

Minute

Policy and Resources Committee

Wednesday, 27 November 2024, 09:30.

Council Chamber, Council Offices, School Place, Kirkwall.



Present

Councillors Heather N Woodbridge, Alexander G Cowie, Graham A Bevan, Stephen G Clackson, David Dawson, P Lindsay Hall, Steven B Heddle, Rachael A King, Kristopher D Leask, W Leslie Manson, James R Moar, Janette A Park, Raymond S Peace, John A R Scott, Gwenda M Shearer, Gillian Skuse, Jean E Stevenson, Ivan A Taylor, Mellissa-Louise Thomson, Owen Tierney and Duncan A Tullock.

Clerk

- Hazel Flett, Service Manager (Governance).

In Attendance

- Oliver D Reid, Chief Executive.
- Stephen Brown, Chief Officer, Orkney Health and Social Care Partnership.
- Karen Greaves, Corporate Director for Strategy, Performance and Business Solutions.
- Hayley Green, Corporate Director for Neighbourhood Services and Infrastructure.
- Gareth Waterson, Corporate Director for Enterprise and Sustainable Regeneration.
- James Wylie, Corporate Director for Education, Leisure and Housing.
- Gavin Mitchell, Head of Legal and Governance.
- Andrew Groundwater, Head of Human Resources and Organisational Development.
- Erik Knight, Head of Finance.
- Kenny MacPherson, Head of Property, Asset Management and Facilities (for Items 3 to 11).
- Alex Rodwell, Head of Improvement and Performance (for Item 1).
- Graeme Christie, Service Manager (Estates) (for Items 8 to 10).
- Rosemary Colsell, Service Manager (Procurement) (for Items 1 and 2).
- David Custer, Service Manager (Engineering) (for Items 6 to 11).
- Susan Shearer, Service Manager (Development and Marine Planning) (for Items 5 to 8).
- Glen Thomson, Service Manager (Property and Capital Projects) (for Items 1 to 5).
- Paul Sharman, Islands Archaeologist (for Items 5 and 6).

In Attendance via remote link (Microsoft Teams)

- Maya Tams-Gray, Committees Officer.

Observing

- Sweyn Johnston, Head of Enterprise and Economic Growth (for Items 6 to 11).
- Lorna Richardson, Head of Neighbourhood Services.
- Frances Troup, Head of Community Learning, Leisure and Housing (for Items 7 to 10).
- Ross Cunningham, Service Manager (Democratic Services and Communications) (for Item 1).
- Shonagh Merriman, Service Manager (Corporate Finance) (for Items 3 to 5).
- Kirsty Groundwater, Communications Team Leader.

Declarations of Interest

- No declarations of interest were intimated.

Chair

- Councillor Heather N Woodbridge.

1. Communications and Engagement Strategy

After consideration of a report by the Corporate Director for Strategy, Performance and Business Solutions, together with an Equality Impact Assessment and an Island Communities Impact Assessment, copies of which had been circulated, and after hearing a report from the Head of Improvement and Performance, the Committee:

Resolved to **recommend to the Council** that the Communications and Engagement Strategy 2024-2028, attached as Appendix 1 to this Minute, be approved.

2. Sustainable Procurement Policy

After consideration of a report by the Corporate Director for Strategy, Performance and Business Solutions, together with an Equality Impact Assessment and an Island Communities Impact Assessment, copies of which had been circulated, and after hearing a report from the Service Manager (Procurement), the Committee:

Resolved to **recommend to the Council** that the Sustainable Procurement Policy 2024, attached as Appendix 2 to this Minute, be approved.

3. Corporate Anti-Fraud Policy

After consideration of a report by the Head of Finance, together with an Equality Impact Assessment and an Island Communities Impact Assessment, copies of which had been circulated, the Committee:

Resolved to **recommend to the Council** that the revised and updated Corporate Anti-Fraud Policy, attached as Appendix 3 to this Minute, be approved.

4. Capital Strategy

After consideration of a joint report by the Corporate Director for Enterprise and Sustainable Regeneration and the Corporate Director for Neighbourhood Services and Infrastructure, together with an Equality Impact Assessment and an Island Communities Impact Assessment, copies of which had been circulated, and after hearing a report from the Head of Finance, the Committee:

Resolved to **recommend to the Council** that the Capital Strategy 2024 to 2029, attached as Appendix 4 to this Minute, be approved.

Councillor James R Moar joined the meeting at this point.

5. Capital Project Appraisal – Procedure

After consideration of a joint report by the Corporate Director for Enterprise and Sustainable Regeneration and the Corporate Director for Neighbourhood Services and Infrastructure, copies of which had been circulated, and after hearing a report from the Head of Finance, the Committee:

Resolved to **recommend to the Council** that the revised Capital Project Appraisal Procedure, attached as Appendix 5 to this report, be approved.

6. Heart of Neolithic Orkney World Heritage Site Management Plan

After consideration of a report by the Corporate Director for Neighbourhood Services and Infrastructure, together with an Equality Impact Assessment, copies of which had been circulated, and after hearing a report from the Service Manager (Development and Marine Planning), the Committee:

Resolved to **recommend to the Council**:

6.1. That the consultative draft Heart of Neolithic Orkney World Heritage Site Management Plan 2025-2035, attached as Appendix 1 to the report by the Corporate Director for Neighbourhood Services and Infrastructure, be approved for public consultation.

6.2. That the Corporate Director for Neighbourhood Services and Infrastructure should submit a report to the Policy and Resources Committee, in Spring 2025, detailing the outcomes of the consultation, together with an amended version of the Heart of Neolithic Orkney World Heritage Site Management Plan 2025-2035.

7. Strategic Offshore Energy Development

After consideration of a joint report by the Chief Executive and the Corporate Director for Enterprise and Sustainable Regeneration, copies of which had been circulated, Councillor Heather N Woodbridge, seconded by Councillor Graham A Bevan, moved that:

- The draft Outline Strategic Offshore Energy Development Strategy for Orkney be endorsed for further development, in consultation with members of the Harbour Authority Sub-committee and relevant local stakeholders, with a final version to be submitted to the Policy and Resources Committee in early 2025.

- A budget of £4 million be ring-fenced from current resources within the existing Marine Services budget areas, in order to deliver the Strategic Offshore Energy Development Strategy in the period up to May 2027.
- Powers be delegated to the Chief Executive, in consultation with the Corporate Director for Enterprise and Sustainable Regeneration and members of the Harbour Authority Sub-committee, to authorise spend from the budget, referred to above, in the period up to May 2027, thereby ensuring Elected Member oversight of this budget.
- The three red line commitments to all Elected Members on the Strategy as set out in section 4.4 of the joint report by the Chief Executive and the Corporate Director for Enterprise and Sustainable Regeneration, be endorsed.

Councillor Rachael A King, seconded by Councillor Steven B Heddle, moved an amendment, that:

- The draft Outline Strategic Offshore Energy Development Strategy for Orkney be endorsed for further development, in consultation with members of the Harbour Authority Sub-committee and relevant local stakeholders, with a final version to be submitted to the Policy and Resources Committee in early 2025.
- A budget of £4 million be ring-fenced from current resources within the existing Marine Services budget areas, in order to deliver the Strategic Offshore Energy Development Strategy in the period up to May 2027.
- The three red line commitments to all Elected Members on the Strategy as set out in section 4.4 of the joint report by the Chief Executive and the Corporate Director for Enterprise and Sustainable Regeneration, be endorsed.

The result of a recorded vote was as follows:

For the Amendment:

Councillors Stephen G Clackson, P Lindsay Hall, Steven B Heddle, Rachael A King, Raymond S Peace, Gwenda M Shearer, Gillian Skuse, Jean E Stevenson and Owen Tierney (9).

For the Motion:

Councillors Graham A Bevan, Alexander G Cowie, David Dawson, Kristopher D Leask, W Leslie Manson, James R Moar, Janette A Park, John A R Scott, Mellissa-Louise Thomson, Duncan A Tullock and Heather N Woodbridge (11).

The Motion was therefore carried and the Committee thereafter:

Resolved to **recommend to the Council:**

7.1. That the draft Outline Strategic Offshore Energy Development Strategy for Orkney, attached as Annex 1 to the joint report by the Chief Executive and the Corporate Director for Enterprise and Sustainable Regeneration, be endorsed for further development, in consultation with members of the Harbour Authority Sub-committee and relevant local stakeholders, with a final version to be submitted to the Policy and Resources Committee in early 2025.

7.2. That a budget of £4 million be ring-fenced from current resources within the existing Marine Services budget areas, in order to deliver the Strategic Offshore Energy Development Strategy in the period up to May 2027.

7.3. That powers be delegated to the Chief Executive, in consultation with the Corporate Director for Enterprise and Sustainable Regeneration and members of the Harbour Authority Sub-committee, to authorise spend from the budget, referred to at paragraph 7.2 above, in the period up to May 2027, thereby ensuring Elected Member oversight of that budget.

7.4. That the following three red line commitments to all Elected Members in respect of the Strategic Offshore Energy Development Strategy be endorsed:

- No borrowing or financial commitment from the Council that is not fully understood and agreed by Members to be affordable and sustainable.
- Development decisions around any asset to be clearly flagged and understood by Elected Members and taken transparently by Members with access to all relevant information and data.
- Control over use of assets to be retained by the Council so that activities and use can be understood now, and in the future.

The Committee noted:

7.5. That Councillor Steven B Heddle wished his dissent, from the recommendations outlined above, to be recorded.

Councillor Ivan A Taylor left the meeting during discussion of this item and rejoined the meeting at this point.

8. Active Travel

After consideration of a report by the Corporate Director for Neighbourhood Services and Infrastructure, copies of which had been circulated, and after hearing a report from the Service Manager (Development and Marine Planning), the Committee:

Resolved to **recommend to the Council:**

8.1. That the Active Travel capital infrastructure projects, detailed in Appendix 6 to this Minute, be added to the capital programme for financial year 2024/25 onwards, at a total cost of £405,000, to be fully funded from Tier 1 and Tier 2 Active Travel funding awarded to the Council for financial year 2024/25.

8.2. That the Planning service revenue budgets for 2024/25 and 2025/26 be increased by £65,000 and £45,000 respectively to allow the Active Travel development works, detailed in Appendix 7 to this Minute, to progress, to be funded by a contribution from the Covid Recovery Fund, established in December 2021, specifically in relation to Footpath, Core Path and Cycleway Improvements.

9. Exclusion of Public

On the motion of Councillor Heather N Woodbridge, seconded by Councillor Alexander G Cowie, the Committee resolved that the public be excluded for the remainder of the meeting, as the business to be considered involved the disclosure of exempt information of the classes described in the relevant paragraphs of Part 1 of Schedule 7A of the Local Government (Scotland) Act 1973 as amended.

10. Proposed Disposal of Property

Under section 50A(4) of the Local Government (Scotland) Act 1973, the public had been excluded from the meeting for this item on the grounds that it involved the disclosure of exempt information as defined in paragraphs 2, 8 and 9 of Part 1 of Schedule 7A of the Act.

After consideration of a joint report by the Corporate Director for Neighbourhood Services and Infrastructure and the Corporate Director for Education, Leisure and Housing, copies of which had been circulated, and after hearing a report from the Service Manager (Estates), the Committee:

Resolved to **recommend to the Council** what action should be taken with regard to the proposed disposal of property.

The above constitutes the summary of the Minute in terms of the Local Government (Scotland) Act 1973 section 50C(2) as amended by the Local Government (Access to Information) Act 1985.

11. Strategic Offshore Energy Development Strategy

After consideration of a joint report by the Chief Executive and the Corporate Director for Enterprise and Sustainable Regeneration, copies of which had been circulated, the Committee:

Resolved to **recommend to the Council** that further consideration of the matters detailed in the joint report by the Chief Executive and the Corporate Director for Enterprise and Sustainable Regeneration be deferred.

The above constitutes the summary of the Minute in terms of the Local Government (Scotland) Act 1973 section 50C(2) as amended by the Local Government (Access to Information) Act 1985.

Councillors Graham A Bevan, Stephen G Clackson and Kristopher D Leask left the meeting during discussion of this item.

12. Conclusion of Meeting

At 16:48 the Chair declared the meeting concluded.

Signed: (Chair).

Communications and engagement strategy



2024-2028

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1 Introduction

1.1 Why are good communications important?

Effective communication is at the heart of every successful organisation.

Successful engagement with communities, our employees, and other stakeholders begins with making useful information easy to obtain, use and respond to. But communication is more than one-way.

Understanding what the people of Orkney are saying, and having them understand us in return, helps us to guide Orkney Islands Council to prioritise the delivery of services and work with our local communities, our teams, and our partners.

Effective communication ensures that the right messages are received at the right time, by the right people and for the right reason.

1.2 What is the purpose of this strategy?

Whilst the Council has teams who support communications and engagement, by providing advice, support and guidance, effective communication is everybody's responsibility and everyone in the organisation has a role to play.

This strategy is designed to be a useful tool for Elected Members and council officers. It sets out a framework for our communication and engagement activities and outlines our strategic priorities; areas that we want to build on and improve.

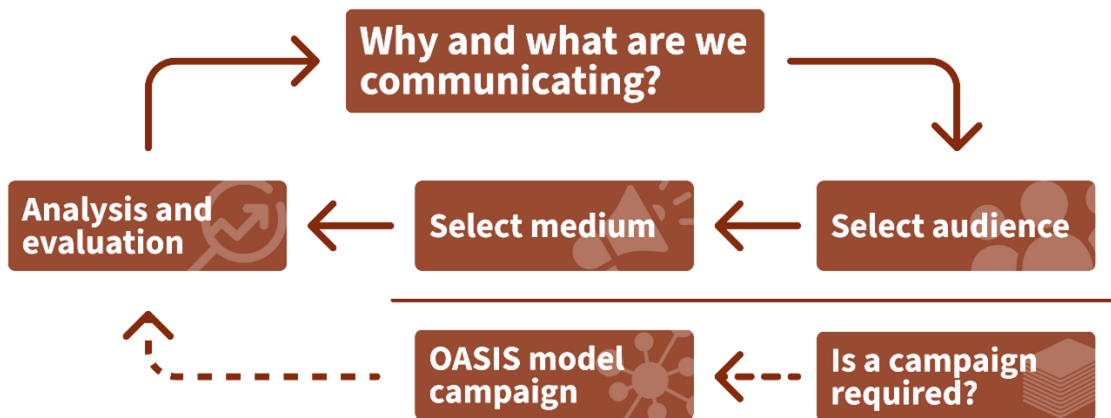


1.3 Strategy on a page

The aims of our communication and engagement activities are to:

- Keep employees and stakeholders well informed: raising awareness of the Council's priorities, activities and local government issues.
- Consult effectively with stakeholders to inform policy development and decision making.
- Maintain effective relationships with our communities, employees and the media to help us communicate our message to a wider audience.
- Co-ordinate our communications to support the Council in working together towards our shared ambitions and priorities in the Council Plan 2023-2028.

We have a standard model for our communications activities.



Objectives	Audience Insight	Strategy/Idea	Implementation	Scoring/Evaluation
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Our core activities are:

- Social media and digital engagement.
- National political engagement.
- Local democracy.
- Community consultation and engagement.
- Internal communications and employee engagement.
- Campaigns.
- Publications.
- Media relations.
- Civic events.
- Communications in a crisis.

The communications and engagement strategy identifies five strategic priorities:

- Priority one | Making the most of our digital platforms 2024 => 2026
- Priority two | Political engagement and democracy 2024 => 2025
- Priority three | Community consultation and engagement 2024 => 2026
- Priority four | Internal communication and engagement 2024 => 2026
- Priority five | Support for services and elected members 2024 => 2025

2 Strategic context

This strategy does not sit on its own. It supports delivery of the Council Plan 2023-2028, Directorate Delivery Plans, and general service delivery. The diagram below shows how this strategy fits into the wider strategic planning context of Orkney Islands Council.



