

## FALKIRK COUNCIL

**MINUTE of MEETING of the SCRUTINY COMMITTEE held in the MUNICIPAL BUILDINGS, FALKIRK on THURSDAY 31 MARCH 2016 at 9.30 AM.**

**COUNCILLORS:**

Stephen Bird  
Allyson Black  
Steven Carleschi  
Colin Chalmers  
Cecil Meiklejohn (convener)  
Baillie Joan Paterson  
Provost Pat Reid

**OFFICERS:**

Caroline Binnie, Communications and Participation Manager  
Danny Cairney, Acting Depute Chief Finance Officer  
Fiona Campbell, Head of Policy, Technology and Improvement  
Jack Frawley, Committee Services Officer  
Julie Hanlon, Head Teacher, St. Mary's RC Primary School  
Kenny McNeill, Educational Resources Manager  
Colin Moodie, Depute Chief Governance Officer  
Robert Naylor, Director of Children's Services  
Catherine Quinn, Curriculum Support Manager  
Catriona Reid, Depute Head Teacher, Bo'ness Academy

**S41. APOLOGY**

An apology was received from Baillie Buchanan.

**S42. DECLARATIONS OF INTEREST**

No declarations of interest were made.

**S43. MINUTES**

**Decision**

- (1) The minute of the meeting of the Scrutiny Committee held on 4 February 2016 was approved, and
- (2) The minute of the meeting of the Performance Panel held on 18 February 2016 was noted.

#### **S44. EDUCATION SCOTLAND INSPECTION REPORTS AND ACTION PLANS**

The committee considered a report by the Director of Children's Services providing information on Education Scotland inspections at St Mary's RC Primary School and Bo'ness Academy which had identified at least one category in each case as 'weak'. The report provided, as appendices:-

- Inspection Letter: St Mary's RC Primary School and Nursery Class;
- Action Plan: St Mary's RC Primary School and Nursery Class;
- Inspection Letter: Bo'ness Academy, and
- Action Plan: Bo'ness Academy.

Robert Naylor provided an overview of the report and introduced Julie Hanlon, Head Teacher, St. Mary's RC Primary School and Catriona Reid, Depute Head Teacher, Bo'ness Academy.

The committee then heard from Julie Hanlon regarding progress made against the action plan at St Mary's RC Primary School. Members asked what support had been available to the school from the Service. Catherine Quinn stated that there had been a team around the school in place who had first worked through the positives noted in the inspection and then addressed the action points. The Head Teacher had identified areas which required extra support. Catherine Quinn and Tony Bragg had delivered sessions to the school's staff on leadership and use of data respectively. Support was given as needed.

Members asked about the impact on resources as a result of the number of children with English as a second language at the school. Julie Hanlon stated that the school had worked closely with the bi-lingual support team. The school's teachers were skilled in dealing with the challenges associated with this area and that parents with English as a second language were very engaged with the school. She commented that there was a disadvantage in standardised testing to children with English as a second language and that it was important to understand the story behind the figures.

The committee sought further information on the assessment by Education Scotland of the curricular offering. Robert Naylor stated that Education Scotland evaluated all aspects of the school under eight broad headings. Inspectors evaluated both the content balance and pace of curriculum delivery in school and considered how much time was spent on literacy and numeracy proportionately.

Members asked how adherence to timescales in the action plan was monitored. Catherine Quinn stated that the Service monitored these timescales carefully and Julie Hanlon advised that the school provided feedback to the team around the school frequently as progress occurred.

In response to comments on the integration of the nursery into the school, Julie Hanlon stated that the initiatives also applied to the nursery and that the Depute Head Teacher, who managed the nursery provision and the Senior Early Years Officer were involved in joint planning with the school. Further, the nursery used the school's computer suite, hall and library.

Following a question on continuous professional development, Catherine Quinn advised that all teachers were met with on an annual basis and plans for development were linked

to the needs of the individual and school. The Council had links with Glasgow University, a good leadership course locally and used the approach of personal action research.

The committee thanked Julie Hanlon for her attendance and contributions.

The committee then heard from Catriona Reid regarding progress made against the action plan at Bo'ness Academy.

Members asked what work had been undertaken to ensure that the curriculum was meeting the needs of all. Catriona Reid stated that there had been a review of the overall curriculum and that vocational routes had been considered as well as participation in the Schools College Opportunities to Succeed (SCOTS) programme.

In response to a question on the Children's University, Catriona Reid stated that this was a cluster project aimed at raising aspiration. The project targeted children at the upper stage of primary school. A pupil passport would be issued to children who would get their passport stamped when they visited places like libraries and upon completion of certain tasks. This would lead to participation in a graduation ceremony at Forth Valley College. The project also operated for young people in second year at high school, the graduation ceremony for this group was to be at Stirling University.

The committee discussed nurture classes and asked for information on the approach at Bo'ness Academy. Catriona Reid stated that there were nurture groups in place with different groups for the different year groups. There was a group who went to St Mary's RC Primary School, accompanied by staff, to do a gardening project and a similar project was in place at Blackness Primary School. Children were identified at the transition stage for inclusion in the nurture groups and the school worked with Community Learning & Development who provided other services in the school.

Members commented that attainment at Bo'ness Academy had fallen out of line with that of the authority's other high schools and asked about staff morale. Catriona Reid stated that there had been significant improvements at Bo'ness Academy over a long period and that there was a good atmosphere at the school, although she commented that there was an opportunity to instil an ethos of greater challenge. She stated that staff changes and new management had brought new ideas and fresh approaches which would drive the school forward. She advised that there would be a revised approach taken to course selection where the students would have a one to one meeting to consider their options which included individual prelim analysis and how they could best be supported.

The committee asked how the school would address the perception that parental and staff expectations were not very high. Catriona Reid advised that there had been a meet the Head Teacher evening which had engaged parents. Two careers events had been held with employers, colleges and universities and a UCAS evening had also been held. The turnout for these events was felt to be significant and had resulted in positive engagement with parents. The school had also been using its twitter feed to provide careers information.

The committee thanked Catriona Reid for her attendance and contributions.

## Decision

The committee agreed to request that the Director of Children's Services:-

- (i) provide an update on the progress made on the agreed action plans to the committee on 17 November 2016, and
- (ii) report back to committee following publication of Education Scotland's subsequent inspection letters.

Provost Reid left the meeting during consideration of the previous item of business.

## S45. USE OF DEVOLVED SCHOOL MANAGEMENT (DSM) RESERVE

The committee considered a report by the Director of Children's Services providing information on the background to the DSM scheme, and the purpose of the DSM reserve and how it operates. Kenny McNeill provided an overview of the report.

Members commented that in order to give full consideration to the topic it would be useful to get further information on what the DSM budget was spent on, why there are contractual time differences and why there were carry forwards.

In response to a question on the use of the DSM budget to cover costs between April and June, Robert Naylor stated that this was caused by the non-alignment of the financial and academic years. Members asked why this was not built into the Council's budget setting process. Robert Naylor stated that some costs to schools fluctuated throughout the year such as staffing levels, which are related to school roll size. Schools needed to be able to fund their teaching posts from August until the end of June, which crossed the end of the financial year. He also commented that in some cases schools built up a small carry forward in order to purchase resources they would not be able to afford from a single year's budget. However, he advised that there were agreed tolerances relating to carry forward and that anything beyond this level needed to have the Director's approval.

There was discussion on how much money was spent by all schools each year from their DSM budget and how carry forward was generated. Danny Cairney stated that the schools broadly tended to spend the entirety of the £2million per capita budgets they were allocated. In terms of the DSM Reserve he commented that this had decreased from approximately £7.5million in 2010/11 to a projected £3.5million for 2015/16.

In discussion on what DSM was used for, Robert Naylor stated that the majority is spent on staffing costs, which gave Head Teachers some flexibility to get the right structure for their school. The scheme was run in line with recent guidance from COSLA and that the fund was used to smooth variance between the financial year and academic year.

The committee requested that a further report is submitted to its next meeting providing information on: an outline of the issues that are devolved to school level and those retained by the Service; the extent of the budget devolved to schools compared with the wider Education budget; the extent to which the areas devolved allow for decision making by the head teacher (with examples); the proportion of the DSM Reserve which arises from the non-alignment of the school year and the financial year (with examples),

and in the event that the DSM Reserve is required for reasons other than the non-alignment of the school and financial years, an outline of those reasons.

### **Decision**

**The committee requested a further report providing information on:**

- (i) an outline of the issues that are devolved to school level and those retained by the Service;**
- (ii) the extent of the budget devolved to schools compared with the wider Education budget;**
- (iii) the extent to which the areas devolved allow for decision making by the head teacher (with examples);**
- (iv) the proportion of the DSM Reserve which arises from the non-alignment of the school year and the financial year (with examples), and**
- (v) in the event that the DSM Reserve is required for reasons other than the non-alignment of the school and financial years, an outline of those reasons.**

## **S46. COUNCIL COMPLAINTS HANDLING PROCEDURE**

The committee considered a report by the Director of Corporate and Housing Services providing information on complaints handling within the Council. The report set out performance against the indicators set by the Scottish Public Services Ombudsman (SPSO) during the financial year 2014/15 and included benchmarking information drawn from the Improvement Service and Audit Scotland. Information was also provided on how the Council learns from complaints. Caroline Binnie provided an overview of the report.

Members asked how many complaints had been considered by the SPSO relating to Falkirk Council. Caroline Binnie advised that there had been 26 complaints which the SPSO had investigated and that this had resulted in 6 being upheld or partially upheld. She stated that in a number of cases the SPSO would not investigate a complaint if it had been referred prematurely, before going through the full Council procedure, or if it did not fall within their remit.

The committee discussed how people can make suggestions to the Council without raising a formal complaint and raised that other organisations have comments and concerns sections on their websites. Caroline Binnie stated that learning of this type was currently carried out at Service level and that lessons learned from complaints were recorded in the system.

Members asked if there was a corporate definition of what constitutes a complaint. Caroline Binnie stated that the SPSO had provided a definition within their model complaints handling procedure which advises that a complaint is an: “expression of dissatisfaction by one or more members of the public about the local authority’s action or lack of action, or about the standard of service provided by or on behalf of the local authority”.

## **Decision**

### **The committee:-**

- (i) noted the corporate position with complaints performance during the period April 2014 to March 2015;
- (ii) noted that the information in the report would be used as the basis for the Council’s Complaints Annual Report, which would be published on the Council’s website and submitted to the SPSO;
- (iii) noted the Council’s performance against the national average, as set out in the benchmarking report;
- (iv) agreed that SPSO indicators 3 and 5 will be used by all Services as the standard performance indicators for complaints reported to the Performance Panel; and
- (v) noted that a Scrutiny Panel will be established to look at the operation of the Complaints Procedure within the Council, in particular the extent to which complaints information is used to improve services, and that a scoping meeting will take place to establish a timetable and process for the review prior to the summer recess.

Councillor Chalmers left the meeting following consideration of the previous item.

## **S47. REVIEW OF INCOME AND CHARGING**

The committee considered a report by the Director of Corporate and Housing Services providing information on fees and charges. The report provided information on recommendations from the Accounts Commission regarding budget setting; the Council’s approach to income from charges, and concessions. Appended to the report were: Questions for Councillors, an extract from the Accounts Commission publication – *Charging for Services: are you getting it right*; a summary of Falkirk Council Charges, and a summary of 2015/16 – 2017/18 Corporate Savings – Income. Danny Cairney provided an overview of the report.

