions will continue to be monitored and a further update brought to the Policy and Resources Committee in December 2016.
- 5.3 The budget timetable outlines the key dates up to the Council budget setting meeting in February 2017.

6. IMPLICATIONS

- 6.1 Policy – Sets out the budgetary outlook that provides the financial envelope for policy decisions.
- 6.2 Financial - Sets best and worst case scenarios in respect of the budgetary outlook. Consideration will need to be given as to the budget strategy to balance the budget.
- 6.3 Legal - None directly from this report but Council will need to balance the budget.
- 6.4 HR - None directly from this report but there is a strong link between HR and budgets.
- 6.5 Equalities - None directly from this report but any proposals to address the forecast funding gap will need to consider equalities.
- 6.6 Risk - None directly from this report but any proposals to address the forecast funding gap will need to consider risk.
- 6.7 Customer Service - None directly from this report but any proposals to address the forecast funding gap will need to consider customer service.

Policy Lead for Finance: Councillor Dick Walsh

Kirsty Flanagan, Head of Strategic Finance
13 October 2016

APPENDICES:

Appendix 1 – Budgetary Outlook 2017-18 to 2019-20 Best Case Scenario

Appendix 2 – Budgetary Outlook 2017-18 to 2019-20 Worst Case Scenario

BEST CASE SCENARIO

P&R - 27 OCTOBER 2016

	2016-17	2017-18	2018-19	2019-20	Comments
	£000s	£000s	£000s	£000s	
Income					
Scottish Government Grant	196,162	189,689	183,429	177,376	Best Case Assumptions -2.6% plus -0.7% floor all years
Council Tax	41,200	42,539	43,922	45,349	Assumes 0.25% growth per annum in the tax base plus 3% CT increase
Council Tax - removal of 10% discount second homes		380	380	380	
Use Of Reserves	580				
Projected Income Total	237,942	232,608	227,731	223,105	
Expenditure					
Base Budget (Approved Budget 2016-17):	238,004	238,004	238,004	238,004	Adjusted for DHPs £54k announced end of Feb.
Base Budget Adjustments:					
Broadband Pathfinder (one-off set up costs in 2016-17)		-580	-580	-580	Decision as part of budget agreed February 2016
Unitary Charge Budget (one-off saving in 2016-17)		500	500	500	Decision as part of budget agreed February 2016
Loan Charges - historic debt profile		-1,000	-2,000	-3,000	Updated loan charges profile
Reduction to Loans Charges following review		-250	-250	-250	
Employee Costs:					
Pay Award		1,000	2,000	3,000	Assume 1% per annum
Increments		350	700	1,050	Estimate of £350k per annum
Estimation of Auto enrolment in LGPS		205	410	410	Extra employer contributions arising from auto enrolment - assumes only 60% of staff auto enrolled in the scheme will remain in the scheme - auto enrolled from 1 October 2017.
Living Wage		200	400	600	Estimated cost
Non-Pay Inflation		750	1,500	2,250	Assumed £750k per annum.
Cost and Demand Pressures:					
Previously Agreed Cost and Demand Pressures		-35	0	100	Adjustments to cost pressures previously agreed by Council
New Cost Pressure - Apprenticeship Levy		0	0	0	Assume Local Government will be exempt
New Cost Pressure - NDR Revaluation		50	50	50	Estimate Best Case
New Cost Pressure Payment Card Industry Compliance		34	35	36	Estimate including inflationary element each year
SW - Adult Care Growth		600	1,200	1,800	Assumes 3% Growth
SW - Younger Adults		300	600	900	Assumes 3% Growth
SW - Living Wage		0	0	0	Assumes Scottish Government fund the full year effect of Living Wage
SW - Carers Act		0	400	400	One-off demand pressure as a result of new duties commencing 1 April 2018
SW - Continuing Care		0	0	0	Assumes fully funded by Scottish Government
New Schools Revenue Impact (previously included in budgetary outlook) - Unitary Charge and NDR		651	680	709	Estimates of unitary charge and NDR in previous budgetary outlook
New Schools Unitary Charges as a result of ESA10 and profiling of payments		-1,043	134	454	Based on Scottish Government Schedule
New Schools - Saving in NDR previously estimated		-267	0	0	Saving due to schools not been occupied until February 2018
Changes to Income:					
Fees and Charges		-360	-720	-1,080	General 3% Increase Year on Year
Investment in Hub Co - estimated return				-50	Estimated interest for 25 years from 2019-20
Savings agreed February 2016:					
Management/Operational Savings adjustment to Profile		101	30	30	Adjustments to profile of management/operational savings
Service Choices savings		-3,022	-4,536	-4,536	As agreed as part of Budget February 2016
Reduction/Delay in Leisure Trust Savings		430	159	159	As per Full Business Case
Reduction/Delay in Catering and Cleaning Savings		40	524	524	Savings in two phases - additional £446k estimated by 2021
Other Savings Assumptions:					
Transformation Savings:					
Print Management Solution		0	-140	-140	
Asset Investment Fund					Too early to estimate
Projected Expenditure Total	238,004	236,658	239,100	241,340	
Projected Funding Surplus/(Gap)	-62	-4,050	-11,369	-18,235	
Year on Year Funding Gap	-62	-4,050	-7,319	-6,866	There is a funding gap in the current year as the funding has been adjusted by -£68k to reflect the error in respect of the floor.

WORST CASE SCENARIO

P&R - 27 OCTOBER 2016

	2016-17 £000s	2017-18 £000s	2018-19 £000s	2019-20 £000s	Comments
Income					
Scottish Government Grant	196,162	185,373	175,177	165,542	Worst Case Assumptions -4.5% plus -1.0% floor all years
Council Tax	41,200	42,539	43,922	45,349	Assumes 0.25% growth per annum in the tax base plus 3% CT increase
Council Tax - removal of 10% discount second homes		380	380	380	
Use Of Reserves	580				
Projected Income Total	237,942	228,292	219,479	211,271	
Expenditure					
Base Budget (Approved Budget 2016-17):	238,004	238,004	238,004	238,004	Adjusted for DHPs £54k announced end of Feb.
Base Budget Adjustments:					
Broadband Pathfinder (one-off set up costs in 2016-17)		-580	-580	-580	Decision as part of budget agreed February 2016
Unitary Charge Budget (one-off saving in 2016-17)		500	500	500	Decision as part of budget agreed February 2016
Loan Charges - historic debt profile		-1,000	-2,000	-3,000	Updated loan charges profile
Reduction to Loans Charges following review		-250	-250	-250	
Employee Costs:					
Pay Award		1,500	3,000	4,500	Assume 1.5% per annum
Increments		700	1,400	2,100	Estimate of £700k per annum
Estimation of Auto enrolment in LGPS		341	682	682	Extra employer contributions arising from auto enrolment - assumes 100% of staff auto enrolled in the scheme will remain in the scheme - auto enrolled from 1 October 2017.
Living Wage		200	400	600	Estimated cost
Non-Pay Inflation		1,000	2,000	3,000	Assumed £1mk per annum.
Cost and Demand Pressures:					
Previously Agreed Cost and Demand Pressures		-35	0	100	Adjustments to cost pressures previously agreed by Council
New Cost Pressure - Apprenticeship Levy		679	679	679	Based on 0.5% of direct pay costs
New Cost Pressure - NDR Revaluation		175	175	175	Estimate based on last revaluation
New Cost Pressure Payment Card Industry Compliance		34	35	36	Estimate including inflationary element each year
SW - Adult Care Growth		1,200	2,400	3,600	Assumes 6% Growth
SW - Younger Adults		300	600	900	Assumes 3% Growth
SW - Living Wage		1,410	1,410	1,410	Full year effect of Living Wage - not funded by SG
SW - Carers Act		0	400	400	One-off demand pressure as a result of new duties commencing 1 April 2018
SW - Continuing Care		500	1,235	1,556	Cost pressure as a result of new duties
New Schools Revenue Impact (previously included in budgetary outlook) - Unitary Charge and NDR		651	680	709	Estimates of unitary charge and NDR in previous budgetary outlook
New Schools Unitary Charges as a result of ESA10 and profiling of payments		-1,043	134	454	Based on Scottish Government Schedule
New Schools - Saving in NDR previously estimated		-267	0	0	Saving due to schools not been occupied until February 2018
Changes to Income:					
Fees and Charges		-120	-240	-360	General 3% Increase Year on Year
Investment in Hub Co - estimated return				-50	Estimated Interest for 25 years from 2019-20
Savings agreed February 2016:					
Management/Operational Savings adjustment to Profile		101	30	30	Adjustments to profile of management/operational savings
Service Choices savings		-3,022	-4,536	-4,536	As agreed as part of Budget February 2016
Reduction/Delay in Leisure Trust Savings		430	159	159	As per Full Business Case
Reduction/Delay in Catering and Cleaning Savings		40	524	524	Savings in two phases - additional £446k estimated by 2021
Other Savings Assumptions:					
Transformation Savings:					
Print Management Solution		0	-140	-140	
Asset Investment Fund					Too early to estimate
Projected Expenditure Total	238,004	241,448	246,701	251,202	
Projected Funding Surplus/(Gap)	-62	-13,156	-27,222	-39,931	
Year on Year Funding Gap	-62	-13,156	-14,066	-12,709	There is a funding gap in the current year as the funding has been adjusted by -£68k to reflect the error in respect of the floor.

ARGYLL AND BUTE COUNCIL

POLICY AND RESOURCES
COMMITTEE

CUSTOMER SERVICES

27TH OCTOBER 2016

ROTHESAY HARBOUR – JUDICIAL REVIEW

1.0 EXECUTIVE SUMMARY

This report updates members on the outcome of the Rothesay Harbour Judicial Review raised against the Council.

ROTHESAY HARBOUR – JUDICIAL REVIEW

2.0 INTRODUCTION

- 2.1 This report updates members on the outcome of the Rothesay Harbour Judicial Review raised against the Council.

3.0 RECOMMENDATION

- 3.1 Members are asked to note the favourable outcome achieved in respect of the matters.

4.0 DETAIL

- 4.1 The Committee will recollect that it was reported on 17th March 2016 that a Petition for Judicial Review by Calum McMillan/Argyll Workboats Limited, had been raised against the Council in respect of various matters relating to the operation of Rothesay Harbour over a seven year period and seeking damages in the sum of £350K.
- 4.2 Over the following months, extensive and in depth investigations were undertaken which included taking statements from a range of individuals who had been involved in the matter to varying degrees and the production of a large volume of documents. This work resulted in very detailed and robust answers being made to the terms of the Petition, rebutting both points of law and fact as made on behalf of the pursuer
- 4.3 In late August, a consultation took place with Senior Counsel at which he advised that it would be prudent to offer the Petitioners the opportunity to abandon their petition for Judicial Review, and a related Section 1 petition which had been a precursor to the main action. This would be a time limited offer and, in the event that it was not accepted and the Council were ultimately successful in the proceedings, then a higher level of expenses would be recoverable from the Petitioners than would otherwise be the case. The offer was made and accepted by the Petitioners.
- 4.4 The Council therefore called upon the Petitioners to agree to interlocutors being granted in favour of the Council which have the effect of determining matters in favour of the Council and making the matters therein Res Judicata. This means that the historical concerns raised

have been rejected by the Court, including the claim for damages referred to above.

- 4.5 The approach was made on the basis that the Council were firmly of the view that they had comprehensively answered the terms of the petition and were confident of success if the matter went to debate and, subsequently, a proof. This was only possible due to the extensive and diligent work carried out by staff in Governance and Law and in the Marine Operations Team.

5.0 IMPLICATIONS

Policy:	The Council will defend actions raised against it when legal advice indicated that the prospects of success are good.
Financial:	The Council's costs in defending the action are currently being calculated. It is expected that they will be met from within the provision which has been made.
Legal:	These decisions vindicate the legal advice offered by officers over a number of years in respect of various matters.
HR:	None
Equalities:	None
Risk:	The risk of having to meet a substantial claim has been fully mitigated.
Customer Service:	None

Executive Director of Customer Services
12th October 2016

For further information contact:
Charles Reppke, Head of Governance and Law
01546 604192
Charles.reppke@argyll-bute.gov.uk

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ARGYLL AND BUTE COUNCIL**POLICY AND RESOURCES COMMITTEE****COMMUNITY SERVICES
CUSTOMER SERVICES****27 OCTOBER 2016**

**NEW SCHOOLS REDEVELOPMENT PROJECT
CAMPBELTOWN GRAMMAR SCHOOL, OBAN HIGH SCHOOL AND
KIRN PRIMARY SCHOOL – CONTRACT MONITORING**

1.0 INTRODUCTION

- 1.1 The project to deliver new schools on a design, build, finance and maintain basis in respect of Campbeltown Grammar School and Oban High School reached Financial Close in March 2016.
- 1.2 The project to deliver a design and build in respect of the new Kirn Primary School reached Contract Close in April 2016.
- 1.3 Both projects are now in construction and are being monitored in regard to financial, legal and technical risks.
- 1.4 The Policy and Resources Committee have delegated Authority in regard to all matters in respect of the delivery of the new schools.

2.0 RECOMMENDATIONS

- 2.1 It is recommended that Members note the report.

3.0 DETAIL

- 3.1 The projects are being delivered through the Scottish Government's Schools for the Future Project pipeline and through hubNorth Scotland Ltd (hubNorth), the Council's project partner.

Morrison Construction, the Tier 1 construction contractor on both projects, is on site and the contracts to deliver the schools are being monitored by the Council's Schools Redevelopment Project Team.

The scope of the monitoring covers, financial, legal and technical risk and the performance of hubNorth and Morrison Construction. This is being carried out in tandem with progress reports from Morrison Construction and monitoring being carried out by hubNorth and also by the funders to

the project and the independent technical adviser instructed jointly by hubNorth and the Council in respect of Campbeltown and Oban.

- 3.2 Regular highlight reporting to capture ongoing monitoring is being provided to the Customer Services and Community Services DMT's and to the SMT as well as the Policy and Resources Committee. The latest reporting in respect of each project indicates that there are no legal, financial or technical issues or risks arising at this time.

4.0 CONCLUSION

- 4.1 The projects to deliver new schools on a design, build, finance and maintain basis in respect of Campbeltown Grammar School and Oban High School, and a design and build in respect of the new Kirn Primary School are now in construction. This report captures ongoing monitoring covering financial, legal and technical risk.

5.0 IMPLICATIONS

- | | |
|----------------------|---|
| 5.1 Policy: | None at present |
| 5.2 Financial | None at present |
| 5.3 Legal | None at present |
| 5.4 HR | None at present |
| 5.5 Equalities | None at present |
| 5.6 Risk | Risks are being monitored in accordance with the risk logs attached to the highlight reports. |
| 5.7 Customer Service | None at present |

Douglas Hendry (Executive Director of Customer Services)

Ann Marie Knowles (Acting Executive Director of Community Services)

Councillor Rory Colville (Policy Lead – Education and Lifelong Learning)

13 October 2016

For further information contact:

David Logan (QIM Special Projects)

Tel: 01546 604322

David.logan@argyll-bute.gov.uk

Mike Casey (Schools Redevelopment Project Manager)

Tel: 01586 555917

Michael.casey@argyll-bute.gov.uk

ARGYLL AND BUTE COUNCIL**Policy and Resources Committee****Customer Services****27 October 2016**

Dignity at Work: Eliminating Workplace Bullying and Harassment Policy and Procedure

1.0 EXECUTIVE SUMMARY

- 1.1 The main purpose of this report is to present the revised Dignity at Work: Eliminating Workplace Bullying and Harassment Policy and Procedure to Policy and Resources Committee, for Committee's approval for implementation of this on 01 December 2016.
- 1.2 ACAS has identified an Increasing trend in Workplace Bullying in a 2015 Study. They identify increases in Bullying related grievances and the significant financial costs relating to absenteeism, turnover and lost productivity being equivalent to 1.5% productivity.

The Council's 2014 Stress Survey indicated that 17% of respondents felt they had been subject to bullying at work and 31% felt that they had been harassed at work. The 2014 Employee survey indicated 71% of respondents were aware of the Council's Policy on Bullying and Harassment.

The impact of bullying and harassment can often be stress-related absence, adversely effecting productivity, effectiveness and service delivery, and the prevalence of stress-related absence in work areas that directly relate to the Council means that there remains a clear need for an appropriate framework and guidance for managers and employees in regard to managing bullying and harassment.

The review of the Council's Policy in supporting staff through this process aims to support a culture where Bullying and Harassment is not tolerated..

- 1.3 It is recommended that: -
- Policy and Resources Committee notes the contents of this report and
 - Policy and Resources Committee approves the Dignity at Work: Eliminating Workplace Bullying and Harassment Policy and Procedure and recommend its approval to full Council on 24th November for implementation on 01 December 2016

ARGYLL AND BUTE COUNCIL

Policy and Resources Committee

Customer Services

27 October 2016

Dignity at Work: Eliminating Workplace Bullying and Harassment Policy and Procedure

1.0 INTRODUCTION

- 1.1 The Council's Bullying and Harassment Policy has been reviewed and updated. This was undertaken in consultation with the Trade Unions and the updated Policy is attached.
- 1.2 In reviewing this Policy it was recognised that additional specific guidance was required on dealing with Contractors and members of the public.

2.0 RECOMMENDATIONS

- 2.1 Policy and Resources Committee notes the contents of this report.
- 2.2 Policy and Resources Committee approves the Dignity at Work: Eliminating Workplace Bullying and Harassment Policy and Procedure and recommend its approval to full Council on 24th November for implementation on 01 December 2016.

3.0 DETAIL

- 3.1 Bullying and Harassment are very difficult issues to deal with in an organisation. An effective policy is key to supporting staff and managers and developing an appropriate culture where Bullying and Harassment are not tolerated.

ACAS Research has indicated the impact of Bullying and Harassment on the workplace can be estimated based on absence, turnover and loss of productivity due to the adverse effect on morale as in the region of a 1.5% loss in productivity.

- 3.2 A review of the Council’s policy on Bullying and Harassment has been undertaken, looking at ACAS guidance as the overarching framework and taking advice from CIPD recommendations on Bullying and Harassment Policies.

The revised Bullying and harassment policy had been developed in consultation with the Trade Unions. Specific feedback was received from the Trade Union Liaison meeting highlighting good practice from NHS Highland’s policy in dealing with patients and their relatives.

- 3.3 The Council’s Policy has been revised taking cognisance of this feedback adding sections on dealing with bullying and harassment from clients, service users, members of the public, other agencies and contractors, which have been identified as issues requiring support from past experiences. The guidance has also been expanded to give clear direction that firm fair management is not bullying and harassment.
- 3.4 These additions will help support staff and managers in dealing with difficult situations that have been previously encountered and support a culture where bullying and harassment is not tolerated.

4.0 CONCLUSION

- 4.1 This revised Policy sets out to make a clear statement of the Council’s position that Bullying and Harassment is not acceptable. The Policy also better supports employees in giving specific advice on bullying and harassment from clients, service users, members of the public, other agencies and contractors. The Policy also gives guidance on firm and fair management, contrasting it with bullying and harassment.

Policy and Resources Committee is therefore requested to approve adoption of the revised Dignity at Work: Eliminating Workplace Bullying and Harassment Policy and Procedure as recommended in section 3.

5.0 IMPLICATIONS

- 5.1 Policy Update to existing policy, replacing Victimisation and Harassment Policy.
- 5.2 Financial No direct financial implications
- 5.3 Legal Will help prevent successful legal challenges relating to discrimination
- 5.4 HR Failure to address bullying and harassment issues will impact on employee engagement and

5.5 Equalities	productivity This complies with the Council's Equalities policy
5.6 Risk	High levels of bullying and harassment present risk to organisational efficiencies
5.7 Customer Service	High levels of bullying and harassment will impact on customer service

Executive Director of Customer Services
Policy Lead Dick Walsh
27 October 2016

For further information contact: Jane Fowler, Head of Improvement and HR,
01546 604466

APPENDICES

Appendix 1	Dignity at Work: Eliminating Workplace Bullying and Harassment Policy and Procedure
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ARGYLL AND BUTE COUNCIL

Dignity at Work: Eliminating Workplace Bullying and Harassment Policy and Procedure

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1. Introduction

	Action required	By whom / when
1.1	<p>This policy should be read in conjunction with:</p> <ul style="list-style-type: none"> • Procedure for handling bullying & harassment matters (see Appendix below) • Council's Equality & Diversity Policy 	All employees and Line Managers

2. Scope of this Policy

	Action required	By whom / when
2.1	<p>This policy covers bullying and harassment of, and by, all employees, contractors, agency staff, any other persons engaged to work at the Council, customers, service users or other members of the public whether by direct contract or otherwise. If the complainant or alleged harasser is not employed by the Council, this policy will apply with any necessary modifications (for example, if the alleged harasser's contract is with an agency, the Council could not dismiss the worker but would instead require the agency to remove the worker, if appropriate, after investigation and disciplinary proceedings by the Agency).</p>	
2.2	<p>The policy covers bullying and harassment in the workplace, originating from the workplace (such as texts / emails) and in any work-related settings outside the workplace (for example, business trips and work-related social events).</p> <p>Any related victimisation is also covered by the terms of this policy.</p>	

3. Policy Statement		
	Action required	By whom / when
3.1	<p>Argyll & Bute Council is committed to creating a work environment free of harassment and bullying, where everyone is treated with dignity and respect.</p> <p>Harassment and bullying can have very serious consequences for individuals (such as affecting health and wellbeing, family / social / work relationships, work performance, etc.) and for the Council (such as affecting team morale, employee relations, team performance, employee turnover, reputation, etc).</p> <p>The Council will not tolerate bullying and harassment of any kind. All allegations of bullying and harassment will be investigated and, if appropriate, disciplinary action will be taken up to and including dismissal without notice. The Council will also not tolerate victimisation of a person for making allegations of bullying or harassment in good faith or supporting someone to make such a complaint. A complainant has a right not to be victimised for making a complaint in good faith, even if the complaint is not upheld. However, if the Council has good grounds for believing that the complaint was not made in good faith, the Disciplinary Procedures and Code of Practice will be initiated.”</p>	All employees
3.2	<p>As explained in more detail below, it is the recipient’s perception of bullying or harassment, and the impact of this on him / her, that are relevant, not its nature nor the intent of the perpetrator.</p> <p>Please also refer to the Council’s Equality & Diversity Policy</p>	

4. What are “bullying”, “harassment” and “victimisation”?		
	Action required	By whom / when
4.1	<p>Definitions of bullying, harassment and victimisation vary and there is much overlap. For the purposes of this Policy and Procedure, bullying, harassment and victimisation are unacceptable and any responsibilities, actions, procedures, etc. set out in this document apply equally to bullying, harassment and victimisation.</p>	

4.2	<p>Bullying is offensive, intimidating, malicious or insulting behaviour, and/or an abuse or misuse of power through means that undermine, humiliate or injure the person on the receiving end.</p> <p>Unlike harassment (see below), there is no one piece of legislation which deals with work place bullying in isolation. Bullying might be part of discriminatory behaviour, or may relate to our wider employer's duty of care for all our employees. It may be deliberate, or unintentional (for example, behaviour that is considered bullying by one person may be seen as firm management by another).</p>	
4.3	<p>Harassment is unwanted conduct related to any of the relevant protected characteristics, which are sex, gender reassignment, race (which includes colour, nationality and ethnic or national origins), disability, sexual orientation, religion or belief and age, that has the purpose or effect (whether intentional or not) of:</p> <ul style="list-style-type: none"> • Violating a person's dignity, or • Creating an intimidating, hostile, degrading, humiliating or offensive environment. <p>Harassment relating to one of the protected characteristics constitutes unlawful discrimination under the terms of the Equality Act 2010. Fuller definitions of the protected characteristics are available in the Manager's Guide to Equality & Diversity</p>	
4.4	<p>Intentional / Unintentional Harassment: Conduct may be harassment whether or not the person behaving in that way intends to offend. Something intended as a "joke" may offend another person, as different people find different things acceptable. Everyone has the right to decide what behaviour is acceptable to him/her and to have his/her feelings respected by others.</p> <p>Behaviour which any reasonable person would realise would be likely to offend will be harassment without the recipient having to make it clear in advance that behaviour of that type is not acceptable to him/her (for example, sexual touching).</p> <p>It may not be so clear in advance that some other forms of behaviour would be unwelcome / could offend (for example, certain "banter", flirting or asking someone for a private drink after work). In these cases, first-time conduct which unintentionally causes offence will not be harassment but it will become harassment if the conduct continues after the recipient has made it clear, by words or conduct, that such behaviour is unacceptable to him/her.</p>	
4.5	<p>Harassment relating to protected characteristics: this may also occur where a person engages in unwanted conduct towards another who has a protected characteristic, or because he/she perceives that the recipient has a protected characteristic (for example, a perception that he/she is gay or disabled), when the recipient does not, in</p>	

	fact, have that protected characteristic. The Manager's Guide to Equality & Diversity gives several examples of this.	
4.6	3rd-party harassment: Harassment also includes circumstances where an employee is subjected to unwanted conduct by a third party, such as a client or customer. This is unacceptable under the terms of our Customer Charter . Bullying or harassment of customers, suppliers, vendors or visitors or others by an employee will be dealt with through our normal Customer Complaints Procedure and / or our disciplinary procedure where appropriate.	
4.7	Victimisation is harassment which is normally, but not exclusively, carried out by an employee in a more senior position than that occupied by the complainant, and consists of taking action against a person or treating them less favourably for asserting their rights under the Equality Act, or the Council's Equal Opportunities Policy or alleged (expressly or otherwise) that anyone had acted in breach of the legislation and was therefore treated less favourably because of those proceedings.	

5. Preventing Bullying and Harassment:		
	Action required	By whom / when
5.1	<p>Employees' responsibilities:</p> <p>We all have a responsibility to help create and maintain a work environment free of bullying and harassment. You can help to do this by:</p> <ul style="list-style-type: none"> • Attending / completing any relevant training provided by the Council which will help to ensure you understand your rights, personal responsibilities and actions you can take under this Policy, as well as recognising the signs and impact of bullying and harassment on yourself and others. • Being aware of how your own behaviour may affect others and changing it, if necessary - you can still cause offence even if you are "only joking". • Treating your colleagues with dignity and respect. • Being prepared to challenge if you think inappropriate jokes or comments are being made. • Making it clear to others when you find their behaviour unacceptable. • Intervening, if possible, to stop harassment or bullying and giving support to recipients. • Making it clear that you find harassment and bullying unacceptable. • Reporting harassment or bullying to your manager or HR and supporting the Council in the investigation of 	Employees

	<p>complaints.</p> <ul style="list-style-type: none"> If a complaint of harassment or bullying is made, not prejudging or victimising the complainant or alleged harasser. 	
5.2	<p>Line Managers' responsibilities:</p> <p>In addition to the employees' responsibilities set out above, line managers have a particular responsibility to:</p> <ul style="list-style-type: none"> Set a good example by your own behaviour. Ensure these procedures are followed promptly and fully. Ensure that there is a supportive working environment. Make sure that employees know and demonstrate the standards of behaviour expected of them. Intervene to stop bullying or harassment. Report promptly to HR any complaint of bullying or harassment, or any incident of bullying or harassment witnessed by you. 	Line Managers

6. Sources of Support:		
	Action required	By whom / when
6.1	<p>At any stage of the formal or informal procedure, the complainant and alleged perpetrator should be made aware of the sources of support listed below:</p> <p>a) Individual's line manager;</p> <p>b) HR team</p> <p>c) Senior manager if line manager is alleged perpetrator;</p> <p>d) Any recognised Trade Union representative.</p>	

7. Record Keeping:

	Action required	By whom / when
7.1	Any individual who feels that they are subject to harassment or bullying should keep a record of the behaviour that is being directed towards them, noting dates, times, what happened, what was said or what was sent and any other relevant information, such as potential witnesses.	

8. Making this Policy work:

	Action required	By whom / when
9.1	<p>The Council provides training and/ or guidance to ensure everyone understands their rights and responsibilities under the terms of this Policy, and what they can do to help create a working environment free of bullying and harassment. We will provide additional training to managers to enable them to deal more effectively with complaints of bullying and harassment.</p> <p>We may also periodically monitor how successful it is being in creating a workplace free of bullying and harassment by other means.</p>	HR

9. Procedure for Handling Bullying and Harassment Matters

	Action required	By whom / when
9.1	<p>What should I do if I think I am being bullied and/or harassed?</p> <p>Any employee who believes that the conduct of another employee or of a third party (eg customer, supplier, etc)</p>	Employee

amounts to bullying or harassment has the right to complain.

Informal Procedure

If an individual feels that they have been subjected to harassment or bullying, it is important to take action promptly.

Most harassment and bullying issues are resolved if they are dealt with quickly and informally and as close as possible to the point of origin.

The Council encourages individuals to take one of the following informal options to resolve the situation before considering a formal complaint.

- **Informal discussion:** you may be able to sort out matters informally as the person may not know that his/her behaviour is unwelcome or upsetting, and may agree to change it. You can approach the person yourself, or with the help of your Manager, a colleague or someone in HR. Alternatively, an initial approach could be made on your behalf by one of these people. You should tell the person what behaviour you find offensive and unwelcome, and say that you would like it to stop immediately. You may want to add that, if the behaviour continues, you intend to make a formal complaint to your manager or HR. You should keep a note of the date and what was said and done - this will be useful if the unacceptable behaviour continues and you wish to make a formal complaint
- **Mediation:** where an impartial person helps 2 or more people to reach a solution that's acceptable for everyone, can be a good way of dealing with bullying or harassment situations (depending upon the nature of any allegations). Mediators do not make judgments or determine outcomes - they talk to both sides separately or together, and ask questions that help to uncover underlying problems and to clarify the options for resolving the issue. The overriding aim of workplace mediation is to restore and maintain the employment relationship wherever possible. This means the focus is on working together to go forward, not determining who was right or wrong in the past. Achieving this goal requires both parties' willing cooperation.

Please speak to HR if you feel this approach would be helpful.

	<p>Formal Procedure</p> <ul style="list-style-type: none"> • Formal complaint: If an informal approach does not resolve matters, or you think the situation is too serious to be dealt with informally, you can make a formal complaint by using the Council's Grievance Procedure. In the case of grievances about bullying or harassment, the normal grievance procedure is modified so that you can choose whether to raise your grievance with your manager or directly with HR. A full investigation will be carried out (see section below on Investigations). • It is helpful if you can provide the following details in your grievance: <ul style="list-style-type: none"> ○ The name/s of the alleged perpetrator/s ○ Dates/times/locations of any incidents ○ Nature of incidents ○ Witnesses to the incidents; and ○ Any actions you have taken to resolve the situation informally if appropriate • In very serious cases, a criminal offence may have been committed and you may wish to report matters to the police. <p>All employees have access to counselling through the Employee Counselling Service. Full information is available through the HUB.</p>	
9.2	<p>What happens if I am accused of bullying or harassment?</p> <ul style="list-style-type: none"> • Informal discussion: If someone approaches you informally about your behaviour, do not dismiss the complaint out of hand because you were only joking or think the complainant is being too sensitive. Someone being bullied or harassed may appear to over-react to something relatively trivial, but this may be the “last straw” following a series of incidents. Remember that different people find different things acceptable and everyone has the right to decide what behaviour is acceptable to him/her and to have 	Line Manager/Investigating Manager

	<p>his/her feelings respected by others. You may have offended someone without intending to. If that is the case, the person concerned may be content with an explanation and an apology from you and an assurance that you will be careful in future not to behave in a way that you now know may cause offence. Provided that you do not repeat the behaviour that has caused offence, this may well be the end of the matter.</p> <ul style="list-style-type: none"> • Mediation: You may be asked to participate in a Mediation process. Please see Section A.1 above. Your cooperation with this process and any agreed actions to resolve matters going forward will help to restore and maintain employment relationships. • Formal complaint: If a formal complaint is made about your behaviour, this will be fully investigated (see section below on Investigations) and the Council may initiate informal or formal disciplinary action, if appropriate, under our Disciplinary Procedure and Code of Practice. You will have the right to be informed of the allegations against you and to put your side of the story and to be accompanied to meetings by a trade union representative or other person of your choice. The procedure will be implemented at the appropriate stage depending on the seriousness of the allegation. Complaints of bullying and harassment can amount to allegations of gross misconduct that, if proved, could lead to dismissal without notice. <p>All employees have access to counselling through the Employee Counselling Service. Full information is available through the HUB.</p> <p>Investigations:</p> <p>If we receive a complaint of bullying or harassment, or we have grounds to believe that an employee is being bullied or harassed (whether or not there has been a formal complaint), the Council will instigate an investigation promptly into the alleged bullying or harassment. Please note that the Council will decide what steps to include and who to interview as part of any investigation. Guidance for the investigation Meeting, which will be held under the Council's Grievance Procedure is detailed in Appendix 2.</p> <p>As part of our investigations, we will:</p> <ul style="list-style-type: none"> • Talk in confidence to any employees / individuals who may have evidence relating to the alleged bullying or harassment. While we will treat complaints of bullying and harassment sensitively and maintain 	<p>All employees</p> <p>Line Manager/Employees</p> <p>Employees</p> <p>Investigating Manager</p>
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confidentiality to the maximum extent possible, an investigation will normally require limited disclosure on a "need to know" basis (for example, the complainant's identity and the nature of the allegations must be revealed to the alleged perpetrator so he/she is able to respond to the allegations). Some details may also have to be given to potential witnesses but the importance of confidentiality will be emphasised to them.

- Endeavour to persuade any employees who may have been witness to the alleged bullying or harassment, or who may have knowledge of it, to give a written statement to that effect.
- Where possible, set up an interview with the individual believed to have bullied or harassed an employee, allowing him/her the right to be accompanied at the interview.
- Allow the employee a full and fair opportunity to answer any allegations against him/her and/or explain his/her conduct.
- Objectively assess all available evidence, and decide on the balance of probabilities whether or not harassment or bullying has occurred. When assessing such evidence, **it is the impact it has had on, and perception of, the recipient, which is relevant, not its nature or intent.**
- Avoid allowing personal views about the employee to influence the overall assessment of the conduct under review, but check whether the employee suspected of bullying or harassment has received previous warnings for similar misconduct (or other types of misconduct) and, if so, whether any earlier warnings are active.
- Keep confidential records of the investigation and ensure that these are handled in accordance with the Data Protection Act 1998.

We reserve the right to suspend or temporarily redeploy either the employee suspected of bullying or harassment or the employee raising a complaint of bullying or harassment during the investigations, if it is considered in the interests of the individual(s) or the Council to do so. Suspension in these circumstances does not constitute disciplinary action and will be on full pay.

	<p>As soon as possible following the conclusion of the investigation, we will inform the employee suspected of bullying or harassment as to the outcome. We will decide at that point whether or not it is appropriate to initiate informal or formal disciplinary action against the employee. Any disciplinary proceedings will, where possible, be conducted by a different manager from the person who conducted the investigation. Please see the Council's Disciplinary Procedures and Code of Practice.</p> <p>The complainant will be informed of outcome of the grievance investigation using form Giev004</p> <p>After an investigation has been concluded:</p> <p>If the complaint / allegation is upheld, and the person found to have bullied or harassed the complainant continues working in the Council, the Disciplining Officer will ensure that, if possible and if requested, the parties do not have to continue to work together, which may include the Council deciding to transfer the person who bullied or harassed. In these circumstances, managers may need to be given some information where this is necessary for them to manage the risk of further harassment by that person against the complainant or others.</p> <p>If the complaint is not upheld, the relevant line manager will take the lead in supporting the complainant, the alleged harasser with advice from HR in making arrangements for you both to continue or resume working and to help repair working relationships. We will consider making arrangements to avoid the parties having to continue to work alongside each other, if either of you do not wish to do this.</p> <p>In the event that the Complainant disagrees with the conclusion of the Grievance investigation they have the right to appeal the decision under the Grievance Procedures using form Griev005</p> <p>A complainant has a right not to be victimised for making a complaint in good faith, even if the complaint is not upheld. However, if the Council has good grounds for believing that the complaint was not made in good faith, the Disciplinary Procedures and Code of Practice will be initiated.</p> <p>Some types of bullying or harassment may constitute unlawful discrimination and allegations may give rise to the possibility of other civil claims or criminal proceedings.</p>	<p>Line Manager/HR</p> <p>Line Manager</p> <p>HR</p>
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<p>10.0 Bullying and Harassment by service user, client or member of the public</p>	
	<p>Staff have the right to be treated with respect and dignity at all times and have the right to complain if</p>

bullied or harassed by a service user, client or member of the public. If a member of staff is bullied or harassed in the course of carrying out their duties the following procedure should be adopted. It is inappropriate to swap the employee with another employee without explaining to the individual the reasons for this action. It is a priority of Argyll and Bute Council to ensure that no staff are put in a situation of potential risk and the following procedures are put in place to protect staff whilst carrying out their duties. In all cases a PERS 100 Accident/ Incident Report Form should be completed.

Informal Stage

10.1

- Where possible incidents should be dealt with informally in the first instance.
- If the employee feels able to do so they should inform the bully or harasser, at the time if possible, that they find their actions/remarks and behaviour to be unacceptable. They should state that they wish the unwanted behaviours to stop. If the situation warrants the need for a witness staff are advised to approach a colleague to accompany them when approaching the alleged bully or harasser. The employee should then report the matter to their manager as soon as possible.
- If the employee does not feel able to speak to the bully or harasser personally they can ask their manager to do this on their behalf.
- It will be the responsibility of the manager involved to discuss the action taken to date and what should be done in the future if any further incidents occur.
- If the harasser is a client or service user it may be appropriate to discuss the matter with a carer, or relative at the earliest opportunity. (It may be that they could be more successful in getting them to change their behaviour)
- If the bully or harasser is a carer/relative or member of the public it may be appropriate to discuss the matter with the patient/service user.
- The manager must inform the harasser of the consequences of further incidents. Where it appears the individual is refusing services on personal/racial grounds they should be advised that their action may be discriminatory. It should also be made clear to the individual that in taking this action they may be deemed to be refusing services altogether which could result in either the withdrawal of a service or the loss of access to organisation premises.
- A file note should be kept of the details of the incident, the action taken and by whom.
- If informal action proves insufficient to deal with persistent acts of bullying and harassment then management reserves the right to take further formal action. (In serious cases it may be appropriate to move directly to this stage)

Employee

Line Manager

10.2	<p>Formal Action</p> <p>The manager must consider the following prior to taking any action and making their decision:</p> <ul style="list-style-type: none"> • The degree to which the incident undermines the relationship between parties; • If any previous incidents have occurred and the severity of these; • The effects of the incident on the employee. <p>If the incident is serious, or a repetition of a previous incident(s) for which informal action has been taken then the bully or harasser should be written to officially by the relevant senior manager informing them:</p> <ul style="list-style-type: none"> • That their comments, actions, behaviour is not acceptable and is potentially discriminatory; • That further incidents will not be tolerated. • Further incidents may result in the withdrawal of services. <p>Where the incident is sufficiently serious the senior manager will meet with the individual prior to putting the matter in writing as above. Any letters should be copied to the appropriate senior management.</p> <p>In cases of physical violence or serious threats of violence the senior manager should also involve the police as appropriate. Notwithstanding this a member of staff may at any time involve the police as they wish.</p>	Line Manager
10.3	<p>Formal Review</p> <p>If a decision to take no further action is made an employee or their representative may request a formal review. This request should be made to the next senior management level or other individual as agreed with HR. It will be for this individual to decide once they have reviewed the investigative material as to whether further interviews or hearings are required. It is recommended that further interviews or hearings are kept to a minimum to protect those involved. An agreed timescale for notification of the requirement for a formal review should be included in the policy. This should not exceed four weeks.</p>	Employee Senior Manger

11.0

Bullying/Harassment by Contractors and Staff from Other Agencies

- In cases where the bullying or harassment involves contractors or staff from other agencies the stages as detailed above should be applied. However, due to the specific nature of the relationship between Argyll and Bute Council and these individuals/organisations the following additional step should be included in the informal stage.
- If the harasser is a contractor or staff member from another agency the manager will contact the appropriate senior person within the company/organisation concerned to advise them that this type of behaviour is unacceptable and that if it is repeated then the individual concerned may be refused entry to organisation premises. (This is predicated on the basis that all contractors are advised that the provisions of the Policy apply to them in advance of an award the contract for services under which they are operating. Also that partnership organisations are aware that whilst on organization premises or dealing with staff employed by Argyll and Bute Council, they will be expected to behave in an acceptable manner).
- Should the matter not be resolved informally the formal stage would require the appropriate senior manager to write to the appropriate senior person within the company/organisation concerned to advise them that this type of behaviour is unacceptable and that if it is repeated then the individual concerned may be refused entry to organisation premises or continued contact with staff of Argyll and Bute Council.

Formal Review

- If a decision to take no further action is made an employee or their representative may request a formal review. This request should be made to the next senior management level or other individual as agreed with HR. It will be for this individual to decide once they have reviewed the investigative material as to whether further interviews or hearings are required.
- It is recommended that further interviews or hearings are kept to a minimum to protect those involved.
- An agreed timescale for notification of the requirement for a formal review should be included in the policy.

