

## Environment, Finance & Communities Scrutiny Committee

*Due to Scottish Government guidance relating to Covid-19, this meeting will be held remotely.*



Tuesday, 2 February, 2021 - 10.00 a.m.

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### AGENDA

Page Nos.

1. **APOLOGIES FOR ABSENCE**
2. **DECLARATIONS OF INTEREST** – In terms of Section 5 of the Code of Conduct Members of the Committee are asked to declare any interest(s) in particular items on the agenda and the nature of the interest(s) at this stage.
3. **MINUTE** – Minute of Meeting of Environment, Finance & Communities Scrutiny Committee of 27 October 2020 3 - 5
4. **UPDATE ON FINANCIAL STRATEGY** – Report by the Executive Director - Finance & Corporate Services 6 - 20
5. **ANNUAL ASSURANCE STATEMENT** – Report by the Head of Housing Services 21 - 42
6. **COMMERCIALISATION PROGRAMME - PROCUREMENT TRANSFORMATION PROJECT** – Report by the Head of Revenue & Commercial Services 43 - 81
7. **HOUSING ACCESS RECOVERY PLAN** – Report by the Head of Housing Services 82 - 87
8. **ENVIRONMENT & PROTECTIVE SERVICES SUB-COMMITTEE FORWARD WORK PROGRAMME** 88

**Members are reminded that should they have queries on the detail of a report they should, where possible, contact the report authors in advance of the meeting to seek clarification.**

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Finance and Corporate Services

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26 January, 2021

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**THE FIFE COUNCIL - ENVIRONMENT, FINANCE & COMMUNITIES SCRUTINY  
COMMITTEE – REMOTE MEETING**

27 October, 2020

10.00 a.m. – 11.45 a.m.

**PRESENT:** Councillors Tim Brett (Convener), Neil Crooks, John Docherty, Linda Erskine, Ian Ferguson, Derek Glen, Mick Green, Andy Heer, Rosemary Liewald, Lea McLelland, Ross Paterson, Fay Sinclair, Ryan Smart and Jan Wincott

**ATTENDING:** Eileen Rowand, Executive Director, Finance & Corporate Services; Diarmuid Cotter, Head of Customer & Online Services; Sharon McKenzie, Head of Human Resources, Anne-Marie Cardle, HR Service Manager, Human Resources; John Rodigan, Senior Manager, Scott Clelland, Service Manager, Environment & Building Services; Tracy Hogg, Business Partner, Finance, Jacqui Laing, Category Manager, Corporate, Finance & Corporate Services; Elizabeth Mair, Committee Officer, Legal & Democratic Services.

**ALSO  
ATTENDING:** Cllr Ross Vettraino

**APOLOGIES  
FOR  
ABSENCE:** Councillor Darren Watt

**27. DECLARATIONS OF INTEREST**

No declarations of interest were submitted in terms of Standing Order No. 7.1.

**28. MEMBERSHIP OF COMMITTEE**

The Committee noted that Councillors Derek Glen and Fay Sinclair had replaced Councillors Julie Ford and Carol Lindsay as members of the Environment, Finance & Communities Scrutiny Committee.

**29. MINUTE**

The Committee considered the minute of meeting of the Environment, Finance & Communities Scrutiny Committee of 25th August, 2020. Councillor Ross Vettraino, Convener of the Environment & Protective Services Sub-Committee, gave an update on fly-tipping, advising that it was the intention to develop a new strategy for dealing with this and other issues such as graffiti and dog fouling. A situation report was being prepared to inform initial discussions prior to formulation of the strategy which would be submitted to the Environment & Protective Services Sub-Committee for consideration.

**Decision**

Then Committee agreed to approve the minute and noted that updates on the fly-tipping situation would be provided as appropriate.

**30. CONTACT CENTRE REVIEW**

The Committee considered a report by the Executive Director, Communities, providing an update on the review of the contact centre by the Scrutiny Committee with an overview of performance and the progress made with increasing online services.

**Decision**

The Committee noted:-

- (1) the information provided in the report;
- (2) that a briefing note on digital access and numbers of persons unable to access services digitally would be provided to members; and
- (3) that a further update report would be submitted to the Committee in 6 months.

**31. AGENCY WORKERS AND OVERTIME**

The Committee considered a report by the Head of Human Resources to providing an update on the spend attributable to Agency Workers and Overtime and the work being undertaken to ensure the use of agency workers and overtime was appropriate and kept to a minimum.

**Decision**

The Committee:-

- (1) noted the information contained in the report; and
- (2) agreed that reports continue to be submitted annually.

**32. REWILDING UPDATE**

Scott Clelland, Service Manager, Grounds Maintenance Service, gave an update on the position regarding rewilding of grass areas and answered questions from members with specific reference to consultation to be carried out with local communities.

**Decision**

The Committee noted that a clear consultation strategy would be developed, taking into consideration points made by members and that updates would be provided as necessary.

*Councillor Wincott left the meeting during consideration of this item.*

**33./**



**33. ENVIRONMENT, FINANCE & COMMUNITIES SCRUTINY COMMITTEE WORK PROGRAMME**

**Decision**

The Committee noted:-

- (1) the current work programme which would be updated as appropriate; and
- (2) that members could suggest items for consideration at future meetings.

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2 February 2021

Agenda Item No. 4

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## Short Term Financial Strategy 2020-21

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Report by: Elaine Muir, Head of Finance

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Wards Affected: All

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### Purpose

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The purpose of this report is to allow members of the Committee to review and scrutinise the short-term financial strategy that has been developed for the Council in order to ensure a sustainable financial position in the short term following the significant financial impacts of the COVID-19 pandemic.

### Recommendation(s)

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The committee is asked to:-

- Note the content of the report on the short-term financial strategy that was presented to the Policy & Co-ordination Committee on 7<sup>th</sup> January 2021

### Resource Implications

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This resource implications are set out in full in the attached report (Appendix 1).

### Legal & Risk Implications

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There are no direct legal implications arising from this report.

### Impact Assessment

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An EqlA is not required as this report does not recommend changes to Council policy and does not require a decision.

### Consultation

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None

## 1.0 Background

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- 1.1 As a result of the COVID-19 pandemic, frequent financial reports have been presented to the Policy & Co-ordination Committee throughout the financial year. Given circumstances has been fast moving and changes happen rapidly, the financial consequences are continually being monitored.
- 1.2 It was clear from early in the pandemic that the financial consequences were likely to be significant. A short-term financial strategy was developed amidst a very fluid situation. The agreed strategy is to offset additional costs in the region of £73m by using a range additional funding, grants and other mitigations, as well as up to £10m in Council balances, albeit this would be a last resort.

## 2.0 Short Term Financial Strategy 2020-21

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- 2.1 The most up to date Policy & Co-ordination report is attached as an appendix to allow review and scrutiny by this committee. The financial position will continue to be reviewed and updated for the remainder of the financial year and beyond.
- 2.2 Any significant changes which may have occurred since production of the attached report will be provided verbally for members of the Scrutiny Committee.

## 3.0 Conclusion

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- 3.1 The financial position continues to be extremely fluid and the report attached at Appendix 1 provides details of the most up to date forecasts and position in relation to the short-term financial strategy.

### List of Appendices

1. Short Term Financial Strategy and Revenue Budget Monitoring 2020-21 report

### Background Papers

None

### Report Contact

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## Appendix to Item 4 - Update on Financial Strategy

Policy and Co-ordination Committee



7th January, 2021.  
Agenda Item No. 5

# Short Term Financial Strategy and Revenue Budget Monitoring 2020-21

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Report by: Eileen Rowand, Executive Director (Finance and Corporate Services)

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Wards Affected: All

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### Purpose

The purpose of this report is to provide members with a strategic overview of Fife Council's forecast financial position for 2020-21. Significant financial pressures have emerged as a result of the COVID-19 pandemic as outlined in previous reports. This report provides an update detailing the changes to both the anticipated financial impact and the financial strategy.

### Recommendations

Members are asked to:-

- (i) note the updated high-level financial position as detailed in this report;
- (ii) instruct all Services to continue to mitigate additional costs and to contain expenditure within the approved budget provision wherever possible; and
- (iii) note that further monitoring reports will be submitted to the Policy and Co-ordination Committee and relevant Sub-Committees.

### Resource Implications

Dealing with the emergency and critical responses resulting from COVID-19 continues to have significant impact on the Council's finances and resources. Previous reports identified the financial consequences as the Council continues to comply with updated Government guidance associated with COVID-19. The response to the pandemic continues to impact on costs and loss of income is likely to continue in the medium-term. The financial consequences are continually being evaluated and are now estimated to be in the region of £73m for the financial year.

An update on the funding options available to offset these costs is set out in a table in Section 3 of this report. At present the funding options available are not sufficient to mitigate all pressures in the current financial year. It is anticipated there will be a shortfall of £11m which is slightly above the agreed strategy of using up to £10m of funding from balances. However, it is anticipated that there will be additional funding linked to potential further consequential from the English Loss of Income Scheme, which would reduce the requirement to use balances in the current year. The table at paragraph 3.5 sets out the most recent changes to the funding options. The aim of the financial strategy is to ensure continued financial sustainability for the Council in the medium term, recognising some of the financial challenges are likely to reach beyond the end of the current financial year.

At the time of writing, Fife Council was in COVID-19 protection Level 3 meaning that the current restrictions and associated financial consequences are set to continue. However, Fife has since been moved to protection Level 4 and there is a risk that the financial impact of any further restrictions relating to COVID-19 may place further pressure on the financial strategy.

The Executive Director (Finance and Corporate Services) has a statutory duty as Section 95 Officer to ensure that the Council operates within available resources and remains financially sound over the short, medium and long term. The current crisis is challenging the ability of the Council to operate within available resources and action continues to be taken at both a local and a national level to ensure that this duty can be fulfilled. The report provides an update on the current position and outlines that work continues to be advanced to secure the financial stability of the Council.

The COVID-19 pandemic has resulted in significant additional costs and loss of income to the Council and the short-term financial strategy has been developed to mitigate against these. The projected outturn position now includes both the expected costs, loss of income and the proposed mitigations to be adopted.

## **Legal & Risk Implications**

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There are no direct legal implications arising from this report.

## **Impact Assessment**

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An EqIA Checklist is not required because the report does not propose a change or revision to existing policies and practices.

## **Consultation**

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None.

# **1.0 Background**

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- 1.1 This report provides a further update and builds upon earlier financial reports provided throughout the financial year as the events of the COVID-19 pandemic unfolded. Section 2 provides a high-level update detailing what financial assumptions have changed since the previous report.
- 1.2 Section 3 of the report outlines that the agreed financial strategy for 2020-21 will maintain a balanced financial position for the year and that financial pressures are being minimised where possible.
- 1.3 In order to demonstrate where the pressures are impacting across the Council the current forecast for all Council services has also been provided. Section 4 summarises the projected position for 2020-21 based on the most recent forecast and reflects up to date estimated costs associated with the COVID-19 pandemic and the associated funding solutions identified to date. It also provides a summary of the main budget variances across Services and Directorates.
- 1.4 Progress on agreed savings is reported in Section 5 and an update on the anticipated level of balances is contained in Section 6.

- 1.5 Appendix 1 details the overall projected variance for the Council. Section 4 of this report provides detailed narrative explaining the variances and identifies where these relate to COVID-19. As Services respond to the pandemic and take corrective action to mitigate costs and recover services, it may become more difficult over time to distinguish between “normal” variances and those directly associated with COVID-19.
- 1.6 More detailed financial reports will be presented to the relevant Sub-Committees as part of the Council’s wider scrutiny and performance management reporting arrangements. These arrangements departed from normal practice this year given the challenging circumstances the Council has been faced with, but these detailed reports are now being produced and discussed with Sub-committees in line with the process agreed earlier this year.

## **2.0 Financial Pressures Update**

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- 2.1 The previous report to this Committee set out financial pressures facing the Council in 2020-21 and at that time pressures, including the impact of COVID-19, were estimated to be in the region of £76m. As the COVID-19 restrictions have been in place for nine months the financial consequences and estimates have become more stable. However, they continue to be reviewed and updated where new guidance is assumed to impact on costs or income.
- 2.2 The latest estimate of pressures facing the Council is in the region of £73m. This represents a reduction in estimated general fund revenue pressures of around £3m. The overall reduction is resulting from general reductions in forecasts across a number of services of £1.8m, coupled with a removal of estimated costs that have been identified as capital of £1.8m and have now been included in the capital investment forecast.
- 2.3 Services continue to adopt cost control measures and mitigate costs wherever possible, including maximising the use of grant funding.

## **3.0 2020-21 Financial Strategy**

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- 3.1 Since the last report there has been a change in the available funding options which now total £62m. An adjustment has been made to reduce the value associated with technical accounting solutions for cost sharing with the HRA. The intention is to review the cost sharing with the HRA towards the end of the financial year when both the pressures and all available funding options are clear and a fair and equitable arrangement can be agreed. The principle of cost sharing is still part of the agreed strategy to deal with the financial consequences of the pandemic, however, further consideration is required in relation to the quantum. There is still insufficient additional resources available to mitigate all pressures within the financial year and there may be a requirement to utilise balances. The gap to be funded is slightly above the agreed financial strategy to use £10m from balances in the current year.
- 3.2 Councils have completed returns identifying lost income based on actual loss of income over the first six months of the financial year. Following a quality assurance process undertaken by COSLA, provisional allocations of £90m consequential were advised to Councils in late December, Fife’s allocation being £4.565m. This has been reflected in the funding options in the table at 3.4 below. There is a possibility that

further funding may become available in respect of loss of income but, as yet, the scale is unknown.

3.3 However, it is clear that the quantum of funding available for loss of income across Scotland is unlikely to cover the full extent of income lost over the year and on this basis negotiation and dialogue will continue between COSLA, Scottish Government and the UK Government in relation to the consequential that will be passported to Councils.

3.4 The changes to the overall funding identified to date to cover the Council's additional cost pressures is summarised in the following table. It identifies that there is insufficient funding available to mitigate against the estimated financial pressures. As a result, the Council may have to utilise General Fund Balances. However, additional funding is expected which would reduce the call on balances. An updated full list of Scottish Government funding announced to date has recently been provided separately to members identifying the known allocations to Fife.

	£m	£m
<b>Net Additional Costs Previously Reported</b>		<b>76.225</b>
Forecast Reduction		(1.816)
Remove costs capital in nature		<b>(1.772)</b>
Revised Estimated Additional Costs		<b>72.636</b>
Less: Options to fund identified to date	72.754	
Adjustments to Funding Options since last report:		
SG Funding Loss of Income scheme (Provisional allocation)	4.565	
Adjustment to technical solutions re cost sharing	(12.480)	
Other updated assumptions (e.g. use of Education Flexibilities /Job Retention etc)	(1.069)	
Remove capital funding	(1.772)	
<b>Total available options to fund</b>		<b>61.998</b>
<b>REVISED FUNDING GAP/(ALSO SEE APPENDIX 1)</b>		<b>10.638</b>
<b>SG Funding yet to be distributed:</b>		
Additional Loss of Income		TBC

3.5 The table above outlines the updated funding options to ensure that all financial pressures for the year are fully funded within the agreed financial strategy. It is intended to prioritise the use of funding to protect the financial sustainability of the Council moving forward. For example, by maximising the use of available grant

funding as a priority and by reviewing the technical accounting solutions for cost sharing with the HRA towards the end of the financial year once there is more certainty for the Council.

## 4.0 Revenue forecast – Main Variances

### 4.1 General Fund Services

All the above pressures and funding sources are incorporated into the forecasts for all services. This section provides detailed narrative explaining the variances detailed in Appendix 1 and identifies where these relate to COVID-19. As Services respond to the pandemic and take corrective action to mitigate costs and recover services, it may become more difficult over time to distinguish between “normal” variances and those directly associated with COVID-19.

Overall there is a forecast overspend of £10.638m across all General Fund Services, which equates to 1.2% of budgeted expenditure.

The annual total expenditure budget, as shown in Appendix 1, has increased since the budget position was previously reported. The changes are summarised below: -

	Total Expenditure £m
<b>Current 2020-21 Budget (August 2020)</b>	847.763
Specific Carry forward 20-21	1.506
Funding – Loss of Income Scheme	4.565
<b>Current 2020-21 Budget (October 2020)</b>	853.834

Appendix 1 details the forecast and variances against budget broken down across all General Fund Services. The following paragraphs provide a brief explanation of the main areas where there are variances of +/-£0.250m or 0.25%, whichever is the greater, between the budget and forecast expenditure and income.

#### 4.1.1 **Education and Children’s Services**

Directorate position: - Variance £3.855m overspend, movement £0.052m

*Devolved School Management: - Variance £0.438m overspend, movement £0.664m*

Under the DSM Scheme, schools’ budgets are calculated and allocated with reference to a range of formulae based on appropriate data, for example school roll. Adjustments to schools’ budgets are made following schools returning in August to reflect changes in staffing required. These adjustments have now been made, and updated projections from secondary schools have been received. The variance above is mainly due to projected overspends of £0.552m across a number of secondary schools due to increased staffing levels. Across the secondary sector there was an increase of 758 pupils in August 2020, however within the primary sector rolls reduced by 392 pupils, and as a result there were 16 fewer classes across primary schools. This overspend is reduced slightly by a projected underspend within Special Education of £0.114m due to vacancies within the Pupil Support Service.



Some additional costs due to COVID-19 are included in the projected outturn, for example costs in relation to the appointment of additional newly qualified teachers of £3.636m, however these costs will be met by additional funding announced by the Scottish Government. Further additional costs relate to delays in implementing approved savings within the DSM due to the impact of COVID-19 of £1.700m, and potential costs in relation to refunds to parents for school trips of £0.403m, however it is assumed that these will be accommodated from flexibilities allowed by the Scottish Government to meet additional costs arising from the pandemic. Funding of £2.103m has been applied in the DSM to meet projected COVID-19 costs.

The movement since the last report is due to the inclusion of projected overspends within secondary schools of £0.552m, and a reduction in the projected underspend within Special Education of £0.114m.