The committee discussed that it would be useful to see comparator information from other councils to evaluate approach and practise against. Fiona Campbell highlighted the importance of considering the approach to charging together with that of a concessions policy and how this aligned with the Council’s poverty strategy. She commented that this contextual situation would need to be taken into account whenever comparing local practice to that of other areas. Members stated that the outcomes of equality and poverty

impact assessments should also be taken into account to identify if any particular group is disproportionately affected.

### **Decision**

**The committee agreed to request a further report to committee including benchmarking and comparator information from other authorities.**





**FALKIRK COUNCIL**

**MINUTE of MEETING of the PERFORMANCE PANEL held in the MUNICIPAL BUILDINGS, FALKIRK on THURSDAY 24 MARCH 2016 at 9.30 AM.**

**CORE MEMBERS:** Stephen Bird  
Cecil Meiklejohn (Convener)  
Rosie Murray  
Depute Provost John Patrick

**MEMBERS** Brian McCabe  
**ATTENDING:** Provost Pat Reid

**OFFICERS:** Fiona Campbell, Head of Policy, Technology and Improvement  
Alex Finlay, Business Development Manager  
Rhona Geisler, Director of Development Services  
Rose Mary Glackin, Chief Governance Officer  
Antonia Sobieraj, Committee Services Officer

**PP14. MINUTE**

**Decision**

The minute of the meeting of the Performance Panel held on 18 February 2016 was approved.

**PP15. DRAFT PROGRAMME OF SELF ASSESSMENTS AND SERVICE REVIEWS/IMPROVEMENT GROUPS**

The performance panel considered a report by the Director of Corporate and Housing Services setting out the recent work undertaken to develop a draft programme of self assessment and service reviews. This report was one of the actions identified in the Best Value Improvement Plan approved by Council on 7 October 2015.

The Members' workshop held in January 2016 had outlined the purpose of the self assessment performance management approach. This report provided progress in this regard. The self assessment and service review identification tool assisted the delivery of a consistent approach to these assessments.

Fiona Campbell provided an overview of the report.

Members of the panel welcomed the checklist process for self assessments, the adoption of which would minimise the time taken to undertake the assessments.

The panel discussed the full programme for self assessments and service reviews and proposals for undertaking strategic reviews for the four other areas identified in the report. They commented on the resource intensive nature of the Public Services Improvement Framework (PSIF) approach and the possible impact on services. Fiona Campbell stated that the process had been streamlined and much of it operated on an online basis. This meant that it was less resource intensive and enabled more participation in the process which should lead to demonstrable improvement.

Members welcomed the reduced amount of time staff needed to spend on the self assessment process, the potential benefit to service delivery and the establishment of additional improvement groups covering new areas including janitorial staff. Following a request for more information on the areas to be covered in the Locality Planning work, Fiona Campbell advised that a framework was currently being developed for use by community planning partners and local communities. The full development framework programme would be submitted to a future meeting of the panel.

Members asked why rent collection was the highest priority in Corporate and Housing Services rather than housing management? Fiona Campbell stated that the service was experiencing a significant level of rent arrears which needed to be addressed. A comprehensive scoping exercise was underway which would clarify why it was an area chosen for review.

The panel sought clarification on whether there was a role for external audit or peer reviews in the self assessment process. Fiona Campbell stated that support and challenge (including the role of “critical friend”) was available internally and external audit would not routinely be involved. The Council also participated in benchmarking groups which provided external comparisons.

Members sought clarification on whether there was a structured method of feeding the views of others, including service complaints, into the self assessment process. Fiona Campbell highlighted the distinction between self assessments which involve services looking at themselves and identify areas for improvement and service reviews which are more forensic and focused and aimed at driving change. The processes are complementary but different.

The panel requested information on membership of the Chief Officers Group. Fiona Campbell advised that the Group covered Public Protection and Community Justice and operated under the auspices of the Community Planning Partnership. The group is chaired by the Chief Executive and includes the Forth Valley Local Police Commander, the Director of Children's Services, the Chief Social Work Officer, the Chair of the Forth Valley Alcohol and Drug Partnership and the Chief Officer, Adult Services. Further information on the work of the Group would be provided to members on request.

As a general point, the panel requested that unexplained acronyms be avoided wherever possible.

## **Decision**

### **The performance panel:-**

- (1) approved the draft programme identified during the prioritisation workshop in January 2016; and**
- (2) agreed a final programme would be presented to a special meeting of the Performance Panel in April 2016 subject to the conclusion of the scoping exercise detailed in section 4.3 of the report.**

## **PP16. DEVELOPMENT SERVICES PERFORMANCE UPDATE**

The performance panel considered a report by the Director of Development Services setting out a summary of performance for the period April to December 2015. The report provided information on key priorities, key areas for improvement, significant challenges, risks and changes in Service pressures since the last meeting, important indicators and engagement with customers. Appended to the report was the Development Services – Performance Panel Statement – April to December 2015.

Rhona Geisler provided an overview of the report.

Members asked about the two planning application legacy cases detailed in the report and requested details of the applications referred to. Rhona Geisler stated that the applications were:-

- (1) application P/10/0188/PPP – Residential and Mixed Development for the Whitecross SIRR including up to 1500 Residential Units, Community and Enterprise Facilities, Transport and Environmental Infrastructure and Employment Space at Manuel Works, Linlithgow; and
- (2) application (06/1099/FUL) Restoration of Dunmore Park House to Form 15 Dwellings, Conversion of Stables to Form 10 Dwellings, Erection of 45 Dwellinghouses, Associated Landscaping Works, Amendments to A905 and Site Access Road.

Applications such as these can be complex and take time to progress through the development stage. Some applications have also been influenced by the economy downturn. However, the Scottish Government is encouraging Councils to deal with legacy cases.

Members, whilst considering the Asset Management Plan, requested information on the amount of vacant land within the Council area which did not have associated property located within its boundary. Rhona Geisler advised that information could be provided to members. In relation to open space, the Open Space Strategy takes a more strategic approach to this category of asset. The importance of engaging with local communities in relation to the future use of open space has also been recognised. Feedback from the public consultation exercise on the Strategy will inform the Local Development Plan 2. In terms of Council assets generally, the updated Asset Management Plan will be submitted to the Executive on 16 August 2016. Furthermore, in line with the requirements of the Community Empowerment Act, a land register will be compiled.

The panel requested information on the engagement taking place with users of Dial-a-Journey. Rhona Geisler stated that there had been liaison with the Board of Dial-a-Journey on a questionnaire for users which was due to be issued shortly. Members would be provided with the results of this exercise in due course. Additional follow up with service users would also be undertaken. The Equality and Poverty Impact Assessment (EPIA) process would have an important role in identifying and measuring the impact and informing the decision making process.

Members requested clarification on whether an alternative to the tourist bus service which operated by First Bus during 2015 had been identified. Rhona Geisler advised that discussions were still ongoing with First Bus to continue the service but should this approach be unfruitful other alternatives would be examined including the option for a standard bus service to serve the route of the former tourist bus.

Members asked for information on the progress of the Falkirk Tax Incremental Financing (TIF) initiative. Rhona Geisler stated that a report had been submitted to the Executive on 15 March 2016 detailing the next phases of the development programme including the upgrading of Junction 5 (Phase 1) during 2016/2017.

In response to the request for an update on the progress of the River Carron Walkway Project, Rhona Geisler stated that good partnership working was taking place with the Communities Along the Carron Group to develop this project. A link between Grangemouth and Falkirk Town Centre was also being considered. Further information would be provided to members on the progress of both projects. Following a member's request the number of users of the John Muir Way would also be provided to members.

Members asked whether there were applications submitted for funding from the European Social Fund. Rhona Geisler advised that funding bids were submitted through Business Gateway e.g. for the Employment Training Unit. Funding was also sought from the INTERREG funding stream e.g. for renewable energy projects.

Members asked for progress in the implementation of the road safety scheme on the A706 - A993 Junction, Bo'ness. Rhona Geisler stated that information would be provided to members. Information would also be provided to local members at the end of March on the marketing of the INEOS site in Grangemouth. Members highlighted the importance of the appropriate involvement of the community in the future of the site. Rhona Geisler confirmed that every effort was being made to engage with local communities in this regard. In answer to members' questions on the estimated cost of the new INEOS Headquarters, Rhona Geisler thought it was in the region of £25m.

During discussion of the Land Asset Plan Register members sought clarification on the level of brownfield land within the Council area. Rhona Geisler advised that there was limited availability of brownfield sites suitable for development within the area and that it was mainly open space. The panel asked whether land was subcategorised according to the Service responsible. Rhona Geisler advised that as far as possible this had been done but in the event that the responsible service had not been determined, the land asset had until now been held in the Development Services account. This however required to be reviewed. Members would be updated on this work as part of the corporate asset review.

Members discussed the effect of the downturn in the economy and the consequences for the retail sector within Falkirk Town Centre. Members asked what measures were being put in place to address this. Rhona Geisler stated that the problems being experienced by the retail sector were national and international. She stated however that Falkirk Town Centre was fortunate in having a number of strong independent shops and the Council was striving to help them flourish. The Economic Development Team was working with a range of partners including Town Centre Management on various projects including utilising THI funding to enhance the built town centre through a range of public realm improvements. Alternative uses for the town centre however had to be found and the tourism sector had a major part to play in the creation of a new direction for the town centre. Discussions were, for example, taking place with Forth Valley College on the provision of student accommodation. Members raised concerns in relation to the growing number of empty properties within Falkirk High Street and stressed the importance of encouraging increased residential use of the town centre. Rhona Geisler concurred with the sentiments expressed and stated that, in order to facilitate the increase in residential use, the Council through the THI was involved in improving the fabric of a number of buildings within the town centre thereby enhancing the town's built heritage. Current projects included upgrading of the Falkirk Steeple. Discussions were currently taking place with developers on the opportunities for increased residential development within the town centre.

The panel expressed concern at the reduced service and staff reductions within waste services. Members highlighted that the Recycling Centre in Bo'ness had been unexpectedly closed the previous week. This had resulted in the Roughmote Recycling facility struggling to cope with the increased demand. Members questioned the merits of reducing service delivery in this way whilst recognising that the service was subject to budgetary reductions. They suggested that the waste services should closely monitor the service provided to ensure a minimal effect on the public. Rhona Geisler concurred in the importance of maintaining quality services but was not aware of the instance referred to. She undertook to investigate the matter and provide members with information following this meeting.

A Member raised concerns that the requirement for developer contributions in planning applications, with particular reference to the west of the Council area, was unfairly penalising a numbers of applicants and many were struggling to make these contributions.

The panel discussed the building standards outcomes and raised concern that the method of recording of third party/agent involvement could be interpreted as a criticism of the Council. Rhona Geisler agreed with this concern and advised that the point had been made to the Scottish Government. However, the methods used assisted the Scottish Government to assess what measures required to be put in place at Government level to ensure that building standards processes were accountable.

Members requested information on the number of visitors attending community engagement sessions concerning Denny Town Centre Regeneration which had been delivered by the Denny Regeneration Office. Rhona Geisler undertook to ensure this information was provided to members.

With regard to the Portfolio Management Plan members asked for an update on the programme of disposals of £1.2 million workshop units. Rhona Geisler stated that work was progressing to rationalise Council assets. This involved assessing which assets were incurring unnecessary expense to the Council and in these cases engaging with the private sector on their future use. The financial benefit from assets sold enabled the Council to support new developments and obtain rental income.

The panel discussed the impact on services of budgetary cuts. Examples were given of negative trends in terms of the following:-

- the cleanliness in public spaces (in accordance with the statutory Local Environmental Audit and Management System (LEAMS));
- the reduction in the number of unemployed people accessing jobs via the Council funded/operated employability programmes; and
- the reduction in the number of jobs created/secured through the Business Gateway with Council funded support and the reduction in the number of new businesses supported and sustained.