Line Manager
Procurement
Senior Manager
Employee Senior Manager

	This should not exceed four weeks. Also the timescale for any review must be agreed and should be completed as timeously as possible.	
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12.0 Additional Information		
	<p>Information for Alleged Perpetrators</p> <p>The Council encourages such individuals to listen objectively to the concerns that the complainant has about their behaviour and to seek advice as appropriate from one of the sources listed in Section 6 of this policy.</p> <p>Any formal complaints raised against employees will be dealt with using the formal procedure as described in Section 10 of this policy. The alleged perpetrator will be informed of the allegations against them and will be given the opportunity to respond to the allegations in line with that procedure.</p> <p>Information for employees who witness Harassment or Bullying</p> <p>It is the responsibility of staff who witness incidents or behaviour that constitute harassment and bullying to bring this to the attention of management.</p> <p>The Council would also encourage any witness to harassment or bullying to approach the individual that was subjected to the behaviour and to make them aware of the Harassment and Bullying Policy.</p> <p>Harassment and Bullying by non-Council employees</p> <p>Council staff who feel that they are being bullied or harassed by a third party/non-Council employee (e.g. a member of staff in a partner organisation) are advised to inform their manager and ask for their advice on how best to proceed.</p> <p>It is the manager's responsibility to ensure that complaints of harassment by a third party are</p>	

	<p>investigated and dealt with accordingly. The manager should inform the external organisation of the Council's policy on third party harassment and bullying and state that it expects the employer to take appropriate action. Records should be kept of the interaction between the manager and the external organisation.</p> <p>The Council is committed to supporting staff to ensure that the matter is dealt with at the appropriate level.</p>	
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13.0 Review of Policy		
	<p>This policy will be regularly reviewed to incorporate any changes in relevant legislation.</p>	

Appendix 1

Examples of bullying or harassment:		
	Action required	By whom / when
A.1	<p>Bullying and harassment may be physical, verbal (including texts, emails, or other written formats), or non-verbal. Examples of unacceptable behaviour that are covered by this policy include (but are not limited to):</p> <ul style="list-style-type: none"> • Unwanted physical conduct ranging from unwelcome touching to serious assault; • Unwelcome sexual advances; • The use of obscene gestures; • The offer of rewards for going along with sexual advances, e.g. promotion, access to training; • Threats for rejecting sexual advances, eg suggestions that refusing advances will adversely affect the employee's employment, job evaluation, pay, advancement, assigned work, or any other condition of employment or career development; • Demeaning comments about a person's appearance; • Unwelcome jokes, comments, questions, nicknames, ridiculing, etc that relate to protected characteristics, or in the case of bullying, that may relate to any other characteristic. • Insulting, excluding, ignoring, picking on, spreading rumours about, or not cooperating with an individual because he/she is associated with someone with a protected characteristic, or perceived to have a protected characteristic, or in the case of bullying, that may relate to any other characteristic. The open display of pictures or objects with sexual or racial overtones, even if not directed at any particular person, e.g. magazines, calendars or pin-ups. • Overbearing supervision or other misuse of power or position. <p>Firm, Fair Management is not bullying and harassment</p> <p>Line managers are responsible for ensuring that staff who report to them perform to an acceptable standard within a performance management framework. Legitimate, justifiable, appropriately conducted monitoring of an employee's behaviour or job performance does not, therefore, constitute bullying or harassment.</p> <p>It is reasonable to expect a manager to carry out these functions in a fair, firm and consistent manner.</p>	

Carrying out these functions does not constitute an act of bullying or harassment, although some staff may feel stressed or anxious while the procedures are ongoing. However, abusing these procedures may constitute bullying or harassing behaviour.

It is important to differentiate between firm, fair management and bullying or harassing behaviour. It is in the interests of Argyll & Bute Council that managers should be able to carry out their duties without threat of ill-intentioned, malicious or vexatious complaints.

Because of differences in perception, it is not always easy to differentiate between firm, fair management and bullying and harassment. Some useful comparisons have been drawn up by the Benefits Agency Equality Team when developing their own Bullying at Work Policy. These are listed below:

Firm/Fair Manager	Bullying/Harassing Manager
Consistent and fair	Aggressive, inconsistent and unfair
Determined to achieve the best results, but reasonable and flexible	Unreasonable and inflexible
Knows their own mind and is clear about their own ideas, but willing to consult with colleagues and staff before drawing up proposals	Believes that they are always right, has fixed opinions, believes they know best and is not prepared to value other people's opinions
Insists upon high standards of service in quality of and behaviour within the team. Will discuss, in private, any perceived deterioration before forming any views or taking action and does not apportion blame on others when things go wrong	Insists on high standards of service and behaviour but blames others if things go wrong. Loses temper regularly, degrades people in front of others, threatens official warnings without listening to any explanation
Asks for people's views, listens and assimilates feedback	Tells people what will be happening, does not listen

It is accepted that these descriptions represent extremes of behaviour. In practice things will not be so clear and perpetrators may display characteristics which fall somewhere in the middle.

More examples and definitions are available in the [Manager's Guide to Equality & Diversity \(link\)](#).

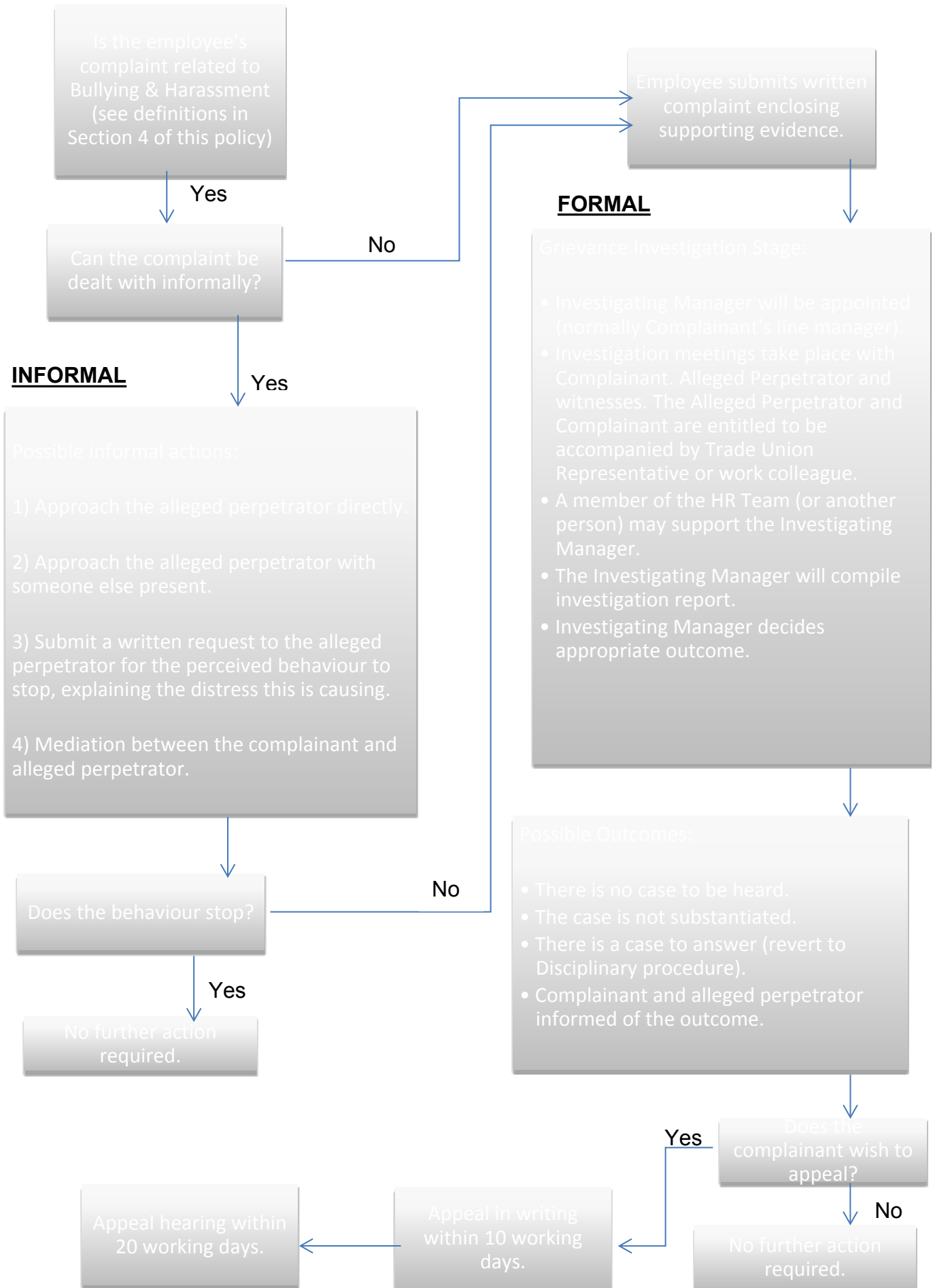
What is victimisation?		
	Action required	By whom / when
A.2	<p>Victimisation is subjecting a person to a detriment because he/she has, in good faith, complained (whether formally or otherwise) that someone has been bullying or harassing him/her or someone else, or supported someone to make a complaint or given evidence in relation to a complaint. A “detriment” may include isolating the individual, giving him/her a heavier / more difficult workload, etc.</p> <p>Provided the individual acts in good faith (ie genuinely believes what they are saying is true), he / she has the right not to be victimised for making a complaint or doing anything in relation to a complaint of bullying or harassment, and the Council will take appropriate action (including disciplinary action) to deal with any alleged victimisation.</p>	

Appendix 2

Guidance for Investigation Meeting:		
	Action required	By whom / when
A.3	<p>Format for Grievance investigation meetings:</p> <ul style="list-style-type: none"> • Introduce those present and explain their respective roles. • Explain the purpose of the meeting which is to investigate the complaint of harassment and bullying and to gather information. • Explain the process and how the meeting will be run. • Ask the employee questions based on the complaint received – care should be taken not to ask leading 	Investigating Manager

	<p>questions.</p> <ul style="list-style-type: none">• Ask further questions where responses are unclear and ask for names of any witnesses who are considered relevant to the investigation.• At the end of the meeting reiterate the employee's obligation to keep details of the investigation confidential.• Prepare accurate written summaries of the investigation meeting to be signed by the relevant parties.	
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Process from Chart Appendix 2



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ARGYLL AND BUTE COUNCIL**Policy and Resources Committee****Customer Services****27th October 2016**

Procurement Strategy 2016/17-2017/18 and Sustainable Procurement Policy 2016/17-2017/18

1.0 EXECUTIVE SUMMARY

The main purpose of this paper is to seek approval for the Procurement Strategy 2016/17-2017/18 and Sustainable Procurement Policy 2016/17-2017/18; and to describe the outcomes of the consultation undertaken for both.

This report outlines the requirement for the annual updates to both the Procurement Strategy and the Sustainable Procurement Policy to be consulted on with key stakeholders. The methodology undertaken was a web-based survey, which aimed to gather feedback from stakeholders on the proposed priorities detailed in each document. The timescale for the consultation allows for the documents to be published in December 2016.

The consultation outcomes highlighted the priorities of the key stakeholder groups in relation to the contents of the documents, whilst also providing stakeholders with the opportunity to provide other feedback in comments. Various amendments have been made to the documents in relation to this feedback, ensuring that the proposed documents reflect the priorities of our stakeholders.

This report recommends that Policy and Resources Committee agree the strategy and policy documents, and recommend the report to Full Council.

ARGYLL AND BUTE COUNCIL

Policy and Resources Committee

Customer Services

27th October 2016

Procurement Strategy 2016/17-2017/18 and Sustainable Procurement Policy 2016/17-2017/18

2.0 INTRODUCTION

- 2.1 The purpose of this paper is to seek approval for the Procurement Strategy 2016/17-2017/18 and Sustainable Procurement Policy 2016/17-2017/18; and to detail the output of the consultation undertaken for both.

3.0 RECOMMENDATIONS

- 3.1 That Policy and Resources Committee note the contents of this report.
- 3.2 That Policy and Resources Committee approve the Procurement Strategy 2016/17-2017/18 and Sustainable Procurement Policy 2016/17-2017/18.
- 3.3 That Policy and Resources Committee recommend this report to Full Council.

4.0 DETAIL

4.1 Procurement Strategy

The Argyll and Bute Council Procurement Strategy 2016/17-2017/18 sets out a framework which is designed to enable the Council to continue on its journey of change and innovation through:

- Building capacity and skills within the Council to continue to improve commissioning and procurement activity;
- Increasing the level of collaboration both internally, between service areas, and externally with other partner organisations;
- Engaging proactively with key suppliers through contract and supplier relationship management to ensure that we extract maximum value and innovation from our supply base;
- Focusing our commissioning and procurement activity on delivering improvements for the people and communities in Argyll and Bute;
- Working cooperatively in everything we do to support SMEs and the third sector.

4.2 **Sustainable Procurement Policy**

The Argyll and Bute Council Sustainable Procurement Policy 2016/17-2017/18 builds on existing sustainability practice. The policy covers the three strands of sustainability: environmental, social and economic and aims to meet the substantial challenges of balancing the complexities of sustainable procurement within today's economic climate and continued drive for best value.

4.3 The Procurement Strategy 2016/17-2017/18 and Sustainable Procurement Policy 2016/17-2017/18 are attached as Appendix 1.

4.4 The Council has a statutory requirement to update and publish both its Procurement Strategy and its Sustainable Procurement Policy on an annual basis following the key changes introduced by the Procurement Reform (Scotland) Act 2014 and the Procurement (Scotland) Regulations 2016.

4.5 Public bodies are required to produce their first procurement strategy by 31st December 2016. This strategy must cover, as a minimum, the remainder of that financial year, and the first full financial year starting after 31st December 2016.

4.6 The Council also has a requirement to consult with key stakeholder groups for both of these documents. This report outlines the consultation process undertaken to meet these requirements.

4.7 **Consultation Process**

The consultation process was been specially designed, with input from the Council's Communications Team, to compliment and support the wider communication activity of the Procurement and Commissioning Team and the Council overall. The consultation methodology was a web-based survey, with specific invites sent to key stakeholder groups as well as wider access available to the general public via the Council's website. The content of the survey aimed to gather feedback from stakeholders on the proposed priorities detailed in each document. The timescale for the consultation takes into account the deadline for publication in December 2016.

4.8 **Consultation Outcomes**

The Procurement Strategy and Sustainable Procurement Policy now reflect the feedback received from the consultation. The outcomes of the consultation, along with the amendments made to both documents based on the feedback from stakeholders, are detailed within Appendix 2 – Stakeholder Consultation Report.

5.0 CONCLUSION

5.1 The required amendments to the Council's Procurement Strategy

and Sustainable Procurement Policy ensure that our procurement activities are in line with the key changes introduced by the Procurement Reform (Scotland) Act 2014 and the Procurement (Scotland) Regulations 2016.

- 5.2 The consultation was designed to be relevant and proportionate to the documents being consulted on, focusing on key stakeholder groups whilst ensuring that the survey was also open to any other interested organisations and individuals.
- 5.3 The consultation outcomes highlighted the priorities of the key stakeholder groups in relation to the contents of the documents, whilst also providing stakeholders with the opportunity to provide other feedback in comments. Various amendments have been made to the documents in relation to this feedback, ensuring that the Procurement Strategy and Sustainable Procurement Policy reflect the feedback received from the consultation.

6.0 IMPLICATIONS

- 6.1 Policy – Revisals to the Council’s Procurement Strategy and the Sustainable Procurement Policy
- 6.2 Financial – None at present
- 6.3 Legal – None at present
- 6.4 HR – None at present
- 6.5 Equalities – None at present
- 6.6 Risk – None at present
- 6.7 Customer Service – None at present

Executive Director of Customer Services
Policy Lead – Councillor Dick Walsh
17/10/2016

For further information contact:

Anne MacColl-Smith, Procurement and Commissioning Manager;
Anne.maccoll-smith@argyll-bute.gov.uk; 01546 604194

APPENDICES

- Appendix 1: Draft Procurement Strategy 2016/17-2017/18 and Sustainable Procurement Policy 2016/17-2017/18
- Appendix 2: Stakeholder Consultation Report

ARGYLL AND BUTE COUNCIL



PROCUREMENT & COMMISSIONING
STRATEGY

2016/17-2017/18

v0.2

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Section 2 – Introduction

- 1.1. The launch of the Council's new Procurement and Commissioning Strategy is a good opportunity to look back at the progress made so far in the Council's procurement journey and also to look ahead to the challenging times which we face. These challenges include demographic changes, increasing service user expectations, environmental and social challenges and the need to deliver significant efficiency savings of between £21.7 and £26 million over the next 5 years.
- 1.2. These challenges can only be met through partnership working – by services working closer together, in particular by Procurement and Commissioning supporting services with their Service Choices programme to deliver their required savings, through better engagement with communities and the supplier market, as well as working with our strategic partners, such as our Community Planning Partners.
- 1.3. In particular the new Integrated Joint Board will require our ongoing support to provide procurement and commissioning services to it.
- 1.4. This strategy sets out a framework, which is designed to enable the Council to continue on its journey of change and innovation through:
 - Building capacity and skills within the Council to continue to improve commissioning and procurement activity;
 - Increasing the level of collaboration both internally, between service areas, and externally with other partner organisations;
 - Engaging proactively with key suppliers through contract and supplier relationship management to ensure that we extract maximum value and innovation from our supply base;
 - Focusing our commissioning and procurement activity on delivering improvements for the people and communities in Argyll and Bute;
 - Working cooperatively in everything we do to support SMEs and the third sector.
 - Ensuring procurement activity contributes towards the Council's general Equality Duty towards all stakeholders in Argyll and Bute and beyond.
- 1.5. This procurement strategy has been prepared in response to the changing procurement agenda and the current financial climate. The strategy sets out the procurement aims and goals of the Council for the remainder of 2016/17 and for 2017/18; thereafter the strategy will be updated on an annual basis. These aims and goals reflect both national and local policies and priorities.
- 1.6. The strategy is aimed at ensuring the Council procures the goods, services and works it needs in the most economically advantageous manner. This recognises the importance of a procurement strategy towards meeting the Council's statutory duty of best value.
- 1.7. Argyll and Bute Council recognises the value of existing relationships with suppliers and contractors and seeks to build and strengthen those relationships. Local businesses and the third sector play a valuable role in supporting the work of the local authority. The strategy aims to help

remove the barriers often faced by smaller organisations with limited resources in bidding for work tendered by the Council. The Procurement and Commissioning Team has provided and will continue to provide support to local organisations, building their capacity to respond to formal procurements through local Meet the Buyer and other training events, and through promotion of the Supplier Development Programme.

Purpose of the strategy

- 1.8. The purpose of this Strategy is to set out how the Council will direct its external expenditure on goods, services and works over the next three years.

Section 3 – Procurement Vision & Principles

Our vision

To provide best value to the Council from all procurement and commissioning activities;

To embed commercial excellence, by improving commercial decision making throughout the organisation, ensuring that our services always deliver Best Value;

To be recognised as having leading commercial, procurement and commissioning practices and skills delivering outstanding outcomes;

To have the citizens of Argyll and Bute and service users at the heart of what we do.

Procurement Principles

These are the basic tenets of how the Council intends to conduct its procurement.

Nine procurement principles have been identified as follows:

1. Procurement should be a viable tool in the promotion of the Council's Goals and Values and in delivering the aims and objectives contained within the Corporate Plan and Single Outcome Agreement.
2. Procurement will be carried out under the terms of the Council's Standing Orders and will be guided by the detailed procedures for purchasing developed by the Council via the Procurement Manual.
3. Procurement should be carried out in line with current legislation to deliver competition, sustainability, equal opportunities and ultimately best value for the Council. The process will be transparent and allow accountability.
4. Best Value will be achieved by obtaining Most Economically Advantageous Tender, taking into account full life costs and non – financial aspects of the purchase. Purchasing will be driven by desired outputs and results, including acceptable health and safety performance.
5. Suppliers should be able to meet the current and future needs of the Council and in arranging procurement; the needs of the local economy should be taken into account, as permitted by existing legislation and always in pursuit of best value.
6. Officers managing major contracts should be capable through qualification and experience, or have access to professional guidance, to be able to ensure the sound management and monitoring of contracts. The Council will put in place a training programme for all staff required to undertake procurement duties. Staff completing this programme will become “authorised to procure.”

7. The procurement function should be carried out in an effective but streamlined manner, which delivers added value without duplication of effort.
8. Where a local or national contract is in place for a commodity this will be used in all but exceptional circumstances
9. Suppliers and contractors to the Council are part of the resources of the Council and are not adversaries but partners in the delivery of services for the citizens of Argyll and Bute. The Council will work to encourage continued participation in contracts by high quality suppliers.

Section 4 – Strategy Rationale/Context

Where we are now – review of previous activity

- 4.1 Argyll and Bute Council seeks to embed a culture of Commercial Excellence throughout the organisation.
- 4.2 To date, the Council has made good progress in procurement activity in support of key targets set out in the previous strategies including:
- Between 2012-16, procurement activity resulted in significant procurement savings in excess of £10.6m being delivered;
 - The independent Procurement Capability Assessment, now revised and known as Procurement and Commercial Improvement Programme, carried out by Scotland Excel on behalf of the Scottish Government recognises the incremental improvements made by the Council with regard to procurement and commercial capabilities and standards, the Council achieved “Improved Performance” status in the national Procurement Capability Assessment, achieving 72% score in 2014/15. With the introduction of PCIP in 2016 the Council achieved F1 banding, the highest banding given in this new assessment;
 - The development of the capability and capacity of the Council’s Procurement and Commissioning Team to enable a greater focus on strategic procurement and being a trusted commercial partner to service areas. Commodity Strategies are now in place for all Services. Services engage with Procurement and Commissioning and have designated Purchasing Officers to support their procurement activity. This good practice which is evidenced in our PCA score, was highlighted in the Audit Scotland report on “Procurement in Councils” of April 2014. The Report made recommendations for all councils and this strategy seeks to address the recommendations raised by this report;
 - The Council has developed an updated Procurement Manual which is in line with the Scottish Government’s Procurement Journey and Best Practice to ensure that there is a consistently high standard achieved in every procurement process;
 - Successfully supported the delivery of projects that meet the Council’s corporate aims and objectives as identified in our Strategic Plan such as the CHORD and TIF projects, regeneration projects and delivery of Care at home services;
 - Made good progress in responding to the complex national and regional public sector procurement reform agenda. This includes introducing community benefits in all appropriate contracts over £100k for supplies and services and over £500k for works, and with the introduction of the Client-Based Approach to Community Benefits for works contracts over £1m, which is well below the threshold of £4m set out in The Procurement Reform (Scotland) Act 2014. We have also brought in the vendor rating system for capital works Quick Quotes and increased our existing threshold for capital works Quick Quotes from £350k to £2m to ensure local suppliers are

able to bid for these contracts;

- Embedded the Category Management approach to procurement across all Services and facilitated good procurement practice across the Council;
- Provided relevant training and development in line with national competency levels, with 6 staff within the Procurement and Commissioning Team now having gained their MCIPS qualification;
- Upheld the Council's commitment to the Supplier Charter. The Team directs suppliers to the Single Point of Enquiry if they are concerned about the procurement process they were involved in. Between 2012-16 the Single Point of Enquiry dealt with 8 enquiries relating to council procurements;
- Embedded Sustainability into the procurement process.

Section 5 – Strategic Aims & Key Priorities

Our strategic aims

We aim to:

1. Provide a value for money procurement service that delivers financial savings
2. Provide a quality service which delivers quality outcomes to the citizens of Argyll and Bute
3. Procure goods, services and works in a lawful and ethical manner which encourages participation, collaboration & sustainable economic growth
4. Continue to improve the Council's procurement performance which will be assessed by Scotland Excel through the Procurement and Commercial Improvement Programme assessment.
5. Secure the ongoing commitment of internal stakeholders to implement the strategy.
6. Ensure the procurement strategy is aligned with the Council's corporate priorities

Our key priorities are:

a. Improve procurement processes and policies

We will do this by:

- Supporting local businesses and SMEs through closer working with Economic Development and by making our processes more streamlined and accessible, especially to minority groups and groups with protected characteristics;
 - Through the use of a Vendor Rating System to select distribution lists for capital works Quick Quotes, ensuring that where possible local suppliers are included within distribution lists;
 - Through the increase of the limit for works Quick Quotes to £2m, to increase opportunities for SMEs and local businesses;
 - Through including a mandatory sub-contracting clause in tenders where relevant and proportionate;
 - Through consideration of local advertising of contract opportunities, where appropriate, as well as continuing to encourage local business and SMEs to register with the Public Contracts Scotland website;
 - Through ensuring that standard templates are available, or obtainable, on request in alternative formats e.g. dyslexia-friendly.
- Reducing bureaucracy – making the tender process standard, simple, transparent and ensuring consistency in procurement decision making;
- Ensuring the Council has continuity of supply through supporting a mixed economy of provision and developing markets, particularly local/rural markets, Small and Medium Sized Enterprises (SMEs), Third Sector organisations, and enterprises involving minority groups and those with

protected characteristics under the Equality Act 2010;

- Improving contract and supplier relationship management across the Council to ensure that we are getting the most value and innovation from our contractual relationships while maintaining appropriate standards;
- Protecting public spending – ensuring tax payers money is spent properly, ensuring integrity and accountability:
 - Ensuring that procurements are carried out in a manner that will limit opportunities for anyone involved in serious organised crime activities from being awarded public sector contracts and cooperating with other agencies to secure this objective;
- Introducing regular reporting of procurement performance and compliance;
- Categorise areas of spend to ensure we get the best balance of quality and price for our purchases;
- Working collaboratively with other public sector organisations, ensuring that our partner organisations are committed to equality of opportunity for all sectors of society, and that their commitments reflect the Council's Public Sector Equality Duty and its general equality duty;
- Ensuring that there are standard templates in place for all procurement and contracting documentation and ensure that these are regularly reviewed in line with new legislation and best practice;
- Reviewing and improving our Purchase to Pay (P2P) processes with due consideration for local and national ICT Strategy requirements, existing budget constraints and the need to ensure best value, whilst reducing purchase to pay costs. The aim is to strengthen controls, increase efficiency and provide useful and up-to-date management information;
- We will access national contracts and framework agreements where appropriate and arrange contracts and frameworks for local requirements as needed;
- We will ensure that the potential for collaborating with NHS Highland is considered from the earliest stage in every procurement process;
- We will report on Argyll and Bute Council's progress using the Scottish Government's Best Practice Indicators for procurement.

b. Increase expertise, capacity and effectiveness

We will do this by:

- Developing and professionalising contract and supplier management practices and improving commercial awareness across the Council;
- Developing staff in Procurement and Commissioning through training,

secondments and mentoring;

- Developing relationships with staff within NHS Highland to increase the potential for collaborative working that will benefit both organisations.
- c. **Ensure compliance with complex European Union Procurement Legislation, and with Public Contracts (Scotland) Regulations 2015 and the Procurement Reform (Scotland) Act 2014 and associated mandatory guidance**

We will do this as outlined in the following statements with reference to Section 15(5) of the Procurement Reform (Scotland) Act 2014:

- Ensuring that the Council's regulated procurements will deliver value for money, by applying the following key set of principles:
 - Working together with our Partners to identify opportunities and continuing to challenge the status quo;
 - Ensuring that all opportunities are thoroughly considered and all implications of change in service areas are fully appraised;
 - Increasing our collaboration with other organisations;
 - Developing contract plans of future procurement projects to improve our services.
 - Maintaining consistency and transparency in our procurement processes;
 - Considering where appropriate the whole-life cost of what is being procured and when applying the principle of value for money, ensure that we do so in a clear, transparent and proportionate manner.
- Ensuring that the Council's regulated procurements will be carried out in compliance with its duty to act in a transparent and proportionate manner, at each stage of the procurement process, from initial sourcing strategy creation, communications throughout and contract award, by:
 - Using electronic communications for all procurement activity, specifically the use of PCS and PCST for tendering, while providing alternative communications methods for those with challenges, disabilities, alternative languages or limited access to sophisticated technology, if requested;
 - Ensuring open public and market engagement through the use of PINs and FCOs, and any realistic alternative channels, where appropriate;
 - Using clear and precise language to ensure a common understanding of the requirements, including references to EU and British standards where appropriate;
 - Utilising Council thresholds to ensure proportionality regarding the appropriate type of procurement process:
 - i.e. the threshold for works Quick Quotes at £2m, and the minimum thresholds for inclusion of Community Benefits Clauses in tenders at £100k for supplies and services and £500k for works.
- Ensuring that, so far as reasonably practicable, the following payments are made no later than 30 days after the invoice (or similar claim) relating to the

payment is presented: (i) payments due by the Council to a contractor; (ii) payments due by a contractor to a sub-contractor; (iii) payments due by a sub-contractor to a sub-contractor, by:

- Including the standard contract clause in our procurement contracts;
 - Ensuring effective contract management and monitoring is undertaken to ensure that prompt payment continues to be applied throughout the duration of the contract. We will, where relevant, take any necessary steps to rectify any prompt payment issues experienced;
 - We will include a clause regarding the prompt payment of sub-contractors within our contracts.
- Ensuring that the Council's regulated procurements will contribute to the carrying out of its functions and achievement of its purposes, by:
 - Considering the Council's approach to procurement and commissioning in the context of the wide range of joint plans and strategies developed and to be developed internally and externally, with other local authorities and partners in the independent sector:
 - Argyll and Bute Council's Corporate Plan and the 4 main objectives which are critical to achieving the shared vision of "realising our potential together":
 - Working together to improve the potential of our people
 - Working together to improve the potential of our communities
 - Working together to improve the potential of our area
 - Working together to improve the potential of our organisation
 - Single Outcome Agreement
 - Relevant Scottish Government National Outcomes
 - Scottish Procurement and Commercial Directorate's Policy Manual
 - Utilising effective and relevant consultation when developing and aligning our procurement strategy with our functions, purposes and the National Outcomes, as detailed in Section 8;
 - Promoting effective contract and supplier management to monitor the effectiveness of regulated procurements;
 - Assisting the Council to achieve best value in all procurements;
 - Considering community and stakeholder consultation during procurement exercises where relevant and proportionate;
 - Promoting and supporting the Council's Public Sector Equality Duty and general equality duty in all procurement activity.
- Complying with the statutory requirements on the payment of a living wage to persons involved in producing, providing or constructing the subject matter of regulated procurements, as follows:
 - We will contribute towards improving the social wellbeing element, in particular reducing inequality in Argyll and Bute, of our sustainable procurement duty by promoting the Living Wage and fair work practices;
 - The Council currently pays all employees the living wage, and would look to becoming a Living Wage Accredited Employer in the future;

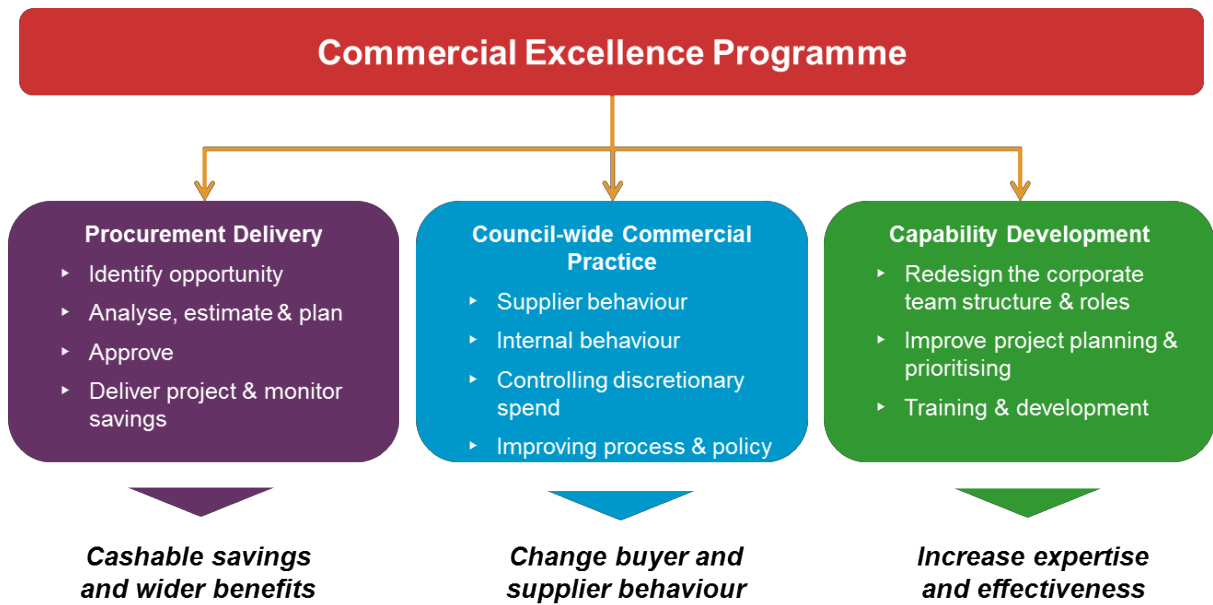
- Consider at the sourcing strategy stage of individual procurements whether it is relevant to address living wage and fair work practices;
 - This living wage policy will be approached in regulated procurements in a way which takes account of other relevant factors, while ensuring an appropriate balance between quality and cost – by including the standard fair work practices question within tender documents, as an element of the overall Quality/Technical score;
 - We will ensure a proportionate approach, based on the nature, scope, size and place of the performance of the contract, based on the guidance within the Procurement Manual and the relevant route as per the Procurement Journey.
- Ensuring that the Council's regulated procurements will be carried out in compliance with its duty to treat relevant economic operators equally and without discrimination by, where relevant and proportionate, considering:
 - Early market engagement prior to the publication of a contract notice on Public Contracts Scotland (PCS);
 - Using clear and precise language preventing broad interpretation;
 - Offering alternative language formats e.g. dyslexia-friendly, ethnic languages if requested;
 - Considering in the initial sourcing strategy stage the opportunity to break requirements into smaller lots.
- Complying with the Council's Sustainable Procurement Policy (Appendix 4) in relation to the use of community benefit requirements, as follows:
 - We will make use of Community Benefits Clauses in contracts where appropriate:
 - Argyll and Bute Council's procurement processes shall give full consideration to the relevance and appropriateness of the use of community benefit clauses in supply of goods and services contracts which have a value in excess of £100,000, and works contracts which have a value in excess of £500,000;
 - Full guidance is available to the members of the procurement team in relation to the implementation of these community benefit requirements, and standard template documents include reference to community benefits at all stages of the procurement process – from Sourcing Strategy, to ITTs, to contract management documents.
 - The aims and objectives of the Council's use of community benefit requirements are to increase the social, economic and environmental benefits delivered through the Council's contracts.
 - There are various types of community benefits that the Council hopes to achieve, depending on the nature of the specific contract. These include training and recruitment, educational initiatives and community enhancement projects, in addition to any other benefits that specific contracts may be able to achieve – these can be established through engagement and consultation with relevant stakeholders for individual contracts.
 - The Sustainability Lead Officer will monitor and verify the impact of this policy in relation to the Council's objectives and shall report to the Council's Procurement Board in this respect on a quarterly basis.

- Complying with the Council's Corporate Health and Safety Policy (https://www.argyll-bute.gov.uk/sites/default/files/corporate_health_and_safety_policy.pdf) on promoting compliance by contractors and sub-contractors with the Health and Safety at Work etc. Act 1974 (c.37) and any provision made under that Act, as follows:
 - We will assess the potential health and safety risks arising from a particular contract and will monitor contracts to ensure compliance with health and safety requirements, including how an economic operator demonstrates compliance, throughout the procurement process:
 - Through the inclusion of health and safety specific questions within our sourcing strategies;
 - Through the inclusion of health and safety requirements within ESPDs/ITTs;
 - Through the participation of the Council's Health and Safety team in the evaluation process;
 - Through the inclusion of health and safety elements within contract management, whether our internal process is followed or the standard process as per specific contract terms;
 - Our requirements for individual contracts will be relevant, proportionate and not overly burdensome, meeting current legislation as a minimum;
 - For works contracts the requirements of the Construction (Design and Management) Regulations 2015 will be complied with.
- Complying with the Council's Sustainable Procurement Policy (Appendix 4) in relation to the procurement of fairly and ethically traded goods and services, as follows:
 - As stated in the Council's Sustainable Procurement Policy, we will appoint a Council Representative for Argyll and Bute Fair Trade; and we will continue to promote fair trade options as a means of helping excluded and disadvantaged producers, including independent small farmers, to access international markets and receive a fair price for their products;
 - We will implement this policy in our regulated procurement activity through consideration of the relevance at the sourcing strategy stage of individual procurements;
 - We will consider the wider implications of our procurement activity and how, by including fair and ethical requirements, we can promote fairness, dignity and the rights of workers and producers in local and international trading;
 - The use of Whole Life Costing methods are considered within our Sourcing Strategies, and encouraged where relevant and proportionate to the contract;
 - The inclusion of our standard clause within tender documents relating to the performance of the contract to ensure that the successful tenderer complies with environmental, social and employment law, and the Equality Act 2010;

- The inclusion of sub-contracting clauses and the use of national frameworks where possible in order to receive assurances of fair and ethical practices in supply chains;
- Where appropriate, we will require that goods, works or services we are procuring have been given a label certifying that they meet specific environmental, social or other characteristics where these are directly relevant. We will accept all labels of equivalent standards as well as a bid from a tenderer that can demonstrate it meets the specified criteria without certification.
- Complying with the statutory requirements on how it intends its approach to regulated procurements involving the provision of food to: (i) improve the health, wellbeing and education of communities in the authority's area, and (ii) promote the highest standards of animal welfare, by considering national guidance:
 - [Better Eating, Better Learning](http://www.gov.scot/Publications/2014/03/1606)
(http://www.gov.scot/Publications/2014/03/1606)
 - [Beyond the School Gate](http://www.gov.scot/Publications/2014/05/4143)
(http://www.gov.scot/Publications/2014/05/4143)
 - [Soil Association Food for Life Catering Mark](https://www.soilassociation.org/certification/the-food-for-life-catering-mark/business-support-for-award-holders/standards/bronze-standards/)
(https://www.soilassociation.org/certification/the-food-for-life-catering-mark/business-support-for-award-holders/standards/bronze-standards/)
 - [Catering for Change: Buying Food Sustainably in the Public Sector](http://www.gov.scot/Publications/2011/01/12154555/0)
(http://www.gov.scot/Publications/2011/01/12154555/0)
 - [Becoming a Good Food Nation](http://www.gov.scot/Topics/Business-Industry/Food-Industry/GoodFoodNation)
(http://www.gov.scot/Topics/Business-Industry/Food-Industry/GoodFoodNation)
- Following the Council's normal practice on consulting and engaging with those affected by its individual procurements, as follows:
 - Where appropriate and proportional, we will carry out consultations with relevant stakeholder groups, including community representatives and public service users or user groups where they could be affected by the procurement;
 - We will consider the National Standards for Community Engagement when consulting and engaging with stakeholders:
 - Involvement: we will identify and involve the people and organisations who have an interest in the focus of the engagement
 - Support: we will identify and overcome any barriers to involvement
 - Planning: we will gather evidence of the needs and available resources and use this evidence to agree the purpose, scope and timescale of the engagement and the actions to be taken
 - Methods: we will agree and use methods of engagement that are fit for purpose, including a consideration of alternative methods to support engagement by those with special needs, e.g. dyslexia, disabilities, language barriers

- Working Together: We will agree and use clear procedures that enable the participants to work with one another effectively and efficiently
 - Sharing Information: we will ensure that necessary information is communicated between the participants
 - Working with Others: we will work effectively with others with an interest in the engagement
 - Improvement: we will develop actively the skills, knowledge and confidence of all the participants
 - Feedback: we will feed back the results of the engagement to the wider community and agencies affected
 - Monitoring and Evaluation: we will monitor and evaluate whether the engagement achieves its purposes and meets the national standards for community engagement
- We will consult and engage with those affected by our procurements at the sourcing strategy stage, when UIG members determine the key stakeholders for the procurement; and the outcomes of the consultation will be used to implement our overarching procurement policy.
- Ensuring that the Council's regulated procurements will be carried out in compliance with the sustainable procurement duty, by:
 - Embedding sustainable procurement as business as usual – ensuring that sustainability issues are considered at all stages of individual procurement exercises – from the initial sourcing strategy, to tender documents, through to contract management;
 - Considering how individual procurement exercises can assist the Council to improve the economic, social, and environmental wellbeing of Argyll and Bute;
 - Facilitating the involvement of small and medium enterprises, third sector bodies, minority groups and supported business in the procurement process – through holding targeted and accessible supplier events where appropriate, promoting the Supplier Development Programme and Business Gateway, and through ensuring that a minimum of 2 orders are placed with supported businesses annually;
 - Promoting innovation, by involving both procurement and departmental staff in discussions regarding innovation at the sourcing strategy stage of individual procurement exercises, where appropriate.

5.4 This links to the Commercial Excellence Programme as follows:



5.6 Appendix 1 sets out key performance indicators by which we will measure the success of the procurement strategy. An action plan to deliver the strategy is attached at Appendix 2.

Section 6 – Spend/Finance

- 6.1. The Council's total spend in 2015/16 was £131 million. Of this, £117million was deemed to be influenceable spend, of which 89% was contracted.
- 6.2. The following table shows spend by category, sorted by value. The classification system used is Proclass Level 1, appended by the Scottish Procurement Information Hub, where this could be determined for the suppliers included within the data.