*Non-DSM/Childcare:- Variance £2.552m overspend, movement £0.143m*

The projected overspend mainly relates to maternity pay and long-term absence and overspends of £2.749m and £0.616m are included within the projection. These costs are in relation to teachers but are borne by the non-devolved central Education budget and not the DSM. These overspends are reduced by a projected underspend in Early Years, of £0.371m, mainly due to the timing of recruiting of EYO Modern Apprentices and also an underspend on non-domestic rates within nursery education of £0.231m. Additionally, there is an underspend in Special Education of £0.317m due to lower than anticipated employee costs.

In relation to COVID-19, additional costs are included within Non Devolved Education in relation to school transport of £0.227m, reconfiguration and additional cleaning costs for school buildings of £0.876m, supply teacher/temporary teacher and additional activity centre pay costs of £0.760m, additional IT costs of £0.501m, PPE costs of £3.803m, emergency childcare for key workers of £0.208m and projected loss of income in relation to Childcare Services of £1.375m and Music Service of £0.450m. It should be noted that some of these costs are estimates which will require to be refined as more information becomes available. Some of these costs will be offset by additional funding from the Scottish Government, however some will require to be met from the flexibilities in ELC and PEF funding available to the Council this financial year, and £6.596m of this funding has been used to fund some of the non-devolved Education costs within this forecast.

*Children and Families / Criminal Justice Service: Variance £0.865m overspend, movement (£0.755m)*

The position reflects a projected overspend for Children and Families Service, mainly due to third party payments, Family Placements (mainly Kinship Care) of £1.185m, Continuing Care of £0.967m, and Grants to Voluntary Organisations of £0.361m. These overspends are partially offset by underspends in staffing costs of £0.630m, purchased placements of £0.248m and mileage and transport costs of £0.582m. The movement since the last report is mainly due to reductions in purchased placement costs of £0.622m and travel costs of £0.205m.

In relation to COVID-19, the projected costs include additional overtime costs of £0.107m to cover staff absences within our residential houses. Also included are additional costs for our in-house foster carers, additional maintenance costs for young people and additional IT equipment of £0.110m. These additional estimated costs have been partially offset by the application of flexibilities in funding of £0.315m.

#### 4.1.2 **Health and Social Care**

Social Care: - Variance £1.929m overspend, movement £0.178m (£1.957m IJB plus underspend of £0.028m Non IJB)

The Health & Social Care Partnership (H&SCP) is managed by the Integration Joint Board (IJB). The 2020-21 IJB budget was approved based on a balanced budget across the Partnership after savings and investment had been approved. The agreed integration scheme provides for circumstances where an overspend within the partnership arises. Based on the current agreement, any overspends which arise across the Partnership during the year will be funded 72% by NHS Fife and 28% Fife Council. The integration scheme is currently undergoing the planned five-year review and in the future the percentage shares may change once the review is complete.

The projected outturn position for Fife Council Social Care is an overspend of £4.652m. The forecast includes income to be received from NHS of £4.100m for transfer of resource as incorporated in the approved partnership budget. The overspend will reduce to an estimated £1.929m after receiving income of £2.723m from NHS Fife in line with the agreed approach for dealing with a partnership overspend within the current integration scheme.

The main variances are projected overspends on adult placements of £3.492m which includes £0.851m following transition of 3 packages from Children and Families to Adult Services and a further £0.203m for further transitions for December school leavers. These are offset by underspends of £1.283m in Adults Supported Living as staffing vacancies are being held here in order to fund a proposed re-design of the service. There are also projected overspends on Homecare of £1.662m due to increased number of both internal and external hours of care delivered.

In addition, the impact of COVID-19 has meant that there is likely to be unachieved savings of £3.705m (81% of the approved savings target) due to the demands on staff time during the pandemic. These are currently contained within the H&SCP mobilisation plan, but it remains uncertain whether the full funding will be made available by the Scottish Government. £1.1bn has been made available by the Cabinet Secretary and from this, funding has been provided in full to cover costs within the mobilisation plan up to June with the rest of the year being partially funded based on forecasts. Another iteration of the mobilisation plan is due to be submitted in December to the Scottish Government and funding reviews will continue to take place. If full funding is not provided, discussions between partners will be required.

A Finance Recovery Plan was submitted to the Integration Joint Board in September, an update will be provided to a future Board. The initial recovery plan has measures of £1.1m to be taken to reduce the level of projected overspend, £0.850m relates to actions for Fife Council to progress. These include recovery of high reserves and income from financial assessments.

There is also potential risk of a shortfall in funding of £0.962m resulting from the 3.3% uplift in payments to external care at home providers. This uplift was given to providers based on guidance from the Scottish Government and was above the increase agreed in the IJB approved budget for 2020-21. The total cost was £1.642m and, to date, H&SCP has only been guaranteed £0.680m income to cover this cost, the balance is included in the mobilisation plan.

The H&SCP mobilisation plan has forecast additional costs of £23m to deal with the effects of COVID-19, of which £16.5m relate to costs incurred by Fife Council. The current forecast assumes that all of this expenditure will be funded in full by the Scottish Government, with the exception of unachieved savings however this has not yet been confirmed and therefore there remains a risk to the H&SCP and to Fife Council that the funding might not cover 100% of these costs and as a result the overspend in this area could increase.

#### 4.1.3 **Enterprise and Environment**

Directorate position: - Variance £23.872m overspend, movement £12.404m

*Assets, Transportation and Environment: - Variance £23.169m overspend, movement £13.004m*

There is a projected loss of income of £20.4m within Building Services. This is due to the estimated impact of the COVID-19 pandemic on trading account income as the service was unable to progress work during the lockdown period, as well as the implementation of additional health and safety measures post lockdown. The forecast position has increased by £15.3m due to an adjustment being made in terms of technical accounting solutions for cost sharing with the HRA. The intention is now to review the cost sharing with the HRA towards the end of the financial year as outlined in paragraph at 3.1.

There is a projected net under recovery of income of £1.793m within Car Parking. This is due to the impact of the national lockdown, the resultant suspension of car parking charges and collapse in demand as a result of the COVID-19 pandemic. Whilst charges were re-introduced in August it is expected that demand will remain much reduced for the foreseeable future. Income has recovered more than earlier expectations, and this has resulted in a movement of (£1.072m) from August.

Within Roads Operations there is also a projected net under recovery of income of £0.700m which is due to the reduced level of work carried out as a result of the COVID-19 pandemic.

The remainder of the movement across the Service is primarily due to the estimated impact of COVID-19 reducing on service provision e.g. home working resulting in reduced costs of opening buildings and mileage claims.

*Economy, Planning and Employability: - Variance £0.596m overspend, movement (£0.600m)*

The overspend is mainly due to shortfall in Planning statutory fee income, which has been delayed due to lockdown and continues to be at a reduced level compared to last financial year. Delay in implementation of fee increase planned for this financial year has also contributed to the shortfall.

Movement of £0.600m is mainly due to revised projection of the statutory income based on the rise in income levels in recent months, which reflects recovery in the housing market.

#### 4.1.4 **Communities**

Directorate position: - Variance £8.223m overspend, movement (£0.935m)

*Communities & Neighbourhood: - Variance £7.071m overspend, movement (£0.805m)*

Of the total overspend, £6.711m relates to the impact of COVID-19. Each of the Council's Trusts are likely to suffer loss of income, each to varying degrees and this is estimated to be in the region of £4.290m as they have been unable to operate and generate income. Work continues with the trusts in order to support them. Community Use is forecasting a reduction in income of £1.567m and Halls and Centres are anticipating a reduction of £0.743m in income due to closures as a result of COVID-19. £0.306m relates to in year savings which will be further delayed as a result of COVID-19.

In addition, there are non COVID-19 related overspends of £0.360m relating to savings which have not been achieved in previous years and given the current circumstances it is unlikely that they will be achieved in 2020-21.

The movement of £0.805m is due to a reduction in support required for Fife Sport & Leisure Trust due to reduced expenditure and job retention scheme funding offsetting further loss of income.

*Customer Service Improvement: - Variance £1.024m overspend, movement (£0.316m)*

Of the total overspend, £0.434m relates to the impact of COVID-19. Income generated through the booking of weddings has improved slightly but is still low and is now projected to underachieve by £0.208m in year. An increased spend on overtime has also continued due to contact centre staff working additional hours to maintain service levels and welfare fund staff working additional hours to process an increased number of claims. The projection for additional overtime across the service is £0.226m. The movement in registration income and overtime costs mitigate each other giving an overall movement of (£0.003m).

There are unachieved savings of £0.473m included within the projected overspend. This is due to a delay in Customer Service Delivery savings of £0.273m in the current year and £0.200m from previous years. Work is continuing with the Customer Programme to deliver these savings.

There is also an estimated overspend of £0.362m across Revenue Services, movement (£0.113m). The majority of this relates to reduced income. The introduction of Universal Credit has reduced the level of work being carried out for the DWP and has in turn reduced the level of funding received. This could have a significant impact on future years outturn so will require a review to determine the impact on future years. The movement of £0.113m relates to staffing vacancies which have not been filled in year.

The remaining movement relates to staffing vacancies across the service which have not been filled in year.

#### 4.1.5 **Finance & Corporate Services**

Directorate position: - Variance £1.849m overspend, movement (£0.018m)  
Of the total overspend, £1.504m relates to the impact of COVID-19. This includes BTS costs of £0.605m for remote working and IT equipment to enable home working. There is also a projected increase of £0.180m for greater use of Employee Counselling and Occupational Health services.

Lost income from liquor licencing is expected to be £0.085m for bars, restaurants and events, £0.050m for costs of flu vaccinations, a reduction in demand for childcare vouchers £0.066m, and there is a likely delay in savings from projects that were delayed resulting in a projected overspend of £0.408m.

COVID-19 pressures are partially mitigated by £0.414m from reduced staff travel due to home working.

Non-COVID-19 overspends of £0.758m are due to underlying pressures linked to the delivery of savings, mitigated by reduced costs related to pay and training.

#### 4.1.6 **Other Variances**

*Loan Charges – Variance (£1.000m) underspend, nil movement*

The 2016 loans fund regulations allowed for the reprofiling of debt repayments to be commensurate with the life of the asset life. Although the revised loans fund repayment policy was implemented in 2019/20 and subsequent budget savings were delivered in 2020/21, further work to reprofile older debt has been carried out.

*COVID-19 Non-specific Funding – Variance (£28.790m) underspend, movement £4.513m*

The funding sources in response to COVID-19 financial consequences include Scottish Government funding such as the Hardship Fund and Barnett Consequentials and some underspends, are currently held centrally and are offsetting the overspends across services.

The COVID-19 non-specific funding will be allocated to Services at the end of the financial year once costs and funding are more certain. The timing of this is due to the fluid nature of both the costs and funding streams. This avoids unnecessary budget adjustments and increased complexity during the year. The overall position will continue to be monitored and reported routinely throughout the year.

The movement represents £4.565m additional funding in respect of the Loss of Income Scheme, the value of which was notified to the Council at the end of the calendar year. This will be allocated in due course.

#### 4.1.7 **Financing**

*Council Tax Income - £2.500m under recovery, no movement*

As a result of the COVID-19 pandemic recovery arrangements had initially been suspended. It is expected that the level of council tax collection is likely to reduce for 2020-21 and the level of under recovery represents a potential adjustment to the bad debt provision which may be required to reflect reduced collection levels and people's ability to pay.

## **4.2 Housing Revenue Account**

### *4.2.1 Housing Revenue Account, Breakeven position, no movement*

The outturn for the Housing Revenue Account (HRA) is shown on Appendix 2 and indicates a breakeven position. As detailed in paragraph 3.1 there is an intention to review the cost sharing between Building Services and the HRA towards the end of the financial year when both the pressures and all available funding options are clear and a fair and equitable arrangement can be agreed. The movement of (£11.235m) in Repairs & Maintenance and (£3.466m) in Other Expenditure are reflective of this change in approach. The underspend of £5.358m against Repairs & Maintenance is due to a reduced number of repairs being carried out during the lockdown period at the beginning of the financial year.

It is anticipated that Voids will overspend by £0.525m, movement £0.265m which is a result of properties remaining empty for longer periods of time due to social distancing measures put in place as a result of COVID-19. Bad Debts are estimated to be £0.800m lower than anticipated which is a result of the Hardship Fund and the COVID-19 fund, both totalling £1.000m. These were put in place to provide targeted support to tenants facing hardship as a result of the Universal Credit roll out and/or the impact of COVID-19. The HRA is expected to overachieve on their income target for the year by £0.762m which is mainly due to a number of additional new Affordable Housing properties and properties purchased through the acquisition policy becoming available to rent at the end of 2019-20. The cost of borrowing is also projected to be £0.683m underspent which will mitigate against overspends elsewhere across the HRA.

The planned Revenue Contribution to Capital (incl CFCR) is projected to overachieve by £6.846m, movement £14.644m. The movement is mainly as a result of the changes detailed above and in paragraph 3.1. The overachievement of CFCR of £6.486m is mainly due to reduced spend in the earlier part of the year as a result of lockdown and is likely to change once the level of cost sharing between the general fund and the HRA is agreed toward the end of the financial year.

## **5.0 2020-21 Revenue Budget Savings Progress**

- 5.1 Appendix 3 provides details of the achievements against the approved revenue budget savings for 2020-21 by Directorate.
- 5.2 The table demonstrates that overall the Council will achieve 58% of 2020-21 budget savings. This is lower than in previous years as the ability of services to deliver savings has been significantly impacted in several areas. However, services continue to deliver savings where possible in year but there is potential risk that delays could impact into the next financial year.
- 5.3 More detailed reports on the progress of savings will be presented to the relevant Sub-Committees as part of the Council's wider scrutiny and performance management reporting arrangements.

## 6.0 Balances

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### 6.1 *General Fund Services*

- 6.1.1 Appendix 4 shows a forecast of the balances' position for General Fund Services over a three-year period. The figures are based on the level of approved commitments.
- 6.1.2 The opening General Fund balance brought forward at 1 April 2020, including earmarked balances, was £32.689m.
- 6.1.3 Earmarked balances and other commitments against the General Fund balance include Council Tax Second Homes, Energy Management Revolving Fund (EMRF), and temporary investments.
- 6.1.4 Estimated uncommitted balances as at 31<sup>st</sup> March 2021 are estimated to be £11.779m, which is below the policy minimum.
- 6.1.5 There will likely be a positive contribution to balances in the near future. This is due to Audit Scotland identifying an unadjusted error during the audit of the 2019/20 Annual Accounts in respect of the bad debt provision for Housing Benefit Overpayments. Owing to the timing of the issue being raised, the Finance team did not have sufficient time to investigate and conclude the appropriate accounting treatment to rectify this prior to the approval process. Work in this area is ongoing which will finalise the values involved.
- 6.1.6 Further work and investigation are being advanced in relation to accounting for Council Tax and Non-Domestic Rates statutory penalties. Again, the conclusion may result in a positive outcome for general fund balances. The value of both items is anticipated to increase the level of balances back to within the policy minimum of 2%.
- 6.1.7 Work is also ongoing in respect of the application of the Loans Fund 2016 regulations which permits the repayment of loans fund advances using the Income Method. Further application of this method for specific types of capital expenditure could result in a further positive contribution to balances.

## 7.0 Governance and Scrutiny

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- 7.1 As outlined in the previous report, the necessary focus over the first half of the year was to identify and assess the financial consequences of COVID-19 across the organisation. The next priority was to identify an organisation wide financial strategy to make sure that all the additional pressures can be funded within the year. Income and expenditure forecasts and funding estimates are now stabilising and becoming much clearer and a process is now being developed to allocate the various funding streams to Services where the pressures have emerged.
- 7.2 The sub-committee reports are now in production and are being discussed with members of each of the sub-committees using informal meetings, giving members the opportunity to review and scrutinise the reports albeit out-with the Committee setting. Normal reporting processes are now in progress.

## 8.0 Conclusions

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- 8.1 The Council is facing financial pressures amounting to £73m in 2020-21. However, a financial strategy is in place to deal with this in the current year. Funding solutions currently amount to £62m, which result in a projected overspend of £10.638m.
- 8.2 Services will continue to tightly manage expenditure and contain and minimise costs wherever possible.
- 8.3 Taking earmarked funds and other potential commitments into account, the uncommitted General Fund balance at 31 March 2021 is forecast to be £11.779m. However, one off adjustments that have still to be quantified will rectify this position and an update will be provided in due course.
- 8.4 The forecast outturn for the Council's Housing Revenue Account in 2020-21 is a breakeven position.

### List of Appendices

1. General Fund Revenue Summary 2020-21
2. Housing Revenue Account Summary 2020-21
3. Approved Savings 2020-21
4. Summary of Balances

### Background Papers

None.

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2nd February 2021

Agenda Item No: 5

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## Annual Assurance Statement

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Report by: John Mills, Head of Housing Services

Areas Affected: Fife Wide

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### Purpose

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The report offers Scrutiny Committee the opportunity to review the Council's approach to meeting Scottish housing regulatory requirements, particularly in the identification of areas of non-compliance in the Scottish Social Housing Charter, as reported to the Scottish Housing Regulator through the Annual Assurance Statement.

### Recommendation(s)

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Members are recommended to:

- Consider the approach to housing performance improvement, particularly in addressing the areas of non-compliance with the Scottish Social Housing Charter and advise of any areas where focused scrutiny may be required.

### Resource Implications

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There are no additional resource implications beyond those already considered by the Community and Housing Services Sub-Committee in considering the regulatory requirements on the 3<sup>rd</sup> September 2020.

### Legal & Risk Implications

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There are no specific legal implications arising from this report, while the key service risks are identified and discussed within the Community and Housing Services Sub-Committee report of the 3<sup>rd</sup> September 2020 and Annual Assurance Statement 2020.

### Impact Assessment

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An EqIA has not been completed and is not necessary as the report does not propose a change to existing housing policies or programmes.

### Consultation

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The Community and Housing Services Sub-Committee report of the 3<sup>rd</sup> September 2020 outlines consultation requirements set within the housing regulatory framework. No specific consultation is required in reporting to EF&C Scrutiny Committee.

