



MINUTES OF THE MEETING OF THE CABINET

TUESDAY 12 SEPTEMBER 2017
COUNCIL CHAMBER, TOWN HOUSE, HADDINGTON

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Committee Members Present:

Councillor S Akhtar
Councillor J Goodfellow
Councillor N Hampshire (Convener)
Councillor J McMillan
Councillor O'Donnell

Other Councillors Present:

Councillor L Bruce
Councillor S Currie
Councillor F Dugdale
Councillor A Forrest
Councillor N Gilbert
Councillor J Henderson
Councillor K McLeod

Council Officials Present:

Ms M Patterson, Depute Chief Executive – Partnerships and Community Services
Mr A McCrorie, Depute Chief Executive – Resources and People Services
Mr J Lamond, Head of Council Resources
Mr R Montgomery, Head of Infrastructure
Mr D Proudfoot, Head of Development
Ms F Robertson, Head of Education
Mrs K MacNeill, Service Manager – Licensing, Administration and Democratic Services
Mr P Vestri, Service Manager – Corporate Policy and Improvement
Ms L McLean, Service Manager – Strategic Asset & Capital Plan Management
Mr C Grilli, Service Manager – Legal and Procurement
Mr S Cooper, Team Manager – Communications
Ms S Kennedy, Risk Officer
Ms C Dora, Policy Officer

Clerk:

Ms A Smith

Apologies:

Councillor W Innes

Declarations of Interest:

None

1. SUMMARY OF CONTRACTS AWARDED BY EAST LOTHIAN COUNCIL, 1 FEBRUARY TO 31 AUGUST 2017

A report was submitted by the Depute Chief Executive (Resources and People Services) advising Members of all contracts awarded by the Council from 1 February to 31 August 2017, with a value of over £150,000.

Councillor Currie noted that no East Lothian based companies had been awarded any of these contracts, nor had any local companies been appointed as sub-contractors. He queried whether, in relation to sub-contractors, if the Council could specify that local companies should be appointed. Jim Lamond, Head of Council Resources, advised that the same provisions that applied to the appointment of contractors also applied to sub-contractors; the Council was not able to apply any direction to contractors regarding the appointment of sub-contractors. The Convenor noted this frequently raised issue and gave an assurance that if anything could be done in this regard it would be, but procurement provisions had to be adhered to.

Councillor Akhtar welcomed the contracts detailed in the report, adding that refurbishment work to the Red School in Prestonpans had now been completed.

Decision

The Cabinet agreed to note the award of contracts with a value of over £150,000, as listed in Appendix 1 to the report.

2. FREEDOM OF INFORMATION (SCOTLAND) ACT 2002 AND DATA PROTECTION ACT 1998 – COMPLIANCE STATISTICS, REGULATION OF INVESTIGATORY POWERS (SCOTLAND) ACT 2000 – STATISTICS

A report was submitted by the Depute Chief Executive (Resources and People Services) regarding the Council's compliance with the 20 working day timescale laid down by the Freedom of Information (Scotland) Act 2002 (Fol) and the 40 calendar day timescale laid down by the Data Protection Act 1998, for the period 1 October 2016 to 30 June 2017. The report also detailed the Council's use of the Regulation of Investigatory Powers (Scotland) Act 2000 (RIPSA) for the period 1 April 2016 to 30 June 2017.

The Service Manager – Licensing, Administration and Democratic Services, Kirstie MacNeill, presented the report. She informed Members that in future a report would be brought forward on an annual basis. With respect to Fol, including those requests made under Environmental Information (Scotland) Regulations (EIR), the number of requests made upon the Council for the period had been 1,039. 87% of Fol requests had been serviced within the timescale. 86% of Data Protection requests had been completed on time. Regarding RIPSA statistics, 4 surveillance requests had been authorised during the period stated.

Mrs MacNeill responded to questions from Councillor McLeod advising that the suspended category related to where a Fol had been received but further clarification was required. An invalid Fol was where the request was not specifically requesting information but asking a question. An Internal Review was a statutory process carried out when an individual was not satisfied with the response; it would be escalated to the relevant Head of Service, then, if still unsatisfied, the individual could go to the Information Commissioner.

In response to Councillor Currie's query about commercial organisations, specifically relating to insurance companies, Mrs MacNeill advised that enquiries from these companies continued to be at a high level and had always been so.

Councillor Akhtar asked how many requests went forward to the Information Commissioner; Mrs MacNeill indicated she did not have this data to hand but would ensure it was provided.

Responding to the Convener's enquiry about whether the Council could charge commercial organisations, Mrs MacNeill advised that charging these bodies specifically was not allowed; a charging regime applied, depending on volume - the Council did charge where it could and did charge for EIR requests, as permitted.

Councillor Currie stated, in relation to commercial organisations, that it was unfortunate that even some general charge could not be applied. He thanked officers for their work, carried out to very tight timescales.

Councillor O'Donnell stated that FoI was an important part of democracy; she also thanked all departments for carrying out their duties in this regard so diligently.

Decision

The Cabinet agreed to note the report

3. CORPORATE RISK REGISTER 2017

A report was submitted by the Chief Executive presenting the Corporate Risk Register 2017 to Cabinet for discussion, comment and approval.

The Risk Officer, Scott Kennedy, presented the report. He informed Members that the Council Management Team had carried out a full review of the Corporate Risk Register. He gave an explanation of the method used to evaluate risk and outlined the Council's response in relation to adverse risk or its risk appetite. He stated that those risks identified as 'very high' or 'high' would be subject to closer scrutiny.

Councillor O'Donnell, referring to welfare reform, the highest risk in the Register, asked if advice services/voluntary sectors could be included. Mr Kennedy confirmed he would take this back for inclusion in the next version. Councillor O'Donnell raised issues around numerous street closures along the coast for recent events and lack of notice to local residents, which may be connected to the requirement for a TTRO. Mr Kennedy gave an assurance that this would be looked into.

In respect of Councillor O'Donnell's questions about the health and social care budget and associated resource implications, Mr Lamond advised that partnership working was taking on new significance in this regard with NHS Lothian and the Integration Joint Board looking at mitigation measures.

Responding to Councillor McMillan, Mr Kennedy advised that after scrutiny and review this Register would be amended and the next time it was presented to Cabinet that version would contain the updates. The Register was a live document. Information on the review of risks was detailed in the Register (final column) and where the context of a risk was changeable risk and control measures were kept under review and appropriate action taken.

Councillor Akhtar asked if the rights of carers in the workplace, in relation to the equality risk category, could be looked at. Mr Kennedy confirmed he would pursue this.

Councillor Currie, referring to legislative changes specifically the review of business rates and the potential effect on financial pressures, noted that one of the likely recommendations was rates relief for leisure trusts. He asked if these legislative changes would be looked at. Mr Lamond confirmed they would be. He advised that the Scottish Government had

instructed an independent review, their response was awaited; it was presumed that part of that response would provide examples of the expectations on local councils.

Councillor Akhtar voiced concerns about funding levels and the effect on local authorities of public sector reform, particularly in relation to the Council's ability to support children and young people. She stated that the biggest risks were all external risks, risks arising from Scottish Government decisions.

Councillor McMillan, in relation to developing a highly skilled workforce, made reference to two recent events; the Young People's Seminar organised by East Lothian Works and Tomorrow's Young Drivers, organised in conjunction with partner organisations.

The Convener thanked all officers and remarked on the challenges and risks to be dealt with by the Council with reduced numbers of staff.

Decision

The Cabinet agreed to approve the Corporate Risk Register for 2017, and in doing so agreed:

- i. that the relevant risks had been identified;
- ii. that the significance of each risk was appropriate to the current nature of the risk;
- iii. that the total profile of corporate risk could be borne by the Council at this time in relation to the Council's appetite for risk;
- iv. to recognise that, although corporate risks required close monitoring and scrutiny throughout 2017, many were in fact long term corporate risks for the Council that were likely to be a feature of the risk register over a number of years; and
- v. to note that the Council Management Team would review all risks in the Corporate Risk Register on a regular basis.

4. EAST LOTHIAN RESIDENTS SURVEY 2017

A report was submitted by the Depute Chief Executive (Partnerships and Community Services) presenting a summary of the main findings of the 2017 East Lothian Residents Survey and identifying some of the planned and potential uses of the survey data.

The Service Manager – Corporate Policy and Improvement, Paolo Vestri, presented the report. He informed Members that the full report and individual reports for each ward were available on the Council's website and he would be happy to go over these in detail with Members outwith the meeting. He drew attention to a number of survey responses specifically in relation to Neighbourhood and Quality of Life, Perceptions of the Council and Public Services and Council Priorities. The survey responses provided a reassurance that the Council was performing well and providing well for the county's residents.

In response to a question from Councillor McLeod regarding tenants' dissatisfaction with council house repairs, Mr Vestri stated that respondents had not been given the opportunity to provide reasons for their low response on any of the issues; that level of detail had not been gone into in this survey. However, the Community Housing service carried out more detailed surveys and he would ask the Service Manager if she could provide this information.

Councillor Akhtar asked to what extent Local Area Partnerships used these results; she also asked about use by health services. Mr Vestri advised that the results had been shared with the Local Area Partnership Managers. In relation to responses to health service issues it was hoped that the Health and Social Care Partnership and NHS Lothian would look at these further. He confirmed that the results of the survey would be shared with all service areas and those areas with a higher level of concern would be expected to take appropriate action.

Responding to Councillor Goodfellow, Mr Vestri advised that the comparison with the Scottish Household survey was contained in the main report which was lodged in the Members' Library Service and also on the consultation pages of the website.

Councillor Currie noted that this survey formed part of a range of survey information to be taken into account. The key issue was trying to differentiate between the perception and the reality of people receiving Council services; the Council's priorities had to reflect the aspirations of survey respondents.

Councillor Goodfellow commended the individual ward profiles to other Members.

Councillor McMillan remarked that often the perception was the reality. He made reference to the Keep Scotland Beautiful awards last week where a number of East Lothian towns had won various awards; he congratulated all officers in the Council involved in this.

The Convener echoed the usefulness of the data provided and thanked all staff involved.

Decision

The Cabinet agreed to welcome the results from the 2017 Residents Survey and noted the main findings of the Survey presented in the report.

5. COMMUNITY EMPOWERMENT (SCOTLAND) ACT 2015 – POLICIES

A report was submitted by the Chief Executive making Cabinet aware of progress in implementing the Community Empowerment (Scotland) Act 2015 and seeking approval of relevant policy statements.

Mr Vestri presented the report. He informed Members that the Act's various sections had been brought into force at differing times since the granting of Royal Assent in 2015, along with associated Scottish Government statutory guidance. He highlighted the key aspects of the report. He made reference to the Community Planning and Participation Requests aspects. He drew specific attention to the Community Asset Transfer and the suggested policy and guidance, stating this was a key and potentially very significant part of the Act.

Councillor Akhtar asked if extra funds would be allocated to deal with the implications of this Act; Mr Vestri stated there would be no additional funding from the Scottish Government.

Councillor Currie asked about the process in relation to Common Good properties. The Act included the requirement for a Common Good register. Liz McLean, Service Manager – Strategic Asset & Capital Plan Management, advised that the Scottish Government was currently consulting on guidance relating to Common Good assets; the consultation was open until the end of September. The Council published a register of all its land and building assets, including Common Good assets, but these were not yet detailed specifically. Mrs MacNeill added that although Common Good properties appeared in the Act as assets that could be transferred the underlying Common Good Act prevented this. The Scottish Government recognised this problem hence the consultation to try and find a way forward. At present, if an application came forward for a Common Good asset the Council would have to

reject such a request. Responding to further questions from Councillor Currie, Mr Vestri clarified that community asset transfer did not apply to private organisations; it had to be a community organisation that applied.

The Convener asked if a community organisation acquired an asset if they could then transfer and borrow against that asset. Ms McLean advised that the Act did contain provision for onward transfer of assets; there was a prescribed range of requirements but how this would be patrolled further on was not clear yet.

In response to questions from Councillor Gilbert, Ms McLean stated that the Council already leased a large number of properties to community groups at market value.

Ms McLean, in reply to Councillor McMillan's query about providing case studies, cautioned against going into that level of detail in a policy. The process sought local authority engagement with community bodies; the presumption within the Act was for issues to be addressed positively. She advised that assistance the Council would provide would include guidance, assessment and valuation.

Mr Lamond indicated that if Cabinet approved this report the Scheme of Administration would require modification because, as required by the Act, the review of an asset transfer decision had to be carried out by Elected Members. A report would be brought forward regarding this and the appointments to such a review sub-committee.

Councillor O'Donnell commented that this was another piece of legislation with resource implications and no financial assistance forthcoming from the Scottish Government.

Councillor Currie stated this was an important report with wide and far ranging implications. In respect of Common Good assets this was clearly an extremely complex area and the outcome of the consultation was awaited with interest. He agreed that additional funding would be needed to provide some assistance to local authorities. This was an opportunity for the Council and its communities; there would be Council assets, which, for various reasons, were not being used to full capacity that community organisations could take forward.

The Convener stated that this Council had been supportive of community groups over many years. The Council would try where there was an aspiration in a community regarding transfer of an asset, to see if this could be taken forward for the benefit of the whole community and would look to see if the request was viable.

Decision

The Cabinet agreed:

- i. to approve the draft overarching Policy Statement in relation to how the Council planned to implement the Act (Appendix A);
- ii. note the document about Participation Opportunities which had been placed on the Council's website (Appendix B);
- iii. to approve the draft Asset Transfer Request policy and guidance (Appendix C); and
- iv. note that the Council's Asset register had been published on the Council's website in accordance with the Act.

6. EQUALITY PLAN 2017–2021

A report was submitted by the Chief Executive seeking approval for the Council's draft Equality Plan 2017-2021.

Mr Vestri presented the report. He informed Members that the Plan identified the key priorities for achieving improved equality outcomes in a targeted and consistent way across the Council. He stated that equality was at the heart of everything the Council did, he drew Members' attention to the 8 equality outcomes. The range of outcomes was detailed in the actual Action Plan, which he advised would be regularly monitored.

Responding to a question from Councillor Akhtar, Mr Vestri advised that the Action Plan was produced by officers; the Council Management Team would overview the Plan and a report would be brought forward every two years. He added that most of the actions in the Action Plan were already in the Council Plan so there would not be anything substantially new but all the information would be contained within one document.

Mr Vestri, in response to a query from Councillor O'Donnell about hate crime figures and conflict with information she had from Police Scotland, indicated he would check the data and respond.

Councillor Currie questioned the report statement that no additional financial resources were required. He also asked if the Plan covered who the Council contracted/sub-contracted to, citing the example of the Council paying the living wage so was the same requirement applied. Mr Vestri advised that this report did not have any financial implications as such but obviously many of the actions would have, this would be reflected in the Council Plan and would come through the budget process. In relation to the second question all organisations had to follow relevant legislation. Regarding the living wage, he advised that his understanding was that this could not be made a condition of a contract.

Councillor Currie welcomed the report and the detailed Equality Plan. There would be resource implications for mainstreaming equalities into services. This was a positive report; the Equality Act did place extra duties on local authorities but this was the right way forward and it would be interesting to see how this progressed.

Councillor O'Donnell strongly welcomed this report; the Council had an excellent record of progressing equality across all parts of the Council. Regarding developing the Equality Plan she stressed that the Council could not do this in isolation and needed third sector involvement. She highlighted the welcome Syrian refugees had received from the local community stating she was proud that East Lothian was a county of sanctuary. Referring to adults with dementia, she referred to the importance of the Council in working with organisations such as the Dementia Friendly Movement.

Councillor Akhtar echoed Councillor O'Donnell's comments; this was a hugely important document. The Council had a good track record over the last 5 years of devolving powers to local communities. As stated by her colleague there was a collective responsibility for other bodies outwith the Council.

Decision

The Cabinet agreed to approve the Equality Plan 2017-2021, agreed the outcomes identified in the Plan and to support the work towards achieving these outcomes.

DRAFT

Signed

Councillor Norman Hampshire
Depute Council Leader and Cabinet Convener

REPORT TO: Cabinet

MEETING DATE: 14 November 2017

BY: Depute Chief Executive (Resources and People Services)

SUBJECT: Financial Review 2017/18 Quarter 2

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1 PURPOSE

- 1.1 To record the financial position at the end of the 2nd quarter of the financial year 2017/18.