Table 1: Spend by Proclass Level 1 for 2015/16

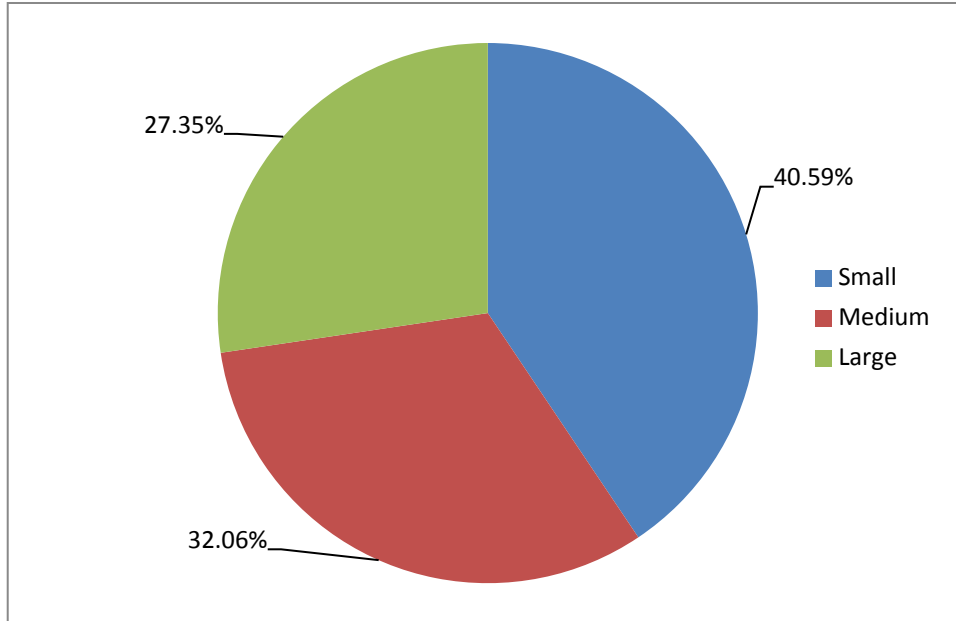
Category	Total Spend	Contracted Spend	% Contracted Spend
Social Community Care	£28.99m	£28.24m	97%
(blank)	£18.19m	£15.03m	83%
Facilities & Management Services	£15.36m	£14.69m	96%
Construction	£13.47m	£12.27m	91%
Environmental Services	£7.09m	£6.79m	96%
Public Transport	£7.06m	£6.32m	89%
Information Communication Technology	£3.94m	£3.70m	94%
Utilities	£3.17m	£3.13m	99%
Vehicle Management	£3.15m	£2.30m	73%
Financial Services	£2.96m	£1.80m	61%
Construction Materials	£2.51m	£2.07m	83%
No Summary Category	£1.84m	£1.53m	83%
Human Resources	£1.59m	£0.95m	60%
Catering	£1.12m	£0.87m	77%
Consultancy	£0.87m	£0.65m	75%
Highway Equipment & Materials	£0.78m	£0.68m	88%
Mail Services	£0.78m	£0.39m	50%
Furniture & Soft Furnishings	£0.70m	£0.46m	66%
Education	£0.67m	£0.43m	64%
Healthcare	£0.61m	£0.22m	37%
Arts & Leisure Services	£0.35m	£0.18m	52%
Sports & Playground Equipment & Maintenance	£0.32m	£0.26m	81%
Cleaning & Janitorial	£0.26m	£0.20m	75%
Stationery	£0.23m	£0.18m	81%
Legal Services	£0.22m	£0.11m	50%
Street & Traffic Management	£0.22m	£0.05m	24%
Housing Management	£0.21m	£0.12m	54%
Clothing	£0.19m	£0.16m	85%
Horticultural	£0.16m	£0.05m	31%
Health & Safety	£0.12m	£0.02m	14%
Cemetery & Crematorium	£0.05m	£0.01m	12%
Domestic Goods	£0.01m	£0.00m	0%
Grand Total	£117.20m	£103.86m	89%

- 6.3. The top 20 suppliers to the Council account for 41% of the Council's total spend. The following table shows the top suppliers and spend for the year 2015/16.

Table 2: Spend with Top 20 suppliers

Supplier Name	Total
ABC SCHOOLS LTD	£14.66m
SHANKS ARGYLL & BUTE LIMITED TILO	£6.19m
WEST COAST MOTOR SERVICES CO WESBECA	£4.67m
ENABLE SCOTLAND	£3.67m
ARGYLL, LOMOND & THE ISLANDS ENERGY (ALIENERGY)	£2.54m
GEORGE LESLIE LIMITED	£2.43m
CARR-GOMM SCOTLAND	£2.26m
MCKENZIE CARE HOMES LTD	£1.79m
OBAN ELECTRICAL SERVICES LTD OBASTOB	£1.78m
KIELY BROS LTD	£1.66m
ALLIED HEALTHCARE GROUP LTD	£1.33m
GRAHAM CONSTRUCTION	£1.27m
BARR ENVIRONMENTAL BARHEAY	£1.23m
HUB NORTH SCOTLAND	£1.22m
AFFINITY TRUST	£1.22m
MEARS CARE (SCOTLAND) LTD	£1.21m
BREEDON AGGREGATES SCOTLAND LIMITED	£1.16m
HC-ONE LTD	£1.16m
CROSSREACH	£1.15m
KEY HOUSING ASSOCIATION LTD	£1.10m
Total Spend with Top 20 Suppliers	£53.70m
Total Spend	£131.28m
% Spend with Top 20 Suppliers	41%

6.4. In 2015/16, spend with SMEs accounted for 72% of core trade spend (suppliers with whom we spent more than £1000 and where supplier size could be determined). The charts below show the breakdown of spend with Small, Medium and Large companies for 2015/16.



Section 7 – Recommendations and Other Content for Consideration

7.1 Future Delivery of Procurement and Commissioning Services

- 7.1.1 Our strategy for 2016/17-2017/18 is to continue with the key work streams from the last strategy and add in new elements of work for important and emerging procurement activities. The following section provides a summary of the work streams and Appendix 2 details the proposed Action Plan to achieve these.
- 7.1.2 The Council has standardised its procurement documentation which will assist SMEs when tendering for Council business. In partnership with our legal colleagues in Customer Services, the Contract Standing Orders (“CSOs”) have been reviewed to reflect the development of the Procurement Manual, changes to the law and best practice. The templates will be subject to ongoing review as the procurement landscape changes.
- 7.1.3 Over the next few years it is the intention to work more closely with SME’s, particularly those in Argyll and Bute. The Procurement and Commissioning Team regularly takes part in supplier development events to encourage local suppliers to register on Public Contracts Scotland Portal where the Council advertises its contract opportunities above £50,000.00, and will continue to utilise Public Contracts Tender for all appropriate contracts.
- 7.1.4 The Council will continue to utilise the Vendor Rating System for the selection of contractors for distribution lists for capital works Quick Quotes, with the aim to expand this throughout the Council. The limit for these Quick Quotes has now been increased to £2m.
- 7.1.5 The Procurement and Commissioning Team has introduced a contracts register showing all contracts to be delivered on a yearly basis. The contracts register is published on the Council's website that allows SME's to have the ability to gear up for our forthcoming requirements. The Team will also publish contract plans in order to let SMEs be aware of potential upcoming tender opportunities.
- 7.1.6 Working with departments the Procurement and Commissioning Team achieved procurement savings of over £10.6m between 2012/13 and 2015/16.
- 7.1.7 Achieving savings will be an ongoing requirement, and seeking savings from contracts an absolute priority in a difficult financial environment.

7.2 Continued and Extended Work Streams

Continued efforts will be made to improve performance and develop in the following areas:

7.2.1 Continue to increase the profile of procurement and senior sponsorship in the organisation.

Why?

The Council spends around £131m per annum on goods, services and works – this is more than is spent on staff related costs. The potential impact on service quality, cost and reputation if procurement is not conducted effectively is significant.

How?

We will provide a “Procurement Update” via a Service Bulletin to the Heads of Service quarterly. This report will highlight progress with implementation of this strategy and any areas where additional senior management support is required. Procurement targets will be included in all the Procurement Updates to show the respective Heads of Service the progress that is being made within their department.

The Procurement Board will ensure Senior Management fully engage with their role in Procurement matters and will allow the Strategy to be actioned in relation to their particular Service as per Appendix 2.

With the introduction of the Integrated Joint Board, the Procurement and Commissioning Team (PCT) has an important role to play in delivering local procurement expertise, advice and guidance where required. PCT and health colleagues must share processes, guidance notes etc. Funding has been secured for two additional Performance Improvement Officer posts for a two year period to lead on locality commissioning for the new body. These posts will sit within the PCT and should therefore play a key role in the smooth integration of commissioning services between health and social care. It will be essential to consider at the sourcing strategy stage for all new tenders whether the tender may be relevant to the NHS.

7.2.2 Invest in developing the skills and knowledge of the Authorised Procurement Officers (APOs)

Why?

We need to achieve consistent high standards throughout the Council to maximise the benefits available from “superior performance” and to reduce the risks associated with poorer practices. Investing in training is key to achieving this.

How?

APO’s will self-assess against the Procurement Competency Framework and identify gaps and construct an action plan to address these gaps. This will be included in their Performance Review and Development Plans. It will be compulsory for anyone conducting procurement activities to attend a legal refresher course once a year.

The Council has restructured its Procurement and Commissioning Team to streamline all procurement activity. There are four main category areas:

- Corporate
- Construction
- Care
- Facilities

All team members are permanent members of staff, which recognises the investment made in their training. The team is recognised as being an essential part of the council's support mechanisms to achieve the delivery of best value. This can be evidenced by the fact that the team is not required to make any savings within its own budget as part of the Service Choices programme. Instead its focus is on assisting Services in achieving their savings targets.

The team are qualified, skilled procurement officers, with the manager and senior procurement staff having both legal and MCIPS qualifications. There is a graduate training programme in place which allows all the trainee purchasing officers to gain their MCIPS qualifications. The Performance Improvement Officers in Commissioning have recently gained their Professional Development award in Commissioning, Procuring and Contracting Care Services.

The team will concentrate on contract renewals, capital investments, new requirements and improved contract management. Staff members are developed on an ongoing basis. The team is required to carry out regular training and this is provided in areas such as EU Legislation, sustainable procurement and contract management.

7.2.3 Increase percentage spend with contracted suppliers

Why?

Having contracts in place improves value for the council. Prices are lower as there is a firm commitment for predicted values, and transactional costs are lower as sourcing does not have to be done for each individual purchase. A longer term contract allows strategic relationships to be developed and creates opportunities to improve quality or reduce costs in line with the business objectives of the Service.

How?

Through regular analysis of the information provided in the Spikes Cavell observatory, areas where there is non-contract expenditure are being identified. These are being prioritised and contracts put in place. In some cases, there may be resistance to this due to the possible outcome being a change in supplier and senior support may be required to overcome this resistance to change.

Section 8 – Implementation, Reviewing and Reporting

8.1 Implementation

8.1.1 **Consultation**

The Council will undertake relevant and proportionate consultation and engagement as part of the preparation of this strategy. This will help to ensure that our approach and procurement strategy takes account of stakeholders' views and that stakeholders have the opportunity to engage and contribute to the development of the strategy. This will allow us to gain a better understanding of the needs of Argyll and Bute and to tailor our strategy to reflect those needs.

The key stakeholder groups identified for inclusion in this consultation are:

- Argyll and Bute Council employees
- Argyll and Bute Councillors
- Local MSPs, MP and MEPs
- Key suppliers
- Community Planning Partners
- Other interested parties
- The general public

The full details of our consultation are included within a report to the Council's Procurement Board dated 27 September 2016; this covers what will be included in the consultation, and the inclusion of feedback.

8.1.2 **Approval of Strategy**

The Procurement Strategy will be approved in line with the Council's standard process. After the consultation is completed; the draft strategy will be finalised and sent for approval by DMT, SMT and finally the Policy and Resources Committee.

8.1.3 **Publication of Strategy**

The Council will publish this Procurement Strategy on our website, and will notify Scottish Ministers of the publication of our strategy, once advice on this process is issued.

8.2 Reviewing

8.2.1 The Council will review this procurement strategy annually. This will help to ensure that we maintain alignment of our procurement activity with our broader priorities and will allow us to revise our strategy where necessary.

8.3 Reporting

8.3.1 The Council will, as soon as reasonably practicable following the end of the financial year, prepare an annual report which will include:

- A summary of all regulated procurements completed in the year
- A review of whether these procurements complied with this Procurement Strategy

- A statement detailing how it is intended that future compliance will be achieved where any procurements were found not to have been carried out in accordance with this Procurement Strategy
- A summary of any community benefit requirements imposed as part of a regulated procurement that was completed during the year
- A summary of steps taken to facilitate the involvement of supported business in regulated procurements completed during the year
- A summary of anticipated regulated procurements expected to commence in next two financial years
- Anticipated future procurements
- Any other information as specified by the Scottish Ministers

Section 9 – Strategy Ownership & Contact Details

If you have any queries in relation to this strategy, please contact:

Anne MacColl-Smith, Procurement and Commissioning Manager
Procurement@argyll-bute.gov.uk

Section 10 – Policies, Tools & Procedures

National Policies:

- Workforce Matters (SPPN 1/2015) – <http://www.gov.scot/Resource/0046/00469535.pdf>
- Scottish Model of Procurement – <http://www.gov.scot/Topics/Government/Procurement/about/spd-aims>
- Changes to the European Directive: <http://www.gov.scot/Topics/Government/Procurement/policy/ProcurementReform>
- Public Procurement Reform Programme – <http://www.gov.scot/Topics/Government/Procurement/about/Review/Background>
- Scottish Sustainable Procurement Action Plan – <http://www.gov.scot/Topics/Government/Procurement/policy/corporate-responsibility/sspap>
- Suppliers Charter – <http://www.gov.scot/Topics/Government/Procurement/Selling/Supplierscharter2>
- EU Procurement Thresholds – <http://www.gov.scot/Topics/Government/Procurement/policy/10613>
- Procurement Journey - <https://www.procurementjourney.scot/node>
- PCIP - <http://www.gov.scot/Topics/Government/Procurement/buyer-information/spdlowlevel/PCIPIntro/PCIPInfoPack>
- Public Contracts Scotland - <http://www.publiccontractsscotland.gov.uk/>
- Public Contracts Scotland Tender – <https://www.publictendersscotland.gov.uk>
- Equality Act 2010, Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012

Local Policies:

- Sustainable Procurement Policy 2016/17-2017/18 (Appendix 4) – <https://www.argyll-bute.gov.uk/council-and-government/plans-policies-and-key-documents>
- Community Benefits Clauses in Procurement Guide – <https://www.argyll-bute.gov.uk/council-and-government/plans-policies-and-key-documents>
- Health and Safety Policy - <https://www.argyll-bute.gov.uk/council-and-government/plans-policies-and-key-documents>
- Council Constitution – <https://www.argyll-bute.gov.uk/moderngov/documents/s110902/Combined%20Constitution%20June%202016.pdf>
- Equality Policy 2013-2015 - <https://www.argyll-bute.gov.uk/equality-workplace>

Section 11 – Appendices

APPENDIX 1: Key Performance Indicators

Measure	12/13	13/14	14/15	15/16	16/17 Target	17/18 Target
Procurement Commercial Improvement Programme (PCIP) Score (achieved in June 2016)	-	-	-	70	Equivalent to 75% PCA score	72
Procurement spend with contracted suppliers (%)	85	89	88	89	90	90
Contracts awarded to local businesses (%)	41	37	34	39	-	-
Contracts awarded to SMEs (%)	-	87	85	83	90	90
Invoices paid within 30 days (%)	90	92	92	94	94	94
Local suppliers bidding for business with the Council (% of bids received)	-	-	23	31	35	32
Tenders won by a local supplier where a local supplier has placed a bid (%)	-	-	-	75	70	75

The Procurement and Commercial Improvement Programme (PCIP)

The Procurement and Commercial Improvement Programme (PCIP) replaces the previous Procurement Capability Assessment (PCA). The PCIP focuses on the policies and procedures driving procurement performance and, more importantly, the results they deliver as is derived from the Scottish model of procurement. The assessment focuses on the following areas: procurement representation, procurement influence, procurement strategy, learning skills, commercial competence, continuous improvement, internal control, project portfolio management and contingency planning and fraud awareness and prevention.

Procurement spend with contracted suppliers (%)

This measure indicates the level of Council spend made within an existing contract. Best Practice requires that this figure is as high as possible. Argyll and Bute Council seek to maintain a figure of 80% or greater in order to ensure that best value is achieved and that relationships with suppliers are clearly documented for legal and monitoring purposes. In addition, the Council recognises the importance of transparency in relation to spend reporting and as such has published its spend data for the past 3 years via [Spotlight on Spend](#).

Contracts awarded to local businesses

This is an Argyll and Bute Council measure showing the percentage of contracts awarded to local businesses. The Council is a member of the Supplier Development Programme which provides free advice and training to local SMEs and alongside this the Procurement function is continually reviewing its processes to ensure that local SMEs are not at a disadvantage when bidding for contracts.

Contracts awarded to SMEs (%)

This is an Argyll and Bute Council measure showing the percentage of contracts awarded to SMEs. The Council's target is 90%.

Invoices paid within 30 days

This is a national measure for which there is a sector wide target of 90% which aims to minimise delay in paying suppliers. The Council's target is 94%.

Local suppliers bidding for business

This is an Argyll and Bute Council measure showing the percentage of bids received for contracts coming from local businesses. The team continues to review processes to ensure that local businesses are encouraged to bid for business with the Council through lotting of contracts, Supplier Development Programme and Business Gateway. The Council's target is 35%.

Tenders won by a local supplier where a local supplier has placed a bid

This is a new measure for 2015/16 showing the number of tenders that attracted a bid from a local supplier and how many of those tenders were won by a local supplier. 59 tenders received a local bid and 44 of these resulted in a contract award to a local supplier.

APPENDIX 2: Procurement and Commissioning Strategy Action Plan

The 3 areas covered under this procurement and commissioning action plan are:

1. Develop procurement leadership and governance across the Council
2. Strategy, policy and advice
3. Processes and Systems

The required actions listed below will be completed within a three year term and underpin the procurement and commissioning strategy.

Action 1

Develop Procurement Leadership and Governance across the Council		
Sub Action	Due	Assigned to
Refresh Category Strategies with each department in order to comply with Procurement Reform Act. Report these being updated to Procurement Board by due date	March 2017	Procurement and Commissioning Manager
Agree updated commodity pipeline with departments ensuring appropriate activity reflected in management adjustments and publish agreed commodity pipeline (contract plans) by due date.	March 2017	Procurement and Commissioning Manager

Action 2

Develop key purchasing systems and processes		
Sub Action	Due Date	Assigned to
Review processes to further reduce payment times and increase volume of invoices paid within 30 days. Produce report and implement recommendations.	March 2017	Procurement and Commissioning Manager
Consider processes to embed standard coding mechanisms into purchasing systems.	March 2017	Creditors Supervisor
Progress the purchase to pay business transformation project across the Council, improving efficiency and standardisation of processes, and maximising use of core systems	March 2017	Procurement and Commissioning Manager / Category Management Officer
Increase the use of electronic ordering and payment systems, with a target of 80% of transactions through such systems.	March 2017	Procurement and Commissioning Manager

Increase the use of e-invoicing by 50%	March 2017	Supplier Liaison Officer
Rationalise suppliers on Pecos system	March 2017	Supplier Liaison Officer

Action 3

Delivery of Local Procurement Action Plan		
Sub Action	Due Date	Assigned to
Hold a new round of supplier surgeries to offer advice and guidance on tendering in the public sector to interested suppliers.	December 2017	Procurement and Commissioning Manager
Publish contract plans to identify potential contract opportunities, that may be of interest to suppliers	March 2017 (annual basis)	Procurement and Commissioning Manager
Refresh our contracts register to identify existing contracts, showing contract end dates, that may be of interest to suppliers	March 2017	Procurement and Commissioning Manager

Action 4

Develop Procurement capability across the Council		
Sub Action	Due Date	Assigned to
Provide procurement training sessions for staff members who place orders with suppliers. Report progress to procurement board by due date.	December 2016	Procurement and Commissioning Manager
Develop a new updated corporate training plan in line with national procurement competency framework. Report progress by due date to PB.	March 2017	Procurement and Commissioning Manager / Training Administrator
Develop a new customer and supplier feedback survey and develop an action plan as required. Report to Procurement Board by due date.	March 2017	Procurement Analyst

Action 5

Develop supplier relationship management across the Council		
Sub Action	Due Date	Assigned To
Extend supplier management across a wider range of contracts, embedding this process as mainstream for contract managers. Update Procurement Board on progress by due date	December 2017	Procurement and Commissioning Manager / Category Managers and Purchasing Officers
Carry out next round of performance review meetings with established strategic suppliers and report outcomes to Procurement Board by due date	December 2017	Procurement and Commissioning Manager / Category Managers and Purchasing Officers

APPENDIX 3: Procurement Strategy by Function**COMMUNITY SERVICES INCLUDING THE HEALTH AND SOCIAL CARE PARTNERSHIP (HSCP)**Scope/Key Spend Areas

Analysis of the existing spend profile within Community Services and the HSCP for externally purchased services and review of contracts in place has identified a number of areas of focus. Please note that HSCP spend referred in this strategy is for services commissioned by what was formerly the Council's Adult Care and Children and Families services only.

Key Spends	Spend Value (approx.) 2014/15	Spend Value (approx.) 2015/16
Housing Management - Other	£2.0m	£2.9m
Social Care - Adult - Domiciliary Care	£8.65m	£9.1m
Social Care - Adult - Nursing Homes	£4.05m	£4m
Social Care - Adult - Residential Care	£4.51m	£4.8m
Social Care - Children with Disabilities	£10.60m	£10.9
Social Care - Children - Childcare Services	£1.31m	£1.2m
Social Care - Children - Nurseries & Crèches	£1.5m	£1.7m
Social Care - Other	£2.42m	£3.3m

There is a requirement for standard goods and services, including educational equipment to be procured through collaborative contract arrangements arranged by the Scottish Government, Scotland Excel or the Procurement and Commissioning Team (PCT).

High Level Strategy

Within Social Work, services are often procured on an ad-hoc basis, where the complex needs of an individual can appear unexpectedly. This can result in disaggregation of spend and the loss of savings opportunities which occur as a consequence, as well as failure to reap the benefits of longer term partnerships with Providers who deliver the services. However, there has been a concentrated effort in the recent past to rectify this, with several good examples of best practice being demonstrated in delivering contracts. For example, significant aggregated spend is captured as part of the nationally negotiated care home contract. The Council's continued participation in national care home contract is expected and recommended, discussions are ongoing for SXL to take over the running of the

contract from COSLA and this is viewed positively by the Council due to their vast expertise in sector wide market research and negotiation. SXL now have contracts in place for Fostering, Care Homes for Adults with Learning Disabilities and Children's Residential Services – continued use of these is expected. A number of reviews are underway of current locally commissioned services and early procurement involvement in these will be key to ensure that resulting action is compliant with EU Procurement Regulations and the Council's Standing Orders.

Integration of Health and Social Care officially commenced April 2016. The long term task of reshaping care services for the future is ongoing and will have an impact on the future of social care spend and contractual relationships, along with the impact of budget pressures and the changing social and demographic landscape. While there has been little immediate impact on social care contracts for the year 2016/17, changes are expected thereafter and early involvement of PCT is important.

The new Public Contract (Scotland) Regulations 2015 will have an impact on the procurement of Social Care Services via the Light Touch Regime (LTR). The LTR allows consideration of wider issues when sourcing Health, Social Care and Education services and legitimises their influence in decision making – the guidance does not contain an exhaustive list of factors that can be taken into account, but it does mention the following:

- The need to ensure quality, continuity, accessibility, affordability, availability and comprehensiveness of the services.
- The specific needs of different categories of users, including disadvantaged and vulnerable groups
- The involvement and empowerment of service users
- Innovation

It is important to note, however, that the LTR does not absolve public authorities of the need to comply with treaty principles of transparency and equal treatment. In order to ensure transparency, a contract award notice must be published for services commissioned at OJEU level regardless of whether appointed via a competitive process.

The Procurement and Commissioning Team will work with Community Services to:

- Develop Markets - the current Social Care market conditions present barriers to entry, therefore at sourcing strategy stage further research is required to develop and open the market if possible.
- Collaborate – opportunities are considered at sourcing strategy stage. Departments explore if it is possible and viable to work with Councils and other public bodies (e.g. Health) to satisfy the contract requirement. Further development is required to increase buying power and achieve best value, whilst also developing capacity within the market.
- Deliver Community Benefits – where community benefits are a condition of contract, delivery will be linked to Key Performance Indicators (KPI's) where possible.
- Utilise Framework Agreements – continue to be used, ongoing training and

promotion to ensure that all call off services are bound by the general and special terms and conditions of the agreement.

- Develop Terms and Conditions – development of special conditions of contract for the procurement of care services, these will follow on from Argyll and Bute Council general conditions of contract and be more specific to the care service being delivered.
- Analyse Spend – further analysis of spend is required in partnership with service in advance of contract end dates, thereafter an appropriate contract plan can be developed and savings targets agreed if appropriate.
- Forward Plan – maintenance of contract plans to identify upcoming requirements and highlight high value/high risk contracts for all departments. Following on, Procurement can allocate sufficient time and prioritise workload based on dictated timescales from EU legislation and the Councils Standing Orders.
- Education Purchasing Team – provision of a sourcing team to ensure savings are realised where possible on all non-contracted spend. In addition, the sourcing team will also monitor all spend, providing advice, guidance and information on contracts that the Council has in place or has access to.
- Travel and Accommodation - The procurement of all travel and accommodation is processed by the central team via purchasing@argyll-bute.gov.uk . The team ensure best value is achieved at all times. This team is well established, actively making financial savings and have firm relationships with many accommodation providers.
- Use PECOS – promote the use of core product lists on electronic contracts from collaborative contracts lodged within PECOS to achieve maximum savings. Create a communication process to ensure that updates to information on PECOS, new contracts and performance are communicated to the users. Work will continue with Community and Culture to increase the spend via PECOS, which has increased to date for all grant payments, and for Housing Services suppliers.
- Ensure all spend is compliant with contract Standing Orders and financial regulations.
- Ensure that suppliers providing services on behalf of the Council to vulnerable clients manage health and safety risks appropriately and implement the work control measures identified in their own risk assessments.

Structural and cultural change

The Procurement and Commissioning Team will continue to work with the Service to prioritise their procurement requirements in line with budget and to ensure compliance with EU Procurement Directives.

The Procurement Journey will significantly influence and inform measures that should be adopted in order to reduce risk, deliver best value and maximise potential for procurement savings and efficiencies.

Such measures will include the delivery of training for all officers directly involved in procurement. Due to the number of changes in procurement in terms of legislation, case law and political interest thoughts on best practice procurement delivery have changed radically.

Procurement timescales are often driven by operational requirements rather than the time it takes to carry out an effective end to end procurement process. Central to the social work function is the need to be able to respond at short notice to unforeseeable changes in care needs of often very vulnerable people. Consideration therefore needs to be given on how consultation on procurement requirements can be initiated at the earliest possible point, as budgets are being discussed, to ensure appropriate recommendations are made.

Better client education is also required to ensure that wherever possible opportunities for more flexible timescales in terms of operational requirements are considered to ensure that effective end to end procurement processes can be instructed.

It is also important that more predictable procurement requirements can be flagged early to the Procurement and Commissioning Team and built into the work plan.

The team will continue to provide procurement support advice and assistance to the new Health and Social Care Integration Partnership in order to ensure that the Partnership is receiving Best value quality services from its suppliers, delivered safely and without unacceptable risks to health.

Contract and supplier management

The Council operates a standard contract and supplier management procedure, this procedure outlines the process and activities to be used in determining the most appropriate level of management for each contract that the Council handles. This process takes steps to ensure that each contract is successfully executed and monitored in line with the contract terms and conditions, service specification and Key Performance Indicators.

The level of contract and supplier management required will be identified at sourcing strategy stage following an assessment of the nature of the procurement. Existing care service contracts have been reviewed retrospectively to determine the most appropriate level of management. Generally speaking care contracts are managed in line with the high level management – where the failure of delivery would affect the strategic outcomes or have a significant effect on the delivery which relates to the risk analysis in the sourcing strategy.

The Procurement and Commissioning Team have developed the Care Service Monitoring Tool to ingather information on ongoing contract compliance and performance. Procurement and Commissioning will continue to work with the service to embed this process into operational activities and ensure maximum benefits are realised from the contract.

Housing Services – Maintenance of Temporary Tenancies

Work will be undertaken, alongside Property Services, to include the requirements for maintenance of temporary tenancies within the General Maintenance Term Contracts. This should provide best value to Housing Services, along with improved

service provision, and an assurance that all contractors working on behalf of the Council have been fully assessed and approved.

Short term strategy

- Comply fully with Guidance on the Procurement of Care and Support Services 2016 (Best Practice).
- Continue to develop contract and supplier management meetings with key suppliers.
- Improve communication of contract updates by developing and promoting user guides.
- Further explore possibilities to work collaboratively on contracts at sourcing strategy stage.
- Deliver a further round of procurement training.
- Further improve P2P statistics and processes.
- Maximise P2P processes to deliver compliance and ensure a high level of matched invoices.
- Develop a contract plan for the service to inform contract priorities and publish this on PCS.
- Continue working together to improve spend via PECOS, and contracted/required spend levels.

Longer term Strategy

- Expand the contract and supplier management process to all providers that Community Services contract with.
- Utilise the contract plan to ensure contract delivery timescales are achieved.
- Maximise the use of collaborative contracts to deliver efficiencies in revenue and processes.

DEVELOPMENT AND INFRASTRUCTURE SERVICES

An analysis of the existing spend profile within Development and Infrastructure together with a review of confirmed budgets and contracts in place, has identified a number of priority areas of focus. These have been captured within FY11/12 benefits tracking sheets for each service but summary details have been provided in the table below:

Scope/Key Spend Areas

Key Spends (approx. Total Council)	Spend Value 2014/15	Spend Value 2015/16
Environmental - Waste Mgmt - Waste Disposal	£ 7.53m	£ 7.43m
Construction - Other	£ 13.06m	£ 5.99m
Construction Materials - General Materials	£ 3.70m	£ 2.22m
Construction - Roads - Other	£ 2.47m	£ 2.20m
Vehicle Mgmt - Heavy Construction Equipment	£ 2.02m	£ 1.62m
Vehicle Mgmt - Commercial	£ 1.99m	£ 0.83m
Consultancy - Management - Organisation	£ 0.57m	£ 0.77m
Construction - Engineering	£ 0.97m	£ 0.72m
Vehicle Mgmt - Maintenance	£ 0.75m	£ 0.69m
Public Transport - Haulage	£ 0.99m	£ 0.68m

High Level Strategy

The Procurement and Commissioning Team will work with the service to maximise the benefits of better procurement practices to improve both performance and value. We will:

- Put in place a set of strategic framework agreements to cover core areas of spend
- Facilitate the development of strategic supplier partnerships
- Focus on collaborative and shared service opportunities with other public sector organisations
- Consider community benefits in all contract strategies where proportionate and relevant.

The Service has traditionally procured arrangements on a scheme by scheme basis with limited aggregation of spend. Focus will therefore be on ensuring that savings opportunities through aggregation of spend are maximised and the benefits of enhanced long term working relationships are fully exploited, an approach that the service fully supports.

The delivery of the first phase of strategic framework agreements will set the benchmark and lessons learned for relevant strategies to be developed which shall consider the opportunities that may be available through collaboration and delivering services jointly with other public sector bodies.

In progressing these strategies the Council will align itself with any related work-stream being progressed by both Scotland Excel and any developing LA collaboration approaches.

The consideration of whole life costs is conducted at strategy development stage and where possible, the commercial evaluation of bids will focus on whole life costs rather than lowest price.

There are some synergies in the contractual arrangements being put in place within Development and Infrastructure and Facility Services such as civil engineering works, drainage, surfacing works, maintenance term contracts and professional technical services, meaning the efficiency savings and potential aggregation savings achievable from creation of a common supply chain in these areas.

Structural and cultural change

There are a number of measures that should be adopted in order to reduce risk, deliver best value and maximise the potential for procurement savings and efficiencies. Such measures will be significantly informed by the Procurement Journey and will include:

- Embedding and familiarisation of new processes, procedures and working practices.
- It is proposed that Department officers would be receptive and benefit from continuing professional development on the elements of the procurement process to which they retain a degree of responsibility such as contract management.
- Consideration of how a procurement requirement can be flagged at the earliest opportunity– e.g. as budgets are discussed / recommendations made.

Contract and supplier management

Development and Infrastructure have already implemented an informal supplier management process on key contracts however work is ongoing to formalise this process.

Consideration is given at strategy level on how to maximise opportunities for SMEs whilst exploiting opportunities that may arise from aggregation of spend. This approach will include consideration of proportionality in terms of minimum financial criteria, indemnity levels and the requirement for bonds etc. Consideration is also given to lotting contracts and framework agreements based on value band and the encouragement of consortium bids.

Construction Purchasing Team

Procurement of all goods and low value services within Development and Infrastructure Services routed through the Construction Purchasing Team via dandipurchasing@argyll-bute.gov.uk.

Using PECOS the team promote the use of local and collaborative contracts across the service to achieve maximum savings. In addition, the team will also source non contracted items to achieve best value.

- The procurement of all travel and accommodation is processed by the central team via purchasing@argyll-bute.gov.uk . The team ensure best value is achieved at all times. This team is well established, actively making financial savings and have firm relationships with many accommodation providers.

Short term strategy

- Implementation of key strategic framework agreements
- Update the contract plan on an ongoing basis for the service to inform contract priorities, and update contract plan on PCS.
- Continue to ensure adequate resource to support CHORD & TIF programme procurement
- Develop supplier management meetings with identified key suppliers for each category
- Continue to create opportunities for SMEs while exploiting opportunities available through aggregation of spend.
- Ongoing CPD for service staff actively involved in the tendering process.
- Ensure all spend is Compliant – Procurement and Service staff to work together to reduce non-contracted spend
- Put work plan in place to ensure savings plans are being resourced to deliver target.
- Support the full move to the Public Contracts Scotland website and Public Contracts Scotland Tender website for appropriate contracts to support efficiency and transparency of process for SME's in particular. Continue to develop usage of this website as new functionality becomes available.
- Maximise P2P processes to deliver compliance and ensure a high level of matched invoices.
- Consider the suitability of the Vendor Rating System for use in D&I procurement or if establishment of relevant frameworks would be more appropriate.

Longer term Strategy

- Expand the contract and supplier management process.
- Greater engagement with potential partnerships with consideration to more collaborative working; shared services and outsourcing opportunities.

Consider utilisation of Ayrshire Councils' electronic Framework in 2017. This would cover a lot of the Council's D&I requirements and potentially significantly simplify

procurement and purchasing processes. Such time/effort efficiencies would be achievable due to innovative software used to call off individual job packages. Meet the buyer events would be required to encourage suppliers to bid for the framework lots.

In addition and where relevant, create appropriate local frameworks or utilise collaborative frameworks in order to:

1. Reduce Non Competitive Awards (NCA's)
2. Collaborate spend and achieve greater savings
3. Enhance demand management by structuring supply

With regards to current level of NCA's, the Procurement Team has identified spend and is working with the service to develop terms and conditions, contracts and frameworks in order to reduce non-competitive sourcing.

With regards to Waste Management, change in legislation by 2020 will bring new requirements for the Council within the next two years (construction of new processing, sorting facilities on the islands, covering landfill sites etc.) to be confirmed by the department.

Also it is planned to increase internal quotations and insourcing for D&I and Property (subject to competitiveness of quotes) in order to retain funds within the Council in the face of financial challenges. Such exercises will be done using "make or buy" comparisons with the going market rates.

CUSTOMER SERVICES and CHIEF EXECUTIVE'S UNIT

The Chief Executive's Unit has few areas of spend, none of which are significant therefore no separate strategy has been provided for this unit and their spend processes will be dealt with along with Customer Services' spend.

Scope/Key Spend Areas

Key Spends (approx. Total Council)	Spend Value 2014/15	Spend Value 2015/16
Facilities & Management Services - Other	£ 14,45m	£ 14.73m
Public Transport - Passenger Transport	£ 6.46m	£ 6.61m
Construction - Other	£ 13.7m	£ 5.99m
Construction - Buildings - Other	£ 4.82m	£ 3.93m
Construction - Buildings - Construction	£ 4.59m	£ 3.13m
ICT - Software - Commercial Off The Shelf	£ 1.61m	£ 1.61m
Financial Services - Insurance	£ 1.56m	£ 1.39m
Catering - Food & Beverages - Other	£ 1.25m	£ 1.11m
ICT - Software - Customised & Bespoke	£ 1.54m	£ 0.94m
Utilities – Electricity	£ 0.74m	£ 0.83m
Utilities – Heating Oil	£ 1.71m	£ 1.36m

High Level Strategy

The service utilises several collaborative contract arrangements with Scotland Excel, Scottish Procurement and the Crown Commercial Service for a variety of commodities (e.g., groceries, frozen food, catering sundries, utilities, Educational Resources, IT hardware, software and services). The Procurement and Commissioning Team will work with the Department to ensure that opportunities through collaborative arrangements are maximised and will investigate collaborative opportunities with other neighbouring authorities. The Council is part of the Pathfinder North Partnership for telecoms wide area network services.

Structural and cultural change

The Procurement and Commissioning Team has traditionally undertaken tender exercises for Customer Services requirements and the Department has been working with Procurement and Commissioning Team to identify significant areas of spend out with contract and to ensure these areas are addressed with appropriate contractual arrangements. The Procurement and Commissioning Team will continue to work with the Department to ensure that the Department is fully aware of the Council's approved tender processes.

The Procurement and Commissioning Team will work with the Services to improve the use of the Council's PECOS system, where appropriate, and identify further efficiencies in the payment process in terms of Corporate Purchasing Cards and statement billing.

The Procurement and Commissioning Team will continue to work with the Service to prioritise their procurement requirements in line with budget and to ensure compliance with EU regulations. Procurement timescales are often driven by operational requirements rather than the time it takes to carry out an effective end to end procurement process. Consideration therefore needs to be given on how consultation on procurement requirements can be initiated at the earliest possible point to purchasing officers – e.g. as budgets are discussed / recommendations made to ensure that wherever possible opportunities for more flexible timescales in terms of operational requirements are considered to ensure that effective end to end procurement processes can be instructed.

Contract and supplier management

The Service has already implemented an informal supplier management process on key contracts however work is ongoing to formalise this process. Contract and Supplier relationship management is a comprehensive approach to managing the Council's interactions with the organisations that supply the goods, works and services it uses. The goal of supplier relationship management (SRM) is to streamline and make more effective the processes and contracts between the Council and its suppliers. With this being addressed via the Procurement Journey ownership and resource of the processes needs to be considered. Where appropriate industry standard procedures should be retained and followed.

The key actions required are:

- Agree ownership of the contract and supplier management process.
- Standardise contract and supplier management processes and introduce to key suppliers.
- Create a plan in conjunction with technical staff.

Short term strategy

- Procurement and Service staff continue to work together to streamline procurement processes where possible to maximise efficiency and minimise impact on staff resource

- Ensure all spend is Compliant – Procurement and Service staff to work together to reduce non-contracted spend
- Put work plan in place to ensure savings plans are being resourced to deliver target.
- Develop supplier management meetings with identified key suppliers for each category
- Continue use of Vendor Rating System, now for relevant capital works contracts up to £2m in value, and increase awareness of this method through a Future Contract Opportunity Notice on PCS to add further contractors to the system.
- Standardise both contract and supplier management processes.
- Support and development of the full move to the Public Contracts Scotland Tender website for appropriate contracts to support efficiency and transparency of process for SME's in particular. Continue to develop usage of this website as new functionality becomes available.
- Maximise purchase to pay processes to deliver compliance and ensure a high level of matched invoices.
- Update the contract plan on an ongoing basis for the service to inform contract priorities, and update contract plan on PCS.

Longer term Strategy

- Expand the contract and supplier management process.
- Utilisation of the work plan to ensure contract delivery timescales support best value.

General Maintenance Term Contracts:

The Procurement Team is currently working with Property Services, as well as Housing Services and the NHS, on the second generation General Maintenance Term Contracts – these tenders will consist of 3 separate contracts each including 3 separate geographical lots, with a single contractor for each area. This approach aims to maintain the current structure of 9 geographical areas, whilst minimizing business continuity risks and time required to carry out the procurement processes. Separating Argyll into geographical areas has encouraged SMEs to submit tenders in the past, whilst ensuring that the main contractor sub-contract any types of works not covered by their own expertise, has encouraged the main contractors to sub-contract to SMEs. These contracts have internal process benefits, through having a single point of contact for each geographical area.

Statutory Maintenance Term Contracts:

The Procurement Team are currently working with Property Services to introduce new Term Contracts to cover the Council's statutory requirements in relation to property maintenance. This is an ongoing process with separate unique contracts and specialist suppliers involved. Collaborative frameworks will be utilised where possible.

Renewables Contracts:

There is an ongoing focus on implementing Renewables Contracts in order to benefit from the proposed savings, carbon reductions and income (i.e. FiT and RHI). The

Procurement Team will continue to work with Property Services and any required consultants to tender these contracts, utilising national frameworks where available.