## 1.0 Regulatory Context

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- 1.1 Section 1 of the 3<sup>rd</sup> September 2020 report to Community and Housing Services Sub-Committee identifies the context for housing regulation in Fife (Appendix 1). This includes:
- Regulatory framework – a revised framework was published in 2019 for social landlords based on powers set in the Housing (Scotland) Act 2010, including requirements for an Annual Assurance Statement, Annual Return on the Scottish Social Housing Charter, publication of performance reports, collection of data on equalities and human rights, and effective arrangements for whistleblowing.
  - Pathway to Improvement – a housing performance approach was introduced through the ‘Pathway to Improvement’ in 2015. The ‘pathway’ provides targets for improvement based on the Council’s ambition for top quartile performance.
  - Tenant Scrutiny - tenant representatives have been regularly involved in housing discussions at Committee; a Tenants’ Scrutiny Panel has been established; tenants have been trained in scrutiny; and local scrutiny activities have been promoted (e.g. neighbourhood walkabouts).
  - Engagement Plan – the proposals within the Regulator’s Engagement Plan for Fife Council, include a requirement to demonstrate compliance with homelessness duties, specifically in relation to offers of temporary or emergency accommodation linked to the preparation of the Fife Rapid Rehousing Transition Plan. The Regulator has indicated that further Engagement Plans will be issued to social landlords by March 2021.

## 2.0 Annual Assurance Statement

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- 2.1 The Council has submitted two Annual Assurance Statements to the Scottish Housing Regulator, the latest being in October 2020 (Appendix 2). The Regulator has indicated that issues of non-compliance with regulatory standards need only to be reported if they are material and significant, this being a judgement made by Council Committee. In both years, the areas of ‘material non-compliance’ have been gas safety and homelessness, representing issues of health and safety for tenants / customers.
- 2.2 In 2020, two areas of further risk arising from the Covid-19 emergency were also highlighted in the Annual Assurance Statement. These relate to the capacity to deliver the Energy Efficiency Standard for Social Housing (EESH) by December 2020; and the potential financial impact on the HRA from Building Services’ employee costs during lockdown. Other areas of reduced performance were ‘immaterial’, although would be subject to on-going performance monitoring and improvement.

## 3.0 Progress of Areas of ‘Material Non-Compliance’

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- 3.1 The progress in 2020-21 against the Annual Assurance Statement’s areas of material non-compliance, or high risk, includes:
- 3.2 **Gas safety**
- Early intervention has been embedded in the process to ensure that lifestyle, health and coping issues are identified and addressed. The Covid19 situation has heightened the fear of contact in allowing tradespersons into properties to carry out work. Additional resources have been allocated to support tenants. Clear information is provided regarding the health and safety measures taken by gas engineers when entering properties, e.g. wearing gloves and using sanitiser, the tenant being asked to remain in another part of the house, etc. Lifestyle and coping issues are referred to area staff for follow up action. Records are updated to reflect tenants’ circumstances, allowing early contact and additional support to be provided in future years.

- The process has been enhanced to ensure regular monitoring and liaison between Housing Services and Building Services. This allows for early intervention when issues arise. In depth analysis of failing properties is carried out and appropriate steps taken across services to ensure access, support tenants, and amend processes to address issues.
- A variety of methods are used to contact tenants with letters, texts, phone calls and visits being used by all partners. Discussions are under way to identify what other legal steps might be useful in gaining access to longstanding problem addresses where there are safety concerns.

### 3.3 Homelessness

- The Council failed to meet a statutory responsibility to accommodate 100% of homeless customers in early stages of lockdown, due to pressure on temporary accommodation and behavioural issues, but this has not been repeated later in the year.
- Reporting arrangements have been tightened in advance of changes to the Unsuitable Accommodation Order, to be rolled out mid-2021, preventing anybody being placed in any form of unsuitable accommodation for longer than 7 days. The range of temporary accommodation is being increased and protocols are being put in place to comply with the extension of the new legislation.
- A '4DX Sprint' has been carried out to focus on prevention activities, this being based on the Franklin Covey 'Four Disciplines of Execution' systematic methodology for achieving management goals within an organisation.
- A managing change exercise is being conducted across access, temporary and supported accommodation services to consolidate culture change.
- A Virtual Housing Access Hub is being developed linked to a revamp of services and focus on housing advice standards and accreditation, leading to a revised Housing Information and Advice Strategy.
- Crash Pads have been implemented to support public protection, with all hostels currently being reviewed and options appraisals planned to start soon.
- A service level agreement has been put in place with the Rock Trust to focus on younger people, the aim is to establish up to 22 Housing First tenancies. Alternative provision is being sought for different customer groups linked to the Public Social Partnership Strategic Review.
- An independent review of commissioned services is being conducted working with the Public Social Partnership and this is expected to be reported early in 2021.
- An Access Recovery Plan is increasing turnover with a transfer led approach up until 31st March 2021 (presented as a separate report to EF&C Scrutiny Committee).
- Progress is being made within the Public Social Partnership to commission 'assertive outreach', which is expected to go live early in 2021, and to commission new models of accommodation with support through the Fife Housing Register and Public Social partnerships. The first of these will be Hunter House in Kirkcaldy which should be commissioned in Spring 2021.

### 3.4 Energy Efficiency Standard for Social Housing

- Additional resources have been allocated to focus on the updating and interrogation of the property information system Promaster, the data held is being reviewed and any anomalies are being rectified. Live information will be used to update cloned data within the system and provide an accurate picture of the percentage of stock which meets the Energy Efficiency Standard for Scottish Social Housing.
- Stock surveys have been limited to void properties due to the Covid19 situation. However, measures are in hand to look to deliver stock information on both vacant and tenanted properties.

- Additional methods are being used to contact tenants and gain access to carry out stock condition surveys, including letters, phone calls, texts and doorstep contact. Area staff support this process with local knowledge and additional visits to the properties.
  - There is a clear drive to deliver the various elements required to achieve Energy Efficiency Standard for Scottish Social Housing, including boiler replacement, insulation, energy efficient lighting and other works.
  - Despite a concerted effort by all partners, Covid 19 has increased the number on no access properties in 2020-21. All possible steps are being taken to gain access with additional contact, support and safe working advice. A further exercise of revisiting refusal properties is also being undertaken.
- 3.5 **Internal Recharging to the Housing Revenue Account (HRA)** – there has been mixed views nationally about the legality of recharging the HRA for the lockdown impacts of other Council services, with Audit Scotland appearing to endorse any recharge and the Regulator expressing some concerns. The principle of cost sharing is part of the Council’s agreed financial strategy to deal with the consequences of the Covid-19 pandemic. An initial HRA impact of £15m-£16m has been discussed, however, there is now an intention to review the cost sharing towards the end of the financial year when the pressures, and all available funding options, are clear and a fair and equitable arrangement can be agreed.

## 4.0 Conclusions

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- 4.1 The report offers Scrutiny Committee the opportunity to review the Council’s approach to meeting Scottish housing regulatory requirements. It identifies areas of non-compliance in the Scottish Social Housing Charter as reported to the Scottish Housing Regulator through the Annual Assurance Statement.

### Appendices

Appendix 1: Community & Housing Services Committee, Housing Regulatory Requirements and ‘Pathway to Improvement’ 2019-22

Appendix 2: Annual Assurance Statement 2020

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3<sup>rd</sup> September 2020

Agenda Item No

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# Housing Regulatory Requirements and 'Pathway to Improvement' 2019-22

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Report by: John Mills, Head of Housing Services

Wards Affected: All

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## Purpose

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The report provides recommendations for submission of the Annual Assurance Statement to the Scottish Housing Regulator, based on regulatory guidance issued in 2019 and the outcomes of the annual update of the 'Pathway to Improvement' 2019-22.

## Recommendation(s)

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Members are recommended to:

1. Consider performance in year one of the Pathway to Improvement for 2019-22 (Section 5.0 and Appendix 2);
2. Agree the wording of the draft Annual Assurance Statement 2020 based on the compliance position at March 2020 (Section 6.0 and Appendix 1).
3. Agree submission of the final draft Annual Assurance Statement 2020 to the Scottish Housing Regulator by the deadline of the 31<sup>st</sup> October 2020.

## Resource Implications

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There are no additional resource implications identified through this report as Committee has previously agreed to support the preparation of an Annual Assurance Statement for submission to the Scottish Housing Regulator.

## Legal & Risk Implications

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There are on-going legal requirements for Committee highlighted within this report, linked to a significant risk of regulatory intervention if the Council does not adhere to the standards and expectations set through the Scottish housing regulatory framework.

# Appendix 1

## Impact Assessment

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An EqIA has not been completed and is not necessary as the report does not propose a change to existing housing policies or programmes.

## Consultation

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The report outlines consultation requirements set within the housing regulatory framework.

## 1.0 Background

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- 1.1 **Regulatory review** - in April 2019 the Scottish Housing Regulator published a revised regulatory framework for social landlords based on powers available through the Housing (Scotland) Act 2010. This focuses on key regulatory priorities to meet the standards and outcomes of the Scottish Social Housing Charter, help people who are homeless, ensure safety within tenants' homes, and promote equality and human rights. In August 2019 a Self-Assurance Toolkit was developed on behalf of the Scottish Federation of Housing Associations in association with the Scottish Housing Regulator and other partners to assist landlords meet their new regulatory responsibilities.
- 1.2 **Scottish Social Housing Charter** – the Scottish Social Housing Charter specifies outcomes for tenants and other customers in the delivery of housing and homelessness services. Progress is assessed annually through 'Annual Return on the Charter' indicators submitted to the Regulator in May for publication in August each year. Due to the impact of Covid-19, the submission of indicators to the Regulator for 2019-20 had been delayed to 31<sup>st</sup> July 2020.
- 1.3 **Member / tenant scrutiny** – local developments in member / tenant scrutiny over the last four years have renewed focus on housing performance. For example, tenant representatives have been regularly involved in housing discussions at Committee; a Tenants' Scrutiny Panel has been established; tenants have been trained in scrutiny; and local scrutiny activities have been promoted (e.g. neighbourhood walkabouts). Scrutiny activities were suspended due to Covid-19 lockdown restrictions; however, these are resuming as restrictions ease.
- 1.4 **Pathway to Improvement** – a housing performance approach was introduced through the 'Pathway to Improvement 2015-18'. The 'pathway' provided three-year targets for improvement based on the Council's ambition for top quartile performance. This was monitored annually through Committee with almost two-thirds of indicators improving over three years. In November 2018, the Community and Housing Services Committee agreed to the production of a new a 'Pathway to Improvement' for 2019-22 following publication of the revised regulatory framework.
- 1.5 **Fife Engagement Plan** – in March 2019 the Scottish Housing Regulator outlined their proposals for engaging with social landlords based on performance outcomes for 2017-18. The proposals for Fife Council included a requirement to demonstrate compliance with homelessness duties, specifically in relation to offers of temporary or emergency accommodation linked to the preparation of the Fife Rapid Rehousing

## Appendix 1

Transition Plan (2019-24). The Regulator has highlighted the potential for further Engagement Plans to be issued to social landlords by March 2021.

### 2.0 Regulatory Requirements

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2.1 Section 3 of the regulatory requirements introduced in April 2019 reinforce social landlords' responsibilities to meet legal duties and adhere to statutory guidance, including to:

- **Annual Assurance Statement** – provide an annual assurance statement (discussed in Section 3.0).
- **Annual Return on the Charter** – agree an approach with tenants and service users to give them real and demonstrable involvement in the preparation and scrutiny of performance information; and report annually on progress in achieving outcomes and standards to the Regulator, tenants and service users.
- **Performance failures** - provide information for tenants and service users on significant performance failures; their rights to complain and seek redress in accordance with the standards expected by the Scottish Public Services Ombudsman; and develop mechanisms for the Council to learn / improve from such complaints.
- **Whistleblowing** - establish effective arrangements and promote a policy for whistleblowing by staff, governing bodies and/or elected members.
- **Equalities and human rights** - collect data on the protected characteristics of existing tenants, new tenants, homeless people, people on waiting lists, Gypsy Travellers and staff, and be able to evidence that equalities and human rights issues are considered when making policy and service delivery decisions.

2.2 The Self-Assurance Toolkit referred under paragraph 1.1 offers guidance for embedding the new regulatory requirement, improving approaches to scrutiny and ensuring high standards of service delivery. It is intended to help social landlords develop and refine their self-assurance processes over time. The Council already measures up well against many factors in the self-assessment framework, and the Toolkit offers the opportunity to enhance approaches with tenants, service users and members in all aspects of performance, scrutiny and self-assurance.

### 3.0 Annual Assurance Statements

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3.1 From 2019, social landlords must submit between April and October of each year an Annual Assurance Statement providing assurance that their organisation complies with all parts of the regulatory framework. In terms of local authorities, the statement must be submitted by the relevant committee, in the context of Fife Council this being the Community and Housing Services Committee (C&HSC). Fife's first Annual Assurance Statement was submitted to the Scottish Housing Regulator in October 2019, after being agreed by the C&HSC Committee.

3.2 Where the Council does not fully comply, the C&HSC should set out how and when it will make the necessary improvements to achieve compliance. A judgement is to be taken on the materiality and significance of any issues of non-compliance, including

## Appendix 1

whether it would affect the interests and safety of tenants and service users, threaten service delivery arrangements or bring the Council into disrepute.

- 3.3 The C&HSC must determine the assurance approach and provide an objective and evidence-based judgement on compliance, where necessary including independent assurance. Importantly, feedback from tenants and other service users must be considered as part of the assurance approach.
- 3.4 The Annual Assurance Statement is expected to be succinct, confirm compliance/non-compliance with the regulatory requirements, Scottish Social Housing Charter and any relevant legislative duties. In situations of non-compliance, improvements must be identified with relevant timescales. The statement must be agreed by the C&HSC with confirmation that appropriate evidence has been considered as part of the assurance approach. All statements will be published and will form part of the regulatory view of the organisation.

### 4.0 Assurance Approach

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- 4.1 In September 2019, the C&HSC agreed to an Assurance Approach involving an annual cycle of review with biannual reporting of housing performance to the C&HSC through the established Pathway to Improvement. Key stages throughout the year include the collation of customer satisfaction information, Annual Return on the Charter submission to the Scottish Housing Regulator, benchmarking against other local authorities, external scrutiny by tenants and the Scottish Housing Network, and annual performance reporting.
- 4.2 In recognition of the work landlords are carrying out to manage and mitigate the impact of Covid-19 on service provision, the Scottish Housing Regulator extended the deadline for the completion of the Annual Return on the Charter by two months, to the end of July 2020. Therefore, C&HSC is considering the draft Assurance Statement at September Committee, rather than June as previously agreed. Whilst the annual cycle has been delayed, this timeframe still allows submission to meet the Scottish Housing Regulator deadline of 31<sup>st</sup> October 2020.

### 5.0 Pathway to Improvement 2019-22

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- 5.1 The C&HSC in November 2018 agreed to the publication of a second three-year Pathway to Improvement following publication of the new regulatory requirements. The Pathway is a performance improvement plan based on the Annual Return on the Charter and now focuses on 32 key performance indicators. The first-year performance figures in the Pathway to Improvement 2019-22 are provided in Appendix 2.
- 5.2 The Scottish Housing Regulator has removed the following indicators from the Annual Return on the Charter 2019-20 onwards. In response to these changes, the following indicators have subsequently been removed from the Pathway to Improvement;
  - Indicator 8: Percentage of properties meeting NHER/SAP ratings at year end.
  - Indicator 9: Percentage of tenants satisfied with the standard of home when moving in.



## Appendix 1

- Indicator 14: Percentage of reactive repair appointments kept.
- Indicator 22: Percentage approved applications for medical adaptations completed.
- Indicator 25: Average days in temporary or emergency accommodation – all types.
- Indicator 26: Percentage offers in temporary or emergency accommodation.
- Indicator 27: Percentage refusals in temporary or emergency accommodation.
- Indicator 28: Of those households homeless in the last 12 months, percentage satisfied with the quality of temporary or emergency accommodation.

- 5.2 The Council's Annual Return on the Charter suggests material non-compliance with the regulatory standards in 2019-20 through Indicator 11: Number of times in the reporting year statutory obligations to complete a gas safety check have not been met. The outturn for 2019-20 was 35 properties, which means the Council did not meet the statutory requirement to carry out gas safety checks in all Council dwellings within 12 months. The Scottish Housing Regulator has previously highlighted concerns regarding performance relating to gas safety in a letter to the Council on the 16<sup>th</sup> July 2019. It is anticipated that the 2019-20 outturn will highlight similar concerns.
- 5.3 The Scottish Housing Regulator's Engagement Plan identifies areas where further information and assurance is required: This includes access to homelessness services; assessment of homeless applications; offers of temporary accommodation; and outcomes for people who are homeless. While the current Engagement Plan relates to 2017-18, the Council also breached the statutory duty to provide temporary accommodation and failed to meet the requirements of the unsuitable temporary accommodation order during 2019-20 placing this as an area of non-compliance.
- 5.4 In terms of two significant risk areas arising from Covid-19, Members are aware of the Council's statutory duty as landlord to meet the Energy Efficiency Standard for Scottish Social Housing (ESSH) by December 2020. Performance for 2019-20 highlights that 79.03% of the Council's housing stock currently meets ESSH standards. Given the lockdown in the first quarter of 2020-21, there is a significant risk that the Council's will be unable to meet ESSH by December 2020. There is potential for a significant proportion of Building Services' employee costs during lockdown to be attributed to the HRA, subject to advice by the Scottish Housing Regulator and Audit Scotland.
- 5.5 Other areas of risk reflect some decline in performance over the last year. This includes voids, repairs, rent collection and rent arrears. The Covid-19 emergency prevented Housing Services from carrying out annual face-to-face surveys with tenants. As a result, customer satisfaction indicators for overall performance, information about services and decisions and satisfaction with the repairs services have not been updated from the figures reported last year, resulting in static performance.

