

Kilncraigs, Greenside Street, Alloa, FK10 1EB (Tel.01259-450000)

## **Audit Committee**

**Thursday 3 December 2020 at 9.30 am**

**The meeting will be held by  
Video Conference (MS Teams)**

Date	Time
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## **Audit Committee**

The remit of the Audit Committee is:

To ensure that the authority's assurance statements, including the annual governance statement, properly reflect the risk environment and any actions required to improve it.

In relation to the authority's internal audit functions:

- oversee its independence, objectivity, performance and professionalism
- support the effectiveness of the internal audit process
- promote the effective use of internal audit by approving the annual Internal Audit Plan

To consider the effectiveness of the authority's risk management arrangements and the control environment, reviewing the risk profile of the organisation and assurances that action is being taken on risk-related issues, including partnerships and collaborations with other organisations

To monitor the effectiveness of the control environment, including arrangements for ensuring value for money, supporting standards and ethics and for managing the authority's exposure to the risks of fraud and corruption

To consider the reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control

To support effective relationships between external audit and internal audit, inspection agencies and other relevant bodies, and encourage the active promotion of the value of the audit process

To review the financial statements, external auditor's opinion and reports to members, and monitor management action in response to the issues raised by external audit.

**Members of the public are welcome to attend our Council and Committee meetings to see how decisions are made.**

**Details of all of our Council and Committee dates and agenda items are published on our website at [www.clacks.gov.uk](http://www.clacks.gov.uk)**

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**25 November 2020**

**A MEETING of the AUDIT COMMITTEE will be held via VIDEO CONFERENCE (MS TEAMS), on THURSDAY 3 DECEMBER 2020 at 9.30 am.**



**pp. STUART CRICKMAR  
Strategic Director (Partnership & Performance)**

**B U S I N E S S**

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1. Apologies	--
2. Declaration of Interests Members should declare any financial or non-financial interests they have in any item on this agenda, identifying the relevant agenda item and the nature of their interest in accordance with the Councillors' Code of Conduct. A Declaration of Interest form should be completed and passed to the Committee Officer.	--
3. Confirm Minutes of Meeting of the Audit Committee held on 6 February 2020 (Copy herewith)	07
4. Council Financial Performance 2020/21 – August Outturn – report by the Chief Finance Officer (Copy herewith)	11
5. Internal Audit Update Report - report by Internal Audit Manager (Copy herewith)	31
6. Internal Audit Annual Assurance Report 2019/20 – report by Internal Audit Manager (Copy herewith)	37
7. Internal Audit Plan 2020/21– report by the Internal Audit Manager (Copy herewith)	53
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9. Exceptions from the Application of Contract Standing Orders – report by Strategic Director, Partnership & Performance (Copy herewith)	73
10. Procurement Annual Report - report by the Strategic Director, (Partnership & Performance) (Copy herewith)	121

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11. Annual Complaints Report – report by the Senior Manager, Legal and Governance (Copy herewith)	199
12. National and Local Scrutiny Planning – report by the Strategic Director, (Partnership & Performance) (Copy herewith)	209



## Audit Committee – Committee Members (Membership 8 - Quorum 4)

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### Councillors

### Wards

Councillor	Martha Benny (Convenor)	2	Clackmannanshire North	CONS
Councillor	Dave Clark (Vice Convenor)	2	Clackmannanshire North	LAB
Councillor	Darren Lee	1	Clackmannanshire West	CONS
Councillor	Tina Murphy	1	Clackmannanshire West	SNP
Councillor	Helen Lewis	2	Clackmannanshire North	SNP
Councillor	Derek Stewart	3	Clackmannanshire Central	LAB
Councillor	Chris Dixon	4	Clackmannanshire South	IND
Councillor	Ellen Forson	4	Clackmannanshire South	SNP

The Council agreed that the Convenor of the Audit Committee will rotate between the 2 Opposition parties on an annual basis.



**MINUTES OF MEETING of the AUDIT COMMITTEE held within the Council Chamber, Kilncraigs, Greenside Street, ALLOA, FK10 1EB, on THURSDAY 6 FEBRUARY 2020 at 9.30 am.**

**PRESENT**

Councillor Dave Clark (Convenor)  
Councillor Martha Benny (Vice Convenor)  
Councillor Chris Dixon  
Councillor Kenneth Earle (S)  
Councillor Ellen Forson  
Councillor Darren Lee  
Councillor Helen Lewis  
Councillor Tina Murphy

**IN ATTENDANCE**

Pete Leonard, Strategic Director, Place  
Lindsay Sim, Chief Finance Officer  
Lorraine Sanda, Chief Education Officer/Senior Manager (People)  
Elizabeth Hutcheon, Management Accountancy Team Leader  
Chris Alliston, Senior Manager, HR and Workforce Development  
Gordon O'Connor, Internal Audit Manager  
Gordon Smail, External Auditors  
Tom Reid, External Auditors  
Lindsay Thomson, Senior Manager, Legal and Governance (Clerk to the Committee)  
Melanie Moore, Committee Services

**AC(20)01      APOLOGIES**

Apologies for absence were received from Councillor Derek Stewart. Councillor Kenneth Earle acted as substitute for Councillor Stewart.

**AC(20)02      DECLARATIONS OF INTEREST**

None.

**AC(20)03      CONFIRM MINUTES OF MEETING HELD 5 DECEMBER 2019**

The minutes of the Meeting of the Audit Committee held on 5 December 2019 were submitted for approval.

**Decision**

The minutes of the Meeting of the Audit Committee held on 5 December 2019 were agreed as a correct record and signed by the Convenor.

#### **AC(20)04      EXTERNAL AUDIT: PLANNING REPORT 2019/20**

The report, submitted by the Chief Finance Officer, set out the planned audit activity in respect of the audit of the financial year 2019/20.

##### **Motion**

That Committee agrees the recommendation set out in the report.

Moved by Councillor Chris Dixon. Seconded by Councillor Kenneth Earle.

##### **Decision**

Having commented on the report, the Committee agreed to note the proposed external audit plan for the year 2019/20.

#### **AC(20)05      COUNCIL FINANCIAL PERFORMANCE 2019/20 – OCTOBER OUTTURN**

The report, submitted by the Chief Finance Officer, provided an update on the financial performance for the Council, as at October 2019 in respect of the General Fund (GF) revenue and capital spend and the achievement of savings to date; and the Housing Revenue Account (HRA) revenue and capital spend.

##### **Motion**

That Committee agrees the recommendations set out in the report.

Moved by Councillor Martha Benny. Seconded by Councillor Kenneth Earle.

##### **Decision**

Having commented on and challenged the report, the Committee agreed to:

1. GF revenue spend is forecasting an overspend of £0.282m for the year to 31<sup>st</sup> March 2020;
2. The Health and Social Care Partnership (H&SCP) is forecasting an overspend for the year of £0.132m;
3. The HRA forecasted revenue surplus over budgeted surplus for the year of £(0.275m) to March 2020, which was reported to Place Committee in November;
4. The Capital programme for both HRA and GF are currently forecasting an underspend, and
5. Progress to date in delivering the £4.810m savings programme, currently 81.5% as at the end of October 2019.

##### **Action**

Chief Finance Officer

**AC(20)06      AUDIT COMMITTEE FORWARD PLAN 2020/21**

The report, submitted by the Strategic Director, Partnership and Performance, presented to Committee a forward plan for Audit Committee.

**Motion**

That Committee agrees the recommendations set out in the report.

Moved by Councillor Kenneth Earle. Seconded by Councillor Darren Lee.

**Decision**

The Committee agreed to:

1. Endorse the forward plan as set out at Appendix 1, subject to it being approved by Council;
2. Note that the Strategic Director has undertaken to develop a proposal for a learning and development programme to assist the Committee discharge its scrutiny role, for discussion at an informal meeting with Committee members at a date to be agreed.

**Action**

Strategic Director, Partnership and Performance

Ends 0951 hours



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**Report to: Audit Committee**

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**Date of Meeting: 3 December 2020**

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**Subject: Council Financial Performance 2020/21 – August Outturn**

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**Report by: Chief Finance Officer**

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## **1.0 Purpose**

- 1.1 This paper provides an update on the financial performance for the Council, as at August 2020, in respect of the:
- General Fund (GF) revenue and capital spend and the achievement of savings to date, for the current financial year, 2020/21; and
  - Housing Revenue Account (HRA) revenue and capital spend, for the current financial year, 2020/21.

## **2.0 Recommendations**

- 2.1 Committee is asked to note the report, commenting and challenging as appropriate on:
- 2.1.1 GF revenue spend is forecasting an overspend of £2.220m for the year to 31 March 2021;
- 2.1.2 the Clackmannanshire element of the Health and Social Care Partnership (H&SCP) is forecasting an underspend for the year of £(0.091)m;
- 2.1.3 the HRA forecasted revenue surplus over budgeted surplus for the year of £(1.307m) to 31 March 2021;
- 2.1.4 the Capital programme for HRA is currently forecasting an underspend of £(2.110)m;
- 2.1.5 the General Fund Capital Programme underspend of £(1.956)m, and
- 2.1.6 progress to date in delivering the £3.343m savings programme, currently forecast to be 87.3%, as at 31 March 2021.
- 2.2 Committee is asked to approve:
- 2.2.1 referral to Council for approval of additional capital budget of £0.100m to support the Bowmar Regeneration project as set out in para 6.4 and 6.5.

### 3.0 Background

- 3.1 This report summarises the forecasted financial position of the Council for the financial year ended 31 March 2021. This report consolidates all of the detailed financial data to provide a summary position. The report also provides details of individual Directorate positions.

### 4.0 General Fund Revenue

- 4.1 As at 31 August 2020 the General Fund is forecasting an overspend of £2.220m and the Clackmannanshire element of the H&SCP is forecasting an underspend of £ (0.091)m, which brings the Council's overall position to an overspend of £2.129m for the year to March 2021.
- 4.2 **Appendix 1** provides the breakdown by each Directorate and centrally held Corporate along with the position for Partnerships and Sources of Funding. Detailed variance analysis has been provided to each portfolio Committee.

### 5.0 Clackmannanshire & Stirling Health and Social Care Partnership (H&SCP)

- 5.1 The Clackmannanshire element of the H&SCP is forecasting an underspend of £(0.091)m this is an adverse movement of £0.387m since last reported to Council in September 2020.
- 5.2 Detail of the forecast variances that make up this underspend are shown in **Appendix 3** which has been provided to the partnership for inclusion in their consolidated financial report up to the end of August 2020.
- 5.3 Key variations are summarised as follows:
- £0.867m underspend on employee costs due to vacancies;
  - £0.740m underspend on Nursing Homes due to a reduction in occupied nursing home places;
  - £1.498m overspend on Care at Home due to an increase in weekly hours provided;
  - £0.610m underspend on Misc Third party Payments to other agencies, to be reallocated to reflect service provision, and
  - £0.432m shortfall in income due to less people being in short term care.
- 5.4 This forecast is subject to a significant degree of uncertainty owing to Covid19. Whilst the forecast is based on current commitments and activity levels, these are subject to change depending on the future course of the pandemic and the future configuration and design of services aligned to the partnerships strategic priorities.

The forecast assumes that service volumes will continue at their current levels but any further increases in activity levels will directly impact forecast expenditure. In addition the forecast does not include support payments to care providers and other exceptional costs relating to Covid19 that are being



managed centrally through the Partnership and charged to the Local Mobilisation Plan (LMP) Funding being received from Scottish Government.

The key issue for the Partnership will be to what extent the additional funding provided through the Mobilisation Fund will fully meet the additional costs associated with Covid19 including the impact on the Transforming Care Programme and associated savings delivery. Clarity on this point continues to be sought from the Scottish Government.

- 5.5 Budgets will look to be realigned to reflect changing demands on categories of care.

## 6.0 General Fund Capital

- 6.1 General Fund capital is forecasting an underspend of £(1.956)m to March 2021.

- 6.2 Due to the current COVID-19 pandemic a number of capital projects have been identified and reprioritised and re-phased into future years whilst some others are at risk of ongoing into 2021/22..

- City Deal
- Parking Management Scheme
- Social Services IT System
- Clackmannanshire Regeneration

The budgets for these projects will be reviewed as part of the 2021/22 budget setting process and carried forward into future years if required.

- 6.3 A summary of the projected outturn position for each of the Asset plans with main variances are shown in the table below.

**Table 1 - GF Capital Budget Variances**

Asset Management Strategy	Budget	Projected to 31 March 2021	Over / (under) Spend	Main Variances
	£m	£m	£m	
Corporate	11.955	10.504	(1.451)	£0.6m underspend on City deal mainly dependent on 3 <sup>rd</sup> party progressing – will be carried forward into next year. £0.064m underspend on Community investment grants due to COVID and availability of contractors £0.840m underspend on Tullibody south and £0.192m overspend at Menstrie. £0.093m underspend on Community asset Transfer due to COVID delaying progress. Will be carried forward into 21-22.

<b>Asset Management Strategy</b>	<b>Budget</b>	<b>Projected to 31 March 2021</b>	<b>Over / (under) Spend</b>	<b>Main Variances</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	
<b>Property</b>	1.446	1.447	0.001	Projects forecasted on budget at this time but risk they will continue into 21-22.
<b>Roads</b>	2.828	2.733	(0.095)	£0.095m underspend on Parking Management Scheme as project reprioritised into future years.
<b>Land</b>	0.180	0.179	(0.001)	Forecasted on budget
<b>Fleet</b>	1.998	1.998	-	Forecasted on budget
<b>IT</b>	2.053	1.643	(0.410)	£0.393m underspend on Social Services IT system to be carried forward into future years.
<b>Gross Capital Expenditure</b>	<b>20.460</b>	<b>18.504</b>	<b>(1.956)</b>	
<b>Income</b>	(7.824)	(7.824)	0	Forecasted on budget
<b>Net Capital Programme</b>	<b>12.636</b>	<b>10.680</b>	<b>(1.956)</b>	

6.4 The Council has recently been successful in its bid for £500,000 funding to regenerate the Bowmar Centre to become an SQA learning centre and Community Hub with links to the local Forth Valley College, the City Deal and support connectivity by providing free access, support, training and eLearning. It will also develop opportunities for skills development, volunteering, and training in line with the newly proposed Youth Guarantee. As part of the bid, a contribution of £100k from the Councils capital budget is required to enable the centre to become a digital hub.

6.5 The Committee is asked to refer to Council for approval of the £100k contribution to enable this contribution to be funded. This will be met from within the existing 2020/21 capital budget from current project underspends.

## **7.0 Progress on 2020/21 Approved Savings**

7.1 At its budget meeting in February 2020, Council approved savings of £3.343m. The table below shows the split of these savings across Directorates and indicates the forecasted achievement of those savings by 31 March 2021.

**Table 1: General Services Revenue Budget 2020/21 distribution of planned savings by directorate and forecasted achievement.**

Directorate	Approved Savings 2020/21 £'000	Achieved/ Likely to be achieved £'000	At risk £'000	Unlikely to be achieved £'000	Unlikely to be achieved due to COVID £'000
<b>People</b>	1,345	1,314	31	-	-
<b>Place</b>	1,187	951	-	236	236
<b>Partnership &amp; Performance</b>	811	653	158	-	-
<b>Total</b>	<b>3,343</b>	<b>2,918</b>	<b>189</b>	<b>296</b>	<b>236</b>
		<b>87.3%</b>	<b>5.7%</b>	<b>7.1%</b>	<b>7.1%</b>

7.2 The above table indicates that 87.3% of savings have been or are likely to be achieved, with a further 12.8% at risk or unlikely to be achieved in 2020/21. The improvement is mainly due to the achievement of the Education Devolved schools saving, The achievement of savings has been significantly impacted by the Covid-19 pandemic with £0.236m unachieved as a result. Further detail of progress on individual savings within each directorate is provided in **Appendix 2**.

7.3 Managers are working towards achieving the approved level of savings or identifying compensatory savings to ensure a balanced budget.

## 8.0 Financial Risks

The forecasts provided above are based on information currently available. The Covid-19 pandemic has had a significant impact on the councils financial position; increased and additional costs, loss of income, the ability to achieve savings offset by some small savings from Services that are not being fully delivered.

Fluctuations in forecasts are to be expected throughout the year as the current situation develops and further updates will be brought to Council as required.

## 9.0 Housing Revenue Account (HRA)

### 9.1 Revenue

The HRA Revenue account is forecasting a surplus of £(6.480)m which is £(1.307)m above the budgeted surplus. **Appendix 4** provides details of the forecasted spend to 31<sup>st</sup> March 2021 with details of variances in **Appendix 5**.

Arrears and rental income is being closely monitored for any further impact on the expected surplus.

### **9.3 Capital**

9.4 The HRA Capital Programme is forecast to underspend by £(2.110)m against a budget of £8.665m inclusive of carry forwards from 2019/20.

9.5 The underspends and main programme updates are as follows (still subject to further Covid restrictions and engagement with tenant base as any localised lockdown could significantly impact this outturn):

Roof and Render – works fully back on site and expect to be fully spent.

Alva Weir Muticon – Contractor taking forward two pilot homes, this will require a report to council for further governance to complete the remaining homes.

Window Replacement - the Contractor has confirmed they can supply an additional two teams to work towards installing the majority of windows in this years programme. This will half the timescale (subject to winter weather) for completion..

Fencing and gates – programme on site and expected to fully spend the budget.

Kitchen Replacement Programme – This programme has been suspended. The work is carried out by our own tradespeople. This means that at present an underspend of £(0.950)m is forecast which also impacts on the income achieved within the HRA revenue account

Asbestos Removal Works – The reduced amount of Electrical testing being undertaken this year will impact the ability to spend this budget.

Door entry spend is at risk, as procurement renewal required for new contract.

Travelling person site – report from March Council delayed, there will be a report to Council to ensure appropriate governance.

IT Infrastructure – A programme of desktop replacement and roll out of standard home working kit for 110 housing and property staff has been undertaken. The staff set up was completed by Monday 17<sup>th</sup> August to enable full blended working across housing and property. This means the staff are well placed to react to providing statutory obligations in the event of any localised shutdowns. To fund this programme a Virement of £50k from Project 10078 (Windows Replacement) was approved by Strategic Director and Section 95 officer in line with financial regulations.

9.6 **Appendix 6** provides details of the approved budgets and forecast on the HRA capital programme for the current year. This provides detail of the individual projects within the various asset management plans.

## 10.0 Conclusions

- 10.1 General Fund revenue spend is forecasting an overspend of £2.200m for the year to 31 March 2021.
- 10.2 The Clackmannanshire element of the H&SCP is forecasting an underspend of £(0.091)m for the year to 31 March 2021.
- 10.3 The Housing Revenue Account (HRA) revenue is forecasting a surplus over budget for the year of £(1.307)m to 31 March 2021.
- 10.4 The GF Capital programme is forecasting an underspend of £(1.956)m.
- 10.5 The HRA Capital programme is forecasting an underspend of £(2.110)m.
- 10.6 Of the £3.343m approved savings programme, as at 30 June 2020, 87.3% are forecast to be achieved.

## 11.0 Sustainability Implications

- 11.1 There are no direct environmental sustainability implications arising from this report.

## 12.0 Resource Implications

### 12.1 *Financial Details*

- 12.2 The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate. Yes ☒

- 12.3 Finance has been consulted and has agreed the financial implications as set out in the report. Yes ☒

### 12.4 *Staffing*

- 12.5 There are no direct staffing implications arising from this report.

## 13.0 Exempt Reports

- 13.1 Is this report exempt? Yes ☐ (please detail the reasons for exemption below) No ☒

## 14.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

- (1) **Our Priorities** (Please double click on the check box ☒)

Clackmannanshire will be attractive to businesses & people and ensure fair opportunities for all

☐

- Our families; children and young people will have the best possible start in life ☐
- Women and girls will be confident and aspirational, and achieve their full potential ☐
- Our communities will be resilient and empowered so that they can thrive and flourish ☐

**(2) Council Policies** (Please detail)

**15.0 Equalities Impact**

- 15.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?  
 Yes ☐ No ☒

**16.0 Legality**

- 16.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes ☒

**17.0 Appendices**

- 17.1 Please list any appendices attached to this report. If there are no appendices, please state "none".

Appendix 1 – Council Summary at August 2020

Appendix 2 – Summary Savings by Directorate at August 2020

Appendix 3 – HSCP Variances at August 2020

Appendix 4 – HRA Revenue Outturn at August 2020

Appendix 5 – HRA Variances at August 2020

Appendix 6 – HRA Capital Outturn at August 2020

Appendix 7- General Fund Capital Outturn at August 2020

## 18.0 Background Papers

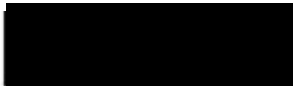
18.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

Yes ☐ (please list the documents below) No ☒

### Author(s)

NAME	DESIGNATION	TEL NO / EXTENSION
Elizabeth Hutcheon	Management Accountancy Team Leader	6214

### Approved by

NAME	DESIGNATION	SIGNATURE
Lindsay Sim	Chief Finance Officer	
Stuart Crickmar	Director of Partnership & Performance	

	<i>Annual Budget 2019/20 £'000</i>	<i>Forecast to March 2020 £'000</i>	<i>Variance Forecast to Budget £'000</i>
<b><u>Directorate</u></b>			
People	74,681	77,468	2,787
Place	18,300	18,154	(146)
Partnership & Performance	19,766	19,840	74
Corporate Services	6,502	6,006	(496)
	<u>119,248</u>	<u>121,468</u>	<u>2,220</u>
<b><u>Partnerships</u></b>			
Central Scotland Valuation	454	454	(0)
Health & Social Care Partnership	19,041	18,950	(91)
	<u>19,495</u>	<u>19,404</u>	<u>(91)</u>
<b><u>Sources of Funding</u></b>			
General Revenue Funding/Non-Domestic Rates	(113,160)	(113,160)	(0)
Council Tax	(23,763)	(23,763)	0
	<u>(136,923)</u>	<u>(136,923)</u>	<u>(0)</u>
Application of unapplied Capital receipt	(1,160)	(1,160)	(0)
Contribution from Earmarked Reserves	(660)	(660)	0
	<u>(138,743)</u>	<u>(138,742)</u>	<u>(0)</u>
Projected (Under)/Overspend	<u>(0)</u>	<u>2,129</u>	<u>2,129</u>



**Summary Savings 2020-21 by Directorate**  
**As at 31 August 2020**

APPENDIX 2

	Achieved/ Likely to be achieved	Amber	Red	Total Approved Savings
	£	£	£	£
<b>Total Achieved</b>				
<b>People</b>	1,314,323	31,000	0	1,345,323
				0
<b>Place</b>	951,109	0	236,000	1,187,109
				0
<b>Performance &amp; Partnerships</b>	652,674	158,000	0	810,674
<b>Total approved savings</b>	<b>2,918,106</b>	<b>189,000</b>	<b>236,000</b>	<b>3,343,106</b>
	87.3%	5.7%	7.1%	

Annual Budget 2020/21	Annual Budget 2020/21	Forecast to March 2021	Variance Forecast to Budget at August	Variance due to Covid	Variance due to Non Covid	Variance Forecast to Budget at June	Variance movement June to August	Narrative
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Employees</b>								Underspend across a range of services: including: Integrated Mental Health £(414k); Disability Day Care £(198k); Assessment & Care Management £(210k); Business Support £(145k). There is a forecast overspend at Menstrie House of £100k. A proposal to re-align budgets and direct resources to those areas under pressure is to be brought forward.
	8,501	7,634	(867)	0	(867)	(842)	(25)	
<b>Long Term Care</b>								
Nursing Homes								Nursing Home places fell by 30 at the start of the year but have now started to rise and now stand at around 160 as homes have re-opened to admissions. Savings will be offset by Relief Payments to Providers through the Mobilisation Fund.
	7,594	6,855	(740)	(740)	0	(1,034)	294	
Residential Homes	3,594	3,593	(1)	0	(1)	18	(19)	Overall numbers remain stable at around 60.
<b>Community Based Care</b>								
Care at Home								Current commitments have increased by 400 hours/week since the start of the year to stand at 10,700 hours/week.
	7,176	8,674	1,498	0	1,498	1,316	182	
Day Care	230	268	39	0	39	67	(28)	Day Care for approximately 42 service users of which 19 have complex needs.
Direct Payments	953	954	2	0	2	58	(56)	Numbers are stable with 70 service users receiving a direct payment.
Housing Aids and Adaptations	159	164	5	0	5	5	0	Demand driven adaptations within private sector homes.
Housing with Care	163	278	115	0	115	115	(0)	This budget is for Supported Accommodation provided by external organisations
Respite	129	87	(42)	0	(42)	(76)	34	Costs for respite have increased since June as Respite plans for the year are confirmed.
<b>Misc. Third Party Payments</b>								This heading covers various payments to other agencies including other local authorities, registration fees and payments to voluntary organisations. The underspend relates to growth funding awarded in the 2020/21 budget that is to be allocated. A report will go to IJB to realign budgets
	1,771	1,160	(610)	0	(610)	(610)	(0)	
<b>Supplies and Services</b>								
Supplies and Services								This heading includes equipment, house adaptations, food and insurance, postage, printing and administration. The forecast over spend relates to increased levels of spend on equipment servicing and maintenance £(17k) Insurance, £(18k) and Office Costs £(26k).
	372	433	61	0	61	61	0	
Premises Expenditure	11	25	13	0	13	13	0	The budget covers cleaning materials within operational buildings.
Transport Expenditure	48	43	(5)	(5)	0	(5)	(0)	Travel costs are forecast to underspend as a result of reduced amounts of travel in the first quarter.
<b>Income</b>								
Income								Income forecast is less than budget this year as a result of a reduced level of client contributions. This is as a result of less people being in long term care (Covid related).
	(4,390)	(3,958)	432	432	0	427	5	
Resource Transfer (Health)	(7,271)	(7,262)	9	0	9	9	0	Includes Income from NHS, integration funding and contributions for complex care.
<b>Total</b>	<b>19,040</b>	<b>18,950</b>	<b>(91)</b>	<b>(312)</b>	<b>222</b>	<b>(478)</b>	<b>387</b>	

<i>Description</i>	<i>Annual Budget for 2020/21 £'000</i>	<i>Annual Forecast for 2020-21 £'000</i>	<i>Variance Forecast v Budget £'000</i>
Chief Officers Gross Salaries	23,968	23,968	0
Chief Officers Employers Superann	5,273	5,393	120
Chief Officers Employers NIC	2,996	3,001	5
Single Status Gross Salaries	5,748,751	5,209,524	(539,227)
Single Status Employers Superann	1,299,170	1,121,264	(177,906)
Single Status Employers NIC	543,758	548,304	4,546
Single Status Overtime	260,000	388,571	128,571
Single Status Sick Pay	0	9,288	9,288
Long Service Awards	2,350	2,350	0
Childcare Vouchers Admin Costs	2,160	108	(2,052)
Employee Management Costs	3,000	3,000	(0)
Staff Training	88,000	36,700	(51,300)
<b>Employee Related Expenditure Total</b>	<b>7,979,426</b>	<b>7,351,471</b>	<b>(627,955)</b>
<b>Premises Related Expenditure</b>			
Annual Maintenance External Providers	300,000	300,000	0
Cleaning & Hygiene Materials	1,500	1,500	(0)
Gas	6,000	6,000	0
Electricity	20,000	18,350	(1,650)
Void Rent Loss	450,000	436,500	(13,500)
Non Domestic Rates	3,000	16,766	13,766
Council Tax	10,000	17,120	7,120
Property Insurance	203,000	182,640	(20,360)
Bad Debt Provision	400,000	515,000	115,000
Building Costs - Recharges Internal	103,000	103,000	(0)
Land Services - Internal Recharges	50,000	35,000	(15,000)
<b>Premises Related Expenditure Total</b>	<b>1,546,500</b>	<b>1,631,876</b>	<b>85,376</b>
<b>Transport Related Expenditure</b>			
Short Term Vehicle Hire	4,000	4,000	(0)
Staff Travel Mileage Expenses	23,500	5,805	(17,695)
Vehicles - Maintenance Recharges	345,000	315,900	(29,100)
<b>Transport Related Expenditure Total</b>	<b>372,500</b>	<b>325,705</b>	<b>(46,795)</b>
<b>Supplies and Services</b>			
Purchase Of Equipment	23,070	21,500	(1,570)
Purchase Of Furniture	500	21,000	20,500
Storage & Removal Charges	2,000	0	(2,000)
Materials (issued from Stock)	830,000	600,000	(230,000)
Materials - Direct purchases from suppliers	750,000	322,030	(427,970)
General Consumables (small items)	35,500	35,500	0
Equipment Maintenance	10,000	23,000	13,000
Equipment Rental/Leasing	20,000	20,000	(0)
Scaffold Hire	50,000	75,000	25,000
Medical Supplies	1,100	100	(1,000)
Hospitality	100	0	(100)
Uniforms & Clothing	6,280	5,500	(780)
Office Equipment - Purchases	3,650	150	(3,500)
Printing & Photocopying	7,800	4,750	(3,050)
Stationery	6,260	6,810	550
Publications	500	0	(500)
Insurance	32,120	32,265	145
Professional Fees	52,150	43,000	(9,150)

Description	Annual Budget for 2020/21	Annual Forecast for 2020-21	Variance Forecast v Budget
	£'000	£'000	£'000
Performing Rights	300	0	(300)
Postages	8,000	3,200	(4,800)
Legal Expenses	32,000	11,869	(20,131)
Subscriptions	20,600	12,500	(8,100)
Telephones	150	150	0
Mobile Telephones	33,810	20,950	(12,860)
Computer Hardware Purchase	53,400	53,466	66
Computer Software Purchase	150,000	102,175	(47,825)
Computer Software Maint.	32,000	80,190	48,190
<b>Supplies and Services Total</b>	<b>2,161,290</b>	<b>1,495,105</b>	<b>(666,185)</b>
<b>Third Party Payments</b>			
Other Council Accounts	552,620	530,700	(21,920)
Voluntary Organisations Payment	67,730	29,400	(38,330)
Payments To Contractors	98,200	53,700	(44,500)
Payment To Subcontractor	525,000	425,000	(100,000)
Payments To Individuals	0	100,000	100,000
<b>Third Party Payments Total</b>	<b>1,243,550</b>	<b>1,138,800</b>	<b>(104,750)</b>
<b>Support Services</b>			
Central Support Allocation	1,204,000	1,204,000	0
<b>Support Services Total</b>	<b>1,204,000</b>	<b>1,204,000</b>	<b>0</b>
<b>Capital Financing Costs</b>			
Loans Fund Interest	1,196,050	1,154,614	(41,436)
Debt Management Expenses	23,370	22,263	(1,107)
Principal Repayments	768,410	596,410	(172,000)
<b>Capital Financing Costs Total</b>	<b>1,987,830</b>	<b>1,773,287</b>	<b>(214,542)</b>
<b>Total Gross Expenditure</b>	<b>16,495,096</b>	<b>14,920,243</b>	<b>(1,574,853)</b>
<b>Income</b>			
Charges for Services Standard VAT	(61,400)	(10,500)	50,900
Other Income	(5,740)	(228)	5,512
Housing Rents	(19,840,760)	(19,840,630)	130
General Rents	(62,350)	(65,000)	(2,650)
Interest(Revenue Balance)	(47,580)	(7,000)	40,580
Internal Trading Contract	(1,650,000)	(1,477,000)	173,000
<b>Income Total</b>	<b>(21,667,830)</b>	<b>(21,400,358)</b>	<b>267,472</b>
<b>Net Expenditure</b>	<b>(5,172,734)</b>	<b>(6,480,114)</b>	<b>(1,307,380)</b>

Place Division  
HRA Variances and movement at 31st August 2020

Appendix 5

<i>Housing Revenue Account</i>	<i>Annual Budget 2020/21</i>	<i>Forecast to March 20210</i>	<i>Variance Forecast to Budget at August</i>	<i>Variance Forecast to Budget at June</i>	<i>Variance movement June to August</i>	<i>Narrative</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	
Employee expenditure	7,979	7,351	(628)	(532)	(96)	Vacant posts within the budget have been forecast to remain so for the rest of the year. Examination of the training that can safely be delivered has reduced the forecast along with savings in Tenancy team & Repairs centre.
Premises expenditure	1,547	1,632	85	158	(72)	Bad debt provision forecast to be overspent based on last year's actual and this years circumstances. The current level of void houses is low leading to a reduced rent loss along with work undertaken by internal services.
Transport expenditure	373	326	(47)	(31)	(16)	Forecast at present to underspend even with the requirement for more vehicles to ensure safe methods of travel. Reduced staff travel costs is now being forecast.
Supplies and Servcies	2,161	1,495	(666)	(11)	(655)	There has been a significant reduction on the forecast expenditure on direct materials and stock within the repairs service. Covid has resulted in a complete appraisal of safe working practices and the subsequent reduction on jobs carried out has resulted in the decrease.
Third Party Payments	1,244	1,139	(105)	(20)	(84)	The reliance on sub contractors has fallen by £100,000 which has been replaced by support for tenants impacted by covid. The reduction from June is in relation to the delay in taking forward the tenant participation work again covid related.
Support services	1,204	1,204	0	0	0	
Capital financing costs	1,988	1,773	(215)	(43)	(172)	Reduced interest costs as borrowing significantly less than originally anticipated.
<b>Total Gross Expenditure</b>	<b>16,495</b>	<b>14,920</b>	<b>(1,575)</b>	<b>(480)</b>	<b>(1,095)</b>	
Income	(21,668)	(21,400)	267	258	9	The Service is still unable to carry out the replacement kitchen programme safely but has replaced some of this shortfall with work done on the learning estate.
<b>Total Net Expenditure</b>	<b>(5,173)</b>	<b>(6,480)</b>	<b>(1,307)</b>	<b>(222)</b>	<b>(1,086)</b>	

	Project Code	20-21 Net Budget	Gross Expenditure to 31/08/20	Income to 31/08/20	Net Expenditure to 31/08/20	Forecast as at 31/08/20	Forecast to Budget Variance	June Forecast	Movement from June Forecast	Comment	C/F to 2021-22
Housing Capital Programme 2020-21 Period to August 2020											
SCOTTISH HOUSING QUALITY STANDARD											
TACKLING SERIOUS DISREPAIR											
PRIMARY BUILDING ELEMENTS											
Structural Works											
Structural Upgrades	10192	170,000			0	200,000	30,000	170,000	30,000	Significant work required on retaining walls in Sauchie	
Asbestos Testing for Council Houses	10071	15,000	886		886	15,000	0	15,000	0		
Asbestos Removal Works for Council Houses	10072	65,000	4,743		4,743	30,000	(35,000)	30,000	0	Less internal evasive work reduces discovery of asbestos	
Structural Works		250,000	5,629	0	5,629	245,000	(5,000)	215,000	30,000		
SECONDARY BUILDING ELEMENTS											
Damp/Rot											
Damp & Rot Works	10074	120,000	187		187	120,000	0	120,000	0	Projects identified with contractor	
Damp/Rot		120,000	187	0	187	120,000	0	120,000	0		
Roofs / Rainwater / External Walls											
Roof & Render Upgrading Works	10196	1,000,000	1,503	0	1,503	1,000,000	0	1,000,000	0	Programme of work started with follow on identified. Contractor resourced up to deliver.	
Roofs / Rainwater / External Walls		1,000,000	1,503	0	1,503	1,000,000	0	1,000,000	0		
Windows											
Window Replacement	10078	1,310,000			0	1,310,000	0	1,310,000	0	Up & running at £140,000 a month now working well	
Windows		1,310,000	0	0	0	1,310,000	0	1,310,000	0		
		2,430,000	1,690	0	1,690	2,430,000	0	2,430,000	0		
ENERGY EFFICIENCY											
Central Heating - Design and Installation 2019-22	10193	300,000	50,222		50,222	300,000	0	300,000	0	PH Jones to meet EESH target dec 20 and upgrading voids as required	
Weir Multicon Upgrade 2018-2020	10178	750,000	585		585	750,000	0	750,000	0	Report to Council following assessment of pilot houses.	
Full/Efficient Central Heating		1,050,000	50,807	0	50,807	1,050,000	0	1,050,000	0		
MODERN FACILITIES & SERVICES											
Kitchen Renewal											
Kitchen Replacement 2017-20	10158	1,050,000	600		600	100,000	(950,000)	500,000	(400,000)	Impact of Covid and requirement of multi-trades reduces expenditure to voids.	
Kitchen Renewal		1,050,000	600	0	600	100,000	(950,000)	500,000	(400,000)		
Bathrooms											
2016-20 Bathroom Replacements PCU Team	10141	50,000	9,655		9,655	50,000	0	50,000	0		
Bathrooms		50,000	9,655	0	9,655	50,000	0	50,000	0		
		1,100,000	10,255	0	10,255	150,000	(950,000)	550,000	(400,000)		
HEALTHY, SAFE & SECURE											
Safe Electrical Systems / CO Detectors											
Safe Electrical systems 2018-22	10171	1,200,000	24,370		24,370	1,200,000	0	1,200,000	0	Deadline now May 21 for Tolerable Standard Compliance will require using our own resources in voids. EESH compliance remains a priority.	
Safe Electrical Systems		1,200,000	24,370	0	24,370	1,200,000	0	1,200,000	0		
Communal Areas (Environmentals)											
External Works : Fencing, Gates, Paths	10090	180,000			0	180,000	0	180,000	0	Procurement in progress with work identified. The issues with joint owners remain with blocks identified.	
Door Entry Upgrade Term Contract 2016-20	10160	200,000			0	100,000	(100,000)	200,000	(100,000)		
Communal Areas (Environmentals)		380,000	0	0	0	280,000	(100,000)	380,000	(100,000)		
		1,580,000	24,370	0	24,370	1,480,000	(100,000)	1,580,000	(100,000)		
NON-SHS ELEMENTS											
PARTICULAR NEEDS HOUSING (CITC)											
Conversions & Upgradings											
Conversions & Upgradings	10092	50,000			0	75,000	25,000	50,000	25,000	Increased costs of disabled extension with social services	
Conversions & Upgradings		50,000	0	0	0	75,000	25,000	50,000	25,000		
Disabled Adaptations											
Aids & Adaptations 2017-20	10161	100,000			0	20,000	(80,000)	100,000	(80,000)	Backlog of work but difficult in current circumstances due to trades risk	
Disabled Adaptations		100,000	0	0	0	20,000	(80,000)	100,000	(80,000)		
Environmental Improvements											
HRA Roads & Footpaths Improvements	10099	100,000			0	100,000	0	100,000	0	Capacity within the Council unable to deliver projects at current time.	
MCB Tenant Community Improvement Fund	10100	200,000	2,021		2,021	200,000	(100,000)	200,000	(100,000)		
Environmental Improvements		300,000	2,021	0	2,021	200,000	(100,000)	300,000	(100,000)		
		450,000	2,021	0	2,021	295,000	(155,000)	450,000	(155,000)		
Council New Build Housing											
Off The Shelf Purchase	10105	1,000,000	109,571		109,571	250,000	(750,000)	1,000,000	(750,000)	Current market conditions and availability of suitable properties will reduce expenditure.	
Council New Build Housing		1,000,000	109,571	0	109,571	250,000	(750,000)	1,000,000	(750,000)		
		1,000,000	109,571	0	109,571	250,000	(750,000)	1,000,000	(750,000)		
OTHER											
Other Costs / HBMS											
Construction Design Management	10143	20,000			0	20,000	0	20,000	0	Progressing to procurement for replacement system with schedule in place for development.	
Computer Equipment - New (HBMS)	10111	225,000			0	225,000	0	225,000	0	Procurement of contract in progress.	
Lock Up Strategy	10185	100,000			0	100,000	0	100,000	0	Recent Scottish government announcements may mean that the general fund could claim grant income for this project.	
Westthugh Travelling Site - Alva	10186	240,000			0	240,000	0	240,000	0		
IT Infrastructure - Clacks IT	10188	70,000	71,816		71,816	70,000	0	70,000	0		
Demolitions	10200	150,000			0	0	(150,000)	150,000	(150,000)	Process on hold but master plan being worked on.	
Other Costs / HBMS		805,000	71,816	0	71,816	655,000	(150,000)	805,000	(150,000)		
TOTAL CAPITAL EXPENDITURE		8,665,000	276,158	0	276,158	6,555,000	(2,110,000)	8,080,000	(1,525,000)		
Sale of Council Property											
Sale of Council Land	10148	0			0	0	0	0	0		
Sale of Council Property		0	0	0	0	0	0	0	0		
NET EXPENDITURE		8,665,000	276,158	0	276,158	6,555,000	(2,110,000)	8,080,000	(1,525,000)		0

# Projects Outturn for August Outturn

Actuals to 26th October 2020

Appendix 7

Project ID	Director	Project Manager	Project Manager 2	Project ID Description	Cluster Description	Revised Budget Oct 2020	Expenditure	Total Expenditure	Income	Projected Spend	Projected (Under)/Over spend	Comments
						£	£	£	£	£	£	
<b>Community Investment Strategy</b>												
<b>All Clackmannanshire Areas</b>												
10042	SCRICKMAR	CJARVIE		Community Investment Grants	All Clackmannanshire Areas	103,094	12,376	12,376	-	40,000	- 63,094	Forecasted spend less than budget due to availability of contractors to quote and complete works within year.
10156	PLEONARD			City Region Deal	All Clackmannanshire Areas	500,000		-		-	500,000	progress depedent on 3rd parties - unlikely to be spent this year - to be carried forward to 21/22
10209	PLEONARD			City Region Deal - RPMO	All Clackmannanshire Areas	100,000		-		100,000	-	
	PLEONARD			City Region Deal - SIEC	All Clackmannanshire Areas	100,000		-		-	100,000	will likely be spent in 21/22, progress depedent on 3rd party - to support new building set up
10174	LSANDA	TDOCHERTY		Fitness Suite Replacement	All Clackmannanshire Areas	12,000		12,000	-	12,000	-	Expected to spend on budget
					<b>Total All Clackmannanshire Areas</b>	<b>815,094</b>	<b>12,376</b>	<b>24,376</b>	<b>-</b>	<b>152,000</b>	<b>- 663,094</b>	
<b>Alloa Cluster</b>												
10000		JALLAN		Schools ICT Replacement - Alloa	Alloa Cluster	41,000	3,729	3,729	-	40,759	- 241	Upgraded Cyber Security tools (Vipre) £3.6K & Video Card 49.47. Hardware refresh at Sunnyside Primary. Alloa Academy PE Windows 7 PC to replace and staff laptops replaced.
10003		TCARMAN		CCTV Equipment	Alloa Cluster	-	500	500	-	500	500	
10005	PLEONARD			Park, Play Area & Open Space Improvements - Alloa	Alloa Cluster	50,000	10,323	10,323	-	50,000	-	All play park projects are safety related and aimed at reducing maintenance costs, underway and committed.
10006	PLEONARD	MHILARION		Park Primary School - School Development	Alloa Cluster	1,586,124	136,238	529,969	-	1,586,124	-	DBDA Being Worked on. Prep work commenced at October School Holidays.
10007		JALLAN		School Interactive Display Replacement - Alloa	Alloa Cluster	139,930	128,537	137,844	-	137,844	- 2,086	Contingency for new whiteboard required before end of financial year.
10008	PLEONARD	MHILARION		Heritage Improvements	Alloa Cluster	23,590		-		23,590	-	Work being scoped out at Cemetry boundary wall at Greenside Street
10010	SCRICKMAR	L THOMSON	L ROBERTSON	Kilncraigs BPRA	Alloa Cluster	4,900,000		-		4,900,000	-	Payment made to offset investment and to conclude lease and loan arrangement
				Kilncraigs Roof	Alloa Cluster	50,000		-		50,000	-	Job being procured through Hubco
10169				Kelliebank Depot Improvements	Alloa Cluster	24,564		-		24,564	-	Work Programmed for November / December 2020
		JALLAN		Alloa Academy	Alloa Cluster	100,000		-		96,000	- 4,000	VM Ware licencing and 4 blade servers
				St Mungos Primary	Alloa Cluster	150,000		-		150,000	-	Awaiting options appraisal for approval by Council.
				Coalsnaughton Primary School	Alloa Cluster	10,000		-		10,000	-	Budget agreed for feasibility work/ Options Appraisals - Currently engaging with Hubco
10183	PLEONARD	SWALKER		Forthbank Recycling Centre Improvements	Alloa Cluster	148,141	7,361	11,996	-	148,141	-	HWRC Design Complete essential works will be complete by Year end
					<b>Total Alloa Cluster</b>	<b>7,223,349</b>	<b>286,688</b>	<b>694,361</b>	<b>-</b>	<b>7,217,522</b>	<b>- 5,827</b>	
<b>Hillfoots Cluster</b>												
10029	PLEONARD	SWALKER		Street Lighting Improvements - Tillicoultry & Alva	Hillfoots Cluster	-		914	-	-	-	Coding error has now been moved
10031		JALLAN		Schools ICT Replacement - Alva Academy	Hillfoots Cluster	50,276	7,338	7,338	-	50,276	-	Upgraded Cyber Security tools (Vipre) £3.6K + 88 monitors £3.5K
10032	PLEONARD	MHILARION		Alva Community Campus/Localty Hub/Primary School	Hillfoots Cluster	50,000		9,573	-	50,000	-	Awaiting Options / Appraisals - Engaging with Hubco
10034	PLEONARD			Hillfoots Glen - Upgrading - Alva	Hillfoots Cluster	-		1,330	-	-	-	
10035		JALLAN		School Interactive Display Replacement - Alva	Hillfoots Cluster	138,930	128,537	137,844	-	137,843	- 1,087	Contingency for new whiteboard required before end of financial year.