Consultancy Services:

In addition to the consultancy services provided via the Scotland Excel frameworks, there are requirements to provide more economical services suited to our requirements – where possible these should be created using methods to encourage local SMEs to submit tenders. New or revised frameworks could include M&E Engineers, CDM Advisors, Civil/Structural Engineers, Ecologists and QS Services.

Catering Contracts:

Currently there is a process in place to upgrade our Purchasing Cards system to enable more schools to use the cards. This would bring feasible benefits in terms of order processing efficiency and money rebates from the bank.

Online ordering is considered to be a viable alternative to PECOS. Along with Purchase Cards, school kitchens would be able to benefit from potentially operationally more convenient ordering system.

Continue to utilise national frameworks (SXL and YPO), where appropriate, for certain types of services including catering equipment repairs.

Cleaning Contracts:

Continue to utilise Scotland Excel frameworks in order to achieve best value and process efficiency.

School and Local Transport Services

Traditionally the market for school and local transport within Argyll and Bute is not competitive with a few exceptions such as Helensburgh. In practical terms this means that there is not much incentive to break bigger contracts into smaller lots to allow for competition. However we will try to extend competition to more business areas such as Lorne and Mid-Argyll.

The procurement of all travel and accommodation is processed by the central team via purchasing@argyll-bute.gov.uk . The team ensure best value is achieved at all times. This team is well established, actively making financial savings and have firm relationships with many accommodation providers.

Appendix 4: Sustainable Procurement Policy 2016/17**ARGYLL AND BUTE COUNCIL**

SUSTAINABLE PROCUREMENT **POLICY 2016/17-2017/18**

“Argyll and Bute Council recognises the significant corporate responsibilities it has as one of the area’s major purchasers and the positive social, economic and environmental influence it can have through its purchasing decisions. Argyll and Bute is a unique area that is rich in natural resources, vibrant and diverse communities and we hold those assets in our trust now and for generations to come. As a Council we are committed to sustainable procurement, and our procurement activities are not solely based on the economic factors, but aim to achieve the best value based on the whole life cost, the associated risks, measures of success and implications for society and the environment. We will also use our Sustainable Procurement Policy to help achieve population growth through the development of our local economies.”

Cleland Sneddon
Chief Executive

Date	Update / Section	By Whom
09/09/2016	V0.1	Elaine Appleby
17/10/2016	V0.2	Elaine Appleby

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1: INTRODUCTION

1.1 Background

- 1.1.1 In recent years, Sustainable Procurement has become an increasingly important item on the Scottish political agenda. Procuring sustainably involves understanding the potential environmental, social and economic impacts that are a result of our purchasing decisions.
- 1.1.2 Argyll and Bute Council's Sustainable Procurement Policy sets out the direction for the Council and builds on existing sustainability practice. The Policy covers the three strands of sustainability: environmental, social and economic and aims to meet the substantial challenges of balancing the complexities of sustainable procurement within today's economic climate and continued drive for best value.
- 1.1.3 Argyll and Bute Council is one of the region's major purchasers, with a total spend in 2015/16 of £131 million, on a diverse range of goods, services and works from third parties, and recognises that its purchasing decisions have social, economic and environmental implications, both locally and nationally, now and in generations to come. It is important that this enormous spending power is used to support key Council objectives.
- 1.1.4 This Sustainable Procurement Policy has been developed to help the Council deliver its key strategic objectives and to meet a range of duties relating to sustainable development and climate change. This policy expands on the commitment to sustainable procurement which is set out in the Council's Procurement Strategy 2016/17-2017/18. It is intended that it will apply to all contracts for works, goods or services in which the Council has an interest. From writing sourcing strategies to evaluating bids, the Council should seek to integrate relevant sustainability issues into its everyday procurement activity.

1.2 Definition of Sustainable Procurement

- 1.2.1 Sustainable procurement is defined in the Scottish Government's "Sustainable Procurement Action Plan for Scotland" (2009) as the 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.
- 1.2.2 Sustainable Procurement should consider whether or not products are actually needed, what they are made of, where they come from, who has made them, how they are transported and how they are eventually disposed of.

1.3 Benefits of Sustainable Procurement

- 1.3.1 In addition to contributing to the social, economic and environmental well-being of people and places, sustainable procurement can deliver additional

benefits for the Council. For example sustainable procurement should enable the Council to:

- Achieve value for money by avoiding unnecessary purchasing, by considering and then lowering the whole life costs of goods, services and works and through improved resource efficiency;
- Report on progress towards meeting its legal duties and other obligations in relation to climate change, equalities and sustainable development;
- Stimulate the market and encourage innovation for sustainable products and services;
- Support the local supply community by engaging with Small and Medium Enterprises, Third Sector organisations, minority groups and individuals and groups with protected characteristics, so they can compete for Council contracts;
- Help build a sustainable supply chain for the future and improve supplier relationships;
- Enhance its reputation locally, nationally and internationally by being an exemplar of sustainable procurement; and
- Strengthen synergies with other key Council strategies.

2: POLICY STATEMENT

- 2.1 The aim of this Policy is to ensure that the Council embeds the principles of sustainability within its procurement activities to ensure that only products and services which can be described as 'best value' are selected and that in all cases a balanced consideration of economic, social, and environmental impacts are undertaken throughout the procurement process.
- 2.2 This Policy also aims to ensure that Argyll and Bute Council's employees, contractors and suppliers are aware of the Council's commitment to long-term economic, social, and environmental sustainability.
- 2.3 Adoption of this policy shall contribute to the Council's Best Value obligations, towards the Procurement & Commercial Improvement Programme (PCIP), Best Practice Indicators (BPIs) and towards Climate Change targets [the national carbon reduction target is 42% by 2020].
- 2.4 Sustainable Procurement also contributes to the Scottish Government's 7 Purpose Targets of Economic Growth, Productivity, Participation, Population, Solidarity, Cohesion and Sustainability.

2.5 Council Commitment

The Council will strive where appropriate and possible, to ensure that decisions on the procurement of resources and/or in relation to the provision of grant funding or financial assistance to any organisation or individual are undertaken in line with our sustainability commitments and that commercial relationships are formed and nurtured with supplier and partnering organisations who share our values on sustainability.

3: PUBLIC SECTOR PROCUREMENT LANDSCAPE AND SUSTAINABLE PROCUREMENT

3.1 Revised Flexible Framework:

The Scottish Sustainable Procurement Action Plan (see Section 3.7 for full details) recommends that organisations carry out initial and periodic self-assessments against the Flexible Framework. The Flexible Framework enables measurement against various aspects of sustainable procurement, and was revised in 2015. This tool helps organisations to assess where their current level of performance lies and the actions required to improve their performance.

Argyll and Bute Council uses the Flexible Framework Self Assessment, and will ensure that it improves on a year by year basis in the following areas:-

- People
- Objectives, Strategy & Communications
- Process
- Engaging Stakeholders
- Monitoring & Reporting

3.2 The Public Contracts (Scotland) Regulations 2015:

The following sections of these regulations relate to the content of this Policy as follows:

- Regulation 19 – Principles of procurement: Ensuring that suppliers comply with environmental, social and employment laws;
- Regulation 21 – Reserved contracts: Reserving contracts for participation only by supported businesses or supported employment programmes;
- Regulation 32 – Innovation Partnerships: Procedure for establish innovation partnerships to conduct research and development activities;
- Regulation 47 – Division of contracts into lots: Guidance on the use of lots within tenders;
- Regulation 58(8)(a) – Exclusion grounds: Updated guidance on the grounds for excluding tenderers;
- Regulation 68 – Life Cycle Costing: Methods of inclusion of life cycle costing analysis within tenders;
- Regulation 69 – Abnormally low tenders: Method for establishing justifications for bids appearing to be abnormally low.

3.3 Procurement Reform (Scotland) Act 2014:

The Procurement Reform (Scotland) Act 2014 places a Sustainable Procurement Duty on contracting authorities as follows:

- a. Before carrying out a regulated procurement, to consider how in conducting the procurement process it can –
 - (i) Improve the economic, social, and environmental wellbeing of the authority's area,
 - (ii) Facilitate the involvement of small and medium enterprises, third sector bodies and supported business in the process, and
 - (iii) Promote innovation, and
- b. In carrying out the procurement, to act with a view to securing such improvements identified as a result of paragraph (a)(i)

Regulated procurements are defined in the Act as procurement processes for works contracts of a value of £2million or more and all other public contracts with a value equal to or greater than £50,000. This applies in respect of regulated procurements which commence on or after 01 June 2016.

For all contracts of a value equal to or in excess of £4 million, the Act also requires local authorities to expressly highlight community benefit requirements in contract notices or, if they are determined as unnecessary, to state why.

3.4 Zero Waste (Scotland) Regulations 2011:

The Zero Waste (Scotland) Regulations 2011 severely restrict input to Landfill, effectively banning materials which could be re-used or recycled or which could be used to produce energy.

The cost of sending waste to landfill increases year on year by £8/tonne on landfill tax alone, making the economic argument for considering lifecycle costs increasingly powerful.

3.5 Equality Act 2010 and the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012:

The Equality Act brings together for the first time all the legal requirements on equality that the private, public and voluntary sectors needs to follow. It affects equality law at work and in delivering all sorts of services.

The Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 came into force on May 2012. These specific duties are designed to help public sector organisations meet the general duty effectively.

The key duties are that the Council must:-

- Report on mainstreaming equality
- Publish equality outcomes and report on progress
- Assess and review policies and practices
- Gather and use employment information
- Publish gender pay gap information
- Publish statements on equal pay
- Consider award criteria and conditions in relation to public procurement

3.6 Climate Change (Scotland) Act 2009 and the Climate Change (Duties of Public Bodies: Reporting Requirements) (Scotland) Order 2015:

The Climate Change Act (Scotland) 2009 places a duty on public bodies such that, in exercising its functions it must act:

- in the way best calculated to contribute to delivery of the Act's emissions reduction targets (80% reduction in greenhouse gas emissions by 2020)
- in the way best calculated to deliver any statutory adaptation programme; and
- in a way that it considers most sustainable.

The Climate Change (Scotland) Act 2009 provides that, by Order, Ministers can require any public body found to be failing to comply with its climate change duties, to prepare a report on the actions it has taken, is taking or intends to take to secure future compliance with those duties. Any report must include information relating to how: procurement policies and activities have contributed to compliance with climate change duties. The inclusion of this statement within the Act highlights that public sector procurement is a key lever through which public bodies can influence a more sustainable economy, reduce greenhouse gas emissions and ensure resilience to a changing climate.

3.7 Scottish Sustainable Procurement Action Plan (2009):

In 2009, the Scottish Government published the 'Scottish Sustainable Procurement Action Plan' which provided guidance for all public sector bodies in Scotland to help achieve sustainability in their procurement activities. It also described the behaviours and progressive actions which embed sustainability in the procurement process and outlined a self assessment methodology against a 'Flexible Framework' which assists each organisation in creating its own successful delivery plan. The development of a Sustainable Procurement Policy is an essential part of the embedding process described in the plan.

3.8 Local Government in Scotland Act 2003:

Under section 1(5) of the Local Government in Scotland Act 2003 the Council must discharge its best value duties in a way which contributes to the achievement of sustainable development. The Act gives Local Authorities the power to do anything they consider is likely to promote or improve the well-being of local people and places. Council procurement can play its part by building community benefits into contractual requirements where they are relevant to the subject matter of the contract.

4: LOCAL LANDSCAPE AND SUSTAINABLE PROCUREMENT

4.1 Single Outcome Agreement for Argyll and Bute:

The Single Outcome Agreement for Argyll and Bute which illustrates how partners will work towards objectives that cut across organisations in relation to employment, learning, health and care, community safety, economic development, transport and the environment.

In Argyll and Bute:

1. The economy is diverse and thriving.
2. We have infrastructure that supports sustainable growth.
3. Education, skills and training maximises opportunities for all.
4. Children and young people have the best possible start.
5. People live active, healthier and independent lives.
6. People live in safer and stronger communities.

Sustainable Procurement processes have the potential to impact positively upon all 6 of the above outcomes, through the various methods detailed in Section 5.

4.2 Argyll and Bute Council Corporate Plan for 2015-2017:

The Argyll and Bute Council Corporate Plan for 2015-2017 includes the following key strategic priorities which this Policy contributes to – Making Argyll and Bute a place people choose to live, Making Argyll and Bute a place people choose to learn, and Making Argyll and Bute a place people choose to work and do business, by:

- Helping to ensure that the Council's workforce has the skills, knowledge and behaviours that support our vision;
- Helping to have systems and processes in place that support and enhance customer focused service delivery; and
- Continually looking at how we can improve and deliver quality services.

4.3 Argyll and Bute Council Procurement Strategy 2016/17-2017/18:

This Policy underpins the requirements to meet the outcomes of various key priorities identified within the Council's Procurement Strategy 2016/17-2017/18, for example:

- Supporting local businesses and SMEs through closer working with Economic Development and by making our processes more streamlined and accessible;
- Ensuring that the Council's regulated procurements will be carried out in compliance with the sustainable procurement duty;
- Complying with the Council's general policy on the use of community benefit requirements;
- Complying with the Council's general policy on the payment of a living wage to persons involved in producing, providing or constructing the subject matter of regulated procurements;

- Complying with the Council's general policy on the procurement of fairly and ethically traded goods and services;
- Complying with the Council's general policy on how it intends its approach to regulated procurements involving the provision of food to: (i) improve the health, wellbeing and education of communities in the authority's area, and (ii) promote the highest standards of animal welfare.

4.4 Argyll and Bute Council Procurement Manual:

Sustainable Procurement has been embedded within the Council's Procurement Manual 2016.

4.5 Argyll and Bute Council Sustainable Procurement Delivery Plan:

The Scottish Procurement Policy Note SPPN 7/2009 required all Scottish Public Bodies to produce their own Delivery Plans to set out how, and by when, improvements in sustainable procurement will be made.

Delivery of the commitments made in this policy shall be supported through the implementation of the Council's Sustainable Procurement Delivery Plan for 2017/18. The Delivery Plan will also include the Council's Flexible Framework Action Plan. On 09 March 2016 the Argyll and Bute Council Procurement Board agreed the revised target to achieve level one of the revised Flexible Framework by 31 March 2017.

Progress against these targets shall be reported on an annual basis.

4.7 Argyll and Bute Council Community Benefits in Procurement Guide:

The Council's Community Benefits in Procurement Guide supports this Policy by detailing the method of inclusion of community benefits within relevant tenders – ensuring a consistent approach is used throughout all Council contracts, while maintaining the flexibility to suit the varying requirements of the Council.

4.8 Carbon Management Plan (2011):

The Council's Carbon Management Plan (2011) sets out targets and objectives to address carbon emissions across the activities of; energy use in buildings, waste, fleet, street-lighting and business mileage.

Sustainable procurement processes have the ability to impact positively on the Council's ability to reach these targets – for example through the procurement of renewable energy systems for Council properties that will reduce the Council's carbon emissions.

4.9 The Suppliers' Charter:

The Suppliers' Charter is a joint statement between public sector buying organisations and Scottish businesses to agree to work together to improve public sector procurement processes and dialogue.

5: SUSTAINABLE PROCUREMENT METHODOLOGY

5.1 Priorities:

The Council's Sustainable Procurement Policy will give guidance and direction, whilst remaining flexible to change as the Council continues to embed sustainability into the procurement process. This policy outlines the key sustainable procurement commitments which will be applied to all procurement activity carried out by the Council. Compliance with this policy and other linked policies set out in this document is mandatory. This will be achieved by a focus on the following priorities within the structure of the revised Flexible Framework:

1 People

- a) We will use organisational development opportunities, and e-learning to share knowledge and ensure annual refresher training on the latest sustainable procurement principles for key procurement staff, to meet any knowledge gaps.
- b) We will establish clear leadership to drive the embedding and continuous improvement of sustainable procurement within the Council, through having a Sustainable Procurement Champion within the Council.
- c) We will continue to publicise our commitment and successes in Sustainable Procurement.
- d) We will continue with the appointment of a Council Representative within the National Community Benefit Champions Network.

2 Objectives, Strategy & Communications

- a) We will carry out sustainable procurement whilst complying with national and EU procurement regulations that protect and encourage open and transparent public procurement.
- b) We will ensure our Sustainable Procurement Policy continues to meet all external requirements, as well as complementing the Council's internal Strategies.
- c) We will ensure relevant communications strategies are developed and actioned as required, in relation to Sustainable Procurement outcomes.
- d) We will communicate this policy and accompanying guidance to all Council staff and elected members.

3 Process

- a) We will ensure that what we intend to purchase is necessary and that there is a business case for doing so. Specifying our requirements so as to meet the needs of users and to avoid purchasing more than is needed.
 - We will, where appropriate and where it is sustainable, purchase fewer new goods by re-using, repairing or refurbishing existing goods.
- b) We will continue lotting contracts to ensure that Small and Medium size companies are encouraged to bid for our contracts and ensure that tender

documents are proportional to the requirement to remove unnecessary obstacles.

- c) We will deliver value for money by realistically assessing the whole life-cycle costs of our procurement where possible, and not simply considering the initial purchase price.
- d) We will make use of Community Benefits Clauses where appropriate:
 - Argyll and Bute Council's procurement processes shall give full consideration to the relevance and appropriateness of the use of community benefit clauses in supply of goods and services contracts which have a value in excess of £100,000, and works contracts which have a value in excess of £500,000.
 - The Sustainability Lead Officer will monitor and verify the impact of this policy in relation to the Council's objectives and shall report to the Council's Procurement Board in this respect on a quarterly basis.
- e) We will consider sustainability issues in relation to the economic, social and environmental wellbeing of our area throughout the procurement process; when writing Sourcing Strategies, when creating Invitations to Tender, when evaluating tender submissions, and during contract management.
- f) We will seek to ensure that wherever appropriate, our contract terms will require suppliers and contractors to support the health, safety, welfare and rights of their employees and subsidiary companies. We will encourage suppliers to promote fair employment practices, employee welfare, equality of opportunity, and to improve workforce diversity so that it is representative of the communities they serve.
- g) We will, where practicable and where it is sustainable, specify fresh, seasonal, nutritious, and where possible, organic food.
 - We will specify Protected Geographical Indication and Protected Designation of Origin standards where they are justified by menu requirements.
 - We will not knowingly purchase genetically modified food or food with genetically modified ingredients.
- h) We will specify minimum packaging, reusable packaging and packaging take-back.
- i) We will make use of Sub-Contracting Clauses where appropriate.
 - Clauses requiring a minimum percentage of the scope of the contract to be sub-contracted will be included in all contracts that are deemed to be proportionate and relevant.
- j) We will ensure that all relevant procurement contracts and tenders contain best practice standards and sustainable specifications as appropriate to the product or service being procured, using Government Buying Standards sustainable specifications where appropriate.
- k) We will not intentionally discriminate against specific groups of people when undertaking our procurement activities. We will assess whether a full Equalities Impact Assessment is required at key points in commissioning and procurement cycles and report these through the appropriate management groups or committees. Equalities considerations will be embedded in all procurement documentation and processes.

- l) We will consider animal welfare when making procurement decisions, and wherever possible, will not purchase goods which have been developed using animal testing.
- m) We will use recycled paper throughout Council locations where there are no compatibility issues with existing equipment.
- n) We will appoint a Council Representative for Argyll and Bute Fair Trade; we will continue to promote fair trade options as a means of helping excluded and disadvantaged producers, including independent small farmers, to access international markets and receive a fair price for their products.
- o) We will continue to promote the Supported Business Framework and award a minimum of two contracts annually through this Framework.
 - We will, where possible, reserve contracts for supported factories, supported businesses and supported employment programmes, where their prices and capacity to deliver is comparable to the rest of the market.
- p) We will continue to consider diversity issues i.e. accessibility needs, religious needs, differing diets etc.
- q) We will ensure that our procurement minimises its contribution to climate change and supports goods, services and works that are well-adapted to the consequences of a changing climate; whole life costing and consideration of resource efficiency will be considered as standard in procurement exercises
- r) We will continue to minimise any negative impacts of procured goods/services/works on biodiversity.

4 Engaging Stakeholders

- a) We will engage with our suppliers and stakeholders to remove barriers to participation in procurement and maximise impact of sustainable opportunities.
- b) We will continue to support local and regional small and medium sized enterprises, voluntary and community groups, social enterprises, charities and cooperatives, businesses involving minority individuals and groups, and individuals and groups with protected characteristics, to participate in procurement opportunities; by sharing knowledge and participating in events aimed specifically at local SMEs (Small & Medium Enterprises) and Scottish suppliers, for example by publicising Supplier Development Programme events and providing assistance with the tender process through Business Gateway.
- c) Where appropriate, we will consult with the people whose needs we aim to meet through our procurement to ensure that we procure goods, services and works that actually meet their needs.
- d) We will work with suppliers to educate them on sustainable procurement and our policy, to encourage them to use more sustainable goods, processes and working practices in their own business operations and encourage them to engage in sustainable procurement activities within their own supply chain.
- e) We will consult with stakeholders, including suppliers and Third Sector agencies, to ensure views are considered on sustainable outcomes

sought.

5 Monitoring & Reporting

- a) The Council's ongoing programme of reviewing and improving our procurement processes will seek to ensure they remain transparent and open to the whole of the supplier community.
- b) We will ensure suppliers comply with their commitments to the sustainability criteria within our specifications and their tender submissions by building in proportionate, effective monitoring and management into contract arrangements.
- c) We will measure and report on our progress in embedding and continuously improving sustainable procurement and its contribution to delivering sustainable development annually.
- d) We will continue to ensure that reporting requirements relating to Sustainable Procurement are met, including Climate Change Reporting requirements, equality reporting requirements, and internal reporting of Community Benefits achieved
- e) We will continue to self-assess the Council's progress against each theme of the Flexible Framework annually, and include this result in the publication of the procurement key performance indicators.

5.2 Implementation:

- 5.2.1 All Services of the Council will be expected to support the implementation of this Policy. The policy shall be applied to specific commodities purchased by the Council, thereby phasing in its implementation as opportunities arise.
- 5.2.2 To ensure the successful implementation of this policy, all procurement staff should receive training to include relevant resource and best practice guidance.

5.3 Monitoring:

- 5.3.1 All progress against the stated priorities within this Policy will be reported on an annual basis.

5.4 Review:

- 5.4.1 This Policy, the associated Sustainable Procurement Delivery Plan and accompanying guidance will be reviewed by the Procurement and Commissioning Team annually as a minimum to ensure that they remain up to date in terms of any relevant new legislation or guidance, and to ensure that they continue to deal with the issues they were designed to address.
- 5.4.2 The Council will ensure that when the Policy is reviewed, key stakeholders are consulted by seeking their views on the content of the policy.

6: SUMMARY

Argyll and Bute Council is committed to the ongoing development and delivery of sustainable procurement for all three strands of sustainability: environmental, social and economic. By adopting the approach detailed above, the Policy will help deliver local and national objectives which, in turn ensures a more sustainable outcome to our procurement activity.

When procuring goods, works and services; challenges shall be made to the decision that they are required; both for economic and environmental reasons. When a decision is made that this is a necessary requirement, all effort should be made to obtain best value whilst complying with all relevant EU, UK and Scottish legislation.

**For Further information please contact:
Elaine Appleby, Sustainability Lead Officer, Procurement and Commissioning
Team – Elaine.appleby@argyll-bute.gov.uk**

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ARGYLL AND BUTE COUNCIL



**PROCUREMENT STRATEGY 2016/17-2017/18 &
SUSTAINABLE PROCUREMENT POLICY 2016/17-
2017/18**

STAKEHOLDER CONSULTATION REPORT

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1 INTRODUCTION

Argyll and Bute Council's Procurement and Commissioning Team (PCT) would like to begin this report by thanking all stakeholders who took the time to respond to our consultation in relation to the Procurement and Commissioning Strategy 2016/17-2017/18 and the Sustainable Procurement Policy 2016/17-2017/18. It is important for us to ensure that our key documents and the priorities they contain reflect the concerns of our key stakeholder groups, both internal and external.

2 BACKGROUND

2.1 Procurement Strategy

The Argyll and Bute Council Procurement Strategy 2016/17-2017/18 sets out a framework which is designed to enable the Council to continue on its journey of change and innovation through:

- Building capacity and skills within the Council to continue to improve commissioning and procurement activity;
- Increasing the level of collaboration both internally, between service areas, and externally with other partner organisations;
- Engaging proactively with key suppliers through contract and supplier relationship management to ensure that we extract maximum value and innovation from our supply base;
- Focusing our commissioning and procurement activity on delivering improvements for the people and communities in Argyll and Bute;
- Working cooperatively in everything we do to support SMEs and the third sector.

2.2 Sustainable Procurement Policy

The Argyll and Bute Council Sustainable Procurement Policy 2016/17-2017/18 builds on existing sustainability practice. The policy covers the three strands of sustainability: environmental, social and economic and aims to meet the substantial challenges of balancing the complexities of sustainable procurement within today's economic climate and continued drive for best value.

The Council has a statutory requirement to update and publish both its Procurement Strategy and its Sustainable Procurement Policy on an annual basis following the key changes introduced by the Procurement Reform (Scotland) Act 2014 and the Procurement (Scotland) Regulations 2016.

2.3 Public bodies are required to produce their first procurement strategy by 31st December 2016. This strategy must cover, as a minimum, the remainder of that financial year, and the first full financial year starting after 31st December 2016.

2.4 The Council also has a requirement to consult with key stakeholder groups for both of these documents. The aims of the consultation were:

- To increase awareness of the Council's Procurement Strategy and Sustainable Procurement Policy and engage meaningfully with key stakeholder groups;
- To make sure the links between the strategy and policy and other relevant strategies and plans are clear; and
- To enable a diverse range of stakeholder groups to take part and thereby influence the strategy and policy.

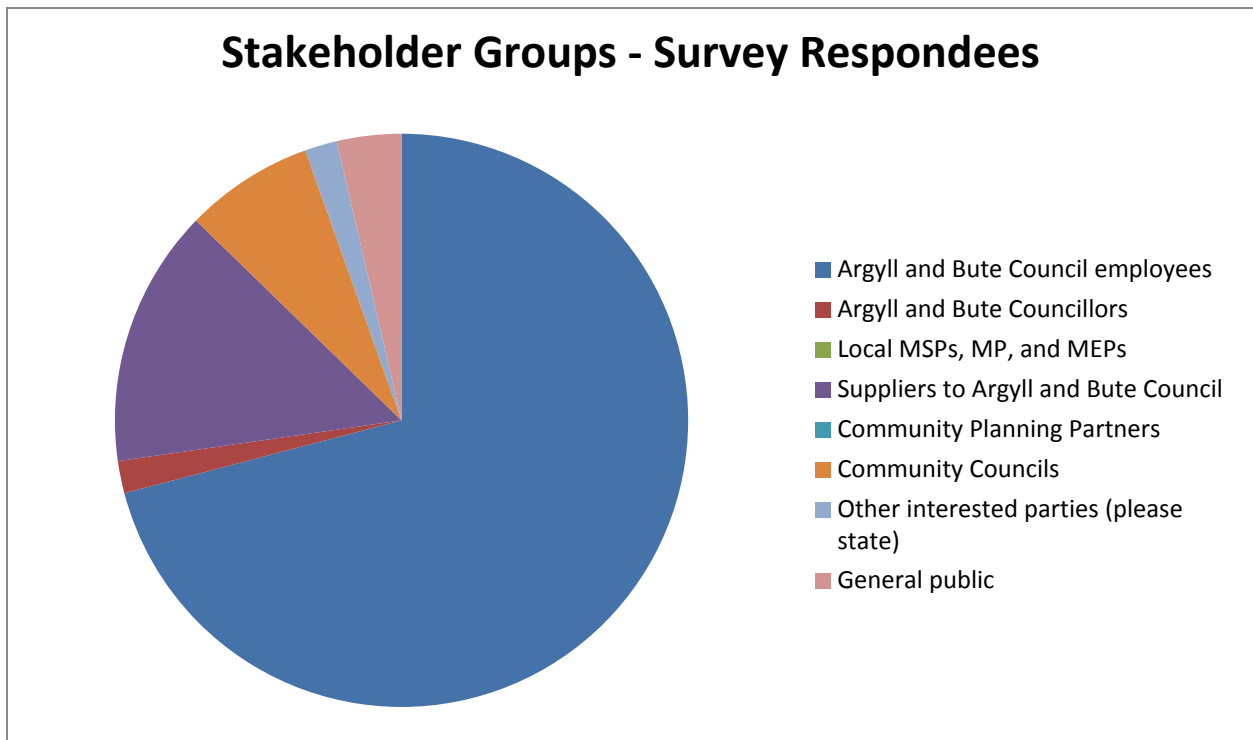
2.5 The consultation was completed in October 2016, via a web-based survey on the Council's website. The consultation was publicised via emails to key internal and external stakeholders, as well as being available to the general public through the consultations section on the Council's website.

3 SURVEY RESPONSES

55 responses were received to the consultation survey. An additional 4 items of feedback in relation to the documents were received via email.

1. Please advise which key stakeholder group(s) you belong to

Stakeholder Groups	%
Argyll and Bute Council employees	71
Argyll and Bute Councillors	2
Local MSPs, MP, and MEPs	0
Suppliers to Argyll and Bute Council	15
Community Planning Partners	0
Community Councils	7
Other interested parties	2
General public	4

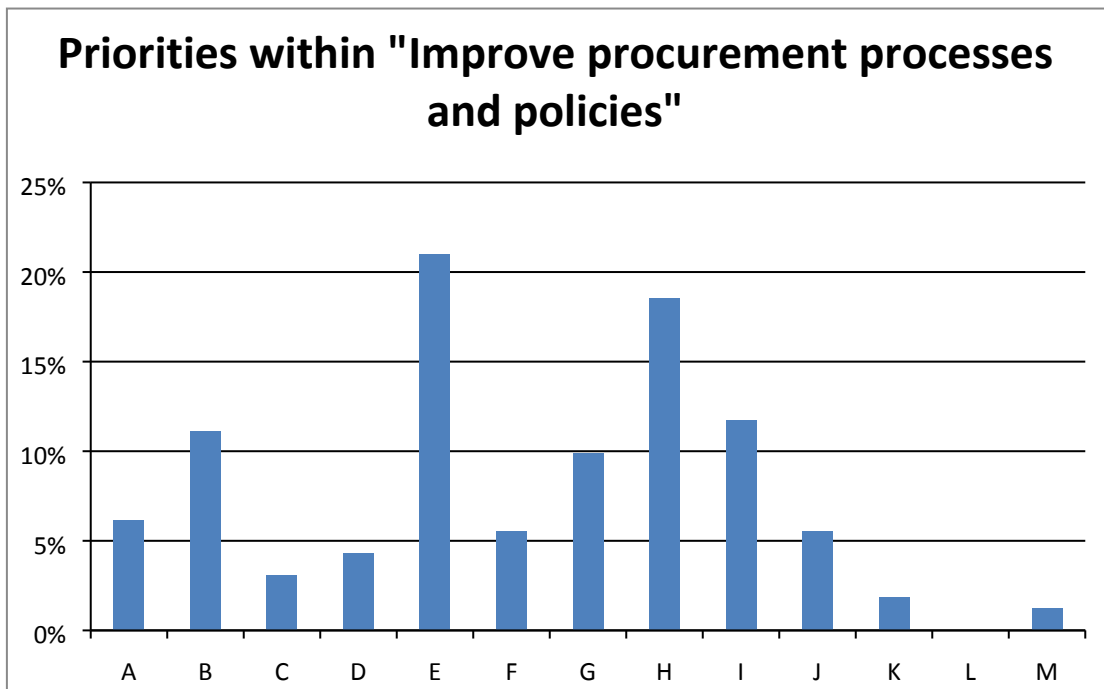


PROCUREMENT STRATEGY

2. The 3 key priorities that you consider to be most important under the following area “Improve procurement processes and policies”

Overall:

Priority	%
A	6
B	11
C	3
D	4
E	21
F	6
G	10
H	19
I	12
J	6
K	2
L	0
M	1



The response to this question indicates that the key priorities for our stakeholder groups for “Improve procurement processes and policies” are:

- Supporting local businesses and SMEs through closer working with Economic Development and by making our processes more streamlined and accessible;
 - Through the use of a Vendor Rating System to select distribution lists for capital works Quick Quotes, ensuring that where possible local suppliers are included within distribution lists;
 - Through the increase of the limit for works Quick Quotes to £2m, to increase opportunities for SMEs and local businesses;
 - Through including a mandatory sub-contracting clause in tenders where relevant and proportionate.
- Reducing bureaucracy – making the tender process standard, simple, transparent and ensuring consistency in procurement decision making
- Ensuring the Council has continuity of supply through supporting a mixed economy of provision and developing markets, particularly local/rural markets, Small and Medium Sized Enterprises (SMEs) and Third Sector organisations

When analysing the results for Internal and External stakeholders separately, the top 3 priorities for External stakeholders match the overall result. However, internal stakeholders have one different priority within their top 3:

- Improving contract and supplier relationship management across the Council to ensure that we are getting the most value and innovation from our contractual relationships;

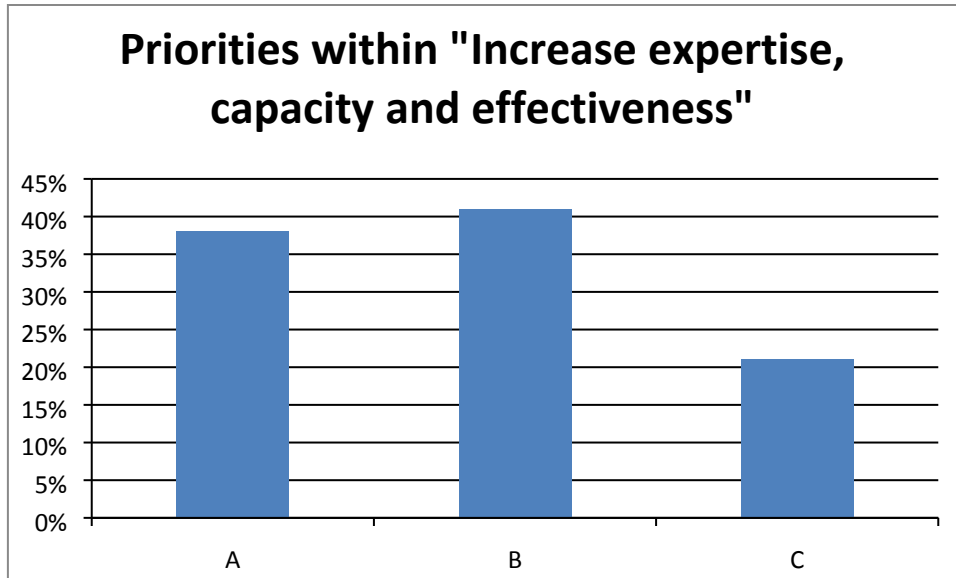
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- Ensuring the Council has continuity of supply through supporting a mixed economy of provision and developing markets, particularly local/rural markets, Small and Medium Sized Enterprises (SMEs) and Third Sector organisations

3. The 2 key priorities that you consider to be most important under the following area “Increase expertise, capacity and effectiveness”

Overall:

Priority	%
A	38
B	41
C	21



The response to this question indicates that the key priorities for our stakeholder groups for “Increase expertise, capacity and effectiveness” are:

- Developing and professionalising contract and supplier management practices and improving commercial awareness across the Council;
- Developing staff in Procurement and Commissioning through training, secondments and mentoring;

When analysing the results for Internal and External stakeholders separately, the top 3 priorities for both groups match the overall result.

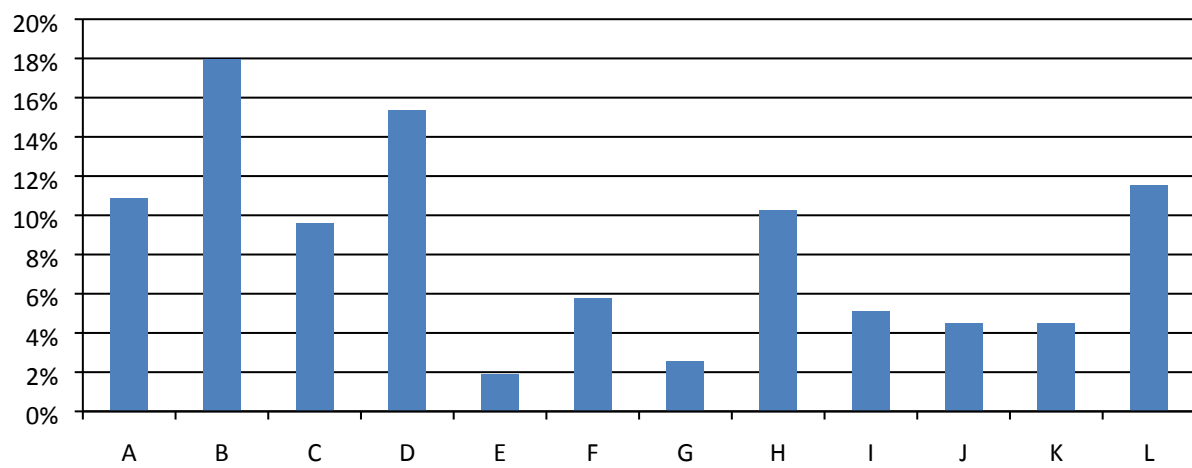
4. The 3 key priorities that you consider to be most important under the following area “Ensure compliance with complex European Union Procurement Legislation, and with Public Contracts (Scotland) Regulations 2015 and the Procurement Reform (Scotland) Act 2014 and associated mandatory guidance”

Overall:

Priority	%
A	11
B	18
C	10
D	15
E	2
F	6
G	3
H	10
I	5

J	4
K	4
L	12

Priorities within "Ensure compliance with complex European Union Procurement Legislation, and with Public Contracts (Scotland) Regulations 2015 and the Procurement Reform (Scotland) Act 2014 and associated mandatory guidance"



The response to this question indicates that the key priorities for our stakeholder groups for “Ensure compliance with complex European Union Procurement Legislation, and with Public Contracts (Scotland) Regulations 2015 and the Procurement Reform (Scotland) Act 2014 and associated mandatory guidance” are:

- Ensuring that the Council’s regulated procurements will deliver value for money.
- Ensuring that the Council’s regulated procurements will be carried out in compliance with its duty to act in a transparent and proportionate manner, at each stage of the procurement process, from initial sourcing strategy creation, communications throughout and contract award.
- Ensuring that, so far as reasonably practicable, the following payments are made no later than 30 days after the invoice (or similar claim) relating to the payment is presented: (i) payments due by the Council to a contractor; (ii) payments due by a contractor to a sub-contractor; (iii) payments due by a sub-contractor to a sub-contractor.

When analysing the results for Internal and External stakeholders separately, Internal stakeholders have different priorities within their top 4 (as there is a tie for third place):

- Ensuring that the Council’s regulated procurements will contribute to the carrying out of its functions and achievement of its purposes.
- Complying with the statutory requirements on the payment of a living wage to persons involved in producing, providing or constructing the subject matter of regulated procurements

Replace

- Ensuring that, so far as reasonably practicable, the following payments are made no later than 30 days after the invoice (or similar claim) relating to the payment is presented: (i) payments due by the Council to a contractor; (ii) payments due by a contractor to a sub-contractor; (iii) payments due by a sub-contractor to a sub-contractor.

External stakeholders have one different priority within their top 3:

- Ensuring that the Council’s regulated procurements will be carried out in compliance with its duty to treat relevant economic operators equally and without discrimination.

Replaces

- Ensuring that the Council’s regulated procurements will deliver value for money.

