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**LEADER'S REPORT**

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**1. SUMMARY**

- 1.1** This is my second Leader's Report; the first in this format and it outlines key activities undertaken within the role of Council Leader in taking forward shared strategic priorities since 25<sup>th</sup> October 2013.
- 1.2** It is my intention to bring to the Council, on a monthly basis, a Leader's Report to summarise the strategic activities with which I have been involved over that period.

As with my previous Leader's Reports, my aim is to keep colleagues apprised of progress made and issues raised, both at meetings and through subsequent correspondence, lobbying activities etc. Typical meetings that will be reported regularly will include; COSLA, Convention of the Highlands and Islands, Highlands and Islands Conveners Group meetings, Programme Monitoring Committees. I will also report on significant meetings with MPs, MSPs, representatives of key partner organisations and any other representatives of organisations which have a bearing on the work we do here.

Reports relating to COSLA will contain; the background and recommendations of the paper, the Argyll and Bute position in relation to the issue and the final outcomes from the meeting. Once we have received the papers for each meeting, we will forward them to the Leader of the Opposition, for their information and to allow for comment.

My previous report focused solely on the latest information available in relation to our Council's work and correspondence in relation to the Accounts Commission Report and it is likely that reports will follow to up-date colleagues on progress and actions connected with the findings of the report.

- 1.3** Policy Leads will report to future Council meetings on their progress in relation to Council priorities and significant developments.

**2. RECOMMENDATIONS**

- 2.1** It is recommended that Council notes the report.
- 2.2** Elected Members are also asked to note that while the report provides a high level overview, that further details of meeting agendas and supporting documentation, e.g. COSLA, can be made available as appropriate through the Leadership Support Officer. Specific details on key priorities will continue to be reported through the Council and Committee reporting processes.

### 3 25<sup>th</sup> October, COSLA Convention

3.1 I attended the above meeting in Verity House, Edinburgh. The agenda contained items taken in both private and public session as follows:-

#### Items taken in Private Session

- Local Government Pay Negotiations
- Community Empowerment (Scotland) Bill
- National Review of Town Centres

#### Items taken in Public Session

- Procurement Reform Bill
- Independent Living Fund
- Evidence to Commission on Strengthening Local Democracy
- Welfare Reform
- Local Government Funding Pressures
- Calendar of COSLA Meetings 2014

Although I am unable to report on the items that were taken in private session, I have summarised the “public session” items for you below. Further details of the meeting are available in the Leaders Report Pack.

### 3.2 Procurement Reform Bill

#### Background and recommendations

The purpose of this report was to provide Convention with a summary of the key implications for Scottish Local Government of the draft Procurement Reform (Scotland) Bill, introduced to the Scottish Parliament on 4 October and to endorse a series of key messages to enable the DES Spokesperson to continue his lobbying work as the Bill progresses through Parliament

Within the recommendations of the paper, the Convention was invited to:-

- i. Note the introduction of the Procurement Reform (Scotland) Bill to the Scottish Parliament;
- ii. Agree that Local Government continue to lobby around the key messages outlined in paragraphs 10-16 (see \* item below)
- iii. Agree that the COSLA DES Spokesperson continue to lobby the Scottish Government and Parliament, throughout consideration of the Bill; and
- iv. Agree that the detailed response to the Bill and any further substantive amendments be considered initially by the DES Executive Group, with further approval by Leaders or Convention, or if particularly urgent the DES Spokesperson together with Political Group Leaders, if required.

#### Argyll and Bute Position

I have been advised that:-

- Argyll and Bute Council’s (The Council) standing orders and procurement

manual already require that we “go to tender” for supplies/services over £50k and works over £350k, so we support the creation of a legal framework for contracts below the European thresholds as this is in keeping with the principles of procurement law of being fair, open and transparent to all suppliers.