3 Our approach

3.1 Our aims

The aims of our communication and engagement activities are to:

- Keep employees and stakeholders well informed: raising awareness of the Council's priorities, activities and local government issues.
- Consult effectively with stakeholders to inform policy development and decision making.
- Maintain effective relationships with our communities, employees and the media to help us communicate our message to a wider audience.
- Co-ordinate our communications to support the Council in working together towards our shared ambitions and priorities in the Council Plan 2023-2028.

3.2 Our values

It is important that we consider our communication and engagement activities in the context of our values.



Our key principles for communication and engagement are:

- People** The tone of our communications is warm, welcoming and we use plain, clear, and straightforward language. They tell stories which are about people and places, not plans and policies.
- Unity** We communicate as one Council. We are inclusive in our approach and ensuring that we listen to everyone's voice.
- Trust** Our communications are open, transparent, accessible, accurate and robust.
- Ownership** We are accountable and responsive in our communications.
- Creativity** We embrace different tools and approaches and adjust our methods to meet the needs of our communities and stakeholders.

3.3 Our stakeholders

We have many stakeholders both locally and nationally. While there are too many to list here, we consider our stakeholders to include:

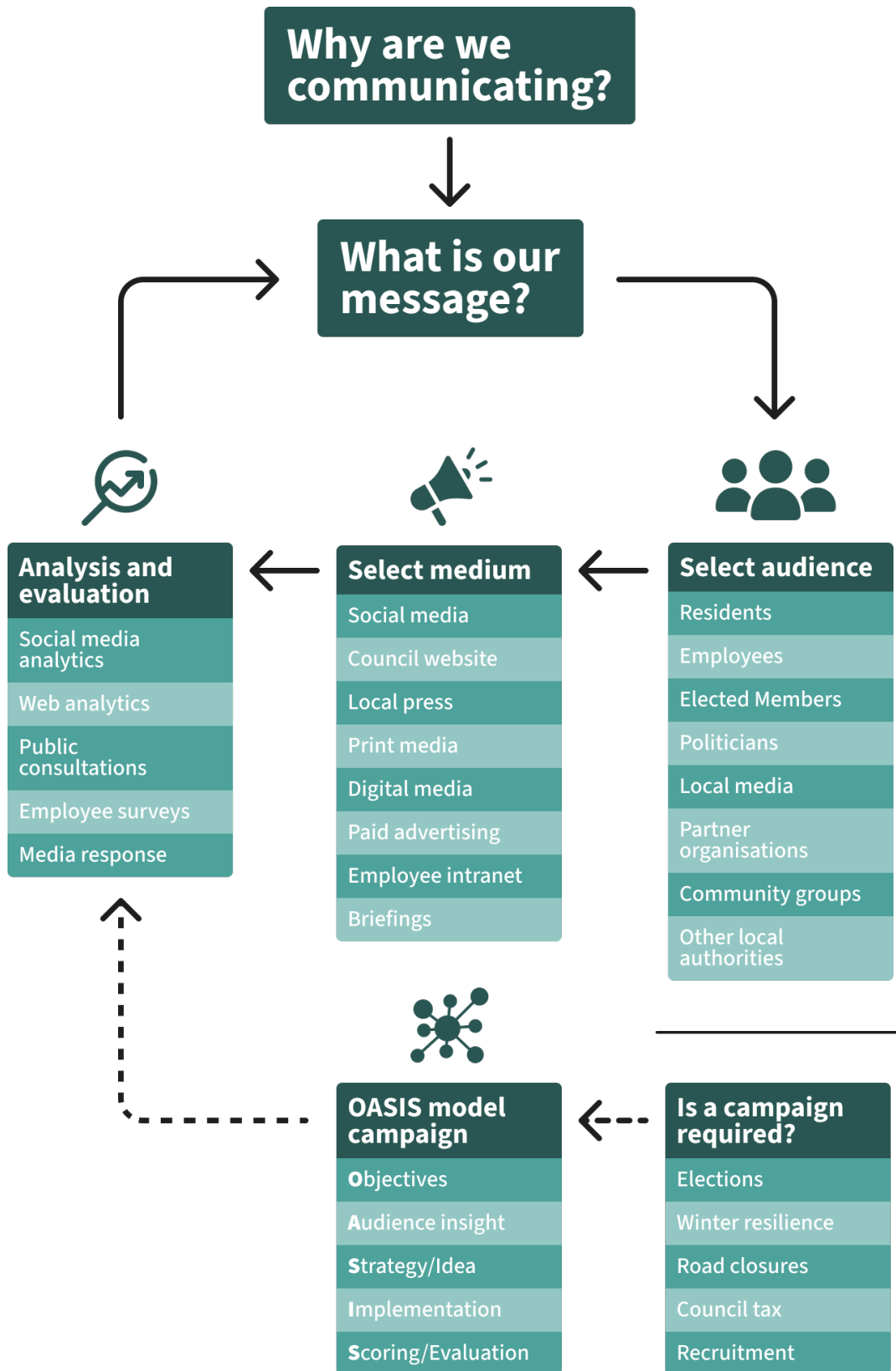
- Our local communities.
- Elected members.
- Our employees.
- People and organisations who use Council services.
- Local businesses and charitable organisations.
- Our community planning partners including:
 - NHS Orkney, Police Scotland, Voluntary Action Orkney, Scottish Fire and Rescue Service and Orkney Housing Association Limited.
- Community Councils.
- Academic institutions.
- Visitors to Orkney.
- UK and Scottish Governments.
- Local, regional and national media.

3.4 What we mean by engage, consult and inform

It is helpful to have a shared understanding of what we mean by engage, consult and inform as we use these terms within this strategy.

Engage working together	Working in partnership with relevant stakeholders and involving them in service development and the decision-making process.
Consult asking for views	Activities that are designed to listen to our stakeholders where we seek to understand the views, experiences, ideas and priorities of our communities. This is used to inform decision-making.
Inform providing information	Providing stakeholders with suitable details about our services, processes, policies, decisions, changes and other information that may affect them.

3.5 Our communications model

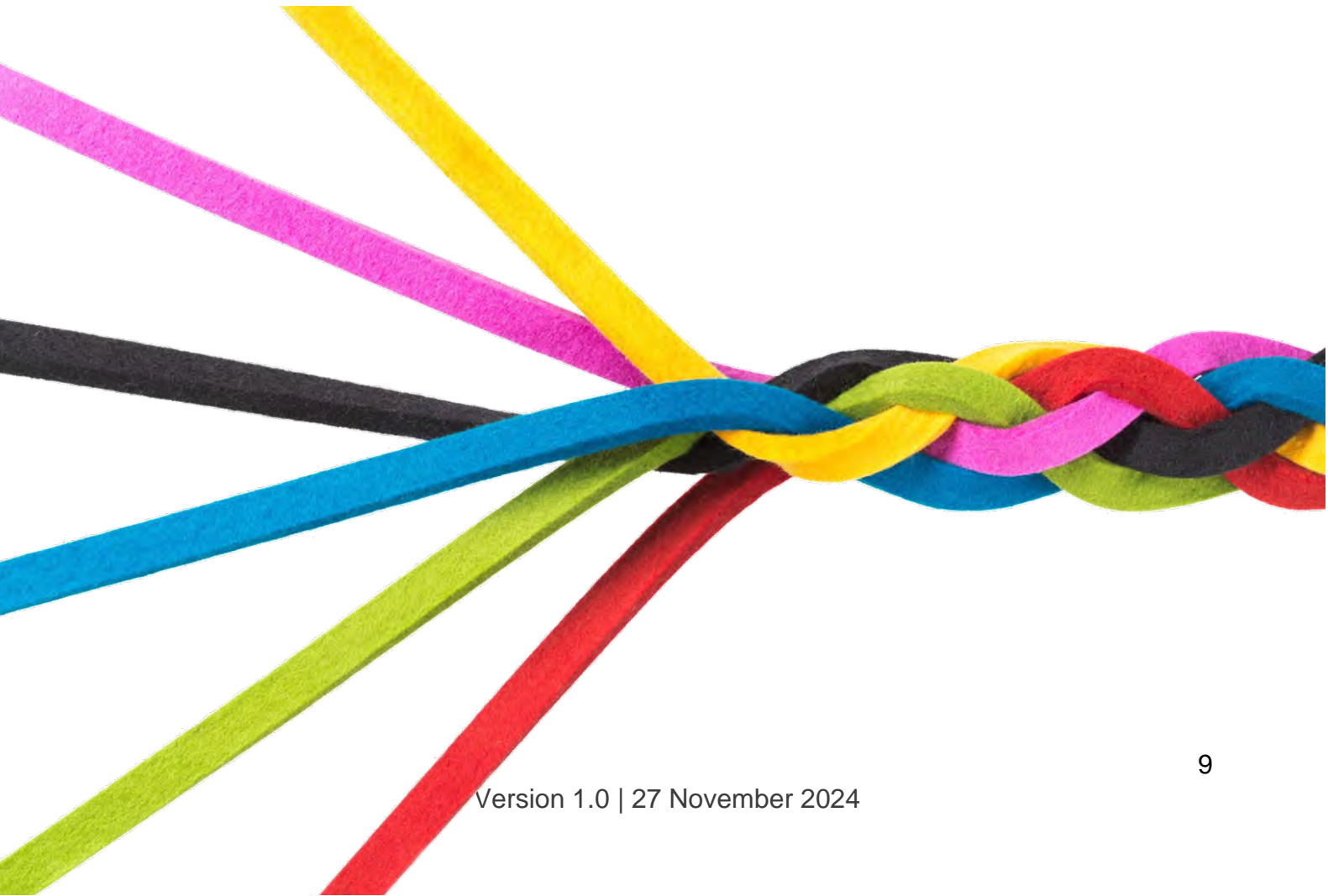


4 Our core activities

The Council provides a range of core communication and engagement activities. This section of the strategy highlights these core activities and identifies strategic priorities for improvement which are detailed further in section 5.

Our core activities are:

Social media and digital engagement.	National political engagement.	Local democracy.	Community consultation and engagement.
Internal communications and employee engagement.	Campaigns.	Publications.	Media relations.
	Civic events.	Communications in a crisis.	



4.1 Social media and digital engagement



Social media is by its nature about communication and rapid information sharing. Social media is fuelling our service users' expectations around the immediacy of information and their ability to interact directly with the Council.

One of the biggest challenges is knowing which channels the public prefer and to communicate and deliver services to them through that channel of choice.

Beyond just acting to share and access information, social media enables the public to communicate with us, spread information within the community, organise civic action and state their views and needs. It allows us to increase transparency in how we interact with them and correct any misunderstandings or misinformation in a timely manner.

The Council operates social media platforms: primarily Facebook, which has a high number of users. Orkney Islands Council has the highest number of Facebook followers per head of population of all 32 Scotland's local authorities. The Orkney Library and Archive Facebook page is particularly well known and has a worldwide following.



In addition to social media a significant number of people living in Orkney will access the Council's website on a regular basis to find out more about Council services, pay bills or read the latest Council news. The Council website is an important tool in communicating and engaging with the public.

As we continue to develop our website the aim is to have greater functionality, for it to be easier to navigate, with more up to date relevant information and to investigate new tools like live chat.



Video content is everywhere in our lives. Social media videos create far more engagement than any other type of media content, meaning they are also more likely to be seen by more people than a non-video post. Video creates the opportunity to present an organisation in a more human way. Alongside photos

and traditional text, videos let the audience see the faces and hear the voice of organisational leaders, as if they were in the room talking with them, explaining why key decisions have been made.

Development of digital platforms is an important priority within this strategy.

Strategic priority one | making the most of our digital platforms | section 5.1.

4.2 National political engagement



With local authority finances under immense strain due to the cost-of-living crisis and other factors, it is more important than ever to be able to successfully lobby the Scottish and UK Governments and work with national bodies like the Convention of Scottish Local Authorities (COSLA) to ensure that vital projects can be achieved.

Lobbying efforts are undertaken by the Council's political leadership directly with Ministers, while some lobbying campaigns can be planned internally or outsourced to external companies.

Political engagement takes a co-ordinated approach, supporting the priorities of the Council Plan, and bringing in the voices of communities in Orkney to underline our message and the benefits success would bring to our people. This is underpinned by our political engagement strategy, which will be kept up to date, so it remains effective in a changing political landscape.

Strategic priority two | political engagement and democracy | section 5.5.

4.3 Local democracy



Strong local democracy is a critical part of decision-making in Orkney. Orkney has an engaged group of 21 Councillors who speak for the communities they represent across the six electoral wards, including around 19 inhabited islands depending on the time of year.

It is important that the public are kept up to date with the work of the Council, ensuring they understand how the Council works. Transparency is vital and the public should be able to understand how and why decisions have been made and what these decisions mean for people's lives. Audio-casting of Council meetings is one method we use to provide transparency of our decision-making process.

There are 20 active Community Councils, representing local views which can influence decisions in planning and the provision of local services. Despite the importance of the work of Community Councils, there are still many people in Orkney who do not know what a Community Council is and the benefits of being engaged with them. It is a priority of this strategy to communicate to the public what Community Councils are, why they are important and what the benefits are of becoming involved in one.

Strategic priority two | political engagement and democracy | section 5.5.

4.4 Community consultation and engagement



Consulting and engaging with our communities is at the heart of this strategy. Ensuring that people are involved and informed in the work of the Council is essential in planning, prioritising and improving Council services and to improving our reputation.

We have adopted guidelines and good practice developed by The Orkney Partnership. These are available [here](#).

We need to consider more modern methods of consultation. Whilst face to face consultation has many benefits and is considered the best method of engagement in many cases, our rural and dispersed nature requires us to consider digital platforms too.

We need to improve the way we provide final feedback on the outcome of our consultation and engagement exercises. Taking a “We asked ... you said ... we did” approach will provide clear messages about the Council’s consultation process and how local people’s views will be taken and used to inform decision-making. This helps to manage expectations of local people where there is support for a particular course of action that will not be taken forward.

Each part of Orkney, particularly its individual islands, has their own identity and needs, and best methods of communication and engagement. We must pay attention to Orkney’s communities taking into account protected characteristics, and those people who are typically lesser heard, and ensure these groups are not overlooked in our engagement. We must recognise one approach may not be best suited to reaching everyone.

Further development of our consultation and engagement approaches is a strategic priority within this strategy.

Strategic priority three | community consultation and engagement | section 5.3.

4.5 Internal communications and employee engagement



Our employees are our most valuable asset. It is through our people that we deliver services and build relationships with our communities. We are all ambassadors for the Council, helping our communities to understand what the Council does, why it does it and to carry messages back to help shape services in the future.

There is a direct link between levels of employee satisfaction and advocacy. The more satisfied our teams are, the more likely they are to be an ambassador for the Council. Good communication and engagement is an important part of achieving this.

Communicating and engaging with employees is a lot more than informing them of the latest Council initiative or corporate policy, it’s about genuinely engaging with the people in our organisation, so they feel and know that their voice makes a difference, and their opinions and suggestions are valued. Our leaders, at all levels, have a critical role in achieving this.

The Council achieved Investors in People in January 2023 and will continue to build on that success. Our Values in Practice employee recognition scheme helps us to recognise and celebrate the contribution individuals and teams make and helps employees to 'live' our values. We continue to listen to our teams including through employee surveys and engagement events.

We want to demonstrate a clear, strategic approach to delivering effective internal communications and engagement, with a view to ensuring that all employees understand the priorities of the Council and that they feel valued and able to contribute to major changes affecting the services that they provide.