Members sought information on how the Service aimed to improve these figures, particularly in the case of the vulnerable unemployed, against a background of continuing budgetary reductions. Rhona Geisler stated that the Service was striving to maintain services in all areas but tightening budgets would have an inevitable impact. Services for unemployed young people were very much dependent on securing external income. The importance of preventing a major impact on local communities was paramount. Various initiatives were being developed and European funding was being accessed.

Members welcomed the production and implementation of the Falkirk Economic Strategy and requested information on the progress of initiatives. Rhona Geisler confirmed that the Strategy had been approved by the Executive and that early signs were that partnerships were being forged including engaging with business on opportunities for recruiting young people and involving communities in the implementation of the Strategy. The panel requested more detail in relation to the supply chain event for companies affected by the closure of Longannet Power Station. Rhona Geisler advised that this event was one of a number of similar initiatives designed to engage with local companies and help them to identify alternative markets. The recent Partnership Action for Continuing Employment (PACE) event had proved to be worthwhile and similar events and projects were envisaged for continuing support in the aftermath of the power station's closure.

Members discussed the Local Flood Risk Management Plans currently being considered for publication by Local Plan Districts (LPDs). The panel raised concern at the erosion of the local bunds to deal with water run off within the village of Airth. This issue had already been highlighted as an area of concern by the Royal Scottish Society for the Protection of Birds (RSSPB). The panel members asked for assurance that the Grangemouth Flood Prevention Scheme would not adversely affect the bund. Rhona Geisler stated that the scheme had been identified as a national priority due to flooding taking place on an annual basis. The signs were that in general the scheme was progressing well. Members would be updated on progress of the scheme and any related implications.

Members welcomed the Council's signing of the new Scottish Recycling Charter and the associated Code of Practice. They discussed the work of the Council's Policy Development Panel (PDP) and the current public consultation exercise seeking feedback on the options identified for the collection of household waste for implement during 2016. Rhona Geisler advised that as an organisation the Council was proud of the level of community engagement in waste and recycling matters and highlighted that the Council was the first in Scotland to sign the Charter. This therefore placed the Council in a good position to access funding to support compliance with the Charter. Members raised the positive benefit of encouraging householders to use compost bins. This would contribute to reduction in the content of the food waste bin.

The panel asked for an update on the timescale for completion of the work at Falkirk High Station car park as members were regularly receiving complaints from local residents. Rhona Geisler undertook to provide an update for members and for the information to be placed on the Council website.

With regard to Falkirk Town Centre, members queried whether there was potential to adopt a specific development plan for it, akin to those adopted for other areas some years ago. Rhona Geisler advised that there wasn't much Council owned land in the town centre and development would therefore need to be developer led. However, the market, which had been depressed since 2008, was again beginning to emerge again and, together with the THI initiative, may generate further interest.

## **Decision**

**The performance panel noted the report.**





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# **AGENDA ITEM**

**4**

## **SOCIAL WORK CHILDREN & FAMILIES UPDATED BUDGET POSITION**

**FALKIRK COUNCIL**

**SUBJECT: SOCIAL WORK CHILDREN & FAMILIES UPDATED BUDGET POSITION**

**MEETING: SCRUTINY COMMITTEE**

**DATE: 16 JUNE 2016**

**AUTHOR: DIRECTOR OF CHILDREN'S SERVICES**

**1. PURPOSE OF REPORT**

- 1.1 A report was provided to Members in October 2015 in relation to the Social Work Children & Families budget overspend for 2014/15 and the actions being taken to monitor and manage the expenditure in 2015/16.
- 1.2 A further report was presented to Members in February 2016 to provide an update on progress of the monitoring and management of the budget.
- 1.3 Members requested that a further update be provided to the Scrutiny Committee in June 2016.

**2. BUDGET EXPENDITURE**

- 2.1 **Table 1** describes the Social Work Children & Families budget outturn over the last 3 years.

Financial Year	Year-End Position	% Variance on Total Budget
2013/14	+£0.313M	+1.6
2014/15	+£2.784M	+13.6
2015/16	+£0.870M	+4.1

The reduction in the year-end overspend by £1.914M (from £2.784M to £0.870M) is reflective of the focussed and stringent management checks, controls and synergies that are being developed and embraced throughout the new Children's Services Directorate.

- 2.2 Members should note that the figures above relate solely to Social Work Children & Families spend.

Figures in other budgetary reports presented to Members may vary as Social Work Children & Families is reported as including the Criminal Justice budget.

If Social Work Children & Families and Criminal Justice are taken together, the year-end position for 2015/16 would be £0.916M (which is a 4.3% variance on total budget) and the reduction in the year-end overspend would be £1.868M.

As Criminal Justice is a ring-fenced budget delivered through the Community Justice Authority, I have reported only on Social Work Children & Families spend.

- 2.3 **Table 2** below outlines the main areas of overspend which continue to relate to the purchasing of external placements. The following table shows the 2015/16 year-end position and confirms an improved position overall compared to 2014/15.

Type of Placement	Year End Position 2014/15	Year-End Position 2015/16	Comparison % Variance From 2014/15
Residential Schools (joint funded)	+£0.591M	-(£0.004M)	-100.6
External Residential Care Homes	+£1.277M	+£0.386M	-69.7
Fostering (Falkirk Council)	+£0.138M	+£0.115M	-16.8
External Fostering	+£0.84M	+£0.831M	-1.1
<b>Total</b>	<b>+£2.846M</b>	<b>+£1.328M</b>	

- 2.4 Members have previously received detailed information regarding costs for individual placements. However, Members may find it helpful to have a summary of these:-

- **residential school placements** – costs vary between £1,639 and £4,998 per child per week.
- **external residential care placements** – costs vary between £2,520 and £4,025 per child per week.
- **external fostering placements** – the average weekly cost is £850.
- **Falkirk Council foster carers** – weekly fee of £60/£100/£150 per child per week depending on the carer's skill level plus an age-related allowance per child per week ranging incrementally from £137 for younger children to £226 for 16+.

- 2.5 It is not possible to always place a child/young person in the least expensive placements. Any placement is made on the basis of a robust multi-agency assessment.

The various external foster care providers and residential establishments offer different services ranging from learning difficulties to therapeutic communities. Also, this area remains a “seller’s market” and often the choice is limited because of availability.

The Council currently holds parental rights and responsibilities for 33 children placed in long-term external foster placements. This in turn means that the Council has Corporate Parenting rights and responsibilities in respect of these children and there is therefore

limited scope to reduce external foster care expenditure relating to these children until they are old enough to leave their placements.

2.6 The significant reduction in the 2015/16 overspend compared to 2014/15 is attributable to a variety of issues:-

- Reduction in number of young people in residential schools and/or return to less expensive community options.
- Reduction in the number of young people in residential care and also to the type of service being purchased and commissioning of new services at a reduced rate (movement -£890K).
- Additional budget received for Kinship Care of £300K. Carers need to be re-assessed before new funding package is applied and this is being taken forward incrementally, and so only some of this funding was spent in 2015/16.
- Additional funding received for Children and Young People (Sc) Act 2014 of £354K but £230K was not utilised and therefore offset some of the 2015/16 overspend.

The above 4 items equate to £2.02M, which is very close to the movement of £1.914M highlighted in paragraph 2.1 above.

### 3. CONTEXTUAL INFORMATION

3.1 **Table 3** below provides comparator figures for children Looked After Away From Home.

	Total on Looked After Away From Home Register as at				
	2012	2013	2014	2015	2016
January	211	209	227	249	240
February	207	213	229	252	237
March	204	219	228	252	242
April	208	227	228	251	247
May	214	225	227	248	
June	210	228	236	236	
July	214	222	247	240	
August	218	216	248	241	
September	215	223	246	247	
October	212	226	248	244	
November	210	223	257	246	
December	211	224	256	245	
<b>Monthly Average</b>	<b>211</b>	<b>221</b>	<b>240</b>	<b>246</b>	<b>241</b>

As can be seen from the above table, the overall number of children and young people Looked After Away From Home has not varied significantly from month to month. Some young people remain in long-term stable placement but many return home.

- 3.2 **Table 4** below shows the total number of new children who became accommodated for each year over the last 4 years (although some may have been Looked After previously and then were re-accommodated).

Year	Number of Children Accommodated
2012	114
2013	131
2014	126
2015	91

We accommodated fewer children in 2015 than over the previous 10 years.

- 3.3 There are also anticipated budget pressures for Social Work Children & Families from 2016/17 onwards, as follows:-

#### 3.3.1 **Kinship Care**

Because of the Equality and Human Rights Commission challenge, we have had to move to paying kinship carers an age-related allowance equivalent to what is paid to foster carers. Scottish Government provided part-year costs of £52,000 in 2015/16 and £104,000 for 2016/17 but this is based on an estimated number of kinship carers for each Local Authority.

Also, we have encouraged kinship carers to seek Section 11 Residence Orders. Previously, we paid kinship carers of Looked After Children an allowance of £40 per week and incentivised the Residence Orders by paying £50 per week.

The good practice element in this is that a Section 11 Order is a permanence solution which takes the child out of the “care” system; (no more Child Care Reviews or Children’s Panels) and invests “parental” rights and responsibilities with the kinship carer. The children are no longer Looked After, but cared for by relatives.

Scottish Government has now decided that the same age-related allowances should be paid to kinship carers who have Section 11 Orders. While we can estimate the number of current kinship carers who will be eligible for this, we are not able, at this stage, to estimate the number who may be eligible (because we currently have no knowledge of them) depending on the criteria Scottish Government decides on for eligibility.

Scottish Government has not yet published the definitive guidance/criteria. This is a very complex area and will be subject to a separate report to Members.

We received Scottish Government funding of £107,030 part-year costs for 2015/16 and £214,060 for 2016/17. The payments will require to be backdated to October 2015 once the criteria is established, so 2015/16 funding of £107,030 has been accrued.

#### 3.3.2 **Continuing Care and After Care**

Continuing Care and After Care are requirements of the Children Act which we have had a duty to implement since April 2015. In this first year, there have only been a small number of young people who were “eligible” under the new legislation. This has allowed

us to use some of the additional Scottish Government funding received to offset other budget pressures in 2015/16, as referenced in paragraph 2.6 above. The number of eligible young people will grow year-on-year.

The issue is that young people now have a right to remain accommodated until they are 21. This increases the potential costs to the Council, but it is difficult to estimate costs as we do not know how many young people will choose to remain in continuing care. They have the statutory right to opt in or out.

### 3.3.3 Secure Accommodation

There are 5 secure estates in Scotland which are governed by Scotland Excel by way of a National Secure Care Contract. Secure placements are the most expensive to purchase (circa £5,500 per week). There is a robust assessment process to determine if a young person meets the secure criteria.

However, secure placements can be made not just by Social Work but, on occasion, by the Police or the Sheriff Court and the Children's Panel, although the Chief Social Work Officer has to agree with the Head of the Unit that the young person is meeting the criteria.

Scotland Excel has informed Councils that there will be an average 2.6% increase in the costs of secure placements in 2016/17. We currently have one young person in secure accommodation, and the cost of that has risen by £175 per week (from £5,464 in March to £5,639 per week in April), however a 3% inflation provision has been built into the budget. The spend in 2015/16 of £1.018M represents 24% of the total £4.172M spend on residential schools.