- We support the other proposed contents of draft bill such as the Single Online Portal for advertising contracts as the Council has been using Public Contracts Scotland (PCS) for all council tenders for some time, which allows contracts to be accessed by SMEs and Third Sector groups etc.
- We agree that de-brief requirements should be provided, however, this should be proportionate to size of contract. This is currently in place with the Council.
- We agree with proposal to require insertion of community benefit clauses in award of “major” contracts, however “major” requires to be determined as the contract needs to be relevant i.e. length of contract, value etc. to allow community benefit to be achieved.
- Sustainability should be taken into account at the sourcing strategy stage, so again we support this proposal.
- We have a procurement strategy for three years therefore an annual strategy would have to be developed working with Strategic Finance colleagues and other services.
- In relation to the proposal to exclude suppliers based on criminal activity, we support this and we are working with Police Scotland during open tenders to ensure the viability of proposed suppliers

**Argyll and Bute Council actions** - We responded to the consultation on the Bill. Most of the proposals are welcomed and will not impose significant new burdens, however, the Council expressed concern that wording of the bill should reflect the councils existing duty of best value and not add further complexity to the existing procurement landscape.

Many requirements of the Bill will be resource intensive and will have an impact on the workloads of procurement teams.

### **Convention Outcome**

The Convention agreed to accept the above recommendations.

### **\*Paragraphs 10 – 16**

10. *COSLA in previous lobbying had articulated a view that duties relating to environmental reporting or championing a supported business should not be included in the Bill, given the current voluntary reporting via the Scottish Climate Change Declaration and concerns expressed by all stakeholders in the*

*consultation regarding the potential requirement to have at least one contract with a supported business due to capacity issues. The proposal to Convention is that these previous positions remain unaltered in opposing any attempt to reintroduce these duties.*

- 11. In relation to the latter main excluded proposal, Convention has previously outlined some support for the encouragement of the living wage through procurement. However, following legal clarification with the European Commission, it has proven only possible to encourage rather than mandate the payment of the living wage through procurement activity. Whether suppliers pay the living wage or not, this cannot be used as a factor in deciding the placement of a publicly procured contract.*
- 12. The Bill does give Ministers the ability to issue guidance in relation to a supplier's approach to workforce matters. This will mean that purchasers can consider, where relevant to the performance of the contract, whether matters such as inappropriate use of zero hours contracts or levels of remuneration may affect the quality of service that a company is likely to provide. It is suggested to Convention that given the significant public sector purchaser and employer roles of Scottish Local Government, that any Ministerial guidance must be drafted in close consultation with councils.*
- 13. COSLA will continue to argue, as the President and DES Spokesperson have done through their lobbying in advance of the introduction of the Bill to Parliament, the need to consider new duties alongside any existing or forthcoming duties but specifically, in this case, alongside Local Government's duty to deliver Best Value. The Scottish Government seems to have taken on board these concerns.*
- 14. Convention previously welcomed the emphasis on community benefit and need for procurement to encourage local jobs and business opportunities where appropriate. Whilst the draft Bill has a requirement to consider community benefit clauses in relevant contracts, it stops short of prescribing the need for such clauses within all relevant procurement/regulated contracts. This flexibility is welcomed, but we will argue that the process for "considering" community benefit clauses should not be onerously prescribed in guidance and will need to reflect local circumstances.*
- 15. COSLA has previously highlighted concerns around the legal definition of shared services in the EU Procurement Directive, agreed over summer 2013, and subsequent transposition of this definition into Scots law. The final EU Directive has been made less restrictive than originally proposed. On the other hand, it will now place an obligation for procuring authorities to base their award decision not solely on cost alone but also on the wider notion of "most economically advantageous tender" (qualitative, lifetime costs) as well as introducing green procurement criteria.*
- 16. Convention is asked to agree that we lobby the Scottish Government to ensure that the EU Procurement Directive is transposed and harmonised with existing and proposed Scots law in a manner which retains maximum flexibility for councils to deliver shared services and share capacity to provide local accountable outcomes.*

### **3.3 Independent Living Fund**

#### **Background and Recommendations**

The purpose of this report was to provide an overview of the Scottish Government's consultation on the future use of resources which will be devolved to Scotland following the UK Government's decision to close the Independent Living Fund; and

to secure endorsement of the draft COSLA response.