Delivering improved internal communication and engagement is a key strategic priority in this strategy.

Strategic priority four | internal communications and engagement | section 5.4.

4.6 Campaigns



Campaigns are a planned series of communications activities on a specific issue or theme across channels. These campaigns aim to help local people learn more about, or actively take part in, services and events across the Council, such as the opening of a new facility or to encourage people to take part in a survey. Campaigns can also lead to behaviour change, for example an increase in household recycling.

It is important that a planned approach is taken. The UK Government's campaign planning framework is a core tool for this and further details can be found [here](#). Improving the use of this model and our campaign planning approach is a priority for development within this strategy.

Strategic priority five | support for services | section 5.5.

4.7 Publications



The Council creates many publications throughout the year to inform the public and stakeholders on key issues, events and deadlines. These can be online documents, printed physical copies, or both. These include items such as strategies, plans, annual reports and leaflets.

Our aim is that our communities find the information contained within our publications interesting and engaging, up to date and relevant to them, helps them to access services and informs them of the work of the Council.

Strategic priority five | support for services | section 5.5.

4.8 Media relations



Over the last 10 years the news landscape has changed dramatically. With the increase in digital communications and ‘citizen journalism’ much more emphasis is placed now on the speed of responses. Expectation has also increased that organisations should provide more than just press releases; with the drive towards ‘digital first’ it is expected that organisations should be providing much more imagery, video and other interesting online content.

Our local media are very active and an intrinsic part of our community. Their scrutiny of the Council is a valuable tool in communicating with our communities. An effective and trusting relationship between the Council and the local media can allow both these aspects to exist alongside each other.

All interactions with the media, both proactive and reactive, are co-ordinated through the Communications Team.

We aim to strengthen relationships with the media through improved processes around the identification of good news stories, the availability of engaging digital content and better understanding of the media and their requirements across the Council.

4.9 Civic events



The Council organises and participates in civic events throughout the year as part of maintaining our local heritage and culture. From regular fixtures like the annual Tree Lighting Ceremony and Norwegian Constitution Day, as part of our twinning arrangements with Vestland county in Norway, to ministerial or ambassador visits. Our twinning arrangements support our important Nordic cultural links.

4.10 Communications in a crisis



As part of its duty under the Civil Contingencies Act 2004, the Council has a responsibility to communicate with the public prior to, in the event of, and during the recovery from, an emergency.

The Council has shown its commitment to good communications in a crisis in recent times, for example during adverse weather events or the Covid pandemic. During these events the Council demonstrated its ability to provide the public with advice, support and reassurance.

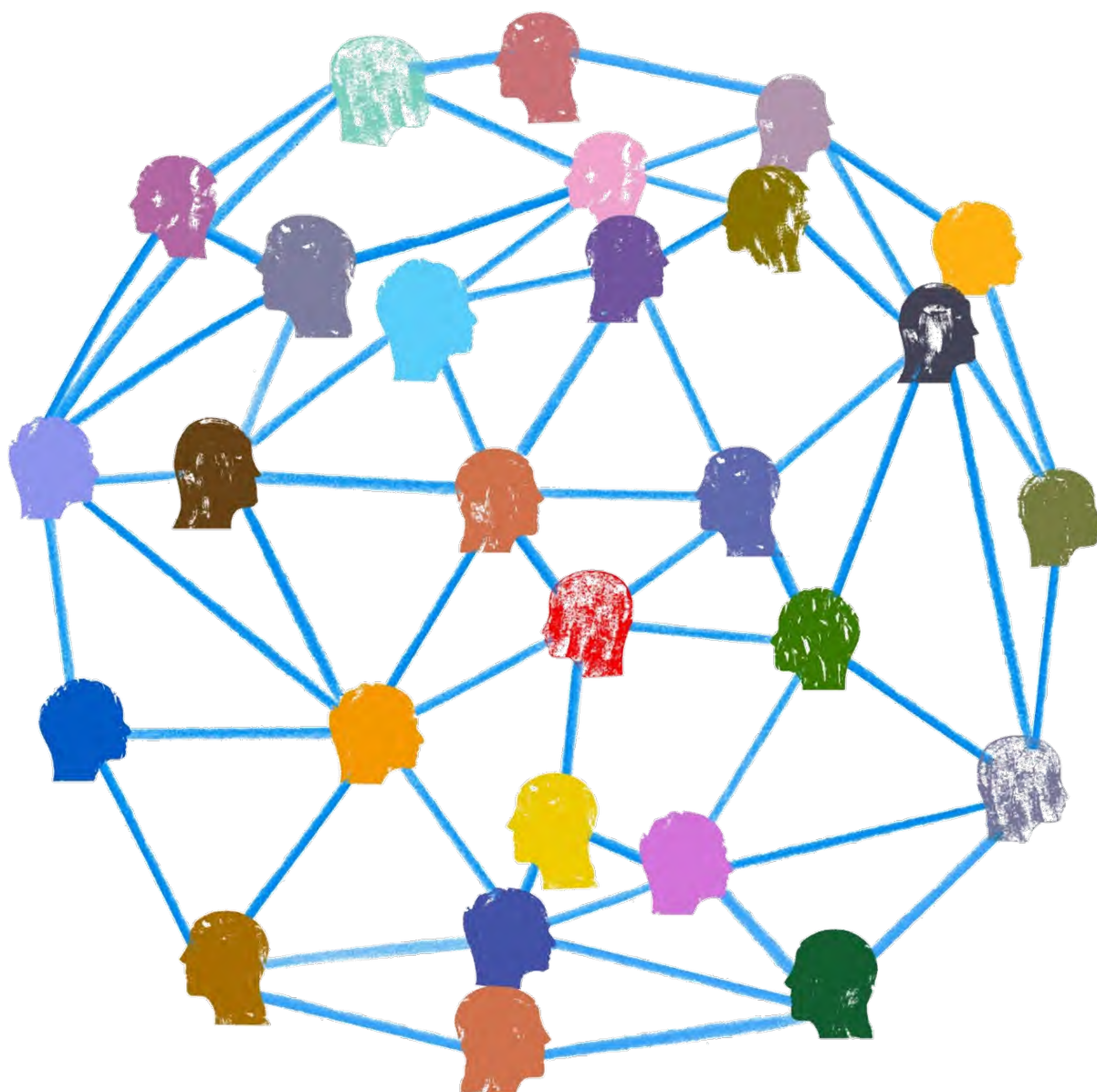
The Council is not complacent in its duty and we are always looking to reflect upon and improve our approach to communicating in a crisis.

5 Strategic priorities

This strategy identifies the priorities that will be delivered over its term. This section outlines these priorities and some of the high-level actions that will be taken. Delivery plans will be developed for each strategic priority where these are not already in place. The delivery plans will include further details on the performance measures we will use to measure success and will include baseline data and targets.

Several priorities have been outlined in the [Strategy, Performance and Business Solutions Directorate Delivery Plan](#).

- SPBS 10 | community consultation and engagement [page 15].
- SPBS 11 | external communication [page 15].
- SPBS 12 | internal communications [page 16].
- SPBS 13 | Council publication scheme [page 16].



5.1 Making the most of our digital platforms

Strategic priority one | desired outcome



Our digital platforms are suitable and used effectively to support the priorities of the Council. They provide clear, engaging and accessible information which the public trust, respect and have confidence in.

What we want to achieve

Supporting outcomes	What does success look like
Our website will have improved usability and structure with easy to find information.	<ul style="list-style-type: none"> Increased website usage. Improved feedback on usability.
We have a co-ordinated and effective approach to the use of social media.	<ul style="list-style-type: none"> Increased social media audience. Increased social media engagement. Clearly defined channel usage.
We have more engagement with our platforms and the media through the increased use of video.	<ul style="list-style-type: none"> Increased website usage. Increased social media engagement.
Our publications are up to date, are well structured on the Council website and meet accessibility and inclusive communication standards.	<ul style="list-style-type: none"> All Council publications are easy to find. Publications reach a wider audience.

How will we do this

- Review and improve the structure, usability and accessibility of the Council website.
- Review the use of social media channels and identify and deliver areas of improvement including the creation of a social media protocol.
- Increase the use of videos in social media and press releases.
- Improve the structure for publications on the Council website and establish a protocol for the uploading of finalised publications to the relevant section.

Measuring success

We will measure:

- The levels of usage and engagement for our digital platforms.
- The public's satisfaction with our digital communications.

Who will do this and by when

This priority is owned by the Service Manager (Democratic Services and Communications) and will be delivered by the Communications team.

Timescale: staged delivery 2024 => 2026.

5.2 Political engagement and democracy

Strategic priority two | desired outcome



People in Orkney understand local democracy and hear the voices of those involved in it, both Elected Members and Community Councils. Our voice influences national government through effective lobbying.

What we want to achieve

Supporting outcomes	What does success look like
The public hear the voice of Elected Members as the Council's decision makers.	<ul style="list-style-type: none"> Senior Elected Members are visible in the media as the Council's decision makers, including for budget setting.
We have focused and co-ordinated lobbying with clear messaging on the issues affecting Orkney.	<ul style="list-style-type: none"> Orkney influences decision-making by national government. Orkney continues to influence national policy development.
Communities in Orkney support our Community Councils and understand their vital role in local democracy.	<ul style="list-style-type: none"> The public understand the role of Community Councils and what is delivered for their communities. More interest in Community Council involvement as Members or Clerks.

How will we do this

- Support Councillors to speak with the media as the Council's decision makers.
- Update and effectively implement our political engagement strategy.
- Develop a communications campaign to promote the work of Community Councils.

Measuring success

We will measure:

- Level of Elected Member engagement with the media.
- Number of people standing for Community Councils and number of Clerk applications.

Who will do this and by when

Work streams in this priority will be owned by:

- Voice of Elected Members | Service Manager (Democratic Services and Communications)
- Political engagement | Service Manager (Strategy and Partnership)
- Community Councils | Service Manager (Democratic Services and Communications)

Timescale: staged delivery 2024 => 2025.

5.3 Community consultation and engagement

Strategic priority three | intended outcome



Our community consultation and engagement practices are effective and clearly influence decisions and improvement.

What we want to achieve

Supporting outcomes	What does success look like
Improved capacity, updated channels and better co-ordination within the Council, and The Orkney Partnership for community consultation and engagement.	<ul style="list-style-type: none"> • More options for Council service teams to consult and engage with the public. • A better experience for stakeholders. • Improved public engagement.
It is clear that input from the Orkney public feeds into Council decision-making.	<ul style="list-style-type: none"> • Better-informed decision-making because of increased public input.
A sustainable model for community consultation and engagement.	<ul style="list-style-type: none"> • Established support for ongoing delivery of consultation and engagement.

How will we do this

Develop a modernised suite of tools and protocols.

Stage one

- Online community engagement platform.
- Orkney Matters.
- Engagement with young people.
- Typically lesser heard voices.

Stage two

- Orkney opinions.
- Participatory Budgeting / Democracy.
- Joint Strategy for community consultation and engagement with the public.

Measuring success

We will measure:

- The public's awareness and trust in the process.
- Participation from under-represented groups.

Who will do this and by when

This priority is owned by the Head of Improvement and Performance and led by the Service Manager (Strategy and Partnership).

Timescale: staged delivery 2024 => 2026.

5.4 Internal communication and engagement

Strategic priority four | desired outcome



Employees and elected members are informed and engaged by high quality internal communication and engagement which they trust, respect and have confidence in.

What we want to achieve

Supporting outcomes	What does success look like
We have a co-ordinated and effective approach to internal communications and engagement.	<ul style="list-style-type: none"> • Our employees and elected members feel informed and listened to. • Regular updates across the Council. • Clearly defined communications and engagement channels and protocols.
Leaders at all levels across the Council communicate and engage with their teams.	<ul style="list-style-type: none"> • Managers are clear on their role in communicating and engaging with their teams.
Our employees can find information, internal resources, and news when they need them.	<ul style="list-style-type: none"> • Internal resources, including templates, are easy find. • Publications reach a wider audience.

How will we do this

- Clearly define our internal communications and engagement channels.
- Develop a protocol, related processes and clear guidance for leaders and managers which includes appropriate governance.
- Using the protocols to embed regular communications and engagement activities.
- Development of our resources, template, staff hub and intranet.
- Improve the use of Elected Member briefings and seminars.

Measuring success

We will measure:

- Employee satisfaction generally and satisfaction with our internal communications and engagement activities.

Who will do this and by when

This priority is owned by the Head of Improvement and Performance and will be delivered by a multi-service working group. The working group will include representatives from:

- Democratic Services and Communications.
- Organisational Development.
- Customer Services and Corporate Administration.

Timescale: staged delivery 2024 => 2026.

5.5 Support for services and elected members

Strategic priority five | desired outcome



Council services and elected members are supported with their external communications and engagement activities, clearly understand our processes, and have access to the resources when they are needed.

What we want to achieve

Supporting outcomes	What does success look like
Communications are co-ordinated providing the public, and other stakeholders, with clear messaging.	<ul style="list-style-type: none"> • There is a clear approach for proactive and reactive communications. • Clear messaging for stakeholders.
Communication campaigns are planned and structured.	<ul style="list-style-type: none"> • Corporate use of our campaign planning approach. • A schedule of campaigns available across the organisation.
Publications and communications content have a consistent style and branding.	<ul style="list-style-type: none"> • Embedding of corporate branding across the Council. • Consistent and appropriate use of the Council logo by partner organisations.
Council services have access to an image library which supports the production of publications and communications content.	<ul style="list-style-type: none"> • There is a self-service library of approved images available to Council services.

How will we do this

- Develop a communications protocol.
- Develop and provide communications training for officers and elected members.
- Embed our campaign approach and develop a corporate campaign schedule which is available across the business.
- Refresh and embed our corporate branding guide and templates.
- Create an image library which are rights free and have the required consents.

Measuring success

We will measure:

- Service satisfaction in the support available.
- The public's satisfaction with our communications activities.

Who will do this and by when

This priority is owned by the Service Manager (Democratic Services and Communications) and delivered by the Communications team.

Timescale: staged delivery 2024 => 2025.

6 Version control

Version	Status	Date	Amended by	Reason / overview
0.0.A	Draft	19 April 2024	AJR	First draft for initial review.
0.0.B	Draft	02 May 2024	AJR	Second draft for Strategy, Performance and Business Solutions review and input.
0.0.C	Draft	01 October 2024	AJR	Third draft for Extended Corporate Leadership Team review and input.
0.0.D	Draft	23 October 2024	AJR	Fourth draft for Communications and Engagement Consultative Group and Corporate Leadership Team review and input.
0.0.E	Draft	14 November 2024	AJR	Draft for presentation at Policy and Resources Committee.
1.0	Live	27 November 2024	AJR	Updated as approved at Policy and Resources Committee.



Sustainable Procurement Policy

November 2024

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Document Control Sheet.

Review / approval history.

Date.	Name.	Position.	Version Approved.
March 2018.	General Meeting of the Council.	n/a.	Version 1.0.
TBC.	General Meeting of the Council	n/a.	Version 2.0.
2022.	General Meeting of the Council	n/a.	Version 3.0

Change Record Table.

Date.	Author.	Version.	Status.	Reason.
May 2021.	Rosemary Colsell.	2.0.	Final.	Reviewed and updated.
December 2021/January 2022	Rosemary Colsell	2.1	Revised Version	Public consultation responses incorporated.
July 2024	Rosemary Colsell	3.0	Draft	Prepared for Consultation
November 2024	Rosemary Colsell	3.1	Draft	Public consultation responses incorporated

1. Introduction

This policy sets out the general principles that Orkney Islands Council (the “Council”) will follow across all of its procurement and commissioning activities to ensure that these are undertaken in a sustainable manner.