**Table 5** below reflects the variability of need and the financial unpredictability.

2015/16	Good Shepherd	Kenmure St Marys	Kibble	Rossie	Howden Hall	Monthly Total
April	0	3	1	2	0	6
May	0	3	1	2	0	6
June	0	4	1	1	0	6
July	0	4	1	1	1	7
August	0	2	1	1	2	6
September	0	1	1	0	1	3
October	1	0	2	0	1	4
November	1	0	1	0	1	3
December	1	0	1	0	0	2
January	1	0	1	0	0	2
February	1	0	1	0	0	2
March	1	0	1	0	0	2
<b>Cost to Local Authority per Establishment (Social Work/ Education)</b>	<b>£139,722</b>	<b>£361,336</b>	<b>£277,992</b>	<b>£142,920</b>	<b>£96,668*</b>	<b>Total Costs £1,018,638</b>

\* One placement in Howden Hall was 100% Social Work funded.

#### **4. ACTIONS COMMENCED IN 2015/16 TO MANAGE THE BUDGET**

- 4.1 Robust budget management processes continue to be in place, with expenditure on placements being regularly reviewed.

- 4.2 The contract with Care Visions for Westside increased from 4 to 5 beds in July 2015 at a contract rate per bed per week of £2,750.

This allowed us to return one young person from a more expensive external placement to a more local less expensive placement and generated savings of £32,000 in 2015/16.

- 4.3 From November 2015, we have contracted with Focus Towards Successful Care (FTS Care), an independent provider, to purchase 6 beds locally (4 in Falkirk and 2 in Denny). Again, this allowed us to return 3 young people from more expensive placements and one from a foster placement breakdown who otherwise would have been accommodated in a more expensive external placement. This generated part year savings of £16K in 2015/16. Over the next 6 months, it is likely that the contract with FTS Care will extend to 7 beds.

- 4.4 We also advertised, via the Council payslips, for people who may be interested in becoming local foster carers. Thirty people attended the initial information evening, which may result in 3 carers ultimately completing the process and being registered.

- 4.5 Work has been ongoing to review the Council contract with external foster care providers. It was hoped this new contract would be in place by Spring 2016. However, some matters have delayed the tender process, which we hope will now be in place by late Summer. The new contract should generate part savings in 2016/17.

In the meantime, the existing contract has been extended and providers are being co-operative in funding discussions.

#### **5. ACTIONS PLANNED FOR 2016/17 TO MANAGE THE BUDGET**

- 5.1 The Children's Commission Leadership Group has agreed to work with Scottish Government on a project called "Realigning Children's Services". Essentially this involves surveying pupils and parents, identifying needs/gaps and realigning resources accordingly.

This has been undertaken already in 6 Scottish Local Authorities and has assisted them in reducing costs on external placements. This work is due to start from September 2016 and is likely to impact on the 2017/18 budget savings.

- 5.2 There is an ongoing review of Family Support Services (across Children's Services). This will result in some staffing savings for 2016/17 through the integration of the previous Education Family Support Service and the previous Social Work Intensive Family Support Service to provide a more seamless service.

- 5.3 Self-Directed Support has been piloted within Social Work Children & Families and independently evaluated by WithScotland. Self-Directed Support allows clients greater choice in how their assessed need is met. The pilot used Family Networks to identify need and subsequently agree how that need is met.

Consideration is now being given to how this is rolled out, with evidence from similar approaches used elsewhere that families often find creative and cost-effective solutions. Some savings are anticipated but we are not yet in a position to quantify this.

- 5.4 The creation and integration of Children's Services continues to bring opportunities to do things differently. Work is ongoing to look at Service structures. It should be noted that, although Social Work Children & Families budget overspent, there was an overall underspend in Children's Services of £0.99M. 2016/17 will provide an opportunity to rebase some of the budget headings and create a Children's Services budget.

## **6. CONCLUSION**

- 6.1 Children's Services continue to face a difficult and challenging time, particularly in light of implementing the Children and Young People (Sc) Act 2014 in a time of financial austerity, allied to the ongoing volatility of the demand to accommodate children.

We will continue to review working practices within an integrated service to improve outcomes for children with diminishing resources.

In 2016/17 we will work to reduce the overspend and bring the budget in on target. It is crucial that adequate levels of budget and resources are maintained to ensure that risks to children, and reputational risks to the Council, do not reach unacceptable levels.

- 6.2 The Senior Leadership Team within Children's Services will continue to robustly monitor budget expenditure on a regular basis.

## **7. RECOMMENDATIONS**

**Members of the Scrutiny Committee are asked to note:**

- (1) the progress in achieving a significant reduction in the overspend outturn for 2015/16;
- (2) the proposals for ongoing strategies for managing the 2016/17 budget.

.....  
**Director of Children's Services**

**Date: 2 June 2016**

Contact Officer: Kathy McCarroll, Ext 6695

### **LIST OF BACKGROUND PAPERS**



The background of the slide features a large, light blue outline of the City of Vancouver's coat of arms. The crest includes a crown with four maple leaves, a shield divided into four quadrants (top-left: a saltire, top-right: a grizzly bear's head, bottom-left: a sailing ship, bottom-right: a beaver), and a banner at the bottom with the motto 'CITY OF VANCOUVER'.

# **AGENDA ITEM**

**5**

## **REVIEW OF STANDARD FOR RE- LETTING PROPERTIES**

**FALKIRK COUNCIL**

**Subject: REVIEW OF STANDARD FOR RE-LETTING PROPERTIES**  
**Meeting: SCRUTINY COMMITTEE**  
**Date: 16 JUNE 2016**  
**Author: DIRECTOR OF CORPORATE & HOUSING SERVICES**

**1. INTRODUCTION**

- 1.1 The purpose of this report is to provide information in relation to the implementation of the new Standard for Re-letting Properties.

**2. BACKGROUND**

- 2.1 Following consultation with tenants and other service users, a revised Standard for Re-letting Council Housing was agreed by Executive in January 2015 and became operational from April 2015. A copy of the revised Standard is attached in Appendix 1.
- 2.2 The main changes to the Standard are as follows:
- Essential checks and repairs are carried out to the property prior to occupation (marked as \* in Appendix 1), any non-essential repairs can thereafter be carried out once the new tenant is in the house.
  - Where the previous tenant left floor coverings, blinds and white goods in a good condition, these are now offered to the incoming tenant
  - Alterations made by the previous tenant which meet safety and quality standards and improve the property, are left for the incoming tenant
  - A-rated, low energy light bulbs are fitted in all rooms
  - Consultation is undertaken with incoming tenants on the layout and style of kitchen units, where a property has been assessed as needing a new kitchen.
  - All wallpapered and painted walls will be intact and clean or internal wall surfaces will be in a good condition for decoration
  - Additional decoration, above the decorative standard, will be carried out to properties in low demand
  - Renewal and repair of plasterwork
  - Properties cleaned to a “sparkle clean” standard, free of debris prior to occupancy
  - Sheds; garden furniture and ornaments left by previous tenants will be offered to new tenants.
  - All rechargeable void repairs are promptly charged to the outgoing tenant and appropriate action taken to recover sums due.

2.3 In addition to the above changes the new Standard also commits, assuming access is available to the following:

- All gas systems are functioning within 24 hours of tenants confirming their gas and electricity supplier
- Where the water supply has been drained down, water supply will be turned on within 24 hours.

### 3. PERFORMANCE

3.1 In order to effectively measure the impact of the new Standard, comparative performance data has been collated, including information on customer satisfaction; number of void properties; time taken to re-let; cost and rent lost.

3.2 During 2015/16, a total of 1,630 properties were allocated. This represents c10% of our housing stock and places the Council in the top quartile for the number of allocations it progresses each year.

3.3 The following table outlines comparative performance data pre and post the implementation of the new Standard.

PERFORMANCE MEASURE	PRE NEW STANDARD (2014/15)	POST NEW STANDARD (2015/16)
Satisfaction with the condition of their home	84.09%	91%
Number of void properties	327	214
Average time taken to re-let a property	44.60 days	50.17 days
Average cost per void property	£2,702	£3,347
% of rent lost due to voids	1.73%	0.98%

3.4 Overall, the changes to the Voids Standard have impacted positively on tenant satisfaction, with over 90% of tenants now satisfied with the condition of their home, an increase of 7% on the previous year. The assessment of tenant satisfaction is undertaken at the tenancy settling in visit, which is around 1 month after tenancy commencement. This timeframe allows a period of time for any repairs or other issues to be identified. Not with-standing the improvement in tenant satisfaction, one of the areas of dis-satisfaction relates to some instances where repairs were required post-occupancy e.g.: radiator leaks. In addition, some tenants were dis-satisfied as a result of matters that were outwith the Standard e.g.: investment/improvement works. Tenant satisfaction and the reasons for dis-satisfaction will continue to be reviewed on an on-going basis, to ensure we are responsive to the views of tenants.

3.5 The new standard means that additional work is undertaken prior to occupancy. As such, the expenditure on Void properties has increased over the last year from £4m to £5.3m, with a corresponding increase in the average cost per void property.

However, there has been a compensatory reduction in the expenditure within the general maintenance budget i.e.: repairs historically undertaken post occupancy, are now undertaken pre-occupancy.

3.6 There has also been a focus over the last year in improving the condition of low-demand/hard-to-let properties. This work has resulted in a reduction in the number of void properties. The additional work has however, increased the average time taken to re-let a property. However, as the number of low-demand properties has reduced over the year, the average re-let has correspondingly reduced e.g.: the average time in March 2016 was 31 days, compared to 75 days in April 2015.

3.7 As a consequence of reducing the number of void and low-demand properties, the percentage of rent lost has correspondingly reduced. The Council's performance is now below the peer group average i.e.: 0.98% compared to a peer group average of 1.3%.

#### **4. OTHER CHANGES**

4.1 A comprehensive review of all procedures relating to the void process has been undertaken. Each process is now clearly set out in procedural documents which provide clear guidance to staff on the procedure to be followed with realistic target times to be achieved.

4.2 Pre-void information is also now being used to advertise properties during the pre-void stage where possible.

4.3 Along with undertaking additional works to low-demand properties, targeted advertising for all applicant groups in the weekly Homespot publication has proven effective in raising community awareness that these low-demand properties are available. The use of 'For Let' signs has also increased the volume of enquiries about available properties. The impact of these initiatives is that over the last year, 127 properties that had been previously classified as low demand were allocated, with only a residual number now being advertised each week in Homespot.

4.4 Going forward, the service is currently undertaking two significant reviews within BMD and Housing Services, which include the following aspects of the void process:

- Reviewing the technical inspection process to achieve a more streamlined process
- Further work on proactive verification visits
- Review the offer process for applicants in the 'Home Seeker' banding
- Further work on lettings procedures with associated targets for action
- Improve identification and recharging procedures to ensure where ever possible recovery of expenditure on void properties.

## **5. CONCLUSION**

- 5.1 The introduction of the void standard has increased tenant satisfaction and means that void properties are now allocated to a consistent standard that is understood by both tenants and staff.
- 5.2 A key focus over the last year has also been to improve the standard of low-demand properties and this has proven successful in both reducing the number of low-demand properties and also the total number of void properties.
- 5.3 Recent performance information indicates that these positive trends are continuing and we are now also seeing a reduction in the time taken to re-let a property.

## **6. RECOMMENDATION**

**It is recommended that Members:**

- 6.1 **Note the position regarding the implementation of the new Standard for Re-letting Properties.**

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### **DIRECTOR OF CORPORATE & HOUSING SERVICES**

Date: 6 June 2016

Ref: AAC160616 – Review of Standard for re-letting properties

Contact: David McGhee ext 0788

### **LIST OF BACKGROUND PAPERS**

- 1. Report to Executive dated 13 January 2015 “Review of Standard for Re-Letting Properties”

### **Falkirk Council: Standard for Letting Council Housing**

The following details the work to be carried out to void properties.

Work marked with an asterisk will be done before the property is re-let.