2 RECOMMENDATIONS

- 2.1 Members are recommended to;
- Note the financial performance of services at the end of September 2017.
 - Agree all Council Managers are asked to ensure that they deliver their service commitments within approved budget levels.

3 BACKGROUND

Budget Summary

- 3.1 At its meeting of 21 February 2017, the Council approved a budget for 2017/18 and an outline budget for two subsequent years. In addition, the Council meeting on 27 June 2017 approved a number of additional budget adjustments for 2017/18.
- 3.2 The 2017/18 General Services approved budget can be summarised as follows;
- Assumed levels of Scottish Government general revenue support grant of £166.067 million to support existing services.
 - Assumed combined Council Tax income of £54.318 million.
 - Additional Scottish Government funding of £9.377 million, to be used to support a number of specific and 'ring-fenced' areas including:

Social Care, Criminal Justice, Pupil Equity Funding devolved directly to individual schools, and additional grant provided to support the delivery of Early Learning and Childcare – 1140 hours expansion.

- Planned general service expenditure of £209.489 million.
- The utilisation of £2.530 million of General Reserves.
- The requirement to deliver £2.1 million of recurring efficiencies across Business Groups.

General Services Summary for Quarter Two – 2017/18

- 3.3 As at the end of September, the financial ledgers record an underspend against planned General Services budget of £0.073 million (0.4%), compared with an underspend of £0.322 million reported at Quarter 1. A summary of the financial position across each of the Business Groups at the end of September 2017 is detailed at **Appendix 1**.
- 3.4 Within this, an overall financial risk assessment has been assigned to each of the service areas based on a review of current expenditure and known financial pressures, as set out in **Appendix 2**. Two service areas Children's Wellbeing and Adult Wellbeing, have been categorised as High Risk suggesting there is a high degree of certainty that the services will not operate within approved budgets. Six service areas: Additional Support for Learning (ASL), Primary Client Budget, Property Maintenance, Facility Trading Activity, Roads Services and Community Housing have been categorised as Medium Risk, indicating that there is significant potential that these service areas will incur an overspend against approved budget during the year. The Landscape & Countryside Service has now been reclassified from Medium to Low Risk largely due to the transfer of Coastal Car Parking to Roads. We will continue to work closely with those service areas which have been categorised as High or Medium risk in an attempt to ensure financial commitments can be delivered within available resources. However given the financial position across the General Services, all service areas will be closely reviewed and monitored between now and the end of the financial year.
- 3.5 Within the report we also provide an assessment of progress in implementing the planned efficiency measures/savings/increased income for the 2017/18 financial year. Based upon evidence presented by services, each Business Group has been assigned a category reflecting our assessment of progress being made against the planned 2017/18 efficiency savings. Most Business Groups are currently on target to achieve their planned efficiencies in year, the exception being that of Adult Wellbeing and Property Maintenance where the delivery of efficiencies will not all be delivered and have been categorised as 'Amber', suggesting that between 50% to 100% of budgeted savings are likely to be achieved by the end of the financial year. In addition to the in-year delivery of planned savings, Adult Wellbeing is still required to fully deliver on recurring

efficiencies which were unachieved in 2016/17. A composite efficiency programme is being progressed by the service, and we are closely monitoring the progress of realising these savings. We will continue to work with both service areas to assess further options for delivering their planned efficiency during the year.

- 3.6 A summary of the main movements across each of the main service directorates are set out in more detail within the paragraphs below. Around £1.6 million relates to staffing underspends, and despite no formal pay agreement having been reached for Teachers, the Period 6 position includes an estimated outstanding pay accrual for Teachers in line with the budgeted award. These staff savings are being offset by a range of pressures on operational service areas and lower than budgeted income level projections, as Managers balance their overall service commitments within available budgets. More details around the key variables within service areas are set out within the narrative below.
- 3.7 At the end of September 2017, the **Resources and People Services** were reporting an overall underspend of £0.863 million (1.7%) with most service areas performing in line with expectations.
- 3.8 The **Education Group** covering; Pre-school, ASL, Primary, Secondary and School Support is currently reporting a collective underspend against service budgets of £0.495 million (1.1%).
- The Pre-school budget is reporting an underspend position of £0.058 million most of which is caused by staffing underspends. The budget includes the additional funding to support the roll out of the 1140 hours and we are working closely with the service regarding the budget allocation.
 - There are growing pressures on ASL budget relating to the number of children in External Placements as well as wider transportation costs, and we continue to work with the Head of Education to review options for managing these pressures going forward.
 - Primary and Secondary schools budgets include both internal management or 'client' budgets as well as individual Devolved School Management budgets. A range of pressures exist in the Primary 'client' budget relating to facilities, transportation and number of classes. Most of the Primary and Secondary schools are currently expected to manage their resources within approved budgets including DSM carry forward levels, however there are currently two out of the six secondary schools that are showing indications of pressures. We will work with these schools and the Head of Education to ensure that resources can be managed within approved budgets and DSM carry forward levels. The PPP budget is reporting an underspend against budget of £0.137 million, in part caused by a vacant post.
 - The Schools Support budget is reporting an underspend of £0.117 million, caused by a number of vacant posts, which have now been

filled, as well as lower than anticipated running costs in relation to the Future Technologies Centre.

- Across Council Resources, all of the service areas are reporting an underspend position to a total value of £0.367 million at end of September. This position is largely caused by staff vacancies and recruitment difficulties across the service areas which we are working on.

3.9 The second quarter of 2017/18 has seen a significant increase in the reported overspend across the **Health & Adult Care Partnership** budgets from £0.100 million (at June 2017), to an overspend of £0.853 million (2.9%). Both service areas have been categorised as High Risk, and have been asked to implement cost recovery plans with enhanced financial controls and additional monitoring checks now in place.

- With respect to Children's Services, the service is reporting an increased overspend position from £0.114 million as at Q1 to £0.300 million as at Q2. Continuing pressures relate to a number of children placed in external residential care, External Fostering placements and high cost packages of care for children with disabilities. These collective pressures are currently being partially offset by underspends in staffing and wider operational budgets including internal fostering budgets reflecting difficulties experienced in recruitment of foster carers across East Lothian. Given the financial position, we are working with the Head of Children & Adults and across the Children's Wellbeing Management to identify further efficiency measures, however it remains highly unlikely that the service will be able to contain commitments within available resources.
- With respect to Adult Wellbeing, the service has seen a significant movement in the financial position reported at the end of June 2017, from a small underspend of £0.014 million to that of a reported overspend of £0.553 million at the end of September. Most of this relates to services delivered to the Elderly as well as Learning Disability clients, and in particular increased costs of provision of residential care, respite care and lower than budgeted income levels. In addition, there remain some financial pressures within Council provided Care Homes and we are working actively with the service to manage these pressures. As highlighted earlier, the service budgets for 2017/18 were balanced on the requirement to deliver the unachieved 2016/17 efficiency programme. A detailed and updated efficiency plan has been identified but progress on some of the work streams has been slower than anticipated. The requirement to identify and realise further efficiencies remains key to ensuring that the service can continue to deliver its commitments within budget during 2017/18 and beyond. Some of these pressures are in part offset by staff savings which across the service amount to around £0.300 million.
- Given the High Risk rating across both Children's & Adults services the Director of Health & Social Care, respective Heads of Service and

the Health & Social Care Management Team must identify further options to bring these financial commitments back in line with available resources.

3.10 The **Partnerships & Services for Communities** budgets are reporting an underspend against planned budget of £0.094 million (0.4%) as at September 2017. Four service areas have been categorised as 'Medium Risk' – Property Maintenance, Facilities Trading Activity, Roads and Community Housing with more detail on each of these set out below.

- The Community Housing Budget is currently reporting an overspend at the end of September 2017 of £0.197 million. Most of this relates to the increased pressure on B&B temporary accommodation (reporting an overspend as at September of £0.120 million). Additional funding has recently been provided by the Scottish Government to support Temporary Accommodation and will assist in managing the growing pressure. In addition, there was a reported overspend on the Private Sector Leasing (PSL) service amounting to £0.057 million. The current contract for providing PSL will cease from mid-November and therefore it is anticipated that this may in part mitigate the existing overspend position.
- The Property Maintenance service has a reported overspend against its planned surplus of £0.032 million as at September 2017. The service is finding it challenging to deliver the planned level of operating surplus, and we will continue to work with management to identify potential options to bring the level of planned surplus in line with budget.
- There are some emerging financial pressures arising within the Facilities Trading service with a reported overspend position of £0.075 million. These pressures relate to increased staff costs associated with Building, Janitorial Services and Facilities support services to Council Care Homes. We will work actively with management in order to address these areas of overspending to try and ensure that the service can deliver within the planned budget surplus.
- The Roads service (covering both Network and Services) are reporting a collective overspend as at end of September of £0.317 million. Some of this overspend (£0.089 million) is attributed to the transfer of Coastal Car Parking from Landscape & Countryside, to allow this to be more effectively managed alongside the Decriminalised Parking (DPE). The income collected in relation to Coastal Car Parking continues to be lower than planned budget, and whilst income collected from DPE is higher than anticipated, this is offset by increased costs associated with delivering the service. Delays have been experienced in generating income for the roads trading activity, and we are working with Roads Management to review this closely and ensure that planned activity can be delivered within this financial year.

- Waste service is currently reporting an underspend against budget of £0.165 million. Much of this relates to increased income generation from the sale of material, alongside lower than anticipated spend in relation to Landfill Tax charges.
 - The Economic & Development service is currently reporting an underspend against budget of £0.197 million. Most of this underspend currently relates to staffing vacancies, but there is an expectation that this underspend will increase slightly by the end of the financial year due to higher than anticipated grant income. A number of specific projects are due to transfer from Planning to Economic Development service by Quarter 3, some of which have some identified cost pressures. Given this, we will continue to closely monitor this service area.
- 3.11 Most of the **Corporate Income** budgets are performing in line with expectations although gross Council Tax levied continues to be marginally lower than anticipated with a reported under-recovery against planned budget of £0.128 million. Budget profiling is based on the assumption that all properties will be billed as at 1 April 2017, whereas more likely a number of properties will be completed in year, and therefore will be subject to Council Tax charge for a part year only. There are still a number of outstanding RSG implications which may impact on current budget assumptions including: implications arising from Building Warrant RSG reduction and also the funding associated with Probationer Teachers. These areas will be kept under close review during the remainder of 2017/18.
- 3.12 Whilst the overall Quarter 2 financial ledger is currently reporting a small underspend against approved budget of £0.073 million, there continues to remain a number of pressures across the General Services budgets which must be managed. Taking this into account, it is strongly recommended that the Council continues to follow the path set out in the Financial Strategy and that all Council Managers are asked to ensure that they deliver their service commitments within their approved budget levels.

Housing Revenue Account Summary for Quarter Two – 2017/18

Revenue

At the end of September 2017, the **Housing Revenue Account** was reporting an underspend against budget of £1.073 million (15.0%). Most of the current underspend relates to a combination of; staff vacancies; lower than anticipated revenue repair costs; the planned delivery of a surplus as per the approved budget, as well as wider under spends on most of the operational revenue budgets.

Capital

- 3.13 Details of the **Housing Revenue Account** capital budgets and expenditure as at 30 September 2017 are included at **Appendix 3**. The total capital budget approved for the HRA was £23.421 million including fees and mortgage to rent purchase, with £21.4 million available to deliver the Modernisation and New Affordable Housing Programmes. To the end of September 2017 the actual spend was £5.971 million representing 25% of the total budget. Despite the relatively low levels of capital expenditure to date, the nature and timing of the capital programme means that not all expenditure falls equally across the financial year, and this can influence the spend to date.
- 3.14 The modernisation programme has expenditure to date of £4.869 million or over 43% of the planned programme. Many of the contracts are well under way and it is expected that the programme will deliver at or around budgeted levels by the end of the financial year.
- 3.15 The Affordable Housing Programme has expenditure to date of £1.102 million (11% of planned programme). Despite the relatively low levels of spend as at September 2017, this year's programme focuses on two main strategic sites (Pinkie Phase 3 and Russell Walk North Berwick), and it is anticipated that both will complete end of February 2018. In addition, 14 Open Market Acquisitions have been purchased, with a further 11 identified and due to complete by end of March. If all of these projects are delivered during the year, the service expects that the New Affordable Housing Programme will deliver a small overspend against planned budget, which can be accommodated by an anticipated increase in Housing Grant subsidy secured from Scottish Government.
- 3.16 As at 30 September, two Mortgage to Rent applications had been received and are currently being processed, however it remains unlikely that the full budget allocation will be spent within this financial year.
- 3.17 The Housing Capital Programme will continue to be directed by HRA Programme Board which meets on a regular basis to oversee the operational deliver and strategic direction of the programme.

General Services Capital Budgets

- 3.18 The General Services budget has been re-profiled in consultation with budget holders and reflects the best estimate of budget requirements for financial year 2017/18. The Gross Capital expenditure re-profiled budget is now reduced from £49.6million to £38.9 million. Further re-profiling will take place once the impact of the Housing Land Audit 2017 and housing land supply is fully known.
- 3.19 **Appendix 4** has sets out the 2017/18 re-profiled budgeted expenditure to the end of September with actual expenditure totalling £8.6 million (22%). The quarter 1 budget for the year is presented for comparison with the re-profiled budget (gross) for quarter 2.
- 3.20 The income and funding sources for the 2017/18 budget are also presented and have been updated to reflect the most up to date position. The net capital expenditure position is now expected to outturn at £13.2million compared to the quarter 1 position of £25.7million largely arising from slippage in the capital programme. The total reduction in capital required to be funded by borrowing during 2017/18 is £12.4m, resulting in a reduction in borrowing costs in the current year.
- 3.21 We will continue to monitor the General Services programme closely.
- 3.22 The table below provides a narrative of the current status of key capital projects.

Project	Narrative
Port Seton Sports Hall	Extended consultation over Project Brief have resulted in delays to the design programme. Planning submission has been submitted and construction anticipated to commence on site February / March 2018. Majority of budget has therefore been re-profiled to 18-19.
Whitecraig Community Centre	Tenders returned above current budget provision. Brief being reviewed.
Red School Prestonpans	Construction complete.
Support for Business – Land acquisition	The conveyancing of the land is taking longer than anticipated. Other opportunities to purchase land are being pursued.
Town Centre Regeneration	Refreshed, detailed longer term plan being put in place, profiling planned expenditure over the period, reviewing existing commitments.

	Projects relate to regeneration works, detailed feasibility and matching external funding streams. Much of this work is subject to a long lead in time. Budget has been re-profiled to take account of this.
Dunbar Grammar	Delay in commencement of project although now underway. Budget re-profiled accordingly.
Law Primary School	On site. Phase 1 complete Oct 17. Contractor is reporting all works complete in April 2018. Re-profiled to bring budget forward.
Wallyford Primary School	Delays in site purchase have resulted in delays to the commencement of the project. The budget has been re-profiled.
Ross High School Extension	Project moved back one year. Budget re-profiled accordingly.
Letham Primary School	Commencement of project later than originally estimated. Budget re-profiled accordingly.
Aberlady Primary	Project brief is currently being finalised. Commencement of works now later than originally estimated. The budget has been re-profiled to 2019-20.
Meadowmill Operational Depot	The project has progressed to a QS stage to establish if the requirements can be delivered within budget. This budget has been re-profiled. £28k demolition costs anticipated this year.
Musselburgh Flood Protection Scheme	MFPS project is approximately 6 months behind programme due to the complexities of the Design Consultant tender process. Budget has been re-profiled to take account of this.
Cemeteries	Land negotiations ongoing. Budget has been re-profiled.
Pavilions (Ormiston Pavilion)	Transfer of budget from synthetic pitches to cover increased budget requirement.
East Saltoun School/Fletcher Community Hall	Discussions ongoing with client. Current year budget moved back to 2018-19.
Parking Improvements	Car parking projects identified. Total spend anticipated this year is £500K.
East Linton Rail Stop / Infrastructure	Reprofiled budget to 2018-19 as agreement on timetable still to be reached with Transport Scotland.

Synthetic Pitches	Service working within reduced budget following transfer of budget provision to Ormiston Pavilion
Improved Community Access – Brunton Hall	Plan on Brunton Hall/Library project to be discussed in Nov. Budget re-profiled.
Replacement of CRM Project (Customer Services)	Various procurement options being considered to ensure maximum benefit including potential joint collaboration with Midlothian Council. May be delay in purchase of system. Budget may need to be re-profiled.
Replacement of Corporate booking system - NWOW	Spec for new system to be discussed at Digital Strategy Board.
New Ways of Working – Court Accommodation	Brief being prepared. Budget has been re-profiled.
Town Centre Toilets refurbishment /New Provision	No brief as yet. Budget re-profiled to 2018-19.