It sets out how the Council will plan and manage its procurement activities to meet the Council’s corporate aims and objectives and comply with regulatory and legislative requirements.

This policy supports the commitment to sustainable procurement which is set out in the Council’s [Procurement Strategy](#).

It is intended for all of those who are involved in, or affected by, the Council’s procurement activities throughout our community and beyond.

The Council spends tens of millions of pounds each year on a diverse range of goods, services and works from third parties. It is important therefore that this spending power is used to support key Council objectives. This Sustainable Procurement Policy has been developed to help the Council to meet its legal duties and to deliver its key strategic objectives.

Sustainable procurement supports the Council’s values, as outlined in [the Council’s Delivery Plan 2023-2028](#).

Procurement cuts across all Council services and forms an integral part of the Council’s ability to achieve its declared strategic priorities as detailed in the new Council Plan 2023 to 2028 ‘Working together for Orkney’ as below.



Procurement is a key enabler across all the above Council priorities.

The aims are what the Council wants to achieve, and the outcomes are the positive changes we are working towards for the benefit of our communities.

- Transforming our council – to provide the foundations for staff to deliver outstanding customer service and performance.
- Growing our economy (includes being on track to become net zero by 2030).
- Strengthening our communities.
- Developing our infrastructure.

The three priority themes are built upon core principles, which will guide future decision-making relating to all our aims.

The core principles are as follows:

- Protecting our environment and combating climate change.
- Equality, fairness and inclusion: in particular for vulnerable and remote communities like the ferry linked isles.
- Sustainable and accessible services for all.
- Community wellbeing and mental health.

- Community wealth building for future generations.

The new Delivery Plan was approved in 2023 to supplement the new Council Plan, and the Council's Procurement Strategy 2023 to 2028, (Procurement Strategy) continues to reflect the strategic priorities and values in line with this and has been updated to reflect recent procurement developments.

Orkney Integration Joint Board (IJB) was formed in 2016. This is a legal body, separate from both NHS Orkney and Orkney Islands Council, responsible for planning, resourcing, and overseeing integrated health and social care services. The IJB has published its Strategic Plan as well as a Strategic Commissioning implementation Plan. Included in this Plan there is a commitment to review third sector commissioned services and an overall commissioning intention to shift the balance of care to enhanced, community based models.

This Sustainable Procurement Policy outlines how sustainable procurement supports and contributes to the implementation of the Council's Delivery Plan 2023 to 2028.

2. Background

The Council requires an up-to-date Sustainable Procurement Policy to reflect recent significant changes in public procurement legislation.

The Policy reflects the requirements of the following legislation, all of which have informed the Council's Contract Standing Orders, details of which are contained in the Procurement Strategy 2023 to 2028:

- Public Contracts (Scotland) Regulations 2015,
- Procurement Reform (Scotland) Act 2014,
- Procurement (Scotland) Regulations 2016,
- Concession Contracts (Scotland) Regulations 2016,
- Utilities Contracts (Scotland) Regulations 2016,
- Public Contracts (Scotland) Amendment Regulations 2016,
- Equality Act 2010, as amended,
- Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012,
- Climate Change (Scotland) Act 2009, as amended.

This policy should be read in conjunction with the Council's Procurement Strategy and the Council's Contract Standing Orders. It applies to the procurement of all goods, services and works. It aims to ensure that Council procurement activities contribute to the social, economic and environmental well-being of our remote and fragile island communities, both now and in the future.

The Sustainable Procurement Policy also reflects changes brought about by the requirements of the Community Empowerment (Scotland) Act 2015, a fundamental review of Community Planning Partnerships, and the development of a new Local Outcomes Improvement Plan (LOIP), which has replaced the Single Outcome Agreement, and the integration of Health and Social Care. The Children and Young People (Scotland) Act 2014 is also a diverse piece of legislation affecting many services.

The Climate Change (Emissions Reduction Targets) (Scotland) Order 2015, Climate Change (Emissions Reduction Targets) (Scotland) Act 2019 and the Climate Change (Duties of Public Bodies: Reporting Requirements) (Scotland) Amendment Order 2020 will increasingly be reflected in the Council's sustainable procurement considerations.

The Climate Change Working Group, comprising membership across Council Services, including Procurement, will work together to develop, support and embed action on Climate Change. Clear indicators will be important, helping a 'measure to manage' approach and impactful actions. The reduction in the carbon footprint of the Council will be captured in the annual Climate Change Duties report.

This Policy outlines how the Council takes a responsible and sustainable approach to procurement. The Policy will be reviewed as appropriate to ensure it is in line with any emerging Council commitments on Climate Change and remains in accordance with emerging Government Policy, reflecting the Paris Agreement on Climate Change, and the annual Conference of the Parties to the Paris Agreement (COPs).

3. What is Sustainable Procurement?

Definition:

'Sustainable procurement can be defined as - procurement which supports the sustainability goals of the organisation and optimises the environmental, social and economic impacts over the life cycle of the product or service'. (Chartered Institute of Procurement and Supply, 2021).

Sustainable procurement considers the social, economic and environmental consequences of what is procured through all stages of its life-cycle. This includes considering design, resource extraction and sourcing, manufacturing and production, transportation, service delivery, operation and maintenance, reuse, recycling and disposal. It is also about questioning whether the purchase requires to be made at all.

Sustainable procurement also considers the capacity of suppliers to address these consequences throughout the entire supply chain.

4. Sustainable Procurement Duty / Climate Change Duty

The Council is required to comply with the requirements of the Sustainable Procurement Duty under section 9 of Procurement Reform (Scotland) Act 2014, as follows:

The Sustainable procurement duty is the duty of a contracting authority:

A. Before carrying out procurement, to consider how in conducting the procurement process it can:

1. Improve the economic, social, and environmental wellbeing of the authority's area;
2. Facilitate the involvement of small and medium enterprises, third sector bodies and supported businesses in the process; and
3. Promote innovation, and

B. In carrying out the procurement, to act with a view to securing such improvements identified as a result of paragraph A1.

The Council is also obliged to have regard to the Procurement Reform (Scotland) Act 2014 statutory guidance as detailed below:

- The Sustainable Procurement Duty; and Community Benefit Requirements in Procurement.
- Selection of Tenderers and Award of Contracts: Addressing Fair Work Practices, including the Living Wage, in Procurement.
- Procurement of Health and Social Care Services.
- Scottish Procurement Policy Note (SPPN) 07/2016 - Update to Guidance on the Procurement of Care and Support Services (Best Practice).
- Fair Work First implementation - Scottish public procurement update: SPPN 6/2021 - gov.scot
- Procurement thresholds and VAT inclusion in estimated contract value: SPPN 8/2021 - gov.scot
- Public procurement - taking account of climate and circular economy considerations: SPPN 3/2022 - gov.scot

All Contracts that are awarded by the Council, regardless of value, are subject to an obligation to seek best value and to demonstrate transparency, equal treatment, non-discrimination and proportionality.

The Scottish Government has designed a suite of [Sustainable Procurement Tools](#) to help public sector organisations identify and address how they can optimise the economic, social and environmental outcomes of their procurement activity. These tools will be used where appropriate and where they add value to the procurement exercises being undertaken.

The detailed risks and opportunities in the sustainable procurement tools align with Scotland's [National Performance Framework](#) (NPF) and Scotland's [National Outcomes and Indicators](#) achieving a line of sight between procurement activity and local and national strategic priorities. Guidance for each heading is available on the Scottish Government Sustainable Procurement portal [Sustainable Procurement](#)

- Climate Change.
- Materials.
- Waste and Efficient Resource Consumption
- Hazardous materials and emissions.
- Biosecurity.
- Biodiversity.
- Heritage.
- Water – Efficient Consumption and Production
- Employment, skills and training.
- Communities.
- Equality.
- Fair Work.
- Fairly and Ethically Traded.
- Health and Wellbeing.

- Security and Crime.

5. Benefits of Sustainable Procurement

The Council recognises and wishes to maximise the benefits achievable through sustainable procurement. Sustainable procurement can deliver additional benefits for the Council while contributing to the social, economic and environmental well-being of people and places. For example sustainable procurement will enable the Council to:

- Achieve value for money by avoiding unnecessary purchasing, by considering and then lowering the whole life costs of goods, services and works and through improved resource efficiency.
- Minimise net carbon emissions within contracts for works, services and supply, especially with consideration to the lifetime of the contract or product cumulative emissions (where timescales might either lock in ongoing emissions or alternatively might help to store embodied sequestered carbon).
- Report on progress towards meeting its legal duties and other obligations in relation to climate change and sustainable development including progress on Net Zero.
- Stimulate the market and encourage innovation for sustainable products and services.
- Support the local supply community by engaging with Small and Medium Enterprises and Third Sector organisations so they can compete for Council contracts.
- Help build a sustainable supply chain for the future and improve supplier relationships.

6. General approach to Sustainable Procurement

The Council's approach to sustainable procurement is as follows:

- We will ensure that our procurement of goods, services and works contributes to achieving our vision of a truly sustainable supply chain.
- We will ensure that our procurement minimises its contribution to climate change and supports goods, services and works that are well-adapted to the consequences of a changing climate.
- We will deliver value for money by realistically assessing, where appropriate, the whole life-cycle costs of our procurement and not simply considering the initial purchase price.
- We will ensure that what we intend to purchase is necessary and that, where appropriate, there is a business case for doing so. We will specify our requirements so as to meet the needs of users and to avoid purchasing more than is needed.
- We will carry out sustainable procurement activities whilst complying within the public procurement legal framework which is intended to promote fair and open competition.
- We will ensure that when developing our requirements for goods, services and works we assess the possible social, economic and environmental impacts of our procurement and actively seek to contribute to the social, economic and environmental well-being of our remote and fragile island communities. Where appropriate to the subject matter of the contract, this to be undertaken as part of pre-market engagement and consultation.
- We will not knowingly procure goods, services and works that impact negatively on places, people and other species both locally and elsewhere.
- Where appropriate, we will consult with the people whose needs we aim to meet through our procurement to ensure that we procure goods, services and works that meet their needs.

- We will not intentionally discriminate against specific groups of people when undertaking our procurement activities and will promote equality in line with legislative requirements.
- We will support the aims of the Modern Slavery Act 2015 and ensure that our suppliers provide us with confirmation of their compliance with the Act.
- Where it is appropriate and proportionate to do so we will procure goods and services in line with the best practice guidance set out in the Scottish Government Procurement Journey and any other relevant best practice guidance.
- We will consider the effects of island proofing where appropriate and in light of anticipated guidance issued by the Scottish Government.
- We will consider every procurement exercise to determine any impact on Climate Change in accordance with Scottish Government, Sustainable Procurement Tools guidance.

7. Scope and Implementation of the Policy

Practical guidance on how sustainable procurement can be embedded into the Council's procurement processes is available on the Scottish Government's website. This is contained within the Scottish Government's 'Procurement Journey' best practice procurement toolkit. [Home | Procurement Journey](#)

In line with the Council's Contract Standing Orders we will use the Sustainable Procurement suite of tools contained in the Procurement Journey to support implementation and to ensure that our procurement approach and processes are relevant and proportionate to the Orkney Islands Council context.

The initial focus will be on priority commodities, services and suppliers i.e. those which are identified by the Council as being associated with the highest social, economic and environmental risks and opportunities.

Delivery of the commitments made in this Policy will be supported through the implementation of the Council's Procurement Strategy 2023 to 2028 and the Council's Procurement Annual Report. Progress against the stated objectives will be monitored and reported on an annual basis as part of the Procurement Service Improvement Action Plan 2023 to 2028 via the Council's Performance Management System.

8. Outcomes from Sustainable Procurement

Outcome 1: the social and economic benefits from our sustainable procurement are maximised.

8.1. We will, where appropriate, build into the procurement process options for suppliers to offer training, employment, work experience placements, apprenticeships and volunteering opportunities for members of our local communities including people experiencing long-term unemployment including adults with learning disabilities registered on employment support schemes, and young people not in employment, education or training.

8.2. We will require suppliers to communicate to our local communities, employment opportunities arising from our procurement activities.

8.3. In accordance with the requirements of the Sustainable Procurement Duty of the Procurement Reform (Scotland) Act 2014, we will consider how, in conducting the procurement process, we can facilitate the involvement of small and medium enterprises and third sector bodies. We will, wherever possible, ensure that our procurement processes are, as far as possible, proportionate and relevant to the economic benefits and scale of the contract.

8.4. We will, where possible, reserve contracts for Supported Businesses under Regulation 21 of the Public Contracts (Scotland) Regulations 2015 where their prices and capacity to deliver the contract is comparable to the rest of the market.

8.5. We will not knowingly purchase goods and services from suppliers that trade in slavery, child labour, prostitution, and illegal drugs. We will not knowingly work with suppliers who breach International Labour Organisation conventions in accordance with the Modern Slavery Act 2015. We will ensure our suppliers, where relevant to the subject matter of the contract, complete a compliance statement and provide evidence of compliance with their obligations under relevant international legislation where requested to do so.

8.6. We will, where practicable and where it is sustainable, purchase fair trade options certified by appropriate independently verified accreditation schemes as a means of helping excluded and disadvantaged producers, including independent small farmers, to access international markets and receive a fair price for their products. Where certification by accreditation schemes is an optional requirement, we will make clear in the tender documentation how this will be evaluated. We recognise that Fairtrade and other accreditation schemes also secure safeguards in relation to ethical working practices and will encourage suppliers to indicate what safeguards they have in place to secure these where appropriate to the subject matter of the contract.

8.7. In accordance with the requirements of the Procurement Reform (Scotland) Act 2014 in relation to the provision of food, we will take measures to improve the health, wellbeing and education of the local community. We will, where practicable and where it is sustainable, specify fresh, seasonal and nutritious food.

8.8. We will not knowingly purchase genetically modified food or food with genetically modified ingredients.

8.9. We will specify Protected Geographical Indication and Protected Designation of Origin standards where they are justified by menu requirements.

8.10. In line with the requirements of the Procurement Reform (Scotland) Act 2014 in relation to the provision of food, we will promote the highest standards of animal welfare through our procurement. We will consider animal welfare throughout the supply chain and appropriate independently verifiable accreditation schemes, when making procurement decisions, and wherever possible, will not purchase goods which have been developed using animal testing.

8.11. In accordance with Regulation 47 of the Public Contract (Scotland) Regulations 2015, we will consider dividing contracts into small lots to encourage the active participation of our local businesses in the procurement process.

8.12. We will build into our procurement processes opportunities as appropriate for suppliers to propose provision of goods, services or works guaranteed by independent accreditation schemes. We recognise that there are a range of independently accredited quality schemes where the additional costs deliver significant environmental, social, quality or animal welfare benefits.

Outcome 2: the negative environmental impacts are minimised and the environmental benefits maximised from our procurement.

8.13. Where possible we will procure goods, services and works that minimise release of greenhouse gas and particulate emissions associated with use of fossil fuel energy sources, use of non-renewable materials, waste creation and pollution to air, water and land. In doing so, we will analyse all stages of the life-cycle including design, resource extraction and sourcing, manufacturing and production, transportation, service delivery, operation and maintenance, reuse, recycling and disposal.

8.14. We will, where appropriate and where it is sustainable, purchase fewer new goods by re-using, repairing, refurbishing or remanufacturing existing goods, in line with Scotland's 2016 Circular Economy Strategy 'Making Things Last' and where this is relevant to our Island context.

8.15. We will, where appropriate and where it is sustainable, specify goods and materials made with recycled material.

8.16. We will not purchase goods and materials that are made of plastic which cannot be recycled where alternative options are available, and we will seek to minimise the purchase of recyclable plastics where alternative goods and materials can be used.