## Appendix 1

### 6.0 Annual Assurance Statement 2020

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- 6.1 The Scottish Housing Regulator has indicated that issues of non-compliance with the regulatory standards need only to be reported if they are material and significant, a judgement to be made by this Committee. Based on the outturns of the Annual Return on the Charter and concerns expressed by the Regulator through the Five Engagement Plan, wording for the draft Annual Assurance Statement 2020 is proposed in Appendix 1 for Committee consideration.
- 6.2 This includes the areas of material non-compliance evidence through performance data around gas safety and homelessness, both representing issues of health and safety for tenants / customers.
- 6.3 Two areas of further risk arising from the Covid-19 emergency are also highlighted in the Annual Assurance Statement. These relate to the capacity to deliver EESSH by December 2020; and the potential financial impact on the HRA from Building Services' employee costs during lockdown. The latter requires to be worked through with Scottish Housing Regulator, Audit Scotland and tenants before final agreement.
- 6.5 The areas highlighted in paragraph 5.5 are considered immaterial for the purposes of the Annual Assurance Statement although will also be subject to on-going monitoring and review.

### 7.0 Conclusions

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- 7.1 The report has outlined the revised housing regulatory framework from April 2019, including a specific requirement for Committee to submit an Annual Assurance Statement to the Scottish Housing Regulator. The current performance position is highlighted, and wording for the draft Annual Assurance Statement 2020 is proposed based on the 2019-20 performance position.

**John Mills**  
**Head of Housing Services**

#### List of Appendices

Appendix 1: Draft Annual; Assurance Statement

Appendix 2: Housing Services Pathway for Improvement

#### Background Papers

The following papers were relied on in the preparation of this report in terms of the Local Government (Scotland) Act, 1973:

Scottish Housing Regulator (2019) Regulation of Social Housing in Scotland

<https://scottishhousingregulator.gov.uk/publications/regulatory-framework-1-april-2019>

Scottish Housing Regulator (2019) Annual Assurance Statement – Statutory Guidance

<https://www.scottishhousingregulator.gov.uk/publications/annual-assurance-statement-statutory-guidance-february-2019>

## **Appendix 1**

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## Appendix 1

### Appendix 1: Fife Council Draft Assurance Statement 2020

The Community and Housing Services Committee at a meeting on the 3<sup>rd</sup> September 2020 sought appropriate assurance that Council housing services comply with all relevant requirements of the Scottish Housing Regulatory Framework; all relevant standards and outcomes in the Scottish Social Housing Charter; and all relevant legislative duties. Evidence has been considered through a regular cycle of performance reporting and liaison with tenant organisations to support the required level of assurance.

On review of the evidence provided principally through the Annual Return on the Charter 2019-20, it can be confirmed the Council recognises material non-compliance in the following standards and outcomes of the Scottish Social Housing Charter for tenants, people who are homeless and other service users. These areas will be a focus for performance improvement throughout 2020-21:

#### Area of Material Non-Compliance

- **Gas Safety**

The Scottish Housing Regulator has previously highlighted concerns to Fife Council around its failure to carry out annual gas safety in 100% of homes. The Council recognises there was non-compliance in **35** cases where gas safety checks were not carried out within timescale, thus breaching a statutory duty.

The improvement actions identified for delivery in 2020-21 are to continue:

- Frequent monitoring of the IT systems and dashboard supporting gas safety.
- Cross-checks of addresses for compliance / non-compliance / non-access prior to the expiry of the anniversary date.
- Using broader methods for contacting tenants to remind of appointments e.g. texting, telephoning, support by area staff, etc.
- Providing enhanced input and support to tenants at an earlier stage in the process to help address issues of non-access due to lifestyle issues or other concerns e.g. health issues during Covid-19.

- **Homelessness**

The Scottish Housing Regulator has previously highlighted concerns in how people access homelessness services, in the assessment of homelessness applications, in offers of temporary or emergency accommodation and in the provision of satisfactory outcomes for people who are homeless. Fife Council recognises it has continued to not meet the statutory responsibility to accommodate 100% of homeless customers in 2019-20, failing on **4** occasions during the Covid-19 lockdown to offer temporary accommodation.

The improvement actions identified for delivery in 2020-21 are:

## Appendix 1

- Continuing to provide enhanced monitoring, reporting and escalation arrangements for temporary accommodation allocations to ensure 100% compliance.
- Pro-actively increasing temporary accommodation resources in response to the Covid-19 outbreak and in preparation for a significant increase in homelessness presentations.
- Increasing the range of temporary accommodation provisions and ensuring protocols are in place to comply with the extension of the Unsuitable Accommodation Order to all customer groups from 30<sup>th</sup> September 2020.
- Continuing to develop the housing advice framework to focus on housing options and homelessness prevention to reduce the pressure on temporary accommodation.
- 2020-21 RRTP commitments;
  - Further developing the concept and funding model for emergency temporary accommodation for people with complex needs.
  - Implementing a test of change to provide Housing First tenancies in partnership with the Rock Trust and Health and Social Care Partnership.
  - Working with the Public Social Partnership to implement the recommendations of the formal, independent review of commissioned services.
  - Continuing to work with the area housing teams and Fife Housing Register partners to increase statutory homelessness allocations in line with the Housing Allocations Recovery Plan.
  - Carrying out a review of Fife's Housing Options and Prevention approach to minimise pressure on temporary accommodation resources and implementing agreed improvement actions arising from this review by October 2020.
  - Continuing to develop and roll out additional supported accommodation options for those that require more intensive support.

### Future Risk Areas

The Committee also considered future risk areas for 2020-21, particularly arising through the Covid-19 emergency.

- **Energy Efficiency Standard for Scottish Social Housing (ESSH)**

Performance for 2019/20 highlights that 79.03% of the Councils housing stock currently meet ESSH standards, presenting a significant risk to the Council's ability to meet ESSH by December 2020.

The improvement actions identified for delivery in 2020-21 are to continue:

- Frequently monitoring and updating the Promaster system.
- Conducting additional surveys.
- Improving access to properties – area staff with localised knowledge contacting tenants to confirm appointments e.g. texting, telephoning, etc.

## Appendix 1

- Continuing to programme work with a focus on EESSH compliance.
- Targeting investment to maximise EESSH compliance rates as agreed by the Council's Policy & Co-ordination Committee on 16<sup>th</sup> July 2020.
- **Internal Recharging to the HRA**

There is potential for a significant proportion of Building Services' employee costs during lockdown to be attributed to the HRA, subject to advice by the Scottish Housing Regulator and Audit Scotland.

The improvement actions identified for delivery in 2020-21 are to continue:

- Continue to work with Finance Services to finally agree the HRA financial contribution.
- Seeking advice from the Scottish Housing Regulator and Audit Scotland on any finalised charging proposals.
- Consulting with tenants and obtaining their views on any finalised charging proposals.
- Reporting to Committee on any finalised charging proposals with feedback from tenants.

**Community and Housing Services Committee Date: 3<sup>rd</sup> September 2020**

## Appendix 1

### Appendix 2 Housing Services Pathway for Improvement 2019-22

Return Year	2018/2019	2019/2020	2019/2020	Regulatory Changes
Comparison	Baseline	Target	Performance	
1 – Percentage of tenants satisfied with the overall service provided by their landlord	81.64	85.00	81.64	
2 – Percentage of tenants who feel their landlord is good at keeping them informed about their services and decisions	79.94	87.00	79.94	
3 – The percentage of all complaints responded to in full at Stage 1	90.75	95.00	99.73	
4 – The percentage of all complaints responded to in full at Stage 2	97.10	95.00	97.44	
5 – Percentage of tenants satisfied with the opportunities given to them to participate in their landlord’s decision-making processes	83.19	85.00	83.19	
6 – Percentage of homes meeting the Scottish Housing Quality Standard (SHQS) at the reporting year end	99.70	99.80	93.01	
7 – Percentage of existing tenants satisfied with the quality of their home	85.88	88.00	85.88	

## Appendix 1

Return Year	2018/2019	2019/2020	2019/2020	Regulatory Changes
Comparison	Baseline	Target	Performance	
8 – Average length of time taken to complete emergency repairs	3.58	3.50	4.01	Indicator descriptor changed from average hours to complete emergency repairs
9 – Average length of time taken to complete non-emergency repairs	6.00	6.00	6.02	Indicator descriptor changed from average working days to complete non-emergency repairs
10 – Percentage of reactive repairs carried out in the last year completed right first time	98.17	98.17	97.39	
11 – The number of times in the reporting year that you did not meet your statutory obligation to complete a gas safety check within 12 months of a gas appliance being fitted or its last check	99.99%	100.00	35	Indicator descriptor changed from percentage of properties with gas safety record renewed by anniversary date
12 – Percentage of tenants who have had repairs or maintenance carried out in the last 12 months satisfied with the repairs and maintenance service	82.72	93.00	82.72	
13 – Percentage of tenants satisfied with the landlord’s contribution to the management of the neighbourhood they live in	81.21	90.00	81.21	
14 – Percentage of tenancy offers refused during the year	23.11	25.00	22.01	



## Appendix 1

Return Year	2018/2019	2019/2020	2019/2020	Regulatory Changes
Comparison	Baseline	Target	Performance	
15 – Percentage of anti-social behaviour cases reported in the last year which were resolved	99.55	99.50	99.55	
16 – Percentage of new tenancies sustained for more than a year, by source of let	91.35	96.00	91.40	
17 – Percentage of lettable homes that became vacant in the last year	7.67	9.00	8.18	
18 – Percentage of rent due lost through homes being empty during the last year	0.99	0.95	0.34	
19 – Number of households currently waiting for adaptations to their home	N/A	N/A	113	New indicator for 2019/20
20 – Total cost of adaptations completed in the year by source of funding (£)	N/A	N/A	£1,701,551	New indicator for 2019/20
21 – The average time to complete adaptations	23.37	29.00	18.76	Indicator descriptor changed from average days to complete adaptations for medical applications
22 - Percentage of the court actions initiated which resulted in eviction and the reasons for eviction.	19.86	16.00	19.38	

## Appendix 1

Return Year	2018/2019	2019/2020	2019/2020	Regulatory Changes
Comparison	Baseline	Target	Performance	
24 - Homelessness (LAs only) – the percentage of homeless households referred to RSLs under section 5 and through other referral routes.	N/A	N/A	21.14%	New indicator for 2019/20
25 - Percentage of tenants who feel that the rent for their property represents good value for money.	80.65	85.00	80.65	
26 - Rent collected as percentage of total rent due in the reporting year.	97.94	98.80	99.34	
27 - Gross rent arrears (all tenants) as at 31 March each year as a percentage of rent due for the reporting year.	9.05	12.09	7.71	
28 - Average annual management fee per factored home.	N/A	N/A	46.30	New indicator for 2019/20
29 - Percentage of factored owners satisfied with the factoring service they receive.	N/A	55.91	57.66	New indicator for 2019/20
30 - Average length of time taken to re-let homes in the last year.	26.21	21.00	53.88	Indicator descriptor changed from average calendar days to re-let properties

## Appendix 1

Return Year	2018/2019	2019/2020	2019/2020	Regulatory Changes
Comparison	Baseline	Target	Performance	
31 - Gypsy/Travellers – Average weekly rent per pitch.	N/A	N/A	64.96	New indicator for 2019/20
32 - For those who provide sites - percentage of Gypsy/Travellers satisfied with the landlord's management of the site.	31.58	50.00	31.58	

## Appendix 2



### Fife Council Annual Assurance Statement 2020

Fife Council's Community and Housing Services Sub-Committee on the 3<sup>rd</sup> September 2020 sought appropriate assurance that Council housing services comply with all relevant requirements of the Scottish housing regulatory framework; all relevant standards and outcomes in the Scottish Social Housing Charter; and all relevant legislative duties. Evidence has been considered through a regular cycle of performance reporting and liaison with tenant organisations to support the required level of assurance.

On review of the evidence provided principally through the Annual Return on the Charter 2019-20, it can be confirmed that Fife Council recognises material non-compliance in the following standards and outcomes of the Scottish Social Housing Charter for tenants, people who are homeless and other service users. These areas will be a focus for performance improvement throughout 2020-21.

#### Areas of Material Non-Compliance

- **Gas Safety**

The Scottish Housing Regulator previously highlighted concerns to Fife Council around its failure to carry out annual gas safety in 100% of homes. The Council recognises there was non-compliance in **35** cases in 2019-20 when gas safety checks were not carried out within timescale, thus breaching the statutory duty.

The improvement actions identified for delivery in 2020-21 are to:

- Frequently monitor the IT systems and dashboard supporting gas safety.
- Cross-check addresses for compliance / non-compliance / non-access prior to the expiry of the anniversary date.
- Use broader methods for contacting tenants to remind of appointments e.g. texting, telephoning, support by area staff, etc.
- Provide enhanced input and support to tenants at an earlier stage in the process to help address issues of non-access due to lifestyle issues or other concerns e.g. health issues during Covid-19.

- **Homelessness**

The Scottish Housing Regulator has previously highlighted concerns in how people access homelessness services, in the assessment of homelessness applications, offers of temporary or emergency accommodation and the provision of satisfactory outcomes for people who are homeless. Fife Council recognises it has not met the statutory responsibility to accommodate 100% of homeless customers in 2019-20, failing on **4** occasions to offer temporary accommodation.

The improvement actions identified for delivery in 2020-21 are to:

- Continue to provide enhanced monitoring, reporting and escalation arrangements for temporary accommodation allocations to ensure 100% compliance.
- Recognise the threat of possible increases in homelessness presentations due to Covid-19 and put in place specific mitigation measures for that eventuality, ensuring a Prevention First approach is prioritised.
- Increase the range of temporary accommodation provisions and ensuring protocols are in place to comply with the extension of the Unsuitable Accommodation Order to all customer groups from 30<sup>th</sup> September 2020.
- Continue to develop the housing advice framework to focus on housing options and homelessness prevention to reduce the pressure on temporary accommodation.
- Deliver the 2020-21 RRTP commitments by;
  - Further developing the concept and funding model for emergency temporary accommodation for people with complex needs.
  - Implementing a test of change to provide Housing First tenancies with the Health and Social Care Partnership and explore all Partnership opportunities to advance delivery
  - Working with the Public Social Partnership to implement the recommendations of the formal, independent review of commissioned services.
  - Continuing to work with the area housing teams and Fife Housing Register partners to increase statutory homelessness allocations in line with the Housing Allocations Recovery Plan.
  - Carrying out a review of Fife's Housing Options and Prevention approach to minimise pressure on temporary accommodation resources and implementing agreed improvement actions arising from this review by October 2020.
  - Continuing to develop and roll out additional supported accommodation options for those that require more intensive support.

## **Future Risk Areas**

The Committee also considered future risk areas for 2020-21, specifically arising through the Covid-19 emergency.

- **Energy Efficiency Standard for Scottish Social Housing (EESH)**

Performance for 2019-20 highlights that 79.03% of the Council's housing stock currently meets EESH standards, presenting a significant risk to the Council's ability to deliver EESH by December 2020.

The improvement actions identified for delivery in 2020-21 are to:

- Frequently monitor and update the Promaster stock data system.
- Conduct additional surveys.
- Improve access to properties with area staff with localised knowledge contacting tenants to confirm appointments e.g. texting, telephoning, etc.
- Continue to programme work with a focus on EESH compliance.
- Target investment to maximise EESH compliance rates, as agreed by the Council's Policy & Co-ordination Committee on 16<sup>th</sup> July 2020.

- **Internal Recharging to the HRA**

There is potential for a significant proportion of Building Services' employee costs during lockdown to be attributed to the HRA, subject to advice by the Scottish Housing Regulator and Audit Scotland.

The improvement actions identified for delivery in 2020-21 are to:

- Continue to work with Finance Services to agree the final HRA financial contribution.
- Seek advice from the Scottish Housing Regulator and Audit Scotland on any charging proposals.
- Consult with tenants and obtaining their views on any charging proposals.
- Report to Committee on any charging proposals informed by feedback from tenants.

**Community and Housing Services Sub-Committee Date: 3<sup>rd</sup> September 2020**

2 February 2021

Agenda Item No. 6

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## Commercialisation Programme - Procurement Transformation Project

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Report by: Les Robertson Head of Revenue & Commercial Services

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Wards Affected: All

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### Purpose

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The purpose of this report is to inform Environment, Finance & Communities Scrutiny Committee of the progress of the “Transforming Fife Council’s Procurement Service” project as part of the Commercialisation Programme and wider Changing to Deliver Programme over the past 6 months.

### Recommendation(s)

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Members are asked to: -

- consider the content of this report and note the progress made in transforming the Council’s procurement service
- Note the Scotland Excel Year 2 progress report
- Note that Scotland Excel have now exited from Fife
- Note the financial benefits being delivered and on target to be delivered
- Note the Programme will close in March 21 with all Procurement project follow on activity falling into Business As Usual activity

### Resource Implications

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The transforming procurement project has targeted benefits of £16 million. Delivery of the procurement programme will be contained within current resources agreed. The overall position is monitored by the Commercialisation Board to ensure that the expected savings and benefits are achieved.

### Legal & Risk Implications

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There are risks associated with any change activity, particularly when undertaking transformational change of this scale. Officers are mitigating these risks through effective risk management and project assurance being in place.

In relation to the procurement savings detailed in this report, these are verified and comply with the relevant statutory guidance issued by the Scottish Government in March 2019.

## Impact Assessment

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There is no requirement for an impact assessment as this report does not affect any policy decision nor likely to have any impact on equality groups.

## Consultation

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Key stakeholders have been consulted and contributed to the preparation of this report.