4 POLICY IMPLICATIONS

- 4.1 There are no direct policy implications associated with this report although on-going monitoring and reporting of the Council's financial performance is a key part of the approved Financial Strategy.

5 INTEGRATED IMPACT ASSESSMENT

- 5.1 The subject of this report has been considered and given there is no change in policy direction, there is no requirement to undertake any further impact assessment.

6 RESOURCE IMPLICATIONS

- 6.1 Financial – as described above
- 6.2 Personnel - none
- 6.3 Other – none

7 BACKGROUND PAPERS

- 7.1 Council 21 February 2017 – Item 1 – Council Financial Strategy 2017/18 – 2019/20




7.2 Council 21 February 2017 – Item 4a – Budget Proposals – Administration

7.2.1 Council 27 June 2017 – Item 4 – 2016/17 End of Year Financial Review

7.2.2 Members Library Report 102/17 – Financial Review 2017/18 – Quarter 1

Author's Name	Jim Lamond
DESIGNATION	Head of Council Resources
CONTACT INFO	jlamond@eastlothian.gov.uk
DATE	6 November 2017

REVENUE BUDGET PERFORMANCE at 30 September 2017

	<u>Budget for the</u> <u>year</u> <u>£'000</u>	<u>Actual for the period</u> <u>£'000</u>	<u>Budget</u> <u>for the</u> <u>period</u> <u>£'000</u>	<u>(Surplus) /</u> <u>Deficit for</u> <u>period</u> <u>£'000</u>	<u>(Surplus)</u> <u>/ Deficit</u> <u>%</u>	<u>Financial Risk</u> <u>Assessment</u>	<u>Progress with</u> <u>efficiency</u> <u>savings</u>
Resources & People Services							
Pre-school Education & Childcare	6,675	5,141	5,199	(58)	-1.1%	Low	
Additional Support for Learning	7,992	5,567	5,450	117	2.1%	Medium	
Schools - Primary	35,706	15,692	15,828	(136)	-0.9%	Medium	
Schools - Secondary	38,114	17,332	17,634	(302)	-1.7%	Low	
Schools Support Services	2,185	990	1,107	(117)	-10.6%	Low	
Financial Services	1,608	(89)	84	(173)	-206.0%	Low	
Revenues & Benefits	1,893	543	581	(38)	-6.5%	Low	
IT Services	1,950	861	867	(6)	-0.7%	Low	
Legal & Procurement	520	281	324	(43)	-13.3%	Low	
Human Resources & Payroll	1,275	646	689	(43)	-6.2%	Low	
Licensing, Admin and Democratic Services	3,465	1,778	1,842	(64)	-3.5%	Low	
	101,383	48,742	49,605	(863)	-1.7%		
Health & Social Care Partnership							
Children's Wellbeing	13,386	7,014	6,714	300	4.5%	High	
Adult Wellbeing	49,596	23,728	23,175	553	2.4%	High	
	62,982	30,742	29,889	853	2.9%		
Partnerships & Services for Communities							
Community Housing	1,643	1,235	1,038	197	19.0%	Medium	
Customer Services	3,120	2,007	2,006	1	0.0%	Low	
Community & Area Partnerships	8,534	4,302	4,394	(92)	-2.1%	Low	
Arts	677	183	206	(23)	-11.2%	Low	
Corporate Policy & Improvement	951	617	636	(19)	-3.0%	Low	
Planning & Environmental Services	1,224	1,045	999	46	4.6%	Low	
Asset Planning & Engineering	2,229	1,852	1,939	(87)	-4.5%	Low	
Economic Development & Strategic Development	3,075	1,221	1,418	(197)	-13.9%	Low	
Facility Trading	(124)	(1,701)	(1,776)	75	-4.2%	Medium	
Facility Services	3,467	2,276	2,325	(49)	-2.1%	Low	
Landscape & Countryside Management	4,938	3,240	3,293	(53)	-1.6%	Low	

Healthy Living	3,621	1,618	1,614	4	0.2% Low
Property Maintenance	(713)	(289)	(321)	32	-10.0% Medium
Roads Network	4,316	1,800	1,701	99	5.8% Medium
Roads Trading	(777)	80	(138)	218	-158.0% Medium
Transportation & Flood Waste	1,503	(379)	(298)	(81)	27.2% Low
	7,440	3,454	3,619	(165)	-4.6% Low
	45,124	22,561	22,655	(94)	-0.4%

Total of all departments

209,489	102,045	102,149	(104)	-0.1%
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Corporate Management

Revenue Support Grant (inc. NNDR)	(166,499)	(72,857)	(72,857)	-	0.0% Low
Specific Grants	(2,705)	-	-	-	0.0% Low
Council Tax	(54,318)	(54,714)	(54,842)	128	-0.2% Low
Social Care Fund	(6,240)	(3,065)	(3,065)	-	0.0% Low
Council Tax Reduction	5,000	4,949	5,000	(51)	-1.0% Low
Other	17,648	6,285	6,336	(51)	-0.8% Low
Apprenticeship Levy	503	215	210	5	2.4% Low
Joint Board Requisitions	647	313	313	-	0.0% Low
HRA Transfer	(995)	-	-	-	0.0% Low
Transfer to Reserves	(2,530)	-	-	-	0.0% Low
	(209,489)	(118,874)	(118,905)	31	0.0%

Total General Services

-	(16,829)	(16,756)	(73)	0.4%
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HRA

-	(8,249)	(7,176)	(1,073)	15.0% Low
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TOTAL ALL COUNCIL

-	(25,078)	(23,932)	(1,146)	4.8%
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Financial Risk	Factors	Implications
High	<ul style="list-style-type: none"> - The Business Group has been assessed as likely to overspend in the financial year - There has been a history of overspending within Units / Groups - There are new or revised funding arrangement and / or legislature changes with financial significance - Trading Accounts are in deficit for the year. -Grant schemes, on which the Council is reliant are either unconfirmed or have not been confirmed -The service is demand led and the Council has restricted control over the level and form of service - New Services are planned 	<ul style="list-style-type: none"> -Cabinet & Members Library reports with financial implications are not passed under delegated powers -Directors / Heads of Service will be asked to prepare a financial recovery plan -The Head of Council Resources may take enforcement action to ensure budgetary control
Medium	<ul style="list-style-type: none"> - There is significant potential that Business Group could overspend in the financial year - There have been previous incidences of some overspending within Units / Groups - There are new or revised funding arrangement and / or legislature changes with financial significance - Trading Accounts are having difficulty meeting financial targets -Grant schemes, on which the Council is reliant are either unconfirmed or have not been confirmed 	<ul style="list-style-type: none"> -Members library reports are only passed when financial implications are addressed -Directors / Heads of Service will be asked to identify actions necessary to ensure expenditure is within budget by the year-end.
Low	<ul style="list-style-type: none"> -Finances are generally under control for the current financial year -Stable legislature, trading and funding environment -The service is supply led - i.e. the Council can decide the level and form of service -Finances in previous financial years have been controlled -Grant schemes are stable and not anticipated to change significantly 	<ul style="list-style-type: none"> -Members library reports are approved promptly under delegated powers

HOUSING CAPITAL SPEND & FINANCING AS AT 30 SEPTEMBER 2017

	Budgeted (£000s)	Actual (£000s)	Over/(Under) (£000s)
Mortgage to Rent	750	0	(750)
Modernisation Spend (also see below)	11,297	4,869	(6,428)
Gross Affordable Homes spend	10,120	1,102	(9,018)
Fees	1,254	0	- Allocated across the Projects
Gross Total Housing Capital Spend	23,421	5,971	(17,450)

Modernisation Programme - Detailed

Work in Progress	0	610	610
Disabled Adaptations	800	236	(564)
Central Heating	2,200	797	(1,404)
Electrical Re-wiring	1,180	642	(538)
Structural surveys	60	30	(30)
Fencing Programme	200	126	(74)
Energy Efficiency	200	129	(71)
Kitchen Replacement Prog.	1,600	698	(902)
Project Works	450	208	(242)
Roofing / Roughcasting / external fabric	550	71	(479)
Stair Improvement Programme	50	-	(50)
Sheltered Housing	100	14	(86)
Roads / Walkway pre-adoption works	150	-	(150)
Dispersed Alarms	-	3	3
Local Initiatives:Projects	200	24	(176)
Window & Door Replacement Prog.	250	89	(161)
Bathroom Replacement	2,020	923	(1,097)
Extensions	250	5	(245)
Lead Water Pipes	10	13	3
Asbestos Works	450	105	(345)
IT Projects	5	-	(5)
Open Market Acquisition Remedial Works	375	111	(264)
Service Improvements	100	35	(65)
Unallocated Budget	97	-	(97)
TOTAL	11,297	4,869	(6,429)

GENERAL SERVICES CAPITAL SPEND AS AT 30 SEPTEMBER 2017

Name of Project	Quarter 1	Quarter 2	Actual for the period	Forecast Spend
	Budget for the year	Reprofiled Budget for the year		
	£000	£000	£000	£000
Herdman Flat	200	200		200
Property Renewals	900	900	556	900
Prestongrange Museum	140	55		55
Port Seton Sports Hall	1,124	33	10	33
Whitecraig Community Centre	1,061	527	1	527
Community Intervention	500	500		500
Support for Business / Town Centre Regeneration	889	600	71	600
Dunbar Grammar	5,955	4,000	69	4,000
Dunbar - Lochend Campus/Additional Classrooms	65	65	2	21
North Berwick High School Extension	850	850		850
Aberlady	435	-		-
Law Primary School	5,198	5,809	2,669	5,809
Letham Primary (temp prov'n Kings Meadow)	131	131	74	131
Letham Primary	550	230		230
Ross High School Extension	615	20		20
Ormiston Primary	45	35	54	35
Windygoul PS - Permanent Additional Classrooms	352	352		54
Elphinstone	20	-		-
Prestonpans Infant School (phase 2)	25	-	5	-
Red School Prestonpans	560	550	447	550
Musselburgh Additional Secondary Education Provision	550	-		-
Wallyford PS	9,443	8,240	357	8,240
Pinkie St Peter's PS Extension	8	8		65
Replacement Vehicles	1,350	1,350	441	1,350
Synthetic pitches	100	80		80
Pavilions (Including Ormiston Pavilion)	661	705	318	705
Sports Centres - refurbishment & equipment	200	200	56	200
IT Program (corporate and schools)	1,500	1,500	736	1,500
IT - Elected members	25	25	25	25
Core Path Plan Implementation	149	149	100	149
Machinery & Equipment - replacement	40	40	50	80
Cemeteries - Extensions/Allotments	897	440	-	440

Coastal Car Parks/Toilets	150	150	-	150
Coastal Protection/Flood - various projects including East Beach	982	210	45	210
Promenade Improvements - Fisherrow	23	23		-
Cycling Walking Safer Streets (Ring-fenced grant funded)	151	141		141
East Linton Rail Stop/Infrastructure	500	-		-
Roads	5,250	5,743	2,267	5,743
Parking Improvements	992	500	84	500
Purchase of New Bins/Food Waste Collection	90	90		90
Improved Community Access - Brunton Hall	50	-		-
Replacement of CRM Project (Customer Services)	225	225		225
Construction Academy aka Future Technologies Centre	43	43	8	43
Replacement of Corporate booking system - NWOW	32	32		32
New Ways of Working -Court Accommodation	960	-		-
Carberry Landfill Gas management	250	250	136	136
Prestonpans Shared Facility	20	20		20
Meadowmill operational Depot	1,000	28	1	28
Accelerating Growth - Enabling Infrastructure	1,600	1,600		1,600
Haddington Corn Exchange	50	50	1	50
Town Centre Toilets re-furbishment/New Provision	100	-		-
Early years 1140 hours expansion	618	618		618
East Saltoun School/Community Hall	400	-		-
sub-total before year end allocations	48,024	37,317	8,583	36,935
Capital Plan Fees/Internal Recharges	1,604	1,604	-	1,604
TOTAL	49,628	38,921	8,583	38,539
Income				
Developer Contribution	(6,509)	(7,347)		(7,347)
Asset Sales	(392)	(797)		(797)
Project Income	(4,792)	(5,011)		(4,919)
Scottish Government Grant	(12,204)	(12,204)		(12,204)
Total Income	(23,897)	(25,359)		(25,267)
Net Expenditure	25,731	13,563		13,272

REPORT TO: Cabinet

MEETING DATE: 14 November 2017

BY: Depute Chief Executive (Partnerships and Community Services)

SUBJECT: Homelessness Update and Action Plan

3

1 PURPOSE

- 1.1 To update Cabinet on the performance of the Council in delivering its objectives in relation to the prevention of homelessness and its statutory obligations in relation to homeless applicants.
- 1.2 To approve the action required to ensure that the Council continues to meet its legal obligations towards homeless clients and within that to mitigate against the possible impact of the recent amendment to the Homeless Persons (Unsuitable Accommodation) (Scotland) Order 2014 on the Council's housing allocations.

2 RECOMMENDATIONS

- 2.1 Cabinet is asked to note the contents of this report and approve the Homelessness Action Plan and its associated actions. Further related reports will be presented early in 2018.

3 BACKGROUND

- 3.1 The Council has faced a significant challenge in meeting its homeless responsibilities for a number of years and has taken various actions to ensure that it meets its legal responsibilities and improves the services it provides to homeless applicants.
- 3.2 In doing so the Council has a well-developed and successful Homeless Prevention Service, a Homeless Response Service and a Temporary Accommodation Service which has developed a range of accommodation options including supported accommodation for younger applicants and also those with complex needs.
- 3.3 The success of these services is noted below :

- The homeless prevention approach continues to provide services including multi-tenure tenancy support to around 425 applicants a year with a 90% success rate in preventing homelessness
- As a result of this intervention there has been a reduction in homeless presentations of around 35% since the changes to the homeless legislation in 2012.
- The Council has increased the provision of temporary accommodation by around 45% since 2012 ensuring that where homelessness has been unavoidable we have been able to provide temporary accommodation, in accordance with our statutory duties (as outlined in Appendix 1).

3.4 Despite these achievements the Council continues to face significant challenges:

- The decline in homeless presentations from 2010 has levelled off and would appear to be moving into a position where applications are increasing (Appendix 2).
- Despite the increase in temporary accommodation, the level of demand for temporary accommodation is such that the council remains dependent on B and B for temporary accommodation, with increasing use of such accommodation and people staying there longer (Appendix 3).
- The proportion of housing allocations made to homeless applicants has increased as a result of changes to allocations targets agreed by Cabinet in 2016. However despite this, waiting times for re-housing are increasing significantly and as a result the length of time spent within temporary accommodation is increasing for all client groups
- The Scottish Government's Unsuitable Accommodation Order is being amended to reduce the time that households subject to the order (those with children or a pregnant person) can remain in B and B accommodation from 14 to 7 days.
- The turnover within the temporary accommodation pool has slowed down, as people await an offer of permanent housing. The changes to the Unsuitable Accommodation Order will place greater pressure on the Council in relation to ensuring where B and B accommodation is used as "immediate" accommodation for a homeless family, to ensure that they are moved on quickly from that accommodation. This places more pressure on the Council increasing the risks of breaching the Order and of failing to meet its statutory temporary accommodation duties.
- The impact of the roll out of full service Universal Credit (UC) has significantly reduced other housing opportunities for Homeless clients. As more claimants migrate into the UC system it can only be assumed that the range of options for a number of our clients will be further reduced.

- UC roll out has also had a significant financial impact on the collection of income from homeless clients, especially in relation to B and B and other forms of “short-term” accommodation, which along with the increasing use of B and B is impacting adversely on the Council’s general service budget which funds homelessness services.