8.17. We will specify minimum packaging, reusable packaging and packaging take-back.

8.18. We will specify energy efficient goods, services and works in line with current best practice standards and specifications.

8.19. We will ensure that the vehicles we purchase, lease or hire have low emissions of greenhouse gases and air pollutants.

8.20. We will procure timber and timber-based goods from verifiable sustainable sources that evidence clear chains of custody. We will encourage suppliers to make use of independently verified accreditation schemes that address negative environmental impacts.

8.21. We will, in exercising our procurement function, meet the duty to further the conservation of biodiversity arising from the Nature Conservation (Scotland) Act 2004. We will, where appropriate, specify through our procurement processes requirements which protect and enhance green spaces, habitats, species, sustainable farming practices and biodiversity both locally and globally. In particular, we will protect and enhance priority habitats and species in Orkney.

8.22. We will ensure that any emerging Council commitments on Climate Change are incorporated into the Sustainable Procurement Policy by reviewing the policy on an annual basis to reflect the potential for rapid change in this fast moving policy area.

Outcome 3: Orkney Islands Council has a more sustainable supply chain.

8.23. Strengthening local supply chains and promoting the use of local goods and services within the parameters of procurement legislation, we will work with suppliers and encourage them, whenever possible, to use more sustainable goods, processes and working practices in their own business operations and encourage them to engage in sustainable procurement activities within their own supply chains.

8.24. We will encourage suppliers, through the inclusion of sustainability criteria in our tendering process, to develop innovative and competitively priced sustainable goods, services and works.

8.25. We will ensure that suppliers comply with their commitments to the sustainability criteria within our specifications and their tender submissions by building in proportionate, effective monitoring and management into contract arrangements.

8.26. Outcomes to define success will be developed in liaison with suppliers as part of the contract management process.

8.27. We will consider methods of incentivising investment and promoting a culture of improvement by suppliers in sustainable development on a contract by contract basis where this is practicable and appropriate.

8.28. We will not knowingly purchase goods and services from suppliers that trade in slavery, prostitution, use of child labour and illegal drugs. We will not knowingly work with suppliers who breach International Labour Organisation conventions. In accordance with the Modern Slavery Act 2015, we will ensure that our suppliers, where relevant to the subject matter of the contract, complete a compliance statement and provide evidence of compliance with their obligations under relevant international legislation, where requested to do so.

Outcome 4: sustainable procurement is embedded within the Council.

8.29. We will establish clear leadership to drive the embedding and continuous improvement of sustainable procurement within the Council.

8.30. We will communicate this policy and accompanying guidance to all Council staff.

8.31. We will undertake an assessment of third-party expenditure with a value of over £10,000, to identify those contracts associated with the highest risk and greatest opportunity for improvement. This will be based on an analysis of spend, risk, scope for improvement and our influence of the market.

8.32. We will develop and continuously improve the sustainable procurement skills and knowledge of Council staff involved in procurement activities. This will include those responsible for identifying a need to procure goods, services and works, those involved in evaluating tenders and those responsible for contract and supplier management.

8.33. We will subject all requirements for goods, services and works to a sustainability test during the development of procurement plans as part of the early project planning process. This will question whether requirements can be reduced or avoided altogether by delivering outcomes in other ways; that social, economic and environmental impacts and benefits have been identified and that whole life-cycle costs have been considered.

8.34. Where relevant, we will include sustainability criteria in tender documentation and our tender evaluation process.

8.35. We will measure and report on our progress in embedding and continuously improving sustainable procurement and its contribution to delivering sustainable outcomes annually.

8.36. We will undertake a Sustainable Procurement Impact Assessment (SPiA) for all relevant goods, services and works contracts where there is potential to minimise the use of carbon-based energy and its associated emissions. See Annex 1 to this Policy.

8.37. The SPiA implementation and usage will be reported on an annual basis in the Council's Procurement Annual Report.

8.38. We will consider, where appropriate, the use of lotting strategies to maximise access to contract opportunities by smaller contractors and to optimize the contribution to a circular economy in Orkney.

8.39. For any procurement equal to or greater than £4,000,000 in value, we will consider whether to impose community benefit requirements as part of the procurement.

8.40. We will determine, as appropriate, contract opportunity as either a 'relevant' or 'priority' contract in terms of impact on Climate Change in accordance with Scottish Government, Sustainable Procurement Tools guidance. Where appropriate, bidders will be required to produce an appropriate Climate Change Action Plan,

9. Other relevant policies and procedures

Sustainable procurement also contributes to delivery of a range of Council policies and strategies, some of which have reporting requirements relating to procurement activities. These include:

- The Equality Act 2010 and The Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012.
- The Council's climate change targets and carbon management plan (including the annual Climate Change Reporting requirements).
- The Council's environmental management and waste management procedures.

Sustainable procurement can also make a significant contribution to the development of the 'Circular Economy' by adopting the principles of ['Making Things Last – A Circular Economy Strategy for Scotland'](#). In a circular economy, systems are designed to make better use of valuable products and materials – changing the way they are produced and managed to have less impact on finite natural resources and create greater economic benefit.

10. Community Wealth Building

The Council and The Orkney Partnership (Orkney's community planning partnership) have decided to adopt Community Wealth Building (CWB) and it is a key element of the Council Plan 2023-2028 and the Orkney Local Outcomes Improvement Plan 2023-2030.

CWB involves:

- Building on the work already done to support local, small and medium sized businesses (including Third Sector organisations) to be able to do more.
- Supporting the creation of new business, including those with different forms of ownership such as co-operatives.
- Promoting fairer employment practices, including the payment of the Scottish Real Living Wage which benefits the whole of Orkney through increased spend and less poverty.
- Skilling up local people to be able to benefit from the opportunities that arise.
- Lower carbon emissions because of shorter supply chains.

There are five core pillars to CWB:

- 1- Fair employment and just labour markets;
- 2- Spending;
- 3- Making financial power work for local places;
- 4- Socially just use of land and property; and
- 5- Inclusive ownership;

These include developing the local supply chains of businesses likely to support local employment, keeping wealth within communities, promoting fairer employment practices, and reducing carbon emissions because of shorter supply chains. CWB is not delivered by public authorities in silo. The Council will work with its community planning partners to develop a common plan to deliver CWB.

11. Monitoring and Reporting

The Council's progress in sustainable procurement will be reported as part of our annual procurement report. The annual procurement report is a requirement of the Procurement Reform (Scotland) Act 2014. We will use this report to demonstrate compliance with other legislation that places specific requirements on the Council with respect to our procurement activities, for example, the Equality Act 2010 and The Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012.

12. Review

We will review this Policy as appropriate to ensure that it remains in line with the latest iterations of the Council's Procurement Strategy and the Council's Delivery Plan.

Annex 1



Sustainable Procurement Impact Assessment

The purpose of a Sustainable Procurement Impact Assessment (SPIA) is to improve the work of Orkney Islands Council by ensuring that its procurement activities contribute to the social, economic and environmental well-being of our remote and fragile islands communities, both now and in the future.

This assessment records the likely impact of any procurement exercise, by anticipating the consequences, and making sure that any negative impacts are eliminated or minimised and positive impacts are maximised.

1. Intended Procurement exercise	
Description of the intended procurement exercise	
Service / service area responsible.	
Name of person carrying out the assessment and contact details.	
Date of assessment.	
Is the function new or existing?	
2. Initial Screening	
What are the intended outcomes of the procurement exercise?	

<p>State who is, or may be affected by this procurement exercise, and how.</p>	
<p>Have stakeholders been involved in the development of this procurement exercise, and if so how?</p>	
<p>Is there any existing data and / or research relating to sustainable procurement issues in this area? Please summarise.</p> <p>E.g. consultations, national surveys, performance data, complaints, service user feedback, academic / consultants' reports, benchmarking</p>	
<p>Could the procurement have a differential impact on any of the following sustainable procurement strands?</p>	
<p>1. Supply Chain: Will the procurement of goods, services and works contribute to achieving our vision of a truly sustainable supply chain.</p>	<p>Yes/No.</p>
<p>2. Climate Change: Will the procurement minimise contribution to climate change and support goods, services and works that are well-adapted to the consequences of a changing climate?</p>	<p>Yes/No.</p>

<p>3. Whole life-cycle costs: Will the procurement deliver value for money by realistically assessing, where appropriate, the whole life-cycle costs of the goods, services and works procurement and not simply considering the initial purchase price?</p>	Yes/No.
<p>4. Fair and open competition: Will the procurement activity comply with the public procurement framework and our Contract Standing Orders, which are intended to promote fair and open competition?</p>	Yes/No.
<p>5. Social, economic and environmental impact: Will the procurement ensure that when developing our requirements for goods, services and works, the possible social, economic and environmental impacts of our procurement are assessed as actively seeking to contribute to the social, economic and environmental well-being of our remote and fragile island communities?</p>	Yes/No.
<p>6. Engagement with the market: Where appropriate to the subject matter of the contract, is pre-market engagement and consultation to be undertaken in order to consider sustainability issues for this procurement?</p>	Yes/No.
<p>7. Places, people and other species: Will this procurement of goods, services and works impact negatively on places, people and other species both locally and elsewhere?</p>	Yes/No.

<p>8. Meeting the needs of People: Where appropriate will consultation take place with the people whose needs we aim to meet through our procurement to ensure that we procure goods, services and works that meet their needs?</p>	Yes/No.
<p>9. Equality Issues: Will this procurement not intentionally discriminate against specific groups of people when undertaking our procurement activities and promote equality in line with legislative requirements?</p>	Yes/No.
<p>10. Modern Slavery Act 2015: Where appropriate will this procurement exercise support the aims of the Modern Slavery Act 2015 and ensure that our suppliers provide us with confirmation of their compliance with the Act?</p>	Yes/No.
<p>Isles Proofing: Have the effects of isles proofing been considered where appropriate?</p>	Yes/No
<p>11. Fair Work First: Will this procurement exercise include adoption of the Fair Work First principles where this is appropriate to the subject matter of the contract?</p>	Yes/No
<p>3. Impact Assessment</p>	
<p>Does the analysis above identify any differential impacts which need to be addressed?</p>	Yes/No.
<p>How could you minimise or remove any potential negative impacts?</p>	
<p>Do you have enough information to make a judgement? If no, what information do you require?</p>	Yes/No.

4. Conclusions and Planned Action	
Is further work required?	Yes/No.
What action is to be taken?	
Who will undertake it?	
When will it be done?	
How will it be monitored? (e.g. through service plans).	

Signature:

Name: (BLOCK CAPITALS).

Please sign and date this form, keep one copy and send a copy to the Procurement Manager. A Word version should also be emailed to procurement@orkney.gov.uk

A copy of the completed Sustainable Procurement Impact Assessment is to accompany the Commodity Strategy completed for individual Regulated Procurements and over Threshold Regulated Procurements as part of the internal sign off process and where this is appropriate to the subject matter of the procurement exercise. Where an SPiA has been completed this is recorded on the Council's central contracts register.



Corporate Anti-Fraud Policy

November 2024

Review/Updates to the Corporate Anti-Fraud Policy

Date	Committee	Review/Update – amendments made.
April 2016	Yes - P and R	Creation of formal Corporate Anti-Fraud Policy
July 2019	No	Full Review of Corporate Anti-Fraud Policy
November 2024	Yes – P and R	Wording amendment – Executive Director to Corporate Director 5.4 Terminology – Clarification of the interchangeable terms S95 Officer and Head of Finance

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1. Introduction

1.1 Orkney Islands Council expects its staff and elected members at all times to act honestly, with integrity, and to safeguard the public resources for which they are responsible. The Council expects this honesty and integrity to extend to all individuals and organisations with whom it deals including contractors and their employees.

1.2 The Council has a zero tolerance attitude and will not accept any level of fraud, bribery or corruption. Any instances of fraud or suspected fraud will be investigated thoroughly and dealt with appropriately. Every opportunity will be taken to seek to recover any loss suffered by the Council as a result of fraud.

1.3 The Council is committed to ensuring that opportunities for fraud, bribery and corruption are minimised wherever practicable and, where appropriate and legal, will co-operate and share information with other local authorities and public sector bodies in the prevention, detection and investigation of fraud, bribery and corruption.

1.4 This policy will be communicated to all employees, elected members and external stakeholders and published on the Council's website to ensure awareness.

1.5 This policy does not cover the procedures to be followed in respect of Housing Benefit or Council Tax Reduction for the reporting, investigation or prosecution of such fraud. Separate policies for these are located [here](#).

2. Definition of Fraud

2.1. Although no precise legal definition of fraud exists in Scotland, the Accounts Commission for Scotland describes fraud as the use of deception with the intention of obtaining private gain, avoiding an obligation or causing a loss to another party.

2.2. Fraud can be used to describe a wide variety of dishonest behaviour, such as theft, false accounting, embezzlement, forgery, bribery, corruption, deception, false representation, concealment of material facts and other dishonest actions which result in loss. The fraudulent use of Information and Communication Technology (ICT) resources is included in this definition, where its use is a material factor in carrying out a fraud.

2.3. Fraud can occur within the Council or can be perpetrated against the Council by outside parties.

3. Bribery

3.1. A bribe is an offer or promise of a financial or other advantage, designed to induce another person to perform improperly in their position of trust and responsibility. The Bribery Act 2010 is UK-wide legislation that:

- makes it a criminal offence to give, promise or offer a bribe and to request, agree to receive or accept a bribe either within or outwith the UK;
- specifies the maximum penalty for bribery as up to 10 years imprisonment, with an unlimited fine; and
- introduces a corporate offence of failure to prevent bribery by persons working on behalf of a business.

4. Procedures for reporting fraud

4.1. Managers and staff must always be alert to the risk of fraud, theft, bribery and corruption. The Council has in place clear procedures for reporting instances of actual or suspected fraud. In the first instance staff should report fraud or suspicion of fraud to their Line Manager, Head of Service or Corporate Director, who must inform the Head of Finance and the Council's Chief Internal Auditor. The Chief Executive will be informed immediately by the Head of Finance and/or the Chief Internal Auditor. The Head of Finance and the Chief Internal Auditor should also ensure the relevant Corporate Director is made aware as appropriate. Vigorous and prompt investigations will be undertaken in all cases where actual or suspected fraud is discovered or reported.

4.2. Staff can also report the matter directly to the Head of Finance or the Chief Internal Auditor where preferred.

4.3. Alternatively, an employee wishing to raise any matter may do so following the Council's 'whistle-blowing' arrangements. The Council's Whistleblowing Policy and Procedure is consistent with the Public Interest Disclosure Act 1998, with respect to the disclosure of information by employees and all matters highlighted under these arrangements will be dealt with in confidence and in strict accordance with the terms of the Whistleblowing Policy. This statute protects the legitimate personal interests of staff irrespective of how an allegation is highlighted.

4.4. If it is found that an individual has made malicious or vexatious allegations, disciplinary action may be considered and implemented.

5. Responsibilities

5.1. The roles and responsibilities of officers and elected members are detailed in legislation and in the Council's own governance provisions. This policy defines roles and responsibilities for dealing with the prevention of fraud internally and externally. The following officers and groups have a key role in dealing with the threat of fraud:

Chief Executive

5.2. The Chief Executive has overall responsibility for the operations and activities of the Council. This includes overall responsibility to ensure that the Council's management arrangements in respect of fraud are adequate and effective and that any lessons to be learned corporately from any fraud occurrences arising are appropriately addressed.

Corporate Directors

5.3. Each Corporate Director is expected to display the highest standards of personal conduct and is responsible for establishing and maintaining a sound system of internal control within his/her areas of responsibility which supports the achievement of Council policies, aims and objectives. The system of internal control is designed to respond to and manage the whole range of risks which the Council faces, including minimising the scope for fraud.