Through the recommendations within the paper members were invited to:

- i. consider and discuss the issues associated with the options set out in the consultation; and
- ii. endorse the draft response to the consultation; (available on the COSLA Website via this link <http://www.cosla.gov.uk/documents/convention?tid=%22Convention%22&search=&month=10&year=2013> or from the Leadership Support Officer), which recommends that local authorities assume responsibility for ILF funding.

#### **Argyll and Bute Position**

I was advised that Council Officers agree with the recommendations in this paper and will be submitting a response to the Scottish Government along similar lines to COSLA's

#### **Outcome**

Convention members agreed to accept the recommendations within the paper.

### **3.4 Evidence to Commission on Strengthening Local Democracy**

#### **Background and Recommendations**

The purpose of this paper was to update the Convention on the further development of the Commission on Strengthening Local Democracy, which was previously approved by the Convention; to advise that the first meeting of the Commission had been held and to draw the attention of Convention members to a call for views around a number of themes.

The Convention was invited to :

- i. Note the further work undertaken since its June meeting to further develop and establish the Commission;
- ii. Note the purpose, objectives and membership agreed by Leaders;
- iii. Agree that COSLA through its own political forums should submit evidence and views to the Commission; and
- iv. Encourage member Councils to similarly respond to the call for views once it is issued.

#### **Argyll and Bute Position**

I have been advised that the Council will need to consider what evidence it would wish to provide to the commission and that this will be subject to further research and discussion, as the matter is progressed.

#### **Outcome**

The Executive Group agreed to accept the recommendations.

### **3.5 Welfare Reform**

#### **Background and Recommendations**

The purpose of this report was to update Convention on how actions in relation to welfare reform are being taken forward by COSLA.

It was recommended that the Convention note the report

### **Argyll and Bute Position**

I have been advised that officers agree, in general, with the recommendations of the paper although full details of the Officer response is available in the Leaders Report Pack. In addition to our response at COSLA, Chief Executive, Sally Loudon and I met with David Mundell MP in Oban on 14<sup>th</sup> November about this issue. The detail of this meeting is below.

Council Officers are also meeting regularly with RSLs in our area through a four weekly Welfare Reform Working Group and have offered separate additional meetings re (Discretionary Housing Payments) DHPs with all the main RSLs. In addition the Council has extended circumstances when we award DHPs and this is considered every month by SMT. As part of their on-going work, council staff have assisted with various bids to the Support and Connect Fund for financial and digital inclusion. There is also a limited incentive scheme to Home Argyll tenants to move to smaller properties where this is an option.

### **Outcome**

The Executive Group agreed to note the information in the report.

## **3.6 Local Government Funding Pressures**

### **Background and Recommendations**

Since May, both Leaders and Convention considered a report, as a standing agenda item, which set out the additional pressures for local government arising as a result of either new Scottish or UK Government policy. This report aims to provide an update on the current position in relation to these pressures.

The Convention was asked to note this report.

### **Argyll and Bute Position**

I have been advised that the report sets out additional funding pressures for local government. The funding pressures listed, below, remain the same as previously reported, although for some there is greater clarity on the funding implications.

**Council tax shortfall** – Scottish Government (SG) draft budget assumes continuity of the current arrangement with SG contribution of £23m and local government of £17m to overall estimated shortfall of £40m. In effect, no change for 2014-15 & 2015-16 from the position for 2013-14.

**Free Personal & Nursing Care** - SG draft budget assumes continuity of the current arrangement with SG contribution of £23m and local government of £17m to overall estimated shortfall of £40m. In effect no change for 2014-15 & 2015-16 from the position for 2013-14.

**Children & Young People Bill** - SG draft budget provided revenue funding of £50.7m and £81.9m for 2014-15 & 2015-16 and capital funding of £30m per

annum.