Legal Obligations

- 3.5 The Council has a wide range of duties within the Homeless Legislation, but in simple terms the council has a legal requirement to assess the circumstances of anyone who approaches advising of homelessness of being threatened with homelessness, or where the council believes someone to be homeless or threatened with homelessness.
- 3.6 The statutory duties linked to this are noted in Appendix 1. The key point to note is that all applicants who are believed to be or are homeless or threatened with homelessness have a right to be provided with temporary accommodation, until their homelessness is established and if so established, until the Council meets its statutory re-housing responsibilities towards them.
- 3.7 The rights of are further reinforced in wider housing legislation in relation to housing allocations policies whereby the Council must give “reasonable preference” to homeless persons and other specific groups. (Appendix 1)
- 3.8 Of the applicants we house who are homeless, unintentionally homeless and have a local connection with East Lothian 85% approach from an East Lothian address as their last settled accommodation. Of the remaining applicants, all have strong social or family connections with East Lothian.
- 3.9 To discharge our legal responsibility the Council must provide applicants with ‘settled’ i.e. permanent accommodation. That can be a Scottish Secure Tenancy (SST) with either a local authority or a housing association/Registered Social Landlord (RSL) or an Assured Tenancy in the Private Rented Sector although very few Private Sector Landlords will provide an assured tenancy.
- 3.10 Over the past 5 years the council has allocated between 40 and 45% of its vacant housing supply arising to homeless families, with RSL’s (housing associations) in East Lothian allocating around 50% of their general needs properties.

Current Demand and performance

- 3.11 As referred to in 3.4, after a period of generally declining homeless assessment, we are facing at best a standstill position in terms of demand for this service and possibly an increase in demand especially given other factors such as UC in itself and the resultant impact of UC on reducing alternative housing opportunities

- 3.12 A review of benchmarking authorities shows a mixed picture in relation to the current position but a consistency in a general trend whereby the introduction of prevention and housing options activities led to a decline in homeless assessments but that since then demand has varied.
- 3.13 In terms of the use of temporary accommodation in East Lothian, from 2010 to 2017 the supply of furnished accommodation was increased from 216 in 2010 to 365 on 1st April 2017. As a result of the success of the Council's homelessness prevention approach, the vast majority of applicants have a re-housing requirement, and therefore will leave temporary accommodation on being re-housed.
- 3.14 Appendix 3 shows the activity in relation to temporary accommodation provision and re-housing activity.. What has been consistent since 2010/11 is that the principle means of clients leaving temporary accommodation is the allocation to them of a Council or RSL tenancy. The first table in the appendix shows the inter-relationship between these functions.
- 3.15 In relation to the Council's allocations to homeless households the 2nd table in Appendix 4 shows our performance in comparison to our benchmarked authorities over the past 3 years.
- 3.16 A further concern in relation to the use of B and B accommodation is the change to Unsuitable Accommodation Order and the reduction of the time that a family can spend in B and B from 14 to 7 days.
- 3.17 East Lothian has until the last year or so ensured that over 90% of families subject to the order were accommodated directly into furnished temporary accommodation. However the last 18 months has seen an increase in both the number of families with children approaching the service and those having to access emergency B and B accommodation.
- 3.18 This situation has impacted on our ability to meet these families' needs within the 14 day target. The average days spent in B and B by such clients up to January 2016 was 7 days. However since then the average has increased to 10 days.
- 3.19 It is clear that unless action is taken to improve the throughput in temporary accommodation, it is extremely unlikely that the council will meet its legal responsibility of moving a family from B and B within 7 days.
- 3.20 The recent position reflects a situation of congestion in temporary accommodation, leading to increased waiting times and increased use and waiting times in B and B. As a result we have an increase in the latent demand on the housing register from homeless applicants. The table below shows the housing register in relation to applicants to whom the Council had a full re-housing duty on the 3rd March 2017.

	Total allocations 2016/17	Homeless applicants on Priority list 31st March 17	% demand	Average days on Priority at 31st March
1-2 apt general needs	88	340	386	486
1-2 apt sheltered/amenity	54	7	13	294
3apt	221	222	100	325
4-5 apt	73	84	115	317
Total	436	653	150	424

Homelessness Action Plan

3.21 Appendix 5 contains the Homelessness Action Plan which outlines a wide range of proposed measures that would allow officers to further develop homelessness services to meet the needs of those who are homeless or threatened with homelessness.

3.22 The action plan has developed actions to address immediate needs and fulfil statutory obligations but also to identify future interventions to ensure that the Council can continue to build on the successes it has achieved in relation to the prevention of homelessness and the delivery of related housing services.

3.23 No single measure in the action plan will provide a solution to the challenges the council faces in terms of its homeless prevention and response services. However there are some key themes that can be drawn out from the plan that are of particular importance in establishing the environment in which the remainder of the plan can be effectively delivered, including:

- Theme 1 – Delivery of the Housing Options Training Toolkit

This will build on staff training to date and ensure that we provide consistent housing options advice and effective homeless prevention to clients before they reach a crisis in which homelessness is unavoidable.

- Theme 2 – Pre-tenancy checks to identify where applicants require additional support.

Targeted support to help tenancy sustainment and prevent repeat homelessness. Specialist support services, in line with the ‘Housing First’ approach, to be explored.

- Theme 3 – Review portfolio of existing temporary accommodation to ensure best use is being made; consider if some can be ‘flipped’ to permanent accommodation if it meets the tenant’s requirements, to avoid need to move again.

This along with the overall review of the portfolio will reduce the “systematic” process whereby all homeless families move twice in

the process of re-housing, along with the associated difficulties that causes for families.

This will also help address community misgivings and the issue of stigma that can both occur with long term used of properties as temporary accommodation.

- Theme 4 - The proportion of allocation to Homeless applicants will be reviewed to ensure targets appropriately reflect demand while ensuring balanced communities.

This will increase turnover within the homeless allocations process ensuring that sufficient temporary accommodation is available to ensure that the council eliminates the use of B and B accommodation for families with children other than in outright emergencies.

It will also reduce the time to re-house applicants , towards a similar level that are being achieved in areas where we have benefit by substantial “new build “ activity, which has stimulated movement within the housing system.

- Theme 5 – Maximise use of CRISIS or other agencies and their support available to homeless clients living in temporary accommodation, including assistance for UC claimants dealing with DWP.

Joint training on homelessness awareness for Job Centre Plus to maximise use of their support available to homeless clients living in temporary accommodation, including assistance for UC claimants dealing with DWP. Thereby ensuring an even higher level of tenancy sustainability, and reduced repeat homelessness.

- Theme 6 - Review Homelessness Operations Policy.

To ensure that case management processes undertaken by the Council support staff fully meet objectives of increased homeless prevention activities and provide a more effective response when homelessness does occur.

4 POLICY IMPLICATIONS

- 4.1 The operational elements of the action plan will require some immediate changes to the allocations policy, which will be the subject of a separate report to the Cabinet (*Housing Allocations Policy – Interim Amendments*).
- 4.2 Other actions which are more strategic or which will involve policy changes will be subject to future reports to Cabinet / Council.

5 INTEGRATED IMPACT ASSESSMENT

- 5.1 A full integrated impact assessment will be undertaken as part of the full allocations policy review work.

6 RESOURCE IMPLICATIONS

- 6.1 Financial – The Homelessness Service costs £1.5 million and is funded within the general services budget. The costs of the provision of temporary furnished accommodation are met by rent payments for the houses in question. However the implementation of UC has seen an increase in rent arrears within these temporary accommodation tenancies, similar to the increase in rent arrears for mainstream tenancies in properties on the Housing Revenue Account.

Of more concern is the impact of UC on the costs of Bed and Breakfast accommodation. There are 2 significant issues in relation to UC regulations and these costs. Firstly on a “systems” basis anyone receiving Housing Costs through UC must be in that accommodation at the time their payment is made. If someone moves into B and B applies for UC then moves to alternative accommodation before a UC payment is made, then no payment will be made for any period of the B and B accommodation, leaving the Council with a shortfall to meet. Secondly, the level of income received by the Council from payment for such accommodation has been significantly reduced under UC. Given this, the continued use of B and B at current levels represents a significant financial risk to the Council, and any further increase in use increases that financial risk.

Scottish Government have allocated funding to local authorities to assist in mitigating the impacts of welfare reform (e.g. Universal Credit, Benefit Cap) on providing temporary accommodation. East Lothian Council was allocated £785,000 p.a. for 2 years, 2017/18-2018/19. Working closely with Finance colleagues, plans have been developed by officers for how this money will be best used.

- 6.2 Personnel - none

- 6.3 Other – none

7 BACKGROUND PAPERS

- 7.1 14 June 2016 - Council House Allocation Targets for 2016/17

AUTHOR'S NAME	Douglas Proudfoot
DESIGNATION	Head of Service (Development)
CONTACT INFO	Ian Patterson x 7544
DATE	2 November 2017

Appendix 1 – Homeless/ Housing Legislation – Key Issues

Housing Scotland Act 1987, as subsequently amended

28 Inquiry into cases of possible homelessness or threatened homelessness.

(1) If a person (“an applicant”) applies to a local authority for accommodation, or for assistance in obtaining accommodation, and the authority have reason to believe that he may be homeless or threatened with homelessness, they shall make such inquiries as are necessary to satisfy themselves as to whether he is homeless or threatened with homelessness.

Interim Duty to Accommodate

9.5 If an authority has reason to believe an applicant is homeless it has an interim duty to secure accommodation until it has reached a final decision on their application. This duty continues during the process of review if one is requested.

9.6 Where the authority's decision is that it has a duty to provide accommodation under section 31 the interim duty continues **until the section 31 duty is discharged.**

The Homeless Persons (Unsuitable Accommodation) (Scotland) Order 2004

9.9 Under this Order (which came into force in December 2004) and was amended in 2014.

Local authorities cannot put households with children and pregnant women into "unsuitable" temporary accommodation unless exceptional circumstances apply. Exceptional circumstances are intended to give flexibility to councils when meeting their new duty, as well as giving families the ability to exercise choice in whether to stay in unsuitable accommodation beyond 14 days.

The most recent change October 2017 reduced the 14 day target to 7 days

Temporary Accommodation with advice and assistance (section 31(3))

9.30 Where the applicant is assessed as being intentionally homeless, the duty is to secure that accommodation is made available for such a period as will give the applicant a reasonable opportunity to find alternative accommodation for him or herself.

Guidance on Temporary and interim accommodation

*Homeless people should not be placed in temporary accommodation unnecessarily, and their time there **should be as short as possible**. Care should also be taken to avoid moves between temporary placements particularly for households with children. Moves are disruptive, and can exacerbate existing social or health problems including mental illness, hinder continuity of education and employment, can lead to repeat homelessness and in the worst cases can cause families to split up. Temporary accommodation will also tend to be more*

expensive than permanent accommodation, particularly if there are moves from one temporary accommodation to another.

Housing Allocations

Persons to have priority on housing list and allocation of housing.

(1) A local authority and a registered social landlord] shall, in relation to all houses held by them for housing purposes, secure that in the selection of their tenants a reasonable preference is given—

(a) to persons who—

(i) are occupying houses which do not meet the tolerable standard; or

(ii) are occupying overcrowded houses; or

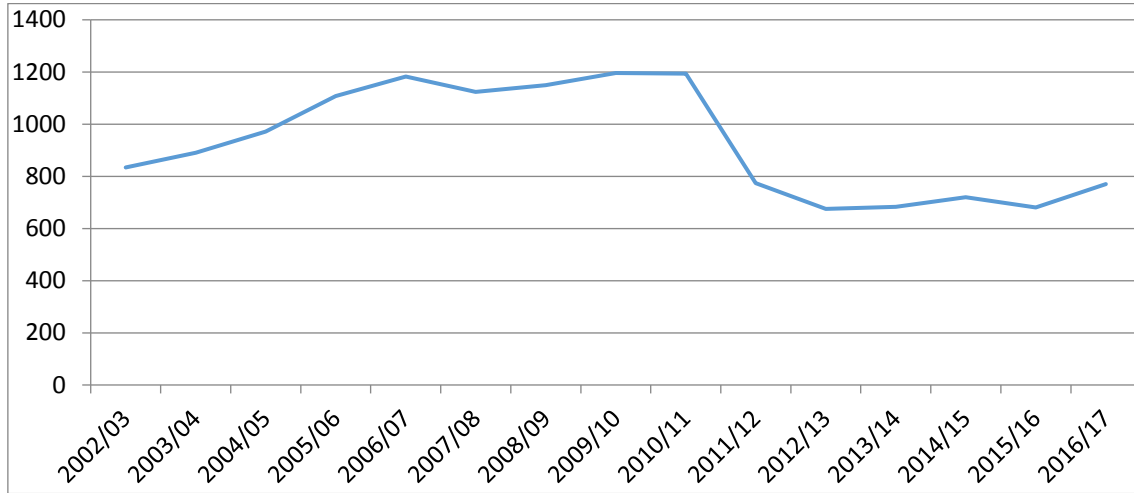
(iii) have large families; or

(iv) are living under unsatisfactory housing conditions; and

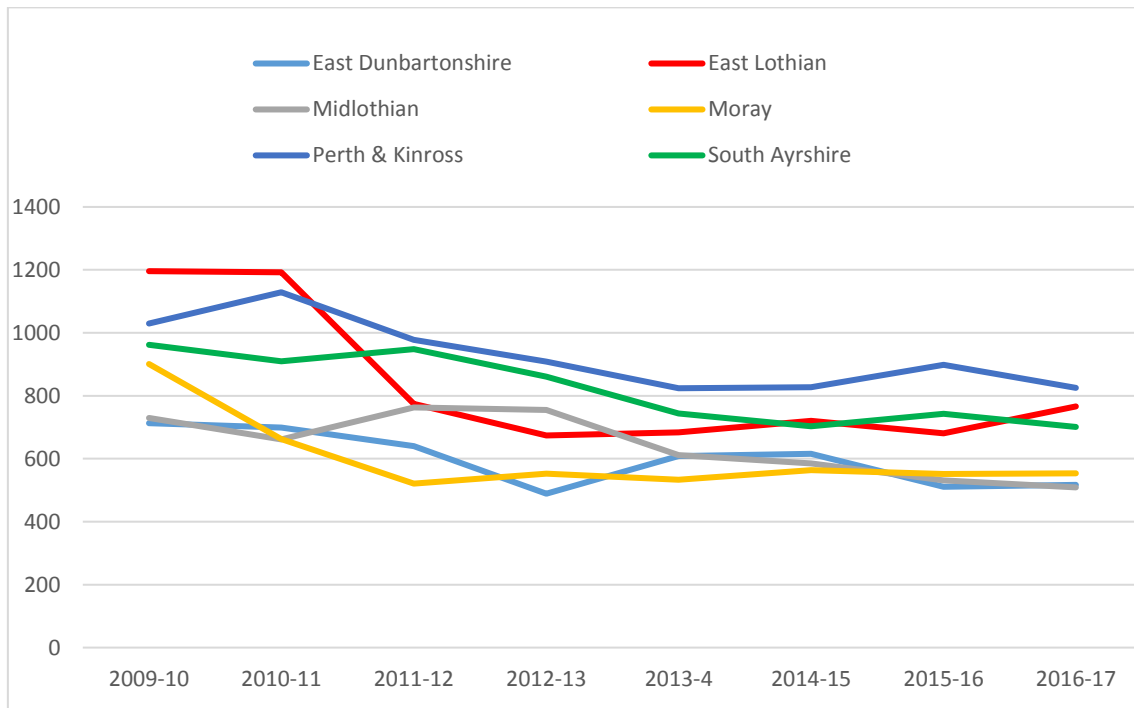
(b) to homeless persons and persons threatened with homelessness (within the meaning of Part II).