Please advise if there are any general procurement issues which have not been included in the previous lists, which you consider to be relevant to Argyll and Bute Council

Please advise if there are any general procurement issues which have not been included in the previous lists, which you consider to be relevant to Argyll and Bute Council	Procurement Comment
Need to consider social enterprises and what they can offer not just private sector and SMEs	Working with and consulting the third sector, which includes social enterprises; and encouraging these organisations to become involved in public sector procurement is included within various priorities within the Procurement Strategy and Sustainable Procurement Policy

<p>Updated more specific contracts with providers. Contracts very vague. More input information on recruitment to reduce waiting times of services.</p>	<p>Noted. The team will take this feedback into consideration separately when developing the Health and Social Care Partnership's commodity strategy on Care at Home Services, and look into the possibility of updating the current section of the Council's intranet regarding term contracts available for use by Council departments.</p>
<p>Ability to purchase using a range of suppliers to ensure best value for money and using online purchasing processes as required (and with professional integrity) to take advantage of competitive markets.</p>	<p>Noted. We can advise that currently where contracts are available via PECOS this should demonstrate best value as a competitive tendering process will have been undertaken, and this should reduce the amount of staff time required to place orders. When existing contracts and frameworks do not provide suitable products/services, the procurement team will assist departments to find the best value solution to the requirement.</p>
<p>Liaise with Community Councils more at the Planning stages and always have the planning approval meetings in the area that they apply to or directly affect. e.g. in Cowal for Cowal not Oban for Cowal, etc, as has been the case with controversial planning applications.</p>	<p>Noted. Individual departments within the Council have responsibility for the planning stages of projects and ensure that the appropriate consultation for new projects takes place.</p>
<p>Very little on need for Digital First Approach and maximising digital self service and keeping systems up to date with evolving digital technologies as part of core offering and not as a billable extra.</p>	<p>Noted. The Council has a separate Digital First Policy in relation to delivering services online that can be delivered online. Procurement exercises will assist the departments within the Council to achieve these aims, where appropriate.</p>
<p>Procurement must ensure that the tail does not wag the dog and that professionals are allowed to decide which resources will meet the needs of the service especially where the procurement framework does not provide suitable goods. At present best value is not always being provided.</p>	<p>Individual departments within the Council have the responsibility for creating specifications to meet their requirements. The procurement team assist with this process to ensure compliance with all relevant legislation and internal requirements. When existing contracts and frameworks do not provide suitable products/services, the procurement team will assist departments to find the best value solution to the requirement.</p>

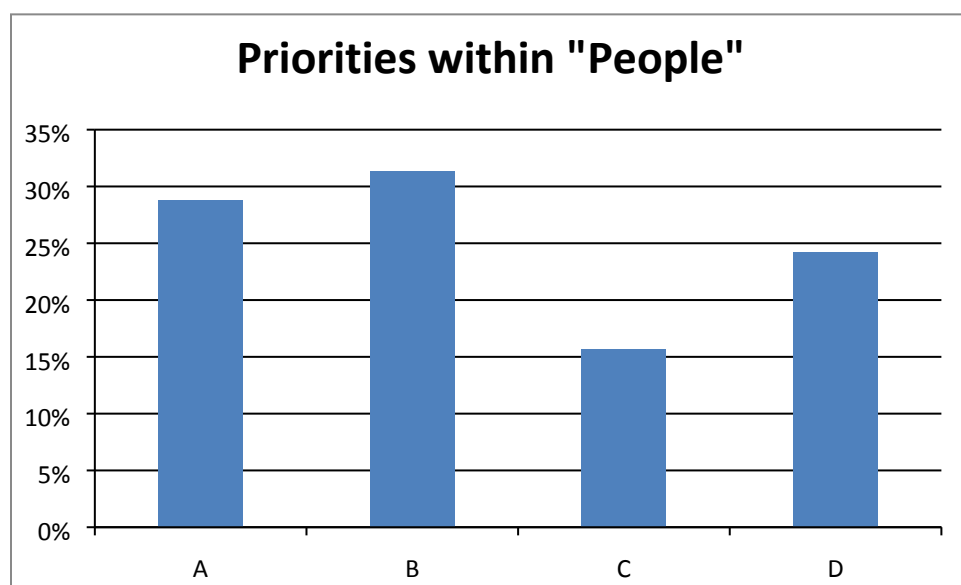
<p>A & B Council does a very bad job in putting out subsidised bus routes to tender. There is never any consultation with community councils about how to improve bus services without incurring extra costs. As a result of this, we get very bad value for money. On my community council we have experts on public transport operations but we are never consulted. Our opinion is that when it comes to tendering for subsidised buses A & B Council just hasn't a clue and does a very bad job.</p>	<p>Noted. The procurement team will update the Sourcing Strategy templates used at the start of the procurement process to encourage departments to consider wider consultation with stakeholder groups i.e. Community Councils where appropriate, with the involvement of the relevant department within the Council.</p> <p>It should be noted that the public bus services across Argyll and Bute, with the exception of the Lomond area which comes under the auspices of SPT, is built on the back of the legislative requirement to provide school transport, and that the savings of over £1.6m have been made from the budget in the last 5 years.</p>
<p>Put procurement at the front of project management to give a better view of critical timelines.</p> <p>Also educate members on the achievability of timelines where procurement is concerned</p>	<p>Staff in departments throughout the Council are encouraged to involve procurement staff at the earliest stages of planning for their requirements. Training on the procurement process has been provided to members, and other staff throughout the Council. The timescales involved for procurement processes are included in the Procurement Manual and a specific timescale is included within the Sourcing Strategy for each individual project.</p>
<p>The whole system is too complicated and non-consistent, streamlining and making it easier for staff to navigate would go a long way.</p>	<p>The procurement team have dedicated Category Management Officers as lead officers for departments within the Council to contact with any queries regarding procurement. There is a detailed Procurement Manual and associated guidance toolkits which are now available on the Council's intranet, which should assist departmental staff, alongside the Roles and Responsibilities document which outlines the main activities required to be undertaken. Training is routinely offered to departmental staff members involved with procurement.</p>

SUSTAINABLE PROCUREMENT POLICY

5. The 3 priorities that you consider to be most important under the following topic - People:

Overall:

Priority	%
A	29
B	31
C	16
D	24



The response to this question indicates that the key priorities for our stakeholder groups for People are:

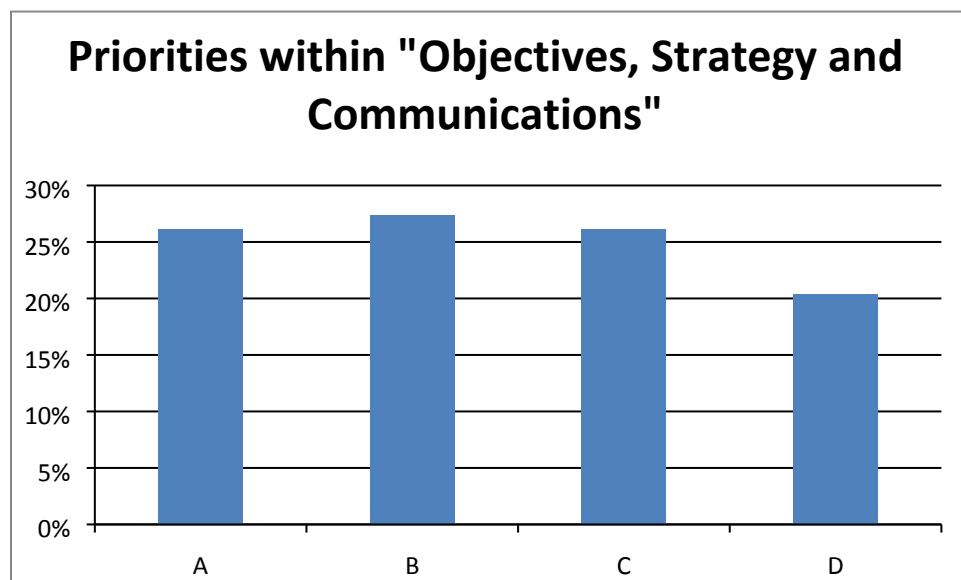
- We will use organisational development opportunities, and e-learning to share knowledge and ensure annual refresher training on the latest sustainable procurement principles for key procurement staff, to meet any knowledge gaps.
- We will establish clear leadership to drive the embedding and continuous improvement of sustainable procurement within the Council, through having a Sustainable Procurement Champion within the Council.
- We will continue to publicise our commitment and successes in Sustainable Procurement.

When analysing the results for Internal and External stakeholders separately, the top 3 priorities for both groups match the overall result.

6. The 3 priorities that you consider to be most important under the following topic – Objectives, Strategy and Communications:

Overall:

Priority	%
A	26
B	27
C	26
D	20



The response to this question indicates that the key priorities for our stakeholder groups for Objectives, Strategy and Communications are:

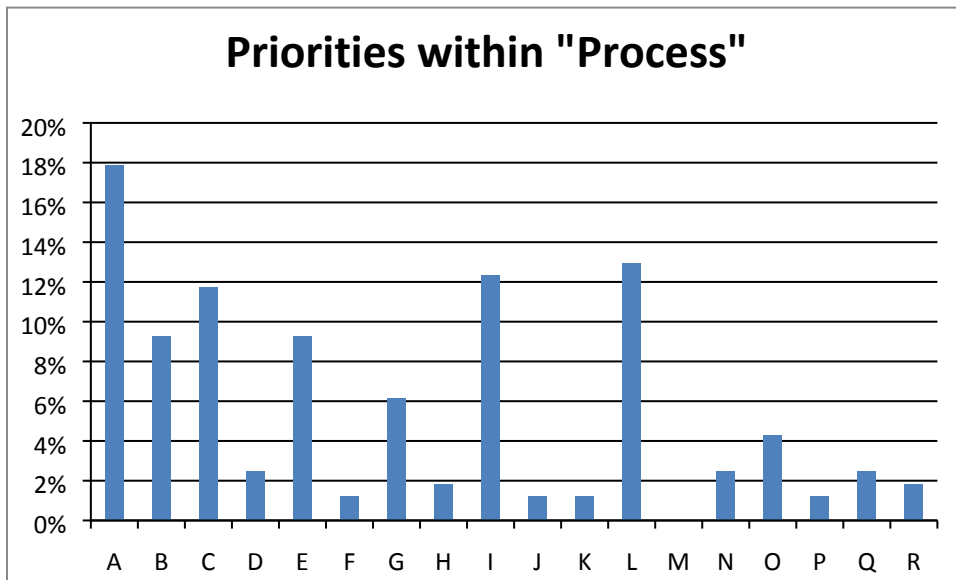
- We will carry out sustainable procurement whilst complying with national and EU procurement regulations that protect and encourage open and transparent public procurement.
- We will ensure our Sustainable Procurement Policy continues to meet all external requirements, as well as complementing the Council’s internal Strategies.
- We will ensure relevant communications strategies are developed and actioned as required, in relation to Sustainable Procurement outcomes.

When analysing the results for Internal and External stakeholders separately, the top 3 priorities for both groups match the overall result.

7. The 3 priorities that you consider to be most important under the following topic - Process:

Overall:

Priority	%
A	18
B	9
C	12
D	2
E	9
F	1
G	6
H	2
I	12
J	1
K	1
L	13
M	0
N	2
O	4
P	1
Q	2
R	2



The response to this question indicates that the key priorities for our stakeholder groups for Process are:

- We will ensure that what we intend to purchase is necessary and that there is a business case for doing so. Specifying our requirements so

as to meet the needs of users and to avoid purchasing more than is needed.

- We will, where appropriate and where it is sustainable, purchase fewer new goods by re-using, repairing or refurbishing existing goods.
- We will continue lotting contracts to ensure that Small and Medium size companies are encouraged to bid for our contracts and ensure that tender documents are proportional to the requirement to remove unnecessary obstacles.
- We will deliver value for money by realistically assessing the whole life-cycle costs of our procurement where possible, and not simply considering the initial purchase price.

When analysing the results for Internal and External stakeholders separately, Internal stakeholders have one different priority within their top 3:

- We will make use of Community Benefits Clauses where appropriate:
 - Argyll and Bute Council's procurement processes shall give full consideration to the relevance and appropriateness of the use of community benefit clauses in supply of goods and services contracts which have a value in excess of £100,000, and works contracts which have a value in excess of £500,000.
 - The Sustainability Lead Officer will monitor and verify the impact of this policy in relation to the Council's objectives and shall report to the Council's Procurement Board in this respect on a quarterly basis.

Replaces

- We will deliver value for money by realistically assessing the whole life-cycle costs of our procurement where possible, and not simply considering the initial purchase price.

External stakeholders also have one different priority within their top 3:

- We will make use of Community Benefits Clauses where appropriate:
 - Argyll and Bute Council's procurement processes shall give full consideration to the relevance and appropriateness of the use of community benefit clauses in supply of goods and services contracts which have a value in excess of £100,000, and works contracts which have a value in excess of £500,000.
 - The Sustainability Lead Officer will monitor and verify the impact of this policy in relation to the Council's objectives and shall report to the Council's Procurement Board in this respect on a quarterly basis.

Replaces

- We will continue lotting contracts to ensure that Small and Medium size companies are encouraged to bid for our contracts and ensure that tender documents are proportional to the requirement to remove unnecessary obstacles.

8. The 3 priorities that you consider to be most important under the following topic – Stakeholders:

Overall:

Priority	%
A	11
B	28
C	27
D	13
E	21



The response to this question indicates that the key priorities for our stakeholder groups for Stakeholders are:

- We will engage with our suppliers and stakeholders to remove barriers to participation in procurement and maximise impact of sustainable opportunities.
- We will continue to support local and regional small and medium sized enterprises, voluntary and community groups, social enterprises, charities and cooperatives, black and ethnic minority enterprises and women and disability-owned businesses to participate in procurement opportunities; by sharing knowledge and participating in events aimed specifically at local SMEs (Small & Medium Enterprises) and Scottish suppliers, for example by publicising Supplier Development Programme events and providing assistance with the tender process through Business Gateway.

- Where appropriate, we will consult with the people whose needs we aim to meet through our procurement to ensure that we procure goods, services and works that actually meet their needs.

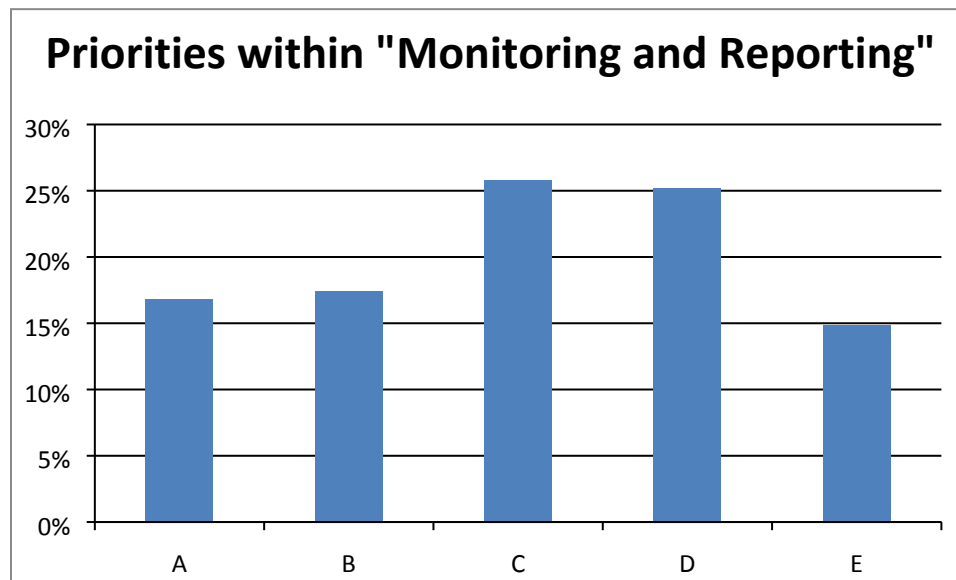
When analysing the results for Internal and External stakeholders separately, the top 3 priorities for Internal stakeholders match the overall result. However, External stakeholders have one additional priority within their top 4 (there is a tie for 3rd place):

- We will work with suppliers to educate them on sustainable procurement and our policy, to encourage them to use more sustainable goods, processes and working practices in their own business operations and encourage them to engage in sustainable procurement activities within their own supply chain.

9. The 3 priorities that you consider to be most important under the following topic – Monitoring and Reporting:

Overall

Priority	%
A	17
B	17
C	26
D	25
E	15



The response to this question indicates that the key priorities for our stakeholder groups for Monitoring and Reporting are:

- The Council's ongoing programme of reviewing and improving our procurement processes will seek to ensure they remain transparent and open to the whole of the supplier community.
- We will ensure suppliers comply with their commitments to the sustainability criteria within our specifications and their tender submissions by building in proportionate, effective monitoring and management into contract arrangements.
- We will measure and report on our progress in embedding and continuously improving sustainable procurement and its contribution to delivering sustainable development annually.

When analysing the results for Internal and External stakeholders separately, the top 3 priorities for Internal stakeholders match the overall result. However, External stakeholders have one different priority within their top 3:

- We will continue to ensure that reporting requirements relating to Sustainable Procurement are met, including Climate Change Reporting requirements, and internal reporting of Community Benefits achieved
- Replaces
- We will measure and report on our progress in embedding and continuously improving sustainable procurement and its contribution to delivering sustainable development annually

Please advise if there are any sustainable procurement issues which have not been included in the previous lists, which you consider to be relevant to Argyll and Bute Council

Please advise if there are any sustainable procurement issues which have not been included in the previous lists, which you consider to be relevant to Argyll and Bute Council:	Procurement Comment
<p>The focus has been on sustainability and the environment and there has been reference to harm to animals. What about contractors avoiding harm to workers and the Council monitoring contractors health and safety performance after contracts have been awarded which is when accidents are going to happen?</p>	<p>One of the priorities within the Sustainable Procurement Policy states that "We will seek to ensure that wherever appropriate, our contract terms will require suppliers and contractors to support the health, safety, welfare and rights of their employees and subsidiary companies. We will encourage suppliers to promote fair employment practices, employee welfare, equality of opportunity, and to improve workforce diversity so that it is representative of the communities they serve." Monitoring of Health and Safety performance during contract terms is included within the</p>

	Council's standard contract management process, which is the responsibility of individual departments to manage.
Try and ensure material used is of UK growth and manufacture.	There are legal limitations to the extent to which we can specify origin of products within our tender specifications. Where possible, we encourage local supply for Council requirements.
The need for communities to have some sort of say in the awarding of large scale contracts that have sustainability issues....akin to being able to comment on Planning Applications.	The appropriate stage for community consultation for sustainability issues in contracts is the initial planning stages of individual procurements, rather than the award stage. The procurement team will update the Sourcing Strategy templates used at the start of the procurement process to encourage departments to consider wider consultation with stakeholder groups i.e. Community Councils where appropriate, with the involvement of the relevant department within the Council.

Further comments

Further comments	Procurement Comment
I don't think it is helpful or informative to ask people to list their top 3 in each category. We should be more concerned to find out if they want additional items included, any excluded and any amended. The questions should be "Do you agree with the priorities stated?" "Are there any missing?" etc There is nowhere to include	This consultation was designed to allow us to identify which priorities are most important to our key stakeholders, and which areas may require us to raise awareness of their importance with various stakeholder groups. We will take all feedback on the format of the consultation into consideration when designing next year's consultation.
At present Islay hospital had items delivered to them through NHS Pecos that are a better product at a better price than I can purchase through the council Pecos system. Would be good if I could access what they have, this would reduce carriage as well as ensure that my budget is used more effectively.	This comment will be shared with our Health and Social Care colleagues who are currently working nationally to determine the most appropriate process staff can use and be compliant with financial regulations.
no comments at this stage but would appreciate view and our commenting on final draft before publication and implementation.	The consultation period has now closed, and any further feedback received will be noted, but no further amendments will be made to the

	documents.
We do not need another job created ...get it right first time and manage the process properly ..from the top ..	No additional jobs have been or will be created as a result of this consultation, or the Procurement Strategy and Sustainable Procurement Policy.
This survey has far too many choices and any data will be largely invalid as a result.	Due to the nature of the documents being consulted on, there are a large number of priorities in certain areas, we have tried to structure these lists to be as user-friendly as possible but will take this feedback into consideration when designing next year's consultation.
A & B Council does a very bad job in putting out subsidised bus routes to tender. There is never any consultation with community councils about how to improve bus services without incurring extra costs. As a result of this, we get very bad value for money. On my community council we have experts on public transport operations but we are never consulted. Our opinion is that when it comes to tendering for subsidised buses A & B Council just hasn't a clue and does a very bad job.	Noted. The procurement team will update the Sourcing Strategy templates used at the start of the procurement process to encourage departments to consider wider consultation with stakeholder groups i.e. Community Councils where appropriate, with the involvement of the relevant department within the Council. It should be noted that the public bus services across Argyll and Bute, with the exception of the Lomond area which comes under the auspices of SPT, is built on the back of the legislative requirement to provide school transport, and that the savings of over £1.6m have been made from the budget in the last 5 years.

Feedback

18 respondents requested feedback on the outcome of the consultation, and the final versions of the Procurement and Commissioning Strategy 2016/17-2017/18 and the Sustainable Procurement Policy 2016/17-2017/18. These respondents will be sent this report and the final documents once approved by Full Council.

4 CONCLUSION

- 4.1 The majority of responses to the open-ended questions were received from internal stakeholders, and the feedback provided covered issues not relevant to the current consultation, queries in relation to areas already covered in the documents, and feedback on the consultation process. Procurement comments on these responses have been provided, and the team will consider the application of improvements where relevant.
- 4.2 The responses outlined in Section 4, as well as the feedback received separately, have been taken into account through revisions to the draft documents in the following ways:
 - 4.2.1 The priorities in each of the lists have been re-ranked to reflect the importance of the individual items to our key stakeholders overall;
 - 4.2.2 No additional priorities have been added to the documents, however some of those already included have been expanded on to reflect feedback mainly received from colleagues within HR, and Health and Safety.
- 4.3 The Procurement Strategy and Sustainable Procurement Policy now reflect the feedback received from the consultation.
- 4.4 The Procurement and Commissioning team has also taken account of the outcomes of this consultation in the following ways:
 - 4.4.1 The process for future consultation exercises will be developed taking into consideration feedback received for this consultation, as well as the approach used by other local authorities. The team will aim for continuous improvement in this area to reflect best practice.
 - 4.4.2 The standard template documents will be reviewed to ensure they reflect the feedback received in this consultation, to meet the needs of all stakeholders.

5 APPENDIX - SURVEY QUESTIONS

1. Please advise which key stakeholder group(s) you belong to

- Argyll and Bute Council employees
- Argyll and Bute Councillors
- Local MSPs, MP and MEPs
- Suppliers to Argyll and Bute Council
- Community Planning Partners
- Community Councils
- Other interested parties
- General public

PROCUREMENT STRATEGY

2. Please select the 3 key priorities that you consider to be most important from the list below under the following area – “Improve procurement processes and policies”:

- A. Introducing regular reporting of procurement performance and compliance;
- B. Improving contract and supplier relationship management across the Council to ensure that we are getting the most value and innovation from our contractual relationships;
- C. Reviewing and improving our Purchase to Pay (P2P) processes with due consideration for local and national ICT Strategy requirements, existing budget constraints and the need to ensure best value, whilst reducing purchase to pay costs. The aim is to strengthen controls, increase efficiency and provide useful and up-to-date management information;
- D. Ensuring that there are standard templates in place for all procurement and contracting documentation and ensure that these are regularly reviewed in line with new legislation and best practice;
- E. Supporting local businesses and SMEs through closer working with Economic Development and by making our processes more streamlined and accessible;
 - 1. Through the use of a Vendor Rating System to select distribution lists for capital works Quick Quotes, ensuring that where possible local suppliers are included within distribution lists;
 - 2. Through the increase of the limit for works Quick Quotes to £2m, to increase opportunities for SMEs and local businesses;
 - 3. Through including a mandatory sub-contracting clause in tenders where relevant and proportionate.
- F. Categorise areas of spend to ensure we get the best balance of quality and price for our purchases;
- G. Protecting public spending – ensuring tax payers money is spent properly, ensuring integrity and accountability;
- H. Reducing bureaucracy – making the tender process standard, simple, transparent and ensuring consistency in procurement decision making;

- I. Ensuring the Council has continuity of supply through supporting a mixed economy of provision and developing markets, particularly local/rural markets, Small and Medium Sized Enterprises (SMEs) and Third Sector organisations;
- J. Working collaboratively with other public sector organisations;
- K. We will access national contracts and framework agreements where appropriate and arrange contracts and frameworks for local requirements as needed;
- L. We will report on Argyll and Bute Council's progress using the Scottish Government's Best Practice Indicators for procurement; and
- M. We will ensure that the potential for collaborating with NHS Highland is considered from the earliest stage in every procurement process.

3. Please select the 2 key priorities that you consider to be most important from the list below under the following area – “Increase expertise, capacity and effectiveness”:

- A. Developing staff in Procurement and Commissioning through training, secondments and mentoring;
- B. Developing and professionalising contract and supplier management practices and improving commercial awareness across the Council;
- C. Developing relationships with staff within NHS Highland to increase the potential for collaborative working that will benefit both organisations.

4. Please select the 3 key priorities that you consider to be most important from the list below under the following area – “Ensure compliance with complex European Union Procurement Legislation, and with Public Contracts (Scotland) Regulations 2015 and the Procurement Reform (Scotland) Act 2014 and associated mandatory guidance”:

- A. Ensuring that the Council's regulated procurements will contribute to the carrying out of its functions and achievement of its purposes.
- B. Ensuring that the Council's regulated procurements will deliver value for money.
- C. Ensuring that the Council's regulated procurements will be carried out in compliance with its duty to treat relevant economic operators equally and without discrimination.
- D. Ensuring that the Council's regulated procurements will be carried out in compliance with its duty to act in a transparent and proportionate manner, at each stage of the procurement process, from initial sourcing strategy creation, communications throughout and contract award.
- E. Ensuring that the Council's regulated procurements will be carried out in compliance with the sustainable procurement duty.
- F. Complying with the Council's Sustainable Procurement Policy (Appendix 4) in relation to the use of community benefit requirements.
- G. Following the Council's normal practice on consulting and engaging with those affected by its individual procurements.
- H. Complying with the statutory requirements on the payment of a living wage to persons involved in producing, providing or constructing the subject matter of regulated procurements.

- I. Complying with the Council's Corporate Health and Safety Policy on promoting compliance by contractors and sub-contractors with the Health and Safety at Work etc. Act 1974 (c.37) and any provision made under that Act.
- J. Complying with the Council's Sustainable Procurement Policy (Appendix 4) in relation to the procurement of fairly and ethically traded goods and services.
- K. Complying with the statutory requirements on how it intends its approach to regulated procurements involving the provision of food to: (i) improve the health, wellbeing and education of communities in the authority's area, and (ii) promote the highest standards of animal welfare.
- L. Ensuring that, so far as reasonably practicable, the following payments are made no later than 30 days after the invoice (or similar claim) relating to the payment is presented: (i) payments due by the Council to a contractor; (ii) payments due by a contractor to a sub-contractor; (iii) payments due by a sub-contractor to a sub-contractor.

Please advise if there are any general procurement issues which have not been included in the previous lists, which you consider to be relevant to Argyll and Bute Council

SUSTAINABLE PROCUREMENT POLICY

5. Please select the 3 priorities that you consider to be most important from the list below under the following topic - People:

- A. We will establish clear leadership to drive the embedding and continuous improvement of sustainable procurement within the Council, through having a Sustainable Procurement Champion within the Council.
- B. We will use organisational development opportunities, and e-learning to share knowledge and ensure annual refresher training on the latest sustainable procurement principles for key procurement staff, to meet any knowledge gaps.
- C. We will continue with the appointment of a Council Representative within the National Community Benefit Champions Network.
- D. We will continue to publicise our commitment and successes in Sustainable Procurement.

6. Please select the 3 priorities that you consider to be most important from the list below under the following topic – Objectives, Strategy and Communications:

- A. We will ensure our Sustainable Procurement Policy continues to meet all external requirements, as well as complementing the Council's internal Strategies.
- B. We will carry out sustainable procurement whilst complying with national and EU procurement regulations that protect and encourage open and transparent public procurement.
- C. We will ensure relevant communications strategies are developed and actioned as required, in relation to Sustainable Procurement outcomes.

D. We will communicate this policy and accompanying guidance to all Council staff and elected members.

7. Please select the 3 priorities that you consider to be most important from the list below under the following topic - Process:

- A. We will ensure that what we intend to purchase is necessary and that there is a business case for doing so. Specifying our requirements so as to meet the needs of users and to avoid purchasing more than is needed.
- We will, where appropriate and where it is sustainable, purchase fewer new goods by re-using, repairing or refurbishing existing goods.
- B. We will consider sustainability issues in relation to the economic, social and environmental wellbeing of our area throughout the procurement process; when writing Sourcing Strategies, when creating Invitations to Tender, when evaluating tender submissions, and during contract management.
- C. We will make use of Community Benefits Clauses where appropriate:
- Argyll and Bute Council's procurement processes shall give full consideration to the relevance and appropriateness of the use of community benefit clauses in supply of goods and services contracts which have a value in excess of £100,000, and works contracts which have a value in excess of £500,000.
 - The Sustainability Lead Officer will monitor and verify the impact of this policy in relation to the Council's objectives and shall report to the Council's Procurement Board in this respect on a quarterly basis.
- D. We will make use of Sub-Contracting Clauses where appropriate.
- Clauses requiring a minimum percentage of the scope of the contract to be sub-contracted will be included in all contracts that are deemed to be proportionate and relevant.
- E. We will seek to ensure that wherever appropriate, our contract terms will require suppliers and contractors to support the welfare and rights of their employees and subsidiary companies. We will encourage suppliers to promote fair employment practices, employee welfare, equality of opportunity, and to improve workforce diversity so that it is representative of the communities they serve.
- F. We will appoint a Council Representative for Argyll and Bute Fair Trade; we will continue to promote fair trade options as a means of helping excluded and disadvantaged producers, including independent small farmers, to access international markets and receive a fair price for their products.
- G. We will, where practicable and where it is sustainable, specify fresh, seasonal, nutritious, and where possible, organic food.
- We will specify Protected Geographical Indication and Protected Designation of Origin standards where they are justified by menu requirements.
 - We will not knowingly purchase genetically modified food or food with genetically modified ingredients.
- H. We will consider animal welfare when making procurement decisions, and wherever possible, will not purchase goods which have been developed using animal testing.

- I. We will deliver value for money by realistically assessing the whole life-cycle costs of our procurement where possible, and not simply considering the initial purchase price.
- J. We will continue to promote the Supported Business Framework and award a minimum of two contracts annually through this Framework.
 - We will, where possible, reserve contracts for supported factories, supported businesses and supported employment programmes, where their prices and capacity to deliver is comparable to the rest of the market.
- K. We will continue to consider diversity issues i.e. accessibility needs, religious needs, differing diets etc.
- L. We will continue lotting contracts to ensure that Small and Medium size companies are encouraged to bid for our contracts and ensure that tender documents are proportional to the requirement to remove unnecessary obstacles.
- M. We will continue to minimise any negative impacts of procured goods/services/works on biodiversity.
- N. We will ensure that all relevant procurement contracts and tenders contain best practice standards and sustainable specifications as appropriate to the product or service being procured, using Government Buying Standards sustainable specifications where appropriate.
- O. We will specify minimum packaging, reusable packaging and packaging take-back.
- P. We will ensure that our procurement minimises its contribution to climate change and supports goods, services and works that are well-adapted to the consequences of a changing climate.
- Q. We will not intentionally discriminate against specific groups of people when undertaking our procurement activities. We will assess whether a full Equalities Impact Assessment is required at key points in commissioning and procurement cycles and report these through the appropriate management groups or committees.
- R. We will use recycled paper throughout Council locations where there are no issues with existing equipment.

8. Please select the 3 priorities that you consider to be most important from the list below under the following topic - Stakeholders:

- A. We will consult with stakeholders, including suppliers and Third Sector agencies, to ensure views are considered on sustainable outcomes sought.
- B. We will engage with our suppliers and stakeholders to remove barriers to participation in procurement and maximise impact of sustainable opportunities.
- C. We will continue to support local and regional small and medium sized enterprises, voluntary and community groups, social enterprises, charities and cooperatives, black and ethnic minority enterprises and women and disability-owned businesses to participate in procurement opportunities; by sharing knowledge and participating in events aimed specifically at local SMEs (Small & Medium Enterprises) and Scottish suppliers, for example by publicising Supplier

Development Programme events and providing assistance with the tender process through Business Gateway.

- D. We will work with suppliers to educate them on sustainable procurement and our policy, to encourage them to use more sustainable goods, processes and working practices in their own business operations and encourage them to engage in sustainable procurement activities within their own supply chain.
- E. Where appropriate, we will consult with the people whose needs we aim to meet through our procurement to ensure that we procure goods, services and works that actually meet their needs.

9. Please select the 3 priorities that you consider to be most important from the list below under the following topic - Monitoring and Reporting:

- A. We will continue to ensure that reporting requirements relating to Sustainable Procurement are met, including Climate Change Reporting requirements, and internal reporting of Community Benefits achieved
- B. We will measure and report on our progress in embedding and continuously improving sustainable procurement and its contribution to delivering sustainable development annually.
- C. The Council's ongoing programme of reviewing and improving our procurement processes will seek to ensure they remain transparent and open to the whole of the supplier community.
- D. We will ensure suppliers comply with their commitments to the sustainability criteria within our specifications and their tender submissions by building in proportionate, effective monitoring and management into contract arrangements.
- E. We will continue to self-assess the Council's progress against each theme of the Flexible Framework annually, and include this result in the publication of the procurement key performance indicators.

Please advise if there are any sustainable procurement issues which have not been included in the previous lists, which you consider to be relevant to Argyll and Bute Council

Further comments

You can read the full draft version of the [Procurement and Commissioning Strategy 2016/17-2017/18 here](#), which includes the Sustainable Procurement Policy 2016/17-2017/18 as an Appendix. We would appreciate any other feedback you would like to provide on this document.

Feedback

Please provide your contact details here if you would like to receive feedback on the outcome of this consultation exercise, and the final versions of the Procurement and Commissioning Strategy 2016/17-2017/18 and the Sustainable Procurement Policy 2016/17-2017/18

ARGYLL AND BUTE COUNCIL**POLICY & RESOURCES COMMITTEE****CUSTOMER SERVICES****27 OCTOBER 2016**

COUNCIL TAX ON SECOND HOMES

1.0 EXECUTIVE SUMMARY

- 1.1 The Scottish Government announced its intention to introduce legislation to allow councils to end the Council Tax discount for second homes from April 2017 in “A Plan for Scotland: The Government’s Programme for Scotland 2016-17”. It has now produced draft legislation to bring this into effect. Assuming that this is enacted as planned from 1 April 2017, Policy & Resources Committee is invited to consider whether they wish to do this from April 2017.

ARGYLL AND BUTE COUNCIL

POLICY & RESOURCES COMMITTEE

CUSTOMER SERVICES

27 OCTOBER 2016

COUNCIL TAX ON SECOND HOMES

2.0 INTRODUCTION

- 2.1 The Scottish Government announced its intention to introduce legislation to allow councils to end the Council Tax discount for second homes from April 2017 in “A Plan for Scotland: The Government’s Programme for Scotland 2016-17”. It has now produced draft legislation to bring this into effect. Assuming that this is enacted as planned from 1 April 2017, Policy & Resources Committee is invited to consider whether they wish to do this from April 2017.

3.0 RECOMMENDATIONS

- 2.1 Council exercises its discretion under regulation 4 The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Regulations 2013 to vary the council tax charge on second homes such that no discount applies across the whole of the council area with effect from 1 April 2017. This is conditional on the draft SSI entitled The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Amendment Regulations 2016 being enacted with effect from 1st April 2017.

4.0 DETAIL

- 4.1 The Local Government Finance (Unoccupied Properties etc.) (Scotland) Act 2012 received Royal Assent on 5 December 2012. This provided enabling powers for further regulations to modify council tax discounts such that there can be variations allowing for up to a doubling of the council tax charge. Further regulations were laid in February 2013 entitled The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Regulations 2013.
- 4.2 In November and December 2004, Council decided to exercise its discretion to reduce the discount for council tax on long term empty and second homes across the council area from 50% to 10%. The legislation under which this was done was repealed with effect from 1 April 2013. The new legislation is the Local Government Finance (Unoccupied Properties etc.) (Scotland) Act 2012 and affects the council tax bills for 2013-14. The new legislation defines new categories of unoccupied properties which differ from the previous categories, and there are new discretions for charging council tax for these new categories.
- 4.3 A second home is defined as a domestic dwelling which is no-one’s sole or main residence and is furnished, but has also been lived in other than as a sole or main residence for at least 25 days in a rolling 12 months’ period. An

unoccupied dwelling is a domestic dwelling which is no-one's sole or main residence but which is not a second home.

- 4.4 In March 2013 Council agreed to exercise its discretion under The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Regulations 2013 (SSI 2013/45) to reduce the discount for council tax on unoccupied dwellings and second homes across the council area from 50% to 10%. This mirrored the decisions made in November and December 2004.
- 4.5 In June 2013 the Council approved a policy for charging double Council Tax on long-term empty dwellings. This was further modified in August 2015. This applies after 12 months to all properties unless they are being actively marketed for sale or let when it applies after they have been empty for 24 months. There is also some exemption where there are new owners and buildings are under repair.
- 4.6 The Scottish Government has now drafted an amendment to these provisions entitled The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Amendment Regulations 2016 and plans for this to be enacted with effect from 1st April 2017. The regulations, if passed, would then allow the council to determine that, instead of a reduced discount of a minimum of 10%, no discount may apply to second homes.
- 4.7 If the Council were to choose to exercise its discretion to do this, this would affect approximately 3,400 second home owners across the council area and would bring in around an additional £380,000 p.a. in council tax receipts assuming a 95% payment factor.
- 4.8 The previous income from the reduction in the 50% discount has been ring-fenced to the Strategic Housing Fund and we assume will continue to be ring-fenced in this way. We expect that the additional income from removing the discount will not be ring fenced - in the same way as it is not ring fenced for long term empty properties. At this stage no updated guidance on this has been produced by the Scottish Government, so this is not certain.

Implementation

- 4.9 If this change in policy is approved, it is proposed to write out as soon as practical to all owners of properties currently classed as second homes to advise them of the proposed increase in council tax charge for such properties from 1 April 2017. The change would then be implemented as part of the normal council tax annual billing in February 2017 with bills being issued at the start of March.
- 4.10 These proposals are conditional on the draft legislation being enacted as planned.

5.0 CONCLUSIONS

- 5.1 This paper asks the committee to remove the council tax discount on second homes with effect from 1 April 2017. This would bring additional income of c £380,000 p.a. and would affect c 3,400 second home owners.

6.0 IMPLICATIONS

- 6.1 Policy: This proposes the council exercises new powers to remove the 10% discount on second homes with effect from 1 April 2017 when this becomes legal to do so.

- 6.2 Financial: Potential increase in recurring council tax income of c£380,000 p.a.. We expect this increase will not be ring-fenced and will be available to council to spend as it sees fit.
- 6.3 Legal: Proposals are in accordance with draft legislation for council tax which should come into effect from 1 April 2017
- 6.4 HR: None
- 6.5 Equalities: Scottish Government completed an equalities impact assessment as part of their consultation into these changes for the earlier legislation. Owners of second homes are not expected to fall disproportionately into any particular equalities group.
- 6.6 Risk: Potential for non-payment of the increased charge.
- 6.7 Customer Service: Will need to give as much notice as possible to owners of second homes.

Douglas Hendry
Executive Director Customer Services
15 September 2016

For further information please contact Judy Orr, Head of Customer and Support Services Tel 01586-555280 or Fergus Walker, Revenues and Benefits Manager Tel 01586-555237

Background papers

Council tax discount on second homes and long term empty homes: Council 24 November 2004

Council tax discount on second homes and long term empty homes: Council 21 December 2004

Council tax on empty properties: Council 27 June 2013, reconvened on 8 August 2013

ARGYLL AND BUTE COUNCIL
CUSTOMER SERVICES

POLICY & RESOURCES COMMITTEE
27 OCTOBER 2016

DISCRETIONARY HOUSING PAYMENTS POLICY UPDATE

1.0 EXECUTIVE SUMMARY

- 1.1 In March 2013 Council approved a policy for awarding Discretionary Housing Payments (DHP) to claimants in receipt of Housing Benefit (HB) and who are deemed to be in high, medium or low levels of hardship. The policy was updated in August 2014 to allow DHPs to be paid to all under-occupancy cases irrespective of priority and for this change to be backdated to 1 April 2014. This was further updated in August 2015 for claims from those in receipt of Disability Living Allowance (DLA), and to ensure that help with rent deposits / rent in advance does not encourage claimants to move to a property which they cannot afford on an ongoing basis.
- 1.2 There is now a requirement to update the policy further to reflect new guidance from DWP about assistance to households affected by the benefit cap. The new reduced benefit cap is coming in starting from 7 November 2016 and many more households in our area are likely to be affected.
- 1.3 The committee is asked to approve the proposed amendments to the DHP policy which reflect this new guidance.

DISCRETIONARY HOUSING PAYMENTS POLICY UPDATE

2.0 INTRODUCTION

- 2.1 In March 2013 Council approved a policy for awarding Discretionary Housing Payments (DHP) to claimants in receipt of Housing Benefit (HB) and who are deemed to be in high, medium or low levels of hardship. The policy was updated in August 2014 to allow DHPs to be paid to all under-occupancy cases irrespective of priority and for this change to be backdated to 1 April 2014. This was further updated in August 2015 for claims from those in receipt of Disability Living Allowance (DLA), and to ensure that help with rent deposits / rent in advance does not encourage claimants to move to a property which they cannot afford on an ongoing basis.
- 2.2 There is now a requirement to update the policy further to reflect new guidance from DWP about assistance to households affected by the benefit cap. The new reduced benefit cap is coming in starting from 7 November 2016 and many more households in our area are likely to be affected. An amendment to the policy is proposed for consideration.

3.0 RECOMMENDATIONS

- 3.1 Policy & Resources Committee approves the proposed amendment to the policy for awarding DHP attached at Appendix 1.

4.0 DETAIL

- 4.1 On a monthly basis, the SMT considers what priority of cases we can afford to support based on budget available, and we are currently supporting medium and high hardship cases for all priority groups. It is hoped to support this priority throughout 2016/17 in the same way as we supported such cases in 2014/15 and 2015/16.
- 4.2 For 2016/17, we have the following funding for DHPs:

	£
DWP	407,881
SG tranche 1 2016/17	54,020
SG hold back 2015/16	106,044
Carry forward earmarkings from 2015/16	35,730
TOTAL	£603,675

- 4.3 As at end of August, we have spent and committed £463,835. We have processed 882 applications for DHP and made 826 awards. There are a total of 137 applications outstanding or requiring further information at the end of August including 52 bedroom tax cases which are still to be reviewed before granting

continuation. Nearly all the awards to date (94% by value) have been for bedroom tax cases.