**Self-Directed Support** - £6m available for 2015-15. Position not clear for 2015-16.

**Second Language in School** - No additional info available. Funding in 2013-14 of £4m allocated but not confirmed for later years – although it is expected

**Scottish Welfare Fund** - Funding for Scottish Welfare Fund maintained at £33m for 2014-15 & 2015-16. Overall funding of Welfare Reform is £45m and this is maintained for 2014-15 & 2015-16.

**Additional** - The report advises on a national cost pressure from the removal of the contracting out rebate for pension contributions of £125m (our share around £2m and flagged in budget outlook reports).

It is also worth noting the potential impact of auto enrolment in terms of increased employer pension contributions. In our case between £200k and £2m.

**Outcome**

The Convention agreed to note the detail in the report.

### **3.7 Calendar of COSLA Meetings for 2014**

**Background and Recommendations**

The purpose of this report was to provide advance notice of the COSLA Calendar for 2014 for forward planning purposes

**Outcome**

The Convention agreed to note the above information and diary dates will shortly be notified to our Council's Representatives at COSLA

## **4.0 Convention of the Highlands and Islands, 28<sup>th</sup> October 2013**

### **4.1 General**

The autumn meeting of the Convention of the Highlands and Islands was held in Helensburgh. The Depute Leader, Chief Executive and I attended. The first agenda item was an up-date from the previous meeting's agenda which included; an update on Planning, Healthcare and Lifesciences, UK Border Agency (UKBA) processing cruiseship passengers, 2014 Major Events, Telehealth and Telecare.

The agenda items forming the main discussions on the day were; Energy Sector, Employability and Skills, Community Planning and Connectivity. I have provided detail below of the outcomes from these discussions and a full set of papers from the event are available from the Leadership Support Officer

### **4.2 Energy Sector**

This paper provided an update on the strategic energy sector issues. There were no recommendations within the paper but it should be noted the paper had a

particular focus on the oil and gas sector with the addition of renewables, as follows:-

### **Oil and Gas Industry**

Skills within the industry were identified as key to its success and it was agreed that there exists a tension in the employment market in relation to this particular skill set.

It was agreed that infrastructure, particularly ports and harbours needed to be suitably prepared for the future demands of the industry.

It was explained to COHI members that Internationalisation presented a good opportunity for expertise and knowledge that Scotland has established in oil and gas

### **Renewables Sector**

In terms of Incentives For Renewable Development – it was explained that we are at a crucial point in the development of the Department for Energy and Climate Change's (DECC's) package of reforms to the electricity market (EMR). The Convention was told that DECC's proposals will be finalised in December. DECC's approach to the Highlands and Islands was discussed and it was agreed that a political solution to this should be sought. John Swinney proposed a collaborative "team Scotland" approach and submission to DECC

It was agreed that our Ports and Harbours strategy would be key to the successful development of the Renewables sector. The Convention requested that a national strategy be further discussed amongst members, agreed and then endorsed in relation to establishing the best possible locations for the development of deep ports and harbours.

Grid connection was discussed as a barrier to the growth of renewables. It was agreed that CoHI would engage at strategic level as the discussion with DECC and Ofgem progress. As part of this, the issue of underwriting grid connections also needed to be explored.

The Convention recognised the importance of supporting the development of skills in renewables.

## **4.3 Employability and Skills**

Skills Development Scotland (SDS) presented their paper to the Convention and this was subsequently discussed.

Convention members welcomed the contents of the draft Highlands and Islands Regional Skills Investment Plan as well as the further engagement which was promised, to complete the plan by December. CoHI identified a number of themes for skills development which would benefit from further exploration, including; care, entrepreneurship and land management.

It was agreed that CoHI would establish a short life working sub-group, to explore the regional actions discussed at the meeting. This sub-group would comprise



representatives from; Local Authorities, SDS, SFC, HIE and UHI/regional Colleges.