S95 Officer/Head of Finance

5.4. The Corporate Director for Enterprise and Sustainable Regeneration, being the Proper Officer for the purpose of Section 95 (S95) of the Local Government (Scotland) Act 1973, is responsible for the proper administration of the Council's financial affairs. The Head of Finance, as the S95 Officer's delegate, shall be entitled to report upon the financial implications of any matter coming before the Council or its Committees. For the purposes of this policy, and in line with the Financial Regulations, the terms S95 Officer and Head of Finance are interchangeable.

5.5. The Council has delegated lead responsibility for the management of fraud to the Corporate Director for Enterprise and Sustainable Regeneration whose duty, in accordance with Section 95 of The Local Government (Scotland) Act 1973, is to make proper provision for the administration of the Council's financial affairs. Proper administration includes ensuring that an adequate system of financial control exists and operates effectively throughout the Council which includes providing adequate resources for the prevention and detection of fraud.

5.6. Other responsibilities of the Head of Finance of relevance to fraud include ensuring that the Council:

- Designs an effective financial control environment to, wherever possible, prevent fraud;
- Establishes an effective Anti-Fraud Policy and Fraud Response Plan, commensurate with the level of fraud risk identified, including establishing appropriate mechanisms for:
 - staff to report suspected fraud risk issues;
 - reporting significant incidents of fraud to the Chief Executive, and where appropriate the relevant Corporate Director; and
 - co-ordinating assurances about the effectiveness of anti-fraud arrangements to support the Council's Annual Governance Statement;
- Disseminates the Council's Anti-Fraud Policy to all staff to ensure that they are aware of their responsibilities in relation to preventing and combating fraud;
- Liaises on fraud matters with other relevant stakeholders, including the Monitoring and Audit Committee;
- Ensures that vigorous, prompt and proportionate investigations are carried out where a fraud occurs or is suspected.

5.7. The Service Manager for Revenues and Benefits is an active member of the National Anti-Fraud Network (NAFN) and liaises closely with other public sector bodies and anti-fraud professionals to share up-to-date information and knowledge regarding common fraud risks.

Head of Legal and Governance

5.8. The Head of Legal and Governance is the Monitoring Officer for the Council. The Monitoring Officer is available for relevant Officers to consult on issues relating to the Council's legal powers in respect of actions taken in the investigation of fraud.

Head of Human Resources and Organisational Development

5.9. The Head of Human Resources (HR) and Organisational Development (OD) shall advise on the Council's Disciplinary Policy and Procedures. These set out the disciplinary procedures which define the types of misconduct deemed to be gross misconduct and which may be of a kind to justify summary dismissal. These include theft and dishonest or fraudulent acts. The Council's disciplinary procedures sit separately from this Corporate Anti-Fraud Policy and the disciplinary process does not form part of any fraud investigation. Any disciplinary implications arising from fraud investigations will be addressed by the relevant Head of Service or Corporate Director in consultation with the Head of HR and OD.

Council Managers

5.10. All Council managers are responsible for:

- Assessing the types of risk involved in the areas for which they are responsible;
- Attempting to prevent and detect fraud in their areas of responsibility;
- Ensuring that an adequate system of internal control exists within their areas of responsibility and that controls operate effectively;
- Regularly reviewing the control systems for which they are responsible;
- Ensuring that controls are being complied with and that systems continue to operate effectively;
- Learning relevant lessons from any fraud occurrences within their areas of responsibility and implementing new or additional controls, where appropriate where frauds have taken place, with a view to reducing the risk of similar frauds occurring in future;
- Where appropriate, ensuring that staff are aware of the Council's Contract Standing Orders, Financial Regulations, Scheme of Administration and Scheme of Delegation to Officers and that the requirements of these documents are being adhered to; and
- Ensuring that any fraud or suspected fraud is reported to the relevant Head of Service or Corporate Director. If preferred, managers may report the matter directly to the Head of Finance or the Chief Internal Auditor, in order to allow the matter to be investigated.

Chief Internal Auditor

5.11. The Chief Internal Auditor is responsible for:

- Assisting in the deterrence and prevention of fraud by examining and evaluating the effectiveness of controls in line with the Internal Audit Charter;
- Investigating reported instances or suspicions of fraud or irregularity within the Council on behalf of the Head of Finance. Depending on the nature and anticipated extent of the allegations, Internal Audit will normally work closely with relevant managers and other agencies, such as Police Scotland, to ensure that all allegations and evidence are properly investigated and reported. Where Internal Audit considers that the involvement of the Police is necessary, the Chief Executive and the Head of Finance will be consulted and their approval obtained before a referral is made. The Monitoring Officer will be contacted for advice on any legal obligation to report the matter to the Police.
- Depending on the circumstances, where the Council's disciplinary procedures are being followed, acting as an Adviser to the Investigating Officer;

- Ensuring that relevant managers have reviewed risk exposures to services and have, where appropriate, identified the possibility of fraud as a business risk;
- Delivering an opinion to the Head of Finance on the adequacy of arrangements for managing the risk of fraud and fostering an anti-fraud culture within the Authority;
- Advising the Monitoring and Audit Committee, which has an overseeing and monitoring role regarding the Council's risk management and internal control arrangements, of all work carried out on significant frauds on a periodic basis;
- Notifying the Council's External Auditors on a periodic basis regarding all frauds to allow the External Auditors to discharge their responsibility to provide information regarding fraud perpetrated against the Council to Audit Scotland.

Council Staff

5.12. Every member of Council staff is responsible for:

- Complying with the Council's Scheme of Administration, Scheme of Delegation to Officers, Contract Standing Orders and Financial Regulations and other codes of conduct and policies such as health and safety and information security policies;
- Dealing with gifts other than those of a trivial nature in accordance with the Council's Code of Conduct for Employees;
- Refusing any fee, commission or other payment arising in any way from or through their Council employment;
- Declaring any possible conflicts of interest which they may have, whether in contracts entered into by the Council or otherwise, in accordance with the Code of Conduct for Employees;
- Acting with propriety in the use of official resources and the handling and use of public funds, whether involved with cash, payments systems, receipts or dealing with suppliers;
- Conducting themselves with integrity and honesty;
- Complying fully with any relevant Code of Conduct or Code of Ethics related to their personal professional qualifications;
- Being alert to the possibility that unusual events or transactions could be indicators of fraud;
- Reporting details immediately to their Line Manager or to others using the Council's Whistle-blowing Policy, if appropriate, if they suspect a fraud; and
- Co-operating fully with fraud investigations.

5.13. The Council has a Corporate Protection Group whose remit is to reduce organisational vulnerabilities across all services and functions through prevention. Membership of the Group includes senior officers with organisational responsibility for areas at risk from fraud. All members of the group are expected to highlight emerging threats, vulnerabilities, risks, opportunities and action they are taking to address issues that may impact on the organisation.

Elected Members

5.14. As elected representatives, all members of the Council have a duty to citizens to protect the Council from all forms of abuse. This is done through this policy, compliance with the Councillors' Code of Conduct as prepared by the Standards Commission for

Scotland, the Council's Financial Regulations and Contract Standing Orders, and relevant legislation.

5.15. The adequacy and effectiveness of the Council's financial systems is independently monitored and assessed annually by the Council's External Auditors. Audit reports confirming the outcome of the audits are scrutinised by the Elected Members.

6. Conclusion

6.1. The Council recognises the importance of making best use of public resources and of demonstrating high standards of corporate governance. The Council takes fraud very seriously and all cases of actual or suspected fraud will be vigorously and promptly investigated and appropriate action taken.

6.2. The Council has in place a clear network of systems and procedures to assist it in the fight against fraud and corruption. It is determined that these arrangements will keep pace with any future developments in both preventative, deterrent and detection techniques regarding fraudulent or corrupt activity that may affect its operation.

6.3. This policy will be subject to review on a 3 yearly basis, or sooner should there be any relevant legislative changes, to ensure continued relevance and consistency in application.

6.4. The Council has a Fraud Response Plan which sets out how to report fraud or suspicion of fraud and how investigations will be instigated, conducted and concluded. This plan forms part of the Council's Anti-Fraud Policy and is included at Appendix A.

6.5. The steps of reporting and responding to fraud are illustrated at Appendix B.

6.6. A list of related documents is included at Appendix C for information.

Appendix A

Orkney Islands Council Fraud Response Plan

1. Introduction

This plan details the process which will be followed in the event of any fraud or suspected fraud being identified.

The plan shall be invoked by the Head of Finance or in their absence the Chief Internal Auditor and shall involve reporting the fraud or suspected fraud to the Fraud Response Team and agreeing as a team the detailed response required. The Chief Executive should be informed immediately by the Head of Finance and/or the Chief Internal Auditor. The Head of Finance and the Chief Internal Auditor should also ensure the relevant Corporate Director is made aware as appropriate.

The Fraud Response Team consists of the Head of Finance, the Chief Internal Auditor, the Head of Legal and Governance and the Head of HR and OD.

The nature and circumstances of individual frauds may vary (e.g. obtaining money, assets, contracts, benefits or advantages through deliberate deceit, (whether active or passive)) but all reported frauds/suspected frauds will be investigated thoroughly and timeously, and appropriate action taken.

2. Stage 1: Discovery

Concerns regarding suspected fraud may be raised by any employee or elected member. Employees and elected members can raise concerns without fear of recriminations and be assured that concerns will be treated seriously and will be properly investigated. The Council will, wherever possible, observe the wishes of an employee or elected member raising concerns who does not wish his/her identity to be disclosed.

On discovery or suspicion of fraud the reporting procedure to be followed is: -

- **The employee should report the suspected fraud to their line manager: this may be their immediate manager, Head of Service or Corporate Director; or**
- **Alternatively, employees can report the suspected fraud directly to the Head of Finance or the Chief Internal Auditor.**
- **Elected members should report suspected fraud to the Chief Executive, any Corporate Director, the Head of Finance or the Chief Internal Auditor as considered appropriate.**

Where the concern has been reported to an employee's Line Manger, the Line Manager who has received the concern must report the matter immediately to the Head of Finance and/or the Chief Internal Auditor. The Head of HR and OD should also be informed in order that Council Disciplinary Procedures are followed.

The Head of Finance or the Chief Internal Auditor shall notify the Chief Executive and the Head of Legal and Governance of the suspected fraud. Relevant Corporate Directors shall also be informed as appropriate.

Where any matter of suspected fraud or other financial misconduct is identified and is being considered for investigation under the disciplinary procedures, the Head of Finance and the Chief Internal Auditor must be advised prior to the start of any investigation.

Suspected frauds may be reported via the Council's 'Whistleblowing' procedures, in which case, the requirements of the Whistleblowing Policy shall be adhered to whilst also following the Corporate Ant-Fraud Policy and the Fraud Response Plan.

The Council encourages members of the public who suspect fraud, bribery or corruption in the Council to contact the Head of Finance or the Chief Internal Auditor.

Stage 2: Safeguard Evidence

It is not the duty of individual employees to investigate suspected fraud. However, it is essential that evidence is safeguarded.

As soon as a fraud or irregularity is suspected, every effort must be made to ensure that all relevant documentation has been secured and the necessary steps have been taken to preserve the evidence (for example, records should be retained of persons handling the evidence and no marks should be made on original documentation). Where evidence is suspected to be held on a pc/laptop etc., the device should not be switched on and advice should be sought from Internal Audit as to the necessary course of action. Internal Audit will liaise with IT Services as required.

Stage 3: Investigation Process

The Chief Internal Auditor may make initial enquiries for the purposes of determining the likely level of investigation, and in particular for determining at the outset whether Police involvement is required.

The Fraud Response Team shall then, depending on the nature of the suspected fraud, agree the investigation process.

The audit approach to the investigation of a potential fraud is likely to vary depending on the nature and complexity of the fraud, the number and seniority of employees involved and the nature of the Service in which the suspected fraud has occurred etc.

The approach taken generally falls into four main categories, namely:

- After appropriate consultation with the Chief Executive, the case is passed immediately to the Police who will carry out the investigation; or
- The investigation is commenced by Internal Audit. However if during the investigation it is determined that Police involvement is required the Chief Internal Auditor shall immediately notify the Head of Finance who shall make the necessary contact with the Chief Executive and Fraud Response Team; or
- The investigation is carried out by Internal Audit with the assistance of the Service involved on request by Internal Audit as part of the evidence gathering process; or
- An HR disciplinary investigation takes place which may run in parallel and be linked to the Internal Audit investigation. Depending on the circumstances, where the Council's disciplinary procedures are being followed, Internal Audit may act as an Adviser to the

Investigating Officer or they may simply be advised of the outcome of the investigation and provided with a copy of the investigation report and appendices for information.

The Head of HR and OD shall advise on any required disciplinary procedures. Circumstances may require the temporary relocation or suspension of an employee. Such decisions rest with the appropriate Corporate Director or Head of Service and must be in accordance with relevant Council policies including disciplinary procedures. In instances where a precautionary suspension is being considered, advice should be sought from HR. In circumstances where an employee is suspended, he or she should be escorted from the premises immediately, only being allowed to remove personal belongings under supervision.

The Chief Executive and the relevant Corporate Director will be kept informed by the Head of Finance of all allegations of major frauds and any subsequent developments which may have a significant impact or affect the Council's reputation.

The approval of the Chief Executive and the Head of Finance shall be obtained prior to contacting the Police in respect of any allegations of fraud or other financial misconduct. The Monitoring Officer will be contacted for advice on any legal obligation to report the matter to the Police.

Internal Audit Officers shall act as independent investigators to establish whether there is any substance to allegations made. Internal Audit Officers shall seek to establish the facts as far as possible by obtaining sufficient, relevant, reliable evidence, quantifying any loss, identifying any control weaknesses or failures and recommending improvements to address control weaknesses.

In terms of Financial Regulation 17.3, the Chief Internal Auditor or their authorised representative shall have authority to examine all Council records, cash, stores and other property, obtain such explanations as deemed necessary and to enter at all reasonable times any Council premises or land.

If at any time during the investigation the Internal Audit Officers are of the opinion that the Police should be notified, the Chief Internal Auditor shall inform the Chief Executive and the Head of Finance.

If at any time during the investigation the Internal Audit Officers are concerned about the continued presence of an employee within the workplace, the Chief Internal Auditor shall inform the Head of HR and OD and the Head of Finance.

As part of any fraud investigation Internal Audit may require to interview Council employees.

Stage 4: Conclusion of Investigation and Subsequent Action

Once the investigation has been concluded, a written factual report will be issued by the Chief Internal Auditor in consultation with the Head of Finance. The report shall be issued to the Chief Executive, members of the Fraud Response Team and to the relevant Corporate Directors and Managers. The report shall detail the findings of the investigation and where required include recommendations to improve controls, thus mitigating the threat of similar frauds in the future.

It is the responsibility of the relevant Head of Service and/or Corporate Director, in consultation with Human Resources staff, to consider whether any disciplinary process is required as a result of the investigation.

The Chief Internal Auditor, or Lead Auditor who conducted the fraud investigation, will attend any subsequent disciplinary hearing, if requested, to act as a witness. Alternatively, Internal Audit may act as an Adviser to the Investigating Officer or they may simply be advised of the outcome of the investigation and provided with a copy of the investigation report and appendices for information.

Internal Audit officers shall attend any subsequent disciplinary proceedings, where appropriate, in the role of witness.

The Corporate Protection Group shall be advised as required, on an anonymised basis, of the outcome of any fraud investigation. This shall be in accordance with the remit of the Corporate Protection Group.