Project ID	Director	Project Manager	Project Manager 2	Project ID Description	Cluster Description	Revised Budget Oct 2020	Expenditure	Total Expenditure	Income	Projected Spend	Projected (Under)/Over spend	Comments
						£	£	£	£	£	£	
				Village and Small Town - Dollar	Hillfoots Cluster	25,617		-		-	25,617	Changing rooms -Carry forward to 21/22
10119	PLEONARD	MHILARION		Strathdevon Primary School	Hillfoots Cluster	29,750		-		29,750	-	Heating Replacment Programmed 20-21 -
10121	PLEONARD	MHILARION		Menstrie Primary School - School Development	Hillfoots Cluster	-	25,656	191,076	-	191,076	191,076	Work instructed at Menstrie Primary as part of Early Years Programme. Spend relates to retention due 20-21. Overspend can be potentially funded through underspends at Tillicoultry Primary or at Tullibody South
10124				Tillicoultry Primary School - School Development	Hillfoots Cluster	100,000		-		100,000	-	Heating Upgrade Programmed
		J ALLAN		Alva Academy	Hillfoots Cluster	50,000		-		50,000	-	Work programmed through AMEY contract
10140	PLEONARD			Village and Small Town - Alva	Hillfoots Cluster	325,000	26,846	47,123	-	325,000	-	This contract will start in January 2020; it will run for 45 weeks; the majority of the funding will come from Sustrans and CWSR. Will have to agree with Sustrans how much of their money we need to claim in 2020/21. This will determine when Council allocation is released.
					<b>Total Hillfoots Cluster</b>	<b>769,573</b>	<b>188,377</b>	<b>395,198</b>	<b>-</b>	<b>933,945</b>	<b>164,372</b>	
<b>Lornshill Cluster</b>												
10011		JALLAN		Schools ICT Replacement - Lornshill	Lornshill Cluster	48,346	8,696	8,696	-	47,196	- 1,150	Upgraded Cyber Security tools (Vipre), Monitor upgrades £22.5K, Blade Servers £16K
10014	PLEONARD	MHILARION		Craigbank Primary School Refurbishment	Lornshill Cluster	48,000	19,071	51,678	-	43,167	- 4,833	Retentions from Early Years Contract
10015	PLEONARD	AMURRAY		Safer Routes to School	Lornshill Cluster	155,000	270,292	382,169	-	155,000	-	SUSTRANS - Project complete
10017	PLEONARD	MHILARION		School Estate - Tullibody South Campus	Lornshill Cluster	1,650,000	437,781	1,124,076	-	810,000	- 840,000	Projecting Underspend in terms of agreed budget based on recent update with contractor. Underspend to be used to fund other Early Years work
10019		JALLAN		Network Infrastructure Improvement	Lornshill Cluster	-	7,709	7,709	-	7,709	7,709	
10020		JALLAN		School Interactive Display Replacement - Lornshill	Lornshill Cluster	139,941	128,537	137,844	-	137,843	- 2,098	Contingency for new whiteboard required before end of financial year.
10024	PLEONARD	MHILARION		Clackmannan Primary School Refurbishment/Locality Hub	Lornshill Cluster	10,000	17,954	48,861	-	29,002	19,002	This was retention from Previous Early Years Work to be funded via underspends at Tillicoultry Primary and Tullibody South
10043	PLEONARD	MHILARION		Lochies Primary School - School Development	Lornshill Cluster	39,530		-		10,000	- 29,530	Feasibility study, works will be carried out in future year, carry forward balance
10125	PLEONARD	MHILARION		Banchory Primary School	Lornshill Cluster	58,412		-		58,412	-	Heating Upgrade and Associated Works Instructed.
10164				Clackmannan CAP	Lornshill Cluster	93,000		-		-	- 93,000	Community Asset Transfer - cfwd if not concluded 20/21
		JALLAN		Lornshill Academy	Lornshill Cluster	50,000		-		48,000	- 2,000	VM Ware licencing and 2 blade servers
10149	PLEONARD			Environmental Monies - Clackmannanshire Regeneration	Lornshill Cluster	854,475	25,220	155,163	-	854,475	-	
					<b>Total Lornshill Cluster</b>	<b>3,146,704</b>	<b>915,260</b>	<b>1,916,196</b>	<b>-</b>	<b>2,200,804</b>	<b>- 945,900</b>	
					<b>Total Community Investment Strategy</b>	<b>11,954,720</b>	<b>1,402,701</b>	<b>3,030,131</b>	<b>-</b>	<b>10,504,272</b>	<b>- 1,450,448</b>	
<b>Fleet Asset Management Strategy</b>												
10062		KPHILIBEN		Vehicle Replacement	Fleet Asset Management Strategy	1,997,741	850,477	1,418,405	-	1,997,742	1	Fleet replacement budget fully earmarked, no under or overspend foreseen at this point in time but may be impacted by any delays in supplier delivery.
					<b>Total Fleet Asset Management Strategy</b>	<b>1,997,741</b>	<b>850,477</b>	<b>1,418,405</b>	<b>-</b>	<b>1,997,742</b>	<b>1</b>	
<b>IT Asset Management Strategy</b>												
10064		JALLAN		IT Infrastructure	IT Asset Management Strategy	144,000	42,583	44,774	-	142,277	- 1,723	Upgraded wireless network. & VM Ware licencing



[illegible]

Project ID	Director	Project Manager	Project Manager 2	Project ID Description	Cluster Description	Revised Budget Oct 2020	Expenditure	Total Expenditure	Income	Projected Spend	Projected (Under)/Over spend	Comments
						£	£	£	£	£	£	
10050	AMURRAY			Cycle Routes	Road Asset Management Strategy	337,309	8,273	15,299	-	337,309	-	All committed
10051	SWALKER			Carriageways - Road Improvements	Road Asset Management Strategy	1,894,000	896,462	1,025,833	-	1,894,000	-	Essential Capital Investment committed all schemes programmed and underway
10054	AMURRAY			Bridge Improvements	Road Asset Management Strategy	50,000	-	7,431	-	50,000	-	Projects at tender stage
10055	AMURRAY			Road Safety (CWSS)	Road Asset Management Strategy	-	102	28,541	-	-	-	This project is funded by CWSR income from Scot Govt / Transport Scotland. Claim is made in April 2021
10056	SWALKER			Lighting Replacement	Road Asset Management Strategy	250,000	49,007	85,719	-	250,000	-	Essential Capital Investment committed, all schemes programmed and underway
NEW				Roads Management System	Road Asset Management Strategy	10,000	-	-	-	10,000	-	Essential IT replacement, procurement progressed, await award
10172	AMURRAY			Parking Management Scheme	Road Asset Management Strategy	100,000	-	2,880	-	5,000	- 95,000	Project delayed due to COVID, carry forward to 21-22
					<b>Total Road Asset Management Strategy</b>	<b>2,806,723</b>	<b>955,327</b>	<b>1,197,287</b>	<b>-</b>	<b>2,711,723</b>	<b>- 95,000</b>	
					<b>Total Roads Asset Management Strategy</b>	<b>2,827,538</b>	<b>958,690</b>	<b>1,327,076</b>	<b>-</b>	<b>2,732,538</b>	<b>- 95,000</b>	
					<b>Total Capital Programme</b>	<b>20,459,511</b>	<b>3,379,579</b>	<b>6,012,525</b>	<b>-</b>	<b>18,504,620</b>	<b>- 1,954,891</b>	
<b>Capital Project Funding</b>												
				Government Grant		- 4,328,000			-	4,328,000	-	
				Specific Government Grant - CWSS		- 226,000			-	225,000	1,000	CWSR Grant is £225,000 for 2020/21.
				ELC		- 1,300,000			-	1,300,000	-	Various projects
				Clackmannan Regeneration		- 606,318			-	606,318	-	Project 10149
				Regeneration Funding Bowmar		- 550,000			-	550,000	-	Grant funding awarded 20-21 project 10208
				Town Centre Regeneration Fund		- 621,118			-	621,118	-	Project 10191
				Education Digital Devices		- 192,304			-	192,304	-	Project 10202
					<b>Total Capital Funding</b>	<b>- 7,823,740</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,822,740</b>	<b>1,000</b>	
					<b>Net Capital Programme</b>	<b>12,635,771</b>	<b>3,379,579</b>	<b>6,012,525</b>	<b>-</b>	<b>10,681,880</b>	<b>- 1,953,891</b>	

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**Report to: Audit Committee**

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**Date of Meeting: 03 December 2020**

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**Subject: Internal Audit Update Report**

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**Report by: Internal Audit Manager**

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## **1.0 Purpose**

- 1.1. This report provides an update on 2020/21 Internal Audit work.

## **2.0 Recommendations**

- 2.1 It is recommended that the Committee notes:
- progress with completing planned 2020/21 Internal Audit work; and
  - the outcomes of COVID-19 specific Internal Audit work.

## **3.0 Considerations**

- 3.1 The 2020/21 Internal Audit Plan is included elsewhere on this Agenda. It is presented as indicative and flexible, given that priorities, resource, and Directorate capacity have, and will continue to, fluctuate and change as a result of COVID-19. A summary of progress with planned work is set out at Appendix 1.
- 3.2 Since the beginning of lockdown in March, there have been a number of national reports from various sources in relation to the impact COVID-19 has had on the way public bodies operate, the impact of new ways of working on the internal control environment, and the heightened risk of fraud. A good example of this is the '[COVID-19: Emerging Fraud Risks](#)' report issued by Audit Scotland on 23 July.
- 3.3 Audit Scotland highlight how the risk of fraud and error has increased as organisations become stretched, and as controls and governance arrangements change. It points out that these risks are emerging for a range of reasons including:
- public-sector staff working remotely and under extreme pressure;
  - an increase in phishing emails and scams which try to get staff to click on links which allow fraudsters to access public-sector systems; and

- government stimulus packages to support individuals and businesses being provided quickly, possibly with a lower level of scrutiny and due diligence than has previously been in place for similar schemes.
- 3.4 This, and similar reports (from organisations such as Police Scotland, the National Anti Fraud Network, Scottish Government, and the Scottish Local Authorities Investigators Group) has helped to inform the targeting of Internal Audit resource to areas of high risk.
- 3.5 On that basis, Internal Audit have undertaken assurance work in the following areas, with more detail on each of these (along with finalised 2020/21 Planned work) set out at Appendix 2:
- Business Support Fund (BSF) Grant administration; and
  - Newly Self Employed Hardship Fund (NSEHF) administration.
- 3.6 In addition, work is ongoing in relation to COVID-19 related transactional testing on goods, services, and expenses.
- 3.7 Over the remainder of 2020/21 Internal Audit will continue to progress the programme of work set out at Appendix 1. As previously advised, however, this is subject to change, and resource will be directed to where it adds most value.

#### **4.0 Sustainability Implications**

- 4.1. None Noted.

#### **5.0 Resource Implications**

##### *5.1. Financial Details*

- 5.2. The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate. Yes ☐

- 5.3. Finance have been consulted and have agreed the financial implications as set out in the report. Yes ☐

##### *5.4. Staffing*

#### **6.0 Exempt Reports**

- 6.1. Is this report exempt? Yes ☐ (please detail the reasons for exemption below) No ☐

#### **7.0 Declarations**

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

- (1) **Our Priorities** (Please double click on the check box ☒)

Clackmannanshire will be attractive to businesses & people and ensure fair opportunities for all ☐

Our families; children and young people will have the best possible start in life ☐

Women and girls will be confident and aspirational, and achieve their full potential ☐

Our communities will be resilient and empowered so that they can thrive and flourish ☐

(2) **Council Policies** (Please detail)

**8.0 Equalities Impact**

8.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?

Yes ☐ No ☐

**9.0 Legality**

9.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes ☐

**10.0 Appendices**

10.1 Please list any appendices attached to this report. If there are no appendices, please state "none".

- Appendix 1: Internal Audit Plan – Progress at 26 October 2020
- Appendix 2: Summary of COVID-19 Related Work

**11.0 Background Papers**

11.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

Yes ☐ (please list the documents below) No ☐

**Author(s)**

NAME	DESIGNATION	TEL NO / EXTENSION
Gordon O'Connor	Internal Audit Manager	07872 048 030

**Approved by**

NAME	DESIGNATION	SIGNATURE
Stuart Crickmar	Strategic Director Partnership and Performance	

## INTERNAL AUDIT PLAN 2020/21 – PROGRESS AT 26 OCTOBER 2020

	Client / Directorate	Assignment	Status
<b>Other Client Work</b>			
1.	Central Scotland Valuation Joint Board	Valuation Process	<b>Fieldwork Underway</b>
2.	Clacks and Stirling IJB	To Be Confirmed	Not Started – Timing TBC
<b>Annually Recurring Assignments</b>			
3.	All Directorates	National Fraud Initiative	<b>Ongoing</b>
4.	All Directorates	Continuous Auditing	<b>Ongoing</b>
5.	Place	Climate Change Act Public Body Duties Audit	<b>Fieldwork Underway</b>
<b>Priority Assignments</b>			
6.	Partnerships and Performance / All Directorates	Staff Wellbeing and Support Arrangements	Not Started – 4 <sup>th</sup> quarter 2020/21
7.	All Directorates	Contract Management and Monitoring	<b>Fieldwork Underway</b>
8.	Partnerships and Performance / All Directorates	Capital Planning and Expenditure Monitoring	Not Started – 4 <sup>th</sup> quarter 2020/21
9.	Partnerships and Performance / All Directorates	Corporate Risk Management Arrangements	<b>Fieldwork Underway</b>
<b>Indicative Assignments</b>			
10.	Partnerships and Performance	IT and Information Security Governance	Not Started – Timing TBC
11.	Place / All Directorates	Operational Fleet – Management and Monitoring	Not Started – Timing TBC
12.	All Directorates	Savings Tracking	Not Started – Timing TBC
13.	People	Education Placement Requests	Not Started – Timing TBC

## SUMMARY OF COVID-19 RELATED WORK

Assignment	Directorate	Assurance
<b>Business Support Fund (BSF) Grant administration</b>	Partnerships and Performance	<b>Substantial</b>
Scope	Final Report Executive Summary	
<p>Clackmannanshire Council approved 665 grant applications, resulting in expenditure of c£7.2m.</p> <p>We reviewed the action taken to assess a sample of 31 grant applications, and the validity of the decisions reached by the Assessing Officers on each occasion.</p>	<p>Comprehensive documentation was held to support the decisions reached by the Assessing Officers for each application in our sample, with robust measures also found to be in place to facilitate the applications assessment and grant payment processes. Appropriate segregation of duties were in place.</p> <p>Our post payment transactional testing involved:</p> <ul style="list-style-type: none"> <li>• getting an overview of the grant application and award process from the staff involved;</li> <li>• ensuring that the Council's log of applications could be reconciled to the information provided on the monitoring return to the Scottish Government;</li> <li>• reviewing the Council's log of application to ensure that no duplicate or fraudulent applications had been processed; and</li> <li>• reviewing the completeness and accuracy of the supporting documentation for a sample of transactions to ensure that: <ul style="list-style-type: none"> <li>• a completed application form had been received;</li> <li>• sufficient documentation was submitted along with the application;</li> <li>• the payee information on the payment file (that is uploaded onto Techone) was accurate; and</li> <li>• no other COVID-19 related support had been received.</li> </ul> </li> </ul> <p>From reviewing the log of applications we also confirmed:</p> <ul style="list-style-type: none"> <li>• the log could be reconciled to the information on the monitoring returns;</li> <li>• no duplicate applications had been processed; and</li> <li>• no payments had been made to bank accounts associated with potentially fraudulent BSF Grant applications that had been identified across Scottish Local Authorities.</li> </ul>	

Assignment	Directorate	Assurance
Newly Self Employed Hardship Fund (NSEHF) administration	Partnerships and Performance	Substantial
Scope	Final Report Executive Summary	
As at 21 July Clackmannanshire Council had awarded 45 NSEHF grants, totalling £90k.	<p>We reviewed a sample of 12 applications and confirmed that:</p> <ul style="list-style-type: none"> <li>• these had been processed accurately and that all required supporting documentation had been submitted; and</li> <li>• appropriate segregation of duties were in place.</li> </ul> <p>From reviewing the log of applications we also confirmed:</p> <ul style="list-style-type: none"> <li>• the log could be reconciled to the information on the monitoring returns;</li> <li>• no duplicate applications had been processed; and</li> <li>• no payments had been made to bank accounts associated with potentially fraudulent Business Support Fund Grant applications that had been identified across Scottish Local Authorities.</li> </ul> <p>Overall, we were content that comprehensive documentation was held to support the decisions reached by the Assessing Officer for each application in our sample, with robust measures also found to be in place to facilitate the application assessment and grant payment processes.</p>	



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Report to: Audit Committee

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Date of Meeting: 03 December 2020

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Subject: Internal Audit Annual Assurance Report 2019/20

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Report by: Internal Audit Manager

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## 1.0 Purpose

- 1.1. This report provides an overall assurance on the Council's arrangements for risk management, governance, and control, based on Internal Audit work undertaken during 2019/20.

## 2.0 Recommendations

- 2.1. The Committee is asked to note that:
- sufficient Internal Audit work was undertaken to support a balanced assurance;
  - Internal Audit can provide **SUBSTANTIAL** assurance on the Council's arrangements for risk management, governance, and control for the year to 31 March 2020; and
  - Internal Audit met, or exceeded, each of its Key Performance Indicators.

## 3.0 Overall Adequacy of the Council's Control Environment and Summary of Internal Audit Work Undertaken During 2019/20

- 3.1. Financial Regulations are clear that it is senior managers' responsibility to establish and maintain effective and proportionate risk management, governance, and control arrangements. Internal Audit is not an extension of, or substitute for, operational management.
- 3.2. The 2017 Public Sector Internal Audit Standards (the Standards) require the Internal Audit Manager to prepare an Annual Assurance Report. This report should include:
- a statement on the overall adequacy of the Council's control environment;
  - a summary of Internal Audit work undertaken during the year; and
  - a statement on the Internal Audit Section's conformance with the Standards.
- 3.3. This report has been prepared to meet those requirements.

- 3.4. The 2019/20 Internal Audit Plan set out sixteen main assignments to be completed by the team over the course of the year. Fifteen have been finalised, with one carried forward to the current year <sup>1</sup>. Sufficient Internal Audit work was undertaken to support a balanced opinion on the overall adequacy of the Council's control environment.
- 3.5. Internal Audit use a set of Assurance Categories. A summary of these is set out at **Appendix 1**.
- 3.6. On the basis of work undertaken, Internal Audit can provide **SUBSTANTIAL** assurance in relation to the Council's arrangements for risk management, governance, and control for the year to 31 March 2020.
- 3.7. A summary of work completed over the course of the year is set out at **Appendix 2** with the scope of, and findings arising from, each finalised assignment set out at **Appendix 3**.
- 3.8. Internal Audit measures performance against the following Key Performance Indicators.

Key Performance Indicator	2019/20	2018/19
Complete <b>85%</b> of main audit programme	<b>94%</b>	100%
Have <b>90%</b> of recommendations accepted	<b>100%</b>	100%
Issue <b>75%</b> of draft reports within 3 weeks of completion of fieldwork	<b>100%</b>	100%

- 3.9. Actual performance met or exceeded target for all three indicators. In relation to the first indicator, we will seek to finalise the assignment not completed as planned (as a result of COVID-19) during 2020/21 (recognising that the 2020/21 Plan must also be flexible given the ongoing COVID-19 position).

#### 4.0 Compliance With Public Sector Internal Audit Standards

- 4.1. Internal Audit seeks to undertake all work in compliance with the Public Sector Internal Audit Standards 2017 (PSIAS). These standards have four objectives:
- to define the nature of Internal Auditing within the UK public sector;
  - to set basic principles for carrying out Internal Audit in the UK public sector;
  - to establish a framework for providing Internal Audit services, which add value to the organisation, leading to improved organisational processes and operations; and
  - to establish the basis for the evaluation of Internal Audit performance and to drive improvement planning.

<sup>1</sup> **NOTE:** that the planned review of Social Work Information System - Project Planning, Management, and Implementation, was deferred as a result of the COVID-19 outbreak.

- 4.2. The Standards require the Internal Audit Manager to establish a Quality Assurance and Improvement Programme (QAIP) to allow evaluation of compliance with the Standards. This comprises an annual self assessment and a five yearly external assessment.
- 4.3. Internal Audit services are provided on the basis of a Joint Working Agreement with Falkirk Council. The Internal Audit Manager undertook a detailed self assessment against the Standards during February 2020. This confirmed continuing compliance with the Standards, and will be subject to independent, external validation as part of a national review process established by the Scottish Local Authorities Chief Internal Auditors' Group.

## 5.0 Sustainability Implications

- 5.1. None Noted.

## 6.0 Resource Implications

### 6.1. Financial Details

- 6.2. The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate. Yes ☐

- 6.3. Finance have been consulted and have agreed the financial implications as set out in the report. Yes ☐

### 6.4. Staffing

## 7.0 Exempt Reports

- 7.1. Is this report exempt? Yes ☐ (please detail the reasons for exemption below) No ☐

## 7.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

- (1) **Our Priorities** (Please double click on the check box ☒)

Clackmannanshire will be attractive to businesses & people and ensure fair opportunities for all ☐

Our families; children and young people will have the best possible start in life ☐

Women and girls will be confident and aspirational, and achieve their full potential ☐

Our communities will be resilient and empowered so that they can thrive and flourish ☐

- (2) **Council Policies** (Please detail)

## 8.0 Equalities Impact

8.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?

Yes ☐ No ☐

## 9.0 Legality

9.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes ☐

## 10.0 Appendices

10.1 Please list any appendices attached to this report. If there are no appendices, please state "none".

- **Appendix 1:** Definition of Internal Audit Assurance Categories.
- **Appendix 2:** Summary of 2019/20 Internal Audit Programme.
- **Appendix 3:** Details of 2019/20 Internal Audit Programme.

## 11.0 Background Papers


11.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

Yes ☐ (please list the documents below) No ☐

### Author(s)

NAME	DESIGNATION	TEL NO / EXTENSION
Gordon O'Connor	Internal Audit Manager	07872 048 030

### Approved by

NAME	DESIGNATION	SIGNATURE
Stuart Crickmar	Strategic Director Partnership and Performance	

### Definition of Internal Audit Assurance Categories

Level of Assurance	Definition
<b>Substantial assurance</b>	Largely satisfactory risk, control, and governance systems are in place. There is, however, some scope for improvement as current arrangements could undermine the achievement of objectives or leave them vulnerable to error or abuse.
<b>Limited assurance</b>	Risk, control, and governance systems have some satisfactory aspects. There are, however, some significant weaknesses likely to undermine the achievement of objectives and leave them vulnerable to an unacceptable risk of error or abuse.
<b>No assurance</b>	The systems for risk, control, and governance are ineffectively designed and operated. Objectives are not being achieved and the risk of serious error or abuse is unacceptable. Significant improvements are required.

### Summary of 2019/20 Internal Audit Programme

Planned Assignments (as per 2019/20 Internal Audit Plan)			
	Directorate	Assignment	Level of Assurance
1.	All Directorates	Continuous Auditing	<b>Duplicate Creditors payments of £7.7k identified during 2019/20</b>
2.	All Directorates	National Fraud Initiative	<b>Not Applicable – Ongoing Assurance</b>
3.	Place	Climate Change Act Public Body Duties Audit	<b>Substantial Assurance</b>
4.	All Directorates	Follow Up of Internal Audit Recommendations	<b>Not Applicable – Ongoing Assurance</b>
5.	All Directorates	Ad hoc / Consultancy Work	<b>Not Applicable – Ongoing Assurance</b>
6.	Clackmannanshire and Stirling IJB	Risk Management	<b>To be reported to IJB Audit Committee</b>
7.	Central Scotland Valuation Joint Board	<ul style="list-style-type: none"> <li>• Data Protection Arrangements; and</li> <li>• Payroll.</li> </ul>	<b>Reported to Valuation Joint Board</b>
8.	Place	Procurement – Waste Services	<b>Substantial / Limited Assurance</b>
9.	Partnerships and Performance / All Directorates	Creditors Purchase to Pay Cycle (PO / Invoice Processing and Authorisation)	<b>Substantial Assurance</b>
10.	All Directorates	System Administration - Access Privileges to Key Corporate Systems	<b>Substantial Assurance</b>
11.	All Directorates	Savings Tracking	<b>Substantial Assurance</b>
12.	All Directorates	Business Continuity Management	<b>Substantial Assurance</b>
13.	All Directorates	Building Security (Operational Buildings)	<b>Limited Assurance</b>
14.	All Directorates	Strategic Workforce Planning	<b>Substantial Assurance</b>
15.	Place	Housing Rents	<b>Substantial Assurance</b>

## Details of 2019/20 Internal Audit Programme

Assignment	Service	Assurance
<b>Continuous Auditing</b>	All Services	<b>N/A – Ongoing Assurance</b>
Scope	Final Report Executive Summary	
<p>This involves analysing Creditors payment data (payments to suppliers) to identify potential duplicate payments.</p> <p>We use audit interrogation software to identify matches on invoice date, amount, and number. We then check our initial results on TechOne to identify any cancelled payments; payments made to different suppliers; and duplicate payments already identified (and either cancelled or monies recovered).</p>	<p>For the period April 2019 to March 2020 we identified duplicate payments with a value of c£7.7k. Details of these have been passed to the Chief Finance Officer for appropriate recovery action.</p>	

Assignment	Service	Assurance
<b>National Fraud Initiative</b>	All Services	<b>N/A – Ongoing Assurance</b>
Scope	Final Report Executive Summary	
<p>The purpose of the NFI exercise is to review and investigate the outcomes of data matching undertaken by Audit Scotland on behalf of the Cabinet Office. Matches cover areas such as Payroll, Pensions, Housing / Council Tax Benefit, Council Tax Single Person Discount, and Creditors.</p> <p>The Internal Audit Manager acts as Key Contact for NFI, with responsibility for co-ordinating the process of ensuring that relevant matches are followed-up.</p>	<p>The 2018/19 NFI exercise is now complete.</p> <p>160 'High Risk matches were released to Clackmannanshire Council for review and investigation. These have been risk assessed and followed up as appropriate. No instances of fraud or error have yet been identified.</p> <p>In addition to the core NFI exercise, Clackmannanshire Council participates in a related exercise designed to detect wrongly claimed Council Tax Single Person Discount. Since January 2019, as a result of participation in this exercise (which matches Council Tax and Electoral Roll data), 65 instances of wrongly claimed discount, totalling <b>c£60k</b>, were identified. Recovery action has been taken, or is underway, via adjustments to future Council Tax bills.</p>	

Assignment	Service	Assurance
<b>Climate Change Act Public Body Duties Audit</b>	Place	<b>Substantial Assurance</b>
Scope	Final Report Executive Summary	
<p>The Climate Change (Scotland) Act 2009 (the Act), introduced the requirement for public bodies to report on their climate change duties.</p> <p>In line with the timescales from the Act, the Council's annual report has to be submitted to the Sustainable Scotland Network (SSN) by end November 2019.</p> <p>Our work focused on reviewing the reporting arrangements and the accuracy of the information in the report.</p>	<p>To ensure the consistency of returns across public bodies, the Annual Report format is a standard template split into five areas:</p> <ul style="list-style-type: none"> <li>• Profile of Reporting Body;</li> <li>• Governance, Management, and Strategy;</li> <li>• Emissions, Targets, and Projects;</li> <li>• Adaptation; and</li> <li>• Procurement.</li> </ul> <p>We were able to provide Substantial Assurance on the Council's reporting arrangements and the accuracy of the information set out in each section of the Annual Report.</p>	

Assignment	Service	Assurance
Procurement – Waste Services	Place	Limited / Substantial Assurance
Scope	Final Report Executive Summary	
<p>For a sample of Waste Services contracts Internal Audit reviewed:</p> <ul style="list-style-type: none"> <li>Contract Strategy roles and responsibilities, including the steps followed to: identify requirement; engage with stakeholders; agree tender process and selection and award criteria; and tender evaluation;</li> <li>financial controls, including budget setting and monitoring arrangements, and billing and invoice validation / approval procedures; and</li> <li>contract management and monitoring arrangements.</li> </ul>	<p>In overall terms, we found that Waste Services staff were clear about their roles and responsibilities.</p> <p>We were, however, only able to provide <b>Limited Assurance</b> in relation to Contract Strategy roles and responsibilities. We recommended that a Commodity Strategy for Waste Services is developed.</p> <p>We were able to provide <b>Substantial Assurance</b> in relation to financial control arrangements. We were content there were robust budget setting and monitoring arrangements and Purchase Order / Invoice Authorisation and Certification arrangements in place.</p> <p>We also provided <b>Substantial Assurance</b> in relation to contract management and monitoring arrangements. The Team Leader (Waste, Roads, and Street Lighting) is taking steps to ensure that the monitoring of contractor performance, and regular performance meetings and reporting, are in place for all high value / risk contracts. We recommended that the agreed approach is documented in the Commodity Strategy.</p> <p>We made a recommendation relating to:</p> <ul style="list-style-type: none"> <li>the exemption reported to the Audit Committee at its December 2019 meeting (for the Treatment of Co-mingled Mixed Recyclate contract);</li> <li>the two tender processes that were in progress (for the Treatment of Co-mingled Mixed Recyclate and Treatment on Inert Waste and Rubble contracts);and</li> <li>agreeing the timetable for the Disposal of Bulky Waste tender process.</li> </ul> <p>We recognise these had already been identified by the Team Leader (Waste, Roads, and Street Lighting), and that work is in progress to rectify them. We included as recommendations to ensure that the actions identified are fully implemented.</p>	



Assignment	Service	Assurance
<b>Creditors Purchase To Pay Cycle (PO / Invoice Processing and Authorisation)</b>	Partnerships and Performance / All Directorates	<b>Substantial Assurance</b>
Scope	Final Report Executive Summary	
<p>We reviewed a sample of 30 transactions, across all Directorates, to ensure that Section 11 and 12 of the Financial Regulations were being complied with. This included testing to assess whether:</p> <ul style="list-style-type: none"> <li>• best value has been achieved;</li> <li>• the price and quantity of goods or services to be supplied are clearly stated on the order;</li> <li>• the order is within the authorising officer's delegated authority limit;</li> <li>• the invoice price matches the order price; and</li> <li>• the authorised signatory of the invoice is different from the authorised signatory of the order.</li> </ul> <p>The same sample was checked against the Council's Contract Register to assess the extent of on / off contract purchasing.</p>	<p>We reviewed a sample of 30 transactions across all Directorates. We concluded that, for 19 of these, Purchase Order and Invoice Authorisation and Certification arrangements were appropriate and in compliance with the Financial Regulations and Contract Standing Orders.</p> <p>For the remaining 11 transactions non-compliance issues included:</p> <ul style="list-style-type: none"> <li>• no Purchase Order raised;</li> <li>• Purchase Order raised after the invoice date;</li> <li>• Purchase Order included insufficient detail on quantities and prices;</li> <li>• rates charged not checked to contract terms; and</li> <li>• no evidence of a contract or formal agreement in place.</li> </ul> <p>We recommended that all Purchase Order and Invoice Authorisation and Certification officers are reminded of their roles and responsibilities, and of the requirement to comply with the Financial Regulations and Contract Standing Orders.</p> <p>We were content that there were no instances where Purchase Order / Invoice Authorisation and Certification approval limits had been exceeded. We found some discrepancies between delegated authorisation levels and the financial limits assigned in TechOne, and have recommended that these are reviewed.</p>	

Assignment	Service	Assurance
<b>System Administration – Access Privileges to Key Corporate Systems</b>	All Directorates	<b>Substantial Assurance</b>
Scope	Final Report Executive Summary	
<p>Internal Audit work focussed on assessing whether the following internal controls were operating effectively for the corporate finance system and all corporate IT systems which link to the TechOne Purchase Ledger:</p> <ul style="list-style-type: none"> <li>• clear roles and responsibilities for users with high privilege user access rights;</li> <li>• defined user account management arrangements for users with high privilege user access rights and individuals whose user profile combinations carry the greatest risk. We assessed whether users' access rights and profiles are being managed in line with each IT system's Access Control and Password Policy; and</li> <li>• segregation of duties relating to financial transactions, ensuring access to IT systems is restricted to appropriate levels.</li> </ul>	<p>This high level review focussed on ensuring that internal control weaknesses similar to those exploited at Dundee City Council (DCC) do not exist in relation to the high privilege users with access to TechOne, the corporate IT systems that interface with the TechOne purchase ledger, and BACS payment software.</p> <p>We reviewed the publicly available reports on the DCC fraud. From this, we identified seven key control weaknesses that were exploited. Our assessment of the effectiveness of these internal controls, based on the results of our audit fieldwork, in August 2019, is summarised in the table overleaf.</p> <p>We also focussed on providing assurance that the existing internal control framework was sufficient to minimise the risks associated with employee and insider threats.</p> <p>We provided <b>Substantial Assurance</b> in relation to the adequacy of the controls in place for System Administration – Access Privileges to Key Corporate Systems.</p> <p>We found that, in general, sound systems of control were in place. All staff consulted during the review were clear about their roles and responsibilities.</p> <p>We reviewed high privilege users' access rights to TechOne, the systems that interface with the TechOne purchase ledger, as well as the BACS payment software. We were content that no individual user has the same combination of high privilege access that had been exploited in DCC. That is high privilege access to TechOne (the supplier database and the purchase ledger), high privilege access to any of the systems that interface with the TechOne purchase ledger, and BACS access.</p> <p>We did, however, identify areas where there was scope to further improve the internal control framework. In particular, there was scope for reviewing TechOne permissions, and completing the current review of BACS user access.</p>	

	DCC Internal Control Weakness	Internal Control at Clackmannanshire Council	Internal Audit Conclusion
1.	IT employee with over 30 years' service who had extensive access to a large number of the Council's financial systems built up over many years.	We confirmed that no Council employee has high privilege access rights across TechOne, the systems that interface with the TechOne purchase ledger, and BACS payment software.	<b>Substantial Assurance</b>
2.	Employee combined knowledge of the systems, and systems access privileges, to insert false invoices into the purchase ledger for payment. These invoices appeared to have come through an interface from a sub-system and were payable to known suppliers. The sub-systems did not record these transactions.	For the corporate systems where payment files are uploaded onto TechOne we confirmed that control totals (number and value of payments in a payment file) are reviewed and verified at various stages of the payment process.  For the corporate system where payment files are uploaded directly to the BACS software, we have suggested that once the BACS file has been processed the BACS submitting officer provides the corporate system administrator with the details of the number and value of payments processed.	<b>Substantial Assurance</b>
3.	The employee was able to intercept the false invoices and divert payments to bank accounts within their control.	The payment files that are uploaded directly to TechOne do not include payee bank details as these are held on the supplier database on TechOne.  Previous Internal Audit work has provided assurance that there are processes in place for the creation of new suppliers and for making changes to existing supplier bank accounts by the Creditors Team. There is controlled access to add or amend supplier data.	<b>Substantial Assurance</b>
4.	The construction system was bespoke. The employee was involved in its development, and had extensive knowledge of the sub-system.	There are multiple corporate IT systems that interface with the TechOne purchase ledger. The majority of these systems, with the exception of FINCH, are commercial off the shelf packages.  We confirmed that no Council employee has high privilege access rights across TechOne, FINCH, and BACS payment software.	<b>Substantial Assurance</b>
5.	Segregation of duties – the employee had unrestricted access to a number of key systems across the purchase to pay cycle that allowed the insertion of fictitious invoices and malicious code into interfaces and the BACS payment system.	We confirmed that no Council employee has high privilege access rights across TechOne, the systems that interface with the TechOne purchase ledger, and BACS payment software.  There is scope to restrict TechOne permissions for one of the System Administrators, and two of the staff involved in the payments run process.  We found there to be adequate segregation of duties in processing and authorising the payment files for all of the systems that we reviewed.  We have recommended that the exercise to review and introduce a two stage input and approval process for BACS should be completed.	<b>Substantial Assurance</b>
6.	Interface reconciliations – interface reconciliations were ineffective. An effective interface reconciliation of the number and value of transactions interfaced may have allowed for earlier detection of the fraudulent activity.	For the corporate systems where payment files are uploaded onto TechOne we confirmed that control totals (number and value of payments in a payment file) are reviewed and verified at various stages of the payment process.  For the corporate system where payment files are uploaded directly to the BACS software, we have suggested that once the BACS file has been processed the BACS submitting officer provides the corporate system administrator with the details of the number and value of payments processed.	<b>Substantial Assurance</b>
7.	Systems documentation – there was a lack of systems documentation and mapping which articulated the flow of transactions and set out how the interfaces work.	Some corporate systems that interface with the TechOne purchase ledger do not have Access Control Policies in place that document the arrangements for managing users' access.  There is also a lack of procedural instructions outlining the steps to follow when exporting the payment file from the corporate system that interfaces with the TechOne purchase ledger.	<b>Substantial Assurance</b>

Assignment	Service	Assurance
Savings Tracking	All Services	N/A – Ongoing Assurance
Scope	Final Report Executive Summary	
<p>We reviewed:</p> <ul style="list-style-type: none"> <li>• Roles and responsibilities of those involved in delivering the savings and confirming that they have been achieved.</li> <li>• The arrangements for monitoring and reporting progress to the Strategic Leadership Group and elected Members.</li> <li>• a sample of savings proposals from across the three Directorates to ensure that: <ul style="list-style-type: none"> <li>• they have been accurately assessed both in terms of the costs that can be saved and the timescale in which the savings are to be achieved;</li> <li>• firm plans are in place to outline how savings will be delivered; and</li> <li>• actual savings being reported are supported by credible data.</li> </ul> </li> </ul>	<p>We provided <b>Substantial Assurance</b> in relation to the adequacy of Savings Tracking arrangements. At the August 2019 outturn stage 81.3% of savings were forecast to be achieved by 31 March 2020, with 18.7% at risk of not being achieved in year. This compared to the 83.3% of savings that were forecast to be achieved in the June 2019 outturn reports.</p> <p>We found that roles and responsibilities were clear, and we were content they were well understood and being consistently applied.</p> <p>We were also content with the arrangements for monitoring and reporting Savings Tracking progress. These were in line with the timescales defined in the Council's Budgetary Control Framework. Regular reports have been issued, and are planned to be issued, to the Strategic Leadership Group and elected Members. The Chief Finance Officer presents individual Directorate forecasted outturn positions to each of the portfolio Committees and a consolidated report to each meeting of the Audit Committee.</p> <p>Also, a Budget Strategy Update is provided quarterly to the Council and this sets out progress on delivery of the savings (and an update on the 2020/21 budget process). In addition, regular forecast information from the financial ledger is available to the Directorate Accountants, and Project Owners. The frequency and accuracy of monitoring and reporting ensures that the Project Owners can make robust and accurate judgements in relation to their individual Projects, and that the Strategic Leadership Group, and elected Members, are aware of the progress in achieving the savings targets.</p> <p>We reviewed a sample of savings projects, relating to £3.516m (73%) of the total savings, including all projects with in year savings targets in excess of £100k. These covered all Directorates. We were content that the RAG (Red / Amber / Green) status and forecast savings reported to Committee up to the August 2019 outturn reporting cycle could be reconciled to the financial ledger, and to the supporting documentation that the Directorate Accountants and Project Owners provided.</p>	

Assignment	Service	Assurance
Business Continuity	All Services	Substantial Assurance
Scope	Final Report Executive Summary	
<p>Work focussed on:</p> <ul style="list-style-type: none"> <li>overarching arrangements at a corporate level for establishing business continuity and departmental recovery plans, including: <ul style="list-style-type: none"> <li>roles and responsibilities;</li> <li>arrangements for identifying and risk assessing critical systems and activities; and</li> <li>ownership of, and accountability for, the completeness, proportionality, and effectiveness of the framework of business continuity and departmental recovery plans.</li> </ul> </li> <li>the availability of guidance, training, and support to staff responsible for implementing business continuity and departmental recovery plans; and</li> <li>arrangements for testing the adequacy and robustness of documented plans.</li> </ul>	<p>The Council has a Business Continuity Management Policy. All staff consulted during the review were clear about their roles and responsibilities.</p> <p>We were content that risk management had been fully embedded into the process, through the performance of a Business Impact Analysis at departmental level, and the development of a robust corporate Business Continuity Plan.</p> <p>We recommended that once the organisational structure is finalised the opportunity is taken to review the Business Continuity Management Policy, the corporate Business Continuity Plan, and Departmental Recovery Plans. This will ensure that the documented approach remains consistent with the new managerial structure, and that roles and responsibilities are understood by all new Strategic Leadership Group and Senior Managers.</p> <p>Guidance and training has been provided on the principles of Business Continuity Management. However, given the new managerial structure we recommended that training should be provided to the Strategic Leadership Group and Senior Managers.</p> <p>A comprehensive and robust testing programme was not in place and reliance was placed on Departmental Recovery Plans being tested during live incidents. We recommended, in order to ensure that Business Continuity Management arrangements are operating efficiently, effectively, and to the required standard, that a formal, comprehensive, and risk based, testing programme is prepared and implemented.</p>	

Assignment	Service	Assurance
Building Security – Operational Buildings	All Services	Limited Assurance
Scope	Final Report Executive Summary	
<p>The purpose of this review was to:</p> <ul style="list-style-type: none"> <li>• evaluate and report on the adequacy of the controls in place to ensure that Clackmannanshire Council's operational buildings, and the contents therein, are secure; and</li> <li>• follow up on progress with implementing the recommendations from our 2018/19 review of Building Security Arrangements.</li> </ul>	<p>Based on the sample of buildings visited, we can provide <b>Limited Assurance</b> in relation to the adequacy of building security arrangements.</p> <p>We undertook unannounced visits to a sample of 10 operational buildings and reviewed the physical security measures in place at each building to prevent unauthorised access. Particular emphasis was placed on buildings in which vulnerable people (eg, pupils and elderly residents) were users. These visits took place on 13 and 18 November 2019.</p> <p>Robust security measures were found to be in place to prevent and deter unauthorised access to the majority of the sampled buildings. These included a combination of two or more of the following controls:</p> <ul style="list-style-type: none"> <li>• perimeter fencing around the building and it's grounds;</li> <li>• remote locking entry doors to the main reception area;</li> <li>• locked and secure external doors (eg, fire exits); and</li> <li>• CCTV cameras.</li> </ul> <p>We did, however, gain unauthorised access to three buildings.</p> <p>On that basis, we recommended that all Premises Duty Holders are instructed to specifically review the physical security measures on all external doors that lead to kitchen areas and ensure these are secure and locked at all times.</p> <p>There has been a range of action taken corporately since the 2018/19 audit to raise staff awareness and vigilance. Some of these were reported to the Audit Committee in April 2019 and include:</p> <ul style="list-style-type: none"> <li>• a workplace security briefing was reissued on the intranet and communicated to all staff via a management cascade in early 2019;</li> <li>• briefings were provided to head teachers as duty holders for school premises and work on duty holders' roles and responsibilities continues through the Council's Health and Safety executive;</li> <li>• intranet page on Connect (Safety and Your Security) provides supervisors and staff with a range of information and advice on building security; and</li> <li>• Premises Duty Holders have been appointed and a Handbook, to assist in fulfilling responsibilities effectively, has been issued.</li> </ul>	

Assignment	Service	Assurance
Strategic Workforce Planning	All Services	Substantial Assurance
Scope	Final Report Executive Summary	
<p>Our work on Strategic Workforce Planning focussed on:</p> <ul style="list-style-type: none"> <li>reviewing governance arrangements and the approach followed in developing, approving, and monitoring the Strategic Workforce Plan. This included the arrangements for implementing the Workforce Development Delivery Plan and for embedding workforce planning arrangements within each Directorate; and</li> <li>confirming that the Strategic Workforce Plan is compatible with the Council's Corporate Plan priorities and values.</li> </ul>	<p>We provided <b>Substantial Assurance</b> in relation to strategic workforce planning arrangements.</p> <p>We found that robust arrangements were in place for the development, approval, and monitoring of the Strategic Workforce Plan. The Plan sets out the Council's workforce planning priorities for the three year period 2019-2022.</p> <p>The Strategic Workforce Plan priorities are aligned to the Corporate Plan, and also detail the key development milestones to be taken forward. The implementation of the milestones will help to ensure that good workforce planning priorities are embedded and sound governance practices are in place.</p> <p>The Workforce Development Delivery Plan outlines the programme of work to be undertaken to deliver the workforce planning priorities. The Delivery Plan includes impact, target action implementation dates, responsible lead officers, and how progress will be measured. Progress is also reported to the Partnership and Performance Committee.</p> <p>We reviewed the action taken for the 16 tasks, in the Delivery Plan, that are complete or in progress. We were content that, for all of these, the narrative and outputs that were recorded on the Delivery Plan were accurate and could be reconciled to supporting documentation.</p> <p>Work is ongoing to embed workforce planning arrangements within each Directorate. From 2020 / 21 onwards, the Directorate Business Plans and Workforce Plans will be submitted concurrently to the June 2020 Council meeting for approval.</p>	

Assignment	Service	Assurance
Housing Rents	All Services	Substantial Assurance
Scope	Final Report Executive Summary	
<p>We reviewed:</p> <ul style="list-style-type: none"> <li>roles and responsibilities of those involved in the Housing Rent Collection and Arrears Management processes. This included the adequacy of policies, procedures, and guidance, and arrangements for ensuring their practical application;</li> <li>the arrangements for ensuring Housing Rents are accurately calculated, billed, and collected; and</li> <li>the adequacy of management information.</li> </ul>	<p>We were able to provide <b>Substantial Assurance</b>.</p> <p>We found that sound systems of control were in place for the calculation and collection of housing rents. Our testing of different transaction types confirmed that:</p> <ul style="list-style-type: none"> <li>housing rent accounts are being raised on a timely basis with the correct rent charge for each property type; and</li> <li>housing rent income is being allocated to the correct rent account on a timely basis.</li> </ul> <p>Arrangements for the management and collection of rent arrears are robust, with debt write-offs for the 2018/19 financial year authorised in line with the Council's Corporate Debt Recovery and Write-Off Policy.</p> <p>We confirmed that management information arrangements were sound, with a range of Housing Rent Collection and Arrears Management performance information being reported both internally and externally. Internally, this includes: the Annual Debtors Report; and Place Directorate's Business Planning. Externally, this includes: the Scottish Housing Regulator Annual Charter; tenants consultation and survey; and benchmarking as part of the Scottish Housing Network.</p> <p>Our work on written policies and procedure highlighted scope for improvement. This included the need to develop up to date written procedures for: raising charges and annual billing; identifying, recording and allocating payments received; reconciliations; management of suspense accounts; issuing accounts to Sheriff Officers; and write-offs.</p> <p>There was also scope to formally document the Housing Rent Collection and Arrears related roles and responsibilities of the Revenues Team, Accountancy Services, and Housing Services. This could be recorded in written procedures and referred to in a formal Rent Management Policy.</p>	



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**Report to: Audit Committee**

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**Date of Meeting: 03 December 2020**

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**Subject: Internal Audit Plan 2020/21**

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**Report by: Internal Audit Manager**

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**1.0 Purpose**

- 1.1. This report presents a 2020/21 Internal Audit Plan for approval.

**2.0 Recommendations**

- 2.1 It is recommended that the Committee:
- notes the resources available to Internal Audit;
  - notes that the plan is indicative and flexible;
  - approves the Internal Audit Plan for 2020/21; and
  - notes that assignments not completed during 2020/21 will be carried forward into 2021/22.

**3.0 Considerations**

- 3.1 The Public Sector Internal Audit Standards 2017 (PSIAS) require the preparation of a risk based Internal Audit Plan setting out the team's annual work programme. For 2020/21, this has again been done within the context of a Joint Working Agreement with Falkirk Council (this Agreement has been extended to cover the period to 31 March 2023).
- 3.2 This Plan must be considered within the context of the impact of the COVID-19 pandemic. Priorities, resource, and Directorate capacity has, and will continue to, fluctuate and change over the course of 2020/21. This Internal Audit Plan must be considered indicative and flexible. It is unlikely that all planned assignments will be completed, and Internal Audit resource will be (and has been) directed to areas where there is the greatest need (for example in relation to new and amended processes arising as a result of COVID-19).