It was agreed also, that whilst SDS worked on building upon their engagement, with LAs to test and validate the evidence on opportunities, Scottish Funding Council (SFC) would engage with UHI and regional colleges. It is anticipated that this will ensure that local perspectives are fully captured and that agreement is reached on future action to promote the Highlands and Islands as a place to live and work.

CoHI recognised the need to synchronise actions in line with the Wood Commission, as well as considering the equalities agenda.

#### **4.4 Community Planning**

The Convention of the Highlands and Islands endorsed the importance of increasing the pace and scale of improvement activity in community planning; moving from having what it called 'islands of excellence' to promoting much wider and deeper action throughout the CP landscape.

It was agreed that CoHI was a useful mechanism for strengthening community planning across the Highlands and Islands and that future Conventions should focus on drawing together examples of success, innovation and learning from across CoHI CPPs, sharing best practice.

It was acknowledged that whilst structures and governance were important, community planning had to be more of a "way of life" or a way of working for partners and communities.

CoHI agreed that, at the Spring 2014 Convention, there should be a series of short case study presentations, area by area, covering:

- Response to joint resourcing; and
- Innovative examples in the preventative arena.

#### **4.5 Connectivity**

It was agreed that the Convention would request for National and local Government and other CoHI members to issue a joint letter to Ofcom, making the case for the introduction of a Universal Service Obligation for digital connectivity.

It was also agreed that CoHI would carry out actions to raise awareness of the role and skills of Community Broadband Scotland in supporting the development of Community solutions for areas that lie outside of the planned "next generation" footprint.

HIE, with support from UHI, resolved to lead a discussion at a future CoHI about opportunities to support individuals and businesses to better embrace and utilise digital technology.

### **5. Meeting with David Mundell, MP, 14<sup>th</sup> November**

- 5.1** As part of a series of stakeholder engagements on welfare reform, the Minister committed to meeting with all of Scotland's local authorities to discuss the Government's welfare reform policies, which is especially important within a

Scottish context. The Chief Executive, Director of Customer Services and I met with Mr Mundell on 14<sup>th</sup> November, in Oban. During our meeting we discussed the challenges that local authorities face in implementing these welfare reform policies, so that the Minister can feed back to Ministerial colleagues in the UK Government. I was pleased to find the minister both receptive and interested in the detail that we had to share with him in relation to our experience so far and our assessment of likely future impacts.

Mr Mundell is to meet at the beginning of June with COSLA and Lord Freud (the Minister with overall responsibility for Welfare Reform at DWP), for a review and to discuss Mr Mundell's engagement with Scottish Councils. After this review Mr Mundell will then have further engagement with all Councils as part of an on-going dialogue with the Councils in Scotland. Members will be informed of any significant future developments with this issue.

## **6. Meeting of Chief Officers and Senior Officers, 15<sup>th</sup> November**

### **6.1** I was delighted to be able to attend the most recent Chief Officer and Senior Officer (COSO) meeting, which was held at the Tarbert Academy.

It was really good to have the opportunity to thank Chief and Senior for all that they have done in keeping services running at a high level at the same time as progressing the changes that had needed to be made over the last few years in order to assist the Council with its direction of travel.

I think it is fair to say that the last few years since the cuts to Local Authority Budgets started have been challenging for staff at all levels. For a change, I was able to deliver quite a positive message that although there are more difficult times ahead, the next two years will provide political, organisational and budgetary stability. I was able to explain how this time would be invested in wide consultation and partnership working to ensure that we understand exactly what is required of us, as a council in recognising our communities' diverse range of needs and how we would be tailoring our resources to meet those requirements.

Chief and Senior Officers were already aware of the serious budgetary challenges that we will be facing from 2016 onwards but the opportunity to carefully plan services, in collaboration with our partners, tailored to the needs of our communities ensures that decisions can be justified in terms of providing the best services possible for our people and communities.

The Chief Officer Senior Officer event also heard from guest speakers; Colin Mair, from the Improvement Service and Councillor David O'Neill, from North Ayrshire Council and President of COSLA, who spoke on the important issue of Public Service Reform.