Media Control

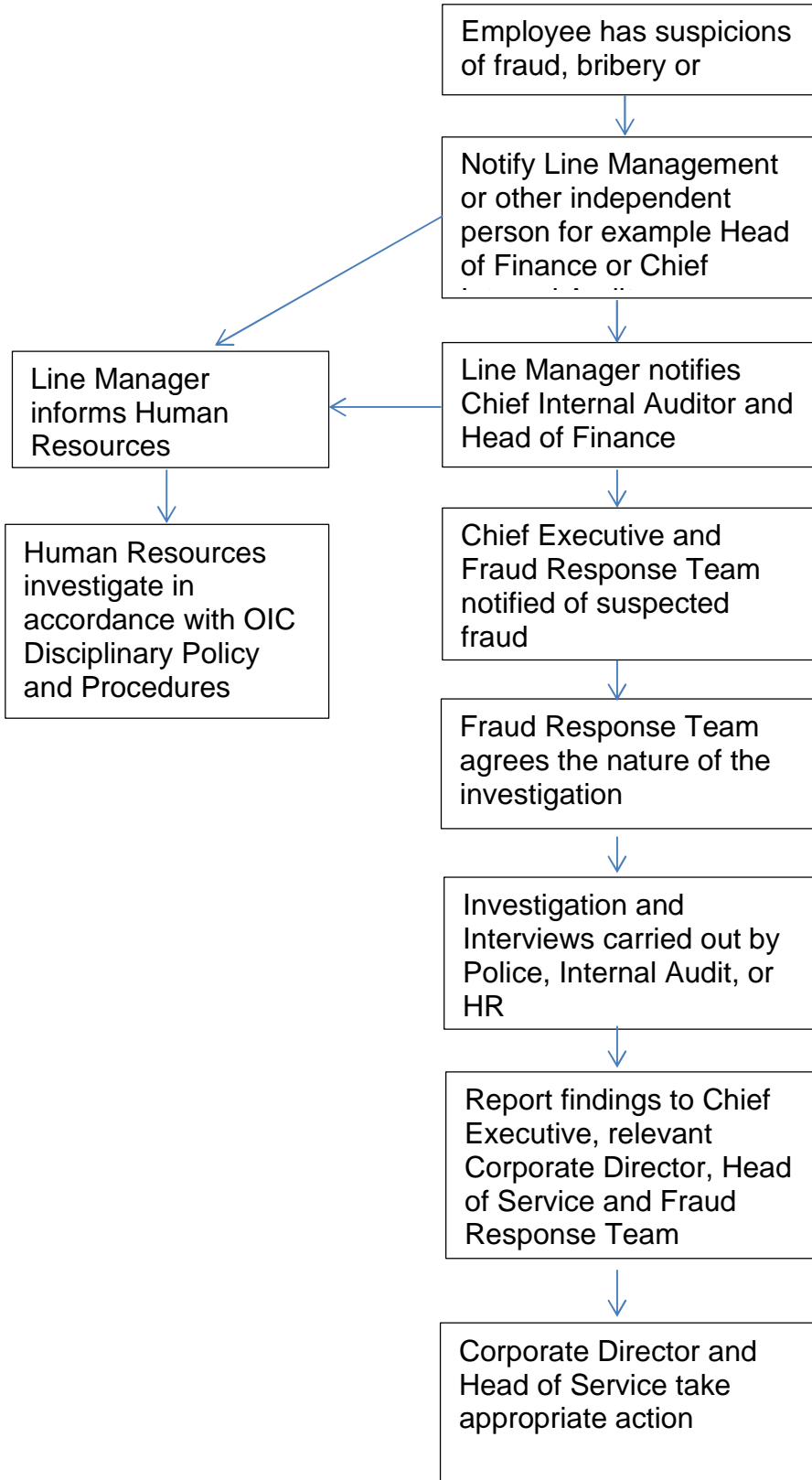
The Council's Communications Team Manager has been designated by the Chief Executive as the appropriate officer to manage all contact with the media (should media involvement be likely) to ensure that the release of information is both consistent and controlled. No statements should be given or made to the press by any member of staff unless through the Communications team, who will liaise with the appropriate Corporate Director, the Chief Executive, members of the Fraud Response Team and the Head of HR and OD if a disciplinary investigation is underway or has been undertaken.

The release of information to the media should aim to publicise the Council's intolerance of fraud or corruption both within the Council and by users of its services, it also serves to publicise action taken against those who would perpetrate such fraud or corruption against the Council.

Appendix B

Orkney Islands Council Corporate Anti-Fraud Policy

Reporting and Responding to Fraud



Appendix C

List of Related Documents

The following list of documents includes other existing policies, procedures and guidance notes which touch upon issues which are of relevance, or are closely related, to fraud matters. The list is not exhaustive and will be subject to periodic update without requiring a formal review of this policy.

- Scheme of Delegation to Officers
- Scheme of Administration
- Contract Standing Orders
- Financial Regulations
- Whistleblowing Policy and Procedure
- Disciplinary Policies and Procedures
- Employees' Code of Conduct
- Acceptable Use of ICT Policy
- ICT Security Policy
- Housing Benefit and Council Tax Reduction – Anti-Fraud Policy
- Housing Benefit – Prosecution Policy



Capital Strategy 2024 – 2029

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Introduction

The Chartered Institute of Public Finance and Accountancy (CIPFA) 2021 Prudential and Treasury Management Codes require all local authorities to prepare a Capital Strategy report which will provide the following:

- a high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services.
- an overview of how the associated risk is managed.
- the implications for future financial sustainability.

The aim of the Strategy is to ensure that all elected members fully understand the overall long-term policy objectives and resulting Capital Strategy requirements, governance procedures and risk appetite.

The Strategy forms part of the framework for financial planning and is integral to both the Medium-Term Financial Strategy (MTFS) and the Treasury Management Strategy Statement (TMSS).

Council Plan

The Council Plan 2023-2028 was approved by Council in March 2023, following consideration by the Policy and Resources Committee on 21 February 2023. The Council's strategic priorities and aims are set out in the Council Plan grouped under three priority themes – growing our economy, strengthening our communities and developing our infrastructure.

The Council Plan's aims and outcomes will be supported by a number of priorities under an overall theme – transforming our council.

The following five core principles, which underpin the new Council Plan, have been used to structure the Capital Strategy demonstrating how our capital programme priorities align with their delivery.

- Protecting our environment and combating climate change.
- Equality, fairness and inclusion: in particular for vulnerable and remote communities like the ferry linked isles.
- Sustainable and accessible services for all.
- Community wellbeing and mental health.
- Community wealth building for future generations.

The Council Plan also recognises that the Council cannot achieve everything it wants to, particularly when set against a background of COVID-19 recovery, the cost-of-living crisis, the impacts of climate change and moving towards net zero, resource constraints and rising public expectations.

The Delivery Plan 2023-2028 complements the Council Plan, and describes some of the projects, services and policies which the Council seeks to progress during the current term. The Council Plan 2023-2028 and Council Delivery Plan 2023-2028, underpin the Capital Strategy 2024 to 2029 when considering capital projects for inclusion in the Capital Programme.

Risk Management

Managing the Council's risks is an area of significant focus for senior management and elected members, and the Council adopts an integrated view to the management and qualitative assessment of risk.

To ensure that risks to delivery of the Capital Programme are effectively managed a structured framework of planning, evaluation and monitoring is maintained, which is intended to identify those schemes at risk of non or late delivery.

Capital Approach

Definition

The CIPFA / Local Authority (Scotland) Accounts Advisory Committee (LASAAC) Statement of Recommended Practice (SORP) provides the definition of capital expenditure as follows:

“Expenditure on the acquisition of a tangible asset, or expenditure which adds to, and not merely maintains, the value of an existing asset, should be capitalised, provided the fixed asset yields benefit for a period of more than one year.

The main components of capital expenditure are:

- Acquisition, reclamation, enhancement or laying out of land;
- Acquisition, construction and improvement of buildings and civil engineering works;
- Acquisition, replacement or renewal of major plant, equipment, machinery, vehicles and vessels.

For expenditure to be considered improvement or enhancement, and count as capital in nature, it must lengthen substantially the useful life of the asset, increase substantially the open market value of the asset, or increase substantially the extent to which the asset can be used. Under this definition of “improvement or enhancement,” improvement works, and structural repairs should be capitalised, whereas expenditure to ensure that the fixed asset maintains its previously assessed standard of performance should be treated as revenue expenditure.”

Underlying Principles

The following underlying principles are considered necessary for the delivery of a prudent, sustainable and resilient Capital Programme:

1. **Strategic priorities** – projects demonstrate direct alignment with the strategic priorities and aims as set out in the Council Plan and Delivery Plan.
2. **Affordability** – projects demonstrate that the capital investment delivers value-for-money and supports the overall financial sustainability of the Capital Programme, including, for example, the leverage of external funding opportunities.
3. **Agility** – the Council should endeavour to develop ‘off the shelf’ projects to react to external funding opportunities.
4. **Asset sustainability** – expenditure should be used to ensure existing assets maintain basic condition, based on existing use, to meet security and health and safety requirements.
5. **Asset development** – replace existing assets to improve their efficiency and effectiveness on a like for like basis or investment in assets to enhance service based on demographic, social, technological and environmental challenges.
6. **Asset reduction** – seek to divest via rationalisation, repurposing or asset transfer of building assets that are surplus to operational need.

7. **Revenue saving/generating** – projects which reduce operating costs, or avoid future capital or revenue costs, or generate income.
8. **Risk appetite** – the risks of the project have been fully assessed, consulted and communicated, and are at an acceptable level including, for example, consideration of the project viability in terms of resourcing and scheduling of internal staff resources and external supply-chain capacity.

Capital Project Types

Capital projects fall into two main categories: annual top-sliced improvement and replacement programmes; and other projects.

Other projects should follow the Capital Project Appraisal (CPA) process in order to be considered for inclusion in the rolling 5-year Capital Programme.

The following top-sliced improvement and replacement programmes have annual budgets:

- General Fund Capital Improvement Programme
- Road Asset Replacement Programme
- IT Replacement Programme
- Plant and Vehicles Replacement Programme
- Housing Revenue Account
- Scapa Flow Oil Port Minor Capital Improvement Programme
- Miscellaneous Piers and Harbours Minor Capital Improvement Programme
- Strategic Reserve Fund Capital Improvement Programme

The operation of annual top-sliced property improvement or asset replacement programmes must follow the underlying principles of this Strategy and the CPA process, and this should be evidenced through the regular reporting of the planning, approval delivery stages to the relevant Service Committee or Sub-committee.

The existing Capital Programme for 2024/25 to 2028/29 is attached at Annex 1.

Process

The CPA process for capital projects contains five distinct stages:

- Stage 0 – Pre-CPA: Strategic Outline Case
- Stage 1 – CPA 1: Outline Business Case
- Stage 2 – CPA 2: Full Business Case
- Stage 3 - Project Delivery
- Stage 4 - Project Completion

Full details of the CPA process are available in its own guidance document.

At present, CPAs (business cases) for capital projects are assessed by the Capital Programme Board, primarily comprising the Corporate Leadership Team, before being put forward to Committee for inclusion within the Capital Programme. Programme slippages

and accelerations are reported to the Policy and Resources Committee as part of capital budget monitoring processes where consideration is given to whether capital projects can be accelerated, slipped or removed. Under and over-spends on capital projects are managed within the overall programme unless they are significant in nature or require additional resource and approval.

Work has been undertaken to reconsider the CPA process, established in 2018, to build a new framework and consistent approach to mandating, evaluating and monitoring projects as they progress through the various stages of the CPA lifecycle.

Sources of Funding

The development of capital projects can be funded by several sources, as follows:

- Scottish Government General Capital Grant and other specific grants.
- Capital grants from other external sources.
- Capital receipts generated through the sale of assets.
- Capital contributions from internal reserves.
- Capital financed from current revenue income or surpluses.
- Borrowings from the Loans Fund.

Given the limited headroom available in the Council's Capital Programme the ability to leverage in external funding is essential for projects to progress and the sustainability of the Programme.

Non-General Fund projects are expected to be affordable for each respective Non-General Fund account, Housing Revenue Account (HRA) or Harbours for example.

The Council's General Capital Grant allocation for 2024/25 amounted to £5,000,000. On 18 June 2024, the Policy and Resources Committee recommended General Fund top-sliced improvement and replacement programmes for the three years (2025/26, 2026/27 and 2027/28) at a total of £5,500,000. A future review is required during financial year 2027/28 to assess the sustainability and allocation of funds to the top-sliced programmes.

Affordability

Prudential Code

The CIPFA Prudential Code, introduced in April 2004, gave councils freedom to invest in capital projects within the limitation of legislative controls, provided their programmes can be shown to be affordable, prudent and sustainable. The key mandatory indicators are:

- Capital Expenditure Limits – summary of the Council’s capital expenditure plans;
- Capital Financing Requirement – measure of the Council’s underlying borrowing need, including long term liabilities;
- Operational Boundary – expected maximum external debt during the course of the year; and
- Authorised Boundary – maximum limit beyond which borrowing is prohibited.

One of the purposes of the Treasury Management Strategy Statement (TMSS) is to assess the affordability of the Council’s capital plans. These capital plans provide a guide to the borrowing need of the Authority, essentially the longer-term cash flow planning, to ensure that it can meet its capital spending obligations.

The TMSS is reported annually to the Policy and Resources Committee.

General Fund Headroom

The loan charges budget to repay debt is baselined at £3,500,000 with effect from 1 April 2024 and must cover the cost of any General Fund borrowing to finance capital spend as well as management of the capital programme, budgeted at a cost of £200,000.

In addition, a further sum of £200,000 is set aside in the Capital Project Appraisal Fund, established to provide revenue budgets for Services to develop CPA business cases.

These charges leave a net loan charges budget of £3,100,000, which equates to headroom for General Fund Services to borrow a maximum of approximately £25,500,000 over the next five years, from 1 April 2024 to 31 March 2029.

Headroom £m	2024/25 Estimate
Operational Boundary	75.0
Capital Financing Requirement	(65.0)
Revenue budget (£3.1m x 5)	15.5
TOTAL	25.5

Headroom is recalculated regularly on changes to the Council’s Capital Programme.

There is limited headroom available for the Council to undertake any significant programme of works. It is prudent to only borrow up to the Operational Boundary, and seek to leave the gap between this indicator and the Authorised Boundary as an unused contingency.

Other Considerations

Several other factors impact the affordability of the Capital Programme, including:

- **Interest Rates.** The cost of borrowing is currently high. Higher interest rates mean loans fund revenue budgets will not stretch as far. However, the Council does have the opportunity to refinance over time and realign borrowing against lower rates, where possible. In the short-term the Bank of England interest rate, and subsequent rates offered through the Public Works Loans Board (PWLB), would be entered into at a higher rate.
- **Inflation.** At periods of higher inflation, delays in the delivery of capital projects can significantly impact the approved budgets.
- **Demand and supply.** Construction materials supply chain or transportation challenges in the wider economy – a surge in demand can lead to price increases, material shortages and longer lead times.
- **Legislation.** Changes in legal requirements and government policy objectives can result in obligations for the Council. Usually, these changes attract government funding.
- **Risk management.** All risks associated with a specific capital project should be understood with appropriate strategies to manage those risks. Project risks should be considered throughout the CPA process.
- **Resource Capacity.** The Council and local supply-chain have limited resources and capacity to develop, manage and deliver capital projects. When proposing capital projects for consideration, or setting the Capital Programme, the capacity of resources needs to be considered.

Governance Framework

The Council's 5-year rolling Capital Programme will continue to be updated on an annual basis and approved by Council. This ensures a long-term approach to financial planning to identify challenges and opportunities facing the Council.

The Capital Strategy will be fully updated every five years, or as and when necessary to respond to new challenges and opportunities as these arise, and to ensure its continued alignment with the Council's strategic priorities and aims.