#### 4.0 Clackmannanshire Council Internal Audit Plan – Internal Audit Resources and Reporting Arrangements

- 4.1 Internal Audit's role is to provide a balanced and evidence based opinion on the adequacy of the Council's arrangements for risk management, governance, and control.
- 4.2 To do this, the Internal Audit team must be:
- independent;
  - objective in performing audit work; and
  - adequately resourced, experienced, qualified, and knowledgeable.
- 4.3 All members of the Internal Audit team are experienced and professionally qualified. The role, authority, and responsibility of the team is formalised within an Internal Audit Charter, and an updated Charter is included elsewhere on this Agenda. The Charter is clear that Internal Auditors will have no direct operational responsibility or authority over any of the activities audited, and that they must exhibit the highest level of professional objectivity at all times.
- 4.4 The resource available to deliver the 2020/21 Internal Audit Plan is summarised in the table below:

Activity	Planned Days
Annually Recurring Assignments	51
Priority Assignments	130
Indicative Assignments	120
Consultancy Work	30
Work on Recommendations Outstanding	10
Central Scotland Valuation Joint Board	20
Clackmannanshire and Stirling IJB	20
<b>Total</b>	<b>381</b>

- 4.5 Key points relating to this table are:
- **Annually Recurring Assignments:** these are assignments that Internal Audit is committed to undertaking on an annual basis. They will be completed as demand requires, and time permits, over the course of the year. A summary of each of these assignments is set out at Appendix 1;
  - **Priority Assignments:** Largely as a result of COVID-19, it is inevitable that there will be changes to the council's risk profile over the course of the year. On that basis, Internal Audit will commit to undertaking a programme of priority assignments. Details of these reviews are set out at Appendix 2.

- **Indicative Assignments:** Indicative assignments are set out at Appendix 3. These will be undertaken if time allows. Any assignments not completed will be carried forward into the 2021/22 Internal Audit Plan.
- 4.6 As required by PSIAS, this Plan was developed taking account of key financial and other risks. This was done by:
- considering the Council's Corporate Risk Log;
  - reviewing key governance documents (such as the Corporate Plan and Committee papers); and
  - consulting with senior managers.
- 4.7 For each assignment a more detailed Terms of Reference will be agreed with the relevant Strategic Director prior to the commencement of fieldwork. This will be linked to the relevant corporate risk(s) and set out the scope of work to be undertaken.
- 4.8 On completion of each review, Internal Audit will issue a draft report to the Strategic Director. In most instances, this will include an opinion on the adequacy of risk management, governance, and control arrangements in the area under review, and an action plan setting out any recommendations for improvement. The assurance will be provided in line with the definitions set out at Appendix 4.
- 4.9 For some assignments no overall assurance will be provided. This may be the case where, for example, Internal Audit undertake work in relation to a developing system and issue a Position Statement rather than a full report (although recommendations may still be raised), or where we are involved as part of a longer term workstream.
- 4.10 Where Internal Audit makes recommendations, the Strategic Director will be required to provide formal responses (including action dates). The report and completed action plan will then form the final record of the assignment. Chief Officers are responsible for ensuring that all recommendations are implemented by the agreed action date, and the corporate Pentana system is used to monitor and manage this.
- 4.11 Progress with completing the 2020/21 Internal Audit Plan will be reported to Committee throughout the year (accepting that this Plan is being presented later in the year than would ordinarily be the case). Internal Audit will work closely with the Council's appointed External Auditors, Audit Scotland, to ensure that work is co-ordinated and complimentary.
- 4.12 Each year, an Internal Audit Annual Assurance Report will be presented to Committee. This will give an overall opinion on the Council's risk management, governance, and control arrangements, based on the work Internal Audit has carried out over the course of the year.

## 5.0 Sustainability Implications

5.1. None Noted.

## 6.0 Resource Implications

### 6.1. Financial Details

6.2. The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate. Yes ☐

6.3. Finance have been consulted and have agreed the financial implications as set out in the report. Yes ☐

### 6.4. Staffing

## 7.0 Exempt Reports

7.1. Is this report exempt? Yes ☐ (please detail the reasons for exemption below) No ☐

## 7.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

(1) **Our Priorities** (Please double click on the check box ☒)

Clackmannanshire will be attractive to businesses & people and ensure fair opportunities for all	<input type="checkbox"/>
Our families; children and young people will have the best possible start in life	<input type="checkbox"/>
Women and girls will be confident and aspirational, and achieve their full potential	<input type="checkbox"/>
Our communities will be resilient and empowered so that they can thrive and flourish	<input type="checkbox"/>

(2) **Council Policies** (Please detail)

## 8.0 Equalities Impact

8.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?  
Yes ☐ No ☐

## 9.0 Legality

- 9.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes ☐

## 10.0 Appendices

- 10.1 Please list any appendices attached to this report. If there are no appendices, please state "none".

- Appendix 1: Internal Audit Plan 2020/21 – Annually Recurring Assignments.
- Appendix 2: Internal Audit Plan 2020/21 – Priority Assignments.
- Appendix 3: Internal Audit Plan 2020/21 – Indicative Assignments.
- Appendix 4: Definition of Internal Audit Assurance Categories.

## 11.0 Background Papers

- 11.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

Yes ☐ (please list the documents below) No ☐

### Author(s)

NAME	DESIGNATION	TEL NO / EXTENSION
Gordon O'Connor	Internal Audit Manager	07872 048 030

### Approved by

NAME	DESIGNATION	SIGNATURE
Stuart Crickmar	Strategic Director Partnership and Performance	

## INTERNAL AUDIT PLAN 2020/21 – ANNUALLY RECURRING ASSIGNMENTS

No.	Directorate	Purpose and Scope of Assignment
A01	All Directorates	<p><b>National Fraud Initiative</b></p> <p>The National Fraud Initiative (NFI) is a bi-ennial counter fraud exercise using data matching to identify potential fraud and error. In Scotland, the NFI is administered by Audit Scotland, with the results of the data matching exercise made available to individual Councils via a secure website. Data matches relate to areas such as Housing Benefit, Council Tax Discount, Payroll, Pensions, and Creditors.</p> <p>The Internal Audit Manager is 'key contact' for Clackmannanshire Council. The role of the 'key contact' is to co-ordinate the gathering of data from Services and to upload that data to the secure NFI web portal (October 2020). When the outcomes arising from Audit Scotland's data matching are released back to the Council (January 2021) it is the responsibility of the 'key contact' to co-ordinate and support Services in their investigation of those matches.</p> <p><b>Risk Mitigated:</b></p> <ul style="list-style-type: none"> <li>• Insufficient Financial Resilience.</li> </ul>
A02	All Directorates	<p><b>Continuous Auditing</b></p> <p>This will focus on the testing of payments to suppliers of goods and services to identify any potential duplicate amounts paid.</p> <p><b>Risk Mitigated:</b></p> <ul style="list-style-type: none"> <li>• Insufficient Financial Resilience.</li> </ul>
A03	Place	<p><b>Climate Change Act Public Body Duties Audit</b></p> <p>The Climate Change (Scotland) Act introduced the requirement for public bodies to report on their climate change duties. The Council must submit an Annual Report to the Sustainable Scotland Network (SSN). This report must cover areas such as climate change governance, management and strategy, emissions, targets, and projects.</p> <p>Internal Audit will review reporting arrangements, and the accuracy of the information included in the report, prior to submission to the SSN.</p>

## INTERNAL AUDIT PLAN 2020/21 – PRIORITY ASSIGNMENTS

No.	Directorate	Purpose and Scope of Assignment
A04	Partnerships and Performance / All Directorates	<p><b>Staff Wellbeing and Support Arrangements</b> We will review staff wellbeing governance arrangements. This will include overarching accountability and responsibility, as well as policy and strategy.</p> <p>We will also review the extent to which operational arrangements have been established, how staff are made aware of, and signposted to, relevant support, and how the outcomes of support are reported to Senior Leadership Group and elected Members.</p> <p><b>Risks Mitigated:</b></p> <ul style="list-style-type: none"> <li>• Health and Safety breach; and</li> <li>• Inadequate workforce planning.</li> </ul>
A05	All Directorates	<p><b>Contract Management and Monitoring</b> We will review contract monitoring and management arrangements in relation to a sample of contracts across various Directorates. Work will focus on assessing compliance with sections 14.7 (ordering) and 15.5 (payment) of Financial Regulations.</p> <p><b>Risks Mitigated:</b></p> <ul style="list-style-type: none"> <li>• Insufficient financial resilience; and</li> <li>• Failure to address Serious Organised Crime.</li> </ul>
A06	Partnerships and Performance / All Directorates	<p><b>Capital Planning and Expenditure Monitoring</b> This work will focus on the annual capital bid process (including the prioritisation of projects) and arrangements for monitoring and managing subsequent spend.</p> <p><b>Risks Mitigated:</b></p> <ul style="list-style-type: none"> <li>• Insufficient financial resilience;</li> <li>• Insufficient pace and scale of organisational transformation.</li> </ul>
A07	Partnerships and Performance / All Directorates	<p><b>Corporate Risk Management Arrangements</b> This review will focus on arrangements for embedding the Council's approach to risk management. In particular, we will review its effectiveness and proportionality, the role of the Senior Leadership Group, the links between business planning and risk management, and the extent to which risk management feeds into, and drives, the Council's approach to decision making.</p> <p><b>Risks Mitigated:</b></p> <ul style="list-style-type: none"> <li>• N/A – overarching approach.</li> </ul>

## INTERNAL AUDIT PLAN 2020/21 – INDICATIVE ASSIGNMENTS

No.	Directorate	Purpose and Scope of Assignment
A08	Partnerships and Performance	<p><b>IT and Information Security Governance</b> This high level review will cover governance arrangements in relation to IT and information security, including accountabilities, roles (group and individual), responsibilities, and the framework of policies, guidance, and training.</p> <p><b>Risks Mitigated:</b></p> <ul style="list-style-type: none"> <li>• IT system failure; and</li> <li>• Information not managed effectively.</li> </ul>
A09	Place / All Directorates	<p><b>Operational Fleet – Management and Monitoring</b> This review will focus on arrangements for ensuring that the mix and number of operational vehicles owned and rented (across all Directorates) is aligned with business need.</p> <p><b>Risks Mitigated:</b></p> <ul style="list-style-type: none"> <li>• Insufficient financial resilience; and</li> <li>• Health and safety breach.</li> </ul>
A10	All Directorates	<p><b>Savings Tracking</b> Following on from work undertaken during 2019/20, and based on the suite of savings agreed by Council, we will review the achievement of a sample of savings, and arrangements for reporting to Senior Leadership Group and elected Members.</p> <p><b>Risk Mitigated:</b></p> <ul style="list-style-type: none"> <li>• Insufficient pace and scale of organisational transformation.</li> </ul>
A11	People	<p><b>Education Placement Requests</b> The Council has a legal obligation under Section 28 of the Education (Scotland) Act 1980 to offer parents and carers the choice of school at which their child can be educated. The Education (Scotland) Act also gives parents and carers the right of appeal in the event that a placing request is refused. We will review the decision making process and its practical application. This will include reviewing a sample of completed placement requests and submitted appeals.</p> <p><b>Risks Mitigated:</b></p> <ul style="list-style-type: none"> <li>• Impact of poverty, inequality, and changing demographics; and</li> <li>• Increasing attainment gap.</li> </ul>



## DEFINITION OF INTERNAL AUDIT ASSURANCE CATEGORIES

Level of Assurance	Definition
<b>Substantial Assurance</b>	Largely satisfactory risk, control, and governance systems are in place. There may be some scope for improvement as current arrangements may undermine the achievement of objectives or leave them vulnerable to error or abuse.
<b>Limited Assurance</b>	Risk, control, and governance systems have some satisfactory aspects. There are, however, some significant weaknesses likely to undermine the achievement of objectives and leave them vulnerable to an unacceptable risk of error or abuse.
<b>No Assurance</b>	The systems for risk, control, and governance are ineffectively designed and operated. Objectives are not being achieved and the risk of serious error or abuse is unacceptable. Significant improvements are required.



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**Report to: Audit Committee**

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**Date of Meeting: 03 December 2020**

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**Subject: Internal Audit Charter**

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**Report by: Internal Audit Manager**

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**1.0 Purpose**

- 1.1. This report seeks Audit Committee's approval of an updated Internal Audit Charter. The Charter sets out the role, authority, and responsibility of the Internal Audit team.

**2.0 Recommendations**

- 2.1. The Committee is asked to consider and approve the Internal Audit Charter attached at Appendix 1.

**3.0 Considerations**

- 3.1 The Public Sector Internal Audit Standards 2017 (the Standards) were developed jointly by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Chartered Institute of Internal Auditors (CIIA). The objectives of the Standards are to:
- define the nature of Internal Auditing within the UK public sector;
  - set basic principles for carrying out Internal Audit in the UK public sector;
  - establish a framework for providing Internal Audit services, which add value to the organisation, leading to improved organisational processes and operations; and
  - establish the basis for the evaluation of Internal Audit performance and to drive improvement planning.
- 3.2 The Standards require that all public sector Internal Audit providers establish an Internal Audit Charter. The Charter must set out the role, authority, and responsibility of the Internal Audit team, and must be approved by 'the board' (in this case Clackmannanshire Council's Audit Committee).
- 3.3 The Internal Audit Charter been reviewed, and an updated version is attached at Appendix 1. This reflects the joint working arrangement with Falkirk Council, and consolidates each Council's Charter into one document.

#### 4.0 Sustainability Implications

4.1. None Noted.

#### 5.0 Resource Implications

5.1. *Financial Details*

5.2. The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate. Yes ☐

5.3. Finance have been consulted and have agreed the financial implications as set out in the report. Yes ☐

5.4. *Staffing*

#### 6.0 Exempt Reports

6.1. Is this report exempt? Yes ☐ (please detail the reasons for exemption below) No ☐

#### 7.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

(1) **Our Priorities** (Please double click on the check box ☒)

Clackmannanshire will be attractive to businesses & people and ensure fair opportunities for all ☐

Our families; children and young people will have the best possible start in life ☐

Women and girls will be confident and aspirational, and achieve their full potential ☐

Our communities will be resilient and empowered so that they can thrive and flourish ☐

(2) **Council Policies** (Please detail)

#### 8.0 Equalities Impact

8.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?  
Yes ☐ No ☐

## 9.0 Legality

- 9.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes ☐

## 10.0 Appendices

- 10.1 Please list any appendices attached to this report. If there are no appendices, please state "none".

- **Appendix 1:** Clackmannanshire and Falkirk Councils – Internal Audit Charter.

## 11.0 Background Papers

- 11.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

Yes ☐ (please list the documents below) No ☐

### Author(s)

NAME	DESIGNATION	TEL NO / EXTENSION
Gordon O'Connor	Internal Audit Manager	07872 048 030

### Approved by

NAME	DESIGNATION	SIGNATURE
Stuart Crickmar	Strategic Director Partnership and Performance	



# Clackmannanshire and Falkirk Councils – Internal Audit

## Internal Audit Charter



### **Distribution:**

Audit Committees

Corporate Management Team / Senior Leadership Group

Internal Audit Teams

## 1. INTERNAL AUDIT CHARTER

- 1.1 This Internal Audit Charter sets out the role, authority, and responsibility of Falkirk and Clackmannanshire Councils' (the Councils') Internal Audit Sections, in accordance with the UK Public Sector Internal Audit Standards 2017 (PSIAS).
- 1.2 It is a requirement of PSIAS that the Charter is approved by the 'Board'. Within the Councils, the Audit Committee is deemed to be the Board.

## 2. ROLE OF INTERNAL AUDIT

- 2.1 Internal Audit is an independent and objective assurance and consulting activity that aims to add value to, and improve the operations of, the Councils.
- 2.2 The main objective of Internal Audit is to provide a high quality, independent, and innovative assurance service. This culminates in an Annual Assurance Report providing an opinion on the adequacy of each Council's arrangements for risk management, governance, and control.
- 2.3 In addition to this assurance role, Internal Audit:
- present periodic Progress Reports to Audit Committee;
  - provide ad hoc consultancy and advice to Services / Directorates;
  - monitor and report on the implementation of Internal Audit recommendations; and
  - help promote a zero tolerance fraud and corruption culture.
- 2.4 The Internal Audit Manager acts as Key Contact for the bi-annual National Fraud Initiative exercise at

both Councils and, at Falkirk Council, as the Single Point of Contact (SPOC) with Police Scotland in relation to Serious Organised Crime.

## 3. PROFESSIONALISM

- 3.1 Internal Audit aims to work in compliance with PSIAS. These Standards set out the requirements for the professional practice of Internal Auditing, and are based on the Chartered Institute of Internal Auditors' (CIIA) mandatory guidance. They also set out requirements in relation to evaluating the Internal Audit Section's performance.
- 3.2 Internal Audit will adhere to each Council's policies, procedures, and guidance, and will operate in line with its own Internal Audit Manual.
- 3.3 All Internal Audit staff participate in the Continuous Professional Development (CPD) requirements of the relevant Chartered Institute, and in their Council's professional development scheme.
- 3.4 Internal Audit staff are also required to adhere to the CIIA Code of Ethics, and their Council's own codes of conduct.
- 3.5 Networking and sharing of good practice is achieved through the Scottish Local Authorities Chief Internal Auditors' Group (SLACIAG) and its Computer Audit Sub-Group (CASG). Both of these Groups meet periodically throughout the year to discuss emerging issues, risks, and to progress specific initiatives.



## 4. AUTHORITY AND SCOPE

4.1 The scope of Internal Audit allows for unrestricted coverage of each Council's activities. To allow the team to provide a truly independent service, all Internal Audit staff have authority to:

- enter any Council premises or land;
- access any records, documents, or correspondence (held in any format) relating to any matter which may have assurance or risk implications for each Council;
- require explanations relating to any matter under review from any employee, including Chief Officers and elected Members; and
- require any employee (or agent) of each Council to produce cash, stores, assets, records, or any other property under their control or to which they have access.

4.2 This access is on demand, and need not be subject to prior notice.

4.3 In addition, the Internal Audit Manager will have unrestricted access to:

- the Chief Executive;
- the Convener / Chair and Members of each Audit Committee;
- Chief Officers; and
- all Council employees.

4.4 The Internal Audit Manager has the right to report directly to full Council in any instance where he / she deems it inappropriate to report to the Chief Finance Officer, Director of Corporate and Housing

Services / Strategic Director of Partnerships and Performance / Service Manager: Legal and Democracy, Chief Executive, or Audit Committee.

4.5 Right of access to Arms Length External Organisations (ALEOs) and to any bodies funded by each Council, should be set out in the relevant Service Level Agreement, conditions of funding, or contractual arrangement.

## 5. ORGANISATION

5.1 The Internal Audit Manager reports functionally to both Councils' Audit Committee. Operationally, he / she reports to the Chief Finance Officer (CFO) at Falkirk Council, and Service Manager: Legal and Democracy at Clackmannanshire Council. The CFO / Service Manager: Legal and Democracy attend meetings of the Corporate Management Team / Extended Senior Leadership Group.

5.2 Each Council's Audit Committee meets four times per year, with the role and remit formalised in Standing Orders. Pre-agenda meetings are held ahead of each Committee meeting to discuss matters relating to the agenda. The Internal Audit Manager may attend pre-agenda meetings, and attends all Audit Committee meetings.

5.3 In relation to Internal Audit, it is each Audit Committee's role to:

- approve the Internal Audit Charter;
- approve the annual risk based Internal Audit Plan;
- consider reports on Internal Audit activity, including an Annual Assurance Report;

- seek assurances from Chief Officers that appropriate action has been taken to address Internal Audit recommendations; and
- make enquiries of management and the Internal Audit Manager to identify any inappropriate scope or resource limitations.

5.4 The Internal Audit Manager, Senior Internal Auditors, and Internal Auditors are required to hold a relevant professional qualification and to be suitably experienced.

## **6. INDEPENDENCE AND OBJECTIVITY**

6.1 Internal Audit staff must always act independently and objectively. Internal Audit is not an extension of, or substitute for, the functions of line management, and must remain free from any undue influence or other pressure affecting its work.

6.2 Internal Auditors will have no direct operational responsibility or authority over any of the activities audited. They will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgment. They may, however, be consulted on the implementation of new systems or processes to ensure that, as far as possible, sound and proportionate arrangements for risk management, governance, and control are built in.

6.3 At Falkirk Council, the Risk Co-ordinator and Corporate Fraud Team Leader report operationally to the Internal Audit Manager. Alternative arrangements will be established to provide assurance on the adequacy of risk management and counter fraud policies and practice. This may take the form of peer review by another Council's Internal Audit team.

6.4 It is Service / Directorate management's (not Internal Audit's) responsibility, to:

- maintain a robust framework of internal control within their area of responsibility;
- put in place arrangements to prevent and detect fraud or corruption;
- implement Internal Audit findings and recommendations, or accept the risk of not doing so; and
- inform Internal Audit of any material proposed changes to systems or processes.

6.5 Internal Auditors must exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being reviewed. They must make a balanced assessment of all the relevant circumstances, and not be unduly influenced in forming judgments.

6.6 The Internal Audit Manager will report to each Audit Committee in his / her own name, and will confirm, in an Annual Assurance Report, the organisational independence of the Internal Audit team.

## **7. RESPONSIBILITY: ASSURANCE WORK**

7.1 The scope of Internal Auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of risk management, governance, and control arrangements.

7.2 Internal Audit must complete sufficient work to allow an Annual Assurance Report to be presented to each Audit Committee. This report provides an annual, overall, opinion on the adequacy of arrangements for risk management, governance,

and control, and informs each Council's Annual Governance Statement.

7.3 The Annual Assurance Report will be based on the outcomes of the risk based assignments set out in each Council's Annual Internal Audit Plan.

7.4 As required by PSIAS, the Annual Internal Audit Plan is developed taking account of key financial and other risks. This is done by:

- reviewing high and medium risks;
- consulting with senior managers; and
- considering previous Internal Audit reports and other independent review activities.

7.5 For each individual assignment, Internal Audit will develop a Terms of Reference and agree this with the relevant managers. Assignments are carried out using a risk based approach, taking account of the objectives of the activity being reviewed, risks to that activity, and the adequacy of existing risk management, governance, and control arrangements.

7.6 Internal Audit will develop and document work programs for each assignment, setting out the approach to be taken for identifying, analysing, evaluating, and documenting information. A detailed file will be kept as a record of work undertaken. This will be done in line with the standards set out in the Internal Audit Manual.

7.7 Matters arising from each assignment will be reported to management in the form of a draft report. Each report will be reviewed by the Internal Audit Manager prior to issue, and will include a statement on the level of assurance that can be provided, as well as an action plan setting out any recommendations. The overall assurance will be provided in line with the definitions set out below.

Level of Assurance	Definition
<b>Substantial assurance</b>	Largely satisfactory risk, control, and governance systems are in place. There may be some scope for improvement as current arrangements may undermine the achievement of objectives or leave them vulnerable to error or abuse.
<b>Limited assurance</b>	Risk, control, and governance systems have some satisfactory aspects. There are, however, some significant weaknesses likely to undermine the achievement of objectives and leave them vulnerable to an unacceptable risk of error or abuse.
<b>No assurance</b>	The systems for risk, control, and governance are ineffectively designed and operated. Objectives are not being achieved and the risk of serious error or abuse is unacceptable. Significant improvements are required.

7.8 The report and completed Action Plan will form the final record of each audit.

7.9 Periodic reports will be provided to each Audit Committee detailing progress in completing the Annual Internal Audit Plan and highlighting any key matters arising. These progress reports will also provide information on any consultancy work undertaken by Internal Audit.

7.10 The progress reports to each Audit Committee may also provide information in relation to Internal Audit recommendations that remain outstanding.

7.11 All Internal Audit recommendations are logged on each Council's Pentana system, with responsibility for monitoring implementation allocated to the relevant manager. This allows managers to close recommendations as they are implemented, and allows Internal Audit to monitor real time progress on an ongoing basis.

## **8. RESPONSIBILITY: CONSULTANCY WORK**

8.1 Internal Audit includes an allocation of 'days' in each Council's Annual Internal Audit Plan for consultancy work. This time will be used to allow Internal Audit to, for example:

- be involved in corporate projects and working groups;
- provide advice on written procedures and controls; and
- deliver short term assignments requested by Services.

8.2 Approval will be sought from each Audit Committee if there is to be a significant variation in consultancy work above the allocation within the Internal Audit Plan.

8.3 As per each Council's Financial Regulations, Chief Officers are responsible for identifying and managing the risk of fraud. Any potential irregularities are considered and investigated within the context of each Council's counter fraud arrangements.

## **9. QUALITY ASSURANCE**

9.1 Internal Audit is subject to a Quality Assurance and Improvement Programme that covers all aspects of the team's activity (and its compliance with PSIAS). This consists of an annual self assessment, ongoing performance monitoring, and a periodic external assessment.

9.2 The Internal Audit Manager is responsible for undertaking an annual self assessment and for reporting the results of this self assessment to each

Council's Audit Committee (within the Internal Audit Annual Assurance Report).

9.3 External assessments will be conducted at least once every five years by a suitably qualified, independent, assessor. The Internal Audit Manager will discuss and agree options for these assessments with the Chief Finance Officer / Service Manager: Legal and Democracy. One option is participation in the External Quality Assessment peer review process established by the Scottish Local Authorities Chief Internal Auditors' Group.

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**Report to: Audit Committee**

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**Date of Meeting 3<sup>rd</sup> December 2020**

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**Subject: Exceptions from the Application of Contract Standing Orders**

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**Report by Strategic Director Partnership & Performance**

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**1.0 Purpose**

- 1.1 It is a requirement of Contract Standing Orders that exceptions should be reported to the next available Audit Committee. The purpose of this paper therefore is to provide detail on Exceptions to Contract Standing Orders submitted in the previous quarter.

**2.0 Recommendations**

- 2.1 The Committee is asked to note the report, commenting and challenging as appropriate

**3.0 Considerations**

- 3.1 Contract Standing Orders (CSO's) apply to all contracts entered into by Council officers. In some circumstances however, exceptions may be granted.
- 3.2 The appropriate senior manager must record their reasons in writing in the form of an exception report for a decision, which must be submitted to the Strategic Director, Partnership and Performance, for consideration.

The Strategic Director is required to consult with the Chief Finance Officer (S95) and Procurement Manager before taking any action that binds the Council. It is a requirement that any such exception shall be reported retrospectively in full to the next Audit Committee, including the reasons that fully justify the exception. A summary of CSO exemptions will also be provided as part of the Annual Procurement report to the Audit Committee.

- 3.3 Five exceptions were considered since the last report in December 2019
- 3.3.1 to permit the appointment of J.K-Tyres, Alloa to supply light vehicle MOT services to Clackmannanshire Council over a 3 year period to the value of £20,000. Referenced 2/6/1778

**Granted**

Fleet Services has previously asked various local MOT service suppliers to register with Scotland Excel and Public Contracts Scotland to enable a full

competition to be carried out. After repeated requests, just one supplier had registered an interest in supplying this service. Interest could have been sought from out with the Council boundary, however this would have a negative effect on the following:

- Increased man hours (delivery and collection of vehicle)
- Increased fuel consumption
- Increased vehicle mileage

### **Conditions of Grant**

A purchase order should be raised and a direct award notice published in Public Contracts Scotland should be undertaken:

- 3.3.2 to permit the appointment of WDM to continue to provide a Road, Street lighting and Structures Maintenance Management Platform for a twelve month period to the value of around £16,000 Referenced 2/6/1778

### **Granted**

This is a long term rolling contract that was initially put in place in 2003 in collaboration with Perth & Kinross Council. Moving to a different supplier through a tender process at this time would require significant resource and cause disruption to service delivery. The provision of the exception would allow sufficient time for a robust tender exercise to be undertaken thorough a Crown Commercial framework

### **Conditions of Grant**

A purchase Order should be raised for the requirement to cover the period 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2021 to pay outstanding invoices and

The service has agreed in consultation with the IT Manager, to go out to the market and tender to fulfil corporate requirements. A Procurement Market analysis, Strategy, project plan, risk register and business case should be completed within 6 months. The additional year should provide sufficient time to scope the services.

An update on progress should be provided by end September 2020 by the service

- 3.3.3 to permit the appointment of Delta Computing Systems to continue to supply the Council with a Leisure Booking & Management Software platform over a one year period to the value of £16,269 Referenced 2/6/1784

### **Granted**

The intention has been to replace the system to help improve the customer experience in making a leisure booking, and to increase income from increased usage of our leisure facilities. However, neither Customer Services or IT have had the resource and capacity in recent times to undertake the necessary project tasks.

It is accepted by the service that this provision should be covered by formal contract arrangements in order to be compliant with Contract Standing Orders. However the service also recognises that it requires sufficient time to work with IT colleagues to scope the services required for the Council going forward (including booking requirements beyond the leisure service) and to test the market appropriately

### **Conditions of Grant**

A purchase Order should be raised for the requirement to cover the period 1<sup>st</sup> April 2020 to 31<sup>st</sup> March 2023 to pay any invoices

The service has agreed in consultation with the IT Manager, to go out to the market and tender for leisure booking and management software to fulfil corporate requirements. A Procurement Market analysis, Strategy, project plan and risk register should be completed within 6 months and a business case completed before the end of the calendar year. The additional year should provide sufficient time to scope the services.

An update on progress should be provided by end September 2020

- 3.3.4 to permit the appointment of Openreach to make alterations to the telephone cable infrastructure over a 34 Month period to the value of £188,827 which consists of 2 visits, one before work is carried out and the second on completion of any roof/render works. Not every property in the Roof and Render contract will require Openreach works. Referenced 2/6/1786

### **Granted**

Openreach has a Government appointed statutory monopoly on installation and alteration of BT cables.

### **Conditions of Grant**

A purchase order should be raised and a direct award notice published in Public Contracts Scotland should be undertaken:

- 3.3.5 to permit the continuation of Ceannas to continue to roll out leadership development for the Extended Senior Leadership Group. Referenced 2/6/1804

### **Granted**

There has been considerable investment of time for both the Chief Executive and Ceannas in establishing an understanding of the Council's strategic priorities, culture and challenges. This work is a pre requisite for running a successful development programme and would require to be re-performed should there been an alternate supplier be sought..

### **Conditions of Grant**

A purchase order should be raised and a direct award notice published in Public Contracts Scotland should be undertaken:

## 4.0 Covid19

- 4.1 Approval was sought from the Senior Leadership Group (SLG) to give additional guidance and clarity to Contract Standing Orders exception 4 where an immediate need is created by a sudden, unforeseen, real and demonstrable emergency that requires immediate action to protect the interests of the Council.

In order to provide sufficient governance with the exception noted above during the Covid19 crisis the following mechanism was sought and approved and would therefore not be subject to the provision of an exception report.

- Above 10k and below 50k subject to satisfactory budget provision and SLG approval a purchase order raised in T1 for an identified emergency provision
- Above 50k Officers follow the guidance provided by Scottish Procurement <https://www.gov.scot/publications/procurement-regulations-during-covid-19-outbreak-sppn-4-2020/> subject to SLG approval and budget. A purchase order raised in T1 required and approved.
- All other procurements would continue to comply with Contract Standing Orders and Financial Regulations

- 4.2 From the 27<sup>th</sup> March 2020 onwards the total number of contracts which were live over the period was 152

The total number of instances where some form of supplier relief arrangement has/ had been put in place under SPPN 5/2020 was 130. Each instance is recorded as one, and a supplier may have multiple instances. This includes:

- modifying terms of contracts to offer suppliers contractual relief;
- agreeing advance/interim payment proposals; and
- accelerating payment practices to ensure suppliers are paid as quickly as possible

This number however does not include occasions where the contract is being delivered as normal.

- 4.3 Five contracts were authorised to be extended for an initial term of 6 months under exception 4. These contracts were due for renewal on the 1<sup>st</sup> April 2020

The following contracts were extended as the potential change in provider at this time would jeopardise the provision and continuity of key service provision and insufficient time to move to other arrangements.

- Care at home services for older people and under 65's with physical disability
- Quick Step provision for Care at Home services
- Dynamic purchasing system for care and support for Children
- Council Tax/ Non Domestic Rates/Housing Benefits Processing System



- Targeted support for education digital learning transformation strategy

4.4 One contract was authorised to be extended for an initial term of 6 months under exception 4. This contract was due to expire on 18th July 2020 and was extended to 17th January 2021. This was collaborative contract with Falkirk and Stirling Council's. All parties had an inability to work on a replacement renewal under the Covid 19 restrictions.

- Term Commission Contract for Professional Services

4.5 The services are continuing to review their contract arrangements to consider whether supplier relief measures already in place remain appropriate, sustainable and reflective of any transitional support that may be needed. .

They are working in partnership with their suppliers in an open and transparent manner to develop arrangements to be implemented as soon as possible and in line with the opening up of markets and the Scottish Government's Route-map through and out of lockdown.

These arrangements will enable a transition out of relief, move to a more sustainable operating model, and include agreeing contract variations, where appropriate and necessary.

This may also require continuing accelerated payment practices to support cash flow as per SPPN 5/2020.

Where necessary the services will continue to seek legal advice about all decision making, where deemed appropriate.

There will continue to be adherence to finance, governance and Procurement procedures and legislation

## **5.0 Sustainability Implications**

5.1 There are no direct sustainability implications arising from the recommendations in this report.

## **6.0 Resource Implications**

6.1 Financial Details - there are no direct implications for the Council's budget arising from this report

6.2 Staffing - there are no direct implications for the Council's establishment arising from this report

## **7.0 Exempt Reports**

7.1 Is this report exempt? Yes ☐ (please detail the reasons for exemption below) No ☒

## **8.0 Declarations**

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

(1) **Our Priorities** (Please double click on the check box ☒)

Clackmannanshire will be attractive to businesses & people and ensure fair opportunities for all ☒  
Our families; children and young people will have the best possible start in life ☒  
Women and girls will be confident and aspirational, and achieve their full potential ☐  
Our communities will be resilient and empowered so that they can thrive & flourish ☐

(2) **Council Policies (Please detail)**

Contract Standing Orders

Financial Regulations

**9.0 Equalities Impact**

9.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?

N/A

**10.0 Legality**

10.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes ☒

**11.0 Appendices**

11.1 Please list any appendices attached to this report. If there are no appendices, please state "none".

**Policy note SPPN 4/2020 covering procurement related issues as a consequence of the coronavirus (COVID-19) outbreak.**

**Policy Note SPPN 5/2020 Coronavirus (COVID-19): supplier relief.**

**Coronavirus (COVID-19): recovery and transition from COVID-19: SPPN 8/2020**

**12.0 Background Papers**

12.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

No ☒ (please list the documents below)

**Author(s)**

<b>NAME</b>	<b>DESIGNATION</b>	<b>TEL NO / EXTENSION</b>
Derek Barr	Procurement Manager	2017

**Approved by**

<b>NAME</b>	<b>DESIGNATION</b>	<b>SIGNATURE</b>
Stuart Crickmar	Strategic Director Partnership & Performance	



# Scottish Procurement

## Scottish Procurement Policy Note

SPPN 4/2020

20 March 2020



### PROCUREMENT REGULATIONS DURING COVID-19 OUTBREAK

#### Purpose

1. This Policy Note raises awareness on handling some procurement related issues as a consequence of the current COVID-19 outbreak. In such exceptional circumstances, public bodies in Scotland may need to procure goods, services and works with extreme urgency. It provides information on options available to purchasers in these circumstances.
2. This SPPN does not offer general or health-specific advice. The Scottish Government provides advice on Coronavirus on its [website](#) and has published a [Coronavirus Action Plan](#).
3. The content of this SPPN is not legal advice and should not be construed as such. Public bodies are advised to seek their own legal advice in relation to any questions and issues they may have.
4. All references to a regulation in this SPPN are to those in the Public Contracts (Scotland) Regulations 2015 unless otherwise stated.

#### Current contracts

5. If public bodies have not already done so, they may wish to contact suppliers of key contracts to seek assurance they have plans in place to ensure continuing performance of contracts over the coming weeks. The Scottish Government has already taken this step and a copy of the letter issued to suppliers is attached at Annex A to the SPPN. Public bodies may wish to adopt or adapt this letter for their own purposes.
6. To address the consequences of COVID-19 public bodies may be required to make new purchases with extreme urgency. This is permissible under the current procurement regulations. The means of doing so may vary depending upon a number of variables.

## **Procurements above the OJEU threshold values**

7. For OJEU threshold procurements, the following options may be considered as a means of making an urgent purchase:
  - call off contract from an existing framework agreement/Dynamic Purchasing System
  - modification of an existing contract
  - new procurement procedure – using accelerated timescales
  - direct award of a new contract
  - contract awarded under the light-touch regime
  - using the small lots option available in the regulations
8. Depending on the specific nature of a requirement there may be further options under the Public Contracts (Scotland) Regulations 2015 (2015 Regulations), such as the additional delivery of supplies from an existing supplier (regulation 33(4)), additional similar works or services from an existing supplier (regulation 33(8)), or using the services of a subsidiary of another contracting authority (regulation 13). These are not covered in this guidance and do have their own specific requirements.
9. It is important to note that in the absence of a competition, care must be exercised to ensure the contract terms and price are set at what can be described as the market level. Agreeing to pay above the market level/rates could be deemed to be an overpayment constituting an unlawful state aid, and if public bodies have any such concerns, legal advice should be sought.
10. The decision to award a contract without running a competition may be challenged by another supplier. Public bodies should therefore ensure they keep proper records of decisions and actions on individual contracts, as this could mitigate against the risk of a successful legal challenge. If a public body makes a direct award, they must publish a contract award notice (regulation 51) on Public Contracts Scotland (PCS) website, within 30 days of awarding the contract.
11. Public bodies procuring under the Utilities Contracts (Scotland) Regulations 2016 and the Concession Contracts (Scotland) Regulations 2016 will need to check similar provisions in those Regulations.

## **Procurements below the OJEU thresholds values**

12. Procurement officials are reminded that the procurement procedures and associated timescales set out in the 2015 Regulations do not apply to procurement exercises below the OJEU thresholds and thus there is greater flexibility to run competitions quicker for lower value requirements.
13. For contracts regulated by the Procurement (Scotland) Regulations 2016 (£50,000 goods/services £2,000,000 works) public bodies are required to advertise the opportunity on PCS, and apply exclusion and selection criteria.

14. For all contracts below these thresholds, public bodies are free to use any process or procedure they choose to run and are not required to use the standard procurement procedures (open, restricted etc) and are also free to set timescales for the competition as long as they are reasonable and proportionate.

### **Call-off contract**

15. Public bodies should check whether a framework agreement or Dynamic Purchasing System (DPS) can be used to put in place a call-off contract. Call-off procedures are a quick and efficient way to provide services, goods or works from an agreed supply chain and many have direct award ability or a quick minimum 10 day call-off period.
16. Public bodies should check within their own sectors for any framework agreements or DPSs that exist and may offer a quick means of securing any urgently needed goods/services. Annex B provides a list of collaborative resources available in sectors.
17. As always when considering the use of a framework agreement or DPS it is important that the procurement official is satisfied that it was set up in a way that entitles the purchasing body to use it.

### **Modification of an existing contract**

18. Consider whether there is an existing contract which could be modified in order to provide the goods, services or works. A contract established under the 2015 regulations can be modified to cater for the new purchase when certain grounds exist. Details of these grounds are summarised in Annex C.
19. In all circumstances where a contract modification is made, public bodies should keep a written justification and they should limit requirements to only what is absolutely necessary for the period that extreme urgency reasons apply, both in terms of what is being procured and the length of contract.
20. This justification should demonstrate that the decision related to the COVID-19 outbreak with reference to specific facts. For example, there is extreme urgency and the circumstances were unforeseen or staff are diverted by procuring urgent requirements to deal with COVID-19 consequences.

### **New procurement procedure – using accelerated timescales**

21. If there is no scope to call-off from a framework agreement or DPS or to modify an existing contract, a public body can consider whether the goods, services or works can be purchased following normal procurement procedures using reduced (sometimes referred to as accelerated) timescales. Details of timescales are at Annex D.

22. A public body must set out in the Contact Notice published on PCS their reason for accelerating timescales, for example:

“The COVID-19 outbreak has given rise to an urgent need for the supply of [description of what is being procured] because [explanation of urgency]. This does not give [name of public body] sufficient time to comply with the standard [open procedure / restricted procedure / competitive procedure with negotiation] timescales for this procurement. [Public body] considers this to be a state of urgency which it has duly substantiated. Accordingly, [contracting authority] is using the accelerated time limits permitted under the Public Contract (Scotland) Regulations 2015 (regulation [28(5) for the open procedure / 29(11) for the restricted procedure / 30(11) for the competitive procedure with negotiation]) in respect of this procurement”.

### **Direct award**

23. COVID-19 is serious and its consequences pose a risk to life. Public bodies are able to enter into contracts without competing or advertising the requirement where specific circumstances apply. See Annex E for a list of options and the tests that apply.
24. In all circumstances where a direct award is made, public bodies should keep a written justification that satisfies these tests and they should limit requirements to only what is absolutely necessary for the period that extreme urgency reasons apply, both in terms of what is being procured and the length of contract.
25. It is also important to undertake a separate assessment of the ongoing applicability of tests before undertaking any subsequent or additional procurement to ensure that they are all still met, particularly to ensure that the events are still unforeseeable. For example, as time goes on, what might amount to unforeseeable now, may not do so in future.
26. Delaying or failing to do something in time does not make a situation qualify as extremely urgent, unforeseeable or not attributable to the public body. This is because procurement rules expect a public body to plan its time in order to use a competitive procedure.
27. It is important that public bodies continue to achieve value for money and use good commercial judgement during any direct award. Whilst prices may be higher than would be expected in a regular market, public bodies should exercise caution if they consider any prices to be abnormally high and may wish to have internal processes in place to review any such pricing. Additionally, public bodies are encouraged to consider contractual mechanisms to ensure that they have the ability to secure pricing reductions through the life of the contract. Where this is not possible, it is recommended a log should be kept and reasoning provided for future auditing.



## **Light touch regime**

28. Public bodies can also consider how they apply the light touch regime in a way that is able to respond to urgent requirements. This regime applies to all social and other specific services, including health and social care related services (see regulations 74-76).
29. While public bodies are required to advertise contracts in OJEU and publish contract award notices, public bodies are free to use any process or procedure and are not required to use the standard procurement procedures (open, restricted etc) and are also free to set timescales for the competition as long as they are reasonable and proportionate.

## **Separate lots**

30. Public bodies may also wish to take account of the flexibility offered by regulation 5(3) to break down an otherwise large contract requirement into smaller contracts (sometimes referred to as lots) that can individually be awarded without requiring a competitive process under the 2015 Regulations provided:
- No smaller, individual contract exceeds £70,778 (or in the case of a works contract £884,720).
  - The estimate total aggregate value of all smaller contracts does not exceed 20% of the estimated total contract requirement.

## **Action required**

31. Public bodies are asked to note the measures and apply the procurement rules on all ongoing public contract requirements.

## **Dissemination**

32. Please bring this SPPN to the attention of all relevant staff within your field of responsibility to whom it may be of interest.

## **Contact**

Any enquiries about this SPPN should be directed to:

Email: [scottishprocurement@gov.scot](mailto:scottishprocurement@gov.scot)

Scottish Procurement  
The Scottish Government  
5 Atlantic Quay  
150 Broomielaw  
Glasgow  
G2 8LU

Dear

**Contract for the provision of XXXXXXXXXXXXXXXXXXXXXXXXXX - Supply Chain Resilience: Coronavirus - COVID-19**

We are assessing how our organisation would continue to deliver our core services if a significant number of cases of Coronavirus - COVID-19 arise in the coming weeks and months.

The principal risk to the continuity of critical business functions is the shortage of staff both within organisations and in suppliers and subcontractors.

It is not possible to say accurately how many people will be affected by COVID-19, but as a matter of good practice we are assessing how our business would cope if a significant number of cases arose. Part of this assessment includes considering potential supply chain disruption.

As a supplier to our organisation, we are seeking assurance that you have appropriate measures in place to support the continuing delivery of the above contract. I would be grateful if you could provide details of the plans that you have in place to ensure business continuity and the continuing delivery of your contractual obligations.

In relation to COVID-19, it would be helpful if your response to this letter could set out in particular:

- Do you know what processes are critical to the continuation of your business, and which are relevant to the service you provide to us?
- How would you ensure continuity of service to us in the event that a large number of your staff were absent?
- Are your suppliers resilient with their own Business Continuity Plans, which are necessary in order for you to deliver your services to us?

The Scottish Government [website](#) has published detailed advice on COVID-19.

If you wish to discuss further please do not hesitate to contact me. I would be grateful for a response within 48 hours of receipt of this letter.

Yours sincerely

## Framework agreements / Dynamic Purchasing Systems available

**Note** - it is important to check that the agreement was set up in a way that entitles the purchasing body to use it.

<p><b>Scottish Government</b></p> <p>Available for central government and the Scottish public sector  <a href="https://www.gov.scot/publications/frameworks-and-contracts/">https://www.gov.scot/publications/frameworks-and-contracts/</a></p>
<p><b>Crown Commercial Service</b></p> <p>Available for UK public sector organisations  <a href="https://www.crowncommercial.gov.uk/agreements">https://www.crowncommercial.gov.uk/agreements</a></p>
<p><b>Scotland Excel</b></p> <p>Available for local authorities and associate members  <a href="http://www.scotland-excel.org.uk/home/Contractregister/Contract-register.aspx">http://www.scotland-excel.org.uk/home/Contractregister/Contract-register.aspx</a></p>
<p><b>NHS National Procurement and NHS National Services Scotland</b></p> <p>Available for all Scottish Health Boards            For live frameworks please see Forward Plan document, go to the 'NHS NP' tab at the bottom of the page, this spreadsheet is updated on a monthly basis.  <a href="https://www.publiccontractsscotland.gov.uk/info/InfoCentre.aspx?ID=1361&amp;Type=1601&amp;Path=1601">https://www.publiccontractsscotland.gov.uk/info/InfoCentre.aspx?ID=1361&amp;Type=1601&amp;Path=1601</a></p>
<p><b>APUC</b></p> <p>Available for client institutions  <a href="http://www.apuc-scot.ac.uk/#!/contracts">http://www.apuc-scot.ac.uk/#!/contracts</a></p>

## Modification of OJEU value contracts

- for procurements subject to the Public Contracts (Scotland) Regulations 2015
- these principles also apply to the modification of below OJEU threshold value contracts

Permissible modifications	Value of the modification
<b>Contractual provision</b> The contract terms and conditions describe what modifications are permitted in what circumstances <b>and</b> the modification does not change the overall nature of the contract or framework agreement. regulation 72(1)(a)	<b>any value</b>
<b>Additional goods, services or works</b> The modification is where it is necessary for more of the same from the same supplier <b>and</b> a new supplier could be disruptive to services, goods provision or works <b>and</b> would be inconvenient or would add to costs Note: a contract award notice must be published. regulation 72(1)(b)	<b>Up to half the original contract value*</b>
<b>Unforeseeable circumstances</b> It was not possible to predict the circumstances which gave rise to the need for the change to the contract or framework <b>and</b> the modification does not change the overall nature of the contract Note: a contract award notice is must be published. regulation 72(1)(c)	<b>Up to half the original contract value*</b>
<b>Change of contractor</b> A replacement supplier is necessary, for example after a takeover. regulation 72(1)(d)	<b>n/a</b>
<b>The modification is not substantial</b> , if any of these apply <ul style="list-style-type: none"> <li>• the nature of the contract will not be changed materially.</li> <li>• if the modification had been part of the initial procurement procedure and would not have:               <ul style="list-style-type: none"> <li>○ allowed for another candidate to have been selected, or</li> <li>○ allowed another tender to have been accepted, or</li> <li>○ attracted other suppliers to have participated in the process.</li> </ul> </li> <li>• it would not change the economic balance of the contract or framework in favour of the contractor in a manner which was not provided for in the initial contract.</li> <li>• the modification does not extend the scope of the contract or framework considerably.</li> </ul> regulation 72(1)(e)	<b>any value</b>
<b>Limited in value</b> The modification does not change the nature of the contract <b>and</b> is less than 10% of the contract value for goods / services or 15% for works. regulation 72(5)	<b>below the OJEU threshold values</b>

\* - Multiple modifications are permissible, however each one should not exceed the 50% of the original contract value.