# 1.0 Background

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- 1.1 This report is now the third update Report from the Commercialisation Programme to the Environment, Finance, Communities Scrutiny (EFCS) Committee. The EFCS Committee requested regular reports from the Programme following their meeting on the 4.2.20 to show what progress is being made within the Transforming Procurement project. The Business Case was approved by the Policy and Coordination committee on the 12<sup>th</sup> April 2018.
- 1.2 The background to this project is well documented in that Fife Council is seeking to transform the Council's procurement service through partnership working with Scotland Excel at a cost of £910,000 to Fife Council.
- 1.3 The project commenced in September 2018 and will run for three years, with two years being supported by Scotland Excel who are a public body and are the Centre of Procurement Expertise for Local Government in Scotland. Scotland Excel were due to exit from Fife on the 24<sup>th</sup> September 2020.
- 1.4 The estimated £16 million savings are broken down into three distinct budget areas:
  - £ 6 million from revenue expenditure
  - £ 6 million from capital expenditure
  - £ 4 million from Housing Revenue Account (HRA) expenditure
- 1.5 13 specific projects were undertaken with Scotland Excel to ensure two key Programme outcomes were delivered. To deliver reduction in third party spend by £16m and upskill the procurement workforce.
- 1.6 The Commercialisation Programme reports on a two-monthly basis to the Commercialisation Board which is chaired by the SRO for this project, Eileen Rowand, Executive Director of Finance and Corporate Services. who is supported by a dedicated programme manager from both Fife Council and Scotland Excel.
- 1.7 The project is also reported as part of the larger Change to Deliver programme to the corporate leaderships Financial Change Board.



## 2.0 Current Status (Past 4 Months)

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- 2.1 The Procurement project like most of the Council has been affected by COVID19. This was due to the programme's reliance on access to information and people to deliver effectively. A review of programme delivery was undertaken as a result of the COVID 19 impact 20<sup>th</sup> March 2020. The Programme settled on options that would deliver as much of the programme outputs as possible and re-purpose/redeploy resource where necessary.
- 2.2 All 13 Procurement projects have now been closed with Project Closure Reports produced. The Project Closure Reports were taken to the Commercialisation Board on the 17<sup>th</sup> of September for formal sign off. All Project Closure Reports were approved at the Commercialisation Board on the 17<sup>th</sup> September 2020.
- 2.3 All Scotland Excel staff have now exited from Fife on the 24<sup>th</sup> of September 2020. Extended support (remote) remained in place from Scotland Excel until December 2020.
- 2.4 As part of their work Scotland Excel have produced a Second Year Annual progress report (Appendix A). The Report covers:
  - Overview of the Fife Council Transformation Programme over the 2 Years
  - Progress towards the identification of the £16m financial savings target
  - What has been achieved and its impact
  - Recommended areas of focus for Fife Council to continue its journey
- 2.5 With all projects closed and moved into Business As Usual the focus is now on supporting the procurement services to embed the new policy, processes and practices developed.
- 2.6 The Commercialisation Programme is due to close on the 31<sup>st</sup> of March 2021 as Changing to Deliver resource comes to an end.

## 3.0 Update on Non-Financial Benefits

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- 3.1 A list of the non-financial benefits are contained in the previous report submitted to Scrutiny Committee 25<sup>th</sup> August 2020. To supplement this the Scotland Excel Year 2 Annual progress report provides additional information and evidence around the non-financial benefits showing positive change and progress made as a result of the investment by the Council in its Procurement function.
- 3.2. With the closure of the 13 Projects, Fife Council has now built the platform and mechanisms to enable the Procurement function to grow and progress and meet future challenges.
- 3.3. With the Impact of COVID19 access to people and information was limited for Scotland Excel. Within the Project Closure Reports there is follow on activity associated with the delivery of the outcomes that will now be taken forward by the Procurement Teams through Working Groups or Business As Usual activity. Ownership of this work has been allocated and will be taken forward by The Procurement Service to embed and sustain the changes made.

## 4.0 Update on Financial Benefits Achieved

### 4.1 Baseline Performance

As stated previously, the aim of the transforming procurement project is to achieve £16 million in benefits over the three years of the project. To measure improvement the baseline for these benefits was set as detailed in the 2017-18 annual procurement report at £1.421 million.

4.2 Clearly to increase the financial benefits from £1.421 million achieved in 2017-18 to the £16 million over 3 years required a significant step change across the procurement service. This step change (or transformation) does not affect just the central procurement team but also requires change from all services and staff of the Council who procure goods and services. To be as effective as possible the whole ethos and culture of the organisation needs to be modified in line with the ever-reducing resources at our disposal.

### 4.3 Benefits Tracking

To capture the procurement savings the central procurement team maintains a benefit tracking log of all realised savings. At the end of each quarter, the tracker is then passed to finance colleagues who carry out a verification process on these savings and attribute these to individual Directorate areas and split between cashable and non-cashable benefits (not all procurement savings are deemed as cashable).

### 4.4 Programme Financials 2018-21 (up to Q2)

Programme financial performance to date has an estimated benefit delivery to the Council of £19.1m and has met the final financial milestone of “100% Programme Total Savings Identified” by 2<sup>nd</sup> August 2021. The £19.1m is made up from both savings and benefits delivered (£9.7m) and savings and benefits identified (Pipeline) (£9.4m). The Table 1 provides a breakdown of these figures across different funding streams.

Table 1 – Programme Financials Summary Table

Fife Council	Revenue £m	Capital £m	HRA £m	H&SC £m	ALEO £m	Total £m
Delivered	2.360	0.093	0.509	0.769	0.110	3.840
Delivered - Non Cashable	1.901	0.682	1.886	1.307	0.099	5.875
<b>TOTAL DELIVERED</b>	<b>4.261</b>	<b>0.775</b>	<b>2.396</b>	<b>2.076</b>	<b>0.209</b>	<b>9.715</b>
Delivery Plan/Pipeline	6.397	0.013	1.706	1.312	-0.003	9.426
<b>TOTAL DELIVERED/PIPELINE</b>	<b>10.658</b>	<b>0.788</b>	<b>4.102</b>	<b>3.388</b>	<b>0.206</b>	<b>19.141</b>

The summary table is further broken down below into savings and benefits delivered each year of the Programme up to 2020-21 (Q2).

#### 4.5 Savings Achieved 2018-19

The total verified total procurement financial benefits for 2018-19 amounted to £4.281 million as detailed in the annual procurement report which was presented to Policy and Coordination Committee last year. However, after a further review by finance colleagues the actual figure has been revised upwards to £4.385 million.

Table 2 – Procurement Savings and Benefits 2018-19

	Cashable			Non-Cashable			General			Health & Social Care		Trusts/ALE O	TOTAL
	18-19	18-19	TOTAL	18-19	18-19	TOTAL	18-19	18-19	18-19	18-19	18-19		
Procurement 2018-19 Summary	£	£	£	£	£	£	£	£	£	£	£	£	
All	0.242	0.000	0.242	0.242	0.000	0.242	0.242	0.000	0.000	0.000	0.000	0.242	
Enterprise & Environment	0.660	0.531	1.191	0.668	0.523	1.191	0.758	0.187	0.246	0.000	0.000	1.191	
Health & Social Care	0.326	1.048	1.374	0.170	1.204	1.374	0.000	0.000	0.000	1.374	0.000	1.374	
Education & Childrens Services	0.236	0.021	0.256	0.245	0.011	0.256	0.250	0.007	0.000	0.000	0.000	0.256	
Communities	0.000	0.004	0.004	0.000	0.004	0.004	0.000	0.003	0.002	0.000	0.000	0.004	
Finance & Corporate Services	0.127	0.088	0.214	0.164	0.051	0.214	0.214	0.000	0.000	0.000	0.000	0.214	
Trusts	0.003	0.099	0.102	0.028	0.074	0.102	0.000	0.000	0.000	0.000	0.102	0.102	
Fife Cultural Trust	0.000	0.008	0.008	0.008	0.000	0.008	0.000	0.000	0.000	0.000	0.008	0.008	
Fife Sports & Leisure Trust	0.000	0.006	0.006	0.000	0.006	0.006	0.000	0.000	0.000	0.000	0.006	0.006	
Fife Resource Solutions LLP	0.003	0.086	0.089	0.020	0.068	0.089	0.000	0.000	0.000	0.000	0.089	0.089	
Resource Efficient Solutions LLP	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
<b>Total</b>	<b>1.593</b>	<b>1.791</b>	<b>3.384</b>	<b>1.517</b>	<b>1.867</b>	<b>3.384</b>	<b>1.464</b>	<b>0.197</b>	<b>0.247</b>	<b>1.374</b>	<b>0.102</b>	<b>3.384</b>	

\*£1.060m of previously agreed savings is not included in Table 1 figures above for 2018-19

#### 4.6 Savings Achieved 2019-20

The total verified and delivered procurement financial benefits for 2019-20 amounted to £3.596m. Due to COVID19 not all benefits were logged in the savings tracker prior to closing down Q4. These will now be captured in Q1 of 2020-21 figures.

Table 3 – Procurement Savings & Benefits 2019-20

	Cashable			Non-Cashable			General			Health & Social Care		Trusts/ALE O	TOTAL
	19-20	19-20	TOTAL	19-20	19-20	TOTAL	19-20	19-20	19-20	19-20	19-20		
Procurement 2019-20 Summary	£	£	£	£	£	£	£	£	£	£	£	£	
All	0.003	0.000	0.003	0.003	0.000	0.003	0.003	0.000	0.000	0.000	0.000	0.003	
Enterprise & Environment	1.025	1.574	2.599	1.560	1.039	2.599	0.446	0.415	1.704	0.000	0.034	2.599	
Health & Social Care	0.055	0.258	0.313	0.312	0.000	0.313	0.000	0.000	0.000	0.313	0.000	0.313	
Education & Childrens Services	0.145	0.271	0.416	0.404	0.012	0.416	0.416	0.000	0.000	0.000	0.000	0.416	
Communities	0.000	0.025	0.025	0.001	0.024	0.025	0.022	0.004	0.000	0.000	0.000	0.025	
Finance & Corporate Services	0.127	0.107	0.234	0.045	0.189	0.234	0.234	0.000	0.000	0.000	0.000	0.234	
Trusts	0.006	0.000	0.006	0.006	0.000	0.006	0.000	0.000	0.000	0.000	0.006	0.006	
Fife Cultural Trust	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Fife Sports & Leisure Trust	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Fife Resource Solutions LLP	0.006	0.000	0.006	0.006	0.000	0.006	0.000	0.000	0.000	0.000	0.006	0.006	
Resource Efficient Solutions LLP	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
<b>Total</b>	<b>1.361</b>	<b>2.235</b>	<b>3.596</b>	<b>2.332</b>	<b>1.264</b>	<b>3.596</b>	<b>1.121</b>	<b>0.418</b>	<b>1.704</b>	<b>0.313</b>	<b>0.040</b>	<b>3.596</b>	

#### 4.7 Savings Achieved 2020-21 (up to Q2)

The total verified and delivered procurement financial benefits for 2020-21 amounted to £2.745m. Q3 savings and benefits are currently being verified by Finance.

Table 4 – Procurement Savings & Benefits 2020-21 (up to Q2)

	Cashable	Non-Cashable	TOTAL	Recurring	Non-Recurring	TOTAL	General Fund	Capital	HRA	Health & Social Care	Trusts/ALEO	TOTAL
Procurement Summary 2020-21 Qtr 2	20-21	20-21	20-21	20-21	20-21	20-21	20-21	20-21	20-21	20-21	20-21	20-21
	£	£	£	£	£	£	£	£	£	£	£	£
All	0.008	0.987	0.994	0.994	0.000	0.994	0.994	0.000	0.000	0.000	0.000	0.994
Enterprise & Environment	0.223	0.816	1.039	0.079	0.960	1.039	0.422	0.160	0.457	0.000	0.000	1.039
Health & Social Care	0.422	0.001	0.423	0.418	0.005	0.423	0.000	0.000	0.000	0.423	0.000	0.423
Education & Childrens Services	0.090	0.041	0.131	0.067	0.064	0.131	0.131	0.000	0.000	0.000	0.000	0.131
Communities	0.000	0.005	0.005	0.005	0.000	0.005	0.005	0.000	0.000	0.000	0.000	0.005
Finance & Corporate Services	0.086	0.000	0.086	0.075	0.011	0.086	0.086	0.000	0.000	0.000	0.000	0.086
Trusts	0.067	0.000	0.067	0.067	0.000	0.067	0.000	0.000	0.000	0.000	0.067	0.067
Fife Cultural Trust	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Fife Sports & Leisure Trust	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Fife Resource Solutions LLP	0.067	0.000	0.067	0.067	0.000	0.067	0.000	0.000	0.000	0.000	0.067	0.067
Resource Efficient Solutions LLP	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Fife Council	0.895	1.850	2.745	1.704	1.040	2.745	1.638	0.160	0.457	0.423	0.067	2.745

4.8 Appendix 2 - Procurement Benefits Driver – This graphic provides a breakdown of all procurement **cashable** savings delivered to date, both recurring and non-recurring.

4.9 The programme will continue to report on savings and benefits beyond programme closure in March 2021 up until August 2021 in line with current delivery plans.

## 5.0 Conclusions

5.1. Clearly there is still work to be done to embed and sustain the significant changes already put in place to upskill the Procurement workforce. This includes further work on developing the organisational culture around Procurement, but good progress is being made within established Procurement working groups. These changes will require a different approach with the Procurement Service currently reviewing the structure of procurement to ensure we continue to develop the Councils procurement function and support the corporate reform agenda beyond the Commercialisation Programme ending in March 21.

5.2. The Commercialisation Programme ends in March 2021. The financial milestones targets set at the beginning of the Programme have currently been met with over 100% Programme Total Savings Target Identified £19.1m. This figure is a combination of both Pipeline (Delivery Plan) £9.4m and Total Delivered £9.7m. A focus must remain on delivery of the Pipeline saving and benefits to ensure all benefits are realistic and achievable.

## **List of Appendices**

Appendix 1 – Scotland Excel Year 2 Annual Progress Report

Appendix 2 – Procurement Benefits Driver (graphic)

## **Background Papers**

The following papers were relied on in the preparation of this report in terms of the Local Government (Scotland) Act, 1973:

Scottish Publicly Funded Sectors – Procurement Benefits Reporting Guidance March 2019.

Environment, Finance, Communities Scrutiny Committee Report 25.08.20 -  
Commercialisation Programme - Procurement Transformation Project

Environment, Finance, Communities Scrutiny Committee Report 4.2.20- Commercialisation  
Programme - Procurement Transformation Project

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# Fife Council Procurement Transformation Programme

## Annual Progress Update 2020



Working in Partnership with



## Fife Transformation Programme

Scotland Excel were delighted in 2018 to be appointed as partners in the Fife Transformation Programme.

We firmly believe that working closely with Fife Council to harness our collective skills and experience was key to programme success.

The second year in our joint journey is complete and we have achieved so much together, as evidenced within this report. But this is not the end of the transformational journey for Fife Council. At the heart of Scotland Excel's original proposal was supporting Fife Council to develop capacity and capability to complete the final year of their journey themselves.

The foundations have been put in place over the first two years of the programme and the initial financial and non-financial benefits have been achieved, Work continues within Fife Council to deliver a sustainable procurement future. We will continue to provide support, encouragement and advice as part of the council's membership of Scotland Excel.

Retaining the skills and knowledge within the public family is at the heart of our programmes and this will continue to develop further in future years. I am delighted to say that this ethos provided early wins for this programme and multiple councils have now benefited from the lessons and experiences derived from the Fife programme.

I'd like to thank the senior leadership team within Fife Council for their decision to initiate the programme and their support throughout. I'd also like to thank the many people within Fife Council, other councils and my own organisation who all contributed to this wonderful effort.

*Julie Welsh*  
Chief Executive  
Scotland Excel







# Introduction

Welcome to Scotland Excel–Fife Council Transformation Programme 2020 Update Report. It has been a productive two-year Programme which has achieved all of its aims and objectives in laying the foundations to enable sustainable ongoing change towards a successful procurement function.

The Programme was created following a request from Fife Council to Scotland Excel to support the organisation's Commercial Excellence theme as part of its Enabling Change transformation programme.

The original proposal put forward by Scotland Excel was created to meet the needs of the organisation whilst also prioritising knowledge transfer to Fife Council staff. The challenges highlighted regarding the capacity and experience of the procurement team was fully recognised and underpins the approach that has been taken to developing team capability.

Scotland Excel also recognised the need for a robust return on investment for Fife Council. The desire was to achieve the identification of financial savings of £16m over a three-year period, with the current pipeline of opportunities in excess of £8,313m for in year savings and benefits delivered verified as £8,015m meaning the programme has achieved this target with a total of £16,346m with the first two years of the programme.

The proposal and subsequent programme were created with these aims at the centre and Scotland Excel is confident it leaves the foundations in place for the remainder of the programme for Fife Council to achieve all of its sustainable transformation goals.

The delivery of this programme has included a virtual resource from Scotland Excel, supporting the development and delivery of various workstreams such as: The Competency Framework, Indexation Policy, Contracts Segmentation Tool, Stakeholder Engagement Strategy and elements of Knowledge Transfer.

## What's in this report?

This report aims to provide an overview of Scotland Excel's results , including:

- Overview of the Fife Council Transformation Programme over the two year period
- Progress towards the identification of £16m the financial savings target.
- What we have achieved and its impact
- Recommended areas of focus for Fife Council to continue its journey



# Programme Overview

The Scotland Excel Programme team were fully embedded within Fife Council in September 2018.

During this period, the team met with the Central Procurement Unit team (CPU) as well as a sample of Senior Stakeholders (including Councillors) within the organisation with a view to understanding the current landscape and the standing of procurement within the Council. These were formal, qualitative interviews that subsequently allowed us to conduct analysis to provide an output.

This provided a valuable insight and a 'temperature check' in terms of the starting position for the programme.

A summary of the output from the interviews is provided below:



**56** semi-structured interviews with Procurement, Senior Stakeholders and Councillors

## Procurement Team



**1/3** want to change SILO culture



**73%** believe the services have a negative view of Procurement

## Senior Stakeholders



**83%** expressed a negative view of Procurement



**75%** discussed areas for potential savings

“Second most hated team after Audit”

“Bunker Mentality”

“We are isolated islands that talk to each other occasionally”

In August 2020 prior to the Scotland Excel team completing its two-year stay with Fife Council a comparative exercise was undertaken to gather feedback from the CPU and a sample of Senior Stakeholders (including Councillors) by way of an online survey.