Appendix 2 – Homeless Demand and Benchmarking Comparisons

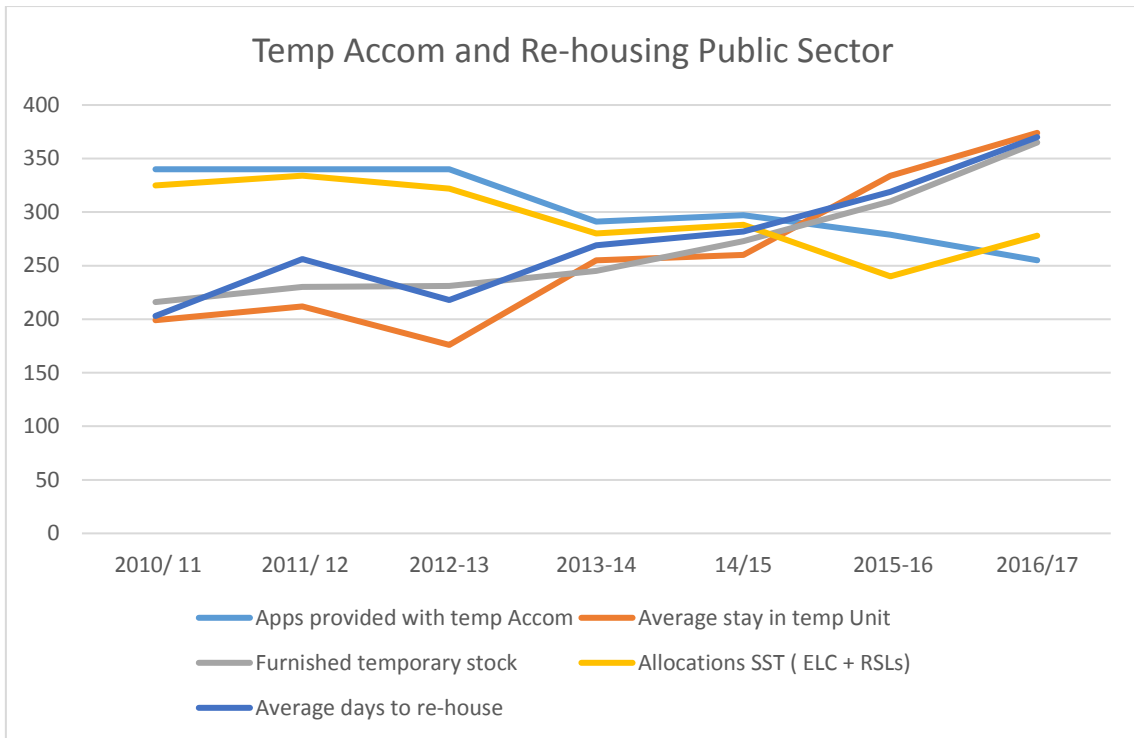
Homeless Assessments 2010 to March 2017



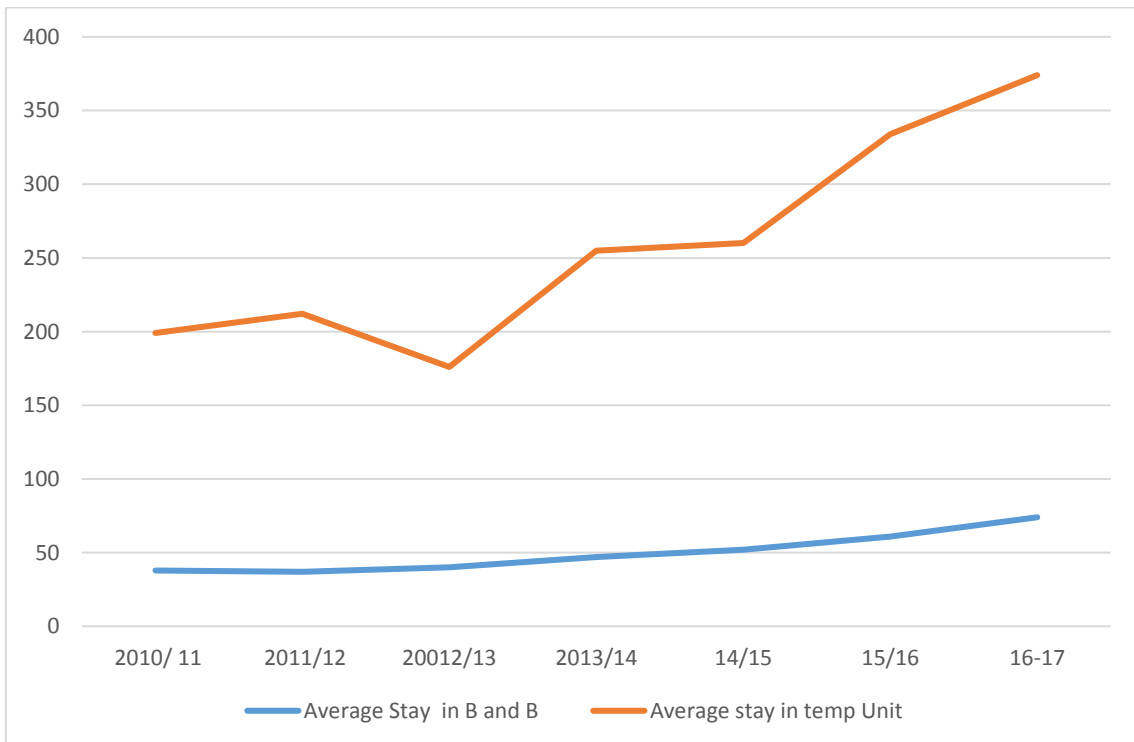
Benchmarking Comparisons



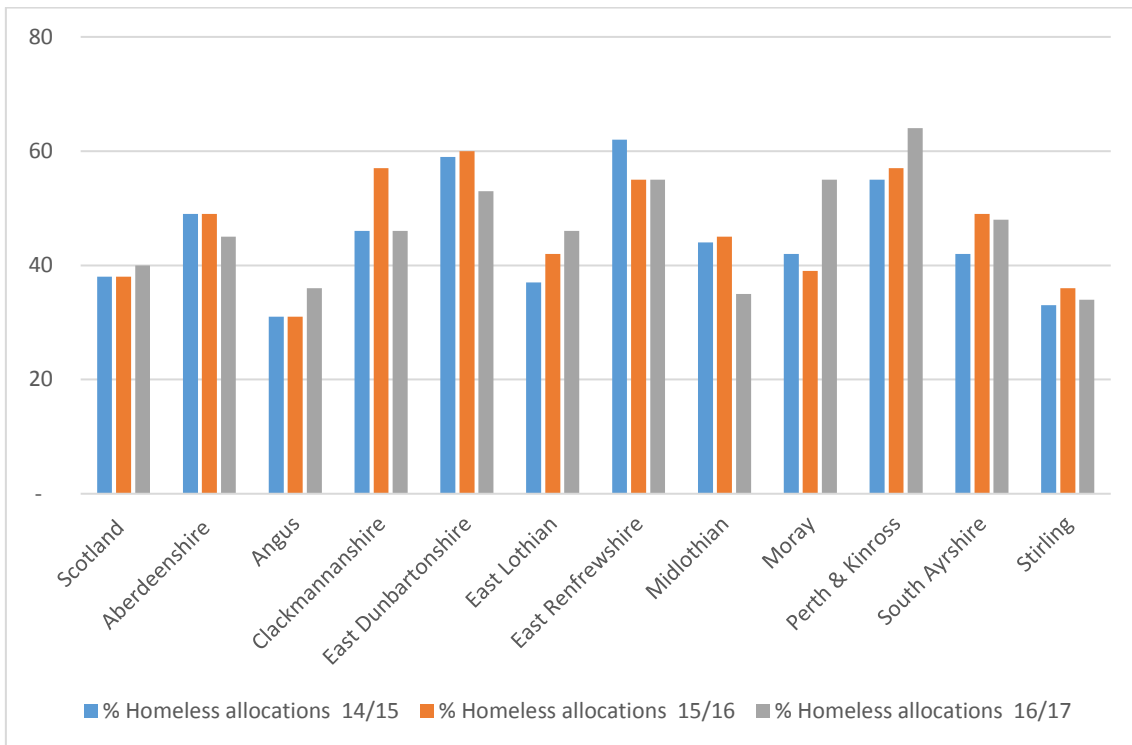
Appendix 3 – Provision of Temporary Accommodation and re-housing data



Time spent in Temporary Accommodation



Appendix 4 - % Homeless Allocations 2014-17



Appendix 5 – Homelessness Action Plan

Objective	Area of Impact	Time frame	Current Position
Theme 1 - Housing Options - Increasing Homeless Prevention			
Implementation of national Housing Options training toolkit to all frontline housing, homeless and other appropriate staff and to promote homeless prevention, ensuring a consistent message is conveyed and to realistically manage expectations. This will assist in improving the wider community awareness of not only the pressured housing environment but also the Housing Options philosophy and the focus on preventing homelessness.	Housing options	2018/19	Procurement commenced September 2017. Partnership/Consortium of 32 Councils and Glasgow Housing Association. Supplier to be appointed early 2018.
Theme 2 - Operations Priorities to establish short-term improvements			
Refer long-term cases in temporary accommodation to the Re-housing Panel for an award of additional points to promote their chance of attaining permanent re-housing.	Operational	2017/18	Commenced Autumn 2017
Pre-tenancy checks in place to help identify vulnerabilities earlier and target tenancy support to prevent tenancy management issues arising help sustain tenancies and prevent homelessness through evictions or abandonments. Housing First model also being explored to ensure appropriate specialist support available for homeless people with complex needs.	Operational	2017/18	Commenced July 2017

Explore with RSLs if they can increase the proportion of their allocations which go to homeless applicants (currently 50%).	Operational	2017/18	Underway
Explore options for taking swifter legal action to recover any temporary accommodation tenancies (use of SSST v's Occupancy Agreements) to make best use of stock.	Operational	2017/18	Commenced Autumn 2017
Void management – Property Maintenance to prioritise improving turnaround timescales for temporary accommodation, specifically relating to cleaning, redecoration etc. Voids policy and process review during 2017/18 should also lead to improved turnaround times.	Operational	2017/18	Commence early 2018
Crisis - Engage with Crisis homelessness service to explore flat-share arrangements for single people living in temporary accommodation/B+B, help build stronger links with private sector landlords and maximise use of Rent Guarantee Scheme.	Operational	2018/19	Initial discussions Autumn 2017
Additional facility acquired to provide additional supported accommodation for vulnerable young people and those leaving care - requires support funding from Children's Services.	Operational	2018/19	Discussion held with Children's Wellbeing and potential service provider
Raise awareness amongst colleagues of the housing and homelessness challenges and ensure shared 'One Council' approach.	Operational	2017/18	Joint meetings commenced 2017
Theme 3 - Temporary Accommodation - Priorities to establish short terms improvements			
Re-designate more mainstream housing to be used as temporary accommodation, currently 379 units (of which 121 are PSL); aim to increase this to c. 400 by end of March 2018, through a combination of OMAs and re-designation.	Temporary Accommodation	2018/19	Commenced summer 2017

Focus on increasing supply of larger family-sized temporary accommodation from ELC's mainstream stock and closely monitor to avoid further potential breaches of the Unsuitable Accommodation order, through close working with local Community Housing Managers.	Temporary Accommodation	2017/18	Commenced Autumn 2017
Review portfolio of existing temporary accommodation to ensure stock is where most needed; consider if some can be 'flipped' to permanent accommodation if it meets the tenant's requirements, to avoid need to move again.	Temporary Accommodation	2017/18	Start date 2018
Explore with RSLs if they can provide more temporary accommodation.	Temporary Accommodation	2017/18	Underway additional units in use
Re-procurement of the Private Sector Leasing (PSL) contract in autumn 2017– options appraisal being undertaken, to include possibly bringing this service in-house	Temporary Accommodation	2017/18	Underway Autumn 2017
Cyrenians proposing new temp accommodation model – info received, meeting with Midlothian Council to discuss as possible joint initiative.	Temporary Accommodation	2018/19	Further discussions planned winter 2017
Continue to add to ELC's housing stock through targeted purchasing of Open Market Acquisitions (OMAs), which attracts Scottish Government subsidy.	Temporary Accommodation	2017/18	Underway 2017/18
Theme 4 - Housing Allocations Policy - Priorities to establish short terms improvements and longer term policy objectives			
The Allocations Policy review will focus on addressing urgent homeless pressures, e.g. removal of temporary accommodation points, review choice options (areas, house types).	Allocations policy	2018/19	Initial working group established and process underway
The proportion of allocations to Homeless applicants will be reviewed to ensure targets appropriately reflect demand while ensuring balanced communities.	Allocations policy	2017/18	Report January 18 Cabinet

Health and Homelessness – analysis by Scottish Government HL1/health stats research results due Autumn 2017. Opportunity for more collaborative working with public health/Health & Social Care colleagues on public health and homelessness.	Allocations policy	2017/18	Data analysis underway but now likely to be January 2018
Theme 5 - Improving Support to homeless clients to allow them to access complementary services to improve their housing options			
Crisis – Link in with Crisis’s employability and training services for homeless people; includes digital skills development and pre-tenancy training to help improve sustainment. Strengthen links with EL Works and CLD	Support Services	2017/18	Start date January 2018
Crisis – maximise use of their support available to homeless clients living in temporary accommodation, including assistance for UC claimants dealing with DWP. Joint training on homelessness awareness for Job Centre Plus staff	Support Services	2018/19	Pilot underway 2017
Scottish Churches Housing Action project – exploring establishment of starter packs project, optimising volunteer support from members of church congregations to help vulnerable and homeless people in their communities (also linked to Area Partnerships)	Support Services	2017/18	Discussions completed 2017, progressing to implementation and identification of other opportunities
Theme 6 - Strategic activity			
The new Local Housing Strategy will include a review of the temporary accommodation strategy.	Strategy	2017/18	Ongoing currently
Review Homelessness Operations Policy.	Strategy	2018/19	Commenced Summer 2017
Young people leaving care. Review protocol arrangements to enable planned approach to ensure starter flats available when required. Explore potential for more care experienced young people to receive support to attain the SQA’s pre-tenancy qualification, in conjunction with Children’s Services.	Strategy	2017/18	Start date January 2018

REPORT TO: Cabinet

MEETING DATE: 14 November 2017

BY: Depute Chief Executive (Partnerships and Community Services)

SUBJECT: Housing Allocations Policy – Interim Amendments

4

1 PURPOSE

- 1.1 To update Cabinet on Housing Allocation Policy review arrangements and to approve interim action required to mitigate against the impact of the recent further amendment to the Homeless Persons (Unsuitable Accommodation) (Scotland) Order 2004 (amended 2014) on the Council's housing allocations.
- 1.2 To also approve a further small change in respect of low priority medical cases (Category C).

2 RECOMMENDATIONS

- 2.1 Cabinet is asked to:
- 2.1.1 note the arrangements for a full review of the Council's Allocations Policy and that a further report detailing the timescales and scope of the review, along with proposed allocations targets for 2018/19, will be reported to Cabinet for approval in January 2018;
- 2.1.2 approve the revised wording to be contained within the Council's Housing Allocations Policy in relation to detailed elements affecting all applicants accepted for rehousing under current homelessness legislation. Specifically that a mandatory review will take place of both the applicant's property types and areas of choice after a reasonable period of time – with the aim of achieving an offer of settled housing for the applicant and in turn allowing the Council to fulfil its statutory obligations (para 3.9); and
- 2.1.3 approve that Category C medicals (closer to care/support or where a minor mobility issue is present) are no longer given immediate priority for ground floor adaptable or ambulant disabled property over those with a greater assessed need for re-housing.

3 BACKGROUND

- 3.1 The Council operates a Groups and Points Allocations Policy, which has been operational since its introduction in July 2007 following a major review of the previous policy. Some small changes have been made to the policy over the last few years. The most recent are referred to in the report to East Lothian Council (25 February 2014).
- 3.2 The main objective of the Allocations Policy is to meet the Council's legal obligations specified in Allocations and Homelessness legislation. The policy, along with other associated actions, will also help the Council make best use of its housing stock. In addition, the policy assists the Council to achieve, along with other complementary actions, balanced and sustainable communities through local lettings plans.
- 3.3 A full review of the Council's Housing Allocations Policy is underway. A further report detailing the timescales and scope of the review, along with proposed allocations targets for 2018/19, will be reported to Cabinet for approval in January 2018.

Legal Obligations

- 3.4 The Allocation Policy review will require to accommodate the changes contained within the Housing (Scotland) Act 2014 and to reflect local circumstances and pressures a full four years on from the last review. The review expects to conclude within 12 months once final guidance and commencement dates for implementation of the 2014 Act have been published by Scottish Government (this is now expected in February 2018).
- 3.5 In addition, the Scottish Government want to ensure that all homeless households spend the shortest possible time in temporary accommodation before moving to settled accommodation. As such the Homeless Persons (Unsuitable Accommodation) (Scotland) Order 2014 was enacted.
- 3.6 The Order states that persons who are pregnant or who have dependent children and those who might reasonably be expected to reside with them cannot occupy unsuitable temporary accommodation i.e. bed & breakfast for longer than fourteen days in total. It is the intention of the Scottish Government to further reduce the maximum time allowed in bed & breakfast to seven days.
- 3.7 The impact of this reduction will mean increased pressure on existing Council provided temporary accommodation and the need to supplement it further from general housing stock.
- 3.7 Mandatory data collection was introduced by the Scottish Government in April 2016 to monitor the use of bed & breakfast accommodation as an option for families. East Lothian Council are one of only two local authorities who breached the Unsuitable Accommodation Order in 2016-17.