#### **Previous Tenancy: Alterations/Adaptations/Items left**

1. Alterations made by the previous tenant will be left in place if they meet current safety standards, the Council's quality standards, and they improve the standard of the property, for example but not limited to: lighting, doors, showers
2. Adaptations provided for a previous tenant may be left for the incoming tenant if reasonable to do so, eg a level access shower
3. Items in a good condition left by the previous tenant with the Council's agreement, such as floor coverings, window blinds, and white goods will be left in the property and offered to the incoming tenant
4. Any abeyances in terms of the Scottish Housing Quality Standard will be addressed as part of the void process, where possible.

#### **Gas and Electrical Supplies and Systems**

1. \* Gas and electrical supplies and systems will be checked for safety and will be in good working order. These include:
  - Heating systems
  - Mains wired smoke detectors (to replace battery detectors)
  - Xpelair fans
  - Any white goods left for incoming tenant
  - Any shower left for incoming tenant
2. \* Carbon monoxide detector will be installed/checked where there is a gas supply to the property
3. \* Where required, A-rated low energy light bulbs will be fitted in all rooms – the equivalent of 100w in the kitchen and 60w in all other rooms
4. Kitchen will have a minimum of 6 electrical sockets, where possible
5. \* Electrical fixtures and fittings will be free of excessive paint on coverings/cover plates
6. \* Gas and electricity meters will be read and recorded when property void
7. \* Gas safety certificate will be given to incoming tenant

#### **Solid Fuel Central Heating Systems, Coal, Gas and Electric Fires**

1. \* Solid fuel central heating systems and coal fire arrangements will be taken out and replaced with either gas or electric wet central heating systems.
2. \* Electric storage heating system will be replaced by gas central heating system (if gas supply in area) or if no gas supply, with electric wet central heating system.
3. \* Gas and electric fires, hearths and electric fireplace suites will be removed
4. \* Cast iron/ceramic tiled fireplaces in bedrooms and kitchens will be removed

### **Plumbing**

1. \* All water and waste systems will be checked and free from leaks
2. \* Sanitary ware will be replaced to match existing where broken or cracked
3. \* Plumbing will be installed for automatic washing machine
4. \* Insulation cover 80mm minimum thickness will be fitted to hot water tank, if not in place/if not to required thickness
5. \* Toilet seat and lid will be renewed
6. \* Lead-lined cold water tank will be replaced

### **Security**

1. \* External locks will be changed and the new tenant given a minimum two sets of keys
2. Where fitted, the communal door entry system will be working (unless ownership within close prevents repairs being carried out) and the new tenant will be given a minimum of two fobs
3. \* Any external door with a yale lock only will have a mortice lock fitted
4. \* All windows will close securely
5. Windows with locks will have keys provided

### **External Elements**

1. \* The following will be checked and repaired as necessary to ensure property is wind and watertight:
  - Roof
  - Chimney heads
  - Rhones and downpipes
  - External walls
  - External doors
  - Windows
  - Window panes – broken or cracked, will be replaced

### **Internal Elements - Throughout**

1. \* Property checked for rising damp, wet and dry rot, and remedial work instructed where necessary
2. \* An asbestos check will be carried out to the property and the certificate issued to the incoming tenant
3. \* The property will be assessed for its energy efficiency rating and the energy performance certificate will be issued to the new tenant
4. \* Defective flooring, skirting, and stair treads will be repaired/replaced as necessary
5. Doors, door handles and locks will be in a good condition and in good working order
6. Door standards and facings will be replaced where damaged
7. \* Banisters and handrails will be checked and secured as necessary
8. \* Doors with glass panelling which does not meet current safety standards will be replaced with standard doors
9. Pipe work and electric meters will be boxed in, with meter boxes having door for access.

### **Internal Elements – Kitchen**

1. Kitchen worktops will be repaired/replaced where damaged, to match existing
2. \* Kitchen units, doors, and drawers will be checked and secured as necessary
3. If kitchen is assessed as needing replaced, the number of units and their capacity will meet the Scottish Housing Quality Standard where possible (see below re tenant consultation)

### **Internal Decoration**

1. \* All wallpapered and painted walls will be intact and clean, with an allowance made for wear
2. \* Where there is no decoration, internal wall surfaces will be in a suitable condition for redecoration by the new tenant, that is, walls will be free from major defects – with visible plasterwork in a good condition with cracks no wider than 5mm
3. \* Ceilings will be free of polystyrene tiles.
4. Existing artex in a sound condition will remain in place.
5. If a property is in low demand or where a number of applicants have declined to take the property, we will carry out internal decoration to make it more attractive to rent by raising the decorative standard.

### **Standard of Cleanliness**

1. \* The property will be cleaned to a sparkle clean standard and free of debris.
2. \* The above includes kitchen units, cupboards, work surfaces, sanitary ware and central heating radiators, storage and panel heaters.
3. \* In the bath/shower area, tiles, seals and grouting will be clean and watertight
4. \* Shower cubicle/shower curtain will be clean and in a good condition
5. \* External lock-ups and attic spaces will be cleared out

### **Garden and Common Areas**

1. Garden areas will be cleared of garden furniture and ornaments unless incoming tenants formally accept responsibility for such items
2. Sheds and decking in a satisfactory condition will remain in place
3. \* Paths, steps, handrails, and ramps will be checked and repaired/re-secured as necessary
4. Gates, fencing, and clothes poles will be repaired/re-secured as necessary
5. \* Garden will be cleared of any rubbish/abandoned household items
6. Fencing will be installed to box in the front garden
7. Overgrown trees/hedges/shrubs will be cut back or taken out as appropriate
8. Where the property is a long-term void, the garden area will receive basic garden maintenance to keep it in a reasonable condition

### **Consultation with Incoming Tenants**

1. Where a kitchen replacement is required and a new tenant has been identified, we will consult with the incoming tenant to agree layout and style of units
2. Where we have agreed that outgoing tenants can leave floor coverings, cooker, and/or other goods in the property, we will offer them to the incoming tenants on the basis that they take ownership and repair/replacement/removal responsibility for them.
3. As above, incoming tenants will be offered any garden furniture and ornaments left in a good condition.



**Once Property is Let**

1. All gas systems will be up and running within 24 hours of the tenant confirming their electricity and gas suppliers, assuming access is available
2. Instructions for operating the heating system will be given to the tenant at the start of their tenancy
3. Where water supply has been drained down, water supply will be turned on within 24 hours, assuming access is available
4. Existing gas and electricity supplier information will be passed on to new tenant as soon as we have the information
5. For older properties, new tenants will be made aware that when stripping wallpaper they may come across plasterwork which needs renewed and that they should contact us to attend to the repair
6. If grass is overgrown, a one-off cut will be carried out for the incoming tenant



The background of the slide features a large, light blue watermark of the City of Vancouver's coat of arms. The crest includes a crown with four maple leaves, a shield divided into four quadrants (top-left: a saltire, top-right: a grizzly bear's head, bottom-left: a sailing ship, bottom-right: an eagle), and a banner at the bottom with the motto "A NE FOR A".

# **AGENDA ITEM**

**6**

## **PROCUREMENT IN COUNCILS – IMPACT REPORT**

**FALKIRK COUNCIL**

**Subject: PROCUREMENT IN COUNCILS – IMPACT REPORT**  
**Meeting: SCRUTINY COMMITTEE**  
**Date: 16 JUNE 2016**  
**Author: DIRECTOR OF CORPORATE AND HOUSING SERVICES**

**1. INTRODUCTION**

- 1.1 This report provides Members with details of the recent Accounts Commission impact report on “Procurement in Councils”. The report also provides information in relation to the new procurement landscape for Scotland following the Public Contracts (Scotland) Regulations 2015, which came into force on 18 April 2016.
- 1.2 In addition, the report provides information in relation to the assessment of the Council, under the new Procurement and Commercial Improvement Programme (PCIP).

**2. PROCUREMENT IN COUNCILS – IMPACT REPORT**

- 2.1 In April 2014, the Accounts Commission published a report on “Procurement in Councils”. A follow-up report has now been published in February 2016, assessing the impact the findings and recommendations have had since the original report was published in 2014. A copy of the report is available via the following link:  
[http://www.audit-scotland.gov.uk/uploads/docs/report/2016/ir\\_160208\\_procurement\\_councils\\_impact.pdf](http://www.audit-scotland.gov.uk/uploads/docs/report/2016/ir_160208_procurement_councils_impact.pdf)
- 2.2 A detailed assessment of the progress on implementing the report recommendations is attached in Appendix 1. In summary, progress has been made nationally across all the original recommendations.
- 2.3 The report recommendations have both national and local dimensions. Appendix 2 provides details of progress by Falkirk Council in relation to those recommendations with specific relevance to Local Authorities.
- 2.4 Key points flowing from the report for Members to note are:
- Although the Council has shown significant improvement in procurement performance in recent years, a new assessment regime is being implemented in 2016. As such, comparisons with previous years will no longer be relevant. However, as more Authorities undertake the new the assessment regime, appropriate benchmarking data will develop.
  - Significant changes to the regulatory framework for procurement took effect from April 2016, through the Procurement Reform (Scotland) Act 2014.

- Increasing pressure on Scotland Excel finances, coupled with Local Government financial constraints, will require consideration of the services and value provided by Scotland Excel going forward.
- Reductions in the number of suitably qualified and skilled procurement staff, at a time when commercial expertise is required to help support Councils to meet the current and future financial challenges.

### 3. PROCUREMENT REFORM LEGISLATION

3.1 From 18 April 2016, contracting authorities in Scotland saw significant changes in the way in which contracts for services, goods and/or works are procured. The Public Contracts (Scotland) Regulations 2015 and the majority of the provisions of the Procurement Reform (Scotland) Act 2014 came into force on 18 April 2016. The new regime will apply to all procurement exercises commenced on or after 18 April 2016.

3.2 The key changes under the 2015 Regulations are:

- contracts can no longer be awarded on the sole basis of lowest price or cost and contracting authorities must strike a balance between price and quality to identify the most economically advantageous tender;
- new minimum time limits for procurement exercises – for example, the open procedure time limit has been reduced from 52 to 35 days and the restricted procedure time limit has been reduced from 37 to 30 days;
- new light touch regime for procurement of social / other services, which replaces the distinction between Part A and Part B services under the 2012 Regulations, with a higher threshold of £589,148;
- communication by electronic means. All tender documents now require to be published electronically at the same time as the contract notice;
- introduction of the European Single Procurement Document (“**ESPD**”) – an electronic self-declaration document submitted by tenderers that contracting authorities are obliged to accept to self-declare that they meet the necessary regulatory criteria or commercial capability requirements without needing to submit evidence unless awarded the contract;
- new grounds for exclusion – for example, mandatory grounds for failure to make tax and social security contributions and discretionary grounds for previous poor performance under a contract resulting in termination, damages or equivalent;
- new procurement procedure called the ‘innovation partnership’ for the development and purchase of innovative goods, works or services in a single awards process;
- the minimum level of annual turnover required for a tenderer is limited to no more than two times the estimated value of the contract, apart from in exceptional circumstances;

3.3 The 2014 Act introduces a new procurement regime in Scotland to sit alongside the European rules transposed by the Regulations and also applies to housing associations and third sector organisations as “contracting authorities”. The Act applies to “regulated procurements” which are services/goods contracts with an estimated value of more than **£50,000**, which is a much lower threshold than the current EU threshold of £164,000.

For works contracts the regulated procurement threshold is an estimated value of more than **£2 million**. The Act makes provision for remedies where contracting authorities are found to have breached their duties under the Act. This creates an additional layer of risk for contracting authorities. The Act also provides for guidance to be published by the Scottish Government and contracting authorities “must have regard” to any such guidance.