## Timescales

- for procurements subject to the Public Contracts (Scotland) Regulations 2015

STANDARD MINIMUM TIMESCALE	IF ELECTRONIC TENDER SUBMISSION PERMITTED	IF URGENT *	WHERE PIN PUBLISHED **	IF SUB CENTRAL AUTHORITY ***
<b>Open procedure</b>				
Minimum time limit for receipt of tenders 35 days	Minimum time limit for receipt of tenders 30 days	Minimum time limit for receipt of tenders 15 days	Minimum time limit for receipt of tenders 15 days	Minimum time limit for receipt of tenders 35 days
<b>Restricted procedure</b>				
<a href="#">Stage 1 – requests to participate</a>				
Minimum time limit for requests to participate 30 days	Minimum time limit for requests to participate 30 days	Minimum time limit for requests to participate 15 days	Minimum time limit for requests to participate 30 days	Minimum time limit for requests to participate 30 days
<a href="#">Stage 2 – receipt of tenders</a>				
Minimum time limit for tenders 30 days	Minimum time limit for receipt of tenders 25 days	Minimum limit for tenders 10 days	Minimum time limit for tenders 10 days	Minimum time limit for tenders may be set by agreement with tenderers. In the absence of agreement minimum time limit 10 days.
<b>Competitive procedure with negotiation</b>				
<a href="#">Stage 1 – requests to participate</a>				
Minimum time limit for requests to participate 30 days	Minimum time limit for requests to participate 30 days	Minimum time limit for requests to participate 15 days	Minimum time limit for requests to participate 30 days	Minimum time limit for requests to participate 30 days
<a href="#">Stage 2 – receipt of initial tenders</a>				
Minimum time limit for initial tenders 30 days	Minimum time limit for receipt for initial tenders 25 days	Minimum time limit for tenders 10 days	Minimum time limit for initial tenders 10 days	Minimum time limit for tenders may be set by agreement with tenderers. In the absence of agreement minimum time limit 10 days.
<b>Competitive dialogue and innovation partnerships</b>				
<a href="#">Stage 1 – requests to participate</a>				
Minimum time limit for requests to participate 30 days	Minimum time limit for requests to participate 30 days	Minimum time limit for requests to participate 30 days	Minimum time limit for requests to participate 30 days	Minimum time limit for requests to participate 30 days
<a href="#">Subsequent stages</a>				
No explicit time limits for submission of initial/subsequent tenders.	No explicit time limits for submission of initial/subsequent tenders.	No explicit time limits for submission of initial/subsequent tenders.	No explicit time limits for submission of initial/subsequent tenders.	No explicit time limits for submission of initial/subsequent tenders.

## Notes:

All of the timescales in this table are calendar days and the timescale begins at midnight at the end of the day that the notice/invitation is sent by the contracting authority and ends on midnight at the end of the last day of the specified time period. The last day of this timescale must not be a Saturday or a Sunday or a bank holiday in Scotland. In addition any period of time that is referred to here must include at least two working days.

Please also be aware that a Prior Information Notice may be used by sub-central contracting authorities as a call for competition in restricted procedures or competitive procedures with negotiation. Contracting authorities must allow at least 35 days for expressions of interest after which they must simultaneously invite the candidates to confirm their interest and must allow at least 30 days for this. When the invitation to tender is dispatched to the selected candidates contracting authorities must allow at least 30 days for submission of tenders, or at least 25 days where electronic submission tenders is permitted. There is also the option for the sub-central contracting authorities to agree the time limit with the candidates with a default time limit of at least 10 days where there is no mutual agreement.

\* This shorter time limit is allowed where a state of urgency, duly substantiated by a contracting authority, renders the minimum time limit impractical.

\*\* This shorter time limit for the receipt of tenders is allowed where contracting authorities have published a prior information notice which was not itself used as a means of calling for competition, provided that **all** of the following conditions are fulfilled:

- a) The prior information notice included all of the information required in section I of the Prior Information Notice referred to in Annex V of the Public Contracts Directive 2014/24/EU, insofar as that information was available at the time that the prior information notice was published.
- b) The prior information notice was sent for publication between 35 days and 12 months before the date on which the contract notice was sent.

\*\*\* Sub-central contracting authorities means all contracting authorities which are not central government authorities as listed within Schedule 1 of the Public Contracts (Scotland) Regulations 2015.

## Options for direct award

- for procurements subject to the Public Contracts (Scotland) Regulations 2015
- these principles also apply to below OJEU threshold value contracts

<b>Direct award – extreme urgency</b>	
Where all the following tests apply, see regulation 33(1)(c) and 33(3)	<p><b>There are genuine reasons for extreme urgency</b>, for example, you need to respond to the COVID-19 consequences immediately, for example, because of public health risks, loss of existing provision at short notice, or you are reacting to a current situation that is a genuine emergency - not planning for one.</p> <p><b>and</b></p> <p><b>The events that have led to the need for extreme urgency were unforeseeable</b>, for example, the COVID-19 situation is so novel that the consequences are not something you should have predicted.</p> <p><b>and</b></p> <p><b>It is not possible to comply with the usual timescales in the 2015 Regulations</b>, for example, there is no time to run an accelerated procurement under the open or restricted procedures or competitive procedures with negotiation; or there is no time to place a call off contract under an existing commercial agreement such as a framework or dynamic purchasing system.</p> <p><b>and</b></p> <p><b>The situation is not attributable to the contracting authority</b>, for example, you have not done anything to cause the need for extreme urgency, or you have not failed to do something which has then resulted in the need for extreme urgency.</p>
<b>Direct award - absence of competition or protection of exclusive rights</b>	
One of the following applies, see regulation 33(1)(b)	<p><b>Competition is absent for technical reasons</b> for example, there is only one supplier with the expertise to do the work, produce the product or with capacity to complete on the scale required;</p> <p><b>or</b></p> <p><b>The protection of exclusive rights, including intellectual property rights</b> for example, the supplier owns those rights (including intellectual property rights) or it has the exclusive right to exploit intellectual property rights.</p>
	<p>But this is only when: there is no reasonable alternative or substitute available;</p> <p><b>and</b></p>

	the public body is not doing something which artificially narrows down the scope of the procurement for example, by over-specifying the requirement.
<b>Direct award – supplies in specific circumstances</b>	
Where any of the following applies to the contract, see regulation 33(4)	<p><b>if the products are manufactured purely for the purpose of research, experimentation, study or development</b> – but not if the products are being manufactured for quantity production, to establish commercial viability or to recover research and development costs.</p> <p><b>or</b> <b>Additional supplies from the original supplier where it would be disruptive to change to a different product</b> - If additional deliveries are required, where <b>and</b> a change of supplier would mean that the supplies would have a different technical characteristic (for example a new specification), <b>and</b> would result in incompatibility or disproportionate technical difficulties in operations and maintenance - these supplies must be a partial replacement or extension of the supplies / installation.</p> <p><b>or</b> <b>If supplies quoted and purchased on a commodity market</b></p> <p><b>or</b> <b>If the supplies will be purchased on particularly advantageous terms</b> – these supplies <b>must</b> be from a supplier who is definitively winding up its business, or the liquidator in insolvency procedure, an arrangement with creditors, or similar under law.</p>
<b>Direct award – new work and / or service only – same supplier</b>	
Where all of the following applies to the contract, see regulation 33(8)	<p>Where the contract,:</p> <ul style="list-style-type: none"> <li>• was previously awarded following a competition run under one of the procedures of the 2015 Regulations;</li> <li>• indicated the possibility of additional works or services being awarded;</li> <li>• the original procurement process suggested the possible need for this type of modification, <b>and</b></li> <li>• the original contract was awarded within the last three years</li> </ul>



## Supplier relief due to COVID-19

### Purpose

1. This Scottish Procurement Policy Note (SPPN) sets out guidance for public bodies on options for payment to their suppliers to ensure service continuity during the current coronavirus (COVID-19) outbreak.
2. This SPPN does not offer general or health-specific advice. The Scottish Government provides advice on Coronavirus on its [website](#) and has published a [Coronavirus Action Plan](#). Advice on substantive [support packages](#) available for business and their employees including details of the [Coronavirus Job Retention Scheme](#).
3. The content of this SPPN is not legal advice and should not be construed as such. Public bodies are advised to seek their own legal advice in relation to any questions and issues they may have. All funding must be allocated in compliance with the current State aid rules or the [Temporary Framework introduced by the European Commission to further support the economy in the COVID-19 outbreak](#).

### Timing and action required

4. This SPPN applies with immediate effect and until 30 June 2020; it will be subject to review by then. Public bodies are urged to take immediate action to urgently review their current contracts and consider the options set out in this guidance to provide supplier relief. All decisions must be made on a case by case basis and take account of local governance and audit requirements.

### Key points

5. The current outbreak of COVID-19 is unprecedented and will have a significant impact on businesses of all sizes. Many suppliers to public bodies will struggle to meet their contractual obligations. This will put their financial viability, ability to retain staff and their supply chains at risk. Public bodies should act now to

support their suppliers so they are better able to cope with the current crisis and to resume normal service delivery and fulfil their contractual obligations when the outbreak is over.

6. This SPPN offers guidance on steps that public bodies can take to provide supplier relief under existing contracts. Although the guidance makes reference to the Public Contracts (Scotland) Regulations 2015 (2015 Regulations), this is not to be read as meaning that the advice applies only to contracts within scope of those Regulations; these principles also apply to lower value contracts.

### **Modifying contracts including payment terms for supplier relief**

7. It is the view of the Scottish Government that, at this time, the grounds for modifying a contract set out in [regulation 72](#) of the 2015 Regulations may exist for many contracts. Public bodies should consider using this ability to modify payment terms of contracts. Where to do so will be consistent with this regulation and will offer suppliers relief under the terms of their contract. [SPPN 4/2020](#) sets out guidance on contract modification, including the need for a contract variation notice.

8. Annex A to this SPPN provides a template of Model Interim Payment Terms that public bodies may wish to use when providing contractual relief. The Model Interim Payment Terms are designed for public contracts for the delivery of goods and services. Public bodies should seek legal advice to ensure that the Model Interim Payment Terms are consistent with the contract which they seek to vary.

9. Key points from annex A are:

- It will be for a supplier to set out proposals to vary an existing contract and/or request interim / advance payment (see para 10 below).
- Both parties will be required to explore if other changes to the contract (for example, rescheduled delivery dates) would work better.
- The supplier will not be entitled to combine a claim under the contract with any other COVID-19 related relief, grant, intervention or other measure which results in the supplier receiving more than one benefit/relief for the same underlying cash-flow issue.
- On request, the supplier will have to evidence that any monies paid out have been used as intended.
- A condition of payment will be that the supplier must also promptly pay its staff and supply chain under the contract.
- Suppliers will not be able to claim where there is no contractual volume commitment to deliver nor will not be able to claim for profit on undelivered elements of the contract.
- Monies paid can be recovered by public bodies in specified circumstances.

## **Payment to suppliers**

10. The [Scottish Public Finance Manual \(SPFM\)](#) currently discourages payment in advance of need unless in exceptional circumstances. In the current circumstances, Scottish Government (SG) central finance and procurement consent is granted for payments in advance of need where the Accountable Officer is satisfied that a value for money case is made by virtue of securing continuity of supply of critical services in the medium and long term. This consent is capped at 25% of the value of the contract and applies until the end of June 2020. Central SG finance and procurement will review in mid June whether this consent needs to be extended for a further period. Consent for payment in advance of need in excess of this amount should be sought from SG central finance and procurement in the usual way. This consent does not alleviate Accountable Officers of their duties to ensure the value for money, regularity and propriety of all spending or for other contracting authorities to conduct appropriate and proportionate due diligence to ensure such payments are necessary for continuity of supply of critical services.

11. Those public bodies not covered by the SPFM should satisfy themselves their own accounting rules will permit payment in advance in the current environment.

12. Continuing to make payments to suppliers will present risks including that, despite these exceptional actions, a supplier may still become insolvent. These risks will need to be managed by public bodies on a case by case basis.

13. Public bodies should aim to work with suppliers and, if appropriate, provide relief against their current contractual terms. For example relief on service level expectations including key performance indicators (KPIs) and service credits. This maintains business and service continuity for example, to provide goods or services to support temporary or critical Covid-19 related public services rather than the original scope of the contract. Claims by suppliers for other forms of contractual relief, such as force majeure<sup>1</sup> should be considered as a last resort and legal advice should be sought.

14. See more guidance on payment to suppliers – annex B.

## **Prompt payment of invoices and interim applications**

15. Public bodies should pay suppliers as quickly as possible to maintain cash flow and protect jobs. Public sector organisations are bound by the Late Payments of Commercial Debts (Interest) Act 1998, which requires payment to be made with 30

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<sup>1</sup> A force majeure event is an event or circumstance which is beyond the parties' control and which prevents them from fulfilling their obligations under the contract. It can only be invoked if there is a provision in the contract for it – i.e. it is not an implicit right.

days after receipt of a valid invoice, or any other period the contract terms may specify. Public bodies should now aim to accelerate their payment practice to ensure payment is made as quickly as possible to their suppliers to maintain cash flow and protect jobs.

16. See more guidance on prompt payment of invoices – annex C

## **Dissemination**

17. This SPPN is applicable to all Scottish contracting authorities, including central government departments, executive agencies, non-departmental public bodies, local authorities, NHS bodies and the wider public sector. This SPPN covers goods and services contracts put in place by Scottish public bodies. The principles also apply to works contracts, for which further guidance will be issued.

18. Please circulate this SPPN across your organisation and to other relevant organisations that you are responsible for, drawing it to the specific attention of those with a commercial and finance role.

## **Contact**

Any enquiries about this SPPN should be directed to:

Email: [scottishprocurement@gov.scot](mailto:scottishprocurement@gov.scot)

Scottish Procurement, The Scottish Government, 5 Atlantic Quay, 150 Broomielaw, Glasgow, G2 8LU.

## Annex A

### Template of Model Interim Payment Terms

[AUTHORITY LETTERHEAD]

Insert supplier name

Address

Xx/Month/Year

Dear

**Contract (as amended) between (1) [Authority] (the “Authority”) and (2) [Supplier] (the “Supplier”) dated [Date] (the “Contract”)**

**Supplier relief due to COVID-19 in accordance with Scottish Procurement Policy Note 5/2020 (“SPPN 5/2020”)**

1. We refer to the contract. Unless otherwise defined, terms defined in the contract and used in this letter shall have the meaning set out in the contract.

#### **Background**

2. The purpose of the variation is for the authority to give relief to the supplier on the terms of this variation. The authority and the supplier acknowledge that the relief is given in light of SPPN 5/2020 and that both parties shall act in good faith and work together towards the principles set out in SPPN 5/2020. The supplier acknowledges that any relief given to it is at the sole discretion of the authority.
3. The authority reasonably anticipates that the procurement regulations will apply to this Variation and the Parties shall ensure that there is a lawful basis for

agreeing the variation under the Public Contracts (Scotland) Regulations 2015 and/or any applicable procurement rules. Due to the current COVID-19 pandemic, this may include in particular justification under regulation 72 or regulation 33 of the Public Contracts (Scotland) Regulations 2015 or such other applicable equivalent.

4. The contract, including any previous variation, will remain effective and unaltered except as amended by this Variation.

## **Variation**

5. The following terms shall have the meaning as set out below and shall be incorporated into the contract:

**[Drafting note: authorities should crosscheck definitions between this variation and the contract.]**

**Terms highlighted in bold are not defined in this variation and their definition should be crosschecked in the contract.]**

<b>“Covid Related Hardship”</b>	means that as a result of the COVID-19 pandemic the supplier’s ability to meet its contractual obligations under the contract have been adversely affected.
<b>“Covid Relief Period”</b>	means the period from variation date until the relief expiry date.
<b>“Interim Payment Proposal”</b>	means a proposal for an interim payment structure pursuant to paragraph six of this variation.
<b>“Open Book Data”</b>	means the complete and accurate financial and non-financial information which is required by the authority to enable the authority to understand all COVID-19 related relief, grants, interventions or other measures received by the supplier from the Government and to verify the <b>[charges]</b> paid or the <b>[charges]</b> which would have been paid during the Covid Relief Period, including: <ol style="list-style-type: none"><li>a. the supplier’s <b>[costs]</b> broken down against each <b>[deliverable]</b>, including actual capital expenditure (including capital replacement costs) and the unit cost and total actual</li></ol>

- costs of all hardware and software.
- b. operating expenditure relating to the provision of the **[good]** or **[services]** including an analysis showing:
  - a. the unit costs and quantity of consumables and bought in services
  - b. staff costs broken down into the number and grade/role of all **[supplier personnel]** together with a list of agreed rates against each manpower grade
  - c. **[reimbursable expenses]**
  - c. **[overheads]**
  - d. all interest, expenses and any other third party financing costs incurred in relation to the provision of the **[services]**
  - e. full details of the payment of employee wages
  - f. full details of the payment of **[sub-contractors]**.

**“Procurement Regulations”**

means the Public Contracts (Scotland) Regulations 2015

**“SPPN 5/2020”**

means Scottish Procurement Policy Note 5/2020 [as updated or amended from time to time] setting out information and guidance for public bodies on how they may amend payment provisions in contracts or consider other contractual relief in order to assist suppliers to combat the impact of COVID-19.

**“Relief Expiry Date”**

means 30 June 2020, or such other date as may be notified by the authority to the supplier prior to or on 30 June 2020.

**“Variation”**

means the terms set out in this variation.

**“Variation Date”**

means the date the second party signs this variation

6. Notwithstanding any other term of the contract, the parties agree to vary the contract by incorporating the following terms into the contract:

6.1. Where the supplier is subject to Covid Related Hardship, the supplier may at any time during the Covid Relief Period, propose a change to the contract which has the aim of providing interim relief and support to the supplier, pursuant to the aims and principles set out in SPPN 5/2020.

6.2. Pursuant to the principles set out in SPPN 5/2020 and subject to this variation, the supplier shall prepare and deliver to the authority in writing, an Interim Payment Proposal which sets out details of the supplier's proposals to vary the payment profile and/or provisions of the contract to support its cash flow position during the Covid Relief Period, including:

6.2.1. details of an interim payment structure to be put in place, which may include (but not be limited to):

- 6.2.1.1. [advance payment or advance interim payment for **[goods]** or **[services]** prior to their delivery by the supplier]
- 6.2.1.2. [proposals to amend contract milestone delivery and payment profiles (including extending, delaying, cancelling or consolidating milestone activity and payments)]
- 6.2.1.3. [continued payment notwithstanding reduced or non-performance]
- 6.2.1.4. [bringing forward authority orders and associate payments]

**[Drafting note: authorities should consider which details are appropriate for each specific contract]**

and the Interim Payment Proposal shall include details of the proposed amounts payable, the timescales for payment and any other information reasonably required to enable the proposal to be considered by the authority and implemented by the parties and

6.2.2. details of how any the interim payment structure proposed by the supplier (in total and each specific payment) is to be used and how it will provide the Supplier with relief and help reduce the adverse effect of Covid Related Hardship.

6.3. The authority shall within [three] **[working days]** of receipt of an Interim Payment Proposal, consider and either reject or approve the Interim Payment Proposal. If approved, the parties shall agree in writing the effective date of the Interim Payment Proposal, which shall be dealt with under the contract as an agreed change. Where the authority rejects the proposal, the supplier shall be entitled to resubmit the Interim Payment Proposal but shall amend the proposal to take into account any changes reasonably requested by the authority.



6.4. The parties shall use reasonable endeavours to avoid the use of the Interim Payment Proposal mechanism by identifying and utilising existing contractual mechanisms and provisions under the contract to reduce the adverse impact of Covid Related Hardship under the contract, which may include:

- 6.4.1. relief against performance indicators
- 6.4.2. relief and/or delays to delivery dates
- 6.4.3. relief and/or delays to service credits
- 6.4.4. waiver or delay by the authority of its remedies and rights under the contract in whole or in part.

6.5. Where the parties agree and implement an Interim Payment Proposal, the supplier shall:

- 6.5.1. At the Authority's request, promptly provide a **[certificate of costs]** which sets out the supplier's actual costs, expenses, cash flow and profits of providing the **[goods]** and/or **[services]** over the [three months] prior to the effective date of the Interim Payment Proposal.
- 6.5.2. Ensure that the payments agreed under the Interim Payment Proposal are promptly and solely applied to the purposes for which they are paid, which may include payments to **[supplier staff]** and the supplier's contract supply chain; who are working on deliverables to be provided under or in connection with the contract so as to reduce the adverse effect of Covid Related Hardship.
- 6.5.3. Make available to the authority upon request any information and/or evidence (including the open book data) which the authority may reasonably require in order to:
  - 6.5.3.1. verify and assure that the supplier has applied the monies as agreed in the Interim Payment Proposal, including copies of accounts, ledgers, cash-flow forecasts and statements, balance sheets, profit and loss accounts and any other documentary evidence
  - 6.5.3.2. verify and assure that monies intended for **[supplier staff]** performing the Contract, have been properly and promptly paid
  - 6.5.3.3. pay invoices submitted by the supplier's **[sub-contractors]** and supply chain immediately on receipt
- 6.5.4. Ensure that all invoices clearly set out which elements of the invoice that are attributable to the Interim Payment Proposal and which elements are business as usual.
- 6.5.5. Maintain full records and a written audit trail of all Interim Payment Proposal activity in accordance with the general financial records provisions in the contract (and such records shall be made available promptly to the authority on reasonable request).

6.6. The supplier shall not be entitled:

- 6.6.1. to include any profit in the Interim Payment Proposals to the extent that such profit might apply to elements of the contract that are undelivered by the supplier during the Covid Relief Period
- 6.6.2. to include any payments in the Interim Payment Proposals where there is no contractual volume commitment under the contract
- 6.6.3. to any payments to the extent that the supplier has been underperforming under the contract and is subject to a current improvement plan or other remedial performance measure under the contract
- 6.6.4. to combine the Interim Payment Proposal with any other [government] [public sector] COVID-19 related relief, grant, intervention or other measure which results in the supplier receiving more than one benefit/relief for the same underlying cash-flow issue

6.7. The authority may at any time and in its sole discretion designate one or more additional Covid Relief Periods by notice to the supplier from time to time. Any such notice shall specify which, if any, SPPN contains the applicable rules and principles for the relevant Covid Relief Period.

**6.8. [Drafting note: authorities may need to made additional amendment to the contract.]**

7. If, in the reasonable opinion of the authority, the supplier:

- 7.1. fails to meet any obligation set out in this variation
- 7.2. receives any interim payment and fails to meet any proposal in the relevant Interim Payment Proposal
- 7.3. takes undue advantage of any relief
- 7.4. fails to act transparently and with integrity

the authority may take all action necessary to recover any payments made to the supplier during the relevant Covid Relief Period, including without limitation retaining or setting-off payment of any amount it owes to the supplier at any time under the contract or any other contract, to the extent that sub-paragraph 7.1 – 7.4 apply to such payments..

### **Miscellaneous**

- 8. The terms of this variation shall be effective from the variation date.
- 9. Except to the extent set out in this variation, this variation shall not constitute a waiver of any right or remedy of the authority or the supplier arising before, during or after this variation.

10. The authority and the supplier agree that any event arising from the COVID-19 shall not give rise to any force majeure or frustration rights set out in the contract to the extent that such rights are mitigated by any Interim Payment Proposal.

11. If there is an inconsistency between any of the provisions of this variation and the provisions of the contract, the provisions of this variation shall prevail.

Please confirm your acceptance of the variation countersigning this letter and returning a scanned copy to **[authority email address]**.

If you have any queries, please contact the team on **[authority's email address]**.

Yours faithfully

[Insert name]

[Insert role]

For and on behalf of the authority

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We hereby acknowledge receipt and accept the terms of this variation.

Signed: \_\_\_\_\_

For and on behalf of the supplier

Position: [Director]/[Authorised Signatory]

Date:

## **Payment of suppliers**

The public sector must act quickly and consider immediate steps to put in place appropriate arrangements to support their suppliers' survival over the coming months.

Where the performance of the contract is either reduced or paused temporarily, public bodies should consider their options to establish appropriate arrangements to pay suppliers and liaise with main suppliers to ensure they put in place suitable arrangement for payment in the supply chain, in order to ensure cash flow and supplier survival. This could include, for example, situations where:

- Services are cut short / reduced at short notice due to the impact of COVID-19 and non-payment could result in supply chains collapsing and/or significant financial implications for the supplier.
- It would be value for money and important to business continuity to continue to pay suppliers in the short term to ensure continuity of services when services can resume.

Annex A to this SPPN provides a template document that public bodies may wish to use for this purpose.

SPPN 4/2020 sets out guidance including how public bodies can amend contracts under [regulation 72](#) of the Public Contracts (Scotland) Regulations 2015. Changes should be captured in contract variation or change note, and make clear that the changes relate only to the COVID-19 situation, include a review provision or time limit, and that it is the public body's decision when things should return to normal.

## **Payment to maintain business continuity**

Risks associated with advanced payment should be carefully considered and documented.

Where contracts operate 'payment by result' or are 'output / outcome' based, payments to suppliers could be made on the basis of a calculation of the average of the last three months invoices. Where possible, any payments made to suppliers during this emergency period could be adjusted to ensure profit margin is not payable on any undelivered aspects of the contract and that adjustments are made to reduce / remove any costs that are no longer incurred, but that are included in

pricing / costs, for example travel or delivery cost. However this should not delay payments being made.

Suppliers should be required to identify in their invoices which elements of the invoiced amount relates to services they are continuing to supply (for example, business as usual) and which amounts are attributable to the impact of COVID-19.

Suppliers must explicitly agree to follow Government guidance for businesses in respect of COVID-19, continue to pay employees and flow down payment to their sub-contractors and suppliers.

Considerations may include that payments should not be made to suppliers where there is no contractual volume commitment to supply, and contracting authorities should carefully consider the extent of payments to be made to suppliers who are underperforming and subject to an existing improvement plan.

Suppliers should not expect to make profits on elements of a contract that are undelivered during this period and all suppliers would be expected to operate with integrity. Suppliers should be made aware that in cases where they are found to be taking undue advantage, or failing in their duty to act transparently and with integrity, contracting authorities will take action to recover payments made.

### **Transparency – ‘open book’**

Public bodies and suppliers should work collaboratively to ensure there is transparency during this period. Suppliers in receipt of public funds on this basis during this period must agree to operate on an ‘open book’ basis. This means they must make available to the public body on request any data, including from ledgers, cash-flow forecasts, balance sheets, and profit and loss accounts, as required and are requested to demonstrate the payments made to the supplier under contract have been used in the manner intended. For example, this might include evidence that staff have been paid the right amount and on time, and that cash continues to flow through the supply chain as quickly as possible.

Public bodies should keep records of decisions and agreements made, and ensure suppliers maintain records to enable future reconciliation if necessary.

Suppliers must be able to demonstrate transparency and follow Government guidance for businesses in respect of COVID-19, and ensure that adjustments are recorded for any additional government funding grants, for example, support from the [Coronavirus Job Retention Scheme](#) and others that apply during this period.

## **Contractual relief**

Public bodies should work with all suppliers to ensure business continuity is maintained wherever possible and that business continuity plans are robust and are enacted.

If a supplier seeks to invoke a clause relating to a form of contractual relief that would allow them to suspend performance, such as force majeure, public bodies should first work with the supplier to amend or vary contracts instead. These variations could include changes to contract requirements, delivery locations, frequency and timing of delivery, targets and performance indicators etc. Changes to the original terms should be limited to the specific circumstances of the situation, and considered on a case by case basis.

Other reliefs sought by a supplier could relate to any contractual obligation but usually takes the form of one, or both, of the following:

- an extension of time for contract performance (for example, revised milestones dates or delivery dates, etc.)
- a waiver or delay in the ability of the public body to exercise a right and/or remedy (for example to claim liquidated and ascertained damages, service credits or terminate the contract)

Each claim for relief should be considered on a case by case basis and public bodies should seek specific legal advice as required.

Public bodies should take a pragmatic approach. These discussions and any temporary changes agreed should be recorded. The contract should return to its original terms as soon as the impact of the COVID-19 outbreak on the relevant contract is over.

Public bodies should consider not accepting claims from suppliers who were already struggling to meet their contractual obligations prior to the COVID-19 outbreak.

## **Force Majeure**

Force majeure is a contractual term which may (depending on the specific terms of the contract) allow one or both of the parties, when a specified event or events occurs beyond their control:

- to terminate the contract
- to be excused from performance of the contract, in whole or in part
- to be entitled to suspend performance for the period the event is continuing or to claim an extension of time for performance

It is important that force majeure clauses are not considered in isolation given its impact on other clauses such as exclusivity, liability, liquidated damages and termination rights. It may also be relevant to consider the governing law and jurisdiction clause as contracts subject to foreign law may be interpreted differently by the courts. It may also be an exclusion clause, which is subject to the Unfair Contract Terms Act 1977.

Public bodies are not bound to accept a supplier's claim for force majeure and can resist it. Public bodies should seek legal advice when dealing with a claim and continue to work with the supplier to maintain service continuity as far as possible. An attempt by a supplier to invoke a force majeure clause without valid cause may mean that the supplier is in breach of contract.

Force majeure clauses do not automatically entitle either party to claim relief. In some cases, a contract will not allow termination at all due to force majeure, and it cannot be forced.

## **Frustration**

Unlike force majeure, frustration is rarely included as a provision in the contract. Instead, frustration arises where an event, for which the contract makes no sufficient provision, renders performance of the contract impossible or radically changes a party's principal reason for entering into the contract.

If a contract has been frustrated, it terminates automatically and the parties are excused from their future obligations. Any contractual obligations incurred before the time of frustration, such as for the public body to pay outstanding charges to a supplier, remain enforceable. As neither party is at fault in respect of the frustration, neither may claim damages from the other for non-performance after the contract is declared frustrated.

However, the threshold for a contract being declared 'frustrated' is high and the fact that the contract will merely be more expensive to perform, or that the provider will have to perform the contract in a different way as a result of COVID-19 and/or its impact, are highly unlikely to constitute grounds for frustration in itself. Public bodies should seek legal advice if a supplier claims 'frustration'.



## **Excusing causes, relief events and other options**

If included in a contract, excusing cause and relief event provisions generally give a supplier relief from its contractual obligations, which contracting authorities may be able to use to provide relief, for example, to change the KPI regime, payment mechanism or reduce service level requirements. Some contracts may have other relief mechanisms. Whatever the regime, public bodies should maximise any commercial flexibilities within the contract, including agreeing new measures such as on meeting lead times, waiving or delaying exercising the authority's rights and/or remedies (for example, to claim liquidated and ascertained damages, service credits or terminate the contract), revising milestones or delivery dates. In these circumstances, if there is one, public bodies should consider using the contract change control procedure to keep records of any changes made and the decision making behind each one. If not, public bodies should keep their own records.

## **Prompt payment of invoices and interim applications**

Public bodies should pay all suppliers as quickly as possible to maintain cash flow and protect jobs and should act now to ensure payment is made as quickly as possible to their suppliers. Public bodies should consider:

- Targeting high value invoices where a prime contractor is reliant on a supply chain to deliver the contract.
- Resolving disputed invoices as a matter of urgency; consider paying immediately and reconciling at a later date in critical situations.
- Take a risk based approach as to whether two-way matching is always needed (rather than adopt regular three-way matching against receipt and purchase order)
- Encourage suppliers to invoice or make interim applications on a more regular basis to help cash flow (for example, every week rather than monthly)

Public bodies should also consider the following additional contingency measures during the COVID-19 outbreak:

### **Contingency measures - to ensure invoices are not delayed**

With significant levels of staff absence possible, public bodies should consider if they have appropriate contingency arrangements in place including sufficient numbers of staff with the appropriate permissions to promptly receipt / authorise an amount due for payment in business units as well as finance teams.

### **Contract managers and business units**

Receipt for goods promptly, do not delay and ensure there is a contingency in place for delegated authority to approve in the event of staff shortages. Monitor flow down to ensure payment is cascading down the supply chain.

### **Verifying invoices as quickly as possible**

Verify an invoice as quickly as possible and consider not sending invoices back for minor administrative errors and risk causing delay in payment. Continue to undertake

necessary checks, however, look to resolve any issues as a matter of urgency and reconcile any minor discrepancies in information at a later stage.

### **Payment card solutions**

Use of procurement/payment cards where possible to ensure businesses are paid as quickly as possible. Consider increasing the upper limit of spend, open up categories and ensure an appropriate number of staff have the authority to use.

### **Invoicing procedures clearly set out for your suppliers**

Be clear where suppliers should send their invoice, including email address and the process required. This should be clear on the authority's website. This will minimise the number of invoices with incorrect information and/or being issued to the wrong address. Issue a reminder to all your suppliers to help them best prepare and ask for invoices to be sent in electronically to avoid hard copies sitting in office buildings potentially unattended.





## Recovery and Transition from COVID-19

### Purpose

1. This Scottish Procurement Policy Note (SPPN) is supplementary to SPPN 5/2020 – supplier relief, which sets out guidance for public bodies on options to ensure service continuity during the current coronavirus (COVID-19) outbreak, and comes into effect on 1 July 2020. This SPPN will be kept under review.

### Key points

- As markets begin to open and it becomes safe to return to workplaces, public bodies and suppliers can now plan their transition to restart contracts.
- Supplier relief and supporting a transition to restart will continue to be important aspects of our wider economic response package.
- This SPPN is supplementary to the guidance contained in [SPPN 5/2020](#) and its associated FAQ document, which has been extended beyond its initial expiry date of 30 June 2020.
- This SPPN, like SPPN 5/2020, applies to goods, services and works contracts.

### Action - public bodies should

- Review their contract portfolio, to consider whether supplier relief measures already in place remain appropriate, sustainable and reflective of any transitional support that may be needed in preparation for restarting the contract.
- Work in partnership with their suppliers in an open and transparent manner to develop transition plans to be implemented as soon as possible and in line with the opening up of markets and the Scottish Government's Routemap through and out of lockdown. Plans should set out steps to transition out of relief, move to a more sustainable operating model, and include agreeing contract variations, where appropriate and necessary.
- Maintain accelerated payment practices to support cash flow as per SPPN 5/2020.
- Seek legal advice and consider state aid implications about all decision making, where deemed appropriate.
- Adhere to local finance and governance procedures.

## Focusing on recovery

2. The Scottish Government's [Framework for Decision Making](#), Scotland's route map through and out of lockdown, sets out the principles that will guide us out of the current lockdown arrangements. This is not a short term crisis and we must continue to be responsive to public health, restarting the economy in a safe and orderly way. Where public health evidence allows sectors to restart in line with relevant safer workplace guidance, see [Phase 1: returning to work safely](#), public contracts may be able to restart. This will enable suppliers to get back to work as soon as is safe and practicable to do so.
3. Supplier relief payments are intended to allow public bodies to consider cash flows and payment scheduling, within existing budgets, to support the continuity and retention of suppliers to ensure critical service delivery is maintained as far as possible during this exceptional period. Suppliers to the public sector are not automatically entitled to payment or other relief under this SPPN or SPPN 5/2020, and when considering the case for providing supplier relief, public bodies should take account of, and ensure suppliers are sighted on, the other sources of government support that are available.

## Transitioning to Restart

4. In response to the various forms of supplier relief set out in SPPN 5/2020 and its associated FAQ document, a number of public bodies have taken steps to provide relief where such action was deemed necessary to either secure ongoing contract delivery on modified terms, or paying for an element of contingency/retention to protect future delivery.
5. Public bodies should take steps now to review their contract portfolio (see annex A), taking into account strategic and reprioritisation needs. This should be done by working in partnership with suppliers to consider whether relief measures already in place remain sustainable and are reflective of any transitional support that may be needed in preparation for restarting the contract in full. Supplier relief measures may still continue to be appropriate and should be balanced, on a contract by contract basis, against other support arrangements that are available.
6. This should result in the development of contract transition plans which set out the steps to progress towards a sustainable operating model and an exit from relief, with a view to focusing procurement activity on the restart and recovery phases of our [four step economic recovery plan](#). See annex A for more detail on transition planning.

## Reviewing supplier relief measures

7. Where any element of supplier relief arrangements are required to remain in place, or to be put in place, this should be subject to ongoing and regular review and with a view to transitioning out of supplier relief measures as soon as relevant restrictions are lifted. This must take into account the impact of ongoing Government advice, including where restrictions may need to be reapplied to

respond to potential periodic epidemics. The public body will have the final decision on whether supplier relief is required to support the continuity of a contract and the form of any relief that is necessary, appropriate and affordable. Should ongoing supplier relief take the form of advance payments, please see paragraphs four and five in annex A.

8. In some cases, it may be possible that the basic commercial assumptions that underpinned the decision on applying supplier relief – for example, with regard to the operational or commercial viability of the original contract - can no longer be maintained, and new arrangements may have to be implemented. Unreasonable expectations around transfer of risk and cost are likely to increase the probability of contract failures and may mean suppliers exit the market and weaken competition. Public bodies and their suppliers will need to engage openly and pragmatically during this transition to ensure that contracts are commercially sustainable wherever possible and represent value for money over the medium to longer term.
9. In instances where it is determined that contracts cannot continue as normal, the public body and the supplier should discuss alternative options, for example, applying a contract variation with clear actions and timescales to adapt the commercial model where, for example existing terms would be inappropriate. All possible attempts should be taken to modify existing contracts in order to respond to changes necessary to comply with Government workplace guidance. Only where it is considered that a contract is unlikely to be deliverable, or is regarded as no longer viable once restrictions have lifted, or where a contract modification would be beyond the limit permitted in the procurement regulations, should a public body consider the need for retendering and possible early termination of the contract. For more on contract modifications, see paragraphs six and seven in annex A.
10. Where contracts are primarily revenue generating and payment relief is not available within existing budgets, for example concession contracts, public bodies should work with these suppliers to identify commercial solutions that are specific and appropriate to the contract.
11. Continuing to make payments to suppliers will present risks including that, despite these exceptional actions, a supplier may still become insolvent. These risks will need to be managed by public bodies on a case by case basis.
12. If a public body views a contract as no longer relevant or viable, after careful consideration of all factors, it should work with the supplier to pursue termination based on the existing terms and conditions of the contract and seeking legal advice as necessary.
13. In all cases, parties are strongly encouraged to seek to resolve any emerging contractual issues responsibly to avoid these escalating into formal intractable disputes.

## Transparency and open dialogue

14. Throughout the process, it will be important for both parties to strive to maintain open and transparent dialogue on the sustainability and viability of existing contracts and on how to transition to restart safely.

## Dissemination

15. This SPPN is applicable to all Scottish contracting authorities, including central government departments, executive agencies, non-departmental public bodies, local authorities, NHS bodies and the wider public sector. This SPPN covers goods, services and works contracts put in place by Scottish public bodies.
16. Please circulate this SPPN across your organisation and to other relevant organisations that you are responsible for, drawing it to the specific attention of those with a commercial and finance role.

### Contact

Email: [scottishprocurement@gov.scot](mailto:scottishprocurement@gov.scot)

Scottish Procurement and Property Directorate  
The Scottish Government  
5 Atlantic Quay  
150 Broomielaw  
Glasgow  
G2 8LU



## **Transition planning**

1. All contract portfolios should be reviewed immediately and transition plans should be implemented with suppliers as soon as possible with a view to restarting contracts in line with the opening up of markets and the Scottish Government's Routemap through and out of lockdown. Public bodies should consider extending supplier relief to support delayed restarts of services they deem critical and supply chains.
2. Transition plans should include the following:
  - A planned exit date or conditions for when any supplier relief will end; and this should be kept under review to reflect the changing situation, for example, local restrictions being reintroduced.
  - If advanced payments have been made, the parties should agree if and when any outstanding goods or services are to be delivered.
  - The process for reconciling payments made against costs, as set out in the model interim payment terms accompanying SPPN 5/2020.
  - An assessment by both parties as to whether the contract is still operationally and commercially viable and, if not, proposals for variation or termination.

## **Contract portfolios - key considerations for transition plans**

3. When considering supplier relief, some key considerations to support a contract to restart at a later date are:
  - Consider whether COVID-19 restrictions prevent the contract from restarting in full or in part, and whether there is a need for the current supplier relief measures to continue in order to support services deemed as critical by individual public bodies and to ensure they can restart later.
  - Suppliers of services deemed critical by individual bodies, who may not previously have requested relief, may require it going forward, including circumstances where the impact of COVID-19 may be longer lasting in some areas and in respect of some contracts. New supplier relief requests should only be considered where a contract – or an element of its delivery - cannot currently be delivered as a result of the restrictions, but which will be required at some point in the future.
  - Consider where it is possible to restart the contract on existing terms or whether temporary, interim or longer term contract modifications need to be applied, alongside elements of ongoing supplier relief, for example to cover mobilisation costs.
  - Where supplier relief remains necessary, it is important to review how relief may need to be adapted to support the specific transition arrangements of the contract. There may be a requirement to change and flex contractual relief measures through the transition to a longer term operating model, for example, a phasing back in of KPI relaxations put in place; a return to usual contractual terms with a focus on accelerated payment; moving from advanced or retention payments to payment against revised/extended

milestones or timescales; or moving from retention payments to interim or advance payments.

- It may be appropriate to introduce phases as part of the transition plans, reviewing these at regular intervals in line with Government advice on the easing of the lockdown and as safer workplace guidance is able to be implemented.
- Ongoing supplier relief requirements should be balanced, on a contract by contract basis, against other support arrangements that are available.
- Where the lifting of relief is based on a return to work, it is implicit that it is considered safe to restart a contract in part or in full, based on Government advice.
- Where new or modified supplier relief requests are required, these should be considered on a case by case basis and an Interim Payment Proposal (as defined in annex A to SPPN 5/2020) should be submitted by the supplier.

## **Advance payments**

4. As was set out in SPPN 5/2020, whilst the [Scottish Public Finance Manual \(SPFM\)](#) discourages payment in advance of need unless in exceptional circumstances, Scottish Government (SG) central finance and procurement consent was granted for payments in advance of need where the Accountable Officer was satisfied that a value for money case was made by virtue of securing continuity of supply of critical services in the medium and long term. This consent was capped at 25% of the value of the contract and applied until 30 June 2020. Under this current SPPN, and to aid any relief deemed necessary, that consent is now extended until individual public bodies are satisfied that lockdown restrictions have been lifted to the extent that the contract can safely restart. Consent for payment in advance of need in excess of this amount should be sought from SG central finance and procurement in the usual way. This consent does not alleviate Accountable Officers from their usual duties to ensure value for money, regularity and propriety of all spending or for other contracting authorities to conduct appropriate and proportionate due diligence to ensure such payments are necessary for continuity of supply of critical services.
5. Those public bodies not covered by the SPFM should satisfy themselves that their own accounting rules and governance arrangements will permit payment in advance in the current environment.

## **Contract modifications**

6. As plans are made to transition to restart, it may also be necessary to make changes to how the contract will be delivered, with a view to establishing longer term, sustainable contract terms. It may be appropriate to consider, for example, if a face-to-face service will now be delivered remotely; or if parts of the contract can resume now and other parts at a later date; or whether temporary changes to the delivery of a contract based on social distancing and remote working, should migrate to a more permanent arrangement.

7. Any potential modification to a contract must be carefully considered against what is permitted within the limits of the Public Contracts (Scotland) Regulations 2015. [SPPN 4/2020](#) sets out procedures available and circumstances where modifications to contracts are permitted. Where modifications to a contract are beyond the scope permitted in regulations, for example, where the specification requires a significant variation, a public body will need to consider whether it is necessary to terminate the contract and undertake a new procurement procedure to meet the change to the requirement. If there is any doubt about the extent to which a contract can be modified, it is recommended that legal advice is sought.



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**Report to Audit Committee**

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**Date of Meeting: 3<sup>rd</sup> December 2020**

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**Subject: Procurement Annual Report**

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**Report by: Strategic Director Partnership & Performance**

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**1.0 Purpose**

- 1.1. The Procurement Reform (Scotland) Act 2014 Section 18 states that the Council must prepare an annual procurement report on its regulated procurement activities as soon as reasonably practicable after the end of the financial year.
- 1.2. This report also updates the committee on key procurement activity and statistical performance during the Financial Year 2019-20 and provides an overview of the resources that are available to deliver effective procurement.

**2.0 Recommendations**

- 2.1. It is recommended that Committee notes the report, commenting and challenging as appropriate.

**3.0 Considerations**

- 3.1. The report, attached at Appendix 1, is the Sixth report presented to the Committee to comply with the statutory requirement in the 2014 Act and to provide Committee with greater visibility of all the Council's procurement activity.
- 3.2. The report gives a snap shot on how procurement is organised within Clackmannanshire Council and resources are being utilised to deliver effective procurement.
- 3.3. The financial analysis has been carried out using the Spikes Cavell tool (observatory) with financial data supplied from the Council's finance system for the 2019-20 financial year. The observatory is a unique collaborative project designed to enable public sector organisations across Scotland to gather comprehensive supplier, spend and performance information.
- 3.4. In addition the report provides:
  - a summary of the regulated procurements that have been completed during the year covered by the report,

- a review of whether those procurements complied with the authority's procurement strategy,
- the extent that any regulated procurements did not comply, a statement of how the authority intends to ensure that future regulated procurements do comply,
- a summary of any community benefit requirements imposed as part of a regulated procurement that were fulfilled during the year covered by the report,
- a summary of any steps taken to facilitate the involvement of supported businesses in regulated procurements during the year covered by the report,
- a summary of the regulated procurements the authority expects to commence in the next two financial years,
- Exception reports
- Procurement Savings
- Spike Cavell Charts detailing key statistics

### 3.5 Key issues identified in the report are:

- The Council is continuing to implement and enhance the functionality of the finance system which is helping to automate and streamline the entire procurement lifecycle and generate efficiencies; from a request for a quote and creation of a procurement contract, through to requisition, order transmission and payment. to enhance the procurement and finance governance arrangements.
- Local suppliers are important stakeholders in the community and setting up and encouraging two-way communication with them helps to fulfil the Council's strategic priorities. The share and trend of spend in the local area is favourable (from 16% to 20%) and broadly in line with agreed targets.
- In this reporting period, 101 local suppliers were used by the Council. When the definition of local supply is extended to Forth Valley, the picture is more positive, with 41.18% remaining in the local economy. Is recognised that there is a fairly limited local supplier base but work continues with local suppliers to provide ever more opportunities. Approximately 66% of expenditure is in Scotland.
- Social care, facilities management and construction continue to be the major areas of procurement expenditure.
- The upgrade to the Council's financial management information system is providing greater opportunities for procurement efficiencies and improved governance.