- 4.4 Spend this year will be affected by the lower benefit cap which is now expected to commence on 7 November. The latest scan received on 7 September indicated 68 households may be affected and if we have to support all these cases with DHP from November to the end of the year, costs could be c £70k. This is just about affordable within the current funding available.
- 4.5 DWP has issued amended guidance on DHPs in advance of the new reduced benefit cap. The guidance suggests that awards to households affected by the benefit cap should be conditional on a member of the family taking up an appointment with a local DWP work coach to review the routes to work available. The Welfare Reform Working Group has been consulted on this and a change to the policy is proposed which reflects this guidance whilst maintaining the discretion to review the full circumstances of each household making a claim for DHP.
- 4.6 It is proposed to amend two parts of the policy. Section 6 deals with the period of the award. The minimum award period of 13 weeks still applies to all cases. We are proposing that for benefit cap cases, any extension of this initial award period to a 26 week period will be conditional on engagement with Job Centre Plus to try to actively move into employment. If a household member takes up work, then that will remove the household from the benefit cap. Any extension beyond 26 weeks is unchanged and is dependent on there being exceptional circumstances.
- 4.7 Section 7 deals with priority groups. It is proposed that benefit caps cases are split as follows. Those households who are engaging with DWP Work Coaches would fall into Priority Group D. Those households who are not engaging would fall into Priority Group E which is the catch all group for those not in any other category.
- 4.8 At present we are supporting high and medium hardship cases across all priority groups and so it does not make any difference which priority group a household falls into. However, if finances become tighter, it would be possible to restrict support to, say, high hardship cases for all priority groups and medium hardship cases for priority groups A to D only.
- 4.9 DHP assessors refer to a working document which lists some indicators of hardship levels. These are indicators only and do not fetter discretion to consider all relevant factors. An indicator of low level of hardship would be the fact that the shortfall in housing costs is caused by the benefit cap and the household is failing to engage with DWP in seeking a route to work. This would be a single indicator which would still allow discretion to consider all other factors set out in the policy.

5.0 CONCLUSIONS

- 5.1 This paper asks Policy & Resources Committee to approve the updating of the DHP policy following new guidance from DWP about households affected by the benefit cap.

6.0 IMPLICATIONS

- 6.1 Policy: This proposes a change to the policy for awarding DHP affecting benefit cap cases.

- 6.2 Financial: This is likely to reduce levels of support for household affected by the benefit cap where there is no engagement with DWP work coaches.
- 6.3 Legal: Proposals are in accordance with DWP guidance and all legislation.
- 6.4 HR: None.
- 6.5 Equalities: No particular equalities groups are expected to be adversely impacted.
- 6.6 Risk: Reduces risk of over spending DHP budget.
- 6.7 Customer Service: None.

Appendices:

- 1 Proposed changes to DHP policy

Douglas Hendry
Executive Director Customer Services
13 September 2016

Policy Lead: Councillor Dick Walsh

For further information please contact Judy Orr, Head of Customer and Support Services Tel 01586-555280 or Fergus Walker, Revenues and Benefits Manager Tel 01586-555237

Background papers

Welfare Reform: Council 21 March 2013

Discretionary Housing Payments Policy: Policy & Resources Committee 21 August 2014

Discretionary Housing Payments Policy: Policy & Resources Committee 20 August 2015

Appendix 1: proposed changes to DHP Policy

Sections highlighted in **Yellow** are proposed changes.

6.0 PERIOD OF AWARD

The period of award of a DHP will normally be:

- For a minimum period of 13 weeks unless there are exceptional circumstances where it can be for a shorter period,
- **For households subject to Benefit Cap restrictions the initial award of 13 weeks will be extended to 26 weeks where evidence is forthcoming from Job Centre Plus that the household has been actively engaging with them to try to move into employment.**
- For not more than 26 weeks except where the claimant is subject to under-occupancy restrictions, or there are other exceptional circumstances,
- Where there are exceptional circumstances, a full review of the claim must be carried out prior to any extension. Such an extension may be for a further period of up to 26 weeks, making a total of a maximum of 52 weeks for any continuous award.
- For claimants subject to under-occupancy restrictions, an initial award can be made for up to a full 52 weeks if that appears appropriate and the award may also be backdated to 1 April 2013 or such later date when the under-occupancy restriction commenced. The award may be extended following a full review of the claim for a further period of up to 52 weeks.

7.0 AWARDING A DHP

In deciding whether to award a DHP, the Benefits Unit will work together with other key stakeholders (e.g. the Council's Housing and Welfare Rights service, Money Advice Unit and ACHA) to consider the following main factors:

- The household's financial circumstances;
- The tenancy;
- Prevention of Homelessness;
- The household's medical circumstances;
- The priority group in which the applicant falls.

Each of these factors is considered in more detail below. These factors will be taken together and an overall assessment made which balances the degree of financial hardship and the likelihood that support will help to prevent homelessness and specific relevant tenancy factors. Using this overall assessment, applicants will be classed as high, medium or low priority within each priority group.

Each month there will be an assessment of which groups can be supported. In general all high priority applicants will rank above medium priority applicants irrespective of which group A to E they fall into. Within a priority level (high, medium or low) applicants in group A would rank above group B and so on. The intention would be to support all groups A to E high priority cases and as

many of the medium priority cases possible. It is unlikely that any low priority cases will receive support.

.....

PRIORITY GROUP D

- To help secure and move to lower-cost, alternative accommodation (e.g. rent deposit)
- To help with short-term rental costs while the claimant seeks employment
- Households within 12 months of the pension credit age and subject to under-occupancy restrictions.
- **Households subject to benefit cap restrictions who have taken up an appointment with a DWP work coach to review the routes to work available to them**
- Claimants subject to LHA reforms

PRIORITY GROUP E

- To help with short term rental costs for any other reason

ARGYLL AND BUTE COUNCIL**POLICY & RESOURCES COMMITTEE****CUSTOMER & SUPPORT SERVICES****27 OCTOBER 2016**

CONSULTATION ON SOCIAL SECURITY

1.0 EXECUTIVE SUMMARY

1.1 The Scottish Government launched a consultation on the future of social security in Scotland on 29 July and this closes on 28 October 2016. The consultation is in three parts:

- Part 1: a principled approach – this section contains questions about the principles for the new Social Security Agency, outcomes and the user experience, delivery of social security in Scotland, equality and low income, and independent advice and scrutiny.
- Part 2: the devolved benefits – this section contains questions on each of the powers being devolved to Scotland in the area of Social Security.
- Part 3: operational policy – this section contains questions covering advice, representation, advocacy, complaints, reviews and appeals, residency and cross-border issues, overpayments and debts, fraud, protecting information and uprating of benefits.

1.2 The Council should welcome this opportunity to contribute. The draft response is attached for consideration.

ARGYLL AND BUTE COUNCIL

POLICY & RESOURCES COMMITTEE

CUSTOMER & SUPPORT SERVICES

27 OCTOBER 2016

CONSULTATION ON SOCIAL SECURITY

2.0 INTRODUCTION

2.1 The Scottish Government launched a consultation on the future of social security in Scotland on 29 July and this closes on 28 October 2016. A draft response is attached for consideration.

3.0 RECOMMENDATIONS

3.1 Policy & Resources Committee is asked to consider the draft response attached at Appendix 1 and comment on it.

4.0 DETAIL

4.1 The consultation is in three parts:

- Part 1: a principled approach – this section contains questions about the principles for the new Social Security Agency, outcomes and the user experience, delivery of social security in Scotland, equality and low income, and independent advice and scrutiny.
- Part 2: the devolved benefits – this section contains questions on each of the powers being devolved to Scotland in the area of Social Security.
- Part 3: operational policy – this section contains questions covering advice, representation, advocacy, complaints, reviews and appeals, residency and cross-border issues, overpayments and debts, fraud, protecting information and uprating of benefits.

4.2 A draft response is attached for consideration which is summarised below by section:

Part 1: A Principled Approach

1. Fixing the principles in legislation

- We support the proposal for a claimant charter similar to the charter for patient rights and responsibilities
- This could also be supported by statutory guidance which has been helpful with Scottish Welfare Fund ensuring consistency of approach across local authorities. There is less of a need for this if there is to be a single Scottish Social Security Agency responsible for delivery.

- Duty to treat claimants with dignity and respect should be placed on Scottish Ministers as this is where responsibility for designing the system lies.

2. Outcomes and the user experience

- The outcomes should also include the need for the social security provision to be affordable and viewed as equitable – this links closely to the outcome for “people resident in Scotland to view the benefit and those who receive them positively”
- It would be advantageous for a one-stop shop approach to be followed wherever possible linking both benefits and social care assessments. Local authorities are ideally placed to act in this co-ordinating role. Employability and advice hubs could be created to bring relevant partners together in a single location on a local basis.
- There is a role for face to face contact when trying to help people make positive changes in their lives – it shouldn't just be about payment of benefits

3. Delivering social security in Scotland

- Not all benefits are being devolved so there needs to be close liaison with DWP who will continue to deliver the majority of benefits in Scotland with data sharing and partnership working.
- It would be helpful to offer goods as an alternative to cash through providing access to certain national public sector contracts (e.g. domestic furnishings contract used by Scottish Welfare Fund). But people should have choices.
- Assessments required for disability related benefits should be co-ordinated i.e. don't have separate ones for PIP and other ones for blue badges.
- Local authorities should be key partners in delivery.
- Roles need to be clearly defined and easy to follow from user viewpoint, with as few handoffs of the user to other organisations as possible.

4. Equality and low income

- Disability and age are key characteristics around which benefits need to be designed and detailed engagement with relevant user groups is required to ensure this is done well.
- The partial EQIA has little consideration of other protected characteristics such as religion and belief, sexual orientation, gender and these aspects need to be considered to ensure that equalities groups are not disadvantaged in terms of being able to access the new services and being treated fairly.
- Must ensure that any new system is not costly for the user to access, especially users in rural areas, and those with no digital access.

5. Independent advice and scrutiny

- An expert body could provide helpful advice and scrutiny.
- There should be clear appeals mechanisms to challenge decisions as well as a formal complaints process, and these should link to reviews of standards.

Part 2: The Devolved Benefits

6. Disability Benefits

- We agree that there should be a smooth transition to any new benefits for existing recipients.

- Any assessments should be co-ordinated so that a single assessment for one benefit provides access to as wide a range of benefits as possible.
- There needs to be a balance between lengthy awards and unnecessary re-assessments.
- Not all disabilities prevent people from working, and those of working age should be encouraged to be able to work where they can, with assistance provided to make this possible / easier which could include assistance to employers to make modifications, access to motability schemes etc.

7. Carer's Allowance

- We agree that Carer's Allowance should be the same as Job Seekers Allowance or equivalent amount of Universal Credit payment for those of working age who aren't eligible for JSA or UC.
- Do not agree that it should not be means tested in any way.
- Agree that alternatives to cash could be offered provided this is a choice.

8. Winter Fuel & Cold Weather Payments

- Winter fuel payments total £184m and cold weather payments total just £7m in 2014-15. There should be a new benefit targeted to address households affected by fuel poverty.
- Need to have a simple system so people can plan for their fuel costs, and get help to access better value fuel tariffs.

9. Funeral Payments

- We are concerned that current levels do not cover the costs of a funeral.
- We suggest that a standard "package" might be developed with undertakers where costs would be covered, and payment then made direct to undertakers.
- We agree that it is not right to make deductions for contributions from family members.

10. Best Start Grant

- The proposals are much more generous than the existing Sure Start Maternity Grant and therefore should be targeted to families on low incomes rather than covering all families in receipt of Universal Credit which can include families with incomes of over £30,000.
- We agree that the requirement to obtain advice from a medical professional should be a condition.
- There should be an option to obtain goods rather than cash.

11. Discretionary Housing Payments (DHPs)

- The bulk of DHPs relate to bedroom tax cases. It should be possible to remove all the administration associated with the imposition of the social sector size criteria restriction and then the award of the DHP which re-instates the entitlement.
- Discretion needs to be retained.

12. Job Grant

- Costs of taking up a new job include the need for suitable clothes as well as travel and to cover the gap until first pay is received.

13. Universal Credit (UC) flexibilities and housing element

- We agree that UC claimants (both social rented sector and private sector) should have the option to have housing costs element paid direct to their landlord.
- Payments should default to UC claimant with an option at their choice to split between household members.

Part 3: Operational Policy

14. Advice, representation and advocacy

- DWP research has shown clearly the value of co-location of advice services in providing better take up of advice and benefits. We consider that provision of employability and advice hubs should be encouraged.
- We agree that it is helpful to be clear on the differences between signposting, case work and formal representation and advocacy.

15. Complaints, reviews and appeals

- We agree that a complaints handling procedure should be based on the SPSO principles for complaints handling.
- Re-considerations (or internal reviews) are an important step in the process and there should be strict timescales for these just as there are for Scottish Welfare Fund first stage reviews.
- The appeals tribunal also hears appeals for council tax reduction (CTR), and it is beneficial if there is a single body which hears all appeals. We would welcome consistency of decision making - we have had some cases where there have been different decisions for a housing benefit appeal and a CTR appeal where the facts have been identical because they have been heard separately by different panel members. Would it be possible for a number of appeal matters to be grouped together where they relate to same time period and same claimant?

16. Residency and cross-border issues

- There are a number of options for determining residency and it should be consistent with UK benefits unless there are good reasons for difference.
- In terms of looking at the Scotland-England border, could possibly consider residency for council tax purposes as the test for this of “sole or main residence” is very similar in Scotland and England.

17. Managing overpayments and debt

- It is difficult to recover overpayments, and most recoveries are made from ongoing benefit payments. This means that the system needs to be designed to minimise the risk of overpayments occurring .
- Recoveries should be made for some official errors, as is the case with housing benefit. Where an individual should have known that an error has been made and does not correct it, then it is equitable to recover an overpayment.
- There should be a facility to make a recovery by a direct earnings arrestment for someone who is in work and there is no ongoing benefit in payment.
- There should be some discretion in the system to reduce a recovery where this is causing undue hardship.

18. Fraud

- We suggest that the opportunity is taken to work closely with DWP’s Single Fraud Investigation Service

- We support the protection afforded through carrying out interviews under caution although this is stressful for the individual.
- We agree that penalties for committing fraud in relations to Scottish benefits should be similar to penalties in relation to fraudulent claims for reserved benefits.

19. Protecting your information

- There should be data sharing with DWP to enable passporting of benefits and simplification of access to benefits, reducing the burden on applicants.
- Further data sharing should be with the consent of individuals, and should be encouraged where it is to their benefit.
- Any new system should be designed as digital first. Authentication of identity should be by the national “MyAccount” service run by the Improvement Service and driven by NRS data.
- Assisted digital should be offered for those who would otherwise be excluded.

20. Uprating

- Where devolved benefits are operated in line with the rest of the UK, then similar uprating should apply. Where the benefits are quite distinct or standalone, then a more flexible approach should be taken which is commensurate with policy objectives and affordability.

5.0 CONCLUSIONS

5.1 Policy & Resources Committee is asked to consider and comment on the draft response attached at Appendix 1.

6.0 IMPLICATIONS

- | | |
|-----------------|---|
| 6.1 Policy: | Affects levels and types of social security benefits to be paid in Scotland. |
| 6.2 Financial: | About £2.7bn of benefits are being devolved. It is important that the new or changed benefits will be affordable |
| 6.3 Legal: | New legislation would be required to put any agreed changes into effect. |
| 6.4 HR: | A new devolved social security agency is to be set up to deliver the new benefits. Local authorities could have a significant part to pay in delivery. |
| 6.5 Equalities: | Changes will need to be subject to a full equalities impact assessment (EQIA) at a national level. A partial EQIA has been presented for consideration. |
| 6.6 Risk: | Continuity of payment will be very important for existing recipients of benefits to be devolved. |

6.7 Customer Service: The Scottish Government is keen that respect for the dignity of individuals is at the heart of the new agency and the new / reformed benefits. High levels of customer service will be key in achieving this.

Appendices

1 Draft response to consultation questions

Douglas Hendry
Executive Director Customer Services
12 September 2016

Policy Lead: Councillor Dick Walsh

For further information please contact Judy Orr, Head of Customer and Support Services Tel 01586-555280 or Fergus Walker, Revenues and Benefits Manager, Tel 01586-555237

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A New Future for Social Security

Consultation on Social Security in Scotland

Answer Booklet

July 2016



Scottish Government
Riaghaltas na h-Alba
gov.scot

Introduction to the Answer Booklet

This is designed to accompany the Consultation on Social Security in Scotland which can be found here: <http://www.gov.scot/Publications/2016/07/9955> . This booklet should be used if you can not or do not wish to provide an online response. Please refer to the consultation document to give context to the questions.

Send your completed response to:

socialsecurityconsultation@gov.scot

or

Social Security Consultation
5th Floor
5 Atlantic Quay
150 Broomielaw
Glasgow
G2 8LU.

We need to know how you wish your response to be handled and, in particular, whether you are happy for your response to be made public. Please complete and return the **Respondent Information Form**. If you ask for your response not to be published we will regard it as confidential, and we will treat it accordingly.

All respondents should be aware that the Scottish Government is subject to the provisions of the Freedom of Information (Scotland) Act 2002 and would therefore have to consider any request made to it under the Act for information relating to responses made to this consultation exercise.

Comments and complaints

If you have any comments about how this consultation exercise has been conducted, please send them to:

Chris Boyland
5 Atlantic Quay, 5th floor
150 Broomielaw
Glasgow,
G2 8LU.

Or

E-mail: socialsecurityconsultation@gov.scot


RESPONDENT INFORMATION FORM

Consultation on Social Security in Scotland to determine how best to use the new social security powers which will be devolved by the Scotland Act 2016.

Please Note this form **must** be returned with your response.

Are you responding as an individual or an organisation?

Individual

X Organisation

Full name or organisation's name

Argyll and Bute Council

01586 555280

Phone number

Address

Customer and Support Services
 Witchburn Road
 Campbeltown
 Argyll

Postcode

PA28 6JU

Email

Judy.orr@argyll-bute.gov.uk

The Scottish Government would like your permission to publish your consultation response. Please indicate your publishing preference:

- x Publish response with name
 Publish response only (anonymous)
 Do not publish response

We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for Scottish Government to contact you again in relation to this consultation exercise?

- x Yes
 No

CONSULTATION QUESTIONS

PART 1: A PRINCIPLED APPROACH

1. Fixing the principles in legislation

Q: Which way do you think principles should be embedded in the legislation?
 (please tick the option/s you prefer)

A. As a 'Claimant Charter'?	<input checked="" type="checkbox"/>
B. Placing principles in legislation?	<input checked="" type="checkbox"/>
C. Some other way, please specify	<input type="checkbox"/>

Why do you favour this/these option/s?

We support the proposal for a claimant charter similar to the charter for patient rights and responsibilities. This could also be supported by statutory guidance which has been helpful with the Scottish Welfare Fund in ensuring consistency of approach across local authorities. There is less of a need for this if there is to be a single Scottish Social Security Agency responsible for delivery. We agree that the principles should be enshrined in legislation as this will give greater status and enforceability.

If you think option A, ' a Claimant Charter' is the best way to embed principles in the legislation please advise:

Q: What should be in the Charter?

The charter should set out how claimants are expected to be treated (with dignity and respect) and should set out the minimum service standards to be provided.

Q: Should the Charter be drafted by:

(please tick the option/s you prefer)

A. An advisory group?	
B. A wider group of potential users and other groups or organisations?	
C. Both	x
D. Some other way, please specify	

Why do you favour this/these option/s?

The charter should draw upon the experience of claimants but also reflect what is achievable. The standards in the charter must be realistic and deliverable.

Q: We are considering whether or not to adopt the name, “Claimant Charter”. Can you think of another name that would suit this proposal better? If so, what other name would you choose?

No alternative suggestion is proposed. It will be necessary to ensure that it does not get confused with DWP’s claimant commitment.

Q: Do you have any further comments on the ‘Claimant Charter’?

No

If you think option B 'placing the principles in legislation' is the best way to embed principles in the legislation, please advise:

Q: On whom would you place a duty to abide by the principle that claimants should be treated with dignity and respect? (please tick the option you prefer)

A. The Scottish Government	
B. The Scottish Ministers	x
C. The Chief Executive of the Social Security Agency	
D. Someone else, please specify	

We believe that the ultimate duty should sit with Scottish Ministers as they have responsibility for designing the system. The system must be set up in such a way as to ensure that this principle pervades throughout the whole system. The chief executive of the new agency will indeed have responsibilities to ensure that the agency treats all claimants with dignity and respect, but undoubtedly other stakeholders will also play a part in this too.

Q: Do you have any further comments on placing principles in legislation?

No

Q: Do you have any further comments or suggestions in relation to our overall approach, to fix our principles in legislation? For example, do you feel that there is no need to fix principles in legislation?

(please tick one box)

Yes	
No	x

We agree that the principles should be enshrined in legislation as this will give greater status and enforceability.

Q: Are the outcomes (shown in the table on page 17 of the consultation) the right high level outcomes to develop and measure social security in Scotland?

(please tick one box)

Yes	<input checked="" type="checkbox"/>
No	<input type="checkbox"/>

Yes, but see answer below also.

Q: Are there any other outcomes that you think we should also include (and if so, why?)

Yes. We consider that the outcomes should also include the need for the social security provision to be affordable and viewed as equitable. Whilst this links closely to the outcome for “people resident in Scotland to view the benefit and those who receive them positively” it is slightly more specific and would complement it.

Q: How can the Scottish social security system ensure all social security communications are designed with dignity and respect at their core?

This will be achieved through staff training and consultation with relevant stakeholder groups on model communications to ensure they achieve this objective.

Q: With whom should the Scottish Government consult, in order to ensure that the use of language for social security in Scotland is accessible and appropriate?

Consultation should be carried out with a range of claimants covering all the main equalities groups along as well as stakeholder organisations such as local authorities, and third sector organisations who may have a role in providing advice and advocacy services.

Q: Are there any particular words or phrases that should not be used when delivering social security in Scotland?

(please tick one box)

Yes	<input checked="" type="checkbox"/>
No	<input type="checkbox"/>

The Poverty Alliance “Stick your labels” campaign highlights many of the phrases that are unhelpful and this campaign has been endorsed by COSLA.

Q: What else could be done to enhance the user experience, when considering the following?

- When people first get in touch
- When they are in the processes of applying for a benefit
- When a decision is made (for example, about whether they receive a benefit)
- When they are in receipt of a benefit

It would be advantageous for a one-stop shop approach to be followed wherever possible linking both benefits and social care assessments. Local authorities are ideally placed to act in this co-ordinating role. Employability and advice hubs could be created to bring relevant partners together in a single location on a local basis.

The processes to be followed must be clear and timescales for responses should be advised to claimants and met. There should be clear advice about how to appeal decisions, and easy access provided to support organisations. Contact should be offered through an appropriate range of channels.

Q: How should the Scottish social security system communicate with service users? (For example, text messaging or social media)?

It is desirable to use modern forms of communications such as email and text messages and to encourage the use of digital channels wherever these are open to claimants. However the system must not discriminate against those who are digitally excluded. There is a role for face to face contact when trying to help people make positive changes in their lives – it shouldn't just be about payment of benefits.

Q: What are your views on how the Scottish Government can ensure that a Scottish social security system is designed with users using a co-production and co-design approach?

We support the principles of co-production and ensuring those with experience of claiming benefits are involved in the design of a new system. We would like to see close liaison with local government and other key public sector agencies including DWP to ensure that services are provided on as integrated a basis as possible. We should aim to ensure that an initial claim is used as a gateway to a range of support which is broadly co-ordinated with the minimum of hand-offs. Co-location of a range of agencies has been shown as being the most effective way of achieving this.

Q: We are considering whether or not to adopt the name “User Panels”. Can you think of another name that would better suit the groups of existing social security claimants which we will set up?

User panels suggests that other stakeholder groups might be excluded. We think there is merit in involving advice and advocacy bodies, local authorities and others with interest in these matters and finding an alternative name that encompasses a broader range of interests.

3. Delivering social security in Scotland

Q: Should the social security agency administer all social security benefits in Scotland?

(please tick one box)

Yes	
No	x

We do not think this is achievable or desirable.

Local authorities current administer:

- Housing benefit
- Council tax reduction
- Discretionary housing payments
- School clothing grants
- Free school meals
- Educational maintenance allowance
- Concessionary travel
- Blue badges

A new agency would not be able to take on these responsibilities. Local authorities have an excellent track record of delivery in these areas and a local presence which adds delivery especially when this cannot all be digital. We also have to recognise that DWP will continue to administer reserved benefits and local authorities liaise closely with DWP already.

Any new system or agency should not duplicate that which already exists. Instead there should be a one-stop shop approach which would clearly benefit the claimant.

Q: Should the social security agency in Scotland be responsible for providing benefits in cash only or offer a choice of goods and cash?

(please tick one box)

Yes – a choice of goods and cash	x
No - cash only	

Generally benefits should be in cash. However it could be helpful to offer goods as an alternative to cash through providing access to certain national public sector contracts (e.g. domestic furnishings contract used by Scottish Welfare Fund). Fundamentally people should have choices.

Q: How best can we harness digital services for social security delivery in Scotland?

We support the principle of Digital First and ensuring that those who can interact in this way. However those who are digitally excluded must be supported in alternative ways. Also digital interaction is not always best e.g. when assessing needs or working to assist people into employment, there is a clear role for face to face contact. DWP have seen the impact of postal signing on in rural areas and are now responding by providing more outreach services on a local basis along with advice agencies and local authorities which really help claimants. They now strongly advocate co-location and the new agency should learn from this.

Q: Should social security in Scotland make some provision for face to face contact?

(please tick one box)

Yes	x
No	

See above. There is a clear role for face to face contact locally from a one-stop shop.

Q: Who should deliver social security medical assessments for disability related benefits?

This undoubtedly depends on circumstances. If the decision maker has access to medical records, it may be that decisions can be automated in some cases. In other cases a health assessment will be required and this should be carried out by a health practitioner who knows the individual and their circumstances well. Consideration will also need to be given to conflicts of interest, quality, and potential costs.

Q: Should we, as much as possible, aim to deliver social security through already available public sector services and organisations?

(please tick one box)

Yes	x
No	

Local authorities should be key partners in delivery. Roles need to be clearly defined and easy to follow from user viewpoint, with as few handoffs of the user to other organisations as possible.

Assessments required for disability related benefits should be co-ordinated i.e. don't have separate ones for PIP and other ones for blue badges

Q: Should any aspect of social security be delivered by others such as the 3rd sector, not for profit organisations, social enterprises or the private sector?

(please tick one box)

Yes	
No	x

If yes, which aspects?

There does not appear to be any appetite in Scotland for private companies to be involved. We would not rule out the involvement of third sector, not for profit and social enterprises, but we need to have consistent governance and coverage across the whole of Scotland and local authorities would be much better placed.

4. Equality and low income

Q: How can the Scottish Government improve its partial EqIA so as to produce a full EqIA to support the Bill?

These prompts could be helpful in framing your answer:

- What does the Scottish Government need to do, as it develops a Scottish social security system, to ensure that equality implications are fully taken into account?
- What does the Scottish Government need to do, as it develops a Scottish social security system, to ensure that any implications for those on low incomes are fully taken into account?
- Are there equality considerations for individual benefits that you would like to draw to our attention?
- Are there considerations about individual benefits for those on low incomes that you would like to draw to our attention?
- What are your views on how we can best gather equality information for the new Scottish benefits?
- What does the Scottish Government need to do to ensure that its social security legislation (including secondary legislation and guidance) aligns its vision and principles with equality for all those who need assistance through Social Security support?
- What does the Scottish Government need to do to ensure that a Scottish social security system provides the right level of support for those who need it, and what are the possible equality impacts of this?

- Disability and age are key characteristics around which benefits need to be designed and detailed engagement with relevant user groups is required to ensure this is done well.
- The partial EQIA has little consideration of other protected characteristics such as religion and belief, sexual orientation, gender and these aspects need to be considered to ensure that equalities groups are not disadvantaged in terms of being able to access the new services and being treated fairly.
- We must ensure that any new system is not costly for the user to access, especially users in rural areas, and those with no digital access.

5. Independent advice and scrutiny

Q: Do you think that there is a need for an independent body to be set up to scrutinise Scottish social security arrangements?

(please tick one box)

Yes	x
No	

- An expert body could provide helpful advice and scrutiny.
- There should be clear appeals mechanisms to challenge decisions as well as a formal complaints process, and these should link to reviews of standards.

Q: If you agree, does the body need to be established in law or would administrative establishment by the Scottish government of the day be sufficient?

(please tick one box)

Yes – in law	x
No - administrative	

Powers should be set out clearly in legislation in order to give the body authority.

Q: If yes, what practical arrangements should be made for the independent body (for example, the law could state how appointments to it are made and the length of time an individual may serve as a member of the body)?

The body should be able to make recommendations to ministers, the social security agency and other bodies involved in delivering social security powers.

Q: Should there be a statutory body to oversee Scottish social security decision making standards?

(please tick one box)

Yes	x
No	

There needs to be a statutory body to handle appeals about decisions (similar to the Appeals Tribunals) and also a statutory body to handle complaints (similar to the SPSO). Existing bodies with expertise in these matters could take on these roles.

Q: If yes, should this be a separate body in its own right?

(please tick one box)

Yes	
No	x

As stated above, existing bodies with expertise in these matters could take on these roles

Q: Do you have any other views about the independent scrutiny of social security arrangements in Scotland (e.g. alternative approaches)?

PART 2: THE DEVOLVED BENEFITS

6. Disability Benefits (Disability Living Allowance, Personal Independence Payment, Attendance Allowance, Severed Disablement Allowance and Industrial Injuries Disablement Benefit)

Q: Thinking of the current benefits, what are your views on what is right and what is wrong with them?

Disability Living Allowance (DLA)

What is right with DLA?

No comments made as this is being replaced by PIP and this is unlikely to change.

What is wrong with DLA?

No comments made as this is being replaced by PIP and this is unlikely to change..

Personal Independence Payment (PIP)

What is right with PIP?

PIP is intended to reduce expenditure which has been growing to unaffordable levels and to do this through concentrating support on those who need it most. This provides additional incentive to those who don't qualify to obtain employment which is generally beneficial to their physical and mental health.

What is wrong with PIP?

The processes of applying for PIP are extremely long and complicated and costly. It is not yet clear if PIP is meeting its policy objectives.

Attendance Allowance (AA)

What is right with AA?

For the most part this is seen as being fit for purpose.

What is wrong with AA?

The application process and evidence requirements could still be improved further.

Q: Is there any particular change that could be made to these disability benefits that would significantly improve equality?

The timescales for review of awards must be closely linked to a customer's individual circumstances and their health prognosis.

We want to make sure that the process is clear and accessible from start to finish, and that people claiming devolved benefits understand how and when their claim will be dealt with.

Q: In relation to the above how should the new Scottish social security system operate in terms of:

- A person applying for a disability related benefit
- The eligibility criteria set for disability related benefits
- The assessment/consideration of the application and the person's disability and/or health condition
- The provision of entitlements and awards (at present cash payments and the option of the Motability Scheme)
- The review and appeal process where a person isn't content with the outcome

- We agree that there should be a smooth transition to any new benefits for existing recipients
- Any assessments should be co-ordinated so that a single assessment for one benefit provides access to as wide a range of benefits as possible
- There needs to be a balance between lengthy awards and unnecessary re-assessments
- Not all disabilities prevent people from working, and those of working age should be encouraged to work where they can, with assistance provided to make this possible / easier which could include assistance to employers to make modifications, access to motability schemes etc
- There should be options to convert cash awards or parts of them to goods such as through the Motability Scheme which is well received.

Q: With this in mind, do you think that timescales should be set for assessments and decision making?

(please tick one box)

Yes	<input checked="" type="checkbox"/>
-----	-------------------------------------

No	<input type="checkbox"/>
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Timescales should be set out in the customer charter and possibly also in legislation.

Q: What evidence and information, if any, should be required to support an application for a Scottish benefit?

This must depend on the benefit being applied for and the related eligibility criteria. Wherever possible, through data sharing arrangements, the evidence should be obtained directly by the assessor rather than placing a burden on the applicant.

Who should be responsible for requesting this information?

It should be clear to the applicant what information should be provided along with their claim for benefit. If the information provided is insufficient, then the decision maker should request further evidence.

Who should be responsible for providing it?

That depends on the evidence required. Wherever possible it should be obtained directly via data sharing arrangements.

Q: Should the individual be asked to give their consent (Note: consent must be freely given, specific and informed) to allow access to their personal information, including medical records, in the interests of simplifying and speeding up the application process and/or reducing the need for appeals due to lack of evidence?

(please tick one box)

Yes	<input checked="" type="checkbox"/>
No	<input type="checkbox"/>

If no, please explain why

Q: If the individual has given their permission, should a Scottish social security agency be able to request information on their behalf?

(please tick one box)

Yes	x
No	

If no, please explain why

Q: Do you agree that the impact of a person’s impairment or disability is the best way to determine entitlement to the benefits?

(please tick one box)

Yes	x
No	

If yes, which aspects of an individual’s life should the criteria cover and why?

The policy intent must be clearly stated as to whether, for example, the intention is to alleviate loss of income or cover expenses incurred through the disability or some combination. This would then help clarify how eligibility criteria should be framed.

If no, how do you suggest entitlement is determined?

Q: Currently there are only special rules for the terminally ill but should there be others?

(please tick one box)

Yes	
No	x

This would add complexity and confusion if there were lots of different rules for different groups.

The current rules for terminally ill are well understood.

How could this be determined?

Q: What do you think are the advantages and disadvantages of automatic entitlement?

Automatic entitlement would reduce time taken to make decisions, and reduce administrative costs and be less intrusive for claimants. However the criteria for automatic entitlement would need to be seen as fair and objective. It might be

difficult to design such a system which caters appropriately for all circumstances. Many local authority benefits involve the exercise of discretion to ensure that all are treated fairly in their own personal circumstances.

Q: Would applicants be content for their medical or other publicly-held records, for example, prescribing and medicines information or information held by HMRC, to be accessed to support automatic entitlement where a legal basis existed to do this?

Applicants would need to consent to this access explicitly as part of the application process.

Q: Do you agree that the current UK-wide PIP and AA process for supporting people with terminal illnesses is responsive and appropriate?

(please tick one box)

Yes	<input checked="" type="checkbox"/>
No	<input type="checkbox"/>

If yes, should this approach be applied to all disability-related benefits for people with a terminal illness?

Yes

If no, how could the approach could be improved?

Q: Should there be additional flexibility, for example, an up-front lump sum?

(please tick one box)

Yes	<input type="checkbox"/>
No	<input type="checkbox"/>

It is not clear if this question relates to all disability claimants or just to those who are terminally ill. There may be circumstances where up front lump sums can assist better than regular payments, but specific rules would need to be drawn up and these may be complex.

Q: In the longer term, do you think that the Scottish Government should explore the potential for a consistent approach to eligibility across all ages, with interventions to meet specific needs at certain life stages or situations?
(please tick one box)

Yes	<input checked="" type="checkbox"/>
No	<input type="checkbox"/>

Equalities impact assessment would have to be carried out.
Would also have to understand how these benefits interact with non-devolved benefits which tend to distinguish between working age and pensioners. However it would be worth examining further.

Q: What would the advantages and disadvantages of a single, whole-of-life benefit be?

It might be easier to understand. Age does not necessarily change need.
However it might be difficult to link into other non-devolved benefits.

Q: Could the current assessment processes for disability benefits be improved?
(please tick one box)

Yes	<input checked="" type="checkbox"/>
No	<input type="checkbox"/>

Any assessments should be co-ordinated so that a single assessment for one benefit provides access to as wide a range of benefits as possible. In particular there should be close links to social work assessments.

Q: For those people that may require a face-to-face assessment, who do you think should deliver the assessments and how?

For example, private organisation, not-for-profit organisation, public sector body or professional from health or social care.

Assessments should be carried out locally by a health professional who knows the individual and their circumstances.

Q: What are the advantages and disadvantages of different types of assessments?

e.g. paper based, face-to-face, telephone

Face to face and telephone assessments both allow for discussion with the claimant where they can be asked a range of specific questions about their circumstances and impacts on them that would not be possible when handling purely paper based or online submissions. Face to face contacts allow for some degree of verification, and also allow hand offs to other co-located agencies who may be able to provide support and advice.

Q: How could the existing assessment process be improved?

Please specify below

Q: Could technology support the assessment process to promote accessibility, communication and convenience?

(please tick one box)

Yes	<input checked="" type="checkbox"/>
No	<input type="checkbox"/>

Particularly for rural claimants Skype and other forms of video conferencing can improve accessibility and avoid the need to travel distances which can be time consuming and expensive for the claimant. Digital technology can also assist through providing access to supporting evidence automatically through data sharing with other agencies. It can also speed up processing and communication of decisions, appeals etc.

Q: If yes, please explain what technology would be helpful

e.g. Skype, video conferencing

Skype, video conferencing, online applications and accounts, text messaging, social media, information on web sites all have a role to play.

Q: If the individual's condition or circumstances are unlikely to change, should they have to be re-assessed?

(please tick one box)

Yes	
No	x

However it would need to be clear why the condition and circumstances were unlikely to change e.g. terminally ill. It could also be the trigger for a more light touch or less frequent review.

Q: What evidence do you think would be required to determine that a person should / or should not be reassessed?

Medical evidence and review of circumstances e.g. working/ income levels

Q: Who should provide that evidence?

Medical evidence would need to be provided by NHS.
Income levels could be provided by DWP/HMRC

Q: Do you think people should be offered the choice of some of their benefit being given to provide alternative support, such as reduced energy tariffs or adaptations to their homes?

(please tick one box)

Yes	x
No	

As previously stated, generally benefits should be in cash, but claimants could be given choices to convert some of their benefits to other goods or services where these can offer better value than the claimant would be able to access on their own.

What alternative support do you think we should be considering? (Please specify below)

Q: Would a one-off, lump sum payment be more appropriate than regular payments in some situations

(please tick one box)

Yes	x
No	

Please explain the reason for your answer

See below

If yes, what are they?

This would be very dependent on individual circumstances. For example funeral payments clearly should be a one-off payment as the need is not recurring and on-going.

Q: What would be the advantages and disadvantages of such an approach?

Please specify below

This would allow a one-off need to be met.

Q: Should the new Scottish social security system continue to support the Motability scheme?

(please tick one box)

Yes	x
No	

The Motability scheme is well regarded.

Q: How could the new Scottish social security system support older people with mobility problems not eligible for a mobility allowance?

Please specify below

Q: How could the new Scottish social security system better support people of all ages with mobility problems who are in receipt of a mobility allowance?

Please specify below

Q: What kind of additional support should be available for people who need more help with their application and during assessment?

Please specify below

Signposting to local advice and advocacy agencies would be very helpful.

Q: How could disability benefits work more effectively with other services at national and local level assuming that legislation allows for this e.g. with health and social care, professionals supporting families with a disabled child.

There would need to be data sharing arrangements and legislation put in place to support this. Such agencies need to be involved in the design of any new system to ensure that it is truly integrated and easy to access for a claimant with a single assessment providing access to a wide range of benefits wherever possible.

Q: How do you think this might be achieved?

Local authorities and health and social care partnerships must be at the heart of the design of a new system.

Q: What are the risks?

If this opportunity is wasted, the process becomes costly for both the claimant and for government.

Q: If DLA and PIP help meet the additional costs of disability, what is the role of Industrial Injuries Disablement Benefit (IIDB) and its supplementary allowances (Constant Attendance Allowance, Reduced Earnings Allowance etc) in the benefits system?

Please specify below

Q: In addition to the issues set out at page 47 of the consultation, please tell us:

What is right with the IIDB scheme?

No comment

What is wrong with the IIDB scheme?

No comment

Please explain your answer

Q: Should different approaches be taken for people with life limiting conditions compared to people with less severe conditions?

(please tick one box)

Yes	<input type="checkbox"/>
No	<input type="checkbox"/>

What would be the advantages or disadvantages of such an approach?

No comment

Q: Are there situations where a one off lump sum payment would be more appropriate than a regular weekly IIDB benefit payment?

(please tick one box)

Yes	<input type="checkbox"/>
No	<input type="checkbox"/>

What are they, and why? What would be the advantages and disadvantages of such an approach?

No comment

Q: Should the Scottish Government seek to work with the UK Government to reform the IIDB scheme?

(please tick one box)

Yes	<input type="checkbox"/>
No	<input type="checkbox"/>

If yes, what should the priorities be? What barriers might there be to this approach?

No comment

Q: Do you agree with the Scottish Governments approach to Severe Disablement Allowance?

(please tick one box)

Yes	<input type="checkbox"/>
No	<input type="checkbox"/>

Please explain why

No comment

7. Carers Allowance

Q: Do you agree with the Scottish Government’s overall approach to developing a Scottish Carer’s Benefit?

(please tick one box)

Yes	
No	x

We do not understand why the Scottish Government is proposing not to means test Carers Allowance and to make it a universal benefit. This would be much more expensive and it is not clear why the country could afford this approach.

We agree that Carer’s Allowance should be the same as Job Seekers Allowance or equivalent amount of Universal Credit payment for those of working age who aren’t eligible for JSA or UC

Agree that alternatives to cash could be offered provided this is a choice

Q: Do you agree with our proposed short to medium term priorities for developing a Scottish carer’s benefit?