#### 3.4 The key changes under the 2014 Act are:

- **Sustainable Procurement Duty** – this will apply from 1 June 2016 and will require contracting authorities to consider and carry out procurement exercises with a view to securing:
  - o improvement of social, economic and environmental wellbeing of the authority’s area;
  - o facilitation of the involvement of SMEs, third sector bodies and supported businesses in the process; and
  - o promotion of innovation;
- A **Procurement Strategy** must be prepared and published online by a contracting authority should its expected regulated procurement expenditure be £5m or more in the coming financial year. The first strategy should be published by 31 December 2016 to cover at least the remainder of the financial year and the whole of the next financial year;
- Contracting authorities will also be required to prepare and publish online an **Annual Procurement Report** within 3 months of their financial year end. The Act sets out what the report must cover, including but not limited to a summary of regulated procurements for the year and of any community benefit requirements imposed;
- For any regulated procurement of £4m or more, contracting authorities must consider whether to impose community benefit requirements as part of the procurement exercise from 1 June 2016; and
- Contracting authorities must comply with any guidance published by the Scottish Government on selection of tenderers and award of contracts. A key example is the Statutory Guidance issued in respect of “*Addressing Fair Work Practices, including the Living Wage, in Procurement*”. The guidance requires a contracting authority to consider, before undertaking a procurement exercise, whether it is relevant and proportionate to include a question on fair work practices, which should be evaluated along with other relevant criteria, ensuring the appropriate balance between quality and cost of the contract. The guidance therefore emphasises that whilst failure to pay the Living Wage would be a strong negative indicator it does not mean that the employer’s approach automatically fails to meet fair work standards.

#### 4. **PROCUREMENT & COMMERCIAL IMPROVEMENT PROGRAMME (PCIP)**

- 4.1 A new procurement assessment regime is being implemented in 2016. The Council’s assessment date has been set for **11 July 2016**.
- 4.2 The assessment regime will now take place every two years and will also be implemented across the public sector. It is therefore anticipated that cross-sector and sector comparisons and trends will emerge from 2018 onwards.

4.3 The PCIP is fundamentally different to the previous Procurement Capability Assessment. The new assessment process will be structured around the following steps:

**Step 1:** Organisations will be assessed based upon 1 of 4 differing models. Falkirk Council shall be defined as **Full Assessment + Construction Questions** (Specific construction questions are still being developed in conjunction with the roll-out of the Construction Procurement Review Recommendations).

**Step 2:** A dashboard of specific numeric data is required to be submitted in advance of an assessment visit e.g.: various KPI information and spend breakdown. Some metrics will be scored or given a RAG status and this will contribute to a report card for the organisation. This will look at all areas of procurement activities and shall be substantively more challenging than current PCA pre-assessment checks.

**Step 3:** A request by the assessor will be made for specific information in advance of a visit, on specific tenders or contracts selected by the assessor. Four contracts have been chosen for assessment and detailed information in respect of each contract will require to be submitted for off-site assessment by 10 June 2016:

- Care at Home Services (Community Care and Criminal Justice)
- Building Materials (Supply of)
- Collection Service for Kerbside Box, Textile Sacks and Food Caddy's
- New Build Social Housing, Main Street Stenhousemuir

**Step 4:** The onsite assessment day, will thereafter scrutinise and challenge specific aspects of submitted evidence.

4.4 Following a series of mock assessments earlier in the year, very significant reductions in participating Local Authority scores were experienced. Scotland Excel has therefore sought to review the process in conjunction with the Scottish Government and the other public sector procurement centres of expertise. The detail of this review has still to be provided and it is therefore not possible to accurately assess how the Council will perform, until other Local Authority scores start to emerge.

4.5 In order for the Council to meet the requirements of the PCIP and demonstrate high levels of performance we will need to ensure we can clearly evidence the following matters:

- Using Most Economically Advantageous Tender instead of lowest price
- Commodity Strategies for all contracts to demonstrate what benefits the contract brings
- Consideration of and appropriate use of Lots
- Increased collaboration locally and nationally
- Local impacts (Sustainable Procurement Duty)
- How legislation is being used to support Local business
- Sufficient breadth and depth of Market Research / Analysis
- Sector sharing of information to benchmark best practice.

4.6 Evidence will require to be provided to show the above matters have been fully considered across all types of contract. This will be particularly challenging in relation to Construction contracts, where Local Authorities typically use industry specific templates and processes.

- 4.7 There are also significant challenges required to incorporate the necessary system changes to Integra in order to fully comply with the eInvoicing Directive that requires eInvoicing to be fully adopted by November 2018. The focus on more automated processes for ordering and invoicing will also impact significantly on our current processes and methods of working.

## **5. RECOMMENDATIONS**

**It is recommended that Members:**

- 5.1 note the Accounts Commission Procurement in Councils impact report;
- 5.2 note the changes arising from the Public Contracts (Scotland) Regulations 2015 and the Procurement Reform (Scotland) Act 2014; and
- 5.3 note the new procurement assessment regime and associated implications.

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### **DIRECTOR OF CORPORATE AND HOUSING SERVICES**

**Date:** 6 June 2016

**Ref:** AAC160616 – Procurement in Councils Impact Report June 2016

**Contact:** David McGhee, ext 0788

### **LIST OF BACKGROUND PAPERS**

Nil



## Appendix 1. Progress on implementing the recommendations

Recommendation	Progress
<b>The Scottish Government should work with councils to:</b>	
<ul style="list-style-type: none"> <li>review and update the Best Practice Indicators (BPIs), drawing on councils' experiences, to reflect changes in procurement since 2008 and improve their usefulness to councils.</li> </ul>	<p>The Procurement Reform Delivery Group comprises the heads of centres of procurement expertise:</p> <ul style="list-style-type: none"> <li>Scotland Excel (local government)</li> <li>Advanced Procurement for Universities and Colleges (APUC)</li> <li>NHS National Procurement, and</li> <li>Scottish Government representatives at deputy director level.</li> </ul> <p>The Procurement and Commercial Improvement Programme Dashboard replicates some information from BPIs. In 2015, the Group therefore decided to drop BPIs except for indicators 1a and 1b, which relate to procurement savings. This does not affect the gathering of contract spend data into the Scottish Government's procurement Hub, which continues.<sup>36</sup></p>
<b>Scotland Excel should:</b>	
<ul style="list-style-type: none"> <li>maintain and improve its sharing of knowledge and experience with the Scottish Futures Trust, and with the associated joint venture companies</li> </ul>	<p>In its corporate strategy for 2015-18, Scotland Excel commits to <i>"monitor the progress of the Review of Procurement in Construction, working with the Scottish Futures Trust (SFT) and partners to determine how our collaborative contracts can support the implementation of its recommendations."</i><sup>37</sup></p>
<ul style="list-style-type: none"> <li>set realistic timescales and savings targets for contracts, particularly in new areas of contracting</li> </ul>	<p>A year-end performance report about Scotland Excel was taken by its Executive Sub-Committee in May 2015, showing performance against the business plan. For 2014/15, the plan had 21 objectives:</p> <ul style="list-style-type: none"> <li>Nine objectives were fully achieved including: <ul style="list-style-type: none"> <li>achieve savings of between two per cent and seven per cent against the delivery programme</li> <li>reduce and maintain sickness absence at below four per cent.</li> </ul> </li> <li>Seven objectives were partially achieved including: <ul style="list-style-type: none"> <li>eight extensions and 11 renewals were made to contracts</li> <li>developing a new three-year corporate strategy, which has subsequently been approved.</li> </ul> </li> </ul>

<sup>36</sup> Email from Scotland Excel to councils, 1 October 2015.

<sup>37</sup> Page 26, [Shared Vision, Shared Success: our corporate strategy 2015-18](#), Scotland Excel, June 2015.

Recommendation	Progress
	<ul style="list-style-type: none"> <li>Five objectives were not achieved, including: <ul style="list-style-type: none"> <li>eight new contracts were delivered against a target of 16</li> <li>the advertised annual value of contracts fell £102m below the target of £750m.</li> </ul> </li> </ul> <p>Scotland Excel's 2015/16 operating plan includes plans to deliver a rolling schedule of new contract opportunities, identified and agreed with local authority stakeholders.<sup>38</sup></p> <p>Scotland Excel's corporate strategy 2015-18 commits to ongoing partnership working, specifically mentioning areas like a Review of Procurement in Construction.<sup>39</sup> It claims that its 'growing portfolio of collaborative contracts delivers around £4 in savings for every £1 invested by councils, not to mention the efficiency gains of developing one national contract instead of 32'.<sup>40</sup></p>
<b>Scotland Excel and councils should:</b>	
<ul style="list-style-type: none"> <li>review and formalise arrangements to fund procurement reform activity beyond 2016</li> </ul>	<p>This has been flagged as a challenging issue by both Scotland Excel and its appointed auditor. In December 2014, Scotland Excel established a transformation programme to underpin the delivery of its corporate strategy. The programme comprises six project areas: funding; leading change; stakeholder engagement; organisational development; business intelligence; and governance, policy and process.<sup>41</sup></p> <p>Scotland Excel developed funding proposals for its Joint Committee on 27 November 2015, which approved that the requisition for each council increase by 9.4 per cent for 2016/17 as a means of beginning to fund all of Scotland Excel's ongoing procurement activity sustainably.<sup>42</sup></p>

<sup>38</sup> Pages 15-16, [Scotland Excel: Annual audit report 2014/15 to Members and the Controller of Audit](#), August 2015.

<sup>39</sup> Page 26, Shared Vision, Shared Success: our corporate strategy 2015-18, Scotland Excel, June 2015.

<sup>40</sup> Total savings from the use of standardised contracts versus Scotland Excel's requisitions on councils, information supplied to Audit Scotland in January 2016.

<sup>41</sup> Page 42, Shared Vision, Shared Success: our corporate strategy 2015-18, Scotland Excel, June 2015.

<sup>42</sup> Page 27, [Agenda document pack](#), Scotland Excel Joint Committee, 27 November 2015.

Recommendation	Progress
<b>Council staff involved in procurement should</b>	
<ul style="list-style-type: none"> <li>submit accurate and complete information to the procurement Hub on a regular and timely basis (ideally quarterly, and as a minimum within three months of the end of the financial year)</li> </ul>	<p>Scotland Excel reports that councils are now much better at submitting their procurement data annually and on time. However, it also recognises the benefits to councils of quarterly reporting, which could provide a more timely national overview and useful benchmarking data for councils themselves.<sup>43</sup></p>
<ul style="list-style-type: none"> <li>examine the costs and benefits of differentiating ALEO and council expenditure in their Hub submissions</li> </ul>	<p>Not assessed.</p>
<ul style="list-style-type: none"> <li>make greater use of the tools and facilities provided by the Hub, including the use of BPIs in their performance reporting and to benchmark their progress</li> </ul>	<p>The Procurement Reform Delivery Group comprises the heads of centres of procurement expertise:</p> <ul style="list-style-type: none"> <li>Scotland Excel (local government)</li> <li>Advanced Procurement for Universities and Colleges (APUC)</li> <li>NHS National Procurement</li> <li>Scottish Government representatives at deputy director level.</li> </ul> <p>The PCIP reporting Dashboard replicates some information from the BPIs. In 2015, the Group therefore decided to drop the BPIs except for indicators 1a and 1b, which relate to procurement savings. This decision does not affect the gathering of contract spend data into the Scottish Government's procurement Hub, which continues. The first cycle of PCIP assessments will be conducted in councils in 2016.</p>
<ul style="list-style-type: none"> <li>engage earlier with suppliers and the people who use public services to help develop contract specifications that more accurately reflect service user requirements and allow for greater innovation within contracts</li> </ul>	<p>The standardised contracts developed by Scotland Excel are devised following research with a range of stakeholders, including councils, service providers, and service clients. For example, a framework for care home services for adults with learning disabilities is now available as part of Scotland Excel's social care contracts portfolio. People with learning disabilities who had direct experience of living in care homes were involved in the development and evaluation of the framework, and their views were embedded in the service specification.<sup>44</sup></p>

<sup>43</sup> Audit Scotland meeting with the Head of Customer and Business Services, Scotland Excel, 29 October 2015.