- 3.8 In addition, the Scottish Housing Regulator as part of the Local Area Network scrutiny activity has noted ongoing concerns over the high numbers of people in bed and breakfast and temporary accommodation generally with increasing length of stays in such accommodation.
- 3.9 To mitigate against the immediate impact of the amendment to the Unsuitable Accommodation Order and to encourage movement within temporary accommodation, it is proposed to strengthen the existing wording contained within the Council's Allocations Policy which relates to property types/areas of choice for all applicants accepted for rehousing under homelessness legislation - with a view to maximising their opportunities for rehousing.

Current Wording.

However, applicants who have been assessed as homeless and who have not received an offer of housing within 12 months will be invited to discuss their application for housing with their Homelessness Officer. This may result in a mandatory widening of areas of choice to enable an offer of housing being made. This is to allow the Council to meet its statutory obligations.

Section 8.4 Areas of Choice. East Lothian Council Allocations Policy (2013)

New Wording.

*However, applicants who have been accepted for rehousing under homelessness legislation and who have not received an offer of housing within **3 months** will be required to meet with their Homelessness Officer to review their application where existing areas and house types are not realistic. This will result in a **mandatory widening of areas of choice, property size (in accordance with existing occupancy levels) and include all property types** (unless there is a relevant health assessment to indicate otherwise) to enable an offer of housing being made. This is to allow the Council to meet its statutory obligations.*

Suitable Ground Floor Property

- 3.10 The Council approved a change to the allocations policy in February 2014 that resulted in the setting aside of suitable ground floor property for allocation to those with mobility needs in the first instance. Only when the transfer and general needs lists had been exhausted, could an offer then be made to the highest placed applicant without medical points.
- 3.11 In addition to rehousing those with higher level medical and mobility issues, this approach has resulted in 91 allocations to Category C medicals since its introduction and in this context, can be seen as being successful in helping meet these needs. However, given the acute homeless pressures revealed in today's preceding report, it is difficult to continue to argue that these minor medical cases should continue to be prioritised over those households that the Council has a statutory duty to rehouse.

- 3.12 This change will free up a welcome additional four to five percent of our ground floor mainstream housing stock per annum for homeless households.

4 POLICY IMPLICATIONS

- 4.1 The new policy position will allow the Council to work with those who have not yet received an offer of housing to maximise their opportunities and encourage throughput of temporary accommodation.
- 4.2 The new policy positions will assist the Council in meeting its obligations as outlined in the further proposed amendment to The Homeless Persons (Unsuitable Accommodation) (Scotland) Order 2014.
- 4.3 The Council's Allocations Policy will be reviewed in the next 12 months to ensure compliance with the Housing (Scotland) Act 2014 and to reflect local circumstances and priorities. A further detailed report will be presented to Cabinet in January 2018 in this regard.

5 INTEGRATED IMPACT ASSESSMENT

- 6.1 A full integrated impact assessment will be undertaken as part of the Allocations Policy Review.

6 RESOURCE IMPLICATIONS

- 6.1 Financial – the measures included within this report should help reduce length of time homeless households spend in temporary accommodation and B+B, therefore easing the current budgetary pressures on the general services funded Homelessness budget.
- 6.2 Personnel - none
- 6.3 Other – none

7 BACKGROUND PAPERS

- 7.1 Housing Allocations Policy Review – Report to Council (February 2014).
- 7.2 Housing Allocations Policy – Members Library Ref: 23/14 (February 2014).

AUTHOR'S NAME	Douglas Proudfoot
DESIGNATION	Head of Service (Development)
CONTACT INFO	James Coutts x7483
DATE	2 November 2017

REPORT TO: Cabinet

MEETING DATE: 14 November 2017

BY: Depute Chief Executive (Resources and People Services)

SUBJECT: Annual Pensions Report - 2016/17

5

1 PURPOSE

- 1.1 To summarise the early retirement activity within the financial year 2016/17, in accordance with External Audit requirements and Council Policy.

2 RECOMMENDATIONS

- 2.1 That Cabinet note the content of the report with regard to the pension activity in the financial year 2016/17.

3 BACKGROUND ANNUAL PENSION REPORT

3.1 Council's Retirement Activity in Financial Year 2016/17

There are currently four types of pensionable retirements available to the Council for all employees excluding Teaching employees (see paragraph 3.2), they are:

- **Due to Efficiency or Redundancy at the discretion of the Council**
This allows the individual, aged over 55 years (50 if in the Scheme before 5 April 2006), at the discretion of the Council to retire early drawing their pension without any actuarial reduction being applied. In this case the strain costs relating to the early release of the pension are borne by the Council.
- **Ill-Health retirement**
This occurs where an employee is confirmed by Occupational Health as being permanently incapable of discharging efficiently their duties because of ill-health or infirmity of mind or body. The employee is permitted early access to an enhanced pension in accordance with the superannuation regulations and requires no exercise of Council discretion. The costs are fully borne by the pension fund.
- **Rule of 85**

This is where an individual aged between 50 and 60 can ask to be considered for voluntary retirement if their service and age combined comes to 85 or over. In this instance there is no enhancement to the pension the individual receives, however there may be costs to the Council for the early release of the pension if the employee is below age 60, and the employee in this circumstance requires Council approval. The Council bears the strain costs to the pension fund for the early payment of the benefits. Under the 2014 Regulations the Council can now choose in certain circumstances to either turn these provisions on or off, therefore not bearing strain costs for those below age 60 who meet the criteria.

- **Flexible Retirement**

This is a discretionary element of the pension regulations which allows employees who meet certain criteria to draw their pension and continue working on a reduced hour's basis. To qualify the employee must be over 55 years old and have a minimum of 2 years pensionable service and they must reduce their working hours by a minimum of 40%. They must however have the Council's agreement as there can be costs to the Council for the early release of the individual's pension. If agreed the employee then continues working on the reduced hours and may opt to rejoin the pension fund while drawing the pension benefits they have already accrued.

3.2 A summary of the pension activity in the financial year 2016/17 is as follows:

Department	Health & Social Care	Resources & People	Partnership & Communities	Totals
Compulsory Severance	1	2	1	4
Voluntary Severance	-	-	-	-
Medical Retirement	2	3	10	15
Rule of 85	-	-	-	-
Flexible Retirements	-	5	5	10
Teachers Retirement Policy	N/a	-	N/a	-

- 3.3 Details of the Council's financial commitments relating to pensions are included in the 2016/17 Financial Statements. As a result of ongoing pension costs arising from decisions taken in earlier years, in addition to the "up-front" strain costs now due in the year they accrue, during 2016/17 the Council spent £1.021 million (£1.065 million in 2015/16) on early retirements for Local Government Workers and £0.298 million (£0.298 million in 2015/16) for teachers.
- 3.4 The Council has a liability to pay pension costs in the future. At 31 March 2017 this liability has increased and was actuarially assessed at £178.238 million (and in 2015/16 at £114.995 million). This liability is reviewed through an actuarial valuation which takes place every 3 years. A stability mechanism is currently in place with the Lothian Pension Fund based on the current valuation results, which takes into consideration the Lothian Pension Fund performance and assessed liabilities, and means in practice the employer pension contributions the Council makes will be fixed until 2017/18, however future years will be subject to the outcome of actuarial valuations.
- 3.5 In addition to the above figures, the Council also makes 'ex gratia' pension payments to 114 former employees who worked less than 16 hours per week and were aged under 50 at 31 December 1993 and were unable to join the LGSS pension scheme under the statutory rules at the time. The value of these payments during 2016/2017 was £64,031 (and in 2015/16 it was £66,664). The Council took the decision to remove this discretion at Cabinet on 9 June 2009. No new ex gratia pension payments will arise and the existing estimated value of future liabilities based on the actuarial mortality estimate is £0.632m and will therefore reduce over time.

4 POLICY IMPLICATIONS

- 4.1 The Council is required to report its pension activity annually to elected members in accordance with the Audit Scotland requirements.

5 INTEGRATED IMPACT ASSESSMENT

- 5.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

6 RESOURCE IMPLICATIONS

6.1 Financial

- 6.1.1 Early retirement decisions taken in earlier years have created a significant liability for current and future Council Tax payers. There are no immediate budgetary implications associated with this report.

6.2 Human Resources

6.2.1 Finance and Human Resources continue to ensure that any retirements are in accordance with Council Policy and within the Standing Orders and the supporting Scheme of Delegation and also that managers are aware that any pensionable retirement meets the strict efficiency or redundancy requirements and generates the necessary savings.

6.3 Other - none

7 BACKGROUND PAPERS

7.1 Policy on Enhanced Compensation for early Retirement on Grounds of Redundancy and Efficiency– December 2010

7.2 Lothian Pension Fund Website: www/lpf.org.uk

7.3 Local Government Pensions Scheme (Scotland) Regulations 2014

7.4 Policy Statement on Application of Regulatory Discretions approved at Cabinet on 13 September 2016.

7.5 Flexible Retirement Policy – December 2013

AUTHOR'S NAME	Paul Ritchie
DESIGNATION	HR Business Partner
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DATE	06/10/2017

REPORT TO: Cabinet

MEETING DATE: 14 November 2017

BY: Deputy Chief Executive (Resources and People Services)

SUBJECT: Procurement Strategy

6

1 PURPOSE

- 1.1 To present the Procurement Strategy 2017-2022 for approval.

2 RECOMMENDATIONS

- 2.1 It is recommended that Cabinet:
- 2.1.1 approves the draft Procurement Strategy 2017-2022;
- 2.1.2 delegates authority to the Head of Council Resources to make further presentational modifications to the draft Procurement Strategy prior to finalisation and formal publication; and
- 2.1.3 delegates authority to Head of Council Resources to update the strategy as may be required following its regular annual review within the period of 2017 to 2022 and to report such changes through the Members Library.

3 BACKGROUND

- 3.1 Public procurement in UK and the rest of the European Union is governed by a number of European Directives and Regulations which are then implemented in national legislation. The EU Procurement Directives aim to ensure that public purchases are made in a fair and transparent manner.
- 3.2 In order to implement the most recent EU Directives, the Scottish Government introduced The Procurement Reform (Scotland) Act 2014 which is supported by both The Public Contracts (Scotland) Regulations 2015 and The Public Contracts (Scotland) Amendment Regulations 2016.
- 3.3 The Procurement Reform (Scotland) Act 2014 sets out a requirement for contracting authorities (such as East Lothian Council), which expect to have regulated procurement expenditure greater than £5,000,000 in the

next financial year, to prepare a procurement strategy setting out how the authority intends to carry out regulated procurements. Such strategy is required to be reviewed prior to the beginning of each financial year.

- 3.4 In complying with the legislation, the current Procurement Strategy has been reviewed. Through this review it has been identified that a fresh strategy is now required to take into account the significant changes in the legislation and the continuing financial, demographic and policy challenges faced by the Council and East Lothian.
- 3.5 The draft Procurement Strategy accompanying this report seeks to replace the current Procurement Strategy (2012-2017) and sets out the current high level approach that the Council now adopts towards procurements. The intention is to maximize the benefits from the positive platform already in place to support the Council Plan and serviced by the centralised Procurement Team.
- 3.6 The draft Procurement Strategy ensures that all services within the Council are fully supported to ensure that all procurements are not just legislatively compliant but also achieve Best Value for the Council.
- 3.7 In accordance with legislative provisions, the Procurement Strategy shall be reviewed regularly with any revisions required to be made being carried out by Head of Council Resources and reported via the member's library service.

4 POLICY IMPLICATIONS

- 4.1 The Procurement Strategy 2017-2022 will assist the Council in ensuring that the Council is able to procure in accordance with best practice and in a manner that will also assist the Council in complying with our sustainable procurement duty and statutory Best Value obligations.

5 INTEGRATED IMPACT ASSESSMENT

- 5.1 At the time of writing the IIA has not been completed but will be by the time we report at Cabinet where any relevant impacts will be made known.

6 RESOURCE IMPLICATIONS

- 6.1 Financial – There are no direct financial implications associated with approval of this updated strategy but it is anticipated that achievement of the strategy aims will realise future financial efficiencies for the Council.
- 6.2 Personnel - There are no direct personnel implications and it is anticipated that a centralised team of procurement specialists will continue to support service lead officers with future procurements.

6.3 Other - None

7 BACKGROUND PAPERS

7.1 Draft Procurement Strategy 2017-2022

AUTHOR'S NAME	Carlo Grilli
DESIGNATION	Service Manager – Legal & Procurement
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DATE	6 November 2017

East Lothian Council
Corporate Procurement Strategy
2017-2022

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Introduction

This strategy supports the Council's overarching ambitions for the region which are encapsulated within the Council Plan 2017-2022 objective to create *an even more prosperous, safe and sustainable East Lothian with a dynamic and thriving economy, that enables our people and communities can flourish*

The strategy recognises that procurement of goods, works and services has a major impact on many aspects of life in East Lothian and shall contribute to the achievement of our Council priorities by procuring legally compliant contracts using economic, environmental and social considerations, and assisting service departments to achieve budget efficiencies.

It is important to recognise that this strategy is only part of the journey in achieving efficient procurement. The commitment of elected members, senior management and lead officers throughout the Council is also important to the strategy's success.

This strategy will be reviewed on a regular basis ensuring action plans are up to date and that any changes arising from legislation and external/internal developments that may affect the procurement activities of the Council are put in place.

Through implementation of this strategy, East Lothian Council shall seek to deliver Best Value together with other considerable benefits for residents and businesses within East Lothian.

East Lothian Council's Vision for Procurement

"to achieve the highest possible standards in procurement practice ensuring that the Council always achieves Best Value in procurement and commissioning related activities"

Procurement Strategy

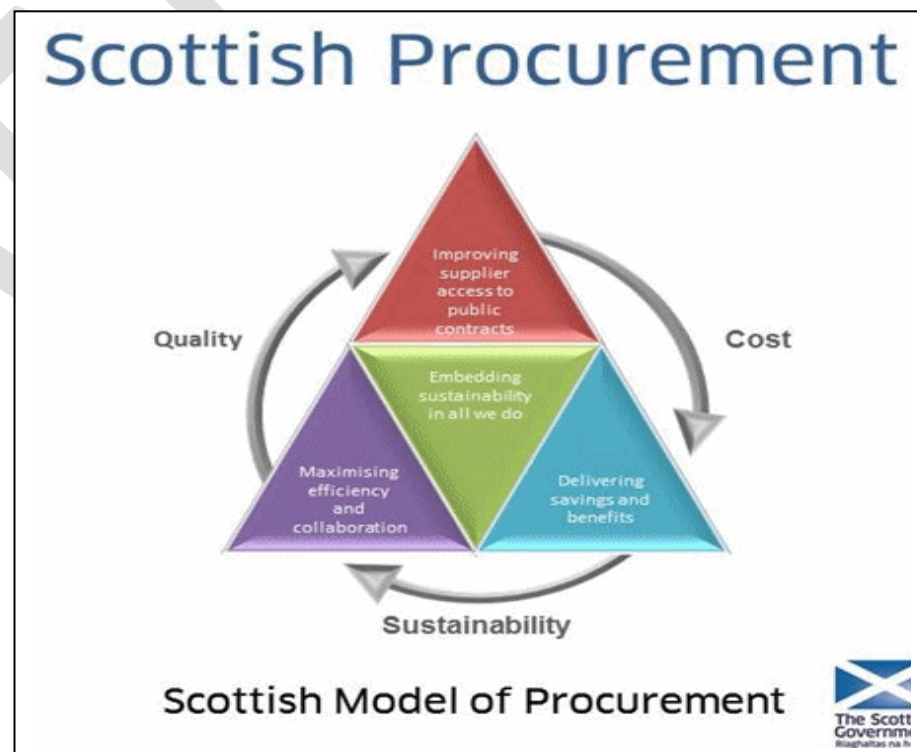
In seeking to support delivery of Council Plan objectives, it is clear that procurement will play a major role for the Council. The Council shall continue to develop policies and practices in a way that makes best use of the power of public spending and continues to deliver Best Value.

East Lothian Council has set four key objectives within the Council Plan 2017-2022, which align with the Policies and Procedures referenced in Appendix 3 and support the Scottish Government's procurement aspirations:

- **Growing our economy** – to increase sustainable economic growth as the basis for a more prosperous East Lothian.
- **Growing our communities** – to give people a real say in the decisions that matter most and to provide communities with the housing, transport links, community facilities and environment that will allow them to flourish
- **Growing our people** – to give our children the best start in life and protect vulnerable and older people
- **Growing the capacity of our Council** – to deliver excellent services as effectively and efficiently as possible within our limited resources.