## 4.0 Sustainability Implications

- 4.1. The report refers to maximising the local benefit of procurement by engaging with local businesses to increase awareness of opportunities to provide the council with services or supplies.
- 4.2. Figures suggest that we have increased the annual share of spend with local suppliers from 15.56 % to 19.69 % an increase of 4.13 % in the last financial year. Greater detail of this is shown per business sector in table 7 of the report. Our Spend in the Forth Valley area was £26,380,684, which equates to 41.17% of our overall trade creditor expenditure
- 4.3. We will continue to provide support to local businesses and the third sector to ensure they are able to respond to opportunities to provide the council with services or supplies.

## 5.0 Resource Implications

### 5.1. *Financial Details*

- 5.2. The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate. Yes ☒

- 5.3. Finance have been consulted and have agreed the financial implications as set out in the report. Yes ☒

### 5.4. *Staffing*

## 6.0 Exempt Reports

- 6.1. Is this report exempt? Yes ☐ (please detail the reasons for exemption below) No ☒

## 7.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

- (1) **Our Priorities** (Please double click on the check box ☒)  
Clackmannanshire will be attractive to businesses & people and ensure fair opportunities for all  
Our families; children and young people will have the best possible start in life  
Women and girls will be confident and aspirational, and achieve their full potential  
Our communities will be resilient and empowered so that they can thrive and flourish ☒
- (2) **Council Policies** (Please detail)

## 8.0 Equalities Impact

- 8.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?  
Yes ☐ NA

## 9.0 Legality

- 9.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes ☒

## 10.0 Appendices

- 10.1 Please list any appendices attached to this report. If there are no appendices, please state "none".

Appendix 1: Procurement Annual Report

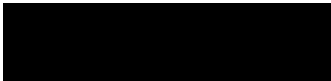
## 11.0 Background Papers

- 11.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)  
Yes ☐ (please list the documents below) No ☒

### Author(s)

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### Approved by

NAME	DESIGNATION	SIGNATURE
Stuart Crickmar	Strategic Director Partnership & Performance	





**Clackmannanshire  
Council**

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Comhairle Siorrachd  
Chlach Mhanann

# **Annual Procurement Report**

**Financial Year 2019 - 2020**

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# 1. Purpose

This report provides an update on procurement activity within Clackmannanshire Council and provides an overview of the resources that are available to deliver effective procurement and the actions taken to ensure that procurement conducted is effective and efficient as possible.

The Procurement Reform (Scotland) Act 2014 Section 18 States that the Council must prepare an annual procurement report on its regulated procurement activities as soon as reasonably practicable after the end of the financial year.

The report must include —

- a summary of the regulated procurements that have been completed during the year covered by the report, [Page 23](#)
- a review of whether those procurements complied with the authority's procurement strategy, [page 23](#)
- to the extent that any regulated procurements did not comply, a statement of how the authority intends to ensure that future regulated procurements do comply, [page 23](#)
- a summary of any community benefit requirements imposed as part of a regulated procurement that were fulfilled during the year covered by the report, [page 25](#)
- a summary of any steps taken to facilitate the involvement of supported businesses in regulated procurements during the year covered by the report, [page 27](#)
- a summary of the regulated procurements the authority expects to commence in the next two financial years, [page 28](#)

## 2. Introduction

Since 2006, Scottish Government and Scotland Excel initiatives have led to significant changes in Councils' procurement practices. In March 2006, the Scottish Government published the Review of Public Procurement in Scotland (The McClelland Report). The report concluded that public sector structures, people and technology were not in place to improve how the public sector buys goods and services and that the public sector needed to improve quickly.

Procurement today plays a key part in delivering Scotland's economic strategy, focussed on sustainable economic growth and delivering better outcomes for Scotland. The truly collaborative partnership approach between public sector, business and the third sector has resulted in a transformed public sector landscape, with procurement today a lever for economic change.

The Scottish Model of Procurement realises the key components of the Scottish Government's drive towards a more dynamic, sustainable and inclusive economy, where high quality public services play a vital role in making Scotland stronger and fairer, and increasing economic growth.

# Scottish Procurement



Scottish Model of Procurement



The impact and benefits of the changes in legislation will support improved economic, social and environmental wellbeing, reduce inequality, promote innovation, and increase access to opportunities for small businesses, the voluntary sector and disadvantaged individuals across the country.

The changes will maximise the impact of annual procurement spend and ensure that

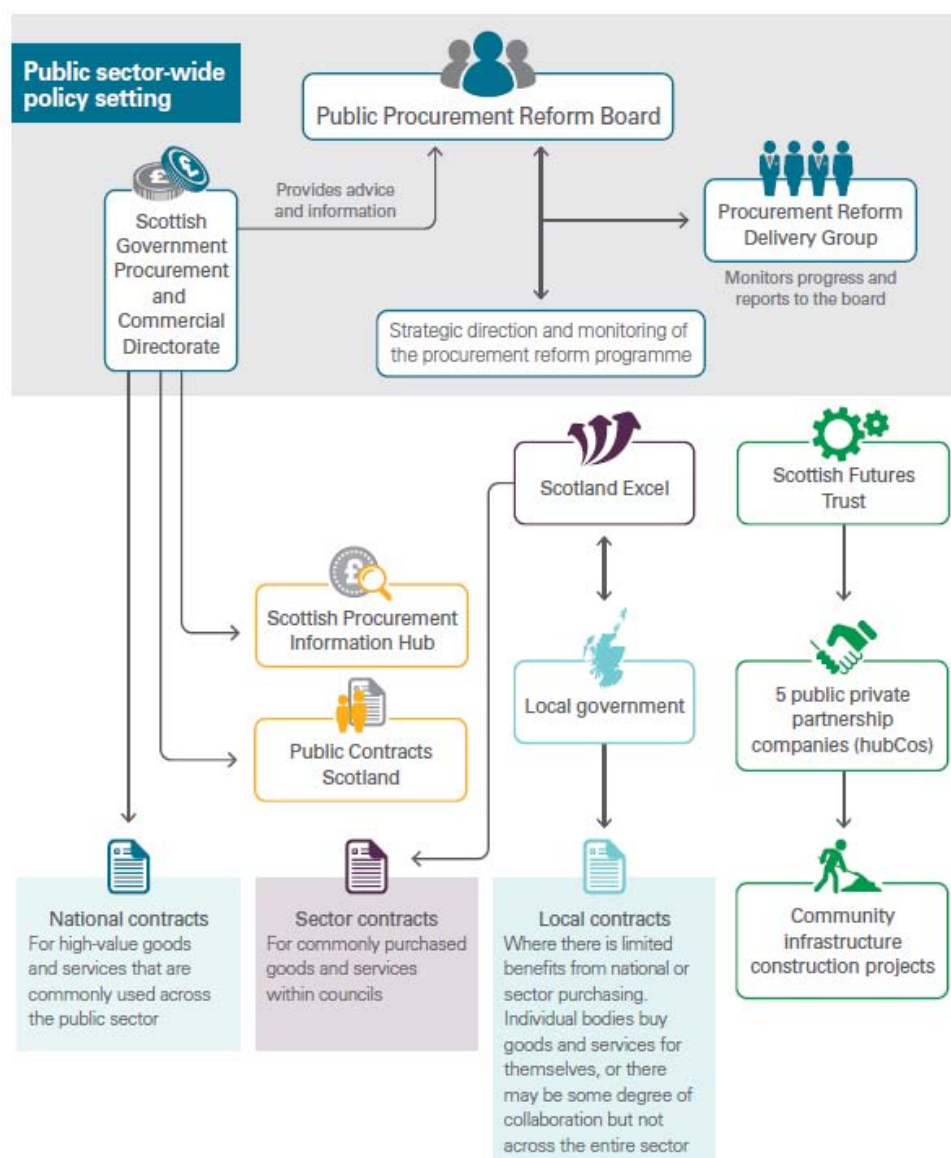
public procurement in Scotland delivers environmentally sustainable, socially responsible and innovative goods, services and works.

In addition to councils and groupings of councils, other organisations are involved in supporting improved procurement in councils. The main ones are the Scottish Government, Scotland Excel and the Scottish Futures Trust. Councils have access to framework contracts set up by Crown Commercial who lead on procurement policy on behalf of the UK Government

Councils also have access to frameworks and framework contracts set up by councils and groups of councils in Scotland and the rest of the UK. The Scottish public sector

relationships are illustrated in Figure 1.

**Figure1.**



Source: Audit Scotland

### 3. Clackmannanshire procurement position background & key statistics

The financial analysis and procurement category of spend has been carried out using The Scottish Procurement Information Hub (The Hub) supported by Spikes Cavell with financial data supplied from the Council's finance system One Council commonly known as TechnologyOne for 2019/20.

The Hub is a unique collaborative project designed to enable Scottish public sector organisations to gather comprehensive supplier, spend and performance information and to use that data to share best practice, improve joint working and increase efficiency.

Tables 1 and 2 summarise the key statistics for the 2019/20 on the Council spend on goods, services and works with trade creditors.

**Table 1: Key Statistics**

#### 2019/20 Published Data Overview

<b>£69,177,810</b>			<b>£65,194,550</b>	
<b>Total Spend</b>			<b>Core Trade Spend</b>	
<b>1754</b>	<b>1676</b>	<b>78</b>	<b>615</b>	<b>101</b>
<b>Input Suppliers</b>	<b>De-duplicated Total Suppliers</b>	<b>Duplicate Suppliers</b>	<b>SME Suppliers</b>	<b>Local Suppliers</b>
<b>32519</b>	<b>£41,275</b>	<b>4%</b>	<b>55%</b>	<b>19.69%</b>
<b>Transactions</b>	<b>Avg. spend per supplier</b>	<b>Purchase Card Spend</b>	<b>SME Spend</b>	<b>Local Spend</b>

Key:

**Total Spend** – The total amount of spend for the financial year 2018 /19

**Input Suppliers** – The number of suppliers, before de-duplication

**De-duplicated Total Suppliers** - The number of unique suppliers.

**Duplicate Suppliers** - The number of suppliers which are duplicates of another supplier.

**PCard Spend** - Percentage of transactions by value of spend that are identified as Purchase Card transactions in the extract.

**Transactions** - The total number of transactions.

**Avg. spend per supplier** - The average spend per unique supplier.

**Core Trade Spend** – Core Trade is a sub set of our supply base that includes all trade suppliers and social care providers with whom we have spend £1,000 or more in the financial year.

**SME Suppliers** – Small & Medium sized business where the supplier has less than 249 employees or where the annual revenue is less than £22.8m

**SME Spend** – Spend with SME as a percentage of Core Trade Spend

**Local Suppliers** – Spend with suppliers within Clackmannanshire based on Post Codes. Please note postcodes are generated from our finance system and it is the postcode that we pay our invoices that is used for this statistic. This does not mean that we are not spending with a national company with a local branch.

**Local Spend** – Spend with local suppliers as a percentage of Core Trade Spend

**Table 2: Variances previous annual reports**

	16/17	17/18	18/19	19/20	Variance
<b>Number of Suppliers - Trade Creditors</b>	2070	2054	2021	<b>1754</b>	<b>-60</b>
<b>Total Value of Procurement Spend</b>	£56,258,385	£56,631,333	£63,629,995	<b>£65,194,550</b>	<b>£ 1,564,555</b>
<b>Number of Invoices</b>	32,063	30,127	34,617	<b>30847</b>	<b>-3770</b>
<b>% Spend with SMEs</b>	64%	60%	53%	<b>55%</b>	<b>2%</b>
<b>% Spend Locally</b>	15%	14%	16%	<b>20%</b>	<b>4%</b>

Procurement expenditure has increased over the period from 2016/17 to 2019/20 from £56,258,385 to £65,194,550

The Council paid **89.9%** of invoices within 30 days of receipt of a valid invoice to the creditors team in 2019/20

The % spend with SME's had **increased** by **2%** in the last financial year. Table 6

The % Spend locally has **increased** from the previous year by **4%**. This is shown in more detail in Table 7

**Table 3: Procurement activity in Public Contracts Scotland Portal in the period**

	2016/17	2019/20	2018/19	2019/20
Contract Notices Published	<b>25</b>	<b>13</b>	<b>18</b>	<b>16</b>
Contract Award Notices	<b>53</b>	<b>37</b>	<b>42</b>	<b>42</b>
Number of Quick Quotes Published	<b>32</b>	<b>34</b>	<b>23</b>	<b>23</b>

A summary of Clackmannanshire's overall expenditure in percentage terms is shown in Table 4:

Overall Spend in %	2015/16	2016/17	2019/20	2018/19	2019/20
<b>Social Community care</b>	32.78%	31.34%	31.75%	<b>30.44</b>	<b>30.74</b>
<b>FM Services</b>	15.15%	15.87%	16.39%	<b>14.19</b>	<b>13.11</b>
<b>Construction</b>	13.83%	16.37%	14.37%	<b>11.33</b>	<b>11.74</b>
<b>Consultancy</b>				<b>16.32</b>	<b>12.39</b>

Consultancy on further analysis is spend through HUBCO East Scotland and is construction related expenditure

**Table 4: Overall Expenditure**

Proclass 10.1 Level 1	Total Spend	Total Transactions	Total Suppliers	% Of Spend	% Of Invoices	% Of Suppliers
Social Community Care	£ 20,041,463	3196	116	30.74	10.68	13.55
Facilities & Management Services	£ 8,547,819	1093	43	13.11	3.65	5.02
Consultancy	£ 8,077,935	238	18	12.39	0.80	2.10
Construction	£ 7,651,871	2406	61	11.74	8.04	7.13
Construction Materials	£ 3,675,540	7791	66	5.64	26.04	7.71
Information Communication Technology	£ 2,418,161	786	79	3.71	2.63	9.23
Utilities	£ 2,409,906	518	12	3.70	1.73	1.40
Environmental Services	£ 1,923,626	376	33	2.95	1.26	3.86
Human Resources	£ 1,733,439	1807	52	2.66	6.04	6.07
Vehicle Management	£ 1,552,047	1085	50	2.38	3.63	5.84
Public Transport	£ 1,463,390	742	34	2.24	2.48	3.97
Financial Services	£ 1,310,420	1080	19	2.01	3.61	2.22
Catering	£ 889,229	2539	22	1.36	8.49	2.57
Education	£ 695,767	1064	49	1.07	3.56	5.72
Cleaning & Janitorial	£ 602,289	1724	15	0.92	5.76	1.75
Furniture & Soft Furnishings	£ 343,128	613	17	0.53	2.05	1.99
Healthcare	£ 317,130	514	39	0.49	1.72	4.56
No Summary Category	£ 289,963	382	15	0.44	1.28	1.75
Street & Traffic Management	£ 268,671	102	4	0.41	0.34	0.47
Arts & Leisure Services	£ 254,580	121	16	0.39	0.40	1.87
Mail Services	£ 124,663	132	4	0.19	0.44	0.47
Clothing	£ 103,196	562	12	0.16	1.88	1.40
Horticultural	£ 95,638	216	19	0.15	0.72	2.22
Sports & Playground Equipment & Maintenance	£ 94,637	96	20	0.15	0.32	2.34
Legal Services	£ 93,480	84	13	0.14	0.28	1.52
Stationery	£ 80,252	444	5	0.12	1.48	0.58
Highway Equipment & Materials	£ 66,661	51	8	0.10	0.17	0.93
Health & Safety	£ 37,289	90	7	0.06	0.30	0.82
Domestic Goods	£ 16,882	56	5	0.03	0.19	0.58
Housing Management	£ 6,665	3	1	0.01	0.01	0.12
Cemetery & Crematorium	£ 5,225	5	2	0.01	0.02	0.23

Appendix 5 provides more detail of the categories of spend and detail of the expenditure with individual suppliers.



Table 5 provides the range of invoice values. Similarly to last year, a large number of invoices are being processed for relatively low values that create an administrative cost to the council. However, analysis of the figures show an overall **drop** in invoices processed over three years of **6,803**.

**Table 5:**

**Invoice distribution by range of invoice values 2019/20**

Invoice Range	Volume	% of Invoices	Value	% of Spend
More than £250,000	25	0.08	£ 14,086,528.86	20.42
£50,001 to £250,000	157	0.51	£ 15,616,548.96	22.64
£10,001 to £50,000	956	3.10	£ 20,081,289.91	29.11
£1,001 to £10,000	4987	16.17	£ 16,056,312.69	23.28
£501 to £1,000	3174	10.29	£ 2,259,519.77	3.28
£101 to £500	10086	32.70	£ 2,491,052.19	3.61
£51 to £100	3850	12.48	£ 285,713.83	0.41
Less than £51	6878	22.30	£ 152,625.74	0.22
Credits	734	2.38	-£ 2,054,988.76	-2.98

**Invoice distribution by range of invoice values 2018/19**

Invoice Range	Volume	% of Invoices	Value	% of Spend
More than £250,000	31	0.09	19,766,450.25	29.28
£50,001 to £250,000	124	0.38	10,931,407.81	16.19
£10,001 to £50,000	895	2.72	18,206,686.70	26.97
£1,001 to £10,000	5013	15.24	15,759,839.08	23.35
£501 to £1,000	3214	9.77	2,259,064.46	3.35
£101 to £500	10065	30.61	2,466,188.36	3.65
£51 to £100	4202	12.78	307,557.20	0.46
Less than £51	8525	25.92	193,688.99	0.29
Credits	816	2.48	2,390,689.01	-3.54

**Invoice distribution by range of invoice values 2017/18**

Invoice Range	Volume	% of Invoices	Value	% of Spend
More than £250,000	22	.07	13,262,775.96	22.13
£50,001 to £250,000	121	.40	11,264,753.47	18.80
£10,001 to £50,000	916	3.04	18,189,665.43	30.36
£1,001 to £10,000	4,786	15.89	15,074,343.02	25.16
£501 to £1,000	2,865	9.51	2,098,823.53	3.50
£101 to £500	8,840	29.34	2,103,863.34	3.51
£51 to £100	3,590	11.92	263,080.39	.44
Less than £51	8,069	26.78	179,433.24	.30
Credits	918	3.05	-2,516,670.52	-4.20

Overall, spend is relatively evenly distributed amongst small and medium sized

enterprises and performance compares favourably with other Local Authorities.

Table 6 shows percentage spend with SME's compared to last year with a **increase of 1.78%**

**Table 6: Percentage of spend by supplier size.**

Supplier Size (Composite)	% Of Spend	% Of Invoices	% Of Suppliers
Large Company	45.31	42.33	24.55
Medium Company	27.70	28.32	29.56
Small Company	26.99	29.35	45.89
<b>SME Total 19/20</b>	<b>54.69</b>	<b>57.67</b>	<b>75.45</b>
SME Total 18/19	52.91	60.34	76.79
<b>Difference</b>	<b>1.78</b>	<b>-2.67</b>	<b>-1.34</b>

% of Spend locally has increased by **4.13%** in this financial year.

**Table 7: Percentage of spend by Locality.**

Proximity	% Of Spend	% Of Invoices	% Of Suppliers
Elsewhere	80.31	80.43	87.47
<b>Local 19/20</b>	<b>19.69</b>	<b>19.57</b>	<b>12.53</b>
Local 18/19	15.56	19.42	12.37
<b>Difference since 18/19</b>	<b>4.13</b>	<b>0.15</b>	<b>0.16</b>
Local 17/18	14.01	14.01	12.21
<b>Difference since 17/18</b>	<b>5.68</b>	<b>5.56</b>	<b>0.32</b>

Percentage of spend in Scottish region

Region (Scottish Government Definition)	% Of Spend	% Of Invoices	% Of Suppliers
<b>Scotland - Forth Valley</b>	<b>41.17</b>	<b>32.91</b>	<b>25.81</b>
South East	15.09	5.02	6.20
Scotland - Glasgow and Strathclyde	14.82	18.94	18.24
Scotland - Tayside Central and Fife	5.80	7.46	6.58
Scotland - Edinburgh and Lothians	3.03	3.53	6.82
Scotland - South	0.84	0.26	0.50
Scotland - Aberdeen and North East	0.54	0.43	1.24
Scotland - Highlands and Islands	0.08	0.05	0.25

## 4. Annual procurement savings achieved

Appendix 6 illustrates Clackmannanshire's participation in national contracts under the Category A, Scottish Government procurement savings, Category B, Scotland Excel procurement savings and Category C, Clackmannanshire savings

### **Scottish Government procurement (Cat A) savings**

The Scottish Government provide a contract by contract cash saving description using various methods depending on the contract type. A full breakdown of Scottish Procurement Savings nationally is at Appendix 6.

### **Scotland Excel - Local authority sector contracts (Cat B) savings**

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

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

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

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

A full breakdown of Scottish Excel Savings is at Appendix 6.

### **Clackmannanshire procurement (Cat C) savings**

The business case for Corporate Procurement clearly outlines the opportunities to maximise value for money by identifying service benefits and efficiencies through a consistent and corporate approach to procurement. To drive the progress of the business case the Procurement Matters Group was developed to bring together key professionals from the council with procurement responsibilities.

A breakdown of Clackmannanshire Council Savings is at Appendix 7

## 5. Procurement & Commercial Improvement Programme (PCIP)

The Scottish Government introduced The Procurement & Commercial Improvement Programme (PCIP) which was launched in 2015, and replaced the Procurement Capability Assessment

The PCIP assessment focuses on the policies and procedures driving procurement performance and importantly, the results they deliver.

On the 30<sup>th</sup> March 2017 Scotland Excel carried out a PCIP as part of the first round of such assessment of local authorities.

The overall score in the assessment at that time was **46%**. This placed Clackmannanshire Council in the F6 banding with regards to procurement performance according to the Scottish Government bandings, as depicted in the table below:

The Council undertook the second round of the Procurement and Commercial Improvement Programme (PCIP) which took place on 14th March 2019.

The assessors were pleased to confirm our score was **48%**.. This places Clackmannanshire Council in the banding (F6) with regards to procurement performance according to the Scottish Government bandings, depicted in the table below. This demonstrates an improvement from 46% in 2016/17.

They were encouraged that we were able to demonstrate some incremental improvements in the organisation's performance from the previous assessment

### Full Assessment Performance Bandings

Current Performance Band	% Score
F1	>70%
F2	66<=69%
F3	61<=65%
F4	56<=60%
F5	51<=55%
F6	46<=50%
F7	41<=45%
F8	36<=40%
F9	31<=35%
F10	26<=30%
F11	20<=25%
F12/Non-Conformance	<19%

The PCIP identified a number of areas where Clackmannanshire Council is performing strongly, such as:

- Procurement Influence
- Procurement Strategy
- Risk Management

They also identified a number of areas where there is room for further improvement, such as:

- Learning and Skills: Resource and Skills
- Development and Tender
- Contract and Supplier Management

Appendix 9 provides the detailed assessment

## 6. Procurement strategy

The Procurement Reform (Scotland) Act 2014 Section 18 States that the Council must prepare a procurement strategy by 31 December 2016.

Following on from the interim procurement strategy approved by Council on 15th December 2016, approval was sought from the Partnership & Performance Committee to adopt the procurement strategy to cover the period from March 2019 to March 2022 to comply with the requirements of the Procurement Reform (Scotland) Act which was later ratified at the next Clackmannanshire Council meeting

The Strategy sets out how the Council will:

- Make procurement more straightforward for suppliers and the Council alike
- Increase the professionalism and commercial skill of those carrying out procurements for the Council
- Provide opportunities to local and SME suppliers, including third sector organisations, to participate by increasing visibility of the Council's procurement plans and opportunities
- Maximise innovation, sustainability and collaboration in procurement activities
- Work with the Integrated Joint Board(IJB) in the provision of Adult Social Care Services

The Procurement strategy provides a vision for procurement, identifies procurement principles and a work plan to deliver the 6 key themes. Its development followed on from the adoption of the interim strategy, which committed to an engagement exercise being carried out with local stakeholders.

- **Strategic Theme 1: Straightforward:**

To make procurement as straightforward as possible for the Council and potential suppliers, in particular to improve access for local suppliers and SMEs and to eliminate anything that does not add value to the procurement

- **Strategic Theme 2: Professional:**

To continue to embed professional procurement and contract management skills and support the growth of commercial acumen within the Council.

- **Strategic Theme 3: Maximise local opportunities:**

To support and encourage an effective local supplier market including the

voluntary sector and the promotion of local social value in contracts.

- **Strategic Theme 4: Strategic:**

To use sound procurement practices and innovative solutions to promote sustainability and value for money, making use of clear and detailed procurement/purchasing data, collaboration and partnership opportunities where appropriate.

- **Strategic Theme 5 Fair:**

To ensure that, where applicable, contractors comply with Living Wage and Blacklisting Policies and to ensure that account is taken of the possible impact that the Council's approach to major projects might have on different groups of people.

- **Strategic Theme 6 Compliance:**

To ensure that all procurement activity across the Council is compliant with procurement regulations, Contract Standing Orders and Financial Regulations.

The strategy will be reviewed annually through the action plan update to ensure ongoing alignment with corporate priorities. Appendix 11 provide a detailed update on progress.

## 7. Local suppliers

Local suppliers are important stakeholders in the community and setting up and encouraging two-way communication with them helps to fulfil the Council's broader social objectives as follows:

- The use of Community Benefit (CB) clauses provides a method of including social and economic matters in public contracts for the supply of goods, services or works. CB clauses need not cost more and they require contractors working on public sector contracts to put something back into the community.
- The identification of new suppliers where there may be shortages or lack of competition
- Help local suppliers sell themselves to major companies as potential sub-contractors when large contracts are due to be let by the Council
- Expose the Council to new ideas, products and services from local suppliers and allow them to be routed to the appropriate officer

The relatively small geographic areas covered by Clackmannanshire and small number of companies registered with Public Contracts Scotland are likely to be key factors in the share of spend. However it could easily be argued that Forth Valley as an area could be considered "Local" and our expenditure in Forth Valley equates to **over 41%** of the Council spend.

The data used to calculate these figures are based on expenditure by invoiced postcode. This brings up a number of anomalies as a number of our suppliers head offices are not based in the area that the services or goods are supplied from.

As an example, the Council spent £7,653,624 with Clackmannanshire Educational Partnership Ltd, which equates to 11% of our overall expenditure and Invoiced to their registered office in Windsor & Maidenhead.

It could be also be reasonably argued that at least 50% of this expenditure could be attributed to the spend in Scotland, Forth Valley and Clackmannanshire but the data does not allow us to extract to that level of detail.

Based on this assumption with just this one supplier our percentage expenditure in Scotland would be over 71% in Forth Valley 47% and in Clackmannanshire just under 26%

Our Spend in Scotland was **£42,467,670, which** equates to **66.30%** of our overall trade creditor expenditure

Region	Total Spend	Total Suppliers	% Of Spend
<b>Scotland</b>	<b>£ 42,467,670</b>	<b>480</b>	<b>66.30</b>

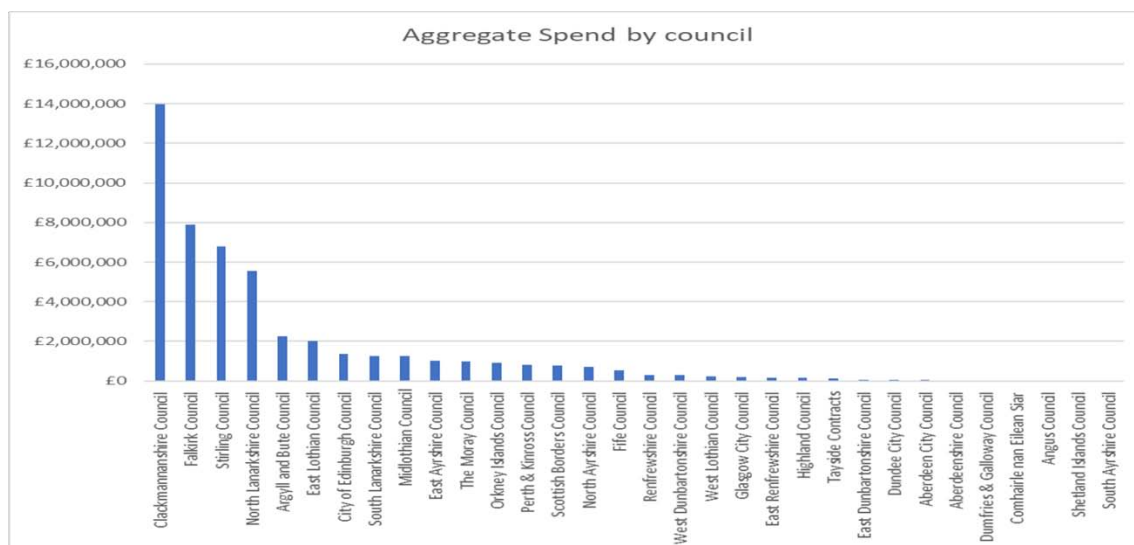
Our Spend in the Forth Valley area was **£26,380,684**, which equates to **41.18%** of our overall trade creditor expenditure

Region	Total Spend	Total Suppliers	% Of Spend
<b>Scotland - Forth Valley</b>	<b>£ 26,380,684</b>	<b>209</b>	<b>41.18</b>

Our Spend in the Clackmannanshire area was **£12,612,830**, which equates to **19.69%** of our overall trade creditor expenditure

Local Authority	Total Spend	Total Suppliers	% Of Spend
<b>Clackmannanshire</b>	<b>£ 12,612,830</b>	<b>101</b>	<b>19.69</b>

Please note that there was approximately **£50m** spent on Clackmannanshire suppliers by the 32 Scottish Councils

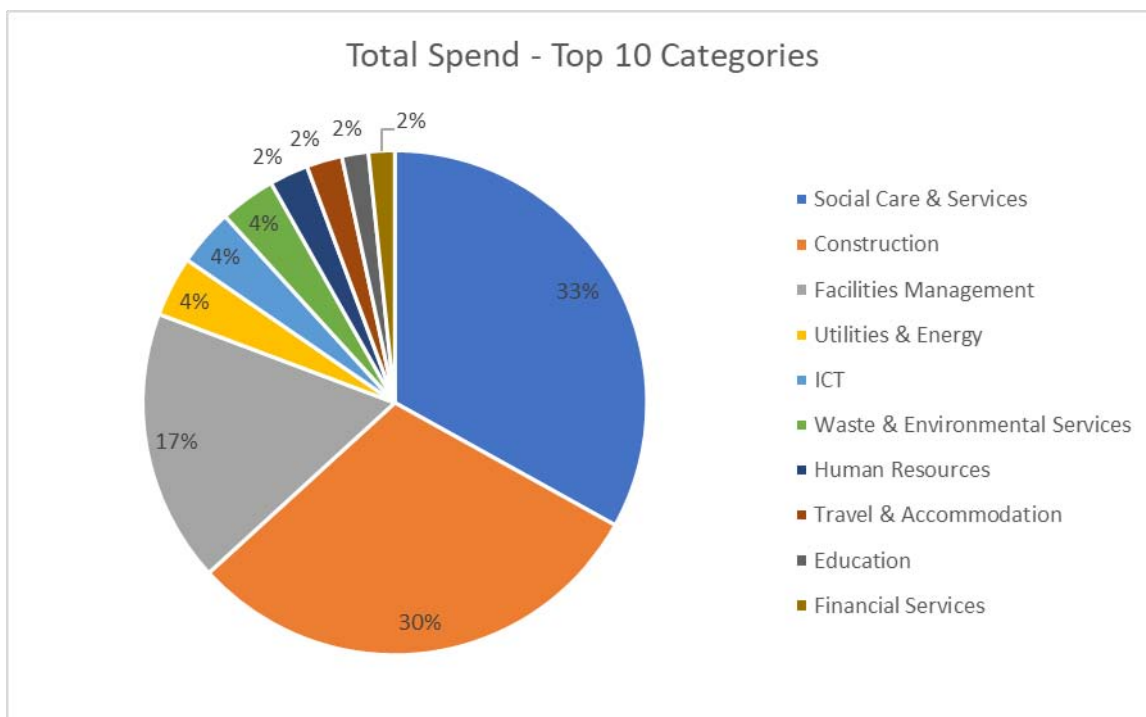


Local spend by Clackmannanshire Council is dominated by Social Care & Services where spend is £9,985,402, followed by Construction £1,136,738 and Travel & Accommodation £1,082,738 Please Note: Travel & Accommodation the spend is only on Travel

**Table 8: Spend Summary by Business Sector Locally.**

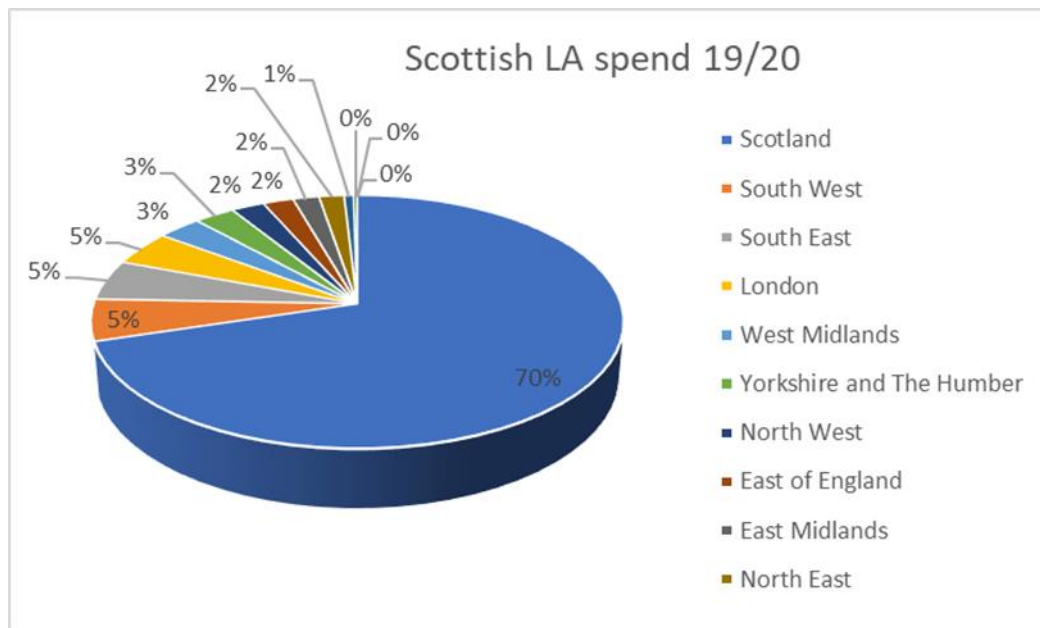
vCode Business Sector 19/20	Total Spend	% Of Spend	vCode Business Sector 18/19	Total Spend	% Of Spend
Social Care & Services	£ 9,985,402	79.18	Social Care & Services	£ 6,993,237	71.15
Construction	£ 1,136,402	9.01	Construction	£ 1,312,402	13.35
Travel & Accommodation	£ 1,032,738	8.19	Travel & Accommodation	£ 1,116,674	11.36
Arts, Sport & Leisure	£ 173,433	1.38	Arts, Sport & Leisure	£ 77,041	0.78
Marketing & Media	£ 67,173	0.53	Marketing & Media	£ 45,227	0.46
Human Resources	£ 60,709	0.48	Human Resources	£ 33,384	0.34
Facilities Management	£ 50,151	0.40	Facilities Management	£ 70,951	0.72
Animals & Farming	£ 42,350	0.34	Animals & Farming	£ 33,876	0.34
Transport	£ 20,332	0.16	Transport	£ 41,145	0.42
Other Goods & Services	£ 7,892	0.06	Other Goods & Services	£ 46,173	0.47
Clothing	£ 7,727	0.06	Clothing	£ 7,482	0.08
Retail & Wholesale	£ 6,478	0.05	Retail & Wholesale	£ 6,603	0.07
Waste & Environmental Services	£ 5,940	0.05	Waste & Environmental Services	£ 6,094	0.06
Legal	£ 4,512	0.04	Legal	£ 6,579	0.07
Vehicles	£ 4,092	0.03	Vehicles	£ 7,315	0.07
ICT	£ 2,000	0.02	ICT	£ 3,208	0.03
Food, Beverage & Catering	£ 1,448	0.01	Food, Beverage & Catering	£ 9,502	0.10
Education	£ 1,000	0.01	Education	£ 8,500	0.09
Personal Care	£ 1,000	0.01	Personal Care	£ 2,000	0.02
	<b>£ 12,610,779</b>			<b>£ 9,827,393</b>	

Overall, spend categories





70% of Scottish Local Authority spend is on Scottish companies resulting in £5bn per year going into our economy.



There have been a number of events to assist suppliers including the How to do Business with Clackmannanshire Council on the 23 April 2019 which was done in partnership with SDP Using Public Contract Scotland (PCS) for Childcare Practitioners. This course was developed specifically for childcare provider contractors preparing to bid for Clackmannanshire Council's Childcare Provider tender opportunity to ensure that they were familiar and comfortable using the PCS and PCS-tender portals.

The council were represented at The National Meet the Buyer 2019 event in Hampden Park on Wednesday 13 November 2019 where officers fielded enquiries from over 2000 people who came along to this event



Clackmannanshire Council also engaged with the supplier Development programme to actively provide in partnership a number of training events in Forth Valley that have all met with positive feedback these include:

Introduction to Tendering - Thursday 25 April 2019

Using PCS & PCS Tender - Thursday 23 May 2019

Tender Procedures & the ESPD – Wednesday 19 June 2019

Improving Your Bid Score - Tuesday 22 October 2019

## **8. Contract standing orders**

The Council's Procurement processes and procedures are documented in Contract Standing Orders (CSO's) and Financial Regulations. CSO's are made under Section 81 of the Local Government (Scotland) Act, 1973 and apply to the making of all contracts by or on behalf of Clackmannanshire Council. CSO's are subject to any overriding requirements of the European parliament on the coordination of procedures for public works contracts, public supply contracts and public service contracts and The Public Contracts (Scotland) Regulations 2015.

CSO's set out a framework of procedural rules, behaviours and standards applicable to procurement activity. Compliance ensures value for money, propriety and the proper spending of public money and ensures that the Council is fair and accountable in its dealings with contractors and suppliers.

CSO's are due for a full review in the 2012/21 financial year and a report will be submitted to Council for consideration and approval.

Exceptions to CSO's are documented and a full report on the exceptions noted in 2019/20 are at Appendix 8.

## **9. Purchasing system**

In 2016 we saw the replacement of the Council's finance system which has been realising benefits of end to end processing by fully supporting the e-procurement (purchase to pay process) and is enhancing procurement and finance governance arrangements.

The benefits include; improved supplier payments, significant reduction in the purchase card transactions and enhanced procurement management information.

The Council is now using the new system to undertake the annual financial analysis and procurement category of spend.

The system was upgraded in February to further improve the functionality and enhance the business processes and governance arrangements this included:

- CiA Upgrade

This allows the use of the system on any device such as iPad's or smartphones.

- Dragitin and ITP (Intelligent Transaction Processing)

This ensures compliance with eInvoicing EU Directive which was due to be in place by April 2020

- Contract Management

This will provide us with a totally integrated procurement contract solution by combining the Contract Management, Purchasing, Catalogues and accounts payable modules with

electronic workflow and web services. This is yet to be implemented and was delayed due to COVID

## 10. Purchasing cards

Due to the previous manual invoice system, the Council found difficulties in meeting national performance indicators to pay suppliers within 30 days, which was one of the reasons for implementing a new finance system. The figures shown in table 9 show the reductions in Purchase card spend and transactions. Further benefits will be realised when the Purchase Card module is implemented within the finance system.

Since 2003, a partnership with Barclaycard through the Government Procurement Card (GPC Visa) contract has enabled authorised staff to conduct low-value transactions quickly and to consolidate large numbers of invoices from multiple suppliers into a single monthly invoice, thus removing process costs and improving management information. There is a potential efficiency saving of £28 per transaction compared to the full manual process.

As GPC pays suppliers in as little as four days it allows the Council to support the Scottish Government's pledge to pay SME's within 10 days.

The arrangement also makes it easier to monitor compliance with procurement policies such as delegated authority levels as the following can be set:

- different levels of purchasing authority for staff
- built-in safeguards such as monthly credit limits
- business sector category restrictions

The utilisation of the finance system rather than using the purchase card has provided improved workflow capabilities to route transactions for review and approval and show greater visibility on what is being spent. The use of electronic catalogues within the system has taken away the requirement to use purchase cards for the low value transactions which can be consolidated within the finance system and reduce the number of transactions. The reduction in volumes and expenditure is shown in table 9 below.

**Table 9: Purchase Card transactions summary**

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Variance from last year
<b>Purchase Card Transactions</b>	35,949	23,054	3,678	3,265	3137	1318	<b>-1,819</b>
<b>Spend</b>	£2,214,250	£1,084,321	£801,608	£582,849	£714,090	£278,519	<b>-£435,571</b>
<b>Cardholders</b>	41	37	31	31	27	27	<b>0</b>

## 11. The Scottish procurement agenda

Several pieces of legislation have changed the regulatory framework for public procurement across the Scottish public sector:

- Procurement Reform (Scotland) Act 2014

This introduced a procurement regime in Scotland that sits alongside European procurement rules.

These apply to Local Authorities as “contracting authorities” and “regulated contracts”: which are works contracts with value equal to / greater than £2m & services / supplies contracts with value equal to / greater than £50k

The duties and obligations under the 2014 Act, include:

- Sustainable procurement duty
- Organisational procurement strategies
- Annual procurement reports
- Community benefits
- Selection of tenderers and contracts

These are separate statutory duties but are all intrinsically linked and the Council need to take a holistic approach to compliance. In addition, as the guidance published by Scottish Government is a statutory requirement, the Council must have regard to it.

The public sector also has three EU Directives to comply with:

- EU Procurement Directive (Classic) – on public procurement
- EU Procurement Directive (Concessions) - on the concession contracts
- EU Procurement Directive (Utilities) - on procurement by entities operating in the water, energy, transport and postal services sectors

In addition to this, Scottish Procurement published information on the implementation of the EU Directive for [electronic invoicing in public procurement](#) which came into effect 16 April 2014 and become law by the Scottish Public Contracts (Scotland) Regulations 2015.

The directive requires that contracting authorities are able to receive e-Invoices and make payment electronically for all contracts regulated under the EU procurement directives. However, while the acceptance of e-Invoices by all contracting authorities is mandatory, the exchange of invoices in other formats will still be allowed if both the contracting authority and supplier agree.

Guidance will be developed for contracting authorities, suppliers and others affected by the directive e.g. trade bodies, buyer community, etc. The guidance will be designed to aid compliance with the new legislation. This will lead to further changes to the regulatory framework for public procurement across the Scottish public sector.

## 12. Other activities - Looking forward

### Changes in the Procurement regulations

- The Council will continue to review and update procurement:
  - Policies, procedures and contract standing orders
  - Standard form tender documentation
  - Standard form contracts
- Policies, procedures and contract standing orders updates will:
  - Give prominence to sustainable procurement duty which will underpin all Council procurement activities including community wealth being
  - Update statutory references – Act and new Regulations
  - Update thresholds and reflect lower thresholds under Act
  - Include new procedures – competitive with negotiation, innovation partnership
  - Reference Light Touch Regime where appropriate
  - Consider producing decision-making tools to assist those making procurement related decisions – checklists / flowcharts
  - Highlight that some contracts may be subject to both Act and Regulations

### Finance system replacement

The Council is continuing to implement and enhance the functionality of the finance system which is helping to automate and streamline the entire procurement lifecycle and generate efficiencies; from a request for a quote and creation of a procurement contract, through to requisition, order transmission and payment.

The procurement and expense management process will enable implementation of procurement-related policies by providing a facility to record delegations, record authorisations and execute workflows, while streamlining accounts payable processes and providing visibility of outstanding debt.

The procurement and expense management module will enable the Council to:

- Control expenditure
- Manage business expenses simultaneously on both an accrual and cash basis, and report on committed funds to understand the expenditure before it is recorded on the actuals ledger
- Gain visibility and control of inventory processes, from ordering and replenishment to issuing of stock
- Optimise stock holdings, automate replenishment, manage multiple locations and maintain flexible catalogues for total inventory management

- Manage all aspects of contracts and purchasing in one central place by using preferred supplier arrangements and automated approvals to optimise purchasing spend to ensure policy compliance
- Improve visibility of expenditure; prevent budget overruns with an accurate and real-time view of committed and actual expenditure
- Track costs to business units, assets, projects, suppliers and contracts
- Streamline the entire procure-to-pay process, from initial requisition, order approval and receipt of goods and services through to payment

The Council will also be able to manage more efficiently the:

- Maintenance of creditor information (including payment methods, trading status, trading terms, etc.)
- Management of purchase orders for catalogue-only items, non-stock items, capital assets and inventory items
- Use of purchase cards and provide an electronic, integrated and efficient solution to the reconciliation of corporate credit cards

### **Contract register**

The contract register is publically available here you can see all current contracts, expired contracts and collaborative contracts and is updated on a regular basis, and can be accessed via Public Contracts Scotland

[https://www.publiccontractsscotland.gov.uk/Contracts/Contracts\\_Search.aspx?AuthID=AA00260](https://www.publiccontractsscotland.gov.uk/Contracts/Contracts_Search.aspx?AuthID=AA00260)

## Appendix1. Summary of the regulated procurements that have been completed during the year covered by the report.

Table 10: Regulated procurement summary

INTERNAL REF	TITLE	VALUE	Complied with Strategy	Community Benefits
2/6/1709	School based service to provide support to care experienced and disadvantaged young people	£495,000	Yes	Yes
2/6/1713	Early Learning and Childcare Funded Providers	£4,776,347	Yes	No
2/6/1719	Independent Advocacy Services	£105,627	Yes	No
2/6/1722	Unpaid carers Services for adult care services	£432,256	Yes	No
2/6/1723	Residual Waste Brokerage Service	£6,000,000	Yes	No
2/6/1726	Flooring Contract 2019-2023	£500,000	Yes	Yes
2/6/1727	Treatment of Organic Waste - Lot 2 Garden Waste	£452,000	Yes	No
2/6/1728	Treasury Management Advice Services	£94,410	Yes	No
2/6/1729	Unpaid carers for child care services	£141,252	Yes	No
2/6/1731	Central Heating Systems Design and Installation	£825,000	Yes	No
2/6/1733	Processing and Haulage of Dry Mixed Recyclate (DMR)	£1,770,160	Yes	No
2/6/1734	Dial a Journey - Door to Door Transport	£150,000	Yes	No
2/6/1738	Womens Aid	£484,326	Yes	No
2/6/1744	Maintenance And Conversions Multi Trade Measured Term Contract 2019-21	£1,000,000	Yes	Yes
2/6/1749	Assisted Collections of recyclable waste	£66,634	Yes	No
2/6/1750	School Travel Planning Services	£52,000	Yes	Yes
2/6/1758	Care and support for children and young people	£5,387,000	Yes	No
2/6/1759	Housing Analytics Service	£232,867	Yes	No
2/6/1761	Renewable Energy Programme	£351,450	Yes	No
2/6/1762	Leadership Academy	£90,000	Yes	No
2/6/1765	Support & Information Service for Self Directed Support Options 1,2 or 4	£87,736	Yes	No
2/6/1767	Medical Equipment Planned Servicing and Unplanned Repairs	£78,358	Yes	No
2/6/1770	Lotus Notes Software	£256,704	Yes	No
2/6/1773	Insurance and Claims Handling	£4,946,681	Yes	No
2/6/1776	Targeted support for digital learning transformation strategy	£148,900	Yes	No
2/6/1779	Forth Valley Alcohol & Drug Partnership	£261,000	Yes	No





## Appendix 2. Summary of any community benefit requirements imposed as part of a regulated procurement that were fulfilled during the year covered by the report,

Where the Council proposes to carry out a regulated procurement where the estimated value of the contract is equal to or greater than £4,000,000. The Council must, before carrying out the procurement, consider whether to impose community benefit requirements as part of the procurement.