<sup>44</sup> Page 3, [Scotland Excel News: Summer 2015](#), Scotland Excel, Summer 2015.

Recommendation	Progress
<ul style="list-style-type: none"> <li>use the Public Contracts Scotland tender module for all applicable contracts</li> </ul>	<p>The Procurement Reform (Scotland) Act 2014 requires all public sector contracting organisations to keep and maintain a contract register, and to provide an internet-based publicly viewable version of it from 18 April 2016. While the onus is on individual organisations to produce and publish contract registers, in order to provide support to the public sector, Public Contracts Scotland (PCS) will provide functionality on the portal to produce a contract register that meets the requirements of the Act.<sup>45</sup></p>
<ul style="list-style-type: none"> <li>make full use of national collaborative contracts and provide a clear explanation for non-participation in these contracts to the relevant council committee</li> </ul>	<p>Scotland Excel has developed contracts in areas including Construction and maintenance (16 contracts); Transport &amp; environment (10); Social care (8); Education &amp; corporate services (4). Councils are using many existing contracts. New contracts under development by Scotland Excel address: Surveying &amp; construction management; Playground equipment &amp; artificial surfaces; Home energy efficiency programme; Road services; Adult supported living; Architecture services.<sup>46</sup></p>
<ul style="list-style-type: none"> <li>develop a systematic approach to collecting information on non-financial benefits including economic, community and environmental benefits and report the benefits to the relevant council committee on a regular basis</li> </ul>	<p>Scotland Excel has included community benefits as a scored element in tenders since 2013.</p> <p>The Community Empowerment (Scotland) Act received Royal Assent in July 2015. The Act empowers communities in making decisions about their local areas, including how services are provided.<sup>47</sup></p>
<ul style="list-style-type: none"> <li>calculate procurement savings using a consistent and transparent methodology that demonstrates clearly how the savings are calculated and their relationship to improved procurement</li> </ul>	<p>Scotland Excel calculates that its standardised contracts have generated £85 million of savings in comparison to councils' £22 million of fees for membership of Scotland Excel, and that £1.4 billion has been spent through councils' use of its contracts since 2008.<sup>48</sup></p>

<sup>45</sup> [Forward Plan 30<sup>th</sup> October 2015](#), Public Contracts Scotland, website as at 26 November 2015.

<sup>46</sup> Presentation by Scotland Excel to councils during consultation events in 2015.

<sup>47</sup> [Explanatory Notes](#), Community Empowerment (Scotland) Act, July 2015.

<sup>48</sup> Presentation by Scotland Excel to councils during consultation events in 2015.

Recommendation	Progress
<ul style="list-style-type: none"> <li>• make better use of market research, cost avoidance and improved contract management to identify savings and potential service improvements</li> <li>• aim to achieve the superior performance level in the PCA, particularly in relation to: <ul style="list-style-type: none"> <li>◦ spend covered by an agreed commodity strategy</li> <li>◦ participation in Scotland Excel contracts</li> <li>◦ automation of procurement and payment processes</li> <li>◦ spend captured in the council's contract register</li> </ul> </li> </ul>	<p>Scotland Excel claims its contracts follow this approach.<sup>49</sup></p> <p>Between 2013 and 2014, the number of councils in this category increased from one (Renfrewshire, 80 per cent) to four: Renfrewshire (83 per cent and the top performer in 2013 and 2014), City of Edinburgh (76), Glasgow City (76), South Lanarkshire (75).</p> <p>Standardised contracts designed by Scotland Excel now cater for fluctuations in commodity prices.</p> <p>Scotland Excel has advised Audit Scotland that, on average, councils use 42 out of 48 available contracts, ranging between 31 contracts used (East Ayrshire, Glasgow City) and all 48 (West Dunbartonshire).<sup>50</sup></p> <p>Please refer to the recommendation below on electronic procurement.</p> <p>Scotland Excel does not maintain a list of spend on councils' contract registers but, against this, a contract register is a key area of focus for the organisation.<sup>51</sup></p>
<b>Councils' corporate management teams should:</b>	
<ul style="list-style-type: none"> <li>• benchmark their procurement staffing against similar-sized councils with higher PCA scores and, where appropriate, produce a business case for employing additional qualified procurement staff where they have lower staffing levels</li> </ul>	<p>The gap between high- and low-performing councils has been closing. Scotland Excel indicates that councils have been recruiting procurement experts, but that the pool of suitable staff is limited.<sup>52</sup></p>
<ul style="list-style-type: none"> <li>• examine the benefits of joint working or joint procurement teams as a way of securing economies of scale and creating collaborative contracts</li> </ul>	<p>Scotland Excel indicates that it continues to promote the potential benefits of councils' pooling qualified expertise. Scotland Excel has also advised Audit Scotland that there is considerable scope for further progress on this issue, especially given the limited pool of procurement professionals in Scotland.<sup>53</sup></p>

<sup>49</sup> Audit Scotland meeting with the Head of Customer and Business Services, Scotland Excel, 29 October 2015.

<sup>50</sup> Email from Scotland Excel to Audit Scotland, 12 November 2015.

<sup>51</sup> Audit Scotland meeting with the Head of Customer and Business Services, Scotland Excel, 29 October 2015.

<sup>52</sup> Audit Scotland meeting with the Head of Customer and Business Services, Scotland Excel, 29 October 2015.

<sup>53</sup> Audit Scotland meeting with the Head of Customer and Business Services, Scotland Excel, 29 October 2015.

Recommendation	Progress
<ul style="list-style-type: none"> <li>phase out paper purchasing systems and consider the business case for moving all purchasing systems to an electronic 'purchase-to-pay' basis</li> </ul>	<p>The purchase-to-pay process encompasses all the steps that are followed from the time someone orders a product/service that they need, through the authorisation process, to sending the supplier the purchase order and ultimately to receiving the products/services and paying the suppliers invoice. Using systems to automate this process can help to deliver greater efficiencies.<sup>54</sup></p> <p>A number of improvement programmes have been led by the Scottish Government, eg:</p> <ul style="list-style-type: none"> <li><a href="#">Public Contracts Scotland</a> (PCS) provides suppliers with free access to all essential information on public sector business opportunities. All public sector bodies in Scotland are expected to use PCS.</li> <li><a href="#">PCS-Tender</a> is the national eSourcing system provided free of charge by the Scottish Government. The system provides buying organisations with a set of web-based procurement tools.</li> <li><a href="#">eInvoicing</a> is an electronic service that facilitates information exchange between buyers and suppliers. It allows invoices and related documents to be issued, received and reconciled electronically through a secure channel. In April 2015, the Scottish Government announced that eInvoicing had been extended to all Scottish public sector bodies in Scotland.<sup>55</sup></li> </ul> <p>Scotland Excel has advised Audit Scotland that local government has been actively engaged in these initiatives, but that electronic procurement remains an area of weakness, and also of opportunity.<sup>56</sup></p>
<ul style="list-style-type: none"> <li>raise staff awareness of accountability and controls by: <ul style="list-style-type: none"> <li>implementing a written code of ethics</li> <li>requiring staff involved in procurement to complete a register of interest statement</li> <li>require internal audit to conduct a regular assessment of procurement risk, including the risk of fraud</li> </ul> </li> </ul>	<p>The timescale for this impact assessment precluded a survey of all 32 councils.</p>

<sup>54</sup> Scottish Government Procurement: [eCommerce](#), Scottish Government website as at 26 November 2015.

<sup>55</sup> [Public Contracts Scotland – Tender](#), Scottish Government website as at 10 November 2015.

<sup>56</sup> Email correspondence between Scotland Excel and Audit Scotland, 10 November 2015.

Recommendation	Progress
<b>Councils should:</b>	
<ul style="list-style-type: none"> <li>require a report on procurement savings and non-financial procurement benefits to be submitted to the appropriate committee on a regular basis</li> </ul>	<p>Councils continue to seek savings from procurement, although reporting practices vary. For example:</p> <ul style="list-style-type: none"> <li>Angus Council's Policy &amp; Resources Committee took a report on '<i>...changes required to maximise Community Benefits from Angus Council's procurement activity in accordance with duties emerging from the Procurement Reform (Scotland) Act 2014 and aligned to the Tayside Sustainable Procurement Policy.</i>'</li> <li>East Renfrewshire Council's Cabinet took a report on the benefits of the council joining a nationwide telecommunications infrastructure for use by public bodies.<sup>57</sup></li> <li>The City of Edinburgh Council prepared an Equality and Rights Impact Assessment in relation to procurement savings on independent contracts for Older People's and Disability services.<sup>58</sup></li> </ul>
<ul style="list-style-type: none"> <li>encourage elected members sitting on the main committee(s) dealing with procurement to complete specific training to help them undertake their governance role more effectively</li> </ul>	<p>A total of 3,585 council delegates have attended Scotland Excel training courses since January 2009.<sup>59</sup> Some delegates have comprised elected members. In response to <i>Procurement in councils</i>, some councils have said procurement training is already in place, and some others have committed to improving training and support for elected members, eg:</p> <ul style="list-style-type: none"> <li>Angus – the council has committed to deliver procurement training and briefing session(s) to councillors.<sup>60</sup></li> <li>Moray – procurement training has been offered to elected members and can be repeated if requested.<sup>61</sup></li> <li>Renfrewshire – procurement awareness training sessions are available to elected members.<sup>62</sup></li> </ul> <p>However, the timescale for this impact assessment precluded a survey of all 32 councils.</p>

Final

<sup>57</sup> [Report by the Deputy Chief Executive to Cabinet](#), East Renfrewshire Council, March 2015.

<sup>58</sup> [Equality and Rights Impact Assessment](#), City of Edinburgh Council, February 2015.

<sup>59</sup> Presentation by Scotland Excel to councils in consultation events during 2015.

<sup>60</sup> Outcome 4, [Procurement Annual Report 2014/15 and Improvement Plan for 2014/17](#), Angus Council, September 2015.

<sup>61</sup> Item 7: [Report to the Audit & Performance Review Committee](#), Moray Council, May 2014.

<sup>62</sup> Item 7: [Report to the Audit, Petition and Scrutiny Board](#), Renfrewshire Council, September 2014.