This Procurement Strategy seeks to support delivery of these objectives.

The current environment in which we are operating remains challenging and dynamic. It is therefore vital to the achievement of these objectives that this strategy helps inform the foundations of all projects and that all stakeholders are committed to delivering successful procurements in line with the Council Plan 2017-2022.



Procurement Strategy

In order for this strategy to successfully support the delivery of the objectives set out in the Council Plan 2017-2022, it is important that the following key procurement objectives be established:

- **Contract and Supplier Management** – In order to maximise the value of contracts awarded following a procurement process it is important that a strong contract management process is put in place for all contracts
- **Tracking Percentage of on/off Contract Spend** – the Council aims to increase the proportion of expenditure that is on contract and will require developing processes and systems that allow for better understanding of any on and off contract spend. In doing this, the Council will be able to focus on the off contract spend with a view to securing greater compliance.
- **Improve percentage of spend with local businesses** – in conjunction with the Economic Development service, the Procurement Team will continue working with local businesses to assist them in building capacity to better access East Lothian's tender opportunities.
- **Community Benefits** – the Council has already carried out a great deal of work in setting up channels to promote Community Benefits within local communities and will actively build upon this with suppliers to increase and enhance the range of opportunities available.
- **Refine Contract Register** – it is vital that a comprehensive Contract Register is in place and further development work will be undertaken to improve the information held within this register and to utilise that information to assist in planning future procurements

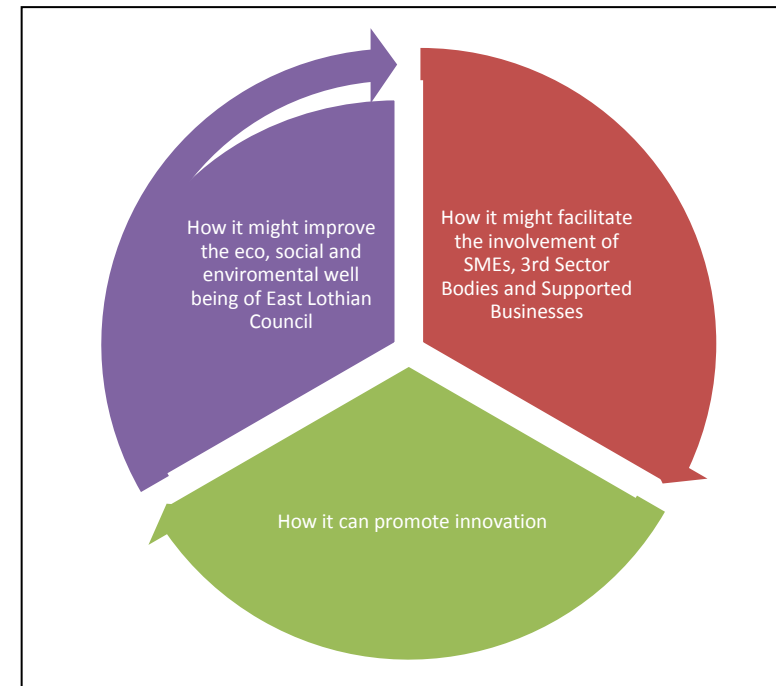
Legislative Requirements

The mandatory requirements of the Public Reform (Scotland) Act oblige the Council to detail how Regulated Procurements (those with a spend greater than £50k for Goods and Services, and £2m for Works) will:

- Contribute to the carrying out of the Council's functions and the achievement of its purpose
- Deliver value for money (a balance of cost, quality, efficiency and sustainability)
- Satisfy the duty to act in a transparent and proportionate manner
- Comply with the Sustainable Procurement Duty, which obliges procuring authorities to give due consideration to the procurement cycle illustrated below before starting any procurement competition:

In relation to Regulated Procurements, the Council will detail in [each commodity strategy](#) document, the approach to be taken with regard to:

- Community Benefit requirements
- Consulting and Engaging with those affected by its procurements
- Fair Working Practices which includes the payment of a Living Wage to persons involved in producing, providing or constructing the subject matter of regulated procurements
- Promoting compliance by contractors and subcontractors with the Health & Safety at Work Act 1974 and any provision under that Act
- The procurement of fairly and ethically traded goods and services
- For procurements involving the provision of food, how we can improve the health, wellbeing and education of communities in our area, and promote the highest standards of animal welfare where applicable.
- Climate Change impact assessment
- Sustainability



Procurement Limits

The current limits set by East Lothian Council determine the route to procurement and the relevant procurement journey for any requirement/project. These limits, determined by the Council's Standing Orders, are:

Contracts for Goods and Services	Contracts for Works
<p>Under £5,000 – best price</p> <p>between £5,001 and £50,000 – Quick Quote</p> <p>Greater than £50,000 – PCS Tender*</p>	<p>Under £5,000 – best price</p> <p>between £5,001 and £250,000 – Quick Quote</p> <p>Greater than £250,000 – PCS Tender*</p>
<p>*These limits are set in accordance with the Scottish Government Regulations which set that the Threshold for Regulated Procurements are £50,000 and over and EU legislation which is set at £164,176 (OJEU Threshold applied to contract for Goods and Services)</p>	<p>*Note that for works contracts the Scottish Government Regulations set the threshold for Regulated Procurements at £2,000,000 and over and EU legislation which is set at £4,104,394 (OJEU Threshold applied to contracts for works)</p>

All officers must comply with procuring in accordance with the above limits. Only in exceptional circumstances detailed within the Corporate Procurement Procedures Manual (as maintained by the Head of Council and Resources) shall any exemption to the above be considered.

Procurement Journey for East Lothian Council

The strategy recognises that effective capture of spend and identification of possible savings will be successful where all parts of the council work together.

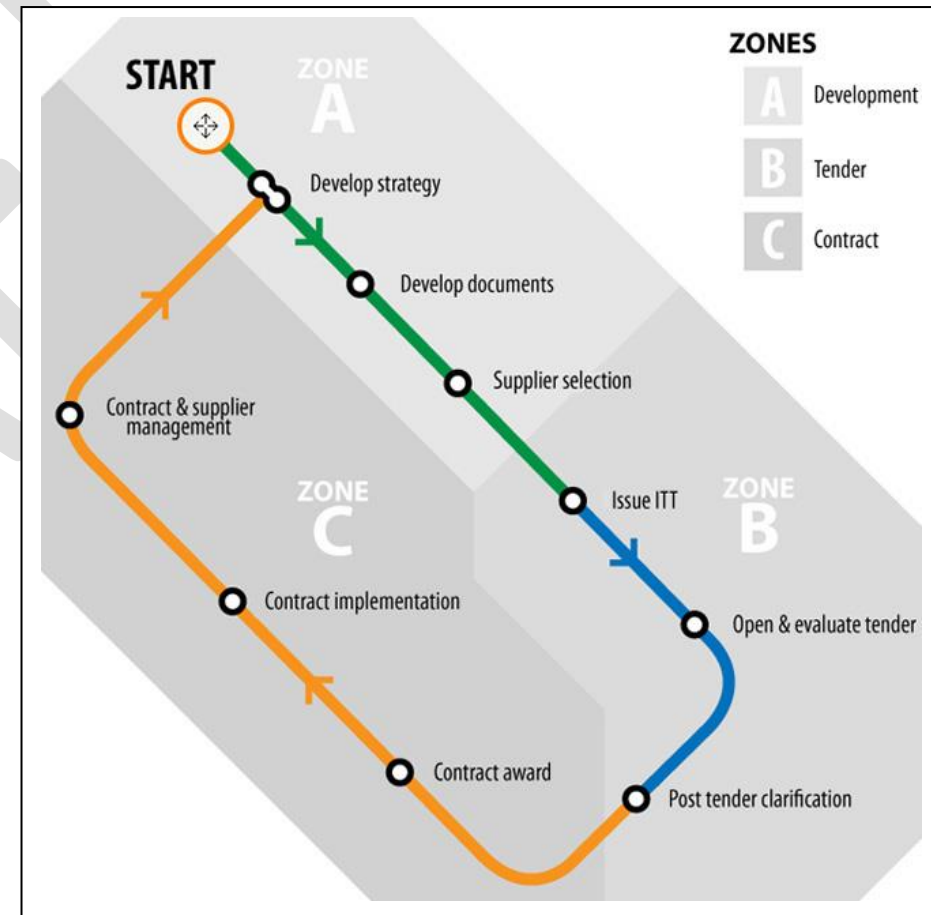
The Procurement Journey includes a number of critical component stages including:

- pre-contract activities such as options appraisals, and market research;
- The acquisition itself
- Post contract activities such as contract management

Through improving procurement practices, the council seeks to build year on year on its successes. The Procurement Team will also explore potential opportunities to pool public purchasing power, where appropriate, through collaboration with other Local Authorities and Public Bodies, and through the utilisation of existing Frameworks from Government and various Procurement Alliances.

The Procurement Team will continue to develop its work with local businesses and SMEs to assist them in understanding the procurement process and how to access East Lothian Council contracts.

To maximise procurement effectiveness, the Procurement Team should be engaged at the earliest possible stage in development of the service requirement and should then continue to support services throughout the procurement journey. In addition to financial efficiencies, this will generate other social and economic benefits for local communities and businesses by delivering outcomes that are business friendly and socially responsible.



Governance and Accountability for Procurement

Councillors provide critical leadership and direction by setting clear objectives within the Council Plan. These objectives will then be actively promoted by all council services, ensuring delivery of best value and high quality services to communities throughout East Lothian.

Organisationally, lead officer responsibility for the procurement function rests with the council's Chief Finance Officer with additional oversight and support from the Depute Chief Executive - Resources and People Services. In addition, the Council has established the Procurement Improvement Panel to provide further challenge and support. The PIP is chaired by the Depute Chief Executive – Partnership and Community Services and comprises a membership of Senior Council Officers representing all services areas within the council.

The centralised Procurement Team will supply specialist support and advice services with a view to ensuring that service area purchasing and commissioning requirements are procured in compliance with legislative and internal governance requirements.

Reliance shall also be placed on any findings and recommendations made by both External and Internal Audit.

The Corporate Procurement Procedure Manual shall be regularly reviewed to take into account local, national and regulatory changes.

Governance and Accountability for Procurement

The centralised Procurement Team ensures that all East Lothian procurements remain fair and transparent, and achieve best value. In support of this, the following key stages have been identified:

- Service Managers will develop their own service procurement plan for the forthcoming year and in conjunction with their Head of Service, identify priorities. These plans will be used by the Procurement Team to produce a council wide Procurement Priority Plan for approval by the Council's Procurement Improvement Panel (PIP) and this in turn will inform the Annual Report required by the Procurement Reform (Scotland) Act 2014.
- Prior to any procurement, an evidenced business case shall be provided to the Procurement Team demonstrating the operational need for spend/procurement. Any business case will also ensure that there is sufficient budget and appropriate authorisation to spend in place before the procurement can proceed.
- The subsequent procurement of any service requirement must be supported by a member of the centralised Procurement Team who will seek to ensure an efficient and compliant procurement process.

Procurement Spend and Contract Register Values

The following table uses the latest set of data (2016/17) to provide context for this strategy and provides an indication of how much East Lothian Council spends and what it is spent on.

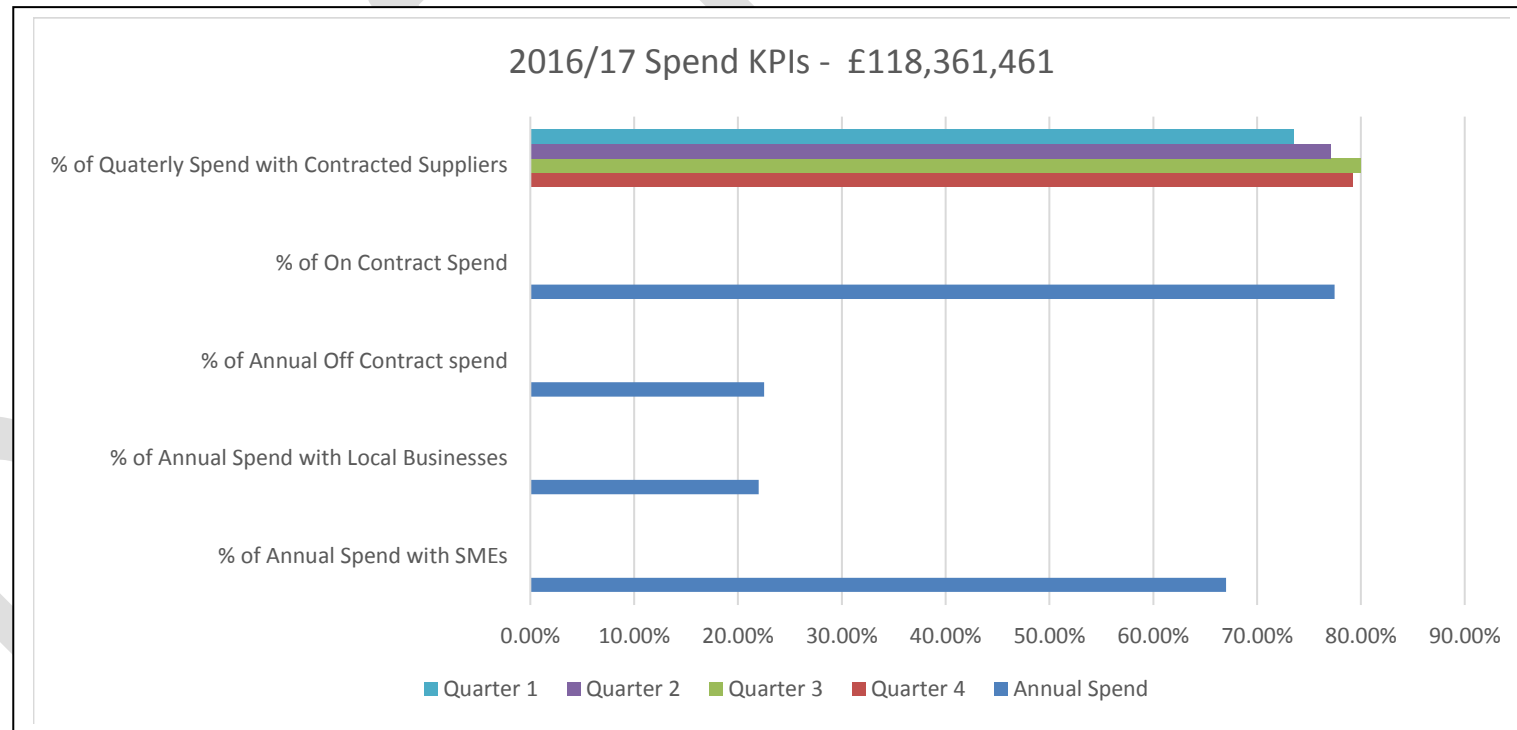
The spend across the Council in 2016/17 was £118,361,461 with over 4000 suppliers.