The analysis highlighted that there are still areas to consider for further improvement and continued growth, but things have significantly improved from the 2018 analysis. It was encouraging to see the switch between mostly negative language in 2018 to mostly positive language in 2020.

A summary from the output of the survey is provided below:



**25** survey responses from Procurement, Senior Stakeholders and Councillors

Procurement Team



**50%** feel that the team is under resourced



**54%** believe that the Organisation values procurement now

Senior Stakeholders



**60%** have seen an added value from the Procurement team over the last 2 years



**70%** feel that the Procurement function addresses their departments specific purchasing priorities

“Much better connected to the services than in the past”

“Much improved over recent years”

“Very approachable and knowledgeable”

“All levels of the team communicate well”

“Improving both in professional and image terms within the Organisation”

The programme itself was made up of 13 individual projects that have been designed to contribute to the overall aims.



A Project Brief and a Project Plan were created for each of the 13 projects and signed off by the Commercialisation Board



The Scotland Excel Programme team have continued to report progress against the plan on a monthly basis, and individual project closure reports have been accepted.



Nick Hyde  
Programme Manager

Commercial Leads



Ken Moncrieff



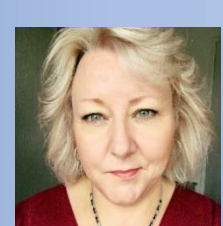
Laura Weir



Rhonda McKay



Richard Bridgen



Sharon Sinclair

# P1 Effective Stakeholder Management

This project was designed to improve stakeholder relationships and to formalise a strategy for managing those relationships. We have made significant progress to date, achieving all key deliverables including:



## *Stakeholder Engagement Strategy*

This is a first for the team to address feedback received from both the Corporate Procurement Unit (CPU) and stakeholders across the wider Council about the way CPU engages with its stakeholders.



## *Internal & External Stakeholder Maps*

CPU now understand who their stakeholders are across the Council. Enabling understanding of stakeholder power, interest and key drivers to now ensure procurement is fully aligned with services and Fife Councils goals and objectives. The stakeholder maps will be reviewed and updated regularly to ensure they remain relevant



## *Matrix Prioritising Key Influencers within Stakeholder Groups*

An analysis exercise was undertaken to segment stakeholders into different priority groupings in relation to procurement activity. Ensuring engagement efforts are targeted where they have the greatest impact and benefit.

As well as CPU now understanding who their stakeholders are, they also understand the priority of each stakeholder in relation to procurement activity. Allowing the team to engage each stakeholder accordingly, in line with the suggested engagement strategy.



## *Engagement Plans*

Engagement Plans have been created for each stakeholder with key activities planned. As an example: the introduction of a Strategic Update Meeting, whereby Category Managers meet with identified stakeholders to present key procurement information in the form of a dashboard. Facilitating a discussion at strategic level and forming closer working relationships.



## *A Set of Tools to support the delivery of the Stakeholder Engagement Strategy*

All tools and templates are now saved on Sharepoint and are being utilised by the team.

# P2 Developing the Procurement Team

This project was designed to develop the skills and knowledge of the CPU (DPA development is captured under P13). We have made significant progress to date, achieving all key deliverables including:



## ***Procurement & Commercial Improvement Programme (PCIP)***

The CPU were already underway with preparing for their (PCIP) and, by working together with Scotland Excel, successfully enhanced their overall score resulting in an improved banding under the public-sector wide PCIP which measures the effectiveness of the Procurement function.



## ***Role Profiles***

A review and update of role profiles was completed in conjunction with HR and communicated to the team. This provided formal clarity on the requirements of each role type within the CPU and expectations of colleagues.



## ***Scottish Government Procurement Development Framework***

The CPU were supported in the completion of the Scottish Government Procurement Development Framework. This enabled each colleague to self-assess themselves against a range of competencies with pre-set benchmarks. As a result, a skills gap analysis was produced, highlighting the top areas of development opportunities within the CPU and a knowledge transfer programme was delivered to address the gaps, as detailed below.



## ***Procurement Knowledge Transfer***

Following completion of the Development Framework, a development plan was compiled to address competency skills gaps. In addition to this, several competencies have been addressed through specific projects themselves, e.g. Contract & Supplier Management as part of P9.

In total ten competencies have been addressed through specific Knowledge Transfer Sessions with over 300 attendances across all the sessions. *Please note:* this activity was replicated for the DPA network and an update is provided under P13 in this report.





## Scottish Government Procurement Development Framework – Annual Review

Following completion of the Knowledge Transfer Sessions and prior to the end of Year 2 of the Programme, the team completed the Procurement Development Framework again and an analysis exercise was undertaken to compare the results to identify improvements:

Competency	2019 Result (% scored below benchmark)	Improvement	2020 Result (% scored below benchmark)
Negotiation	65%	+22%	43%
Sustainable Procurement	71%	+3%	68%
Project & Programme Management	21%	+12%	9%
Risk Management	18%	0%	18%
Market & Supply Chain Analysis	14%	0%	14%
Legislation	25%	+2%	23%
Contract Law	18%	+4%	14%
Commercial Acumen	61%	+22%	39%
Tenders	8%	+3%	5%
Procurement Tools & Systems	18%	+13%	5%
Contract Management	39%	+3%	36%
Supplier Management	18%	+9%	9%
Procurement Strategy & Policy	21%	+12%	9%
Performance Management & Measurement	29%	+6%	23%



### Commercial Leadership and Management

A Fife specific programme of learning for procurement staff on Commercial Leadership and Management was identified as a priority and was completed in 2019. There were 6 Fife Council staff enrolled in the programme, who all passed.



### Efficiencies and Improvements

Working together with the CPU, we identified efficiencies and improvements, including actions to reduce the number of email quotes carried out by the team as well as reducing the time spent on processing requisitions. We have also clarified procurement thresholds and processes to improve the way that the team undertake tendering activity.

## [Additional Achievements](#)



### *Contract Segmentation Tool*

A Contract Segmentation Tool was built and tailored to Fife CPU. This allows Category Managers to segment contracts based on a variety of factors which they can then use to allocate and manage team resource to ensure capacity is maximised.



### *Performance Management*

As part of the project plan, we reviewed the current performance management practices within the team and put forward suggested improvements to ensure a consistent approach. In addition to this, we assisted in the creation of an Activities Tracker template to be used as the basis for 121s and in the collation of first draft completions of the tracker from the team.

# P3 Category A and Category C Optimisation

This project was designed to explore optimisation of spend within Categories A & C to deliver efficiency savings.

Initially this project focused on analysis of Spend Data, Contracts Register and Service Area Spend allocations.

Following the initial analysis several workstreams were identified as having the potential to optimise spend for commercial benefit. Each identified workstream has been developed within a Contract Opportunity Briefing Note (COBN) and validated with Category Managers, Client Services and Finance partners.

Following initial assessment, the annual savings opportunity for these workstreams is circa **£960,147.00**



## *Workstreams Delivered to Date*

Workstreams that have been delivered and the benefits realisations being tracked will result in an anticipated annual saving of **£601.623.00**

The table details are procurements and projects included in this figure:

Fife 042	Installation of Cremators & 10 Year Maintenance Plan	£13,166
Fife 030	Vehicle Conversions	£8,000
Fife 045	OT Adaptations & the Small Repairs Service - currently being managed by Kingdom Housing Association. A review to be undertaken to understand available options and associated costs to establish best value. This is an SLA between Housing & Kingdom so no contract reference number.	£64,000
Fife 066	Provision of Auction Services (JH 1235/11768) Renewal being progressed (or Extension) Sept 19 (this is an income from vehicles and plant that are sent to auction)	£284,592
Fife 009	Glass Recycling - utilising the new decision tree for below OJEU contracts this opportunity seeks to increase annual revenue by 5% by offering the existing suppliers an extension of upto 24 months	£30,869
Fife 048	MFD - contract due to expire, look at next generation, review usage, reduce click and number of colour prints	£132,069
Fife 052	Franking Machines - remove the use of Franking Machine and the purchase of Postage Stamps - introduce Hybrid Mail	£18,015
Fife 074	Supply of Laminated Wall Products under SXL framework 0318 - new supplier & review of spec	£26,912



Fife 064	Provision of Fruit & Vegetables to locations throughout Fife - Direct award 1 year contract implemented (end Aug 20) as previous supplier pulled out last year- savings achieved through improved pricing	£18,000
Fife 073	Sheet & Timber mini competition under Scotland Excel Building & Timber Framework - Best Value pricing competition with new suppliers on the framework	£6,000



### *Workstreams Progressing within Financial Year 20/21*

Workstreams progressing to be delivered within financial year 20/21 will result in an anticipated annual saving of **£177,322.00**

The table details are procurements and projects included in this figure:

Fife 047	DPS Training & Coaching - put in place a DPS as a mechanism for services to purchase training and coaching requirements	£34,656
Fife 050	Platform Lifts, Hoists & Loler Checks Framework (previous contract combining stairlifts/platform lifts expired in 2015)	£33,000
Fife 057	Stairlifts	£22,500
Fife 069	Landfill Leachate Haulage	£13,760
Fife 059	Void Property Clear and Clean	£39,000
Fife 034	Groundworks/Landscaping - contract currently for North & South Glenrothes, Fife-Wide tender to be issued.	£34,406



### *Workstreams Progressing upon BAU and within Financial Year 21/22*

Workstreams due to commence once business as usual continues following the impact of the Covid19 pandemic, and planned within financial year 21/22 will result in delivery of an anticipated annual saving of **£181,202.00**

The table details are procurements and projects included in this figure:

Fife 055	ICT Education Software	£23,000
Fife 043	Supply of Trees, plants & shrubs	£3,990
Fife 058	Supply of Horticultural Materials	£2,002
Fife 053	Domestic Furniture and Furnishings - Commercial Optimisation of SxL Framework usage	£152,210

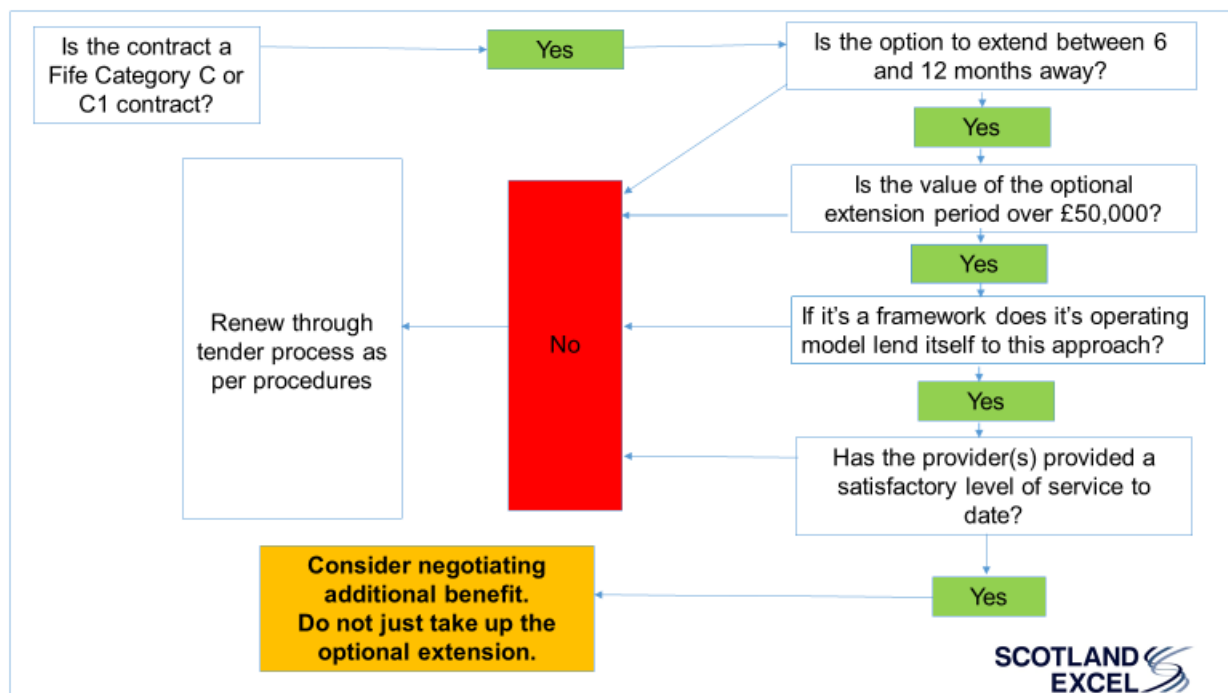
We have also introduced a “Contract Review Decision Process”. This is a tool to assess the risk in negotiating an option to extend, in return for a financial saving over the contract extension period.

Illustration of Tool for Contract Review Decision Process:

## Outline

Recognising there is in most contracts an option to extend for one or two further years after the initial two year period. This process sets out to outline some of the considerations that should be taken when considering whether to take that option to extend or whether to re-tender and test the market again.

In essence we shouldn't be taking the options to extend unless there is an increased benefit to the Council.



Fife are the first ever Council in Scotland to formally use this stage of the contract period as a means to adding value and we are continuing to work together with the CPU in its utilisation to deliver savings.

# P4 Scotland Excel Care Contracts Optimisation

As with project three this project was designed to ascertain value and savings that could be derived from optimising how care services was commissioned by Fife Council and where better use of the Scotland Excel Social Care framework contracts might also derive benefit.

Engagement has at times been difficult during the Programme with the Health & Social Care Partnership and Children's and Families teams that looks after care for adults and older people and young people in need of extra support, the coronavirus pandemic further impacted on this projects ability to deliver benefit and therefore much of the opportunities have had to be paused and will recommence once business as usual restarts. The initial engagement and progress within this area was slow, however, focus has increased in the second half of the programme with the introduction of a new Finance Business Partner in H&SCP and a new Head of Children's and Families services.

Originally, only a small number of significant improvement opportunities had been identified, but a fresh view has enabled additional opportunities to be discussed. Several of these are growing in importance, due to their ability to have a significant impact in the budgetary challenges the team faces.

Opportunities currently being progressed are:



## *Adults Care Framework*

This was the initial significant opportunity, it looks to create capacity and drive competition within an area where, currently, there is no contractual cover. We have so far: developed a time-plan to take us to contract award; developed a pricing model to assist the placement process; and hosted an early market engagement event. Due to be tendered shortly.



## *Children's Residential placement cost review*

This opportunity will be wide ranging and require considerable cross team working to deliver it effectively with the service teams return to Fife strategy at the heart of the opportunity, alongside better use of the frameworks that support.



## *Children's Foster Care Commissioning Process Review*

A review of the current foster care placement process was undertaken and a possible solution whereby price, skills, suitability and availability could potentially all be brought together in the placement commissioning process was presented to the service. The initial estimate for potential benefit exceeded £300,000 but, due to the Coronavirus pandemic work in developing the solution with the service team stalled.



### *Grip and Control (version 2) H&SCP and Children's and Families*

The introduction of demand management within Social Care potentially following one of the levels contained in the Demand Management guidance note (P11).

In addition work is already underway to consider this process being replicated in Children's and Families service as well.



### *Scotland Excel Agency Staff Framework*

This has been delivered, achieving in excess of £109,000 worth of benefit. Health and Social Care Partnership have adopted the CPU led single source call-off contract from Lot One of the Scotland Excel Agency Staff framework. The supplier is delivering significant additional value over and above the cost savings. This methodology was then replicated with Children's and Families service under Lot Two of the framework. A Contract Opportunity Briefing Note was presented and work with the Procurement team and the service team led to a contract being signed with a similar level of benefits potentially achievable to the initial solution delivered for H&SCP.



### *Children's and Families Service Commissioning Strategy*

In addition to the opportunity based work outlined above the Programme also led, as an addition to the Programme, a short term piece to scope out the considerations and requirements for a Commissioning Strategy to be developed for the whole service.

# P5 Construction Contracts Optimisation

Again designed this similar aims to project three and four this project had the specific focus of construction contract and building materials at its heart. Significant progress has been made over the last year, as a direct result of developing relationships with key teams within the Enterprise & Environment Directorate.

The following were identified as potential areas to derive benefit



## *Windows and Doors (Phase 1)*

Significant time was invested across the windows and doors supply chain to deliver a short-term cost reduction from the long-standing incumbent supplier renegotiating the contract which resulted in an anticipated £280,000 savings per annum depending on actual spend at the end of the financial year.



## *Windows and Doors (Phase 2)*

We supported the re-tendering of the current windows and doors contract with careful market cultivation. The tender process offered a new five year contract with benefits totalling £2,954,359 unfortunately this tender process was aborted but plans are being developed to re-run the tender process with expected benefits on this region over the contract duration.



## *Fleet*

We have supported and led a cross council approach to reduce procurement costs/risks/emissions for Fleet, In particular Grey Fleet, which is targeted to deliver in the region of £570,000 per year over a three-year period. This proposal was approved by the Council Executive Team, with the Delivery Plan underway.



## *Plumbing and Heating Materials (Phase 1)*

This opportunity has now been delivered, and in conjunction with the Category Manager accruing savings are being monitored to record and evidence circa £247,000 in one-year worth of benefit.



## *Plumbing and Heating Materials (Phase 2)*

Phase 2 of this opportunity involved Fife Council getting much closer to the Scotland Excel framework letting process, taking a full and active part of the UIG process. This has resulted in specific parts being listed for Fife purposes and is expected to deliver a further £215,000 worth of benefit per year over the four year contract.



### *Energy Efficiency Contractors*

Significant progress has been made on better utilisation of the Scotland Excel framework with Lot 1 now being fully utilised with work ongoing to encourage better use of Lot 2. The opportunity pipeline estimates this to be £82,000 per annum.



### *New Build Housing Framework*

Significant work and considerable effort was spent analysing and benchmarking the new national Scotland Excel framework for affordable housing. Post a benchmarking exercise Fife Council have decided not to utilise the framework at this stage but the opportunity remains and will be reconsidered in the future.



# P6 Scotland Excel Corporate Contracts Optimisation

This project was designed to explore optimisation of spend within Category B to deliver efficiency savings.