There were three contracts during this year that required consideration as part of the regulation.

However, the Council has also imposed the following Community benefits as part of the procurement exercises listed detailed below.

INTERNAL REF	TITLE	VALUE	
2/6/1709	School based service to provide support to care experienced and disadvantaged young people	£495,000	Full Mentor recruitment and training provided to support 50 to 80 young people
2/6/1713	Early Learning and Childcare Funded Providers	£4,776,347	All Micro Businesses
2/6/1723	Residual Waste Brokerage Service	£6,000,000	National Contract - No assigned benefits for Clackmannanshire
2/6/1726	Flooring Contract 2019-2023	£500,000	1 APPRENTICES IN YEAR 1 OFF CONTRACT, TAKE ON 1 NEW QAULIFIED TRADESMAN IN YEAR 1, PROVIDE WORK EXPERIENCE 2X ANNUALLY FOR EDUCTAION , PROVIDE VOLANTEERS / DONATIONS / MATERIALS FOR LOCAL COMMUITIES 2X ANNUALLY, SPONSORS LOCAL TEAM / COMMUNITY ANNUALLY

2/6/1744	Maintenance And Conversions Multi Trade Measured Term Contract 2019-21	£1,000,000	<p>Targeted Recruitment and Training - offering individuals and young people training, apprenticeships, jobs and work experience as part of a contract. Supply Chain Initiatives - offering Small and Medium Enterprises and Voluntary Sector organisations opportunities to provide goods and/or services as part of a contract. Social Enterprise - where a local social enterprise can either be established to service a contract, or an existing social enterprise be supported to deliver on part of a contract. Community Consultation - giving the local community an opportunity to express an opinion and possibly influence the design and delivery of a project or service in an area. Young Person Engagement - giving young people in the area an opportunity to engage in a project. The engagement can range from young people learning about a project to giving them the opportunity to shape and influence a project thus giving them more say in and connection to the future of their area. Educational Support - giving school children an opportunity to learn about a project by providing educational presentations or arranging school visits. Community Endowment Fund/Development Trust - where a financial sum may be made available to implement projects that the community considers to be a priority. This often ensures ownership, participation and support at a very local level. Public Art Projects - a tangible project that a community can focus on and be involved in either as a standalone activity or part of a wider regeneration initiative. Local Events - local ownership of a project or service. Physical Infrastructure - often delivered by the private sector as part of a Section 75 agreement in relation to a planning consent. Examples would be infrastructure required to enable a new development to be implemented for example roads and footpath/cycleway improvements, schools and libraries and play areas and open space. Local Sponsorship - private companies are often asked to sponsor organisations local to the area in which they are developing/delivering a service. Mentoring - private sector suppliers can offer support, normally as part of their Corporate Responsibility activity, where they can offer support and guidance to local organisations and individuals</p>
2/6/1758	Care and support for children and young people	£5,387,000	All Micro Businesses

### **Appendix 3. Steps taken to facilitate the involvement of supported businesses in regulated procurements during the year covered by the report,**

Suppliers whose main aim is the social and professional integration of disabled or disadvantaged persons, where at least 30% of their employees are disabled or disadvantaged workers are classed as Supported Businesses. It is possible for the Council to “reserve” the right to participate in a competition to supported businesses where it is assessed as appropriate.

The Council contract standing orders enable officers to reserve contracts with supported businesses more readily without having to resort to full tendering exercises.

We actively encourage the use of the supported business frameworks and currently using:

- Haven Sign Factory, Commercial signage
- Haven Recycling, IT Recycling
- Lady Haig Poppy Factory, Component assembly
- City Building (Contracts) LLP/RSBi, Furniture and associated products
- Royal National Institute for the Blind - Signage

## Appendix 4. Summary of the regulated procurements the authority expects to commence in the next two financial years,

The Council capital plan agreed at Council provides detail of future regulated procurement requirements for 2020 – 2021

<b>Capital Programme 2020-2021</b>		
		<b>Revised 20/21 Budget £'000</b>
<b>Capital Programme 2019-2028</b>	<b>Plan</b>	
Community Investment Grants	Corporate	100
City Deal	Corporate	1,207
City Deal Projects	Corporate	307
City Deal Tourism & Innovation Funds	Corporate	0
Parking Management Scheme	Corporate	591
Fitness Suite Replacement	Corporate	12
Forthbank HWRC Site Improvements	Property	130
Renewable Energy Projects	Corporate	50
<b>Corporate</b>		<b>2,397</b>
Fleet Replacement Programme	Fleet	1,415
<b>Fleet</b>		<b>1,415</b>
Alloa Digital Display Transformation	I.T.	80
Lornshill Digital Display Transformation	I.T.	80
Alva Digital Display Transformation	I.T.	80
IT Infrastructure	I.T.	144
Social Service Adaptations	I.T.	75
Schools ICT Upgrade - Alloa	I.T.	41
Schools ICT Upgrade - Lornshill	I.T.	42
Schools ICT Upgrade- Alva Academy	I.T.	42
Schools ICT Upgrade - All Primaries	I.T.	90
Digital Infrastructure Provision	I.T.	300
Social Services Integrated Systems	I.T.	393
<b>I.T.</b>		<b>1,367</b>
SWF/Wheeled Bins	Land	30
Park, Play Area & Open Space Improvements - Alloa	Land	50
Sunnyside Cemetery Extension	Land	150
<b>Land</b>		<b>230</b>
Village and Small Town - Alva	Land/Property/ Roads	325
<b>Land/Property/Roads</b>		<b>325</b>
Kilncraigs BPRA	Property	4,900
Kilncraigs Roof	Property	300

Craigbank Primary School Refurbishment	Property	48
Alva Primary School	Property	50
School Estate - Tullibody South Campus	Property	1,650
Clackmannan Primary School Refurbishment	Property	10
Deerpark Primary School - School Development	Property	10
St Serfs Primary School - School Development	Property	0
Statutory Compliance DDA Schools	Property	17
Park Primary	Property	2,600
Compliance - Asbestos Removal (Schools)	Property	20
Early Years Expansion	Property	0
Tillicoultry Primary School - School Development	Property	500
Fishcross Primary School - School Development	Property	10
Coalsnaughton Primary School	Property	10
Alloa South Campus	Property	0
Lochies School	Property	50
St Mungo's Primary	Property	150
Alloa Academy	Property	100
Alva Academy	Property	50
Lornshill Academy	Property	50
<b>Property</b>		<b>10,525</b>
Flood Prevention	Roads	86
Roads Improvements	Roads	1,904
Cycle, Walking and Safer Streets (CWSS)	Roads	100
Bridge Improvements	Roads	50
Lighting Replacement	Roads	250
Safer Routes to School	Roads	155
<b>Roads</b>		<b>2,545</b>
<b>Total Capital Programme</b>		<b>18,804</b>

The listing below is contracts due for renewal within the next two financial years. Please note some of these arrangements have the option for extension periods that extend the contracts beyond the original end date.

INTERNAL REF	TITLE	END DATE
2/6/1653	e Book Service	31/01/2020
2/6/1654	e Audio Service	31/01/2020
2/6/1639	Family Support and Intervention Service	01/04/2020
2/6/1638	Support Services to Young People who may be at risk of Offending Behavior	01/04/2020
2/6/1637	Parenting Support Services to Families with Children under 12 years old	01/04/2020
2/6/1636	Support Services - Families	01/04/2020
2/6/1411	Banking Services	01/04/2020
2/6/1458	Groceries & Provisions	01/05/2020
2/6/1528	Superimposed Road Markings	18/06/2020
2/6/1612	Legionella and Water Services Corporate Public Buildings 2018-22	30/06/2020
2/6/1729	Unpaid carers for child care services	01/07/2020
2/6/1235	Vending Service Concession	27/10/2020
2/6/1394	Hiring of Mini-Tractors 2017 - 2020	31/10/2020
2/6/1496	Fire & Intruder Alarm Upgrades in Primary Schools	31/10/2020
2/6/1665	Traffic Management Equipment and Ancillary Support Services.	01/11/2020
2/6/1795	NPS Scottish Welfare Provision SaaS	09/11/2020
2/6/1623	Money & Welfare Benefits Advice & Support	30/11/2020
2/6/1472	Window Cleaning Service 2016 - 2020 external and Internal	30/11/2020
2/6/1451	Common Area and Secure Door Entry Upgrade Programme 2016-20	01/12/2020
2/6/1593	Primary Schools Early years bundle	08/12/2020
2/6/1515	Supply and Delivery of Parts	13/12/2020
2/6/1664	Property Consultancy & Compliance Housing Assets 2018-2020	31/12/2020
2/6/1650	Advice Services	01/01/2021
2/6/1468	Roads, Transport and Environmental Related Professional Services	17/01/2021
2/6/1761	Renewable Energy Programme	31/01/2021
2/6/1512	Spring & Summer Bedding	31/01/2021
2/6/1510	Hardy Nursery Stock	31/01/2021
2/6/1420	Vehicle Tracking & Telematics Services	01/02/2021
2/6/1679	Green & Blue Domestic Bins	01/03/2021
2/6/1744	Maintenance And Conversions Multi Trade Measured Term Contract 2019-21	01/03/2021
2/6/1609	Trade Materials	01/03/2021
2/6/1768	Support the Safeguarding through Rapid Intervention (STRIVE) Pilot	31/03/2021
2/6/1697	Galvanised 1100 Bins	31/03/2021
2/6/1677	Organic Waste	31/03/2021
2/6/1571	Air quality monitoring station Servicing	31/03/2021
2/6/1575	Soft Skills Training	31/03/2021
2/6/1538	Library Management System	31/03/2021
2/6/1524	Council Tax/ Non Domestic Rates/Housing Benefits Processing System	31/03/2021
2/6/0874	Leisure Bowl management	31/03/2021

2/6/1736	Healthy Walking Project	01/04/2021
2/6/1739	Forth Valley Rape Crisis	01/04/2021
2/6/1738	Womens Aid	01/04/2021
2/6/1695	Revenue & Benefits System	01/04/2021
2/6/1611	Paygate Upgrade	01/04/2021
2/6/1620	PvcU Window and Door Products	01/04/2021
2/6/1348	Insurance and Claims Handling Services	01/04/2021
2/6/1691	Payment Services	20/04/2021
2/6/1790	Heating Services	17/05/2021
2/6/1518	Transport for Education and Social Care Requirements	25/06/2021
2/6/1610	Milk	27/06/2021
2/6/1789	Holistic Wellbeing Listening and targeted Counselling Services	29/06/2021
2/6/1727	Treatment of Organic Waste - Lot 2 Garden Waste	30/06/2021
2/6/1698	Bespoke Family Learning Programme	30/06/2021
2/6/1642	Microsoft OVS Agreement Education	30/06/2021
2/6/1793	Mental Health Counselling services for Adults - Mild to Moderate Mental Health Problems	01/07/2021
2/6/1518	Transport for Education and Social Care Requirements	01/07/2021
2/6/1797	Whiteboard Replacement	22/07/2021
2/6/1760	Street Lighting Columns	31/07/2021
2/6/1518	Transport for Education and Social Care Requirements	01/08/2021
2/6/1723	Residual Waste Brokerage Service	01/09/2021
2/6/1765	Support & Information Service for Self Directed Support Options 1,2 or 4	01/10/2021
2/6/1792	MIFI Devices Education	15/10/2021
2/6/1676	Telephone Support & Maintenance 2018 - 2021	31/10/2021
2/6/1764	Corporate performance Management and Risk Auditing System	11/11/2021
2/6/1712	Alarm Systems - Call outs	27/11/2021
2/6/1769	Mobile Iron - Education	30/11/2021
2/6/1660	Pump Stations Maintenance and Planned Inspections	10/12/2021
2/6/1569	Scaffolding Supply and Erection 2017-2021	18/12/2021
2/6/1595	MHR iTrent Hosting	01/01/2022
2/6/1733	Processing and Haulage of Dry Mixed Recyclate (DMR)	10/02/2022
2/6/1759	Housing Analytics Service	21/02/2022
2/6/1518	Transport for Education and Social Care Requirements	01/03/2022
2/6/1069	Supply of Electricity	31/03/2022
2/6/1770	Lotus Notes Software	31/03/2022
2/6/1749	Assisted Collections of recyclable waste	31/03/2022
2/6/1750	School Travel Planning Services	31/03/2022
2/6/1721	IPG fuel Supply to Muckhart Primary School	31/03/2022
2/6/1701	Veritas	31/03/2022
2/6/1669	VMWare Education	31/03/2022
2/6/1625	Advocacy Services for Adults with Learning Disabilities	31/03/2022
2/6/1372	Home Energy Efficiency Programme Administrative And Enabling Works	31/03/2022
2/6/1804	Leadership Development	01/04/2022
2/6/1754	Roads Maintenance and Improvements Framework	01/04/2022

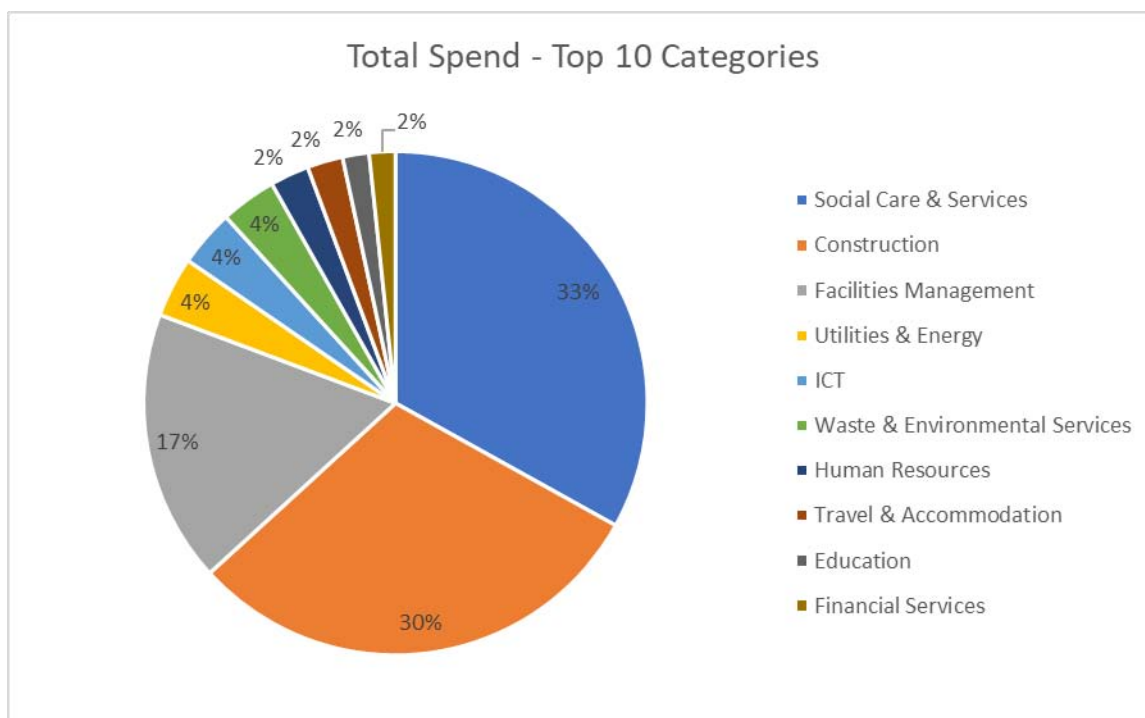
2/6/1787	Health & Safety IT System	01/04/2022
2/6/1747	Health & Safety Training Framework Agreement	01/04/2022
2/6/1734	Dial a Journey - Door to Door Transport	01/04/2022
2/6/1693	Short Term Residential Care For Young People With Complex Health Needs As A Result Of Disability	01/04/2022
2/6/1630	Door Replacements	01/04/2022
2/6/1767	Medical Equipment Planned Servicing and Unplanned Repairs	01/05/2022
2/6/1711	SVQ Training in Business & Administration at SCQF levels 5 and 6 for Modern ...	31/05/2022
2/6/1732	Solid fuel - Biomass fuels	30/06/2022
2/6/1731	Central Heating Systems Design and Installation	01/07/2022
2/6/1618	Solid fuel including wood and biomass products	01/07/2022
2/6/1613	Reactive Fencing Repairs 2018-22	02/07/2022
2/6/1737	Active Travel	01/08/2022
2/6/1709	School based service to provide support to care experienced and disadvantaged young people	01/08/2022
2/6/1652	Out of Hours Family and Young peoples Early Intervention Support Service	01/09/2022
2/6/1605	Safe Electrical Testing and Repairs	18/09/2022
2/6/1696	Structural Works and Bricklaying Contract 2019-2022	23/09/2022
2/6/1779	Forth Valley Alcohol & Drug Partnership	30/09/2022
2/6/1632	Safe Electrical Periodical Electrical Testing Upgrade and Rewire 2018-22	01/12/2022
2/6/1659	Roof and Render Upgrade Works 2018-2022	01/12/2022
2/6/1687	Removal and Storage Services	02/12/2022
2/6/1675	Basic IT Support for Clients on Employability Programmes	31/12/2022



## Appendix 5. Top categories of spend by total expenditure done

The top 10 categories represent 91% of the council's total spend

Business Sector	Total Spend	%age of Total
Social Care & Services	£20,788,327	30.17%
Construction	£18,953,490	27.51%
Facilities Management	£11,000,492	15.96%
Utilities & Energy	£2,432,311	3.53%
ICT	£2,298,126	3.34%
Waste & Environmental Services	£2,255,860	3.27%
Human Resources	£1,571,389	2.28%
Travel & Accommodation	£1,442,555	2.09%
Education	£1,067,760	1.55%
Financial Services	£1,055,452	1.53%
Food, Beverage & Catering	£956,739	1.39%
Vehicles	£871,697	1.27%
Security Equipment & Services	£731,600	1.06%
Healthcare	£646,547	0.94%
Professional Services	£402,199	0.58%
Transport	£355,974	0.52%
Arts, Sport & Leisure	£341,030	0.49%
Business Support Services	£323,396	0.47%
Other Goods & Services	£271,759	0.39%
Charitable & Religious Activity	£266,359	0.39%
Manufacturing & Machinery	£258,744	0.38%
Marketing & Media	£202,467	0.29%
Legal	£93,480	0.14%
Animals & Farming	£89,765	0.13%
Public Sector Bodies	£86,830	0.13%
Stationery & Office Products	£79,766	0.12%
Retail & Wholesale	£41,023	0.06%
Clothing	£18,771	0.03%



## Top 10 Suppliers by total expenditure

The top 10 suppliers by spend represent 42% of our total spend.

There are 2 local suppliers representing 9% of our total spend

Supplier Name	Aggregate Spend	Local Authority	%age of total
HUB EAST CENTRAL SCOTLAND LTD	£ 7,817,617	Stirling	11%
Clackmannanshire Educ Partnership Ltd	£ 7,653,624	Windsor and Maidenhead	11%
Caring Homes Group Ltd Hillview	£ 3,288,133	Clackmannanshire	5%
Mears Care (Scotland) Ltd	£ 2,552,282	Clackmannanshire	4%
Sidey Solutions Ltd	£ 1,867,481	Perth and Kinross	3%
J H Civil Engineering Ltd	£ 1,819,644	North Lanarkshire	3%
EDF Energy 1 Ltd	£ 1,198,135	Plymouth	2%
HC-One Limited Orchard NH	£ 1,162,873	Darlington	2%
AVONDALE ENVIRONMENTAL LIMITED	£ 1,087,340	Falkirk	2%
Key Housing Association Ltd	£ 901,477	Glasgow City	1%

Supplier Name	Aggregate Spend	Transactions	Trade Classification (Thomson)
HUB EAST CENTRAL SCOTLAND LTD	£ 7,817,617	42	Project Management
Clackmannanshire Educ Partnership Ltd	£ 7,653,624	20	Facilities Management
Caring Homes Group Ltd Hillview	£ 3,288,133	191	Nursing Homes
Mears Care (Scotland) Ltd	£ 2,552,282	86	Home Care Services
Sidey Solutions Ltd	£ 1,867,481	75	Pvc-u Products - Mnfrs & Suppliers
J H Civil Engineering Ltd	£ 1,819,644	65	Civil Engineers
EDF Energy 1 Ltd	£ 1,198,135	106	Electricity Companies
HC-One Limited Orchard NH	£ 1,162,873	130	Nursing Homes
AVONDALE ENVIRONMENTAL LIMITED	£ 1,087,340	12	Waste Disposal Services
Ailsa Building Contractors Ltd	£ 874,083	5	Building Refurbishment & Restoration Contractors
IKL CARE	£ 871,317	338	Home Care Services
Arthur J Gallagher	£ 801,492	17	Insurance - Other
Scottish Autism Central Area Office	£ 766,959	97	Residential Care Homes
Everwarm	£ 742,419	10	Insulation Installers
Parklands Care Home	£ 667,924	38	Residential Care Homes
A C GOLD SERVICES LTD	£ 657,308	31	Electricians & Electrical Contractors
Crossroads Caring Scotland Clackmannanshire	£ 643,864	191	Social Services
Marshall Construction Limited	£ 587,473	31	Builders
Action for Children Services Limited	£ 566,378	41	Adoption & Fostering
Flourish Home Support Services Ltd	£ 526,292	92	Home Care Services
Care Visions Group Ltd Foster	£ 515,815	117	Children's Homes
Common Thread Limited	£ 497,633	29	Childcare Services
M.A.B Preservation Limited	£ 491,395	52	Property Maintenance & Repairs
SWIIS Foster Care Scotland Limited	£ 482,626	145	Adoption & Fostering
Northgate Public Services (UK) Ltd	£ 473,739	20	Computer Systems & Software (development)
SCOTTISH FUELS	£ 432,316	71	Oil Fuel Distributors
HUNTERS EXECUTIVE COACHES LTD	£ 427,820	126	Coach Hire
MOTUS Commercials	£ 425,779	34	Commercial Vehicle Dealers
Aberlour Child Care Trust	£ 425,752	30	Childcare Services
NAS Services Limited	£ 420,882	13	Disability & Special Needs - Services

## Appendix 6. Participation in National Contracts

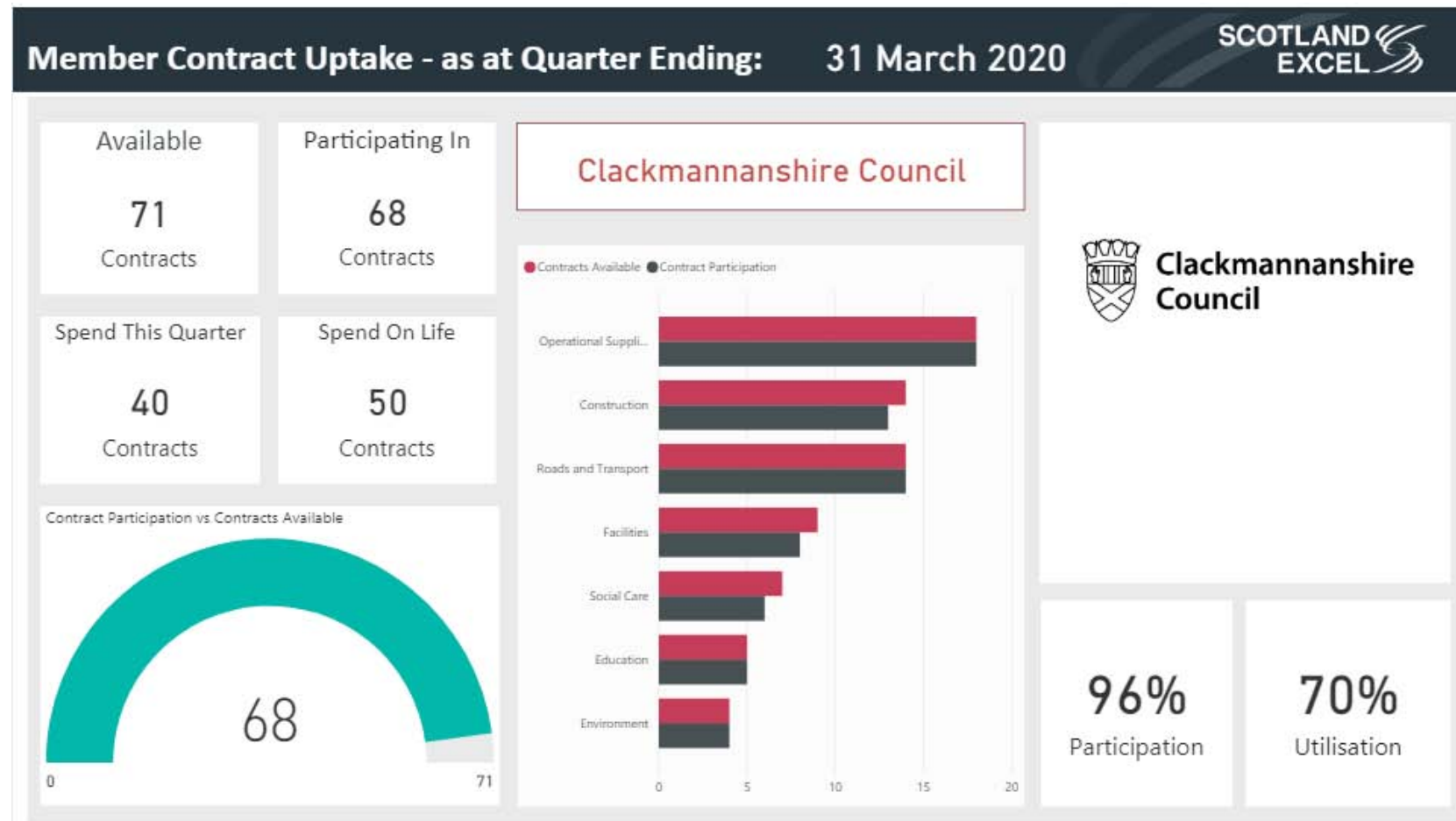
### Scottish Government procurement (Cat A) Summary of contracts used spend and savings

Scottish Procurement advised that due to COVID pandemic they were unable to gather spend information from a small number of frameworks

Contract	Supplier	2019/20 Spend	2019/20 Savings
Desktop Client Devices	Hewlett Packard UK Ltd	£90,613	£51,391
Desktop client devices framework 2020	Hewlett Packard UK Ltd	£3,509	£1,516
Electricity 2019	EDF Energy Ltd	£1,098,624	£31,750
General stationery and office paper (2016)	Lyreco UK Ltd	£62,718	£14,137
IT Consumables (2016)	Banner Group Ltd	£1,195	£83
IT Peripherals (2018)	Computacenter	£8,779	£0
Liquid Fuel - Automotive fuel (Central)(2015)	Scottish Fuels	£134,381	£2,308
Liquid Fuel - Heating oil (Central)(2015)	Scottish Fuels	£13,103	£465
Liquid Fuel - Scotland Central (2019)	Scottish Fuels	£192,300	£5,481
Mobile Client Devices	Hewlett Packard UK Ltd	£186,143	£178,883
National Framework for Office Equipment and Services (2017)	Ricoh (UK) Ltd	£17,795	£4,034
National Framework for Tablet Client Devices	XMA Limited	£40,905	£4,971
Natural Gas	Total Gas & Power Ltd	£413,858	£22,091
Network Enablement Services Framework	Capita IT Services	£103,478	£0
Office Equipment - Multi-functional Devices & Services	Canon (UK) Ltd	£2,284	£661
Office Equipment - Multi-functional Devices & Services	Ricoh (UK) Ltd	£63,730	£18,443
Postal Services - Ad-hoc and hybrid mail (2016)	Royal Mail Group	£11,985	£779
Postal Services - Scheduled/Regular Bulk Mail (2016)	Royal Mail Group	£46,511	£3,023
Print And Associated Services 2019 - litho/ digital print services	Harlow Printing Ltd	£1,304	£158
Print And Associated Services 2019 - litho/ digital print services	Panda Litho Ltd	£608	£89
Provision Of Admin, Catering & Manual Staff Services –South Region	Pertemps Recruitment	£121,878	£10,532
Provision Of Admin, Catering & Manual Staff Services –South Region	BRIGHTWORK LTD	£41,181	£3,518
Provision Of Interim It Staff Services –National	HARVEY NASH PLC	£3,255	£251
Residual Waste Services	Avondale Environmental Ltd	£165,432	£3,309
Software - Value Added Reseller (VAR)	Softcat	£7,590	£64
Supported businesses (2018) - Signage	Haven Products Ltd	£12,459	£0
Temporary and Interim Staff - Administration West	Pertemps Recruitment	£30,907	£2,088
Temporary and Interim Staff - Catering/Manual East	Pertemps Recruitment	£30,689	£2,070
Temporary and Interim Staff - Catering/Manual East	BRIGHTWORK LTD	£114,523	£7,658
Temporary and Interim Staff - Catering/Manual West	Pertemps Recruitment	£45,974	£3,100
Temporary and Interim Staff - Interim Professionals	ASA INTERNATIONAL	£8,351	£556
Water and Waste Water Services	Anglain Water Business (National) Ltd	£319,480	£22,612
Web Based & Proprietary Client Devices	XMA Limited	£9,180	£4,639
Web Based & Proprietary Client Devices 2019	XMA Limited	£61,447	£7,505
		<b>£3,466,169</b>	<b>£408,167</b>

## Participation in National Contracts

**Scotland Excel - Local Authority sector contracts (Cat B)** Scotland Excel advised that due to COVID pandemic they were unable to gather all spend information from a small number of frameworks so the reports only cover what has been possible to collect as soon as the information is available this will be reported



# Contract Spend & Estimated Savings - as at:

31 March 2020

Actual Spend vs Forecast Spend



Clackmannanshire Council



Clackmannanshire  
Council

Actual Spend

£7.5M

Forecast Spend

£12.1M

Spend Variance

-£4.6M

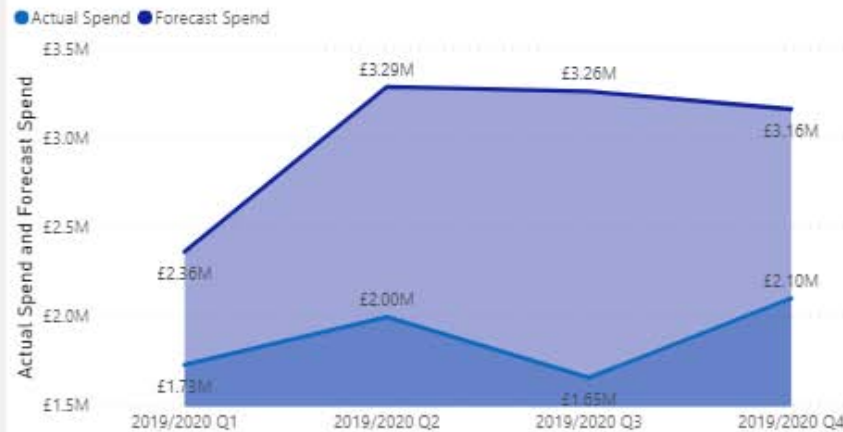
Estimated Saving

£0.2M

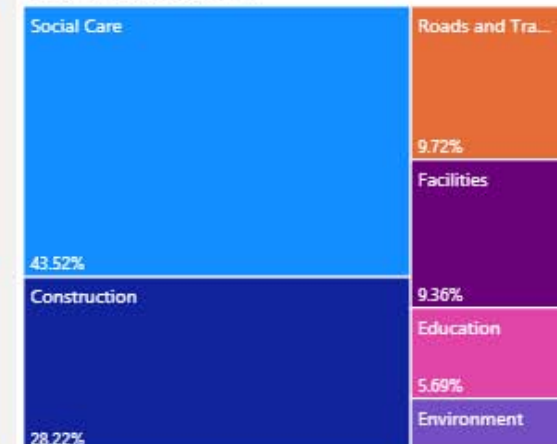
Fiscal Year/Quarter

- ☒ 2019/2020
  - ☒ 2019/2020 Q1
  - ☒ 2019/2020 Q2
  - ☒ 2019/2020 Q3
  - ☒ 2019/2020 Q4
- ☐ 2018/2019
  - ☐ 2018/2019 Q1
  - ☐ 2018/2019 Q2
  - ☐ 2018/2019 Q3
  - ☐ 2018/2019 Q4
- ☐ 2017/2018
  - ☐ 2017/2018 Q3
  - ☐ 2017/2018 Q4

Actual Spend vs Forecast Spend by Quarter



% of Actual Spend by Category





## Appendix 7. Clackmannanshire procurement activity (Cat C) savings

Clackmannanshire Council Cat C procurement activity savings are calculated by showing the difference between the budget figure authorised at the start of the procurement process and the actual contract figure. Both values are for the total value of the contract over the lifetime of the contract. The figures shown below are for procurement activity started in April 2019 up to March 2020. Potential Overall Savings **£890,075** and a Potential Annual Saving for **2019/20 £357,372**

File Number	Form 1 Estimated Spend	Form 2 Amount of Award	Requirement	Supplier Name	Capital / Revenue	Goods, Services or Works	New / Recurring Contract	Procurement Overall Savings	Years	Potential Annual saving
2/6/1678	£ 250,000.00	£ 147,095.00	GIS SOFTWARE	Bramble Hub Limited	Revenue	Service	Recurring	<b>£102,905.00</b>	3	£ 34,301.67
2/6/1681	£ 1,000,000.00	£ 553,674.88	MFD REPLACEMENT PROGRAMME	RICOH UK Ltd	Revenue	Service	Recurring	<b>£446,325.12</b>	4	£ 111,581.28
2/6/1685	£ 20,000.00	£ 10,000.00	NDT OF STREET LIGHTING APPARATUS	Electrical Testing Limited	Revenue	Services	Recurring	<b>£10,000.00</b>	1	£ 10,000.00
2/6/1686	£ 20,000.00	£ 10,000.00	ELECTRICAL TESTING OF STREET LIGHTING	Gordon Electrical Limited	Revenue	Services	Recurring	<b>£10,000.00</b>	1	£ 10,000.00
2/6/1690	£ 49,000.00	£ 32,110.00	HEAVY GOODS VEHICLE BRAKE TESTER	Gemco Service Limited	Capital	Goods	New	<b>£16,890.00</b>	1	£ 16,890.00
2/6/1694	£ 40,000.00	£ 39,975.00	WEB BASED CONSULTATION SOFTWARE	DELIB Ltd	Revenue	Service	Recurring	<b>£25.00</b>	4	£ 6.25
2/6/1697	£ 85,000.00	£ 83,252.00	SURFACE DRESSING OF CARRIAGEWAYS	Keily Bros Ltd	Capital	Works	Recurring	<b>£1,748.00</b>	1	£ 1,748.00
2/6/1698	£ 150,000.00	£ 97,500.00	BESPOKE FAMILY LEARNING PROGRAMME	Columba 1400	Revenue	Service	New	<b>£52,500.00</b>	3	£ 17,500.00
2/6/1701	£ 90,000.00	£ 84,346.80	VERITAS	Bytes Software Services	Revenue	Service	Recurring	<b>£5,653.20</b>	2	£ 2,826.60
2/6/1702	£ 54,000.00	£ 51,717.05	CLEARSWIFT	Software Box Limited	Revenue	Service	Recurring	<b>£2,282.95</b>	2	£ 1,141.48
2/6/1710	£ 109,000.00	£ 71,700.00	MOBILE ROLL PACKER	Bergmann Direct Limited	Capital	Goods	New	<b>£37,300.00</b>	1	£ 37,300.00
2/6/1712	£ 49,999.00	£ 26,906.00	PROVISION OF CCTV SECURITY SYSTEMS	AFA Fire & Security Ltd	Capital	Goods	New	<b>£23,093.00</b>	0.5	£ 46,186.00
2/6/1728	£ 110,410.00	£ 94,410.00	TREASURY ADVISORY SERVICES	Link Asset Services	Revenue	Service	Recurring	<b>£16,000.00</b>	3	£ 5,333.33
2/6/1746	£ 26,000.00	£ 19,871.36	ADMINISTRATION OF STAFF SURVEY PROCESS	Craigforth	Revenue	Service	Recurring	<b>£6,128.64</b>	3	£ 2,042.88
2/6/1749	£ 77,500.00	£ 66,634.00	ASSISTED BLUE BOX COLLECTIONS	FCC Recycling limited	Revenue	Service	New	<b>£10,866.00</b>	1	£ 10,866.00
2/6/1755	£ 40,000.00	£ 28,515.86	BLADE SERVERS	Computacenter	Capital	Goods	New	<b>£11,484.14</b>	1	£ 11,484.14
2/6/1756	£ 22,000.00	£ 21,161.00	KILNCRAIGS BOILER REPLACEMENT - NUMBER 2 BOILER	James Ramsay (Glasgow) Ltd	Capital	Goods	New	<b>£839.00</b>	1	£ 839.00
2/6/1764	£ 38,601.00	£ 31,330.70	PERFORMANCE MANAGEMENT & RISK AUDITING SOFTWARE	Ideagen Gael limited	Revenue	Service	Recurring	<b>£7,270.30</b>	2	£ 3,635.15
2/6/1767	£ 205,124.00	£ 78,358.00	MEDICAL EQUIPMENT PLANNED SERVICING AND UNPLANNED REPAIRS	Prism UK Medical Ltd	Revenue	Service	New	<b>£126,766.00</b>	4	£ 31,691.50
2/6/1768	£ 49,999.00	£ 48,000.00	S.T.R.I.V.E. PILOT - VANGUARD	Vanguard Scotland Limited	Revenue	Service	New	<b>£1,999.00</b>	1	£1,999.00
								<b>£890,075.35</b>		<b>£357,372.28</b>

## Appendix 8. Exception reports

Contract standing orders apply to all contracts entered into by procurement officers. In some circumstances however, exceptions may be granted. All requests must be made in writing, following the procedure detailed in Appendix 1 of CSO's, identifying the grounds for the request. Approvals must also be recorded in writing and given prior to any action not in accordance with CSO's being taken.

In such an event, the requirement to comply with the Scottish Regulations remains. A voluntary award notices without competition are published in Public Contracts Scotland where appropriate for any exception granted, and where the exemption granted is above threshold, the procedures leading to the award under the Scottish Regulations are followed.

File Number	Form 2 Amount of Award	Requirement	Supplier Name	Service
2/6/1708	£46,000	FOSTER CARE RECRUITMENT	Leith Buckley	Social Services
2/6/1730	£11,001,486	PROVIDE CARE AND SUPPORT SERVICES TO 53 SUPPLIERS	Various	Social Services
2/6/1734	£150,000	APPOINT ORDER OF MALTA DIAL A JOURNEY	Order of Malta	Roads & Transportation
2/6/1735	£105,000	APPOINT LIVING STREETS TO SUPPLY WALK ONCE A WEEK AND LITTLE FEET	Walk Once a Week/Little Feet	Roads & Transportation
2/6/1736	£40,000	APPOINT BRAVEHEART TO DELIVER LOCAL WEEKLY HEALTH WALKING PROJECT	Braveheart	Roads & Transportation
2/6/1737	£18,000	APPOINT CLACKMANNAN DEVELOPMENT TRUST TO DELIVER PROGRAMME OF ESCORTED WALKS AND CYCLES -	Clackmannan Development Trust	Roads & Transportation
2/6/1748	£6,000	EXTENSION TO INSURANCE BROKER CONTRACT	Arthur J Gallagher Ltd	Legal
2/6/1778	£20,000	MOT TESTING OF LIGHT VEHICLES -	JK Tyres Alloa	Fleet Services
2/6/1782	£32,000	APPOINT WDM TO PROVIDE ROADS/STREET LIGHTING/STRUCTURES MAINTENANCE MANAGEMENT AGREEMENT SOFTWARE PLATFORM	WDM	Roads & Transportation
2/6/1784	£33,000	APPOINT DELTA COMPUTER SYSTEMS TO CONTINUE TO SUPPLY LEISURE BOOKING AND MANAGEMENT SOFTWARE	Delta Computer Systems	Leisure Services
2/6/1786	£188,827	APPOINTMENT OF OPENREACH TO MAKE ALTERATIONS TO TELEPHONE CABLE INFRASTRUCTURE	Openreach	Hsg & Comm Safety
	£11,640,313			



# Clackmannanshire Council

## PCIP Report May 2019



# Introduction

On 14<sup>th</sup> March 2019, Scotland Excel carried out a Procurement and Commercial Improvement Programme (PCIP) assessment of Clackmannanshire Council as part of the second round of such assessments of local authorities in Scotland.

This document sets out:

- The questions reassessed and change in score.
- The key strengths and opportunities for development that the assessors identified from the PCIP self-assessment
- Qualitative narrative that identifies positive changes in local practice.

## Supporting you to improve

As the national centre of expertise local government procurement, Scotland Excel is responsible for working with Scottish councils to improve procurement performance and practice. Working across the sector, and with individual councils, we can provide a range of support.

Support can include:



**Workshops and masterclasses** – covering a range of issues identified as key challenges across the sector, including input from experts and practitioners.



**Accredited work based learning and development** – delivered in person and online through the Scotland Excel Academy ([academy.scotland-excel.org.uk](http://academy.scotland-excel.org.uk))



**Tailored change support** – bespoke change support, delivered by our Business Change Project Managers, to enable the change you need.

# Overview of PCIP

The Procurement and Commercial Improvement Programme (PCIP) was introduced in 2015. The focus of PCIP is on the policies and procedures driving procurement performance and, more importantly, the results they deliver.

## Scoring system

The PCIP consists of 24 questions divided into four sections which cover the breadth of procurement activity. Each question is worth a possible four marks. A breakdown of each section is shown below:

Scoring therefore is out of 96 points, converted to a percentage, with organisations being placed within the performance bandings, depicted in the table opposite.

Section	Number of questions	Marks available
Leadership and Governance	10	40
Development and Tender	6	24
Contract	5	20
Key Purchasing Processes	3	12

## Full Assessment Performance Bandings

Current Performance Band	% Score
F1	>70%
F2	66<>69%
F3	61<>65%
F4	56<>60%
F5	51<>55%
F6	46<>50%
F7	41<>45%
F8	36<>40%
F9	31<>35%
F10	26<>30%
F11	20<>25%
F12/Non-Conformance	>19%

## A note on the assessment approach and judgments

Scotland Excel assessors have made the judgements and recommendations in this report based on evidence presented to them by your council, either in the form of documentation or verbal evidence.

PCIP is not an audit. Restraints on time and resources, coupled with a desire to ensure a proportionate approach to the assessments, mean it is not possible for assessors to independently verify the evidence submitted as part of the pre-assessment, dashboard, or assessment day. Instead, evidence is assessed in good faith with the onus on the council to be open and transparent.



# Summary of overall performance

## Summary of performance

Clackmannanshire Council received an overall score of 48%, placing it in the F6 Band. The council requested an increase in the following questions from each section and this indicates the differentiation between the 16/17 and 18/19 assessment score.