(please tick one box)

Yes	
No	x

We are concerned that there appears to be some degree of expectation that young people act as carers. Whilst we welcome the recognition that young carers require support, this caring role can have a negative impact on health and wellbeing and restrict access to opportunities which would otherwise be the norm for young people. Any Young Carer’s Allowance would need very careful consideration, for example how it might interact with Education Maintenance Allowances.

As previously stated we do not agree that Carer’s benefit should be a universal non-means tested benefit. We do agree that the amount should be increased to the same level of Jobseekers Allowance or equivalent under Universal Credit.

Q: How can we improve the user experience for the carer (e.g. the application and assessment process for carer’s benefit)?

It might be possible to design a system where the assessment of benefit and care needs in done at the same time for both the carer and the person they care for.

We would like to see a single assessment that joins up financial assessment with an assessment of support needs.

We welcome the choice provided by self-directed support and would like to see this continued, and made as easy to access as possible.

Q: Should the Scottish Government offer the choice of exchanging some (or all) of a cash benefit for alternative support (e.g. reduced energy tariffs)?

(please tick one box)

Yes	<input checked="" type="checkbox"/>
No	<input type="checkbox"/>

This should be offered as a choice.

Q: What alternative support should be considered?

A range of alternative support could be considered including good value utility and internet providers, and access to good value domestic goods and furnishings contracts such as those used by Scottish Welfare Fund.

Q: How can we achieve a better alignment between a future Scottish carer benefit and other devolved services?

A single portal or one-stop shop approach with co-location of the relevant agencies would be beneficial, minimising hand-offs. Local authorities are ideally placed to

assist with this.

Q: Do you agree with our proposed long term plans for developing a Scottish Carer's Benefit?

(please tick one box)

Yes	<input type="checkbox"/>
No	<input checked="" type="checkbox"/>

As previously stated we fundamentally disagree with the proposal for a universal, non-means tested benefit.

Q: Do you have any other comments about the Scottish Governments proposals for a Scottish Carer's Benefit?

No comment

8. Winter Fuel and Cold Weather Payments

Q: Do you have any comments about the Scottish Government's proposals for Winter Fuel and Cold Weather Payments?

We consider that both these benefits should be replaced by a new benefit which is targeted specifically at reducing fuel poverty. We would like to see a review of the whole system, including a new system of identifying those who need assistance and how such assistance should be delivered.

A new benefit should be simple to understand and plan for, and should include a mechanism to allow those in fuel poverty to access better value fuel tariffs. This include paying benefits direct to fuel providers.

Q: Could changes be made to the eligibility criteria for Cold Weather Payments? For example, what temperature and length should Cold Weather Payments be made on in Scotland?

We agree that there is no good link between need for additional heating and the existing criteria for cold payments which ignore wind chill factors, and that there may be very local variations. However Cold Weather Payments amount to only £3.4m in 2014-15 compared with winter fuel payments of £180m, and at best can only have a very marginal effect on fuel poverty.

9. Funeral Payments

Q: Proposals for Funeral Payment: What should the benefit cover?

We are concerned that the current levels of funeral payment do not cover the costs of a funeral and that many people end up in greater debt because of a funeral. We would like to see a standard package be developed with undertakers which would be covered and payment then made direct to the undertaker. Families should be able to supplement the standard package where desired.

Q: Which of these elements do you think should be paid for by the Funeral Payment?

	YES	NO
Professional funeral director fees – advice and administration etc.	x	
Removal or collection of the deceased	x	
Care and storage of the deceased before the funeral	x	
Coffin	x	
Hearse or transport of the deceased	x	
Limousines or other car(s) for the family		
Flowers		
Death notice in a paper/local advertising to announce details of funeral (time and location)		
Fees associated with the ceremony e.g. for the minister or other celebrant	x	
Order of service sheets		
Catering for wake/funeral reception		
Venue hire for a wake/funeral reception		
Memorial headstone or plaque		
Travel expenses to arrange or attend the funeral	x	

Q: Are there other elements that you think should be included or explicitly excluded?

(please tick one box)

Yes	
No	x

Please explain why

Q: How can we improve the process for identifying whether someone is responsible for the funeral and should receive the funeral payment?

This does not appear to be an issue presently.

The main issue is the time delay in assessing eligibility and delays in making payment.

Q: In terms of the Scottish Funeral Payment, are there any qualifying benefits (e.g. Pension Credit) that you would add to or take away from the current qualifying benefit list?

(please tick one box)

Yes	
No	x

However, it may be necessary to review eligibility of Universal Credit claimants as this can cover a wide range of circumstances.

Q: Is the three month application window for a Funeral Payment sufficient time for claimants to apply?

(please tick one box)

Yes	x
No	

If no, please explain your answer and suggest an alternative length of time in which a claim could be made.

Q: What are your views on the options for speeding up and simplifying the payment?

We believe it would be beneficial to offer a standard package which is paid for direct to the undertaker.

Q: The other funds which are deducted from the DWP funeral payment are listed below. What sorts of funds do you think it is appropriate to deduct from a Scottish FP?

	YES	NO
Funds in the deceased's bank account	X	
Funeral plan/insurance policy	X	
Contributions from charities or employers	X	
Money from an occupational pension scheme	X	
Money from a burial club	X	

Q: Are there any other funds that you think are appropriate to deduct?

Please specify below
No comment

Q: Which services should promote awareness of the funeral payment to ensure that claimants know about it at the relevant time?

Registrars could do this when deaths are being registered. In addition NHS, DWP, local authorities and advice and support agencies would all be able to promote awareness.

Q: Are there any other points that you would like to raise in connection with the new Scottish Funeral Payment?

We agree that it would not be right to make deduction for contributions from family members.

10. Best Start Grant

Q: What are your views on who should receive the Best Start Grant (BSG)?

The proposals are much more generous than the existing Sure Start Maternity Grant and therefore should be targeted to families on low incomes rather than covering all families in receipt of Universal Credit (which can include families with incomes of over £30,000).

Q: Should we continue to use the same system to determine who is responsible for a child for the purposes of the BSG application?

(please tick one box)

Yes	x
No	

The Sure Start Maternity Grant works well and both those applying for it and making decisions on it are clear about the criteria.

Q: Do you agree that each of the three BSG payments should only be made once for each child?

(please tick one box)

Yes	x
No	

If no, what exceptions would you make to this rule?

Q: Should we continue to use the same method as the SSMG to determine whether a child is the first child in a household?

(please tick one box)

Yes	x
No	

Please explain why

If no, what alternative method should we use?

Q: Do you agree that we should retain the requirement to obtain advice from a medical professional before making a maternity payment?

(please tick one box)

Yes	x
No	

This helps to encourage take up of medical advice by pregnant mums. Those not receiving ante natal care have the poorest health outcomes.

Q: Are there other points during the first five years of a child's life when families face greater pressure than at the start of nursery (other than birth and the start of school)?

Some pressure points arise when parents return to work too. However it is not clear what the purpose of a Best Start Grant is. This clarity would then assist in determining when it should be paid.

Q: What are your views on defining 'the start of nursery' as the point of entitlement to a funded early learning and childcare place, for the purposes of making the second payment?

Please specify below
No comment

Q: Are there any particular issues related to the nursery payment that you think we should consider?

Please specify below
No comment

Q: Are there any particular issues related to the school payment that you think we should consider?

Please specify below

No comment

Q: Should the school payment be payable to all eligible children who begin primary school for the first time in Scotland, or should an upper age limit be included?

Please specify below

No comment

Q: What are your views on our proposals in relation to the BSG application process?

The maternity related payment could be initiated by the medical practitioner providing care during pregnancy.

Any later payments could be aligned to start of nursery/school and linked to registration by the provider.

Q: What are your views on establishing an integrated application process for the BSG and Healthy Start?

Please specify below

No comment

Q: What are the advantages and disadvantages of this approach?

Please specify below

No comment

Q: Would the option to receive items rather than a cash payment as part of the BSG have benefits?

(please tick one box)

Yes	<input checked="" type="checkbox"/>
No	<input type="checkbox"/>

This would be a choice and would allow access to good value contracts.

Q: Which services should promote awareness of the BSG to ensure that claimants know about it at the relevant time?

This could be promoted by a range of public sector and third sector agencies including NHS and local authorities.

11. Discretionary Housing Payment

Q: Could the way that Discretionary Housing Payments (DHPs) are currently used be improved?

(please tick one box)

Yes	x
No	

Most of the expenditure on DHPs is directed to mitigate against under-occupancy in the social rented sector. DHPs are granted to all such cases irrespective of hardship or any other considerations. This leaves very little funding to assist tenants in the private rented sector many of whom may be in much greater hardship. There is no equality of treatment between these two sectors.

Q: Could the administration of DHP applications be improved?

(please tick one box)

Yes	x
No	

As stated above the bulk of DHP payments relate to mitigation of the impact of under-occupancy in the social rented sector. There is a huge amount of administration involved with the application of the under-occupancy provisions and then the re-instatement of these amounts as DHP – and then pay this out along with housing benefit so that the claimant ends up in the same position financial as if the under-occupancy reduction was not in place. The only effect is on the classification of the payment as DHP rather than as housing benefit and then on who funds this amount. The Scottish Government should come to an agreement on funding with DWP which allows all this costly administration to be removed.

Q: Does the guidance for local authorities on DHPs need amending?

(please tick one box)

Yes	
No	x

We think the DWP guidance is comprehensive and allows for the exercise of discretion in all cases, which we support.

12. Job Grant

Q: What should the Scottish Government consider in developing the Job Grant?

When someone takes up a new job, some the key costs which they incur are to fund the travel to work, to buy suitable clothes for the job, and to fund the gap until the first pay is received. We note that this applies irrespective of age. However we are aware that the DWP's Flexible Support Fund can be used to address these issues and we are not particularly clear what purpose this grant to young people serves. We are generally supportive of the proposal for free bus travel for a period – could this be extended to older people also?

13. Universal Credit flexibilities

Q: Should the choice of managed payments of rent be extended to private sector landlords in the future?

(please tick one box)

Yes	x
No	

We agree that UC claimants both in the social rented sector and private rented sector should have the option to have their housing costs element paid direct to their landlord. This should be a choice. However where there are rent arrears, landlords should be able to request these payments to be made direct in order to protect tenants from the risk of eviction.

Q: Should payments of Universal Credit be split between members of a household?

(please tick one box)

Yes	x	But only where requested
No		

There is normally a single Universal Credit claim for a couple/family and it is submitted by a lead claimant. The payment should normally default to the Universal Credit claimant, but they should have an option to request it to be split between household members.

If Yes, please indicate if you think the default position should be:

a) automatic payments to individuals, with the option to choose a joint payment

(please tick one box)

Yes	
No	x

b) automatic household payments, with the option to choose individual payments?

(please tick one box)

Yes	x
No	

If Yes, how do you think payments should be split? For example 50/50 between members of a couple or weighted towards the person who is the main carer if the claim includes dependent children?

We should not presume to specify a split. This will depend on the needs of the household and how they manage their finances. If payments are to be split, this should be on request with the ability to specify a desired split to suit the circumstances of the household.

Q: Do you have any other comments about how the Scottish Government's powers over Universal Credit administrative flexibilities will be delivered?

The Scottish flexibilities to allow direct managed payments to landlords will be important to avoid the potential for large build up of rent arrears. This would have a negative impact on future housing supply.

Q: Do you have any comments about the Scottish Government's powers over the housing element of Universal Credit?

These powers should be used to abolish the under occupancy provisions for those in the social rented sector which are currently fully mitigated by DHPs.

PART 3: OPERATIONAL POLICY

14. Advice, representation and advocacy

Q: What role[s] should publicly funded advice providers play in the development of a new Scottish social security system?

Publicly funded advice providers have significant experience and should play a full part in being consulted about a new Scottish social security system.

Q: What steps need to be taken, to understand the likely impact of the transfer of the devolved benefits on publicly funded advice in Scotland?

The provision of advice is very piecemeal. Much funding is short term and has to be applied for regularly. There is little funding for administrative overheads. This makes it very difficult for advice providers to plan for future provision. It also means that there can be significant gaps in provision. The opportunity should be taken to have a full review of what advice provision currently exists, how it is funded, and how this could be better organised to remove gaps and duplications.

Q: How could the transfer of the devolved benefits to Scotland be used to drive improvements in the provision of publicly funded advice?

This allows an opportunity to examine and agree a long term plan for ensuring that the full range of advice services from signposting, casework to representation are available across the whole of Scotland with consistent access and high quality provision available to all irrespective of geography.

DWP research has shown clearly the value of co-location of advice services in providing better take up of advice and benefits. We consider that the provision of employability and advice hubs should be encouraged.

We agree that it is helpful to be clear on the differences between signposting, case work and formal representation and advocacy services.

Q: Do you think that Independent Advocacy services should be available to help people successfully claim appropriate benefits?

(please tick one box)

Yes	<input checked="" type="checkbox"/>
No	<input type="checkbox"/>

We agree that independent advocates can assist in what can be stressful situations and provide personalised support to vulnerable claimants.

Q: What next steps would you recommend that would help the Scottish Government better understand the likely impact of the transfer of the devolved benefits on independent advocacy services?

See earlier responses on publicly funded advice services – the need for a full review and removal of gaps and duplications similarly applies to advocacy services.

15. Complaints, reviews and appeals

Q: Do you agree that we should base our CHP on the Scottish Public Services Ombudsman’s ‘Statement of Complaints Handling Principles’?

(please tick one box)

Yes	<input checked="" type="checkbox"/>
No	<input type="checkbox"/>

This aligns with well accepted complaints handling procedures.

Q: How should a Scottish internal review process work?

Reconsiderations or internal reviews are an important part of the process and there should be strict timescales for these just as there are for Scottish Welfare Fund first stage reviews. Reviews should be carried out by someone independent of the original decision maker. Often the claimant provides additional information when they request a review and this process allows this to be taken into account quickly and effectively.

Q: What would be a reasonable timescale for the review to be carried out?

The timescale will be dependent on the complexity of the case. It should be similar to the timescale for first stage consideration of the case, whilst also allowing for the time to arrange for selection of a different decision maker to review the case.

Q: Should a tribunal be used as the forum for dispute resolution for the Scottish social security system?

(please tick one box)

Yes	<input checked="" type="checkbox"/>
No	<input type="checkbox"/>

Most appeals will be with respect to ongoing benefits rather than a one-off payment. We think such appeals should be dealt with similarly to council tax reduction and housing benefit appeals. It is beneficial if a single body hears all appeals and we would welcome consistency in decision making. We have had some cases where there have been different decisions for a housing benefit appeal and a CTR appeal where the facts have been identical but they have been heard separately by different panel members. It would be beneficial if a number of appeal matters relating to the same time period and claimant could be grouped together.

Q: If no, are there any alternative methods of dispute resolution that you think would be preferable to a tribunal?

Please specify below
No comment

Q: How can we ensure that our values underpin the appeals process for a Scottish Social Security agency?

The values enshrined in legislation and in the claimant charter should also apply to the appeals system.

Q: Are there any other values that you feel should be reflected in the design of the appeals process?

Please specify below
No comment

Q: What do you consider would be reasonable timescales to hear an appeal in relation a decision on a devolved benefit?

Timescales should be discussed with the bodies likely to hear appeals and with claimant representatives. They need to be commensurate with high quality services, but also recognising that claimants want decisions as fast as possible.

Q: In order to ensure a transparent appeals process, what steps could be taken to ensure that those appealing fully understand and are kept informed at each stage of the appeals process?

Claimants should be notified of the timescales to be expected at the outset of the process and then given updates. This could be automated by emails or text messaging.

Q: How could the existing appeals process be improved?

Delays need to be minimised and claimants kept informed of progress. It would also be helpful if appeals could be handled by written submission as well as orally, and provision made for attendance by Skype/video conference for thsie who live in remote locations.

16. Residency and cross-border issues

Q: Should Scottish benefits only be payable to individuals who are resident in Scotland?

(please tick one box)

Yes	x
No	

Those living outwith Scotland are not part of the tax base.

Q: What are your views on the ‘habitual’ residence test currently used in the UK by DWP?

We think this is generally acceptable. For cross border purposes, we think the residency test should follow the sole or main residence for council tax purposes. This is consistently applied both north and south of the border and works well for council tax.

Q: Are there other issues that the Scottish Government should take into account when it comes to residency rules?

Please specify below
No comment

Q: What factors should Scottish Government consider in seeking to coordinate its social security system with other social security systems in the UK?

Please specify below
No comment

Q: How can the Scottish Government ensure that no-one either falls through the cracks or is able to make a ‘double-claim’?

Please specify below
No comment

17. Managing overpayments and debt

Q: Could the existing arrangements for recovering social security overpayments be improved in the new Scottish social security system?

(please tick one box)

Yes	<input checked="" type="checkbox"/>
No	<input type="checkbox"/>

The system needs to be designed to minimise the risk of overpayments occurring in the first place. It also needs to recognise that most recoveries are made from ongoing benefits and be designed to make this easy and quick to apply. Recoveries must be at a rate that is agreed to be affordable.

Recoveries should be made for some official errors. Where an individual should have known that an error has been made and fails to correct this, then it is equitable to recover the overpayment.

There should be a facility to make recoveries by a direct earnings arrestment for someone who is now in work and where there is no ongoing benefit in payment.

There should be some discretion to reduce a recovery where this is causing undue hardship.

Q: What are your views on the role that financial advice can play in the recovery of overpayments?

Where an individual believes that the standard recovery rate will place them in excessive hardship, they should be required to obtain financial advice before asking for this to be reduced.

18. Fraud

Q: Should the existing Scottish Government approach to fraud be adopted for use in our social security system?

(please tick one box)

Yes	<input type="checkbox"/>
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No	<input checked="" type="checkbox"/>
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If no, what else should be used instead?

The existing approach is not tailored to a benefits system. We would suggest that the opportunity is taken to work closely with DWP's Single Fraud Investigation Service.

Q: If yes, should our existing counter-fraud strategy be adapted in any way?

(please tick one box)

Yes	<input type="checkbox"/>
No	<input type="checkbox"/>

Please explain your answer

No comment

Q: How could the new Scottish social security system 'design out' errors and reduce the potential for fraud at the application stage?

We agree this should be an objective. This needs to be a key objective when the new system is being designed.

Q: Should the Scottish social security system adopt DWP's existing code of practice for investigators?

(please tick one box)

Yes	<input checked="" type="checkbox"/>
No	<input type="checkbox"/>

Please explain your answer

No comment

Q: What are your views on the existing range of powers granted to investigators?

These are generally appropriate.

No comment

Q: What are your views on conducting interviews under caution?

We support the protection afforded through carrying out interviews under caution even though this is stressful for the individual.

Q: What improvements could be made around conducting interviews under caution?

We recommend that interviewees should normally be accompanied by an advice worker or other advocate.

Q: Should the Scottish Government retain the same list of offences which people can be found guilty of in terms of social security fraud?

(please tick one box)

Yes	<input checked="" type="checkbox"/>
No	<input type="checkbox"/>

Please explain your answer

No comment

Q: Should the Scottish Government impose the same level of penalties for social security fraud as are currently imposed?

(please tick one box)

Yes	<input checked="" type="checkbox"/>
No	<input type="checkbox"/>

Please explain your answer

No comment

19. Safeguarding your information

Q: Should the existing Scottish Government approach to Identity Management and Privacy Principles be adopted for use in our social security system?

(please tick one box)

Yes	x
No	

Please explain your answer

Q: If yes, should our existing Identity Management and Privacy Principles be adapted in any way?

(please tick one box)

Yes	x
No	

There is an opportunity to promote the national MyAccount identity check as the standard way to verify identity for Scottish benefits. This is driven by NRS data and is rapidly being adopted by local authorities. It is already used for transport passes.

Q: Who do you consider should be consulted in regard to the Privacy Impact Assessment and what form would this take?

All potential stakeholders should be consulted.

Q: What are your views on privacy issues that may affect the new agency?

Please specify below

No comment

Q: Do you perceive any risks to the individual?

Please specify below

No comment

If Yes, What solutions might be considered to mitigate against these?

No comment

Q: Would you support strictly controlled sharing of information between public sector bodies and the agency, where legislation allowed, to make the application process easier for claimants? For example, this information could be used to prepopulate application forms or to support applications, reducing the burden on applicants.

(please tick one box)

Yes	<input checked="" type="checkbox"/>
No	<input type="checkbox"/>

There should be data sharing with DWP to enable passporting of benefits and simplification of access to benefits, reducing the burden on applicants.

Further data sharing should be with the consent of individual and should be encouraged where it is to their benefit.

Q: Would you support strictly controlled sharing of information between a Scottish social security agency and other public sector organisations (for example local authorities) to support service improvements and deliver value for money?

(please tick one box)

Yes	<input checked="" type="checkbox"/>
No	<input type="checkbox"/>

Local authorities are responsible for providing many benefits directly and for many of these, DWP or Scottish benefits may act as a passport to provision. There should be data sharing with local authorities to enable passporting of benefits and simplification of access to benefits, reducing the burden on applicants.

Further data sharing should be with the consent of individual and should be encouraged where it is to their benefit.

Q: What are your views on having the option to complete social security application forms online? Can you foresee any disadvantages?

Any new system should be designed as digital first. Assisted digital should be offered to those who might otherwise be digitally excluded.

Q: What are your views on the new agency providing a secure email account or other electronic access to check and correct information for the purposes of assessing applications (noting that any such provision would need to be audited and regulated so that the security and accuracy of the information would not be compromised)?

We suggest that the national MyAccount identity validation service should be utilised.

20. Uprating

Q: What are your views on the best way to ensure that devolved benefits keep pace with the cost of living?

Where devolved benefits operate in line with the rest of the UK, then similar uprating should apply. Where benefits are quite distinct or standalone, then a more flexible approach should be taken which is commensurate with policy objectives and affordability.

Q: Are there any devolved benefits in particular where uprating based on a measure of inflation would not be effective?

If so, please explain which benefits and why

No comment

ARGYLL AND BUTE COUNCIL**Policy and Resources Committee****DEVELOPMENT & INFRASTRUCTURE
SERVICES****27th October 2016**

Kilmahew/St Peter's – Change of Name for Offer of Grant

1.0 EXECUTIVE SUMMARY

The purpose of this report is to seek council agreement for a change of grant awardee name for the Kilmahew/St Peter's Project (KSP).

NVA, the organisation developing the KSP in Cardross, were awarded £250k of funding by the council, and a further £650k through Regeneration Capital Grant Fund (total £900k), towards a project total of £6,624,040. The board of NVA has formally confirmed that all funds and assets for the KSP project will be held in the name of Kilmahew/St Peter's Limited. This is in line with their main funders requirements. NVA have therefore requested that the council grant awardee name for the £900k be changed from NVA to **Kilmahew/St Peter's Limited**.

1.1 Recommendation

That Members agree to change the grantee name from NVA to Kilmahew/St Peter's Limited, on the council award of £900k made up of £250k capital funds and £650k of RGF funding, for the Kilmahew St Peter's Project.

Kilmahew/St Peter's – Change of Name for Offer of Grant

2.0 INTRODUCTION

2.1 NVA have informed officers that all funds and assets for the Kilmahew/St Peter's project in Cardross will now be held in the name of Kilmahew/St Peter's Limited. This report provides background on the project, the funding award from the council to NVA and the request to change the award of funding grantee name.

3.0 RECOMMENDATIONS

3.1 That Members agree to change the grantee name from NVA to Kilmahew/St Peter's Limited, on the council award of £900k made up of £250k capital funds and £650k of RGF funding, for the Kilmahew St Peter's Project.

4.0 DETAIL

4.1 The Kilmahew/St Peter's site is a world renowned Category 'A' Listed disused Roman Catholic seminary near Cardross. The aim is to bring the site back into use and create a new cultural and heritage asset in Argyll & Bute which has the potential to act as a catalyst for economic development across the whole region, directly creating employment and bringing a derelict building back into economic use.

4.2 NVA secured grant funding of £6,624,040 to develop the project. This includes an award of £250K from the council's capital programme 2016/17, which was approved by the policy and resources committee on 19th March 2015, and a council led submission and award of £650K from the Regeneration Capital Grant Fund. The council is therefore responsible for monitoring a total of £900k to NVA.

4.3 NVA, the charity who have responsibility for the project, have approached officers to inform them that that in line with the requirements of the Heritage Lottery Fund (their major funder), the board of NVA have formally confirmed that all funds and assets for the KSP project will be held in the name of Kilmahew/St Peter's Limited. Furthermore, NVA are formally requesting that the grantee of the award from Argyll and Bute Council for £250K is changed from NVA to **Kilmahew/St Peter's Limited**, and so to for the RCGF award of £650K. Legal Services and strategic

finance are comfortable with this change.

4.4 Council funding, and RCGF, will be monitored by the council to ensure compliance with terms and conditions of grant and an appropriate payment regime. These are currently being developed and future reports to Policy and Resources Committee will provide updates on this. The next programmed date for reporting is 2nd February 2017.

5.0 CONCLUSION

5.1 Kilmahew/St Peter's is a historic building of national importance. The NVA regeneration project has attracted significant external funding assisted by the Council's capital funding and Officer involvement. The request to change the grantee name is in line with funders requirements and both legal and finance are comfortable with this. In order for the project to draw down the appropriate funds from the council, the name change should be granted.

6.0 IMPLICATIONS

6.1	Policy	This project relates in particular to SOA outcome one – the economy is diverse and thriving.
6.2	Financial	£250K has been awarded from the capital budget for 2016-17 and a further £650K through the Scottish Government Regeneration Capital Grant Fund (RCGF).
6.3	Legal	Kilmahew/St Peter's Limited will be bound by council and RCGF terms of grant approved.
6.4	HR	None.
6.5	Equalities	None.
6.6	Risk	Mitigated through terms of grant.
6.7	Customer Services	None.

Executive Director of Development and Infrastructure – Pippa Milne

Policy Lead – Cllr Aileen Morton

19th September 2016

For further information contact: Arlene Cullum, Snr Development Officer, Transformation Projects and Renewables, 01436 658727.

APPENDICES - None

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ARGYLL AND BUTE COUNCIL**POLICY & RESOURCES COMMITTEE****DEVELOPMENT AND
INFRASTRUCTURE SERVICES****27 OCTOBER 2016**

Amberg-Sulzbach twinning arrangement

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to provide background information on Argyll and Bute Council's twinning arrangement with Amberg-Sulzbach, an update of the most recent official twinning visit, and propositions for strengthening the twinning arrangement in the future.
- 1.2 The twinning arrangement with Amberg-Sulzbach dates back almost 50 years when it was first ratified by Argyll County Council. It was then adopted by Argyll and Bute Council in 1996. The Council has four twinning arrangements but the arrangement with Amberg-Sulzbach is the most strategically valuable and is viewed as covering the whole of Argyll & Bute. Twinning arrangements have historically been cultural but have recently been used increasingly for economic purposes. The recent twinning visit to Amberg-Sulzbach from Argyll and Bute Council had a focus on economic growth. The delegation consisted of representatives from the Council, local businesses and the third sector.
- 1.3 The key aim of the visit was to share best practice and expertise in economic development and expose Argyll and Bute businesses to an international European market, an aim which contributes to internationalisation, one of four priorities (4 Is) in Scotland's Economic Strategy. The range of activities during the visit greatly reflected its aim. Delegates agreed that Argyll and Bute has many similarities with Amberg-Sulzbach and that both Councils could greatly benefit from strengthening the twinning arrangement.
- 1.4 Next year (2017) will mark the 50th anniversary of the twinning arrangement. It is proposed that an official delegation from Amberg-Sulzbach is invited by Argyll and Bute Council to ratify the future of the twinning arrangement with a focus on pre-agreed themes.
- 1.5 Members are asked to:
 - Note the content of this paper
 - Note the similarities between Argyll and Bute and Amberg-Sulzbach and the invaluable shared knowledge and experience.
 - Endorse and comment on the proposed strengthening of the twinning arrangement with Amberg-Sulzbach
 - Agree that a small delegation from Amberg-Sulzbach be invited to celebrate the 50th anniversary of the twinning arrangement in Argyll and Bute.
 - Agree that this will be funded through the existing twinning budget and supplemented by a one-off allocation of up to a maximum of £10k from the earmarked balances no longer required as outlined in the Reserves and

Balances August 2016 update report (para 3.3.3).

Amberg-Sulzbach twinning arrangement

2.0 INTRODUCTION

- 2.1 The twinning arrangement with Amberg-Sulzbach was signed in June 1967 by Argyll County Council which was in existence from 1890 to 1975. From 1975 to 1996 the Argyll and Bute District Council was responsible for the twinning arrangement with Amberg-Sulzbach. In 1996, this two-tier system of local government was replaced by a system of unitary authorities, whereupon the extant Argyll and Bute Council adopted the twinning arrangement with Amberg-Sulzbach.
- 2.2 In the intervening 20 years, there have been occasions when visits have taken place such as ongoing visits by Youth Services and visits involving schools and music bands that have maintained a very active and positive relationship between the two areas.
- 2.3 The initial purpose behind twinning was the cultural exchange of young people. Particularly strong were exchanges of school pupils and teachers. However, now in the modern age of cheap international travel and advanced telecommunications young people are much more exposed to foreign culture and the purpose of cultural twinning may have somewhat diminished.
- 2.3 This report outlines a twinning visit that took place on 1-5 August 2016 when a delegation from the Argyll and Bute Council area visited Amberg-Sulzbach at their invitation. The report also presents options for strengthening the twinning arrangement in anticipation of its 50th anniversary in 2017.

3.0 RECOMMENDATIONS

- 3.1 Members are asked to:
- Note the content of this paper
 - Note the similarities between Argyll and Bute and Amberg-Sulzbach and the invaluable shared knowledge and experience.
 - Endorse and comment on the proposed strengthening of the twinning arrangement with Amberg-Sulzbach
 - Agree that a small delegation from Amberg-Sulzbach be invited to

celebrate the 50th anniversary of the twinning arrangement in Argyll and Bute.

- Agree that this will be funded through the existing twinning budget and supplemented by a one-off allocation of up to a maximum of £10k from the earmarked balances no longer required as outlined in the Reserves and Balances August 2016 update report (para 3.3.3).

4.0 DETAIL

4.1 Argyll and Bute Council has twinning arrangements with the following regions

- Amberg-Sulzbach, Germany (Mid Argyll, Kintyre and the Islands)
- Korcula, Croatia (Bute and Cowal)
- Gorey, Ireland (Oban, Lorn and the Isles)
- Thouars, France (Helensburgh and Lomond).

4.2 The most strategically valuable twinning arrangement is with Amberg-Sulzbach.

4.3 Following a visit to Argyll and Bute by a delegation from Amberg-Sulzbach in 2014, officials from Amberg-Sulzbach invited an official visit from Argyll and Bute Council. They suggested that delegates would only need to make travel arrangements to Germany and they would take care of everything else.

4.4 In recent times, twinning has increasingly been used to form strategic international business links between member regions. The Scottish Council for Development and Industry (SCDI) has identified Germany as a key priority market for Scottish companies, while Bavaria is considered the “Economic powerhouse of Europe” with Amberg-Sulzbach being a “rising star in Bavaria’s economy” with a particularly resilient and successful manufacturing industry.

4.5 Recently the value in creation and transformation of twinning arrangements has been recognised, with the launch of a brand new domestic initiative to create twinning arrangements to share advanced ways of delivering growth, matching areas with similar characteristics and facing comparable challenges. As publicised and highlighted on the 10th of October 2016 within the [Scotsman](#) and on [Carnegie UK Trust](#) website.

4.6 Internationalisation is one of the four priority areas in Scotland’s Economic Strategy: “Scottish economic success will be realised through strengthening our links with the global economy and the opportunities this brings for increasing trade, attracting investment and sharing expertise”.

4.7 Therefore the visit to Amberg-Sulzbach focused on economic growth and aimed to:

- share best practice and expertise in:
 - Economic growth of the represented sectors

- European support through the LEADER programme
- strengthen and expand Argyll and Bute's international European network
- expose business delegates to international European markets

4.8 To achieve the aims:

- Four of the delegates (out of a total of 8) represented Argyll and Bute Council's Elected Members, Economic Development, and European funding sections. These delegates were responsible for sharing best practice and expertise at local authority level with colleagues at Amberg-Sulzbach
- The four remaining delegates represented local businesses from growth sectors. These delegates were exposed to an international European market and practices in Amberg-Sulzbach that can aid the internationalisation of their businesses/sectors.

4.9 List of delegates and organisations represented:

- Cllr Aileen Morton (Policy Lead, Sustainable Economic Growth, Argyll and Bute Council)
- Fergus Murray (Head of Economic Development and Strategic Transportation, Argyll and Bute Council)
- Greg Moschonas (Economic Growth Officer, Food & Drink and Marine Science, Argyll and Bute Council)
- Colin Fulcher (Argyll and the Islands LEADER/EMFF Strategic Co-ordinator, hosted by Argyll and Bute Council as the Accountable Body)
- Janey Campbell (Auchentullich Farm, Agriculture)
- Douglas McKenzie (Xanthella, Biotechnology);
- Ross Buchanan (Tilhill Forestry, Forestry); and
- Ailsa Clark (Inspiralba, Employability/Social Enterprise).

4.10 The official visit programme (appendix 1) included:

- Tour of and official reception at the Council Headquarters in Amberg with Landrat (Chief Executive and Council Leader) Richard Reisinger. Council officers delivered presentations on the economy, tourism, environment and LEADER projects in Amberg-Sulzbach. The continuation and strengthening of the twinning arrangement featured strongly.
- Visit at the Hammermühle organic farm which is supported by LIFE+ European funding. Council officers delivered presentations on Naturpark Hirschwald (Amberg-Sulzbach's nature park), the Landscape Association and the Jura Distl (lamb, beef, apples) marketing group. The Landscape association is an equal association of farmers, foresters, politicians and conservationists and aims to:
 1. build an area-wide network of near-natural habitats for conservation of nature in all German cultural landscapes.
 2. provide a reliable additional income for the farmers in the sector of nature conservation and to support them with the marketing of local products.

3. generate impetus for an ecological orientated development of economy and an environmentally friendly land use.

- Presentation and Tour at the Fraunhofer institute of applied sciences. The institute’s research focuses on production of new energy sources, protecting biodiversity, coatings and recycling. The Fraunhofer institute in Rosenberg is unique in its kind as it is located in the relatively small rural town of Sulzbach-Rosenberg.
- Presentation at Centre for renewable energy and sustainability (ZEN) at Ensdorf. The mayor of Markus Dollacker gave delegates a tour of the local wood chip district heating system, which is managed by the forestry association and the Parish Church of St. James the Apostle which is part of the popular St. James pilgrimage route.

4.11 Amberg-Sulzbach Council funded the bulk of the trip. Argyll and Bute Council was responsible for the following costs:

Airport parking	£104.97
Flights	£1,955.00
Insurance	£109.00
Additional expense cover	£340.40
Council staff travel	£165.85
Total	£2675.22

4.12 The visit was very informative and the delegates learned that Amberg-Sulzbach has many similarities with Argyll and Bute given its rural nature and history of dealing with demographic challenges. In particular, the visit focused on providing a comprehensive introduction with regard to the main characteristics of the region.

4.13 Coinciding with this visit at the beginning of August this 2016 , a group of ten young people from Oban, Bute and Helensburgh youth forums accompanied by two Youth Workers took part on a Youth Exchange project to Amberg-Sulzbach. The theme of the project was Health and Well-being and the young people participated on a full programme of workshops and activities. They explored the difference in definitions and approaches to being fit and healthy and will be producing a report highlighting the findings. The German group are due to visit in Easter of next year and it would be good to use this as part of the celebrations to celebrate the 50th Anniversary with a formal/official event marking the twinning agreement. One suggestion has been a Ceilidh involving young people from Youth Forums across Argyll and Bute with one of the many talented young Ceilidh bands performing.

4.14 From an education perspective there are several areas that could be developed as a basis for further links with the potential to share practice and learn from each other:

- Early Years
- Literacy and Numeracy

- Use of ICT (information and communications technology)
- Vocational and academic models of schooling
- Outdoor Learning
- Music, Art and Culture
- Preparation for employment

4.15 The people of Amberg-Sulzbach are keen to maintain the connections with Argyll and Bute particularly given the decision by the UK to leave the EU. They see the benefits of maintaining good relations and sharing best practice through a range of different initiatives covering civic, cultural, educational and economic themes. This region of Germany has faced a great period of industrial change in recent years which it is now recovering from and returning to growth (appendix 2). This period of growth and high employment has also come with the challenge of successfully integrating over 1,000 Syrian refugees in a community of just over 100,000 people. Their economy has modernized into a number of different sectors such as life sciences, manufacturing and tourism. Initial thoughts on beneficial projects focused on:

- The continuation of school exchanges
 - Specific trade missions
 - Exchange of professional staff in both the public and private sectors
 - Sharing of marketing material in connection with the tourism industry
- Representatives of Amberg-Sulzbach were also keen to mark the 50th anniversary of the twinning agreement by visiting Argyll and Bute in 2017.

4.16 Officials from Argyll and Bute Council and Amberg-Sulzbach preliminarily discussed the possibility to strengthen the twinning around the themes:

- Economic Growth
- Culture & Education
- Civic Activities

4.17 It is reasonable that a small delegation from Amberg-Sulzbach should be invited to celebrate the 50th anniversary of the twinning arrangement in Argyll and Bute. This would be funded through the twinning budget and an additional one-off allocation of up to a maximum of £10k from the earmarked balances no longer required.

5.0 CONCLUSION

5.1 Given the similarities between Argyll and Bute and Amberg-Sulzbach (para 4.15, appendix 2) and, by extension, the invaluable shared knowledge and experience (appendix 1), the twinning arrangement with Amberg-Sulzbach should be maintained and strengthened on the 50th anniversary of the arrangement in 2017.

6.0 IMPLICATIONS

6.1	Policy	This visit aligned with the 'internationalisation' focus included in the revised Area-based Economic Development Action Plans, 2016-2021 (drafts), the SOA Delivery Plans and Scotland's Economic Strategy.
6.2	Financial	Argyll and Bute Council has a £2,500 annual budget for the Amberg-Sulzbach twinning arrangement out of a total twinning budget of £5,000. The 50 th anniversary could be funded through the existing twinning budget and an one-off allocation of up to a maximum of £10k from the earmarked balances no longer required as outlined in the Reserves and Balances August 2016 update report (para 3.3.3)
6.3	Legal	None.
6.4	HR	None
6.5	Equalities	None.
6.6	Risk	None
6.7	Customer Services	None.

Executive Director of Development and Infrastructure, Pippa Milne
Policy Lead, Cllr Aileen Morton
27 October 2016

For further information contact:

Grigorios Moschonas
Economic Growth Officer
Office: 01546 604391
Mobile: 07766 361145
e-mail: grigorios.moschonas@argyll-bute.gov.uk

Appendix 1 – Itinerary
Appendix 2 – Facts about Amberg-Sulzbach

Appendix 1

Time	Event/Venue	Summary
Monday 01 August 2016		
21:15	Arrival at Munich Airport	Welcomed by twinning point of contact Harald Herrle at the airport and transferred to Hotel Sperber in Sulzbach-Rosenberg by mini-bus.
Tuesday 02 August 2016		
09:30	Official Council meeting	Welcomed by Amberg-Sulzbach Council Leader and Chief Executive Richard Reisinger at the Council Headquarters in Amberg. A tour of the premises was followed by official introductions, gift exchange and buffet lunch in Council Chambers.
14:00	Project “growing old at home” showroom presentation	Presentation by officers of project “growing old at home” and tour of the dedicated showroom in company Standecker.
15:30	Culture Barn Elbart	Tour of a refurbished barn which is now used as a venue for cultural events and as a snapz distillery.
18:00	Leisure Park Monte Kaolino	Visit to a kaolinite (china clay) dumping site which has been converted to a leisure park with activities including sand boarding, swimming and high wire. Meeting with the Council-organised youth delegation.
Wednesday 03 August 2016		
09:30	Regens-Wagner-Stiftung	Visit to the social company Regens-Wagner which houses young people with different levels of disability. A tour of the premises was followed by a lunch and Q&A with some of the residents.
13:00	Fraunhofer UMSICHT	Presentation and Tour at the Fraunhofer institute of applied sciences. The institute’s research is focused on production of new energy sources, protecting biodiversity, coatings and recycling.
15:00	LEADER promoted projects	Visit and tour at restored synagogue that has been converted into a museum. Introduction to former mayor of Sulzbach-Rosenberg. Visit and demonstration at Seidelsche Druckerei, a historical printing shop that has been converted into an events venue.
18:00	Sperber brewery	Tour of the craft brewery Sperber.
19:30	Official Dinner	Official dinner with Richard Reisinger, Councillors, town mayors and educators involved in the twinning. Discussion on the future of the twinning arrangement.
Thursday 04 August 2016		

09:30	Hammermühle organic farm	Tour of organic farm supported by LIFE+ European funding. Presentations from Naturpark Hirschwald (Amberg-Sulzbach's nature park), Landscape association and Jura Distl (lamb, beef, apples) marketing group.
13:00	Bat sanctuary	Presentation and tour at horseshoe bat sanctuary supported by LIFE+.
15:00	Centre for renewable energy and sustainability (ZEN)	Presentation at Centre for renewable energy and sustainability (ZEN). Introduction to Ensdorf mayor Markus Dollacker. Tour of wood chip district heating system and Parish Church of St. James the Apostle which is part of the St. James pilgrimage route.
Friday 05 August 2016		
10:00	Official breakfast	Official breakfast (traditional Bavarian cuisine) with Richard Reisinger and Amberg-Sulzbach officials followed by a review of the visit and discussion on the future of the twinning.
19:00	Transfer to and departure from Munich airport	End of a successful twinning visit

Appendix 2

Example facts about Amberg-Sulzbach	
Similarities with Argyll and Bute	
Population	Population of about 100,000. It experienced population decline up until recently which has now stopped and is set to reverse.
Economic Sectors	<p>The food & drink sector focuses on high quality craft beer and schnapps as well as small diversified farms with a preference for organic farming. In collaboration with businesses, it has developed the marketing group Jura Distl (Jura Thistle) which includes local lamb, beef and apples. This is similar to the Argyll Hill Lamb initiative which is supported by Argyll and Bute Council.</p> <p>It is developing its tourism sector, which is not as strong as in Argyll and Bute. However, it successfully attracts business tourism in collaboration with the nearby city of Nuremberg. Moreover, it holds more than 120 festivals every year.</p>
Employment	It has a low unemployment rate of 2.8 %. However, this has resulted in a low number of skilled job seekers, which discourages businesses from settling in the region. In response, the focus is now on vocational apprenticeships, similar to modern apprenticeships in Scotland, to provide young people with the required skills to find employment in the region.
Environment	<p>Its economy is highly dependent on its natural environment and resources.</p> <p>Renewable energy is at the heart of environmental and economic progress. Solar, wind, hydro and biomass power schemes are present throughout the district. The Centre for Renewable Energy and Sustainability (ZEN) presently focuses on increasing the uptake of electric cars by the public.</p>
Differences & learning opportunities	
Economic Sectors	The closure of the steel works at Max Foundry in Sulzbach-Rosenberg in the late 80's-early 90's was a significant hit to its manufacturing sector. The manufacturing sector has since recovered and now accounts for almost 40 % of employment there. In comparison, manufacturing accounts for 5.1 % of employment in Argyll and Bute.
Environment	It has an efficient waste management and recycling system which realises profit for the Council.