Initially this project focused on analysis of Spend Data, Contracts Register and Service Area Spend allocations. Following the spend data review, several workstreams were identified as having the potential to be optimised for commercial benefit. Each identified workstream has been developed within a Contract Opportunity Briefing Note (COBN) and validated with Category Managers, Client Services, and Finance partners.

Following initial assessment, the annual savings opportunity for these workstreams is circa **£444,617.00**



## *Workstreams Delivered to Date*

Workstreams that have been delivered and the benefits realisations being tracked will result in an anticipated annual saving of **£351,100.00**

The table details are procurements and projects included in this figure:

Fife 049	Educational Materials - optimisation of SXL framework (including rebate)	£150,000
Fife 065	PPE Rebate	£11,000
Fife 054	Supply of Education and Office Furniture - standardisation of products required - review underway to provide efficient route to market and implement catalogues	£87,500
Fife 061	Payment System Service - potential savings via project (Payment Options Working Group). 3 year extension	£7,100
	Corporate e-Learning Content - new framework to be developed offering efficient route to market	£26,500
	Banking Service (potential savings via project (Payment options working group) - Cost avoidance by not using consultants to develop spec and assist with evaluations & doing this in house instead (saving of approx £50k in total shared with Merchant Services contract as consultant has historically been used for both together)	£25,000
	Merchant Services - Cost avoidance by not using consultants to develop spec and assist with evaluations & doing this in house instead (saving of approx £50k in total shared with Banking Services contract as consultant has historically been used for both together)	£44,000



## Workstreams Progressing within Financial Year 20/21

Workstreams progressing to be delivered within financial year 20/21 will result in an anticipated annual saving of **£93,517.00**

The table details are procurements and projects included in this figure:

Fife 068	Workshop Consumables (include PSOS) (JH 917) Current contract expired. New combined FC contract being looked at (Fleet & PSOS etc)  Ongoing project to combine Fleet and PSOS workshops – New Contract to cover both requirements being developed	£4,175
Fife 010	Personal Protective Equipment/Workwear Standardisation including stock control efficiencies (Phase 1)	£47,000
Fife 056	Supply of First Aid Products	£36,851
Fife 060	Supply of Building Materials bringing roughcasting materials within the scope	£5,491



# P7 Data Management Review

This project was designed to build a data repository for all contract and supplier related data, to ensure that the Fife CPU team have the capability to analyse that data for the purposes of improving all aspects of the Procurement function including Category Management, Market Intelligence, spend and contract data and contract performance and for providing high quality reports for stakeholders.



## *Contracts Register & Benefits Tracker*

A significant amount of effort was required to obtain spend data, a contract register and a wave plan of future contracts. In initiating these changes, we have been able to improve the tracking of benefits delivered by the CPU, following the introduction of a new Benefits Tracking Tool. This is now being fully utilised and is signed off by the finance team periodically. The tool highlights the value of the good procurement that is increasingly being recognised throughout the Council.



## *Fife Council Benefits Realisation Policy*

This is a first for the Council, designed specifically to be high level to remove traditional circular conversations experienced elsewhere in local government and the public sector. The policy was later reviewed and updated following the first year of operation and now includes more detail, including recognising recurring benefit.



## *Indexation Policy*

Fife Council is amongst the first ever Scottish local authorities to start to build the key cost components and the tracking and management of them into their contracts.



## *Identification of Savings Opportunities*

A pipeline of identified opportunities is in place, totalling some £8,015million. The initial focus, was on cashable revenue budget based savings, followed by cost avoidance, to help towards existing budgetary challenges. The opportunity pipeline has now been transferred to CPU with work to continue embedding the process and ensuring proactive ownership within the team.



## *Review of Spend Data*

The project undertook the review of all directorates spend separately across all four directorates. This was initially carried out to provide spend review reports and seek to assist in the identification of opportunities for inclusion on the pipeline.

# P8 Re-Enforcing Procurement Foundations

This project focused on ensuring the principles of a good Procurement function are in place through the establishment and use of Procurement foundations. Ensuring the following documents are not only in place in the short term but used, reviewed and brought to life by everyone in the team



## *Procurement & Commercial Strategy*

It is noted that the journey had already begun, with the drafting of the now approved new Procurement and Commercial Strategy. We have supported this by engaging with the team and creating the Procurement Team Vision (see P10 for the team vision).



## *Procurement Team Vision*

Procurement Strategy and Team vision were treated as two separate tasks with the team vision built into the Procurement Strategy

## Vision

A professional procurement service providing an expert strategic and solution-based service which utilises a commercial focus by collaborating with stakeholders and markets, to achieve best value by improving delivery of services and contributing to the Fife economy.



## *Fraud Prevention*

Measures have been taken to ensure awareness within the CPU of Fraud Prevention, to this end internal courses on Fraud Prevention and Corporate Fraud have been delivered to the CPU by the Internal Audit team. As a result, the team now have an understanding of key fraud themes, examples of potential fraud indicators and Fife Council's Governance Toolkit.

## *Whole Life Costing*

Whole Life Costing material and documentation was reviewed and confirmed as robust and is readily available on Share Point to assist with tender exercises that would benefit from utilising a whole life costing methodology.

## *Category Strategies*

New Category Strategy templates have been introduced to the CPU with Category Managers creating individual Category Strategies, to provide key strategic information aiding the planning and execution of these strategies.

The templates seek to bring all of the new process, policy and guidance notes into one place and enable the Category Managers, for the first time, to set out in a clear consistent manner, year by year, how and what they will be doing to ensure the aims and objectives of their Procurement Strategy are achieved. Category Managers are tasked to explain what tools, process, skills and knowledge they will be able to bring to assist the council save money and improve service delivery through the let contracts.

The new Categories Strategies were completed in year one of the Programme and then the Category Managers were supported to undertake the first annual review of their strategies to enable improved processes to be embedded as much as possible for sustainable transformation.

## *Risk Approach*

Scotland Excel's wider team has also been instrumental in taking the Council on a journey around refreshing their aspirational view of risk and reward. As a result, of this significant piece of work, an agreed Council view on risk is in place and a network has been built, enabling ideas and suggestions to be gathered throughout the Council, and considered, in-line with a risks/reward assessment, with opportunities developed and improvements delivered.



## *Contract Opportunity Briefing Note (COBN)*

A process was introduced to enable opportunities to deliver benefit to be quickly and clearly explained through a briefing note. Each opportunity listed on the pipeline will now, for the first time, have a briefing note which seeks to set out the background, methodology, size of the potential saving or benefit and process to achieving this benefit. This then enable colleagues and key stakeholders to engage in the process and work up the opportunity in a collaborative way.

# P9 Contract and Supplier Management (CSM)

This project was designed to review current CSM practice and design and implement improvements to ensure a consistent approach, based on best practice. We have made significant progress to date, achieving all key deliverables including:



## *CSM Guidance Manual*

A period of research was undertaken to understand the current CSM practice within Fife Council, together with wider best practice within the public sector. Subsequently, we have created a draft CSM Guidance Manual based on best practice across the sector that has been reviewed and amended initially, based on feedback from a working group of CPU colleagues.



## *Tools & Templates*

A suite of tools and templates were designed to complement the CSM Guidance Manual. These are all saved on Sharepoint and will assist the team in CSM activity.



## *CSM System*

A review of potential systems to streamline the CSM process was undertaken. It was agreed to test PCS-T as a potential system with two members of the CPU and this work is ongoing. Following the testing period, the colleagues will feedback their results to allow a final decision to be made in terms of roll-out to the wider team.



## *Knowledge Transfer*

A series of six Knowledge Transfer sessions were delivered to Corporate Procurement Officers (CPOs) within CPU. These sessions each covered a specific area of the CSM process and the chance for colleagues to ask questions and provide feedback. The aim of this is to provide 'champions' of the process who can assist in the wider roll out of the process when the time is right for Fife.

”

# P10 Setting the Strategic Direction

To set the strategic direction for the Procurement team and function in Fife Council. To use a refreshed and updated procurement strategy to inform the overall aims and objectives of the Procurement team and to be able to articulate how the team supports the Council achieve its overall aims and objectives. To aid understanding of what the Procurement team is doing and where it will position itself within the Council in future years.



## *New Procurement Strategy finalised and approved*

The actual strategy for procurement was done prior to the engagement of Scotland Excel however the insight provided by Scotland Excel during their engagement with the Council added to the content.

The input also helped coral the existing team and staff from further afield into accepting the need for the strategy and how each role contributes to the aims within the strategy.

The assistance helped clarify the content and the setting of priorities within the strategy and will assist going forward in the continued development of the procurement function within Fife Council.



## *Procurement Strategy Workshops*

The programme co-designed and co-delivered some Procurement Strategy workshops. These were designed to assist the CPU's understand of how their work can contribute to the aims and objectives contained in the Procurement & Commercial Strategy. Specific actions can be taken on a day to day basis to aid its delivery. Emphasis was also placed on how Procurement strategy is aligned to the high-level goals of the wider council.

# P11 Demand Management

Demand Management can be an important way for local authorities to manage assets, control expenditure and specify need. As part of the Fife Transformation programme it is planned to review the different methodologies and introduce the most suitable Demand Management practices in the Council.

Demand Management can take many forms ranging from including a specification review stage to ensure they reflect need rather than want, through carrying out asset management and usage reviews to maximise the use of fleet for instance, to the introduction of expenditure review boards where contentious or high value spend is reviewed and approved at the highest levels of the authority. The later, it should be recognised, is only used in extreme circumstances and unlikely to be considered under this project.



## *Guidance Manual for Demand Management*

The main part of this programme was the development and launch of a guidance manual to explain demand management and outline six levels of demand management that can be employed by the council through varying levels of control, education and resource commitment.

Over the length of the programme we also tried and tested varying levels of demand management which then fed into the development of case studies. These case studies and the guidance manual were then launched through Fife's intranet and communication through management levels. These included PPE, the fleet management opportunity, mentioned previously in this Report (P5), which features both cultural change to drive down grey fleet miles and formal demand management within the area of hired vehicles. Also the previously highlighted Grip and Control V2 (P4) opportunities focuses on bringing in a formal process supported by key criteria to drive down the amount of money spent on non-care package related goods and services.

Also addressed within the guidance manual is the process finance colleagues ran at the end of the last financial year.

# P12 Benefits Tracking

As stated the programme has delivered a new and improved benefits tracking tool which is supported by the first ever Fife Council Benefits Realisation Policy. Prior to the introduction of these the CPU has traditionally struggled to get the value they delivered recognised and captured properly.

These two key documents and processes now mean the difficult circular conversations about “what constitutes a saving” and “what type of saving”, can be shortened with the use of the agreed classifications within the policy. Benefits can be recorded on the tracker in-line with these classifications resulting in the reconciliation process by finance colleagues becoming quicker and more efficient.

This will allow, in time, Procurement to record and publicise its value in a more timely and confident manner.



## *100% Programme Total Savings Target Identified*

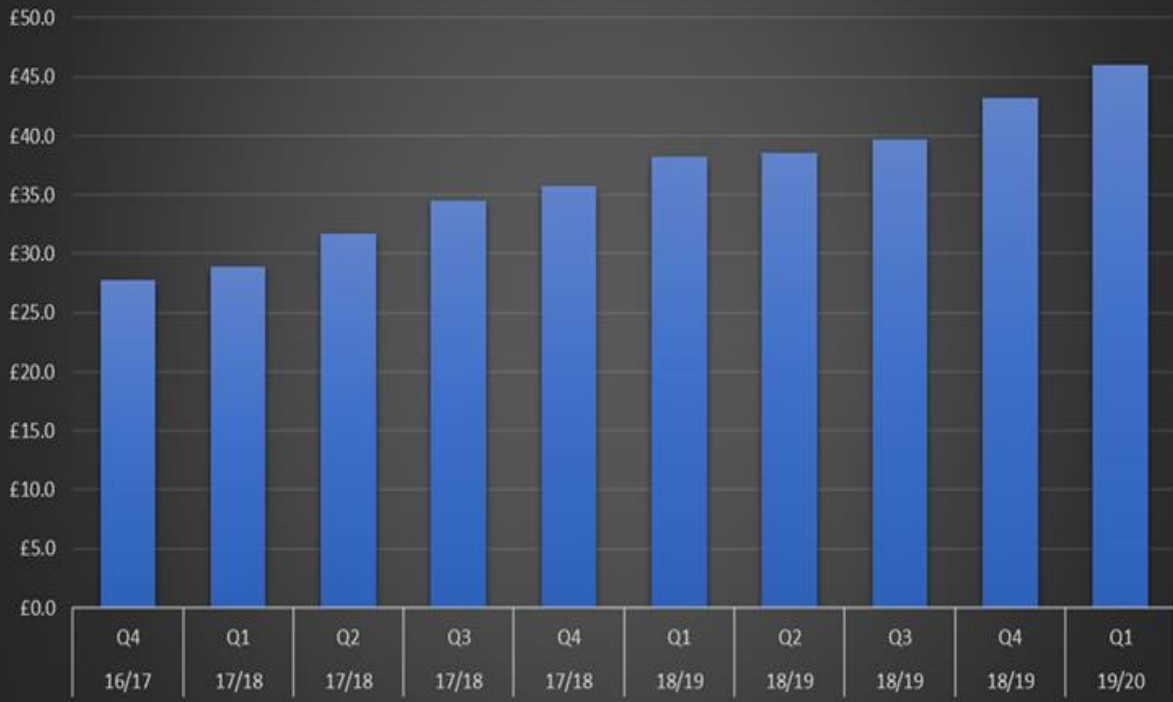
Throughout this programme and this progress report, although addressed in more detail within Projects 3, 4, 5 and 6, the focus has consistently remained on identifying and delivering savings and benefits.

Although not due the latter stages of the overall programme in 2021 as part of the three-year programme approach. Last reporting figures verified £16,364m through delivered and opportunity pipeline data.

Although work is underway to complete the annual refresh of the Category Strategies which will identify further opportunities for inclusion on the pipeline, these should further enhance this figure. Though these figures are subject to change as each opportunity develops through the earlier mentioned Contract Opportunity Briefing Note (COBN) process.

It has also been reported that Fife Council rank number one in adopting the use of Scotland Excel frameworks as this infographic shows:

## Fife Quarterly Rolling 12-month Spend £m Via SXL Frameworks





# P13 Delegated Procurement Authority (DPA) Review



## DPA Register

In the early phase of this project, work was carried out to understand the existing DPA landscape, including spend areas, values and governance. As part of this process, the DPA register has been reviewed and updated, reflecting the current position and details of all those currently holding DPA.



## Scottish Government Procurement Development Framework

We have supported the DPA network through completion of the Scottish Government Procurement Development Framework (as we did with the CPU team under P2). Analysis of the results showed areas in which the DPA network require development.



## Procurement Knowledge Transfer

The DPA results from the Development Framework were then amalgamated with the results achieved by the CPU and informed the knowledge transfer delivery plan (as part of P2).

Following the attendance, although mixed, on the same knowledge transfer sessions as the CPU the programme re-ran the Procurement Competency Development Framework self assessment. The results of which are:

## DPA: Top Self Assessment Scores

Leading & Influencing	85%
Negotiation	75%
EU and Regulated Tender Process	72%
Alternative Routes to Market	67%
Award and De-Brief	64%
Communications	64%
Tender Evaluation	58%
Continuous Improvement	58%
Market & Supply Chain Analysis	56%
Performance Management & Measurement	55%
Financial Management & Modelling	55%
Spend Analysis	53%
Specification Development	53%
Stakeholder Relationships	53%
Budgets	52%
Building Tender Documents	50%
Contract Management	50%
Project & Programme Management	50%
Legislation	44%
Contract Law Terms & Conditions	42%
Risk Management	42%
Supplier Management	37%
Business Case Development	37%
Self-Development	33%
Standards & Conduct	31%
Procurement Tools & Systems	28%
Sustainable Procurement	25%

This then also allows us to identify the top areas for development within the DPA network are:

- ✓ Legislation
- ✓ Contract Law Terms & Conditions
- ✓ Risk Management
- ✓ Supplier Management
- ✓ Business Case Development
- ✓ Standards & Conduct
- ✓ Procurement Tools & Systems
- ✓ Sustainable Procurement

Which are all areas where less than 50% of those with DPA scored themselves below the benchmark on indicated they are less than comfortable in and therefore we recommend some ongoing support.



### *DPA Support Model*

An agreed development plan for colleagues looking to be granted DPA status in the future is now in place and a support model is documented. Agreement has been received that DPA will now follow the same Procurement processes as the CPU and will also adhere to two gateway review process at Contract Strategy and Contract Award stage.

# Conclusion

This report evidences significant work and progress in the two-years of the programme and that the key aims and objectives of the programme have been achieved.

The opportunity pipeline content will continue to grow, and confidence is growing within the wider Council that good proactive Procurement can deliver substantial benefit to the Council be working closely with services, senior stakeholders and finance teams the target of £16m can be delivered.

The second and equally important part of the programme of having a sustainable Procurement function is on track and positive achievements have been delivered to date with significant upward scores in the self-assessed competency framework

The building blocks are now in place and good strong foundations have been built to enable Procurement as a function within Fife Council to continue to grow and flourish. Evidence across the public sector shows that transformational change requires continued investment and attention to ensure changes are embedded within the organisation. Fife council are on a trajectory to continued successes and this investment will pay future dividends.

We strongly believe that this project, whilst delivering significant demonstrable savings and benefits, demonstrates to the wider public sector that a public sector led transformation programme is the most appropriate route to take.

Our vision is to provide innovative, transformative solutions for local and national public services across Scotland.