## REPORT RECOMMENDATIONS, FALKIRK COUNCIL PROGRESS

REPORT RECOMMENDATION	FALKIRK COUNCIL POSITION
Submit accurate and complete information to the procurement Hub on a regular and timely basis (ideally quarterly and as a minimum within 3 months of the financial year end)	Information submitted on a quarterly basis
Engage earlier with suppliers and the people who use public services to help develop contract specifications that more accurately reflect service user requirements and allow for greater innovation within contracts.	Adopted in a number of contracts e.g.: Home Care, Community Care, Foster Care, Tenancy Support, Supported Accommodation.
Use the Public Contracts Scotland tender module for all applicable contracts	PCS tender tested and used in 6 contracts to date. Evaluation on-going
Make full use of national collaborative contracts and provide a clear explanation for non-participation in these contracts to the relevant Council committee.	Collaborative contracts continue to be utilised where they are deemed to be in the best interest of the Council, e.g. we are participating in 43 out of 46 Scotland Excel Framework Agreements
Develop a systematic approach to collecting information on non-financial benefits including economic, community and environmental benefits and report the benefits to the relevant Council committee on a regular basis	Information reported via Annual procurement report via Information Bulletin
Calculate procurement savings using a consistent and transparent methodology that demonstrates clearly how the savings are calculated and their relationship to improved procurement	Methodology agreed by Procurement Board and operational
Make better use of market research, cost avoidance and improved contract management to identify savings and potential service improvements	Adopted in a number of contracts e.g.: Building Materials, Electrical Materials, Cleaning Materials, Stationery, Gas Heating Replacement, Multi Functional Devices, PPE, Skip Hire, Scaffolding, Stairlifts, Track Hoists, Care Homes for Adults with LD, Social Work Passenger Transport
<p>Aim to achieve the superior performance level in the PCA, particularly in relation to:</p> <ul style="list-style-type: none"> <li>• Spend covered by an agreed commodity strategy</li> <li>• Participation in Scotland Excel contracts</li> <li>• Automation of procurement and payment processes</li> <li>• Spend captured in the Council's contract register</li> </ul>	<p>The 2014 PCA score was 70, representing a 10 point increase from 2013 and only 5 points from achieving superior performance.</p> <p>The new PCIP will however remove previous years comparability</p>



Benchmark procurement staffing against similar sized Councils with higher PCA scores and where applicable produce a business case for employing additional qualified procurement staff where they have lower staffing levels	Not applicable - Only 3 smaller Local Authorities with a marginally higher score. The other higher performing authorities are all substantively larger than Falkirk.
Examine the benefits of joint working or joint procurement teams as a way of securing economies of scale and creating collaborative contracts	Previous collaboration with Stirling and Clackmannshire Councils through JBA. Limited recent engagement. Preliminary work with West Lothian.
Phase out paper purchasing systems and consider the business case for moving all purchasing systems to an electronic “purchase to pay” basis	Part of Business Transformation work
<p>Raise staff awareness of accountability and controls by:</p> <ul style="list-style-type: none"> <li>• Implementing a written code of ethics</li> <li>• Requiring staff involved in procurement to complete a register of interest statement</li> <li>• Require internal audit to conduct a regular assessment of procurement risk, including the risk of fraud</li> </ul>	<p>Audit undertake regular checks of payments to ensure compliance with Contract Standing Orders</p> <p>Information sharing protocol in place with Police Scotland and checks undertaken in relation to links with Organised crime on all high risk contracts</p>
Require a report on procurement savings and non-financial procurement benefits to be submitted to the appropriate committee on a regular basis	Information reported via Annual procurement report via Information Bulletin
Encourage elected members sitting on the main committee(s) dealing with procurement to complete specific training to help them undertake their governance role more effectively	Training previously undertaken and will be refreshed in terms of new Procurement Regulations





# **AGENDA ITEM**

**7**

## **AUDIT SCOTLAND FOLLOW UP REPORT – MAJOR CAPITAL INVESTMENT IN COUNCILS**

**FALKIRK COUNCIL**

**Subject: AUDIT SCOTLAND FOLLOW UP REPORT – MAJOR CAPITAL INVESTMENT IN COUNCILS**  
**Meeting: SCRUTINY COMMITTEE**  
**Date: 16 JUNE 2016**  
**Author: DIRECTOR OF CORPORATE & HOUSING SERVICES**

**1. INTRODUCTION**

- 1.1 The purpose of this report is to advise Members of the recommendations from Audit Scotland's National follow up report "Major Capital Investment in Councils" and thereafter to consider the Council's compliance with these recommendations. The follow up report was published in January 2016.
- 1.2 The recommendations from the report have been circulated to Services and comments sought from members of the Capital Planning and Review Working Group (CPRWG). The Working Group also includes officers from the Corporate Asset Management Working Group.

**2. AUDIT SCOTLAND'S "MAJOR CAPITAL INVESTMENT IN COUNCILS"**

- 2.1 Audit Scotland initially published the report "Major Capital Investment in Councils" in March 2013. The report looked at all Councils and recommendations flowing from the report were not specifically aimed at Falkirk Council. Details of the report were subsequently reported to Corporate Management Team (CMT) in August 2013. The Audit Scotland report focused on high value projects – the smallest project included in the review was £3.8m and the largest was £180.5m (excluding PFI projects). It was therefore recognised at that time that a number of the recommendations were overly bureaucratic for the size of most of our projects and the key messages from the report were therefore critically reviewed and applied appropriately. Audit Scotland also published Good Practice Guidance and a Checklist to aid Councils in managing their capital investment plans effectively.
- 2.2 The follow up report was published in January 2016 [www.audit-scotland.gov.uk/report/major-capital-investment-in-councils-follow-up](http://www.audit-scotland.gov.uk/report/major-capital-investment-in-councils-follow-up) following an audit to assess to what extent Councils had improved performance in managing their capital investment programmes and projects since the 2013 report. Falkirk Council was asked to provide details of significant capital projects included within the approved Capital Programme e.g. the new ASN school.
- 2.3 The key recommendations from the follow up report are that Councils should:
  - Prepare, review and monitor business cases that comply with good practice. This is to be done for all capital projects.

- Regularly carry out post-project evaluations to establish whether planned benefits are realised and identify good practice or lessons learned. Lessons learned can relate to both successful projects and those with significant difficulties
- Consider how best to review projects at key stages to help provide assurance about project progress and to identify any potential problems.
- Improve the quality of capital project and programme information that is routinely provided to elected members, including reporting of performance against cost and time at key stages, risk, intended and realised benefits, reasons for and consequences of slippage, delays and timing of spend.
- Provide Members with regular training on capital investment to enable them to scrutinise effectively capital investment activity.

### **3. CURRENT PROCESS**

- 3.1 As stated in para 2.1, it was recognised that a number of the recommendations in the Audit Scotland report were overly bureaucratic for the size of most of our projects. Consequently it was recommended and subsequently approved by CMT in August 2013 that a de minimis level of £1m be set for the preparation of business cases for capital projects. Services have advised that they prepare business cases for projects valued at £1m and above.
- 3.2 “The Guide to Capital Expenditure” which is prepared and updated within the Finance division of Corporate & Housing Services and thereafter distributed to Services, specifically refers to the requirement to carry out post-project evaluations. A de minimis level for these reviews has been set at £1m and is in relation to stand-alone projects. Notwithstanding the requirement for these evaluations, Services also have to comply with the Contract Standing Orders in terms of reporting of contract overspends (see para 3.6).
- 3.3 This Guide prepared by Finance includes a template for post-project evaluations and Development Services as the contract lead, should complete this in consultation with the Client Service and Finance. The post-project review template records when the review was carried out i.e. at the end of the project or as the project progressed. It also considers what went well in the process and what didn’t go well in terms of cost, timing, communication and delivery. Fundamentally the evaluation provides an opportunity to learn lessons and to ensure continuous improvement in delivering the Capital programmes. To maximise the lessons learned opportunity, post-project reviews should be undertaken within 9 months of project completion date.
- 3.4 The Guide states that completed post-project reviews should be discussed at future CPRWG meetings and reported annually to CMT. Given that the de minimis level for post-project reviews is set at £1m, there are a limited number of major stand-alone projects which would require a post-project evaluation. Indeed there are only three projects within the General Capital programme and one within the Housing Capital programme which have completed during 2015/16.

3.5 Details of the projects are as follows:

- Antonine Primary School Extension
- St Joseph's Primary School Extension
- Helix Visitor Centre – 2015/16
- New Build Housing – Merchiston Phase 2 – 2015/16

3.6 Development Services in conjunction with the Client Service and Finance, will therefore undertake a review of those projects that completed in 2015/16. Thereafter the findings will be presented to CPRWG before onward submission to CMT as per the Guide.

3.7 The Contract Standing Orders require that Services report to the Executive where project costs exceed the original contract value by more than 10% for contracts over £350,000 and for contracts of £350,000 or less, where the increase in cost equates to £35,000 or more. Whilst Finance is responsible for monitoring the approved Capital programme spend for the Council as a whole, it is the responsibility of Services to report such contract variations to the Executive.

3.8 The need for formalised post-project reviews does not extend to rolling programmes within both the General and Housing Capital programmes. It is recognised that these programmes although substantial in value, may consist of a smaller number of contracts which are monitored by Services on an individual basis and reported to Members as part of the Capital Update reports to the Executive. It would not be practical to formally report post-project reviews to CMT on these individual contracts within the rolling programmes. These programmes will however continue to be subject to on-going contract monitoring and management to ensure that they deliver on time and on budget, in accordance with specified requirements.

3.9 The information reported to Members has been reviewed since Audit Scotland's 2013 report. As part of the Capital programme process, the Budget book presented to Members, details the total budget for all major stand-alone projects, not just the budget for the 3 years being considered by Members. In terms of risk, the Budget book identifies the stage at which each project is e.g. feasibility or design, with risk of cost increases being more likely at the feasibility than design stage.

3.10 The Capital Programme Update reports to Members include details of the forecast variance against budget for both the General Fund and Housing Capital Programmes. Within these reports details of those projects that have slipped and the reasons for the slippage are stated. The reports also identify potential projects that can be accelerated to mitigate the slippage.

3.11 Audit Scotland recommended that Members be provided with cost/budget information on projects which spanned more than one financial year. Whilst we do provide budgeted information to Members on major stand-alone projects as part of the Capital budget process (per para 3.8) and make narrative reference to individual projects in our Capital Programmes Update reports, it is not formally captured in the tabular information we routinely include in our Update reports to Members.

3.12 The Good Practice Guidance and Checklist published by Audit Scotland as part of the 2013 report have both been circulated to officers within the CPRWG with particular reference to the need to comply with these publications in terms of our larger projects such as the new ASN School.

#### **4. MEMBER TRAINING**

- 4.1 Following Audit Scotland's National Report "Borrowing and Treasury Management in Councils" published in March 2015, the Executive approved the recommendation from the Scrutiny committee that training be made mandatory before Members can serve on the Executive, Scrutiny or Audit Committees. Consequently training sessions took place on 15 and 31 March 2016. Given that treasury management and capital investment plans are intrinsically linked, the training sessions covered both elements. The training looked at what Treasury Management is, the definition of capital expenditure, how it is funded e.g. grants, borrowing etc. and Council priorities linked to capital spend. Other areas covered included borrowing and the Prudential Code; investments e.g. how we decide where to invest, limits etc. The session also looked at the scrutiny role of Members and Officers in terms of capital and treasury activities. Both training sessions were very well received by Members.

#### **5. CONCLUSION**

- 5.1 It was recognised at the time Audit Scotland's report was published in 2013, that given the size of our capital projects a lot of the recommendations flowing from the report were overly bureaucratic. On this basis the key messages from the report were therefore critically reviewed and applied appropriately.
- 5.2 Overall the framework we have in place allows us to adequately monitor our Capital programmes but recognise that there may be some refinements that could supplement our monitoring role. These refinements include formalised post-project reviews reported to CMT and the inclusion of total costs/budgets for projects spanning more than one year within the Capital Update reports to the Executive.

#### **6. RECOMMENDATIONS**

**It is recommended that Members note that:**

- 6.1 **post-project reviews will be undertaken for those projects which completed in 2015/16 and going forward for completed projects valued at £1m or more; and**
- 6.2 **additional financial information for projects which span more than one financial year, will be included in future Capital Update reports to the Executive.**

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**Director of Corporate & Housing Services**

**Date: 06 June 2016**

**Ref: AAC160616 – Audit Scotland follow up report**

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#### **LIST OF BACKGROUND PAPERS**

NIL