Section 1	Question Area	16/17	18/19
1.2	Procurement Influence	2	2.5
1.3	Procurement Strategy	2	2.5
1.7	Risk Management	2	2.5
1.8	Fraud Awareness and Prevention	2	2

Section 2	Question Area	16/17	18/19
2.1	Spend Analysis	1	2
2.6	Sustainability	1	1.5



# Areas of Positive Practice and Opportunities for Improvement

PCIP Section	Positive Practice	Opportunities for Improvement
<b>1. Leadership and Governance</b>	<ul style="list-style-type: none"> <li>Maintaining good procurement representation within the organisation and the Procurement Matters Group which brings together those with delegated procurement authority (DPA)</li> <li>Robust procurement control and monitoring of tender activity carried out by the DPA</li> <li>Demonstration of involvement in in-house versus outsourcing decision making</li> <li>There is clear linkage between the procurement strategy and the corporate strategy and reporting mechanisms are in place</li> <li>Derek now sits on the Corporate Risk and Integrity Group</li> </ul>	<ul style="list-style-type: none"> <li>Further consideration of resourcing requirements and outputs from the competency framework to ensure skill requirements for tendering are met</li> <li>Requirement for annual fraud training</li> <li>Develop and embed commercial competence throughout the council</li> <li>Complete the review of tendering procedures and templates as referred to during the assessment</li> </ul>
<b>2. Development and Tender</b>	<ul style="list-style-type: none"> <li>Sustainability strategy within the procurement strategy</li> <li>The pro-active approach to forecasting and tracking spend through the Technology 1 system is good practice</li> <li>Flexible framework completed</li> </ul>	<ul style="list-style-type: none"> <li>Previous performance has on the whole remained the same however the individual scores are at the lower end of the scale so this is an area that requires overall improvement, e.g. the inclusion of robust implementation and exit requirements</li> <li>Follow through with flexible framework action plan</li> </ul>
<b>3. Contract</b>	<ul style="list-style-type: none"> <li>New supplier onboarding process implemented</li> <li>Improved contractual compliance in social care</li> </ul>	<ul style="list-style-type: none"> <li>There were no requests for score improvement in this section and scores remain at the lower end of the scale and therefore require overall improvement</li> </ul>
<b>4. Key Purchasing Processes</b>	<ul style="list-style-type: none"> <li>Maintain positive performance in this area</li> </ul>	<ul style="list-style-type: none"> <li>There were no requests for score improvement in this section however scores are at the higher end of the scale.</li> </ul>

# Section 1: Leadership and Governance

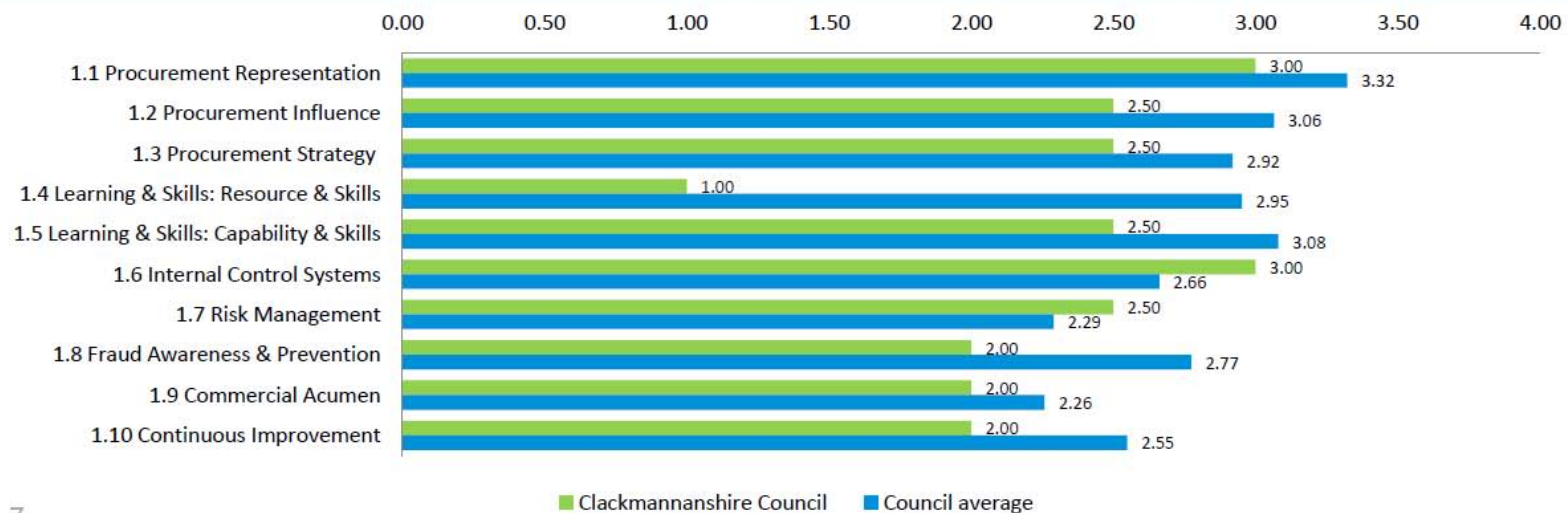
This section focuses on the leadership, management and governance of procurement within the organisation. In particular it looks at:

- The strategic importance of procurement to the organisation
- How procurement functions influence organisational strategy and support the organisation to achieve its aims
- How procurement functions influence external spend
- How procurement functions are managed, developed and continuously improved
- How the organisation manages risks and counters fraud in procurement
- The organisation's commercial competence and how this drives best value for public money

## Key points to note on Section 1

- **The Council requested an increase in questions 1.2, 1.3, 1.7 and 1.8.**
- **Score increases were not requested for questions 1.1, 1.4, 1.5, 1.6, 1.9 and 1.10 and these areas may be considered as future opportunities for improvement.**

## Clackmannanshire Council 2018/19 v All Council Average 2016/17 PCIP



## Section 2: Development and Tender

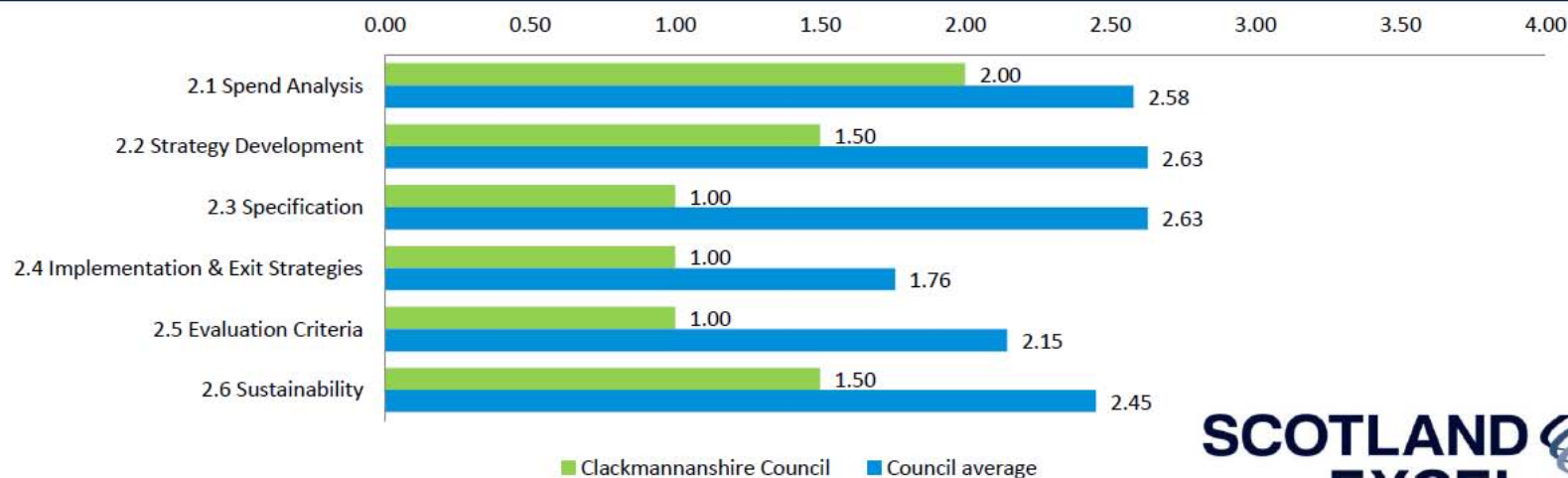
This section focuses on the organisation's approach to developing and tendering contracts to achieve value for money and other benefits. In particular it focuses on:

- How understanding and analysis of spend is used to drive best value and collaboration
- How commodity strategies and specifications are developed
- How contracts are implemented and exited
- How tenders are evaluated to ensure efficiency and effectiveness in delivery
- How environmental, social and economic sustainability are factored into the procurement process

### Key points to note on Section 2

- **The Council requested an increase in questions 2.1 Spend Analysis and 2.6 Sustainability.**
- **A score increase was not requested for questions 2.2, 2.3, 2.4 and 2.5 and these may be considered as future opportunities for improvement.**

Clackmannanshire Council 2018/19 v All Council Average 2016/17 PCIP



**SCOTLAND  
EXCEL**



## Section 3: Contract

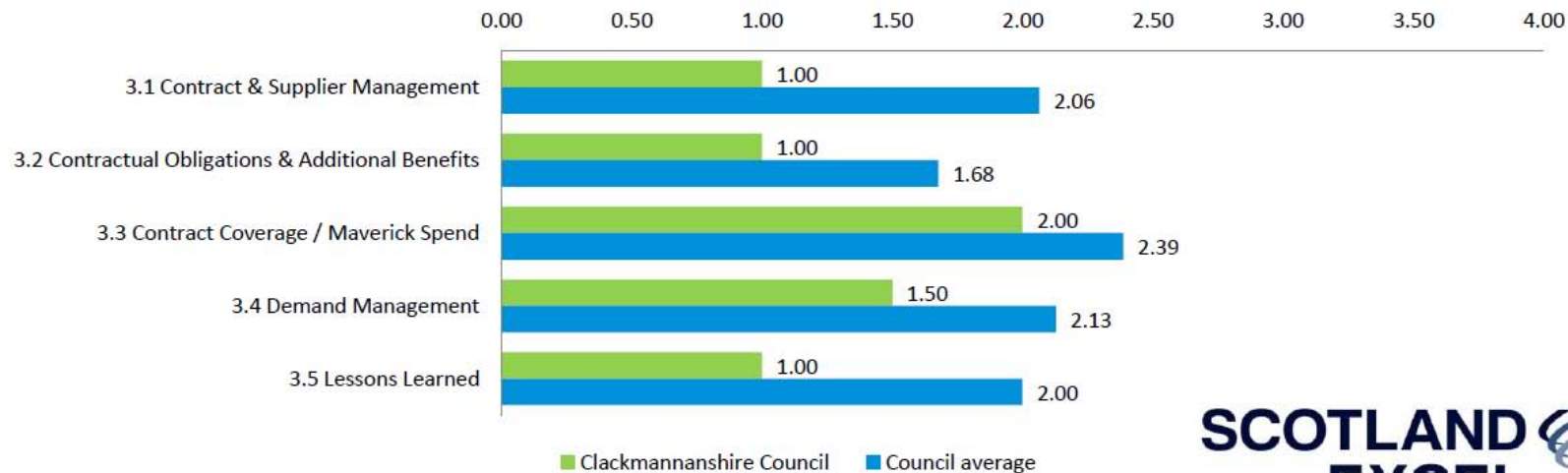
This section focuses on the effectiveness of contract and supplier management. In particular it looks at:

- The organisation's approach to contract and supplier management and the benefits they derive from it
- How effective the organisation has been at working with suppliers throughout the lifetime of the contract to derive additional benefits
- How the organisation works to reduce maverick (off contract) spend
- Demand management
- How the organisation captures and utilises lessons learned from procurement

### Key points to note on Section 3

- The Council did not request an increase for any questions in section 3 and questions 3.1, 3.2, 3.3, 3.4 and 3.5 may be considered as future opportunities for improvement.

### Clackmannanshire Council 2018/19 v All Council Average 2016/17 PCIP



**SCOTLAND  
EXCEL**



## Section 4: Key procurement processes

This section focuses on the key purchasing and logistical processes which underpin effective procurement. In particular, it looks at:

- The effectiveness of P2P processes
- How the organisation manages stocks and logistics to achieve best value
- How the organisation is implementing process automation (e.g. e-Procurement) and the effectiveness of its ICT strategy for procurement

Please note: Question 4.2 relates to sophisticated stock-holding and logistics arrangements which are not required by local authorities. To account for this in comparisons with other sectors, local authorities were awarded double marks for this question, up to a total of 4 marks.

### Key points to note on Section 4

- The Council did not request an increase for any questions in section 4 and questions 4.1, 4.2 and 4.3 may be considered as future opportunities for improvement.

### Clackmannanshire Council 2018/19 v All Council Average 2016/17 PCIP



**SCOTLAND  
EXCEL**

## Appendix 10. Spikes Cavell (The Hub) charts

### Spend by Local Authority Area

Local Authority	Total Spend	Total Transactions	Total Suppliers	% Of Spend	% Of Invoices	% Of Suppliers
<b>Clackmannanshire</b>	<b>£ 12,612,830</b>	<b>5698</b>	<b>101</b>	<b>19.69</b>	<b>19.56</b>	<b>12.52</b>
Stirling	£ 10,072,576	2217	61	15.72	7.61	7.56
Windsor and Maidenhead	£ 7,653,624	20	1	11.95	0.07	0.12
North Lanarkshire	£ 4,188,234	544	32	6.54	1.87	3.97
Falkirk	£ 3,695,277	1681	47	5.77	5.77	5.82
Glasgow City	£ 3,220,702	2301	59	5.03	7.90	7.31
Perth and Kinross	£ 2,308,475	272	17	3.60	0.93	2.11
Darlington	£ 1,306,929	147	4	2.04	0.50	0.50
West Lothian	£ 1,291,868	173	12	2.02	0.59	1.49
Plymouth	£ 1,252,860	119	2	1.96	0.41	0.25
Fife	£ 1,095,875	1146	25	1.71	3.93	3.10
South Lanarkshire	£ 892,166	1451	17	1.39	4.98	2.11
Dacorum	£ 641,908	36	2	1.00	0.12	0.25
City of Edinburgh	£ 572,168	801	32	0.89	2.75	3.97
Dumfries and Galloway	£ 506,728	60	2	0.79	0.21	0.25
Halton	£ 503,053	48	2	0.79	0.16	0.25
Westminster	£ 491,327	148	3	0.77	0.51	0.37
East Dunbartonshire	£ 462,352	547	12	0.72	1.88	1.49
Ashford	£ 442,168	661	2	0.69	2.27	0.25
South Gloucestershire	£ 436,582	14	2	0.68	0.05	0.25

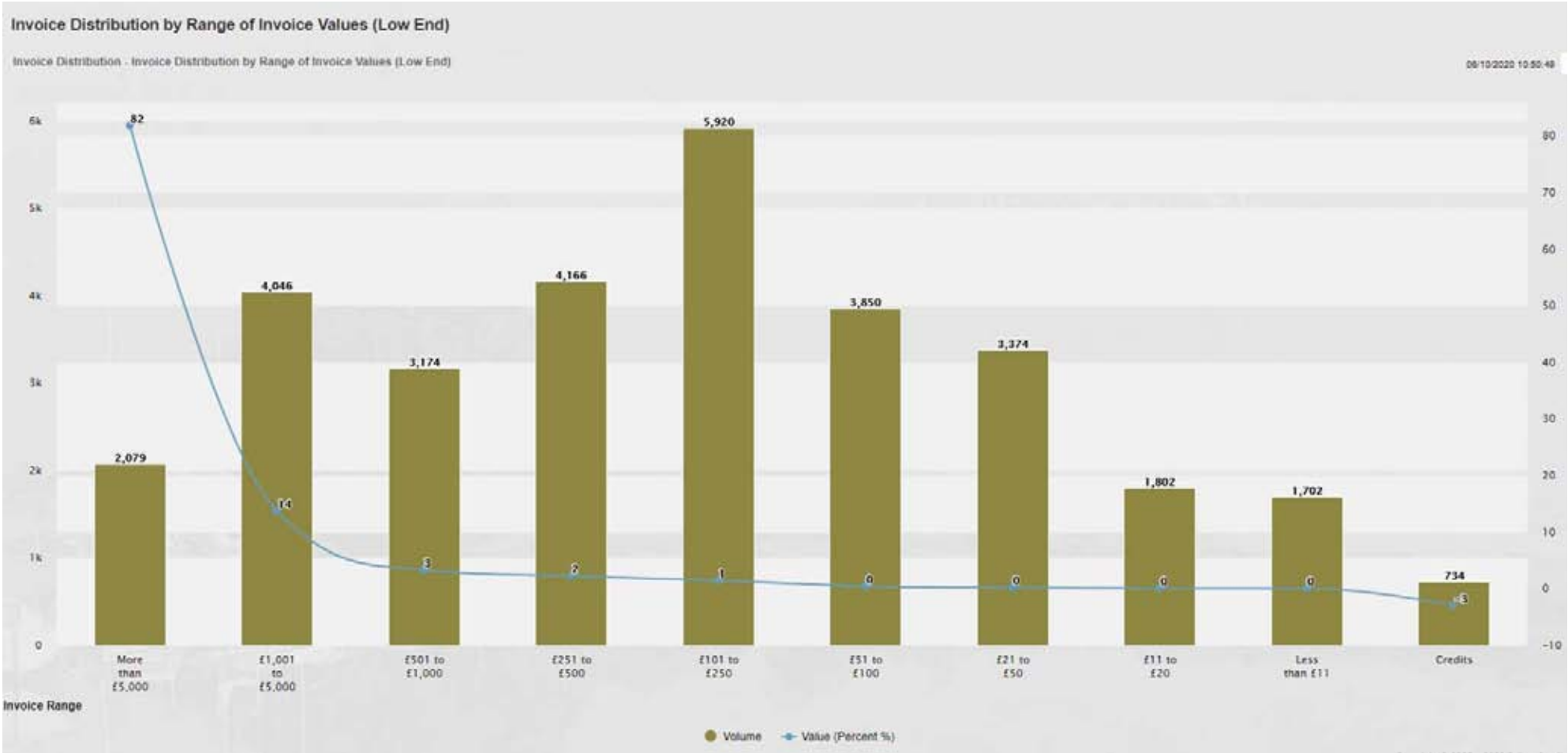
## Spend by Scottish Region – Forth Valley

Region	Total Spend	Total Transactions	Total Suppliers	% Of Spend	% Of Invoices	% Of Suppliers
<b>Scotland - Forth Valley</b>	<b>£ 26,380,684</b>	<b>9596</b>	<b>209</b>	<b>41.18</b>	<b>32.94</b>	<b>25.90</b>
South East	£ 9,665,792	1463	50	15.09	5.02	6.20
Scotland - Glasgow and Strathclyde	£ 9,491,028	5516	147	14.82	18.93	18.22
Scotland - Tayside Central and Fife	£ 3,714,165	2172	53	5.80	7.46	6.57
Scotland - Edinburgh and Lothians	£ 1,943,180	1028	55	3.03	3.53	6.82
South West	£ 1,922,374	600	24	3.00	2.06	2.97
London	£ 1,838,006	765	37	2.87	2.63	4.58
West Midlands	£ 1,478,809	1826	42	2.31	6.27	5.20
North East	£ 1,409,923	368	11	2.20	1.26	1.36
East of England	£ 1,321,576	541	30	2.06	1.86	3.72
Yorkshire and The Humber	£ 1,223,739	1723	42	1.91	5.91	5.20
East Midlands	£ 1,165,252	2042	41	1.82	7.01	5.08
North West	£ 1,136,154	1084	40	1.77	3.72	4.96
Scotland - South	£ 536,929	77	4	0.84	0.26	0.50
Northern Ireland	£ 383,388	74	5	0.60	0.25	0.62
Scotland - Aberdeen and North East	£ 348,531	126	10	0.54	0.43	1.24
Scotland - Highlands and Islands	£ 53,153	14	2	0.08	0.05	0.25
Wales	£ 43,724	117	5	0.07	0.40	0.62

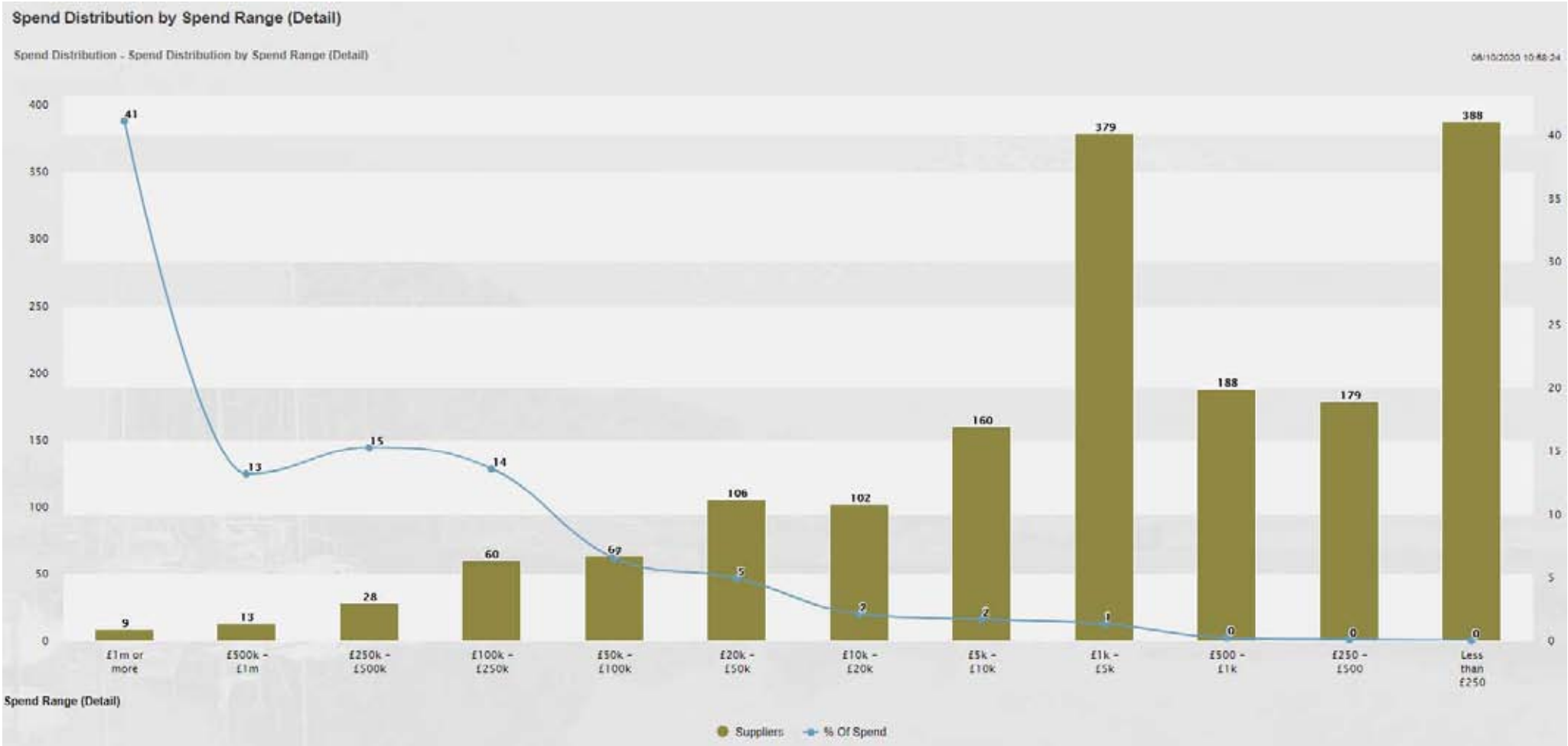
## Spend by Region – Scotland

Region	Total Spend	Total Transactions	Total Suppliers	% Of Spend	% Of Invoices	% Of Suppliers
<b>Scotland</b>	<b>£ 42,467,670</b>	<b>18529</b>	<b>480</b>	<b>66.30</b>	<b>63.60</b>	<b>59.48</b>
South East	£ 9,665,792	1463	50	15.09	5.02	6.20
South West	£ 1,922,374	600	24	3.00	2.06	2.97
London	£ 1,838,006	765	37	2.87	2.63	4.58
West Midlands	£ 1,478,809	1826	42	2.31	6.27	5.20
North East	£ 1,409,923	368	11	2.20	1.26	1.36
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Yorkshire and The Humber	£ 1,223,739	1723	42	1.91	5.91	5.20
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North West	£ 1,136,154	1084	40	1.77	3.72	4.96
Northern Ireland	£ 383,388	74	5	0.60	0.25	0.62
Wales	£ 43,724	117	5	0.07	0.40	0.62

# Invoices by value



# Spend by range



## Top 25 spend by Cost Centre

Cost Centre Code	Cost Centre Description	Total Spend	Total Value (%)	Suppliers	Transactions
0	Balance Sheet	£18,183,515	26.29	127	906
1149	Secondary Schools PPP	£7,611,207	11.00	6	29
1419	Physical Disability Assessment & Care Management	£6,176,667	8.93	58	1005
1404	Learning Disability Assessment & Care Management	£5,454,363	7.88	44	850
1414	Older People Assessment & Care Management	£3,778,278	5.46	46	679
1398	HRA Operations	£2,205,408	3.19	114	8622
1434	External Foster Care	£1,904,165	2.75	12	553
1473	Residential Schools	£1,806,679	2.61	12	170
1072	Waste Treatment	£1,654,975	2.39	13	190
1406	Mental Health Assessment & Care Management	£1,652,921	2.39	43	540
1515	Utilities Management	£1,619,541	2.34	18	176
1208	Central IT Software Maintenance	£872,711	1.26	24	89
1516	Building Repairs & Maintenance	£857,868	1.24	89	1245
1100	Roads Operations	£737,051	1.07	61	1088
1228	Early Years Centrally Held	£723,384	1.05	38	231
1102	Fleet Operations	£692,417	1.00	66	813
1264	ASSISTANCE TO PUPILS SPECIAL	£620,422	0.90	23	222
1547	Continuing Care	£590,601	0.85	3	66
1506	HEEPS AB 2017-18	£497,413	0.72	2	4
1431	Disability Team	£468,621	0.68	28	420
1360	Homeless & Specialised Accom	£466,886	0.67	29	940
1426	Childrens Commissioned Services	£465,984	0.67	3	29
1252	ASSISTANCE TO PUPILS-SECONDARY	£439,878	0.64	5	125
1163	Catering Central	£363,547	0.53	19	584
1104	Grounds Maintenance	£321,081	0.46	75	576
1164	Catering Secondary	£295,431	0.43	12	995
PCARD	PCARD	£278,520	0.40	394	1305

## Top 100 spend by Subjective Code

Subjective Code	Subjective Description	Total Spend	Total Value (%)	Suppliers	Transactions
40025	Payments To Contractors	£9,718,789	14.05	149	734
40021	Home Care	£7,724,650	11.17	32	968
40018	Private Nursing Homes	£7,489,775	10.83	22	527
60005	Asset Additions - Other Land and Building	£5,179,947	7.49	44	173
40017	Private Residential Homes	£4,715,669	6.82	36	531
60004	Asset Additions - Council Dwellings	£4,179,810	6.04	22	220
60001	Assets under Construction	£4,003,866	5.79	17	63
60006	Asset Additions - Infrastructure	£2,316,983	3.35	38	287
40042	Fostering & Kinship Payments	£1,925,144	2.78	14	552
60002	Asset Additions - Vehicle, Plant and Equipment	£1,550,749	2.24	31	93
40016	Educational Establishments Payment	£1,342,780	1.94	22	258
30006	Materials - Direct purchases from suppliers	£1,334,047	1.93	182	5438
40015	Voluntary Organisations Payment	£1,314,773	1.90	21	107
20016	Electricity	£1,208,707	1.75	12	234
20048	Pupil & Client Transport	£1,173,049	1.70	33	514
40026	Waste Contractors - Landfill	£1,090,094	1.58	5	18
30005	Materials (issued from Stock)	£973,884	1.41	68	2886
20007	Annual Maintenance External Providers	£896,682	1.30	88	1411
40034	Payment To Subcontractor	£875,193	1.27	29	758
40019	Supported Accommodation	£855,648	1.24	8	119
40036	Other Agencies Payment	£816,011	1.18	102	403
30112	Computer Software Maint.	£812,777	1.17	29	99
30069	Provision Of Food	£734,013	1.06	22	1756
10066	Agency Staff Costs	£671,232	0.97	10	1369
30000	Purchase Of Equipment	£519,319	0.75	153	759
40024	Day Care	£456,556	0.66	12	179
40045	Payments To Individuals (no service provision to the Council	£446,137	0.64	18	543

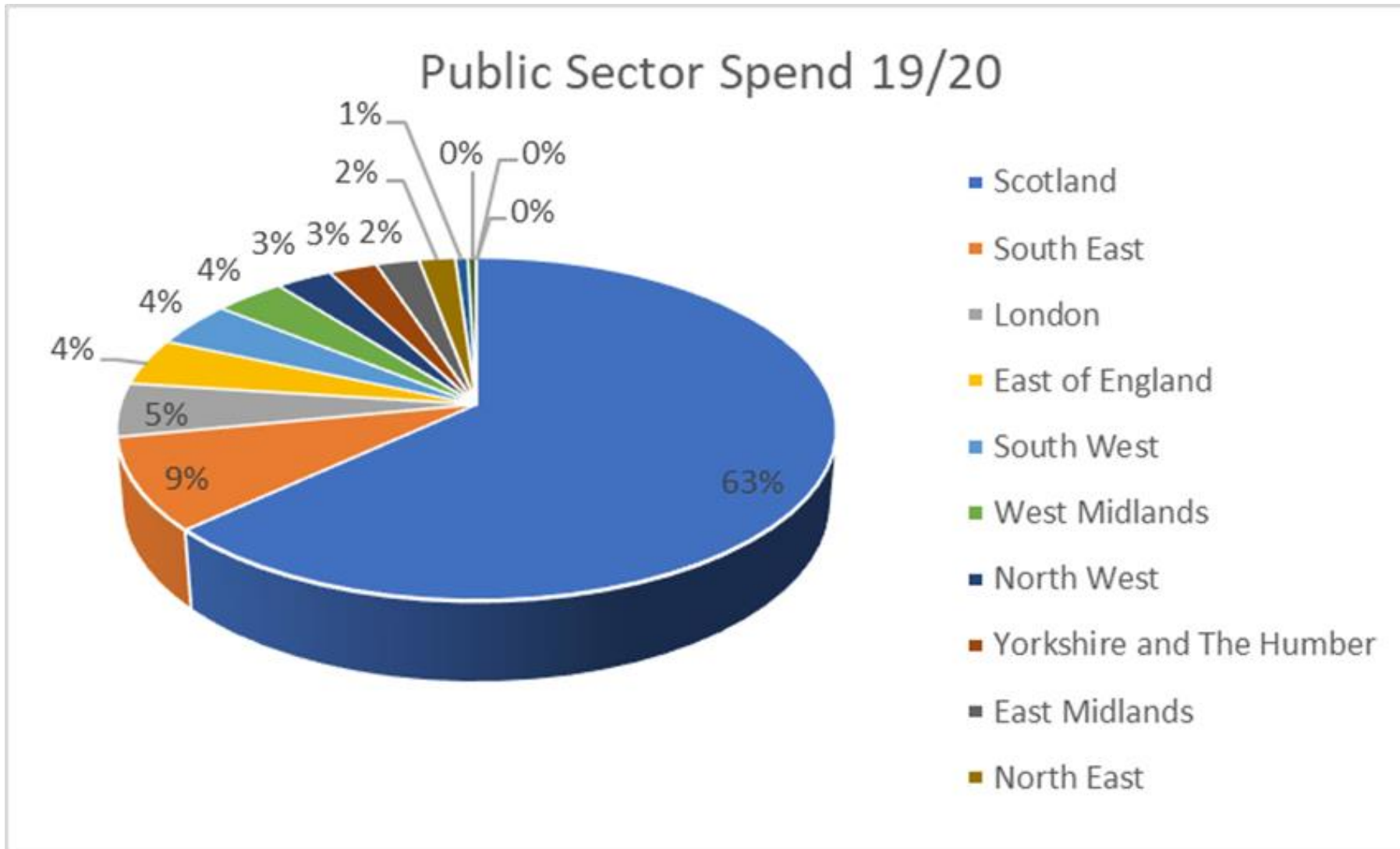


20036	Vehicles - Diesel	£403,684	0.58	4	40
40031	Waste Contractors - Recycling	£392,721	0.57	9	112
20013	Gas	£364,506	0.53	10	128
30001	Purchase Of Furniture	£363,720	0.53	21	908
30082	Professional Fees	£353,911	0.51	48	157
90048	Material Damage Insurance Premiums Paid	£333,487	0.48	1	5
20023	Water Charges	£324,848	0.47	8	92
90039	Liabilities Premiums Paid	£314,530	0.45	2	7
30008	Per Capita Teaching Materials	£282,125	0.41	139	977
	PCARD	£278,520	0.40	394	1305
40014	SQA Fees	£241,316	0.35	2	11
30011	Per Capita Art	£201,571	0.29	9	33
20011	Cleaning & Hygiene Materials	£177,160	0.26	13	791
10091	Staff Training	£175,445	0.25	85	207
	Unknown Subjective	£165,770	0.24	13	257
20044	Short Term Vehicle Hire	£160,866	0.23	18	327
30076	Printing & Photocopying	£150,029	0.22	14	41
40020	Respite Care	£136,768	0.20	19	92
30007	General Consumables (small items)	£134,476	0.19	80	804
40028	Waste Contractors - Composting	£131,666	0.19	2	55
30049	Equipment Maintenance	£122,424	0.18	86	379
30101	Subsidy	£113,474	0.16	7	44
90050	Motor Vehicles Insurance Premiums Paid	£112,056	0.16	1	1
30050	Equipment Rental/Leasing	£104,048	0.15	22	332
30108	Computer Hardware Purchase	£84,720	0.12	9	88
30106	Mobile Telephones	£81,171	0.12	3	38
30111	Computer Software Purchase	£80,567	0.12	10	15
30099	Subscriptions	£75,097	0.11	55	99
20043	Vehicles - Materials Direct	£73,349	0.11	16	234

20038	Vehicles - External Maintenance	£71,634	0.10	34	226
30090	Postages	£69,595	0.10	10	78
40067	Payments to Individuals (services provided to the Council)	£62,262	0.09	19	53
30105	Telephones	£61,175	0.09	4	16
20039	Vehicles -Tyres	£56,937	0.08	1	67
30077	Stationery	£56,061	0.08	38	468
30085	Per Capita Strategic Improvement Fund	£52,528	0.08	22	44
30100	Grants & Donations	£52,176	0.08	8	24
90028	WASP Leisure	£51,690	0.07	1	10
30083	Minor Adaptations	£49,024	0.07	10	420
30071	Uniforms & Clothing	£44,960	0.06	23	297
40029	Waste Contractors - Anaerobic Digestion	£43,519	0.06	1	12
90045	Claim Handler Imp Payment	£40,000	0.06	1	2
10092	Staff Training - Teachers	£38,800	0.06	26	68
30092	Legal Expenses	£38,594	0.06	14	252
40048	Client Amenities	£36,397	0.05	15	36
30079	Advertising - General	£33,639	0.05	8	99
90035	Engineering Insurance Premiums Paid	£32,657	0.05	1	3
30107	Telephone System Maint.	£28,649	0.04	1	1
40046	Self Directed Support - Payment to Individuals	£28,432	0.04	10	57
30051	Scaffold Hire	£28,075	0.04	1	16
20009	Grounds Maintenance	£26,527	0.04	23	113
30003	Storage & Removal Charges	£22,122	0.03	5	252
50065	Respite Care (Private)	£21,856	0.03	6	11
20052	Vehicles - General Consumables	£21,593	0.03	13	84
40000	Other Council Accounts	£21,587	0.03	26	43
40030	Waste Contractors - Material Recovery Facility (MRF)	£21,000	0.03	1	1
30110	Computer Hardware Maint.	£20,767	0.03	3	9
30084	Performing Rights	£20,509	0.03	3	6

30066	Catering Disposables	£19,803	0.03	5	77
20035	Vehicles - Petrol	£17,312	0.03	2	19
20018	Rents	£16,480	0.02	5	13
30056	Library Books - Adult Fiction	£16,393	0.02	3	57
90036	Fidelity Insurance Premiums Paid	£15,260	0.02	1	1
10081	Employee Management Costs	£14,868	0.02	6	23
30078	Publications	£14,500	0.02	6	8
20014	Renewable Fuel	£14,093	0.02	1	6
30059	Library Ebooks/Magazines Adult	£13,013	0.02	1	7
60007	Asset Additions - Intangible	£12,489	0.02	3	8
30014	Per Capita English	£11,673	0.02	11	39
30046	Per Capita Music	£10,653	0.02	2	3
20032	Fixtures & Fittings	£10,168	0.01	5	7
90051	Motor Vehicles Fund Claims Paid	£10,158	0.01	3	3
40053	Trainee Travel Expenses	£9,868	0.01	3	13

Nearly two thirds of Scottish Public Sector spend is on Scottish companies resulting in £8bn per year going into our economy.



## Appendix 11. Procurement Strategy Action Plan – Annual Update

The table below summarises the actions and initiatives planned over the Strategy period to achieve the outcomes set out in the Vision for Procurement at section 5.

A number of these are aspirational and priority will be given to statutory obligations.

Elements of the effectiveness of the procurement strategy will be measured via the [Procurement & Commercial Improvement Programme \(PCIP\)](#).

### Definitions

Responsible "The person or persons that will undertake the objective"

Accountable "The person that is answerable and has liability for the objective"

Consult "Prior to making a decision"

Inform "After decision is made"

**PROCUREMENT ACTION PLAN March 2019 – March 2022**

**Strategic Theme 1 Straightforward Procurement**

To make procurement as straightforward as possible for the Council and potential suppliers, in particular to improve access for local suppliers and SMEs and to eliminate anything that does not add value to the procurement

Action	Responsibility	Target Date	Update February 2020
Deliver electronic procurement systems to satisfy new legislative requirements.	TechnologyOne Project Team	Reviewed on an annual basis	No change to legislation TechnologyOne Financial System upgraded
	<b>Accountable</b>		
	Chief Accountant		
	<b>Consult</b>		
	Procurement Manager		
	<b>Inform</b>		
Review impact of newly implemented EU Procurement Rules and UK legislation and make necessary changes to existing approaches.	Strategic Director (Partnership & Performance)	A per Scottish Procurement policy notes which are published on an ad hoc basis to provide advice on current policy issues.	No change to legislation All SPPN's have been noted
	<b>Responsibility</b>		
	Procurement Manager		
	<b>Accountable</b>		
	Strategic Director (Partnership & Performance)		
	<b>Consult</b>		
Guidance produced for local/third sector suppliers and SMEs is clear concise and easy to follow, and includes a section with regard to local and national support bodies, and how they can improve access.	CMT	Reviewed on an annual basis	How to do business with Clackmannanshire Council updated for National meet the buyer event in November 2019
	<b>Inform</b>		
	CMT		
	<b>Consult</b>		
	Strategic Director (Partnership & Performance)		
	<b>Accountable</b>		
Continue to use Public Contract Scotland portal as our main advertising media for all regulated procurements.	Procurement Manager	Ongoing	Continuing to use and update
	<b>Responsibility</b>		
	All Purchasing staff		
	<b>Accountable</b>		
	Heads of Service		
	<b>Consult</b>		
	Procurement Manager		
	<b>Inform</b>		
	All Council staff		

**PROCUREMENT ACTION PLAN March 2019 – March 2022**

**Strategic Theme 2 Embed procurement and contract management**

**Skills**

To continue to embed professional procurement and contract management skills across the Council. This goes hand in hand with moves to increase the commercial acumen of the Council

Action	Responsibility	Target Date	
Provide strategic professional advice to the corporate review of how to transform the way the Council procures its works, services and supplies and to propose a new model for procurement and purchasing activities across the Council.	Procurement Manager	Ongoing	Ongoing continuing to provide advice
	<b>Accountable</b>		
	CMT		
	<b>Consult</b>		
	CMT		
	<b>Inform</b>		
Provide support and learning and development opportunities to staff, contractors, stakeholders, unions and elected members engaged in procurement processes to ensure they are able to deliver effectively and are empowered to deal with and understand the impact of any procurement decisions/ issues.	Elected Members	Reviewed on an Annual basis	Various training Sessions delivered throughout the year SDP training available and Serious organised crime web training issued to all procurement matters personnel
	<b>Responsibility</b>		
	Procurement Manager		
	<b>Accountable</b>		
	CMT		
	<b>Consult</b>		
Review the role of the Procurement Matters Group and the terms of reference for the group. The procurement matters group is a management model where employees identified as having responsibility for procurement within their job role would have this aspect of their role managed by the Procurement Manager.	CMT	Sept. 2019	Meetings taking place quarterly rather than monthly to encourage better participation and attendance. No real effect and will review again early in the new financial year
	<b>Consult</b>		
	CMT		
	<b>Inform</b>		
	Procurement Matters Group		
	Internal Audit		
Assist Clackmannanshire Third Sector Interface (CTSI) in the development and delivery of training with regard to 'Understanding Social Enterprise/Third Sector Legal Structures', and the impact/opportunities re Community Benefit Clauses	<b>Responsibility</b>	Dec. 2019	Early discussions taken place Delay due to COVID
	Procurement Manager and CTSI		
	<b>Accountable</b>		
	Procurement Manager		
	<b>Consult</b>		
	CTSI		
	<b>Inform</b>		
	Elected Members		

Collaborate with CTSi on the production of a guide for analysing and measuring social value/impact in the assessment of bids.	Responsibility	Dec. 2019	Not started re profile to next year Delay due to COVID
	Procurement Manager and CTSi	Dec 2020	
	Accountable		
	CTSi		
	Consult		
	CTSi		
	Inform		
	CMT		
Brexit - Public Procurement Regulations have been implemented to UK law from four European Directives.  The principles contained within the directives of equal treatment, non-discrimination, transparency and proportionality are enshrined within the Scottish Procurement Regulations and ultimately our procurement activity. Upon departure from the European Union it is unlikely that there would be any significant impact to procurement legislation and the way in which procurement activity is conducted  However we will consider any of the implications of Brexit across our procurement portfolio, with focus on procurement regulations, trade, migrant labour workforce, and take all available practical steps. This will include working with the Scottish Government and Scotland Excel	Responsibility	April. 2019	Awaiting outcome re profile to at least next year
	Purchasing staff	April 2020	
	Accountable		
	Purchasing staff		
	Consult		
	Scottish Government & Scotland Excel		
	Inform		
	Purchasing Staff		



PROCUREMENT ACTION PLAN March 2019 – March 2022			
Strategic Theme 3 Support and encourage the local supplier market			
To support and encourage an effective local supplier market including the voluntary sector and the promotion of local social value in contracts.			
Action	Responsibility	Target Date	
Revise guidance on Council's website about selling to the Council.	Procurement Manager	Dec. 2019	Updated November 2019
	Accountable	There after on an annual basis	
	Procurement Manager		
	Consult		
	Procurement Matters Group		
	Inform		
Refresh and publish online schedule of proposed procurements to promote future contract opportunities.	Strategic Director (Partnership & Performance)	As part of the procurement annual report and as per capital budget as agreed by Council February / March each year	Ongoing
	Responsibility		
	Procurement Manager		
	Accountable		
	Heads of Service		
	Consult		
Where possible, utilise the Public Contract regulations to enable Officers to place contracts with supported businesses more readily without having to resort to full tendering exercises, e.g. <ul style="list-style-type: none"><li>Identify third sector suppliers that meet 'Supported Business' criteria; and</li><li>Identify opportunities to make use of reserved contracts for local supported businesses at monthly CTSI meetings.</li></ul>	All Services	Ongoing	Lost one company which has gone out of business but gained two others this year
	Inform		
	All Stakeholders		
	Responsibility		
	Purchasing Staff		
	Accountable		
For non regulated procurement exercises officers will purchase via local suppliers and will include at least one local supplier to tender where there is one available.	Heads of Service	Every procurement journey route 1 procurement	Still being maintained
	Consult		
	Procurement Manager		
	Inform		
	Procurement Matters group		
	Responsibility		
	Purchasing Staff		
	Accountable		
	Heads of Service		
	Consult		
	Procurement Manager		
	Inform		
	Procurement Matters group		

<p>Support businesses local to Clackmannanshire through a range of initiatives including:</p> <ul style="list-style-type: none"> <li>• Making it simpler to do business with the Council;</li> <li>• Reduce to a minimum the bidding burden on suppliers;</li> <li>• Have regard to the impact on small/local firms of the way in which a procurement is structured and how they are paid;</li> <li>• Provide clear information about selling to the Council on the Council's website.</li> <li>• Production of a clear and concise guide for Third Sector suppliers that includes guidance with regard to partnership/consortia bids</li> <li>• Run a series of 'Meet the Supplier' events to encourage greater engagement from the third sector with the procurement process, and to create greater understanding of Third sector suppliers amongst council officers</li> </ul>	<b>Responsibility</b>	Throughout each year and reported in the procurement annual report	Ongoing
	Procurement Manager Supplier Development programme CTSI		
	<b>Accountable</b>		
	Procurement Manager		
	<b>Consult</b>		
	All Stakeholders		
<p>Take in to account and align with the Council's Local Outcome Improvement Plan (LOIP) and that communication of its purpose, priorities and outcomes are better communicated across departments. Where possible align the procurement journey so that procurement exercises are attractive to local businesses and people and ensure fair opportunities for all.</p>	<b>Inform</b>	Every procurement exercise	Written into all procurement authorisation documentation
	Elected Members		
	<b>Responsibility</b>		
	Purchasing Staff		
	<b>Accountable</b>		
	Heads of Service		
	<b>Consult</b>		
	Procurement Manager		
	<b>Inform</b>		
	CMT		

<p>Extend awareness of implications of Public Procurement Reform legislation through;</p> <ul style="list-style-type: none"> <li>Workshop discussions to brief third sector on Council procurement policy and changes in legislation; and</li> <li>Establish monthly communication between Council procurement manager and CTSI.</li> </ul>	<b>Responsibility</b>	Sept. 2020	Early Discussions Delay due to COVID
	Procurement Manager CTSI		
	<b>Accountable</b>		
	Procurement Manager CTSI		
	<b>Consult</b>		
	Procurement Manager CTSI		
<p>Better Align Service Level Agreements with Alliance Priorities by:</p> <ul style="list-style-type: none"> <li>Mapping grant-aid and commissioned spend from the Council to the local third sector; and</li> <li>Initiating a review and appropriate changes to Service Level Agreements based on Alliance policy priorities.</li> </ul>	<b>Responsibility</b>	October 2020	Not Started Delay due to COVID
	Purchasing staff		
	<b>Accountable</b>		
	Heads of service		
	<b>Consult</b>		
	CMT Elected members		
<p>Advise and work in partnership with the Integration Joint Board (IJB) in line with The Public Bodies (Joint Working) (Scotland) Act 2014 as the IJB are not able to contract or hold contracts with third parties as contractual arrangements remain with the local authority.</p>	<b>Inform</b>	Every adult commissioning exercise	Ongoing work to be done on Awareness of individual procedures
	All grant aid funded suppliers		
	<b>Responsibility</b>		
	Social Services Commissioning IJB		
	<b>Accountable</b>		
	Social Services Commissioning IJB		
	<b>Consult</b>		
	Procurement Manager		
	<b>Inform</b>		
	CMT		

Increase local procurement expenditure by 2.5% per year from 14% to 21.5% or greater over the life of the strategy	<b>Responsibility</b>	21.5% spend with local suppliers by March 2022	20% financial year 19/20
	Purchasing Staff		
	<b>Accountable</b>		
	Procurement Manager		
	<b>Consult</b>		
	All Stakeholders		
	<b>Inform</b>		
	Elected Members		

PROCUREMENT ACTION PLAN March 2019 – March 2022			
Strategic Theme 4 Sound procurement practices and innovative solutions			
To use sound procurement practices and innovative solutions to promote sustainability and value for money, making use of clear and detailed procurement/purchasing data, collaboration and partnership opportunities where this accords with the Council's Principles of partnership working.			
Action	Responsibility	Target Date	
Ensure that all regulated procurements comply with the sustainable procurement duty and in the case of commissioning ensure these are aligned to the Integration Joint Board joint strategic commissioning plans which pull together the forecast of overall need across the local authority area, together with the availability of services or resources to meet that need and makes recommendations following an option appraisal for how these should be met	<b>Responsibility</b>	All regulated procurement exercises	Ongoing
	Purchasing Officers Social services commissioning		
	<b>Accountable</b>		
	Heads of Service		
	<b>Consult</b>		
	Procurement Manager IJB		
	<b>Inform</b>		
	CMT		
Establish systems to record the impact of procurement policies and practices on the council's climate change duties.	<b>Responsibility</b>	March 2021	Not Started
	Procurement Manger		
	<b>Accountable</b>		
	Heads of Service		
	<b>Consult</b>		
	CMT		
	<b>Inform</b>		
	Elected members		

Review scope for and deliver further corporate contracts to consolidate spend.	<b>Responsibility</b>	Ongoing agenda item with the Procurement Matters Group	Ongoing
	Procurement Matters Group		
	<b>Accountable</b>		
	Heads of Service		
	<b>Consult</b>		
	CMT		
	<b>Inform</b>		
Revise template documents and guidance with intention of promoting scope for innovation by the market in appropriate procurements.	CMT	Ongoing agenda item with the Procurement Matters Group	Ongoing
	<b>Responsibility</b>		
	Procurement Manager		
	<b>Accountable</b>		
	Procurement Manager		
	<b>Consult</b>		
	Procurement Matters Group		
When exploring outsourcing and private partnership solutions, these will not be procured in isolation and consultation with staff, service users, unions and stakeholders will be undertaken when market testing.	<b>Inform</b>	When required	Ongoing
	Purchasing Staff		
	<b>Responsibility</b>		
	Heads of Service		
	<b>Accountable</b>		
	CMT		
	<b>Consult</b>		
Utilise the Scottish Government's sustainable prioritisation tool to identify and prioritise procurement activity.	All Stakeholders	March 2021	Tool being revised to web format once complete we will be able to utilise
	<b>Inform</b>		
	Elected Members		
	<b>Responsibility</b>		
	Purchasing Staff		
	<b>Accountable</b>		
	Heads of Service		
	<b>Consult</b>		
	Procurement Manager		
	<b>Inform</b>		
	CMT		

Utilise the Flexible Framework Self-Assessment Tool (FFSAT) to provide a Sustainable Action Plan to establish the performance level of sustainable procurement across the council.	<b>Responsibility</b>	September 2021	Tool being revised to web format once complete we will be able to utilise
	Purchasing Staff		
	<b>Accountable</b>		
	Heads of Service		
	<b>Consult</b>		
	Procurement Manager		
	<b>Inform</b>		
Create and manage a sustainable register to capture, monitor and report on the sustainable outcomes achieved via procurement activity, and link to related internal and external reporting requirements.	CMT	December 2021	Not Started
	<b>Responsibility</b>		
	Procurement Manager		
	<b>Accountable</b>		
	Procurement Manager		
	<b>Consult</b>		
	All stakeholders		
Explore innovative solutions through greater collaborative approaches between the Council and the local Third sector	<b>Inform</b>	September 2020	Early Discussions Delay due to COVID
	CMT		
	<b>Responsibility</b>		
	Purchasing Staff		
	CTSI		
	<b>Accountable</b>		
	Purchasing Staff		
Explore the development of a subcontractor community benefit directory	CTSI	December 2020	Early Discussions Delay due to COVID
	<b>Consult</b>		
	Procurement Matters Group		
	CTSI		
	<b>Inform</b>		
	CMT		
	<b>Responsibility</b>		
	CTSI	December 2020	Early Discussions Delay due to COVID
	<b>Accountable</b>		
	CTSI		
	<b>Consult</b>		
	Procurement Manager		
	<b>Inform</b>		
	Procurement Matters Group		

**PROCUREMENT ACTION PLAN March 2019 – March 2022**

**Strategic Theme 5 Fair procurement**

To ensure that, contractors comply with our Living Wage and Blacklisting Policies and to ensure that we take account of the possible impact that our approach to major projects might have on different groups of people.