Procurement KPIs that are reported to Audit Scotland are as follows:

% of annual spend with SMEs

% of quarterly spend with contracted suppliers

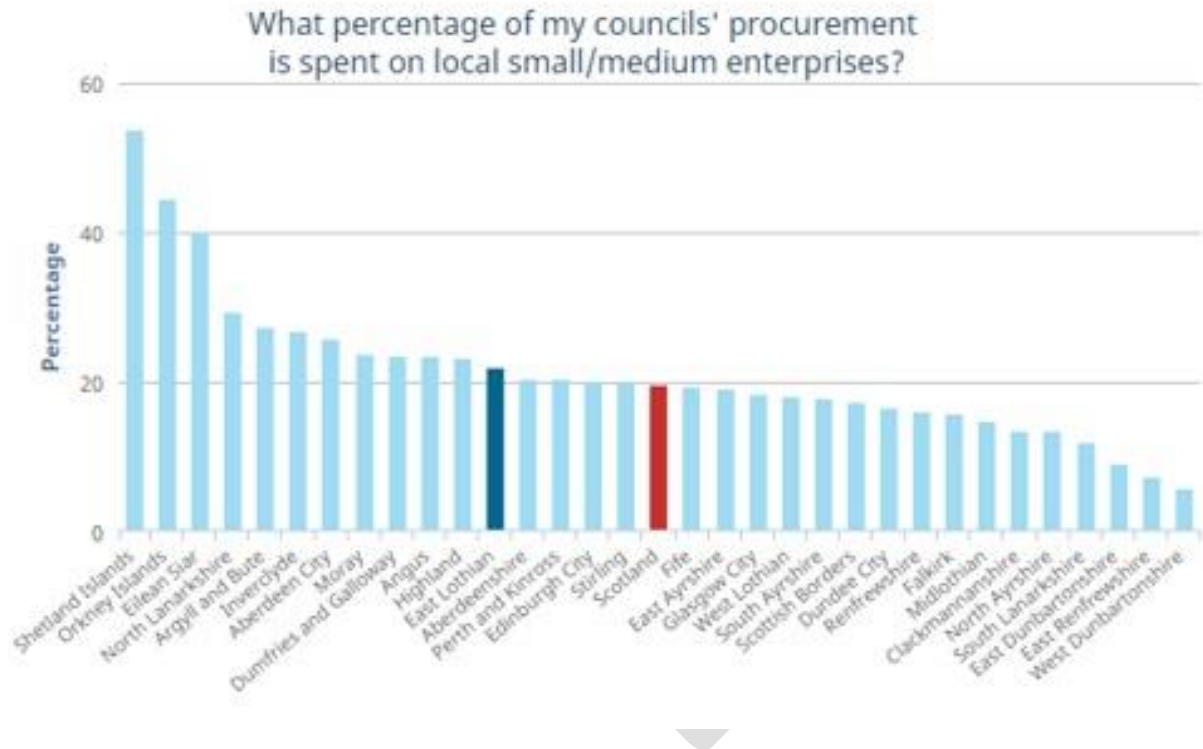
% of annual spend with local businesses



Statistics collated by the Improvement Service – the national organisation tasked with improving local government – show that the average Scottish council spent only 19.7 per cent of their procurement budget with smaller firms in their area in 2015/16.

In 2015 /16 East Lothian Council demonstrated, an above average spend of 22.2% of its procurement budget on local small/medium enterprises.

The graph below shows the success East Lothian Council has had in comparison to other Local Authorities.



Procurement Savings

Through application of focussed procurement practices, it is possible to drive significant financial savings. To help identify potential savings opportunities, the council must have a solid understanding of its cost base and this in turn requires investment in necessary systems that will support full analysis of spend. The Council intends to move towards a system that will better analyse and track the costs of a procurement throughout all stages of the journey from original estimated cost through to the cost under the contract award and the final cost at the end of the contract.

Community Benefits

The Council strongly promotes Community Benefits in Procurement (CBIP) and monitors these through our Contract Register. Appendix 1 demonstrates the success the Council has had in securing and supporting Community Benefits from August 2016 to June 2017.

East Lothian Council is committed to maximise the use of community benefits. While the legislative requirement does not require that community benefits are sought for contracts under £4m, East Lothian Council has a well-established policy and process, that attempts to secure such benefits from all contractors with cumulative spends of £50k and above.

The Procurement Team regularly meet with East Lothian Works, who are the Council's employability and business advice centre. Such meetings will assist with the identification of relevant and proportionate community benefits from proposed tender activities and will support liaison with suppliers and communities.

Strategic Objectives

In order to deliver the key objectives within the Council Plan 2017-2022 and ensure that East Lothian Council achieves “Best Value” while complying with its regulatory requirements the following actions have been identified:

Growing Our Economy to increase sustainable economic growth as the basis for a more prosperous East Lothian

- Continue with Meet the Buyer events, at different locations and times, and with different themes as appropriate to forthcoming tender opportunities. Seek feedback and tailor accordingly.
- Publish our Contract Register on our intranet, so that companies are aware of future opportunities, and combine requirements from different areas to maximise opportunities to bidders.
- Encourage more lotting of contracts to facilitate participation by smaller companies where it is appropriate
- Continue work with Economic Development with supported businesses and 3rd sector organisations to improve their ability to compete for contracts.
- Oblige departments to list a new contractor on any Quick Quote procedure
- Give constructive feedback to successful and unsuccessful contractors
- Continue with monthly meetings with East Lothian Works to scope out appropriate Community Benefits for tenders/accumulated spend over £50k. A Community Benefits Report was approved by Cabinet in September 2015.
- Encourage contractors to advertise their subcontracting opportunities locally and to include prompt payment to their supply chain; these aspirations are reflected in the Balanced Score Card in Contract Management meetings.
- Be cognisant of the Sustainable Procurement Duty at the start of a procurement exercise and reflect this in Commodity Strategies.
- Incorporate the Flexible Framework into Council procurements.

Growing our **communities** — to give people a real say in the decision that matter most and to provide communities with the housing, transport links, community facilities and environment that will allow them to flourish

- Harness the innovation obligation from the Sustainable Procurement Duty to increase the well being of our residents, such as the Community Bus from Humbie to Haddington which utilises the surplus timetable capacity of the School Bus transport.
- Canvas our communities and businesses on what they would like to see from community benefits with a view to providing focussed and relevant community benefits which will deliver social and economic benefits for communities and businesses within East Lothian
- Consult with Area Partnerships on the ongoing Procurement Strategy to ensure that our communities can feed into and comment on the vision.

Growing our people – to give our children the best start in life and protect vulnerable and older people

- Build on the work done with Procurement and Education to date, recognising tendering opportunities and ensure Best Value for our children.
- Increase attendance at such meetings as Executive Head Teachers meeting to embed Procurement awareness.
- Work to ensure sustainable continuity of care within East Lothian by supporting any procurement activity required by the East Lothian Integrated Joint Board ("IJB"). When procurement activity is required, East Lothian Council's internal procurement regulations together with relevant national legislation will be applicable.
- Continue the representation at the ELHealth & Social Care Procurement Board to ensure arrangements are in place to affordable continuity of care.
- Utilise the Health and Social Care Academy in Musselburgh to offer Community Benefits options to companies.

Growing the **capacity of our Council** – to deliver excellent services as effectively and efficiently as possible within our limited resources.

- Develop and apply all aspects of the procurement journey, including Market Intelligence and Contract Management
- Refine the information available on the Contracts Register enabling greater detail, transparency and awareness of what is on contract/to be tendered.
- Continue to maximise collaboration opportunities with other organisations when they are shown to add value and/or make commercial sense.
- Roll out increased usage of Public Contracts Scotland Tender functionality, such as Evaluation and Vendor Management
- Continue to implement the Information Sharing Protocol in conjunction with Police Scotland to ensure that contracts are only awarded to companies without any known criminal activity.
- Introduce Benefits Tracking as per the Scottish Publicly Funded Sectors 'Procurement Benefits Reporting Guidance' (Jan 2015).
- Introduce Commodity Management within the Procurement Team and have regular meetings with Service Managers.
- Update training for all users, with regular training slots/updates for frequent users, and incorporate procurement into new employee induction.
- Utilise the staff newsletter to update employees on a monthly basis on procurement activities
- Categorise contracts on a Risk Matrix
- Build on the work done previously as part of the Scotland Excel Procurement Capability Assessment
- Update and amend Procurement Forms as part of this new strategy

Key Priorities and Timescales to deliver the Procurement Strategy

Within the first year of this strategy, these are the immediate areas of focus;

Council Theme: Growing Our Economy	How Achieved	When	Successful Outcome
Improve ability for local businesses to access East Lothain Council contracts.	<p>Engage with local businesses to increase participation in tendering opportunities.</p> <p>Lot contracts appropriately.</p> <p>Ensuring service departments expand their list of contractors to include local providers in Quick Quote opportunities.</p> <p>Utilising Senior Procurement Officer post to specifically address this need</p>	March 2018	<p>Increased engagement by local SMEs, and awareness of our tendering opportunities.</p> <p>Increase percentage of local companies on our contract register.</p>
Assisting the supply chain	<p>Publishing our Contracts Register with complete information so that companies can see where opportunities can be sought as Tier 2 suppliers.</p> <p>Measure prompt payment from main contractors by incorporating payment term information into Balanced Scorecards.</p>	Dec 2017	Mapping the supply chain to see which local companies are engaged with main contractors, or would consider acting as a subcontractor with these enhancements.

Council Theme: Growing our Communities	How Achieved	When	Successful Outcome
Consult with the communities concerning our procurement activity	<p>Surveys of community groups and stakeholders when relevant procurements are being tendered. Consultation at commencement of process and engagement throughout.</p> <p>Membership of Tender Evaluation Panels where it is appropriate.</p> <p>Engage in discussion regarding Community Benefits provision</p>	On-going	<p>Communities are aware of procurement activities and can contribute where possible to where their money is being spent.</p> <p>Successful and targeted Community Benefits are delivered in line with the need of communities in East Lothian.</p>
Enhance Recording of Community Benefit opportunities	Utilising the new Contract Register to detail what has been agreed with contractors	Dec 2017	Ability to see what CBIP has taken place and where gaps in provision lie via recording in Contract Register.

Council Theme: Growing our people	How Achieved	When	Successful Outcome
Ensure Best Value in contracts let for our Adult and Children's Well Being directorate	<p>Joint meetings with Integrated Joint Board, Service Dept and Procurement Team.</p> <p>Awareness of forthcoming requirements from Contract Register</p>	On-going	<p>Commodity Strategy signed off identifying spend and potential savings.</p> <p>Compliance with contracts awarded.</p>

Council Theme: Growing the Capacity of our Council	How Achieved	When	Successful Outcome
Ensuring all contract requirements are known for the next 3 years	<p>Setting up and holding meetings with Service Managers on a monthly basis</p> <p>Following these meetings ensure Contracts Register is regularly up dated and complete.</p>	April 2018	<p>80% of contract requirements known, enabling market intelligence to take place, and contract management can be documented.</p> <p>Ability to highlight Risk of Overdue Procurements and to resource appropriately.</p> <p>Recognition of collaborative opportunities and allowing identification of savings.</p> <p>External Contract Register is complete.</p>
Initiate improved Contract and Supplier Management	<p>Categorise frequency of meetings held with suppliers depending on the contract</p> <p>Utilise technology within E Tendering systems to capture and report on issues</p> <p>Review product catalogues in consultation with service to understand their requirements and simplify their ordering process.</p>	March 2018	<p>Early identification of risks to contract provision, and ability to react to those</p> <p>Achieve better value from Contracts by proper management</p> <p>Enhanced relationships with suppliers</p>
Introduce Benefits Tracking into Contracts	Utilise the Public Benefits Reporting Guidance methodology	Jan 2018	Quantify the contribution from Procurement to Service Departments and their budgets which will be recorded in the Contract Register.

Council Theme: Growing the Capacity of our Council	How Achieved	When	Successful Outcome
Review and improve on the current systems to allow better tracking of no/off contract spend throughout the Council	<p>Introduce a strict blanket policy where no invoices will be paid without a purchase order number to allow better monitoring of spend and tracking back to the contracts register.</p> <p>In depth review of current systems analysis of whether a new system would be required.</p>		<p>Improved knowledge of on/off contract spend allowing the Contracts Register to be more up to date.</p> <p>More opportunities for local suppliers to compete for.</p> <p>Improved controls on spend allowing for more targeted savings objectives to be set.</p>
Training delivered across all service departments, Elected Members and New Employees	Mixture of E Learning and Workshops. Updates on Online Newsletter of Procurement developments	Feb 2018	<p>Procurement Awareness and Compliance from all departments.</p> <p>Education of risks of non-compliance, and highlighting previously unknown procurement requirements from service users.</p>
Build a robust relationship with Education to ensure all contracts give Best Value for our school budgets	<p>Joint meetings with Head Teachers and Procurement Team.</p> <p>Awareness of forthcoming requirements from School Curriculum.</p>	Oct 2018	<p>Commodity Strategy signed off identifying spend and potential savings.</p> <p>Compliance with contracts awarded.</p>

Procurement and Commercial Improvement Programme Guidance (PCIP)

East Lothian Council is always striving to improve and develop its procurement procedures and practice.

PCIP is a helpful tool used to promote best practice within public sector procurement. The PCIP was launched in 2015 and focuses on an organisation's policies and procedures driving procurement performance and importantly, the results they deliver. The assessment delivers a score which will provide a level of compliance with best practice ranging from 1 (compliance with best practice) through to 4 (exemplary practice).

East Lothian Council shall continue to work towards improving and embedding good procurement practice throughout the organisation and the Procurement Improvement Panel will be the conduit for this.

Roles and responsibilities for the success of the Procurement Strategy

All staff within the Council have a role in ensuring compliance with the Procurement Strategy's objectives. Key internal stakeholders at East Lothian Council are:

Procurement Improvement Panel: comprising the Senior Management team including all Heads of Services.

Through the provision of both constructive challenge and support, the remit of the PIP is :

“To improve the quality and consistency of procurement practices across the Council to achieve measurable benefits” .

This group will oversee implementation and delivery of the Procurement Strategy.

Service Managers: The central Procurement Team cannot fulfil the critical roles of savings identification /contract management/CBIP opportunities without the support and co-operation of staff in service areas. Service Managers are essential to the successful implementation of the Procurement Strategy and their providing relevant and timely information regarding their future procurement requirements is vital. After contract award, both Contract and Supplier Management are critical activities that rely heavily upon effective Service Manager engagement.

Operational Users: A well-informed and adequately skilled user base is another vital component for successful delivery of the Procurement Strategy. Significant efforts will be made to support such staff with a view to ensuring high levels of compliance and positive procurement practices.

Appendix 1

Community Benefits in Procurement (CBiP) Opportunities available Pre and Post school (Youth/Adult)

Community Benefits in Procurement: August 2016 to June 2017 (Construction & Other)		
	No. of offers made*	No. delivered
Apprenticeships	6	5
Employment	9	9
Vacancies advertised through ELW	4	2
Work Experience	19	5
Educational Support	27	9
Enhanced Work Experience	3	8
Training	2	1
Mentoring	3	1
Participation in SME Roadshows	5	5
Local Sponsorship	16	15
Parent/Teacher CPD	2	1
Community Project	11	5
Employability Skills Sessions	6	9
Local Events	11	12
School Partnership	3	3

*No. of offers made relates to the number of offers per contract/contractor and not the number of opportunities offered.

Appendix 2 Glossary

Best Value	Scottish local authorities also have a duty to adhere to statutory guidance on best value, which stresses the importance of good financial management and project management control and of linking expenditure plans to effective asset management
Scotland Excel	A centre of excellence representing the 32 Scottish Local Authorities
PCST	Public Contracts Scotland Tenders - the national E Tendering system funded by Scottish Government
Frameworks	An compliant procurement route with a provider or providers which enables buyers to places orders without having to run separate tender exercises
KPIs	Key Performance Indicators – used to measure performance
CBIP	Community Benefits in Procurement – this is East Lothian Councils method of maximising Community Benefits from its procurement activities. This is achieved by seeking community benefits in contracts and utilising these contractual requirements to build a range of economic, social and environmental benefits.
Quick Quote	A procurement route for spend under £50k for Goods and Services and £250k for Works which enables a contracting authority to name specific contractors to receive tender documents.
Balanced Score Card	A method used in Contract Management using pre advised criteria to assess a supplier's performance and to invite their response.
Flexible Framework	A self-assessment tool allowing organisations to measure and monitor their performance on sustainable procurement.
Tier 2 Supplier	A subcontractor to a main (Tier 1) supplier/contractor

Appendix 3 - Policies and procedures

The Procurement landscape is influenced by a number of laws, regulations and recommendations, the majority of which have been referred to in this document. Full details of the key documents are listed below:

- Scottish Model of Procurement - www.gov.scot/Topics/Government/Procurement/about/spd-aims
- Recent Changes to European Directives - <http://www.gov.scot/topics/government/procurement/policy/procurementreform/implementEUDirProcRef>
- Public Procurement Reform Programme - www.gov.scot/topics/government/procurement/about/review
- Supplier Charter (East Lothian has signed up to this Scottish Government initiative) - www.gov.scot/topics/government/procurement/selling/supplierscharter2
- EU Procurement Thresholds - www.gov.scot/topics/government/procurement/policy/10613
- Procurement Journey - <https://www.procurementjourney.scot/>
- PCIP - <https://www.procurementjourney.scot/procurement-and-commercial-improvement-programme/>
- Public Contracts Scotland - www.publiccontractsscotland.gov.uk
- Flexible Framework - <https://www.gov.uk/government/publications/sustainable-procurement-in-government-guidance-to-the-flexible-framework>