## GET IN TOUCH

**0300 300 1200**

**[www.scotland-excel.org.uk](http://www.scotland-excel.org.uk)**

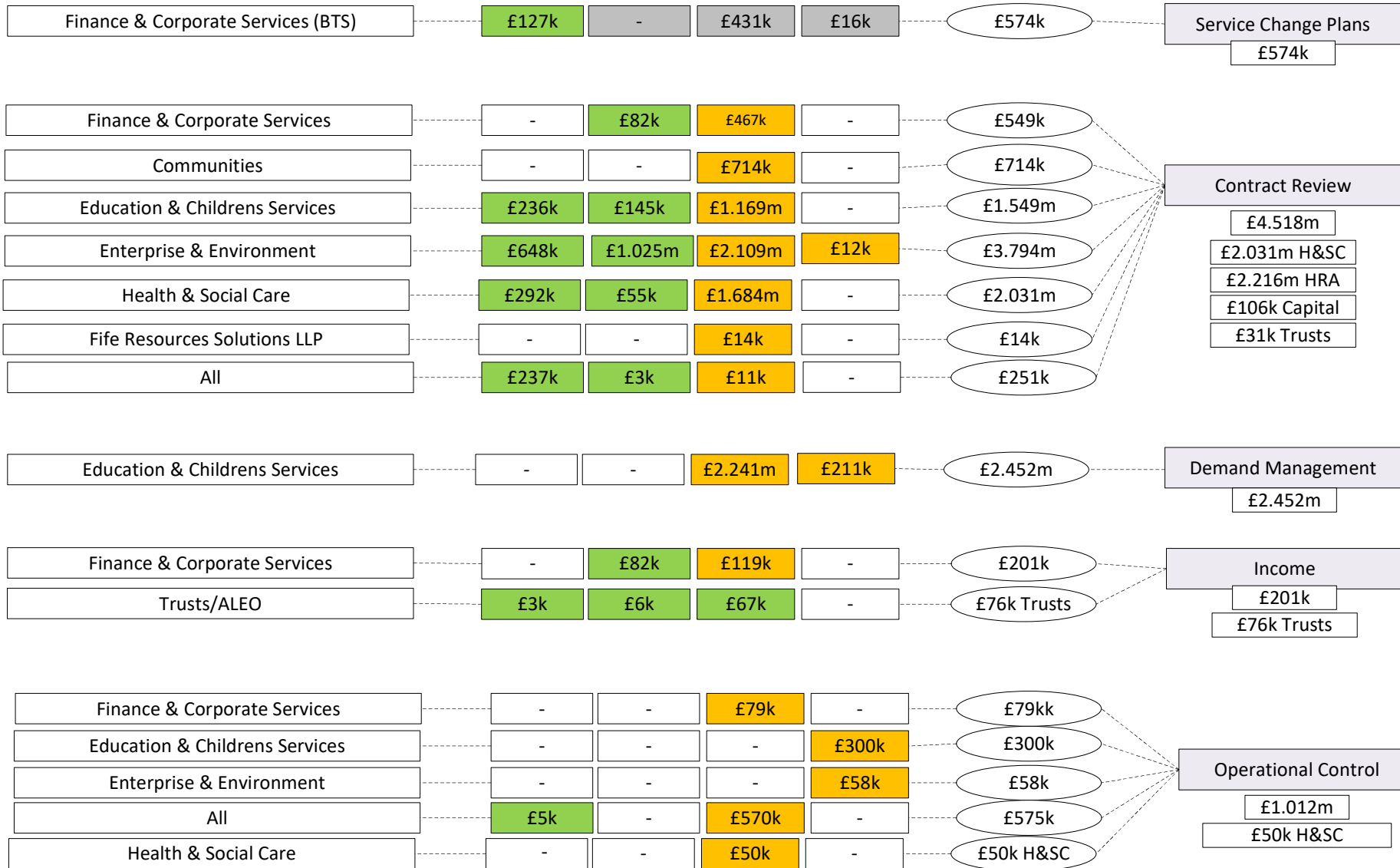
**@ScotlandExcel**



**SCOTLAND  
EXCEL** 

2018/19	2019/20	2020/21	2021/22
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**KEY:**  
Delivered  
Delivery Plan  
 SCP



**PROCUREMENT**

**Target £16m**

Revenue: £8.183m  
 GF H&SC: £2.081m  
 HRA: £2.216m  
 Capital: £106k  
 Trusts: £107k  
 SCP: £574k

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**Est. £13.266m**

Incremental =	£1.547m	£1.398m	£9.724m	£597k
Cummulative =	-	£2.945m	£12.669m	£13.266m

2nd February 2021

Agenda Item No. 7

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## Housing Access Recovery Plan

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Report by: John Mills, Head of Housing Services

Areas Affected: Fife Wide

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### Purpose

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This report outlines progress in implementing the Housing Access Recovery Plan which was supported by the Convenor and Vice Convenor of Community and Housing Services Sub Committee on the 19<sup>th</sup> September 2019 as a response to the significant and damaging impacts of the Covid-19 Pandemic on housing operations and supply.

### Recommendation(s)

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Members are recommended to:

- Consider progress in terms of housing supply and demand to assess any particular areas where focused scrutiny may be required.

### Resource Implications

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There are no additional resource implications beyond those already considered by the Community and Housing Services Committee in relation to the operation of the Allocations Policy or measures to transform homelessness services.

### Legal & Risk Implications

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The report sets out the measures and actions taken to ensure legal and regulatory compliance with the revised regulatory framework and potential changes to statutory duties towards households in need in relation to evolving Public Health Guidance.

### Impact Assessment

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An EqIA has not been completed and is not necessary as no policy change is proposed.

### Consultation

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The interim Plan is a response to the ongoing effects of the Pandemic and has been discussed with the Executive Director (Communities), Head of Housing Services, Convenor and Vice-Convenor.

## 1.0 Legislative Context

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- 1.1 The Legislative and Regulatory context for Housing Allocations has not changed since Members approved the Allocations Policy Review in February 2019. However, due to Scottish Government and Public Health Guidance restricting the circumstances in which people could move home during the lockdown and easing periods, the Allocation Policy was temporarily suspended in March 2020. This was a common position taken by Local Authorities and Registered Social Landlords across the country. This position was reviewed when updated guidance was issued, allowing greater flexibility in managing housing allocations to different priority needs groups and this was reflected in the Housing Access Recovery Plan. The Housing Access Recovery Plan extends to March 2021 although remains under regular review in response to changing environmental conditions and public health guidance.
- 1.2. As part of Covid-19 Monitoring arrangements, all social landlords have been required to submit a monthly return to the Scottish Housing Regulator to provide an insight into various aspects of housing management and homelessness activity. While the Regulator has sought clarification on the Fife monthly submissions, there has been no direct challenge to the actions taken to respond to, or recover from the Pandemic.
- 1.3 The legislation requires landlords to give 'reasonable preference' to a range of circumstances when considering housing applications but retain a statutory duty towards households assessed as homeless or potentially homeless. Fife's strategic approach to homelessness is set out within the Rapid Rehousing Transition Plan (RRTP) as agreed by Committee in February 2019 and subsequently up-dated in line with Scottish Government requirements.

## 2.0 Background

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- 2.1 The outbreak of Covid-19 had an immediate, significant and damaging impact on the operation of the housing access system affecting the management of empty homes, the need to increase the supply of temporary accommodation for statutory homeless households and meet the needs of households on Fife Housing Register in all categories. While Fife received national recognition for re-starting work on empty homes quickly, the lockdown environment presented a range of additional challenges in enabling people to move due to lack of access to practical support and furnishings. The following sets out the measures provided to re-start and continue housing allocations throughout the pandemic
  - The assembly of a bank of 'Covid-19' temporary accommodation resources from Fife Council and FHR Partner properties, as well as private sector properties.
  - The creation of 6 additional refuges managed by Woman's Aid
  - Extended use of temporary accommodation to support vulnerable households
  - Suspension of the Housing Allocations Policy in compliance with Government directives affecting house moves. All allocations were managed by an interim team with staff redeployed from across the Service
  - Increasing focus on managing empty tenancies and return these to the letting pool. This meant that an initial estimate of 300 properties which could not be returned to use due to significant or specialist repairs issues was not realised and there have been no properties left out of use due to the pandemic
  - Re-configuration of homelessness assessment, temporary accommodation management and housing support services to business critical service provision

- Enhancing support to enable movement and set up new homes providing 371 starter / tenancy sustainment packages to statutory homeless households and 55 packages of practical help and/or furnishings to generate turnover.
- Maintaining vital support services provided through Fife's PSP arrangements.

2.2 The 'lockdown' conditions provided a statutory focus on priority need housing allocations with a specific focus on homelessness, hospital discharges and other emergency circumstances. Initial predictions suggested that turnover could drop to 1,300-1,400 allocations during 2020/21 when the normal level of turnover would be around 2,500. This, combined with an expectation that demand was likely to increase significantly, created the need to stimulate turnover and create housing opportunities across the housing sector but with a focus on social rented lets across the FHR partnership. This increase in demand is evidenced within new housing applications and there has been a growth in homelessness applications due to violent relationship breakdown and from those in vulnerable / insecure housing circumstances. The overall rate of new homelessness applications reduced significantly during lockdown but started to increase during the easing phases. These trends are being carefully monitored through the Council's Incident Management arrangements due to the lack of comparability with previous years. There is a notable pressure on the Council's statutory duty to provide temporary accommodation with over 800 households currently occupying temporary accommodation across Fife on a weekly basis. The majority of provision continues to be furnished temporary tenancies or accommodation unit type provision but other less suitable forms of temporary accommodation have had to be brought into use.

### 3.0 Meeting Priority Needs

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3.1 The Housing Access Recovery Plan introduced a transfer led approach to housing allocations and all vacancies being considered to enable a tenant to move first with the resultant vacancy being used to meet another housing need as part of a 'chain of allocations'. The following table provides a breakdown of allocations for 2020-21.

( ) 19/20 Figures	Stat. Homeless	Tenants Transferring	Housing List	Total
Q1 April - June	207 (246)	40 (144)	18 (189)	265 (579)
Q2 July - Sept	262 (236)	138 (162)	59 (236)	459 (634)
Q3 Oct - Dec	267 (270)	193 (141)	112 (128)	572 (539)
<b>Total</b>	<b>736 (752)</b>	<b>371 (447)</b>	<b>189 (553)</b>	<b>1296 (1752)</b>

3.2 The Recovery Plan aims to provide a balance between meeting the needs of tenants living in unsuitable housing circumstances and the needs of other priority need groups. This approach is significantly affected by the housing stock available, for example there was an increase in allocations to retirement housing over the last few months which was previously not allocated due to Covid protection measures. This approach has been influential in increasing turnover with this now projecting at around 1,800 new tenancies rather than 1,300 as initially predicted. A continued focus on homelessness as part of RRTP implementation requires allocations to this needs group but the backlog of need continues to grow with around 1,600 households awaiting an offer of a permanent tenancy. This has grown from around 1,100 at the end of 2019 and the pressure is intensified by the increasing requirement to provide temporary accommodation to more households as a direct result of Covid-19.



## 4.0 Increasing Housing Opportunities

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- 4.1 The Access Recovery Plan places a focus on maximising available housing stock and discussions with Fife Housing Register partners confirms that all Fife based landlords are adopting similar approaches in relation to allocations and preventing evictions where possible. The crisis environment has created a particular focus on partnership approaches with FHR partners contributing to the increase of temporary accommodation resources by around 200 of furnished tenancies in the community. At the start of January, 129 of these properties were mainstream Fife Council tenancies with the balance made up from housing association stock and, to a lesser extent, private rented sector contributions. The Recovery Plan still allows for a small number of properties to be diverted to temporary accommodation but this will be balanced by conversions of temporary accommodation to permanent tenancies in the appropriate circumstances. The focus for the replacement and enhancement of temporary accommodation resources will be provided through a revised private sector leasing scheme and further details will be submitted to Committee as the scheme develops.
- 4.2 In addition to maximising the use of available housing properties, there is a similar focus on prioritising new build allocations as more sites become available for allocation (see Appendix 1). The Strategic Housing Investment Plan (SHIP)2021/22-2025/26 recognises the priorities identified by the Housing Needs and Demand Assessment (HNDA) and aims to achieve the outcomes set out in the Local Housing Strategy (LHS). This includes a commitment to provide 30% specific needs properties. By delivering against these needs, priorities and targets, the new build programme continues to support the Council's transfer led allocations policy by offering the opportunity for families to be housed in properties which suit their needs. In most cases, this also facilitates a chain of multiple allocations.
- 4.3 The Acquisition Policy (where properties are purchased on the open market) has been reviewed and re-focussed to support Fife's RRTP and increase the ability to meet housing needs and contribute to the operation of the transfer led approach to housing allocations. The aim of the policy is to meet demand by both directly preventing / resolving homelessness and by providing solutions for specific needs applicants where no suitable council property exists. This, in turn, facilitates and supports greater opportunities to create transfer led allocation chains which address the needs of multiple families. This financial year we are anticipating purchasing 90 properties, but it is still our hope to achieve the 100 as originally planned (progress shown in the Table below). The current Strategic Housing Investment Plan sets a target of 50 for 2021/2022.

### Property Acquisitions - 2020/2021

Completed	50	Offers accepted	27	Total	77
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- 4.4 A recent Staff Engagement exercise supported by Franklin Covey highlighted the importance of the private rented sector as a housing option for some households but also a number of issues and barriers. This re-affirms the need for a revised relationship and strategic approach to private rented sector housing options which is being developed through the Homelessness Reform and RRTP programme.

- 4.5 The RRTP programme also aims to increase the range of housing and housing with support options available across Fife through;
- the creation of up to 75 Housing First tenancies every year. This will have an initial focus on younger people providing a permanent tenancy with wrap around support but will be expanded during the next phase of RRTP implementation
  - creating additional supported accommodation options on a core and cluster basis by re-purposing emergency accommodation linked to local needs
  - developing innovative models of accommodation in partnership with Health and Social Care services, housing support services and housing association partners
  - reducing transitions for 100 homeless households by converting temporary tenancies into permanent homes where the circumstances are appropriate
  - creating housing pathways, linked to Personal Housing Planning approaches, for households most at risk of homelessness
  - increasing the focus on homelessness prevention / early intervention approaches to minimise the impact on vulnerable households linked to the review of homelessness and housing support service commissioning arrangements

## 5.0 Conclusions

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- 5.1 The Housing Access Recovery Plan has been influential in directing priority allocations throughout the lockdown and easing phases with a specific focus on generating turnover to meet a range of needs. The Plan was substantially influenced by legislation and guidance which took precedence over Housing legislation underpinning housing allocations but adopted a dynamic approach reflecting changing public health guidance. The Plan confirms the range of measures taken have had a positive impact on reducing empty properties and increasing housing opportunities within an increasingly pressurised environment. The report provides evidence of the significant and multiple negative impacts of the virus on housing operations but highlights progress in pursuing positive options to increase housing supply through new build, acquisitions and the development of other housing option routes.

### Appendices

Appendix 1 – Affordable Housing Programme Delivery

### Background Papers

None

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### Report Contacts:

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Affordable Housing Programme Delivery

Appendix 1

2020 / 2021

Developer	Total units	GN - 1 bed	GN - 2 bed	GN - 3 bed	GN - 4 bed	GN - 5 bed	GN - 5+ bed	SN - 1 bed	SN - 2 bed	SN - 3 bed	SN - 4 bed	SN - 5 bed	SN - 5+ bed	TOTAL GN	TOTAL SN	SN Amenity	SN Wheelchair	TOTAL UNITS
Fife Council	155	8	44	49	22	1	0	0	23	3	2	3	0	124	0	18	13	155
RSL	258	0	110	71	8	0	0	0	42	20	0	0	0	189	82	62	4	251*
																	<b>Total</b>	<b>406</b>

2021/2022

Developer	Total units	GN - 1 bed	GN - 2 bed	GN - 3 bed	GN - 4 bed	GN - 5 bed	GN - 5+ bed	SN - 1 bed	SN - 2 bed	SN - 3 bed	SN - 4 bed	SN - 5 bed	SN - 5+ bed	TOTAL GN	TOTAL SN	SN Amenity	SN Wheelchair	TOTAL UNITS
Fife Council	170	0	39	45	21	6	0	5	27	4	10	3	10	111	59	36	12	170
RSL	321	0	204	41	20	0	0	5	27	0	2	5	0	265	42	21	4	310*
																	<b>Total</b>	<b>480</b>

**TOTAL UNITS (to match Programme or Potential where housing mixes are known)**

\*mix unknown for 2 MMR sites hence 7 units not included in breakdown total

GN – General Needs Properties

SN – Specific Needs Properties

**Agenda Item No. 8**

**Environment, Finance & Communities Scrutiny Committee**

**Forward Work Programme as of 26/01/2021 1/1**

<b>Environment, Finance &amp; Communities Scrutiny Committee of 13 April 2021</b>			
<b>Title</b>	<b>Service(s)</b>	<b>Contact(s)</b>	<b>Comments</b>
CAT Transfers	Communities & Neighbourhoods Service	Zahida Ramzan, Tim Kendrick	
Corporate Absence Project - Update	Human Resources	Barbara Cooper	
Parks, Streets & Open Spaces - Update on Savings and Changes to Service Delivery	Assets, Transportation and Environment	Ken Gourlay	
Minute	Legal & Democratic Services	Elizabeth Mair	
Environment, Finance & Communities Forward Work Programme	Legal & Democratic Services	Elizabeth Mair	
Contact Centre Review Update	Communities	Diarmuid Cotter	

<b>Environment, Finance &amp; Communities Scrutiny Committee of 1 June 2021</b>			
<b>Title</b>	<b>Service(s)</b>	<b>Contact(s)</b>	<b>Comments</b>
Compact - How this will be delivered at local level	Communities and Neighbourhoods Service	Sharon Douglas	
Minute	Legal & Democratic Services	Elizabeth Mair	
Environment, Finance & Communities Forward Work Programme	Legal & Democratic Services	Elizabeth Mair	

<b>Unallocated</b>			
<b>Title</b>	<b>Service(s)</b>	<b>Contact(s)</b>	<b>Comments</b>
Climate Change Update	Assets, Transportation and Environment	Ross Spalding	
Commercialisation Programme - Procurement Transformation Project - Update	Finance and Corporate Services	Les Robertson, Stuart Fergie	
Agency Workers/Overtime	Human Resources	Anne-Marie Cardle, Jacqui Laing, Tracy Hogg	
Digital Programme	Business Technology Solutions	Charlie Anderson	