Action	Responsibility	Target Date	
Ensure that all procurement follows the fundamental principles of (transparency, equal treatment and non-discrimination, proportionality and mutual recognition), the legal requirements of the Procurement Reform (Scotland) Act 2014, The Public Contracts (Scotland) Regulations 2015, The Procurement (Scotland) Regulations 2016, statutory guidance issued under the Act and Scottish public procurement policy generally and including the Scottish specific equality duty.	Purchasing Staff	Every Regulated procurement exercise	Ongoing
	Accountable		
	Heads of Service		
	Consult		
	Procurement Manager		
	Inform		
	CMT		
Establish simple methodology for assessing best value case for using the Living Wage requirement in service and works contracts,	Responsibility	December 2019	Not Started re profile to next year Delay due to COVID
	Procurement Manager	July 2020	
	Accountable		
	Procurement Manager		
	Consult		
	Procurement Matters Group		
	Inform		
CMT			
Procurement will also foster and adopt the Fair Work directive where legally permissible by removing contractors who use Zero Hour Contracts and contractors who do not provide a minimum of pay in line with the living wage	Responsibility	Where Identified	Ongoing
	Procurement Manager		
	Accountable		
	Procurement Manger		
	Consult		
	Procurement Matters group		
	Inform		
Purchasing Staff			

Embed Blacklisting protocols in procurement processes for construction contracts.	<b>Responsibility</b>	Ongoing	Ongoing
	Procurement Manager and Works purchasing officers		
	<b>Accountable</b>		
	Procurement Manger		
	<b>Consult</b>		
	Procurement Matters group		
	<b>Inform</b>		
Procurement will encourage, through the tender process and support to contractors, provision of apprenticeships and promote health and safety and utilise environmentally sustainable solutions	Purchasing Staff		
	<b>Responsibility</b>	Every appropriate regulated procurement exercise	Ongoing
	Purchasing officers		
	<b>Accountable</b>		
	Purchasing officers		
	<b>Consult</b>		
	Procurement Manager		
Ensure that where appropriate EQIA's are completed for regulated procurements.	<b>Inform</b>		
	Procurement Matters group		
	<b>Responsibility</b>	Every appropriate regulated procurement exercise	Ongoing
	Purchasing officers		
	<b>Accountable</b>		
	Purchasing officers		
	<b>Consult</b>		
	Stakeholders		
	<b>Inform</b>		
	Procurement Manager		



**PROCUREMENT ACTION PLAN March 2019 – March 2022**

**Strategic Theme 6 Compliance**

Procurement will continue to identify, manage and control risk by developing policy and procedures which consider risk, and balance operational effectiveness and compliance.

Action	Responsibility	Target Date	
Update Council Contract Standing Orders to support compliance with the new procurement rules and cascade changes to informed clients and key stakeholders.	<b>Responsibility</b>	December 2019	Started to revise but awaiting Brexit outcome in case of legislative changes
	Procurement Manager		
	<b>Accountable</b>		
	Strategic Director (Partnership & Performance)		
	<b>Consult</b>		
	Elected Members, CMT and procurement Matters group		
Adapt internal procedures, processes and documentation to reflect the required legislative changes.	<b>Inform</b>	On going	On going
	Purchasing Officers		
	<b>Responsibility</b>		
	Procurement Manager		
	<b>Accountable</b>		
	Procurement Manager		
Produce a procurement workforce plan to consider what skills and development requirements will be necessary within the Council to comply with the procurement rules.	<b>Consult</b>	March 2020	Not Started Delay due to COVID
	Procurement Matters group		
	<b>Inform</b>		
	Purchasing Officers		
	<b>Responsibility</b>		
	Procurement Manager		
Implement measures in conjunction with Internal Audit to ensure that the opportunity for procurement fraud is minimised	<b>Accountable</b>	Ongoing	Ongoing
	Procurement Matters Group		
	<b>Consult</b>		
	Purchasing Officers OD Officer		
	<b>Inform</b>		
	CMT		
	<b>Responsibility</b>		
	Procurement Manager and Internal Audit		
	<b>Accountable</b>		
	Heads of Service		
	<b>Consult</b>		
	Heads of Service		
	<b>Inform</b>		
	CMT		

Produce an annual procurement report in line with legislative requirements as soon as possible after the financial year end.	<b>Responsibility</b>	Quarter 3 Annually	Ongoing
	Procurement Manager		
	<b>Accountable</b>		
	Strategic Director (Partnership & Performance)		
	<b>Consult</b>		
	CMT and Elected members		
	<b>Inform</b>		
	Scottish Government		

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**Report to Audit Committee**

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**Date of Meeting: 3<sup>rd</sup> December 2020**

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**Subject: Annual Complaints Report 2019/20**

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**Report by: Senior Manager, Legal and Governance**

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**1.0 Purpose**

- 1.1. This report presents an overview of performance in relation to complaints handling during 2019/20.

**2.0 Recommendations**

- 2.1. It is recommended that Committee note, comment on and challenge the performance of Council services in handling complaints.

**3.0 Considerations**

- 3.1. Complaints are central to corporate governance. As well as providing valuable feedback about the quality of services, complaints can also provide an early warning of critical or systemic service failures.
- 3.2. According to the Scottish Public Services Ombudsman (SPSO):
- 3.3. “Handled well, complaints provide a low cost and important source of feedback and learning for organisations to help drive improvement and restore a positive relationship with customers who feel let down by poor service. Handled badly, they erode public confidence and trust in public services.”
- 3.4. It is important therefore that our organisation culture recognises and truly values complaints - *Be the customer*.

**Complaints Handling Procedure**

- 3.5. Our Complaints Handling Procedure (CHP) mirrors the SPSO Local Authority Model Complaints Handling Procedure, which was introduced in 2012. Local authorities have a duty to comply with the SPSO model (there are also variants for Social Work and Integrated Joint Boards). Compliance is monitored by Audit Scotland in conjunction with the SPSO and in line with the principles of the Shared Risk Assessment arrangements.

- 3.6. The CHP applies to all complaints received by the Council, and consists of 2 stages:

Stage one (frontline response) aims to respond quickly (within five working days) to straightforward complaints that require little or no investigation.

Stage Two is appropriate where:

- the customer is dissatisfied with the frontline response or refuses to engage at the frontline stage;
- the complaint is not simple and straightforward and therefore requires investigation; or
- the complaint relates to a serious, high-risk or high-profile issue

- 3.7. If, after the Council has fully investigated the complaint, the customer is still not satisfied with the decision or the way the Council has dealt with the complaint, then it can be referred on to the SPSO.

- 3.8. Under the model CHP, councils are required to publish annual performance information against a number of indicators, including complaint volumes, outcomes and timeliness. They are also required to show how they are learning from complaints by:

- identifying the root cause of complaints;
- taking action to reduce the risk of recurrence;
- recording the details of corrective action taken, and
- systematically reviewing complaints performance to improve service delivery.

- 3.9. The Complaints Performance Report for 2019/20 is shown in appendix 1.

### **Improvement Actions**

- 3.10. The SPSO has introduced a revised MCHP for local authorities, for implementation by April 2021. The revised MCHP combines and revises the previous (separate) local authority and Social Work MCHPs.

## **4.0 Sustainability Implications**

- 4.1. There are no sustainability implications arising directly from this report.

## **5.0 Resource Implications**

### *5.1. Financial Details*

- 5.2. The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate.

Yes ☒

5.3. Finance have been consulted and have agreed the financial implications as set out in the report. Yes ☒

5.4. *Staffing*

## 6.0 Exempt Reports

6.1. Is this report exempt? Yes ☐ (please detail the reasons for exemption below) No ☒

## 7.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

(1) **Our Priorities** (Please double click on the check box ☒)

Clackmannanshire will be attractive to businesses & people and ensure fair opportunities for all	<input type="checkbox"/>
Our families; children and young people will have the best possible start in life	<input type="checkbox"/>
Women and girls will be confident and aspirational, and achieve their full potential	<input type="checkbox"/>
Our communities will be resilient and empowered so that they can thrive and flourish	<input type="checkbox"/>

(2) **Council Policies** (Please detail)

Customer Charter

## 8.0 Equalities Impact

- 8.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?

Yes ☒ No ☐

## 9.0 Legality

- 9.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes ☒

## 10.0 Appendices

- 10.1 Please list any appendices attached to this report. If there are no appendices, please state "none".

Appendix: Annual Complaints Performance Report 2019/20

## 11.0 Background Papers

- 11.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

Yes ☐ (please list the documents below) No ☒

### Author(s)

NAME	DESIGNATION	TEL NO / EXTENSION
Rose Hetman	Strategy & Performance Adviser	2052

### Approved by

NAME	DESIGNATION	SIGNATURE
Lindsay Thomson	Senior Manager Legal & Governance	
Stuart Crickmar	Strategic Director Partnership & performance	

## APPENDIX



**Clackmannanshire  
Council**

www.clacks.gov.uk

Comhairle Siorrachd  
Chlach Mhanann

# Clackmannanshire Council

## Annual Complaints Performance Report 2019/20

Clackmannanshire Council aims to provide the highest possible quality of service to our customers, but we recognise that sometimes things can go wrong and we fail to meet expectations. We value all complaints and use information from them to help us improve our services.

We manage complaints in line with the Scottish Public Services Ombudsman (SPSO) Local Authority Model Complaints Handling Procedure, which consists of 2 stages:

**Stage 1:** (Frontline Resolution) covers straightforward complaints that require little or no investigation, and should be responded to within 5 working days;

**Stage 2:** (Investigation) concerns complaints that have not been successfully resolved at Stage 1, or more complex or serious complaints that require investigation. Stage 2 complaints should be answered within 20 working days.

The Scottish Public Services Ombudsman has produced guidance on [How to complain about a public service](#).

This report presents the Council's performance in relation to complaints handling from 1st April 2019 until 31<sup>st</sup> March 2020, against key performance indicators defined by the SPSO.

**NB At the time of writing, Scottish benchmarking data for 2019/20 was not available, so values for 2018/19 have been included to allow comparison.**

## Scottish Public Services Ombudsman Performance Indicators

### Indicator 1 Complaints received per thousand population

Description	2017/18	2018/19		2019/20
	Clacks	Clacks	Scotland	Clacks
1 Number of formal complaints received by the Council per thousand population	3.6	3.2	10.36	4.0

### Indicator 2 Complaints closed at stage one and stage two as a percentage of all complaints closed

Description	2017/18	2018/19		2019/20
	Clacks	Clacks	Scotland	Clacks
2a Number of complaints closed at stage one as % all complaints	85.8%	86.8%	87.1%	84.6%
2b Number of complaints closed at stage two as % all complaints	14.2%	11.9%	9.7%	9.3%
2c Number of complaints closed at stage two after escalation as % all complaints	n/a	1.3%	3.1%	6.1%

### Indicator 3 Number of complaints upheld/partially upheld/not upheld at each stage as a percentage of complaints closed in full at each stage

Description	2017/18	2018/19		2019/20
	Clacks	Clacks	Scotland	Clacks
3a Number of complaints upheld at stage one as % of all complaints closed at stage one	21.7%	28.2%	49.7%	36.5%
3b Number of complaints not upheld at stage one as % of all complaints closed at stage one	52.9%	51.1%	34.6%	46.4%
3c Number of complaints partially upheld at stage one as % of all complaints closed at stage one	21.0%	20.6%	14.8%	17.1%
3d Number of complaints upheld at stage two as % of all complaints closed at stage two	21.0%	11.1%	37.5%	25.0%
3e Number of complaints not upheld at stage two as % of all complaints closed at stage two	23.1%	55.6%	44.1%	55.0%
3f Number of complaints partially upheld at stage two as % of all complaints closed at stage two	57.7%	33.3%	18.4%	20.0%
3g Number of escalated complaints upheld at stage two as % of all escalated complaints closed at stage two	n/a	0.0%	28.2%	23.1%
3h Number of escalated complaints not upheld at stage two as % of all escalated complaints closed at stage two	n/a	100%	47.4%	61.5%
3i Number of escalated complaints partially upheld at stage two as % of all escalated complaints closed at stage two	n/a	n/a	24.1%	15.4%



**Indicator 4 Average time in working days for a full response to complaints at each stage**

Description	2017/18	2018/19		2019/20
	Clacks	Clacks	Scotland	Clacks
4a Average time in working days to respond to complaints at stage one	12	5	7.1	7.6
4b Average time in working days to respond to complaints at stage two	33.1	24.7	29.9	20.9
4c Average time in working days to respond to complaints after escalation	n/a	9	23.0	20.7

**Indicator 5 Number and percentage of complaints at each stage which were closed in full within the set timescales of 5 and 20 working days**

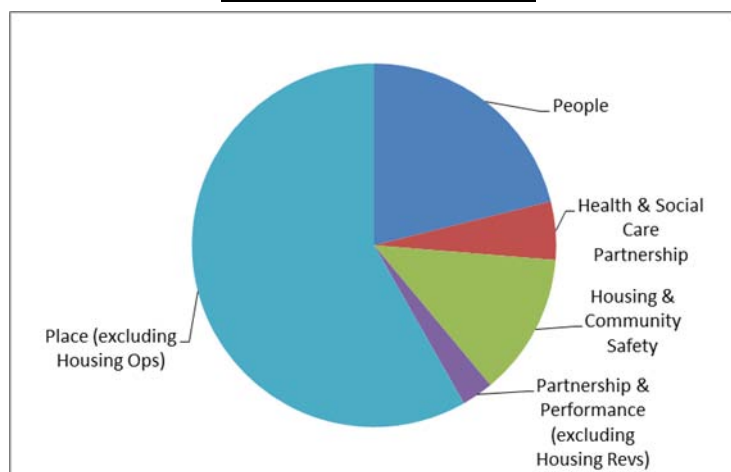
Description	2017/18	2018/19		2019/20
	Clacks	Clacks	Scotland	Clacks
5a Number of complaints closed at stage one within 5 working days as % of total number of stage one complaints	65.6%	77.1%	65.0%	69.6%
5b Number of complaints closed at stage two within 20 working days as % of total number of stage two complaints	84.6%	50.0%	58.2%	85.0%
5c Number of escalated complaints closed within 20 working days as a % of total number of escalated stage two complaints	n/a	100%	67.4%	84.6%

**Indicator 6 Number and percentage of complaints at each stage where an extension to the 5 or 20 working day timeline has been authorised**

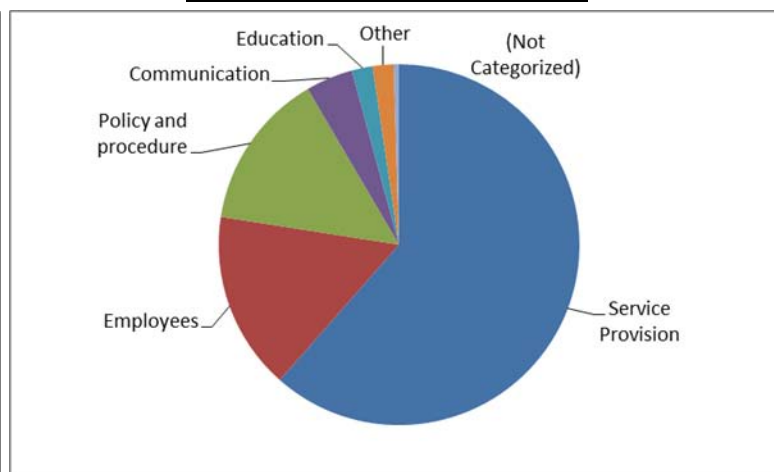
Description	2017/18	2018/19		2019/20
	Clacks	Clacks	Scotland	Clacks
6a Number of complaints closed at stage one where extension was authorised, as % all complaints at stage one	8.3%	7.6%	3.8%	5.5%
6b Number of complaints closed at stage two where extension was authorised, as % all complaints at stage two	3.8%	27.8%	10.1%	10.0%

## Why people complain

**Complaints by Service**



**Complaints by Classification**



## Complaints referred to the SPSO

During 2019/20, 8 complaints against Clackmannanshire Council were determined by the SPSO (compared with 1,230 complaints for all Scottish local authorities). The outcomes of the complaints against Clackmannanshire Council were:

## Complaints received by service

Subject Group	
Finance	1
Housing	1
Planning	1
Roads & Transport	1
Social Work	1
<b>Total</b>	<b>5</b>

## Outcome of complaints determined

Stage	Outcome Group	
Advice	Not duly made or withdrawn	1
	Premature	1
Early Resolution	Outcome not achievable	1
	Proportionality	2
Investigation	Fully upheld	1
	Not upheld	2
<b>Total</b>		<b>8</b>

## **Explanation of terms**

Not duly made or withdrawn	Complaint was withdrawn or resolved, insufficient information provided or contact lost.
Premature	Enquiry or complaint submitted to the ombudsman too early – i.e. before it has completed the Council's complaints process.
Out of jurisdiction	Complaint is outwith the scope of the ombudsman, for legal or technical reasons.
Proportionality	An investigation by the SPSO would be unlikely to achieve any practical benefit. The complaint may have been passed back to the Council.



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**Report to Audit Committee**

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**Date of Meeting: 3 December 2020**

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**Subject: National and Local Scrutiny Planning**

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**Report by: Strategic Director, Partnership & Performance**

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**1.0 Purpose**

- 1.1. At this point in the year Audit Committee would normally consider the National Scrutiny Plan. Covid-19 however has changed all our lives; responding to it has changed the way public services are delivered and how they are scrutinised. Given this, the Strategic Scrutiny Group published a report in November 2020 outlining its scrutiny approach in context of the Covid-19 pandemic.
- 1.2. Additionally, in August 2020, Audit Scotland published a report entitled: *Covid19 – A guide for audit and risk committees*.
- 1.3. The purpose of this report is to make the Audit Committee aware of both reports, and to seek agreement to review its forward plan in consideration of these, and in light of the ongoing Covid-19 pandemic.

**2.0 Recommendations**

- 2.1. It is recommended that the Audit Committee:
  - 2.1.1. notes the Strategic Scrutiny Group's scrutiny responses to Covid-19;
  - 2.1.2. notes Audit Scotland's report, *Covid19 – A guide for audit and risk committees*; and
  - 2.1.3. agrees that the Audit Committee forward plan be reviewed for consideration at its next meeting in light of 2.1.1 and 2.1.2 and the ongoing Covid 19 pandemic.

**3.0 Considerations**

- 3.1. The National Scrutiny Plan is issued on behalf of the Strategic Scrutiny Group for local government (SSG). The SSG comprises Scotland's main public sector scrutiny bodies – the Accounts Commission, Audit Scotland, Education Scotland, the Care Inspectorate, Healthcare Improvement Scotland, the

Scottish Housing Regulator, Her Majesty's Inspectorate of Constabulary in Scotland, Her Majesty's Fire Service Inspectorate, Her Majesty's Inspectorate of Prisons and the Inspectorate of Prosecution in Scotland.

- 3.2. The SSG supports the delivery of better coordinated, more proportionate and risk-based local government scrutiny. It is convened and chaired by the Accounts Commission. These scrutiny bodies work together through Local Area Networks (LANs) in each council area to share intelligence and relate this to their work.
- 3.3. The report at Appendix 1 summarises the SSG's adapted approach to national scrutiny planning given the substantially changed context brought about by Covid-19.
- 3.4. In March 2020, SSG member organisations suspended planned audit, inspection and regulation plans in favour of monitoring and supporting those in the relevant sectors. This involved prioritising activity around areas of highest risk, such as care homes, and supporting frontline services by sharing good practice. For example, Education Scotland shared examples of effective approaches to supporting learning at home in the wake of school closures. The majority of on-site inspection work was replaced by more extensive use of intelligence and technology for support and performance monitoring.
- 3.5. Looking ahead to 2020/21, the SSG will seek to collaborate and coordinate its scrutiny activity and support around key common themes that either present risks or can support improvement to the delivery of services and our communities. Some of these issues have been exacerbated by the Covid-19 pandemic but others are increasing in risk as a result of wider demographic and environmental changes. These include:
  - addressing inequalities
  - recovery from Covid-19
  - the provision of and access to digital services
  - human rights and balancing protection/safety
  - climate change
  - mental health
  - community and organisational resilience.
- 3.6. In August 2020, Audit Scotland published: *Covid19 – A guide for audit and risk committees*. The report (see Appendix 2) recognises the significant impact the pandemic has had on every aspect of life in Scotland. It also recognises that the public sector response to the pandemic has been strong, but also that a difficult road lies ahead for the public sector beyond response and recovery.
- 3.7. The report outlines key areas that audit and risk committees will need to focus on include:

- internal controls and assurance
- financial management and reporting
- governance
- risk management

3.8. Further information on each is provided within exhibits 1-4. At this stage, there is merit in the Audit Committee reviewing its forward plan through to April 2022 to ensure that these areas will have sufficient scrutiny focus in light of the ongoing Covid 19 pandemic. It is suggested therefore that officers review the current plan in that context for consideration at the next Audit Committee.

3.9. There are no direct financial implications associated with this report.

#### **4.0 Sustainability Implications**

4.1. There are no direct sustainability implications associated with this report.

#### **5.0 Resource Implications**

##### *5.1. Financial Details*

5.2. The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate. Yes ☒

5.3. Finance have been consulted and have agreed the financial implications as set out in the report. Yes ☒

##### *5.4. Staffing*

#### **6.0 Exempt Reports**

6.1. Is this report exempt? Yes ☐ (please detail the reasons for exemption below) No ☒

#### **7.0 Declarations**

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

(1) **Our Priorities** (Please double click on the check box ☒)

Clackmannanshire will be attractive to businesses & people and ensure fair opportunities for all ☐

Our families; children and young people will have the best possible start in life ☐

Women and girls will be confident and aspirational, and achieve

their full potential ☐  
 Our communities will be resilient and empowered so  
 that they can thrive and flourish ☐

(2) **Council Policies** (Please detail)

None

**8.0 Equalities Impact**

8.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?

Yes ☐ No ☒ Not applicable in this instance.

**9.0 Legality**

9.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes ☒

**10.0 Appendices**

10.1 Please list any appendices attached to this report. If there are no appendices, please state "none".

Appendix 1 – *Strategic Scrutiny Group: scrutiny responses to Covid 19*

Appendix 2 - *Covid19 – A guide for audit and risk committees*

**11.0 Background Papers**


11.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

Yes ☐ (please list the documents below) No ☒

**Author(s)**

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**Approved by**

NAME	DESIGNATION	SIGNATURE
Stuart Crickmar	Strategic Director Partnership & Performance	



Covid-19

# Strategic Scrutiny Group

Scrutiny responses to Covid-19

Prepared on behalf of the Strategic Scrutiny Group  
November 2020

ACCOUNTS COMMISSION 

 AUDIT SCOTLAND




# Scrutiny responses to Covid-19

## Introduction

1. Covid-19 has changed our lives. Responding to it has changed how public services are delivered and how we scrutinise them. This paper sets out:

- the key areas of risk facing the sectors we scrutinise
- how we have adapted our approaches to scrutiny in response to Covid-19
- how we plan to capitalise on the advances made in our working practices
- how we can build on the increased joint-working that has taken place by collaborating more extensively and effectively in future.

2. I am grateful to all members of the **Strategic Scrutiny Group (SSG)**  for contributing to our consideration of what Covid-19 means for the sustainability of the public services we scrutinise and to inform a discussion about the role of scrutiny in the future.

3. Responding to Covid-19 has placed immense demands on the people who work in Scotland's public services. That response has been impressive. They have adapted and changed very quickly, in some cases, overnight. Organisations have coordinated and empowered their staff to support communities. Changes and developments, previously considered almost impossible, have been made in a matter of weeks.

4. Covid-19 has led to changes in SSG members' planned programmes of scrutiny. This has required new ways of thinking and working. In some cases, it led to scrutiny bodies working with new powers created specifically in response to Covid-19. All SSG members have given the organisations they audit, inspect or regulate time and space to respond to the crisis. Where appropriate, they are collaborating with them to provide support and reassurance. However, high-quality, independent, evidence-based scrutiny remains critical. Striking the right balance between supporting public bodies and ensuring effective scrutiny will be important in the long-term recovery and renewal of public services.

## Covid-19 has accelerated change in public services and magnified risks


5. Covid-19 has been a catalyst for rapid change in many public services. We have seen a significant shift to more digitally-delivered services, such as online GP consultations, e-care, school, college and university education and virtual courts. This shift brings real benefits to service users and providers, and



### Strategic Scrutiny Group

Scrutiny coordination in local government is led by the Strategic Scrutiny Group (SSG). The SSG comprises Scotland's main public sector scrutiny bodies and aims to deliver efficient and effective, well-coordinated scrutiny that supports improvement. It is convened and chaired by the Accounts Commission.

Public services scrutinised include education, health, social care, housing, fire and justice.

SSG members' individual contributions can be found on the [Audit Scotland website](#) .

we expect many of these changes will become permanent. But the rapid pace of change and shifts in ways of working have also increased risks to the delivery of public services and exclusion of certain people.

**6.** As scrutiny bodies, we see several key issues across the public services we scrutinise including:

- public finances under acute pressure, amplifying serious questions about the financial sustainability of some sectors, including social care
- backlogs where public services have been disrupted, for example the NHS, courts and maintenance of social housing
- the disproportionate impact of Covid-19 on some groups, for example, the black, Asian and minority ethnic community and more deprived communities have experienced more acute effects in areas such as health and education. Digitally-delivered services have exacerbated, in some cases, inequalities of access to digital technology and connectivity with regard to geography and deprivation
- concerns around staff burnout in delivering critical services, with some services reporting critical shortages, often associated with the need for staff to self-isolate
- adjustments to governance systems to enable rapid decision-making. Although this has led to more empowerment of local staff and communities, it may also have reduced scrutiny and oversight by non-executives and councillors.

**7.** We are already seeing these risks, and others, escalating as we enter the second wave of Covid-19.

## **We have responded to Covid-19 by changing how we work and what we do**

**8.** Most colleagues in SSG member organisations moved to working at home from March 2020. The majority of our scrutiny since then has been done remotely. Where staff were on secondment, they have generally been released back to their home organisation to support the delivery of frontline services.

**9.** In March 2020, SSG member organisations suspended planned audit, inspection and regulation plans in favour of monitoring and supporting those in the relevant sectors. This involved prioritising activity around areas of highest risk, such as care homes, and supporting frontline services by sharing good practice. For example, Education Scotland shared examples of effective approaches to supporting learning at home in the wake of school closures. The majority of on-site inspection work was replaced by more extensive use of intelligence and technology for support and performance monitoring. We have individually adapted our systems for gathering information, assessing risks and providing public assurance around service quality. We have utilised technology where possible, conducting 'virtual visits' to services and digitally signing off accounts. We are continuing to work on developing ways of accessing key information, such as case records, remotely.

**10.** Some SSG members, such as the Care Inspectorate, HMICS, HMIPS, HMFSI and HIS, have restarted work programmes that include on-site activity. Where this is the case, they have adjusted and redesigned how they do their inspection activity. This will be subject to continuous review to take account of the changing understanding of the risks posed by the virus.

### **We will capitalise on advances we have made due to Covid-19**

**11.** We have learned a lot as a result of Covid-19. Our colleagues can be flexible and operate incredibly well in a rapidly changing environment. We have learned to work remotely and our colleagues have embraced new ways of working. Remote working has inevitably brought challenges for some people and for some elements of our work. It has also brought efficiencies that we will adopt into our standard working practices for the future.

**12.** We have broadened and enhanced the way we gather intelligence about services to accurately assess service quality and any improvements required. We are working to improve further how we share the information that we gather about the sectors we scrutinise, and how this can help inform policy and decision-making. We are also using our data and intelligence to help develop risk-based plans for our scrutiny programmes, which will take account of the impact of the second wave of Covid-19.

**13.** In addition to sharing information, we have been sharing examples of effective practice across Scotland. In education, Education Scotland staff engaged with early learning and childcare providers and school and council staff across Scotland to share effective practices around assessment, adapting the curriculum and providing motivating learning activities for children and young people to support learning at home.

**14.** We will capitalise on the advances we have made in response to Covid-19, including our learning experiences in sharing information and good practice and using digital technology. This will underpin our scrutiny activity in future and ultimately help shape service design and delivery.

### **We will build on the increased joint-working resulting from Covid-19 by collaborating further in future**

**15.** Covid-19 has led us to work together more regularly. This is particularly evident between scrutiny bodies in the justice and health sectors. For example, the heads of justice inspectorates (HMICS, HMIPS, IPS, HMFSI and PIRC) have been meeting as frequently as every two weeks during the pandemic, leading to effective and timely sharing of information about the justice sector. HIS has been carrying out care home inspections in collaboration with the Care Inspectorate, providing expertise in the inspection of infection control. There is a commitment among SSG members to learn from each other's experiences to inform their own organisation's work.

**16.** Covid-19 has also led to many SSG members increasing engagement with our counterparts elsewhere in the UK. This is most apparent in policing, education and public sector audit. For example, Audit Scotland has developed a shared commitment with other UK audit agencies to coordinate, collaborate

and share learning in the collective audit response to Covid-19, including looking at potential areas to collaborate on audit work in relation to personal protective equipment (PPE) procurement and distribution.

**17.** The immediate impact of Covid-19 on our work provides us with an opportunity to examine our scrutiny approaches for the future. We need to strike the right balance between scrutiny and support to improve public services. Clearly, we need to focus on where the risks to the delivery of public services and the wellbeing of the public are greatest. External scrutiny also has an important role in encouraging public services to work together collaboratively in the pursuit of better outcomes for communities.

**18.** The effects of Covid-19 have reinforced some views that, as scrutiny bodies, we look at some issues too disparately. Public service reform places more emphasis on looking at public services from a citizen perspective, adopting, for example, victim-centred and patient-centred approaches. We can collectively examine this in a much more coordinated and overarching way in future.

**19.** We will strive, where possible, to collaborate and coordinate our scrutiny activity and support around key common themes that either present risks or can support improvement to the delivery of services and our communities. Some of these issues have been exacerbated by the Covid-19 pandemic but others are increasing in risk as a result of wider demographic and environmental changes. These issues include:

- addressing inequalities
- recovery from Covid-19
- the provision of and access to digital services
- human rights and balancing protection/safety
- climate change
- mental health
- community and organisational resilience.

## Conclusion

**20.** Covid-19 has changed society and the economy in profound ways. It has required public services to change radically how they work at pace and under extreme pressure. Recovering from the effects of Covid-19 will take a long time. The regulation, inspection and audit of public services will play a key role in learning lessons from the past few months and supporting improvement, so that the renewal of public services in Scotland is as strong and inclusive as possible.

**Elma Murray, Interim Chair**  
**November 2020**

# Strategic Scrutiny Group

## Scrutiny responses to Covid-19

Audit Scotland's published material is available for download on the website in a number of formats. For information on our accessibility principles, please visit:

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Covid-19

# Guide for audit and risk committees

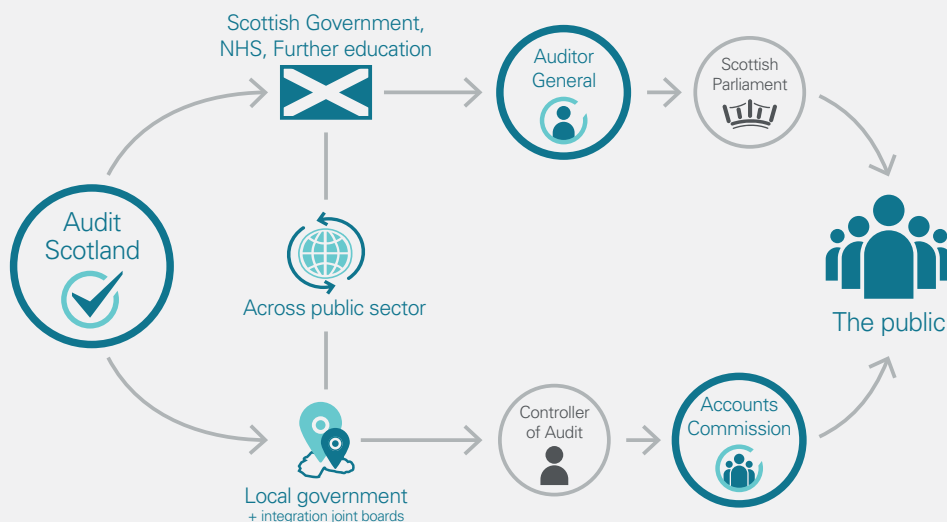


Prepared for public bodies and auditors  
August 2020

## Who we are

The Auditor General, the Accounts Commission and Audit Scotland work together to deliver public audit in Scotland:

- **Audit Scotland** is governed by a board, consisting of the Auditor General, the chair of the Accounts Commission, a non-executive board chair, and two non-executive members appointed by the Scottish Commission for Public Audit, a commission of the Scottish Parliament.
- The **Auditor General** is an independent crown appointment, made on the recommendation of the Scottish Parliament, to audit the Scottish Government, NHS and other bodies and report to Parliament on their financial health and performance.
- The **Accounts Commission** is an independent public body appointed by Scottish ministers to hold local government to account. The Controller of Audit is an independent post established by statute, with powers to report directly to the Commission on the audit of local government.



## About us

Our vision is to be a world-class audit organisation that improves the use of public money.

Through our work for the Auditor General and the Accounts Commission, we provide independent assurance to the people of Scotland that public money is spent properly and provides value. We aim to achieve this by:

- carrying out relevant and timely audits of the way the public sector manages and spends money
- reporting our findings and conclusions in public
- identifying risks, making clear and relevant recommendations.



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## Introduction

1. Covid-19 has already had a significant impact on every aspect of society in Scotland. It has affected individuals and communities, public services and the economy.
2. The response of public-sector bodies has been strong, and the pandemic has highlighted some of their key strengths, such as agility and partnership working. But Covid-19 has also exacerbated many pre-existing risks and challenges facing public bodies in areas such as financial sustainability and service demand pressures. A difficult road lies ahead as public bodies move from response to recovery and renewal.
3. Audit and risk committees have a crucial role to play in providing effective scrutiny and challenge. They help public bodies focus on important aspects of the business and maintain effective oversight of spending, performance and governance arrangements. As public bodies manage their business during this global pandemic, the role of audit and risk committees becomes even more important.
4. This guide for audit and risk committees draws on our recent experience of auditing public bodies during the pandemic. It also refers to key sources of guidance such as the Scottish Government's [Scottish Public Finance Manual](#) and [On Board: a guide for members of statutory boards](#) and the Chartered Institute of Public Finance and Accountancy's *Audit Committees: Practical Guidance for Local Authorities and Police*.

## Key issues for consideration by audit and risk committees during the Covid-19 pandemic

5. There are a wide range of short, medium and long-term risks and issues emerging from Covid-19 for public bodies to consider. This guide focuses on the short-term challenges facing public bodies in the response phase of the pandemic. During this phase, key areas that audit and risk committees will need to focus on include:
  - internal controls and assurance
  - financial management and reporting
  - governance
  - risk management.
6. This guide provides audit and risk committee members with suggested questions to help them effectively scrutinise and challenge in these key areas. Answering the questions in this guide will help audit and risk committees better understand how their organisation is responding to the pandemic and managing both the immediate and longer-term challenges that it creates.
7. Audit and risk committees must assure themselves that they are engaged and well-informed about the changes that are occurring and affecting their organisation due to Covid-19. For example, they should be informed of changes to internal reporting arrangements, and policy and legislative changes and the impact they are likely to have on the organisation. They should also be apprised of any fraud and error risks arising from the response to Covid-19.<sup>1</sup>

<sup>1</sup> [Covid-19: Emerging fraud risks](#), Audit Scotland, July 2020

## Internal controls and assurance

**8.** Public-sector staff are working under extreme pressure as a consequence of the scale and pace of change created by the pandemic and the need to respond rapidly to unfolding events. This may mean that some internal controls are suspended or relaxed. For example, the segregation of duties between colleagues for completing tasks and subsequent checks may not be possible due to unforeseen capacity issues or the lack of availability of more senior or experienced staff. Staff transfer between departments, for example, to new areas such as those responsible for distributing funding to support people and businesses most affected by Covid-19, may also leave some areas under-staffed. Furthermore, inexperienced staff may be working remotely without a full understanding of the required procedures and controls.

**9.** Internal audit provides independent assurance on governance arrangements, risk management and internal control processes. As the landscape changes, internal audit will have to consider its approach to audit planning and how it continues to deliver its assurance activities while balancing the workload created by new risks emerging from Covid-19.

**10.** As staff work remotely, there may also be potential security risks such as an increase in cyber-crime. For example, fraudsters may try to access public-sector systems by claiming to be legitimate technical support services or through phishing emails and scams.

**11.** [Exhibit 1](#) proposes potential questions for audit and risk committee members to consider.

---

## Exhibit 1

### Internal controls and assurance – questions to consider

#### What changes to internal controls have been required due to Covid-19?

- Has internal audit assessed the design, implementation and operational effectiveness of revised internal controls?

---

#### What new controls have been established to account for the distribution of any additional funds received?

- Have officers identified any weaknesses in new controls and if so, how are these being addressed?

---

#### To what extent has your organisation assessed the impact of working remotely on the control environment and working practices?

---

#### Has internal audit reviewed their audit plan and assessed which projects might need to be cancelled, postponed or accelerated as your organisation navigates its way through the pandemic?

---

#### How is management supporting internal audit to balance its 'routine' programme of work and that required to respond to Covid-19-related audit work?

---

#### What impact has Covid-19 had on the annual reporting and accounting process?

- Has your organisation's timetable for the annual reporting process been considered for 2019/20 and 2020/21? If so, have the timetables been revised and updated accordingly?
- Has the external auditor's annual audit plan been updated to assess and address new risks?

---

#### To what extent has your organisation considered work undertaken by other organisations (via professional networks and bodies), or where appropriate, engaged with external experts to inform decision-making around significant areas of change in response to the pandemic?

---

#### How have IT services performed during the pandemic?

- To what extent have cyber security controls been considered?
-

---

**To what extent has management assessed the impact of Covid-19 on overall staff capacity?**

- What areas have been identified as being under resourced and how is this being addressed?

---

**What is your organisation doing to support its staff during the pandemic?**

- To what extent have workload and working practices been adjusted to allow for the challenges that people may face when working remotely?
- What guidance, advice or signposting has your organisation put in place to support staff wellbeing?

---

**What opportunities and risks have arisen as staff are deployed across departments?**

---

**How is your organisation capturing the learning and opportunities that arise from new ways of working?**

---

## Financial management and reporting

**12.** Public bodies face considerable uncertainty during the pandemic and as they plan for the future. Having robust financial management and transparent reporting arrangements in place is critical to ensuring that an organisation can manage its finances and deliver services effectively, identify issues and challenges early and act on them promptly.

**13.** Financial impacts of the pandemic could include a reduction in income generated from business rates and council tax non-payments as well as a reduction in fees and charges from, for example, leisure, public transport and parking. Organisations may also face increased costs such as higher staff costs to cover the delivery of services. The economic uncertainty and market volatility caused by the pandemic also make it difficult for public bodies to value, for example, property portfolios, inventories and pension schemes.

**14.** A number of factors will affect how well an organisation can report on and manage its financial position at a time where it is facing significant pressure and challenge. For example, there is likely to be competing pressures on finance staff, significant changes in financial processes and procedures and the introduction of financial systems in new areas, such as those for Covid-19-related government relief, assistance and stimulus packages. [Exhibit 2](#) proposes potential questions for audit and risk committee members to consider.

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## Exhibit 2

### Financial management and reporting – questions to consider

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**Is financial (and performance) information received in a timely manner, with sufficient detail, to inform the fast-paced changes that are required due to Covid-19?**

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**How is management assessing the financial impact of Covid-19 on income and expenditure?**

- What processes or procedures have been put in place to assess, for example, new demands, new expenditure streams, savings from activity foregone and lost income?

---

**What information has been used in determining the value of assets and liabilities?**

- To what extent have estimated valuations been impacted by Covid-19, for example, disruption to the revaluation of properties or market volatility impacting on investments?
- What is the likely impact of Covid-19 on pension deficits and what does this mean for your organisation?

---

**What commitments and guarantees have been made to third parties, and how are these being monitored?**

- Where relevant, how is your organisation ensuring that the impacts of the pandemic on its arm's-length external organisations (ALEOs) are being appropriately monitored?
-

**What impact has Covid-19 had on savings plans?**

- Is your organisation on track to deliver these savings and if not, what plans are your organisation putting in place to help with this?

**What impact has Covid-19 had on transformational activity?**

- If there has been or will be significant delays to activity or a failure to meet savings targets, what are the financial implications and how is management preparing for this?

**Is there sufficient capacity within the finance team to deal with competing pressures, such as preparing annual accounts, at a time when working practices are having to be adapted due to Covid-19?****Governance**

**15.** The pace and scale of change is unprecedented, and changes in governance arrangements are likely to have taken place. This may mean that there has been less opportunity for scrutiny and due diligence as public bodies respond rapidly to the challenges arising from Covid-19. For example, urgent procurement decisions and changes to delegated authority arrangements may have impacted on the level of scrutiny.

**16.** Governance and accountability arrangements around collaborative working may be increasingly complex but when done effectively, allows for better planning, design and coordination of services. Many aspects of public bodies' responses to the pandemic can only be done in partnership with others.

**17.** Recent changes to governance arrangements due to Covid-19 may include basic alterations such as documenting authorisation processes through to oversight of the overall running of the business. [Exhibit 3](#) proposes potential questions for audit and risk committee members to consider.

**Exhibit 3****Governance – questions to consider****What impact has Covid-19 had on governance arrangements?**

- How is your organisation ensuring that effective oversight and scrutiny of key decisions is maintained as it responds rapidly to the challenges it faces during the pandemic?
- Have any significant changes been made to governance arrangements due to the pandemic, for example, suspension of committees or increased use of delegated decision-making powers?
- Where decisions are being made using delegated or emergency powers, how are these being recorded, made public and subjected to scrutiny by the relevant committee(s)?
- Have changes to processes and procedures made in response to Covid-19 been reviewed and documented appropriately to comply with overall governance arrangements?

**Are governance arrangements being reviewed regularly to ensure they remain fit for purpose?****Are non-executive directors providing appropriate levels of support, scrutiny and challenge to your organisation as it responds to the current environment and new risks?****What barriers, if any, have affected your organisation's ability to continue to provide services for individuals and communities during the pandemic?**

- How have these barriers been overcome?
- What was the impact on service users?

**What impact has Covid-19 had on your organisation achieving its stated objectives?**

- Does performance reporting highlight any changes on your organisation's ability to meet its objectives as a consequence of Covid-19?

- Has the pandemic caused new risks to achieving your organisation's objectives? If so, how are these being addressed?

---

#### **What impact has Covid-19 had on collaborative working?**

---

### **Risk management**

**18.** While public bodies will have risk management processes in place, the likelihood and impact of existing risks and the emergence of new risks will need to be monitored carefully. There may also be a change in the risk appetite during the pandemic to allow for services to operate effectively and respond to issues in a timely manner. Some changes may be significant therefore officers and audit and risk committee members need to consider how sustainable these changes will be in the longer term.

**19.** Public bodies were already facing risks and challenges around, for example, financial sustainability, outcomes and inequalities. These risks and challenges have become greater due to Covid-19. They are also heightened further because of the uncertainty around the UK's exit from the European Union and increasing budget pressures.

**20.** *Exhibit 4* proposes potential questions for audit and risk committee members to consider.

---

## **Exhibit 4**

### **Risk management – questions to consider**

#### **Are there new expenditure or procurement streams, or delivery methods arising from Covid-19 that introduce new risk?**

- What indicators does management have to support informed decisions on risk and is this data available in real time?
- Is your organisation's risk management strategy up-to-date to include risks associated with Covid-19?
- What risks have emerged that need to be addressed and what protocols are in place to report and analyse emerging risks as the situation evolves?
- Are risks being reported to the relevant committee?

---

#### **Has your organisation's risk register been updated to reflect new risks arising from Covid-19?**

---

#### **Is there a need for management's risk appetite framework to be reviewed to ensure it is appropriate in this rapidly evolving environment?**

- If so, when will the committee be informed of the outcome and any next steps?

---

#### **How does Covid-19 impact on any financial risks already facing your organisation and how does this affect short, medium and long-term financial plans?**

---

#### **What impact does Covid-19 have on any scenario planning that your organisation has in place for events such as EU withdrawal and increasing budget uncertainty?**

---

## Looking ahead

**21.** This is the second in a series of Covid-19 guides prepared for public bodies and auditors. Our first publication, [Covid-19 Emerging fraud risks](#), sets out a range of fraud risks that may arise due to the pandemic. By drawing on our position as external auditors across the public sector in Scotland, we have used our recent experience to develop these Covid-19 outputs. We will be issuing further guidance to public bodies to support them as they move beyond the response phase of the pandemic into recovery and renewal.

**22.** We invite feedback on how the role of external audit can further support public bodies as they respond to the challenges Covid-19 presents.

## Further reading


- [\*Guide for Audit and Risk Committees on Financial Reporting and Management during COVID-19\*](#), National Audit Office, June 2020.
- Financial scrutiny practice guide, The Chartered Institute of Public Finance and Accountancy, June 2020.
- <https://www.ifac.org/knowledge-gateway/contributing-global-economy/discussion/implications-audit-committees-arising-covid-19>
- <https://www.iaa.org.uk/covid-19-hub/covid-19-guidance/>

Covid-19

# Guide for audit and risk committees

This report is available in PDF and RTF formats,  
along with a podcast summary at:

[www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk) 

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