Environment & Planning	A landscape association has been formed to bring together stakeholders and help them make informed planning decisions. The focal points of the landscape association are conservation of biodiversity and support to farmers.

ARGYLL AND BUTE COUNCIL**POLICY & RESOURCES COMMITTEE****DEVELOPMENT & INFRASTRUCTURE
SERVICES****27 OCTOBER 2016**

LORN ARC – UPDATE REPORT AS AT 28 SEPTEMBER 2016

1. EXECUTIVE SUMMARY

- 1.1 Since the last progress update in August 2016, the following matters have been progressed.
- 1.2 Consideration is being given to current market conditions for development, and as such the current and potential scale and make-up of the office and retail market, along with current external market conditions, and how this would impact upon the basis and viability of the TIF. There is a concern individual projects may not be able to generate the required uplift in NDR revenue to pay off the intended Council borrowing.
- 1.3 As a result of the above, Commercial Agents have been appointed to review the economic modelling assumptions in the 2013 Full Business Case (FBC). It is anticipated that the findings will be available for consideration at the November 2016 Lorn Arc Programme Board, following which a more substantive report will be prepared and reported to the first appropriate Oban Lorn and the Isles (OLI) Area Committee and Policy & Resources Committee. This report will outline options for funding the delivery of the required infrastructure works to continue to stimulate economic growth in Oban and the Lorn area on the back of the CHORD investments.
- 1.4 Building upon the last TIF Executive meeting with Scottish Government and Scottish Futures Trust (SFT) on the 20th July 2016, a positive meeting took place with SFT on the 7th September 2016 to discuss the current position in applying the TIF financial model. The model is based on an uplift in NDR revenue to pay off the intended Council borrowing of £18.9m over 25 years. The borrowing will finance the identified enabling works in the current Lorn Arc FBC to unlock economic growth in the Oban Lorn area.

SFT continues to support the analysis of market conditions, building again on the information provided during July 2016. The findings of this and a way forward will be discussed and agreed by the TIF Executive. Following which the Financial Model Affordability presented to members at the August 2016 OLI Area Committee will be updated.
- 1.5 In addition, an options appraisal is being undertaken on how best to proceed with the development of the proposed Oban Airport Business Park, which will be presented to the November 2016 Lorn Arc Programme Board and thereafter to the first appropriate OLI Area Committee and Policy & Resources Committee in conjunction with review findings of the aforementioned pieces of work.
- 1.6 With regard to HR, both the Lorn Arc Programme Manager and Project Manager posts have been filled, the former started on the 12th September 2016 with the latter joining the team on the 17th October 2016. The team now has a full complement of staff.
- 1.7 Budget: Detailed below is the current budget position for both the revenue and capital approved budget allocations.

REVENUE	£000s
Total approved funds	1,607
Total project spend to date August 2016	206
Balance	1,401
CAPITAL	£000s
Total borrowing approved	1,388
Total project spend to date August 2016	635
Balance	753

1.8 It is recommended that the Policy & Resources Committee:

- Note the current position of the Lorn Arc Programme has been to the OLI Area Committee for information.
- Note that Commercial Agents have been appointed to review the economic modelling assumptions in the 2013 FBC.
- Agree that a more substantive report be prepared and reported to the first appropriate Policy & Resources Committee.
- Note the current position with the Lorn Arc Programme.

LORN ARC – UPDATE REPORT AS AT 28 SEPTEMBER 2016

2. INTRODUCTION

- 2.1 This report provides the Policy & Resources Committee with an update on progress in relation to the review of the commercial market and affordability assumptions in the Lorn Arc Business Case, latest position with regard the delivery of the individual projects, the recruitment of staff for the Lorn Arc team and latest budget position as at the end of August 2016.

3. RECOMMENDATION

3.1

It is recommended that the Policy & Resources Committee:

- Note the current position of the Lorn Arc Programme has been to the OLI Area Committee for information.
- Note that Commercial Agents have been appointed to review the economic modelling assumptions in the 2013 FBC.
- Agree that a more substantive report be prepared and reported to the first appropriate Policy & Resources Committee.
- Note the current position with the Lorn Arc Programme.

4. DETAILS

- 4.1 The following matters have been progressed since the last update in August 2016.

- 4.2 ***Review of commercial market and affordability assumptions in FBC*** – Consideration is being given to current market conditions for development, and as such the current and potential scale and make-up of the office and retail market, along with current external market conditions, and how this would impact upon the basis and viability of the TIF. There is a concern individual projects may not be able to generate the required uplift in NDR revenue to pay off the intended Council borrowing.

Therefore Commercial Agents have been appointed to review the economic modelling assumptions in the 2013 FBC. It is anticipated that their findings will be available for consideration at the Lorn Arc Programme Board in November 2016, following which a more substantive report will be prepared and reported to the first appropriate OLI Area Committee and Policy & Resources Committee. This report will outline options for funding the delivery of the required infrastructure works to continue to stimulate economic growth in Oban and the Lorn area on the back of the CHORD investments.

Building upon the last TIF Executive meeting with Scottish Government and SFT on the 20th July 2016, a positive meeting took place with SFT on the 7th September 2016 to discuss the current position in applying the TIF financial model. The model is based on an

uplift in NDR revenue to pay off the intended Council borrowing of £18.9m over 25 years. The borrowing will finance the identified enabling works in the current Lorn Arc FBC to unlock economic growth in the Oban Lorn area. Consideration is being given to current market conditions for development, and as such the current and potential scale and make-up of the office and retail market, along with current external market conditions, and how this would impact upon the basis and viability of the TIF. SFT continues to support this analysis, building again on the information provided during July 2016. The findings of this and a way forward will be discussed and agreed by the TIF Executive. Following which the Financial Model Affordability presented to members at the August 2016 OLI Area Committee will be updated.

4.3 The project updates reflect the 2013 FBC and may be subject to change following consideration of the Commercial Agent's report.

4.3.1 **Project 1 - Lorn Rd / Kirk Rd Improvements, Dunbeg** – Discussions and assistance continues to take place with Highland and Island Enterprise (HIE) regarding purifying the conditions linked to their planning consent to allow further phases of the European Marine Science Park (EMSP) to be completed. These matters require to be resolved prior to the Council incurring further costs to avoid the scenario where the Lorn Road/Kirk Road is upgraded with council funds but the EMSP development can't proceed as the conditions in their planning consent have not been purified. Whilst it is standard practice for the developer to provide any necessary infrastructure to accommodate a new development this did not happen here and the Council subsequently gave a commitment to improve Kirk Road prior to the further development of the European Marine Science Park. The only funding mechanism the Council has at its disposal at this current time is TIF funding. Discussions on the wider Dunbeg Corridor road infrastructure with Link Housing Association have progressed to the point where it is prudent to review the Lorn Road/Kirk Road design. This would require revised design work, revised financial modelling and a revised application for planning permission to be submitted. Discussions have taken place with Highland and Island Enterprise (HIE) on the aforementioned and they have been invited to the Dunbeg Corridor Working Group meetings to discuss how best to ensure that investment in road infrastructure in the area maximises development opportunities across the Dunbeg Corridor. The next meeting of the Dunbeg Corridor is due to take place on the 13th October 2016.

4.3.2 **Project 2 – Gateway Features/Traffic Calming – Dunbeg** – directional signage has been installed and the project will be further progressed following approval of the road infrastructure works for projects 3 and 4 below.

4.3.3 **Project 3 - Halfwayhouse Roundabout / Dunbeg Development Road, Dunbeg** – This project lies within the Dunbeg Corridor development area and as such has formed an element of discussions between the Council and the principle developer of this area, Link Housing Association (LHA) on how best they can develop their masterplan for the development of this area, which includes the provision of approximately 800 homes, delivered over approximately 20 years and commercial uses including retail and leisure. As reported last month the Option Agreement between LHA/West Highland Housing Association and the Landowner has been extended to the 30th September 2017. The first meeting of the Dunbeg Corridor Programme took place on the 8th August 2016 to scope out the meetings and attendees going forward to deliver the Project Plan. The Project Plan sets out the activities which Link require to be addressed before concluding the Options Agreement with the Landowner. Link has called for the next meeting to take place on 13th October 2016.

The Council and LHA are currently considering entering a Minute of Agreement for the delivery of the Dunbeg Corridor, discussions are at early stages but when further

developed, details will be brought forward to this Committee for discussion.

LHA has advised the Council that the cost of the road infrastructure is circa £12m for the initial distributor road and an additional £8m may be required to access the east side of site. LHA have been advised that from a Lorn Arc TIF perspective ***any TIF investment needs to be paid off through an increase in Non Domestic Rates (NDR) through development of the commercial area and that Business Case will be required to demonstrate the affordability of any such investment.***

It has been acknowledged by LHA that other sources of public and private sector investment will therefore be required. For example, the Lorn Arc Business Case states ***“the TIF Investment proposed (£2m) would part fund the enablement of the new Trunk Road junction and the first section of road to the west”***. TIF funding was never envisaged to pay for the full cost of the roundabout only as a contribution to private sector and other partner funding as necessary. Council officers have completed their review of whether the roundabout as currently envisaged is in the right place and have concluded that despite construction challenges that it is. A new access here is necessary as the Dunbeg Corridor requires two road accesses as the level of housing exceeds 300 dwellings. Transport Scotland has determined that a roundabout is the only acceptable way for this access to be taken from the Trunk Road. Council Housing officers have submitted an expression of interest to Scottish Government regarding the recently announced infrastructure funds for housing developments. They are also currently framing a report to explore if the Strategic Housing Fund could contribute towards the section of the road that would open up the first area of housing.

Discussions are taking place between the Council’s planning team and LHA’s planning advisors, Houghton Planning Ltd regarding LHA’s current proposals for the commercial area. In terms of the non-TIF elements of the Dunbeg Masterplan these are being considered separately to support the delivery of the housing.

4.3.4 Project 4 - South Oban Development Zone – This project requires a FBC to be prepared and submitted to the Scottish Government for approval. This FBC will need to scope out the infrastructure investments required along with the potential benefits and financial forecasts. The initial scoping exercise has recently been completed by the Lorn Arc team and was presented to other officers across the Council on the 22nd September 2016 for their comments.

Although investment in South Oban is projected to lever the highest increase in NDR across the Programme, it should be noted that the existing Programme FBC has projected an increase of 70,000 sq ft in retail space in Oban South; in light of current food retail market trends this figure looks to be ambitious. For example, the new Lidl store is circa 15,000 sq ft. The Commercial Agent’s report referred to at 4.2 will review the retail market position and include their findings within the final report.

Following which a report on the proposed options for council investment in Oban South will be presented to the Lorn Arc Programme Board taking account of the findings from the aforementioned exercises.

4.3.5 Project 5 - North Pier Extension, Oban – The Policy & Resources Committee approved start-up costs of £560,000 for this project on 14th May 2015. Options are currently being assessed for physical and financial viability and sequencing with other complementary capital regeneration projects to include the step ashore/ transit berthing facility and the maritime visitor facility on track to be completed by summer 2017. The findings of the consulting engineer’s marine investigations will be presented to members at the next OLI Business Day. Due to the summer 2017 delivery timescales for the CHORD North Pier

Maritime Visitor Facility and the Transit Berthing Facility, the projected construction start date for the North Pier extension is now likely to take place in Q2 2018/19.

4.3.6 **Project 6 - North Pier Streetscape, Oban** – Following the finalisation of the Oban Capital Regeneration Public Realm Schemes, the projected completion date is July 2016, and design approval of Project 5, discussions will take place on how best to proceed with this element. Again the projected construction date is likely to commence in Q4 2018/19.

4.3.7 **Project 9 – Existing Access Improvements and Business Park Enablement, Oban Airport** – The FBC report dated April 2015 defined the scope of the project as ‘an access road link of up to 140m to access the site of a new business park to the south of the existing Oban Airport Roundabout and support its effective marketing and attraction of inward investment. The construction of the access road to facilitate the development of the new business park started on the 1st September 2015. The design of the road, site supervision and ancillary works were undertaken by the Council’s Roads and Amenity Services, with the completion certificate issued in December 2015. The commencement of the works met **the Scottish Government’s deadline for the First TIF investment.**

As reported in August 2016, based on market interest to date the original projected increase in NDR, directly from this project, to cover the approved level of borrowing of £590k is unlikely to be forthcoming mainly due to projected end users being either exempt from NDR, eligible for relief or attracting a lower level of NDR due to change of projected use from predominately office to industrial. In light of the above, a position statement including an appraisal of options going forward has been prepared and will be presented to the Lorn Arc Programme Board in November for comments and thereafter brought to the first appropriate meetings of the OLI Area Committee and the Policy & Resources Committee.

4.4 **Resourcing** – Both the Lorn Arc Programme Manager and Project Manager posts have been filled, the former started on the 12th September 2016 with the latter joining the team on the 17th October 2016. The team now has a full complement of staff.

4.5 **Programme Risks** – The majority of the risks continue to be deemed medium with the high risks around the complexity of the funding model, delivery of programme by 2020, increase in constructions costs and lack of private investment. All of which are regularly monitored with movements reported to members, the TIF Executive and Lorn Arc Programme Board. In term of Project Risks, Project 9, Access Improvements and Enabling works at Oban Airport Business Park is deemed to be a high risk due to the issues previously reported to members.

4.6 **Financial Model Summary Output** – The financial model calculates the affordability of the Programme over the life of the TIF Agreement. Amendments to timescales, cost of the TIF investment, projected increases in NDR and their timing, cost of borrowing and inflation can all change the output of the Programme financial model. Based on assumptions reported to OLI members in August 2016 the Programme remains affordable based on all other assumptions remaining constant. The Programme financial model will be updated following the receipt of the Commercial Agents review referred at 1.3 above.

4.7 **Budget:** Detailed below is the current budget position for both the revenue and capital approved budget allocations.

REVENUE	£000s
Total approved funds	1,607
Total project spend to date August 2016	206

Balance	1,401
CAPITAL	£000s
Total borrowing approved	1,388
Total project spend to date August 2016	635
Balance	753

5. CONCLUSION

- 5.1 The review of the assumptions made in the 2013 FBC is currently being independently reviewed alongside a review of the Lorn Arc TIF funding model in consultation with SFT. The findings of both pieces of work together with the options appraisal for development of the Oban Airport Business Park and the findings of the scoping exercise for South Oban will be presented at the first appropriate OLI Area Committee and Policy & Resources Committee.

6. IMPLICATIONS

- 6.1 **Policy** - The delivery of this project fits with the Council's Corporate Plan, Local Outcomes Improvement Plan and approved Development Plan policy for town centre regeneration. The economic outcomes from this project will contribute to the Government's Economic Strategy.
- 6.2 **Financial** - Revenue spend contained within agreed allocation already given for recruitment of project managers. Note potential affordability concerns/lack of NDR uplift and also alternative funding sources being pursued.
- 6.3 **Legal** - Each project will have differing legal requirements; this will be laid out in each project's Project Initiation Document. No legal issues at Programme level.
- 6.4 **HR** - None.
- 6.5 **Equal Opportunities** - There are no equal opportunities implications.
- 6.6 **Risk** - As outlined in 4.5
- 6.7 **Customer Service** - There are no customer service implications.

Executive Director Development and Infrastructure Services: Pippa Milne

Policy Lead: Aileen Morton

28 September 2016

For further information - please contact:

David Gunn
Oban Lorn Arc Regeneration Programme Manager,
Economic Development and Strategic Transportation,
Development and Infrastructure Services. 01631 567951

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Policy and Resources Committee Work Plan 2016-17

October 2016 - This is an outline plan to facilitate forward planning of reports to the P&R Committee.					
27 October 2016	Report Title	Dept/Section	How Often?	Date Due	Comments
	Financial Monitoring Pack Summary – will include links to: <ul style="list-style-type: none"> • Financial Monitoring Pack Summary • Revenue Budget Monitoring • Monitoring of Service Choices Savings • Monitoring of Financial Risks • Capital Plan Monitoring • Treasury Monitoring • Reserves and Balances 	Strategic Finance	Every Meeting	27 September 2016	
	Budgetary Outlook	Strategic Finance		27 September 2016	
	Rothsay Harbour – Judicial Review	Governance and Law		27 September 2016	
	New Schools - Campbeltown Grammar And Oban High Schools; Kirn Primary - Contract Monitoring	Customer Services		27 September 2016	
	Dignity at Work: Eliminating Workplace Bullying and Harassment Policy and Procedure	Improvement and HR		27 September 2016	
	Procurement Strategy 2016-17 and Sustainable Procurement Policy 2016-17 to 2017-18 – Draft Documents and Ongoing Consultation	Customer and Support Services		27 September 2016	
	Council Tax on Second Homes	Customer and Support Services		27 September 2016	

Policy and Resources Committee Work Plan 2016-17

	Discretionary Housing Payment Policy Update	Customer and Support Services		27 September 2016	
	Consultation on Social Security	Customer and Support Services		27 September 2016	
	Kilmahew/St Peter's – Change of Name for Offer of Grant	Dev & Infra		27 September 2016	
	Amberg Sulzbach Twinning Arrangement	Dev & Infra		27 September 2016	
	Lorn Arc Update	Dev & Infra		27 September 2016	
	Oban North Pier – Phase 1 – Maritime Quarter Visitor Facility	Dev & Infra		27 September 2016	
	Oban North Pier – Phase 2 – Maritime Quarter Transit Berthing Facility	Dev & Infra		27 September 2016	
15 December 2016	Report Title	Dept/Section	How Often?	Date Due	Comments
	Financial Monitoring Pack Summary – will include links to: <ul style="list-style-type: none"> • Financial Monitoring Pack Summary • Revenue Budget Monitoring • Monitoring of Service Choices Savings • Monitoring of Financial Risks • Capital Plan Monitoring • Treasury Monitoring • Reserves and Balances 	Strategic Finance	Every Meeting	15 November 2016	
	Financial Outlook	Strategic Finance	Occasional		

Policy and Resources Committee Work Plan 2016-17

	Glengorm Update	Development and Infrastructure			
	People Strategy Action Plan Progress Report	Customer Services – Jane Fowler	Quarterly	15 November 2016	
2 February 2017	Report Title	Dept/Section	How Often?	Date Due	Comments
	Financial Monitoring Pack Summary – will include links to: <ul style="list-style-type: none"> • Financial Monitoring Pack Summary • Revenue Budget Monitoring • Monitoring of Service Choices Savings • Monitoring of Financial Risks • Capital Plan Monitoring • Treasury Monitoring • Reserves and Balances 	Strategic Finance	Every Meeting	3 January 2016	
	Treasury and Investment Strategy 2017-18	Strategic Finance	Annual		
16 March 2017	Report Title	Dept/Section	How Often?	Date Due	Comments
	Financial Monitoring Pack Summary – will include links to: <ul style="list-style-type: none"> • Financial Monitoring Pack Summary • Revenue Budget Monitoring • Monitoring of Service Choices Savings • Monitoring of Financial Risks • Capital Plan Monitoring 	Strategic Finance	Every Meeting RURA	14 February 2016	

Policy and Resources Committee Work Plan 2016-17

	<ul style="list-style-type: none"> • Treasury Monitoring • Reserves and Balances 				
Future Items – date to be determined					
	SOA Delivery Plan Review	Customer Services			To come to future meeting – most likely June 2016.
	IHR Policies: <ul style="list-style-type: none"> • Recruitment and Selection Policy • Maximising Attendance Policy • Improving Employee Performance Policy 	Improvement and HR	As required		<ul style="list-style-type: none"> • To come in 2017/18 • To come in 2016/17 • To come in 2017/18
	Lorn ARC Tax Incremental Funding (TIF) Asset Project 5 – Oban North Pier Extension – Start Up Report	Development and Infrastructure			Agreed 14 May 2015 that FBC would be presented to a future Committee
	Lorn Arc TIF Asset Project 9 – Existing Access Improvements and Business Park Enablement, Oban Airport Start up Project	Development and Infrastructure	Quarterly		Agreed 14 May 2015 that quarterly updates would be provided to OLI and then P&R
	Improving Wages in the Care at Home/Housing Support Sector	Community Services			
	Update on Operation and Performance of the Tarbert and Lochgilphead Regeneration Fund	Development and Infrastructure			
	Business Cases for Tarbert and Lochgilphead Regeneration Fund	Development and Infrastructure			

ARGYLL AND BUTE COUNCIL**POLICY AND RESOURCES COMMITTEE****DEVELOPMENT & INFRASTRUCTURE
SERVICES****27 OCTOBER 2016**

**OBAN NORTH PIER MARITIME QUARTER – PHASE 1 – MARITIME VISITOR FACILITY –
ADDENDUM to FULL BUSINESS CASE**

1. EXECUTIVE SUMMARY

- 1.1 The revised Full Business Case (FBC) for the Oban North Pier Maritime Quarter – Phase One – Maritime Visitor Facility is now complete. The FBC revision has been prepared by the project manager supported by the design team led by CAPITA and Peter Brett Associates, Economic and Business Consultants.
- 1.2 The proposals for the Maritime Visitor Facility approved by Argyll & Bute Council on the 20th August 2014 have been altered due to objections by an adjacent business. Therefore, the “Gathering Place” design has been altered to a more compact “wedge” shape, which sits within the site boundary of the existing White Building. As a result, the approved Full Business Case, dated 20 August 2014, has been updated to reflect the impact these changes in the design and associated project costs have had on the financial viability and economic impact of the project.
- 1.3 The facility will include: dedicated showers, toilets, changing areas and secure lockers for maritime visitors. Additionally it will create 4 office spaces, two on the mezzanine floor and two on the ground level, including: a harbour-master’s office; an office for the transit berthing facility operator; and two additional commercial offices which can be offered to the market.
- 1.4 The economic benefits to the local economy are:
 - £312,102 Gross Value Add (GVA) in the construction phase;
 - A cumulative impact on the local economy of over £2m over 15 years;
 - Contribution of £165,000 in revenue to local businesses through occasional marine-based events;
 - Over £1m additional GVA to the local tourism economy over a 15 year period.

2.0 RECOMMENDATIONS

- 2.1 It is recommended to the Policy and Resources Committee that:
 - The Full Business Case for the Maritime Visitor Facility is approved;
 - £1.6m is drawn down from the CHORD budget allocation for provision of the Maritime Visitor Facility;

- Approval is given to the Executive Director of Development and Infrastructure Services to proceed to tender for the Maritime Visitor Facility; and
- Approval is given to the Executive Director of Development and Infrastructure Services to award the contract to the preferred contractor should total project costs fall within the allocated project budget.

**OBAN NORTH PIER MARITIME QUARTER – PHASE 1 – MARITIME VISITOR FACILITY –
ADDENDUM to FULL BUSINESS CASE**

3.0 INTRODUCTION

- 3.1 The purpose of this paper is to bring forward the revised final business case (FBC) for the Maritime Visitor Facility for approval.

4.0 RECOMMENDATIONS

- 4.1 It is recommended to the Policy and Resources Committee that:

- The Full Business Case for the Maritime Visitor Facility is approved;
- £1.6m is drawn down from the CHORD budget allocation for provision of the Maritime Visitor Facility;
- Approval is given to the Executive Director of Development and Infrastructure Services to proceed to tender for the Maritime Visitor Facility; and
- Approval is given to the Executive Director of Development and Infrastructure Services to award the contract to the preferred contractor should total project costs fall within the allocated project budget.

5.0 DETAILS

- 5.1 The revised FBC for the Maritime Visitor Centre project is now complete.
- 5.2 The revised FBC updates the approved 2014 version which outlined the business case for a larger, iconic building on Oban's waterfront, as part of a suite of waterside regeneration projects funded by the CHORD initiative. Following adjustments to the design to address objections by an adjacent business this revised business case reflects: related changes in the design layout; project costs; financial viability of the facility; and the economic impacts which are anticipated to be derived from the project. The original FBC which outlines the strategic fit of the project remains unchanged is available for members, if required.
- 5.3 The Maritime Visitor Facility (MVF) will act as a focal point for marine-based activity and other visitors, providing a point of welcome at the North Pier, and offering occasional event space indoors and flexible outdoor rentable space. It will also provide high-quality office space at a desirable waterside and town centre location. These features are expected to generate economic benefit for the immediate area and the wider Oban economy.
- 5.4 The main function of the Maritime Visitor Facility (MVF) will be to provide a modern functional space with dedicated showers, toilets, changing areas and secure lockers

for maritime visitors. Additionally it will create 4 office spaces, two on the mezzanine floor and two on the ground level, including: a harbour-master's office; an office for the transit berthing facility operator; and two additional commercial offices which can be offered to the market. The open plan area within the foyer will be able to cater for small events, and the building will be fully accessible. The foyer on the ground floor may be rented for occasional event space, and there will be the opportunity to rent the space outside the building for markets and pier side events. The previous designs proposed layout had a large gathering space that was open to the elements and public, whereas the new layout is contained within the building, which is accessed by a digital keypad entry system. This now allows for income to be generated for the space and provides a more secure environment for clients wishing to use the showering facilities out-with office hours.

- 5.5 The Estimated Project Costs are provided within the exempt paper provided separate to this report.
- 5.6 It is recommended that the ownership, management, and operation of the building should, for the first year of operation, sit with the council and then be subject to an operational and financial review in months 6 and 12. The Marine Operations service has been fully involved in the project to date and have worked with the project manager in creating the operating options for the facility's future management. If the council own operate and manage the facility for the first year, then: snagging; quality of service; business development; marketing; rental collections; and facility management can all be managed to a high standard, which should result in a book value for the building, which is more attractive to the private sector if the facility is subsequently marketed in conjunction with the transit berthing facility.
- 5.7 The four options included below will be assessed following a review of the building's management and all revenue cost/income implications for the council and marine services.
- Option 1. Council own operate and manage the facility
 - Option 2. Council own and contract out the management and operation of the facility
 - Option 3. Council work in partnership with operator of the transit berth if the council do not operate the transit berth in-house

Option 4. Council contract out the management of the building to the Transit Berthing Facility and or partners, and pay rent and service charges to the operator/management.

- 5.8 Financial Viability – The project funding arrangements and costs are provided within the exempt paper provided separate to this report.
- 5.9 Economic Impact Assessment - this has been undertaken by Peter Brett Associates. The assessment demonstrates the positive impacts the project will have in Oban and the wider environs, as detailed below:
- £312,102 GVA in the construction phase.
 - A cumulative impact on the local economy of over £2m over 15 years.
 - Contribution of £165,000 in revenue to local businesses through occasional marine-based events.
 - Over £1m additional GVA to the local tourism economy over a 15 year period.
- 5.10 The project has secured all the necessary statutory approvals to implement the works. The Traffic Regulation Order will be advertised in November 2016 post FBC sign off.
- 5.11 Rigorous monitoring of the works and the budget will be undertaken due to the ongoing operational requirements of the pier and adjacent businesses. A site supervisor will be in place for the duration of the works to monitor progress on a daily basis to ensure the Contractor is applying the correct temporary traffic management and standards of quality to all elements of the project. The project manager and cost consultants will prepare monthly cost appraisal and financial statements that will track works spend against contractual lump sum and overall project spend against budget allocation.
- 5.12 The contingency will be reviewed on a monthly basis.
- 5.13 The Council's Road and Amenity officers have been consulted during the various design development stages with regards to buildability, durability and maintenance,

with all issues raised having been addressed. The Head of Roads and Amenity Services has been briefed on the final design proposals and on the future management and maintenance requirements.

- 5.14 The council's Marine Operations Service has been fully involved in the design and delivery process and is fully supportive of the recommendations being made in this report.
- 5.15 A 'Community Benefits' clause will be inserted to the National Engineering Contract (NEC) 3 Option A contract to ensure that the Oban North pier project provides clear opportunity to deliver community benefits in terms of employment and learning opportunities.
- 5.16 A detailed programme plan has been prepared and the works are programmed to start early January 2017 and finish mid-summer 2017. The project programme is provided within the exempt paper provided separate to this report
- 5.17 The Oban Maritime Visitor Facility project has an allocation from CHORD funds of £1.6 million as agreed by OLI AC 20 August 2014.

6.0 CONCLUSION

- 6.1 The revised layout of the MVF has created a much more financially sustainable facility which better serves the needs and requirements of the maritime tourism sector. As a result it will make a significant contribution to the economic regeneration of Oban Town Centre and Waterfront through increased footfall.

7.0 IMPLICATIONS

- 7.1 **Policy** - The delivery of the capital regeneration programme fits with the Council's Corporate Plan, Single Outcome Agreement and approved Development Plan policy for town centre regeneration. The economic outcomes from these projects will contribute to the Government's Economic Strategy.
- 7.2 **Financial** - The drawdown of funds is within the currently allocated CHORD budget.
- 7.3 **Legal** - Each of the capital regeneration projects requires differing levels of legal resources to ensure their timely delivery.
- 7.4 **Equal Opportunities** - An Equality Impact Assessment has been completed and reviewed by the Council's Policy Officer.
- 7.5 **HR** - Resources have been allocated to the project should they be required.

Executive Director of Development and Infrastructure, Pippa Milne

Policy Lead, Councillor Ellen Morton

September 2016

**For further information contact Kirsteen MacDonald, Regeneration Project Manager,
Tel: 01546 604271**

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ARGYLL AND BUTE COUNCIL**Policy and Resources Committee****Development and Infrastructure
Services****27 October 2016**

**Oban North Pier Maritime Quarter – Phase 2 – Transit Berthing Facility – FBC
report**

1.0 EXECUTIVE SUMMARY

- 1.1 The Full Business Case (FBC) for the Oban North Pier Maritime Quarter – Phase Two – Transit Berthing Facility is now complete. The FBC has been prepared by the project manager, supported by the design team led by Fairhurst and Peter Brett Associates, Economic and Business Consultants.
- 1.2 The proposals for the Transit Berthing Facility are the result of extensive consultation over several years culminating in a council led engineering workshop in September 2015. The September workshop proved that the best location for the development was to the North side of the North Pier for financial, attenuation, and future proofing of design. The Oban Lorn and the Isles Area committee in April 2016 recommended that officers take this layout and outline design to detailed design and full business case.
- 1.3 The Transit Berthing Facility includes an access ramp from the North side of the North Pier Car Park down to 36 finger berth pontoons attenuated by a circa 200 m floating concrete breakwater. The facility is for transitory maritime clients and businesses only and complements marinas in the vicinity and further afield by providing a step ashore experience that directly enables visitors to use the town center amenities and wider attractions on offer. This new facility will assist in the growth of indigenous and new businesses in the area by attracting maritime visitors directly into the area.
- 1.4 The current CHORD budget allocation is £1.5m, this was reduced from £2m at the April 2015 OLI Area Committee. The project funding arrangements are provided within the exempt paper provided separate to this report where external funding is laid out.

1.5 It is proposed that the facility is operated by the council for the first season prior to going out to tender in the open market subject to review in month 6 and 12.

1.6 Economic impacts

- 57% uplift in direct, indirect and induced expenditure in Oban due to the Transit Berthing Facility.
- £0.27 million annual Gross Value Add (GVA) directly related to the Transit Berth Facility, £0.37 million GVA including indirect and induced expenditure p.a.
- The Transit Berthing Facility will support 21 direct, indirect and induced FTEs—nearly 30% of the total FTEs supported by Oban’s marine tourism product.
- 2.5 FTE direct employees
- Direct, indirect and induced visitor expenditure of £1.2 million annually.
- Cumulative direct, indirect and induced expenditure of £15 million over 15 years
- The Transit Berthing Facility will account for 36% of the total economic impact of Oban’s marine tourism product.

2.0 RECOMMENDATIONS

2.1 It is recommended to that the Policy and Resources Committee that:

- The Full Business Case for the Transit Berthing Facility is approved;
- £1.5m is drawn down from the CHORD budget allocation for provision of the Transit Berthing Facility;
- Approval is given to the Executive Director of Development and Infrastructure Services to proceed to tender for the Transit Berthing Facility; and
- Approval is given to the Executive Director of Development and Infrastructure Services to award the contract to the preferred contractor should the project costs fall within the allocated project budget, as augmented by any external funding.

**Oban North Pier Maritime Quarter – Phase 2 – Transit Berthing Facility – FBC
report**

3.0 INTRODUCTION

- 3.1 The purpose of this paper is to bring forward the Final Business Case (FBC) for the Transit Berthing Facility for approval.

4.0 RECOMMENDATIONS

- 4.1 It is recommended to the Policy and Resources Committee that:

- The Full Business Case for the Transit Berthing Facility is approved;
- £1.5m is drawn down from the CHORD budget allocation for provision of the Transit Berthing Facility;
- Approval is given to the Executive Director of Development and Infrastructure Services to proceed to tender for the Transit Berthing Facility; and
- Approval is given to the Executive Director of Development and Infrastructure Services to award the contract to the preferred contractor should the project costs fall within the allocated project budget, as augmented by any external funding.

5.0 DETAIL

- 5.1 The FBC for the Transit Berthing Facility is now complete.
- 5.2 The April 2016 Oban Lorn and the Isles (OLI) Area Committee approved the design layout for the transit berthing facility. The June OLI Area Committee approved the recommendation to seek approval for development funding from the August Policy & Resources Committee to take the project forward to tender stage. The current budget allocation is £1.5m, this was reduced from £2m at the April 2015 OLI Area Committee. Full project costs and funding arrangements are provided within the exempt paper provided separate to this report.
- 5.3 *External Funding* - Given the national strategic importance of this project to the wider West Coast of Scotland and the Scottish Government's Marine Tourism Strategy – Waking the Giant, discussions are being held with external potential delivery partners, and funding applications submitted, regarding financial contribution to the capital budget. The Blue Economy is vitally important to Oban and the wider Lorn area including a number of economically fragile communities based on nearby islands such as Mull, therefore a substantial contribution is anticipated. The funding application

decisions are expected early January 2017 and are provided within the exempt paper provided separate to this report.

- 5.4 The Transit Berthing Facility (TBF) will act as a focal point for marine-based activity and other visitors, providing a point of welcome at the North Pier to maritime visitors and businesses. It will provide high-quality step ashore facilities at a town center location allowing direct access to Oban's services and facilities. This facility is expected to generate economic benefit for the immediate area and the wider Oban economy.
- 5.5 The main function of the Transit Berthing Facility (TBF) will be to provide a modern step ashore facility, with dedicated showers, toilets, changing areas and secure lockers for maritime visitors provided in the adjacent Maritime Visitor Facility. The Transit Berthing Facility will provide up to 3 nights only for visiting craft and day stops for operating maritime leisure businesses. The facility is intended to complement the existing marinas in the vicinity and in time grow the market for all services and customers alike for the West of Scotland.
- 5.6 It is recommended that the ownership, management, and operation of the facility should, for the first year of operation sit with the council and then be subject to an operational and financial review at months 6 and 12. The Marine Operations Service has been fully involved in the project to date and have worked with the project manager in creating the operating options for the facility's future management. If the council own operate and manage the facility for the first year, then: snagging; quality of service; business development; marketing; fee/dues collections; and facility management can all be managed in a cohesive manner, which should result in a more attractive proposition to the private sector, especially as intended, the facility is subsequently marketed in conjunction with the maritime visitor facility.
- 5.7 Following a review of both the transit berthing and maritime visitor facility's management and all revenue cost/income implications for the council and marine services, an options appraisal will be undertaken, which will include as a minimum the following:
 - Option 1: Council own, operate and manage the facility
 - Option 2: Council own and contract out the management and operation of the facility
 - Option 3: Council work in partnership with a contractor/operator dependent on findings of review.
- 5.8 Economic Impact:

The assessment undertaken by Blue Sea Consulting LLP and Peter Brett Associates demonstrates the positive impacts the project will have in Oban and the wider environs, as detailed below:

 - 57% uplift in direct, indirect and induced expenditure in Oban due to the Transit Berthing Facility.

- £0.27 million annual GVA directly related to the Transit Berth Facility, £0.37 million GVA including indirect and induced expenditure p.a.
 - The Transit Berthing Facility will support 21 direct, indirect and induced FTEs—nearly 30% of the total FTEs supported by Oban’s marine tourism product.
 - 2.5 FTE direct employees
 - Direct, indirect and induced visitor expenditure of £1.2 million annually.
 - Cumulative direct, indirect and induced expenditure of £15 million over 15 years
 - The Transit Berthing Facility will account for 36% of the total economic impact of Oban’s marine tourism product.
- 5.9 To complement the other local marinas and mooring operators in the Oban area a maximum stay of 3 nights per week will be enforced by the operator and the pricing structure is to be set at a slight premium against local overnight stay rates. Based on similar projects, such as Campbeltown Transit Facility and Tobermory Harbour it is believed that the proposed transit berthing facility will be a catalyst for change and increase direct spending in Oban’s tourist economy. Estimates indicate that the town’s economy could benefit by an additional 5,600 visiting boat nights delivering around 22,000 additional visitors. The marina itself will create 2.5 full time equivalent jobs, but the impact of the additional spend will undoubtedly support further business development and increased local employment.
- 5.10 The project has secured all the necessary statutory approvals to implement the works, apart from the Traffic Regulation Order, which will be advertised in November 2016.
- 5.11 Rigorous monitoring of the works and the budget will be undertaken due to the ongoing operational requirements of the pier and adjacent businesses. A site supervisor will be in place for the duration of the works to monitor progress on a daily basis to ensure the Contractor is applying the correct temporary traffic management and standards of quality to all elements of the project. The project manager and cost consultants will prepare monthly cost appraisal and financial statements that will track works spend against contractual lump sum and overall project spend against budget allocation. The contingency will be reviewed on a monthly basis.
- 5.12 The Council’s Road and Amenity officers have been consulted during the various design development stages with regards to buildability, durability and maintenance, with all issues raised having been addressed. The Head of Roads and Amenity Services has been briefed on the final design proposals and on the future management and maintenance requirements.
- 5.13 The council’s Marine Operations Service has been fully involved in the design and delivery process and is fully supportive of the recommendations being made in this report.
- 5.14 A ‘Community Benefits’ clause will be inserted to the National Engineering Contract (NEC)3 Option A contract to ensure that the Transit Berthing Facility project provides clear opportunity to deliver community benefits in

terms of employment and learning opportunities.

- 5.15 A detailed programme plan has been prepared and is contained within the exempt paper provided separate to this report. The works are programmed to start early January 2017 and finish mid- summer 2017.

6.0 CONCLUSION

- 6.1 The transit berthing facility will create a much anticipated and needed asset in the heart of Oban. The layout of the transit berthing facility as presented represents the best financial model that can be achieved with the funds available. The design as presented is also future proofed and represents the best location within the setting of Oban. The facility will serve the needs and requirements of the maritime tourism sector. As a result it will make a significant contribution to the economic regeneration of Oban Town Centre, the surrounding mainland and islands, and, the waterfront through increased footfall.

7.0 IMPLICATIONS

Policy	The delivery of the CHORD program fits with the Council's Corporate Plan, Single Outcome Agreement and approved Development Plan policy for town centre regeneration. The economic outcomes from these projects will contribute to the Government's Economic Strategy.
Financial	The drawdown of funds is within the currently allocated CHORD budget.
Legal	Each of the CHORD projects requires differing levels of resources to ensure their timely delivery.
Equal Opportunities	An Equality Impact Assessment has been completed and reviewed by the Council's Policy Officer.
HR	Resources have been allocated to the project should they be required.

Executive Director of Development and Infrastructure – Pippa Milne

Policy Lead - Ellen Morton

15 September 2016

For further information contact: Kirsteen Macdonald – 01546 606 074

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