All capital projects will continue to be managed and monitored, and changes approved through the Policy and Resources Committee or by delegated authority, where applicable. Full details of the new governance framework and approval process for the Capital Programme can be found in the Financial Regulations, and the Capital Project Appraisal (CPA) procedure.

The Council's Section 95 Officer is the officer with overall responsibility for Capital and Treasury activities and is a qualified accountant.

Annex 1: Approved Capital Programme 2024-29

	Total Budget	2024/25	2025/26	2026/27	2027/28	2028/29
	£000	£000	£000	£000	£000	£000
General Fund Summary						
Other Housing	2,925	585	585	585	585	585
Community Social Services	5,158	2,900	2,258	0	0	0
Education	2,151	2,151	0	0	0	0
Cultural and Recreational Services	582	388	181	13	0	0
Roads	7,843	2,393	1,500	1,500	1,500	950
Transportation Services	2,457	1,073	1,088	266	30	0
Environmental services	145	145	0	0	0	0
Planning & Protective Services	1,290	1,290	0	0	0	0
Administration Services	18,540	3,569	4,000	4,000	4,000	2,971
Expenditure Total	41,091	14,494	9,612	6,364	6,115	4,506
Sources of Funding						
Capital Financed from Current Revenue	4,848	111	1,579	1,579	1,579	0
Government Grants	24,826	5,792	5,114	4,640	4,640	4,640
EU Grants	0	0	0	0	0	0
Other Grants	735	735	0	0	0	0
Capital Receipts	1,175	235	235	235	235	235
Capital Contributions	2,424	2,358	53	13	0	0
Income Total	34,008	9,231	6,981	6,467	6,454	4,875
Borrowing	7,083	5,263	2,631	(103)	(339)	(369)
	Total Budget	2024/25	2025/26	2026/27	2027/28	2028/29
	£000	£000	£000	£000	£000	£000
Non General Fund Summary						
Housing Revenue Account	770	770	0	0	0	0
Orkney College	0	0	0	0	0	0
Scapa Flow Oil Port	750	150	150	150	150	150
Miscellaneous Piers and Harbours	9,322	475	4,888	3,244	415	300
Strategic Reserve Fund	595	119	119	119	119	119
Expenditure Total	11,437	1,514	5,157	3,513	684	569
Sources of Funding						
Capital Financed from Current Revenue	2,984	708	569	569	569	569
Government Grants	340	340	0	0	0	0
EU Grants	0	0	0	0	0	0
Other Grants	0	0	0	0	0	0
Capital Receipts	0	0	0	0	0	0
Capital Contributions	0	0	0	0	0	0
Income Total	3,324	1,048	569	569	569	569
Borrowing	8,113	466	4,588	2,944	115	0



Capital Project Appraisal (CPA)

www.orkney.gov.uk

Version 2.0 November 2024

Version Control

Version	Name	Title	Date
1.0	Colin Kemp	Head of Finance	January 2018
2.0	Erik Knight	Head of Finance	November 2024

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1. Introduction

This document sets out the Capital Project Appraisal (CPA) process that must be followed from the initial development of proposals right through to delivery and completion of approved projects on the council's Capital Programme to ensure governance and compliance for all capital projects undertaken by Orkney Islands Council.

The process builds upon requirements from other established Orkney Islands Council regulations, plans, strategies, and procedures.



The CPA process examines capital projects at key decision points in their development lifecycle and looks ahead to provide assurance that they can progress successfully to the next stage. The objective of the CPA process is to ensure that capital projects put forward for consideration to be developed and approved for delivery are supported by key stakeholders, follow appropriate governance, obtain necessary approvals and directly contribute to the delivery of strategic corporate priorities as outlined in the Council Plan and Delivery Plan.

Once a capital project requirement has been identified and proposed for initial development by a Service, the proposal will pass through a number of stages depending on the value, complexity, and risk of the project.

It is important to recognise that no written process can provide everything a successful project needs to have. Consequently, this document is not intended to cover all project management principles and therefore should sit alongside relevant training, awareness, and use of best practice project management process-based methodologies e.g. PRINCE2; it is insufficient by itself to enable inexperienced officers to properly set up and run capital projects.

2. Roles and Responsibilities

2.1. Capital Programme Board

Membership consists of the Corporate Leadership Team (CLT), the Head of Finance, the Head of Property, Asset Management and Facilities and any other officers, as and when required, to represent the Board depending on the nature of the matter under consideration at the time. It is chaired by the Chief Executive and the remit of the Capital Programme Board is:

- executive ownership of the CPA process and Capital Programme.
- to review, approve or reject proposals for capital projects from Services and determine the appropriate development budget(s) and governance route(s) through the CPA process.
- to evaluate capital project proposals at CPA Stages 0 - 2 and make recommendations on project prioritisation when the number of project proposals being brought forward exceeds existing budgets or resources.
- to make approval recommendations to Committees on capital project proposals to proceed to the next applicable CPA stage.
- to review, approve or reject change requests (issue reports) from Project Sponsors to vary the scope or nature of the project or incur additional expenditure out with approved budget provisions, and form a view on the governance arrangements and decide whether it still meets the Council's objectives and provisions established in the Capital Programme.
- to make recommendations to Policy and Resources Committee on requests for changes to existing capital projects on the Capital Programme, beyond delegated authority limits, to be included in the Capital Programme.
- to make recommendations to Policy and Resources Committee to redeploy relevant Capital Programme provisions, to address capital slippage, where no contractual commitment exists or will be made in the current financial year for approved capital projects.
- to review quarterly reports from the Capital Programme Team to scrutinise performance of the Capital Programme, including any project issues or risks raised by Project Sponsors.
- to ensure the allocation of staff resources and setting priorities for Capital Programme management activities.
- to regularly review the existing Capital Strategy, CPA process, and any other governance arrangements to ensure they are still delivering the needs of the Council; and
- to consider other relevant matters and provide advice relating to the CPA process and the Capital Programme which may be referred to it by the Capital Programme Team, Project Sponsors, and/or Council Committees.

2.2. Capital Programme Team

Membership consists of the Service Manager (Corporate Finance), the Team Manager (Corporate Finance), the Service Manager (Property and Capital Programme), and the Capital Programme Officer. The remit of the Capital Programme Team is:

- to establish, maintain and improve the necessary strategies, core processes and tools to manage, monitor and report on the CPA process and the Capital Programme.
- to ensure the strategic planning and coordination of the CPA process and Capital Programme. This includes governance and compliance monitoring, financial monitoring, issue and risk monitoring, and performance evaluation.
- to be the first point of contact to Services, Project Sponsors and Project Teams to provide advice and support, where appropriate, on governance, processes, monitoring, and reporting requirements, and to recommend best practice project management process-based methodologies and tools.
- to advise which elements and activities of expenditure are classified as capital or revenue.
- to ensure that capital project proposals developed through the CPA process and capital projects delivered on the Capital Programme are adequately resourced at all stages and well-coordinated by Project Teams, including the active monitoring, management and escalation of issues, risks and changes by Project Teams, to ensure they are delivered on time, on budget and to the approved outcomes.
- to ensure that the Project Sponsor / Project Team actively monitor issues, risks, and changes, and these are, where appropriate, escalated up to the Capital Programme Board.
- to ensure liaison and communications are working effectively between the Project Sponsor / Project Team and the Capital Programme Board; and
- to ensure change control is being dealt with correctly by the Project Sponsor / Project Team and change requests (issue reports) are escalated to the Capital Programme Board and, where appropriate, the relevant Council Committees.

2.3. Capital Programme Advisory Board

Membership consists of the Chairs and Vice Chairs of the Service committees, currently Education, Leisure and Housing Committee, and Development and Infrastructure Committee and Policy and Resources Committee, the Chair or Vice Chair of the Integration Joint Board (whichever is the Council appointment), the Capital Programme Team and Project Sponsors of capital projects on the Capital Programme. It is chaired by the Leader (as Chair of the Policy and Resources Committee) and the remit of the Programme Advisory Board is:

- to meet on a six-monthly basis and provide an informal forum for members to have oversight and comment on matters concerning the Capital Programme where these are necessary and appropriate to address out with the formal Committee process.
- to provide members with overall progress on the Capital Programme, and any project issues and risks where these are necessary and appropriate to address out with the formal Committee process.
- to provide guidance to members regarding the CPA process; and

- to provide members with any proposed changes and developments in the Capital Programme including re-profiling of financial and project phasing matters where this is appropriate within the terms of the Capital Programme.

2.4. Project Team

The Project Team is the team of professionals brought together by the Project Sponsor to directly support the development of capital project proposals through the CPA process and deliver capital projects on the Capital Programme. Individuals may remain members of the Project Team for the whole duration of the project or may alternatively join the team to deliver specific pieces of work.

The roles and responsibilities of individual Project Team members may vary depending on the type, scale and stage of the project being undertaken, but as a minimum they must include a **Project Sponsor**, **Project Manager**, **Senior User** and **Senior Supplier**.

2.5. Project Sponsor

The Project Sponsor is a senior officer (typically a Head of Service) from within the sponsoring Service who will have overall responsibility and accountability, including for the Project Team, for the entire lifecycle of the capital project. The remit of the Project Sponsor is:

- to be accountable to the sponsoring Service, Capital Programme Team and Capital Programme Board for the performance, monitoring and reporting of the development and delivery of the project and compliance with the CPA process.
- to lead the development and produce all reports and supporting documentation required for the various CPA stages.
- to present required evidence to the Capital Programme Board and Council Committees to assist with evaluating the capital project proposal and deciding whether it should be developed through the CPA process or included in the Capital Programme.
- to ensure when external funding opportunities are identified that a 'Grant Authorisation Form' is completed in the first instance and submitted to the Head of Finance for prior approval. This is in accordance with the Council's Financial Regulations where the Head of Finance's consent or authority is required prior to submitting any application to a third party for external funding.
- to ensure a Project Team is established from the outset and the team has sufficient professional, experienced, and skilled resources, as and when needed at the various stages and for the full lifecycle of the project.
- to support the overall aims and objectives of the project by undertaking a proactive leadership role in the Project Team by being a key decision maker and acting as the first point of contact with the Project Manager for all project related issues.
- to ensure that any external funding opportunities, including full funding expectations, requirements, and conditions, pre-approved by the Head of Finance, subsequently

awarded to the project are shared with Corporate Finance and the Project Team to ensure funding compliance and submitting claims. Project Team resources should be considered for grant funding expectations, requirements, and conditions to ensure they are met.

- to represent the views of the sponsoring Service to the Project Manager and Project Team and perform a key role in issues resolution, and as mentor to the Project Manager.
- to resolve any conflicts among the Project Team members if the Project Manager cannot.
- to ensure any issues and risks are raised immediately with the Capital Programme Team, and escalated to the Capital Programme Board if required, for their direction and support.
- to ensure any change requests (issue reports) to vary the scope or nature of the project or incur expenditure out with approved budget provisions are immediately reported to the Capital Programme Board and, if appropriate the Policy and Resources Committee for approval prior to any commitment being made.
- to ensure where capital slippage in the project is identified this is raised immediately with the Capital Programme Team for reporting delays and revised timescales to the Capital Programme Board and, if appropriate the Policy and Resources Committee.
- to provide regular monitoring reports to the Capital Programme Team on project progress and performance and give obvious reasons for any changes to the programme, cost, or scope of the project.
- to provide quarterly monitoring reports required from Corporate Finance and the Capital Programme Team for the Capital Programme Board and the Policy and Resources Committee; and
- to produce post project completion reviews at the end of the project to determine how successful the project delivery has been, capturing lessons learned and making any recommendations for the future.

2.6. Project Manager

The Project Manager (typically a Service Manager) is the person given authority and responsibility, as agreed with the Project Sponsor, for the day-to-day management and ensuring delivery of the capital project's objectives to the approved plan, cost, scope, and quality. The remit of the Project Manager is:

- being accountable to the Project Sponsor for the overall compliance, progress, performance, monitoring, and reporting of the project ensuring objectives are delivered on time and within the budgets agreed with the Capital Programme Board and/or Committees.
- establishing and managing project procedures and project controls for monitoring and reporting by applying best practice project management process-based methodologies e.g. PRINCE2.

- responsible for leading and managing the established Project Team and flagging any team resource requirements or constraints to the Project Sponsor.
- planning, managing, and monitoring budgets and all expenditure of the project to ensure appropriate progress is achieved on the total budget.
- maintain a risk register to monitor and manage risks and ensure any are raised with the Project Sponsor and Capital Programme Team for their direction and support.
- to ensure any change requests (issue reports) to vary the scope or nature of the project or incur expenditure out with approved budget provisions are raised immediately with the Project Sponsor and Capital Programme Team for reporting overspends to the Capital Programme Board and, if appropriate, the Policy and Resources Committee for approval prior to any commitment being made.
- to ensure where capital slippage in the project is identified this is raised immediately with the Project Sponsor and Capital Programme Team for reporting delays and revised timescales to the Capital Programme Board and, if appropriate, the Policy and Resources Committee.
- to initiate corrective actions when needed or instructed.
- to resolve any conflicts among the Project Team members and escalate any to the Project Sponsor if they cannot be resolved.
- to be responsible, unless the Project Sponsor agrees to take on part of this role, for preparing all reports and leading the communications and consultations at each stage of the project, agreeing what is to be communicated to whom, by when and by what channels. This includes reports, communication and consultation required with the Capital Programme Team, Capital Programme Board, Committees, external funding partners and any other stakeholders to the project.
- producing regular highlight reports to the Project Sponsor and Capital Programme Team on project progress and performance and to report advise any potential problems or areas where the Capital Programme Board could help.
- to contribute to quarterly monitoring reports required from Corporate Finance and the Capital Programme Team for the Capital Programme Board and the Policy and Resources Committee; and
- to contribute to producing post project completion reviews at the end of the project to determine how successful the project delivery has been, capturing lessons learned and making any recommendations for the future.

2.7. Senior User

The Senior User is the person that represents those for whom the project will achieve an objective or those that will use the project outcome and to ensure that the benefits will be realised. The Senior User role can be one or more persons. The remit of the Senior User is:

- to specify the needs (requirements) of the end-users and ensure the project delivers the required quality expectations and desired outcomes, and expected benefits are realised.

- to consult with the Project Manager and Project Team to ensure the quality, functionality and ease-of use of the solution will meet the needs of the end-users and satisfy the project requirements.
- to resolve any conflicts between priorities and requirements of the Project Team and end-users.
- to ensure that resources from end-users are made available as and when required.
- to manage two-way communications with the Project Manager and Project Team, and end-users.
- to brief and advise end-users about the project; and
- to take part in and make recommendations for follow on actions.

2.8. Delivery Team

The Delivery Team are the persons responsible for designing, developing, procuring, constructing, and implementing the technical requirements. This is the same role as the 'Senior Supplier' role in PRINCE2 and can come from internal professional resources and/or external consultants. The role can be one or more persons, and the remit of the Delivery Team is:

- to assess and confirm the technical viability of the project approach.
- to advise on the selection of methods by which requirements are designed, procured, and delivered.
- to ensure that supplier selection and proposals are of quality and are realistic and value-for-money.
- to provide supplier resources to the project, consulting with external suppliers and contractors to ensure that the right people, tools, equipment, and technical knowledge are available when required.
- to be accountable for the quality of the services / works delivered by the suppliers / contractors.
- to resolve supplier / contractor requirements and priority conflicts.
- to undertake supplier assurance and delegate project assurance activities appropriately.
- to identify, and advise the Project Manager of, any issues, risks and changes associated with the technical aspects of the project.
- to assist the Project Manager to examine technical issues and risks; and
- to brief non-technical members of the Project Team, and others as appropriate, on technical aspects of the project.

2.9. Stakeholders

Stakeholders can be individuals or groups both internal and external to the Council that can be impacted upon by the project.

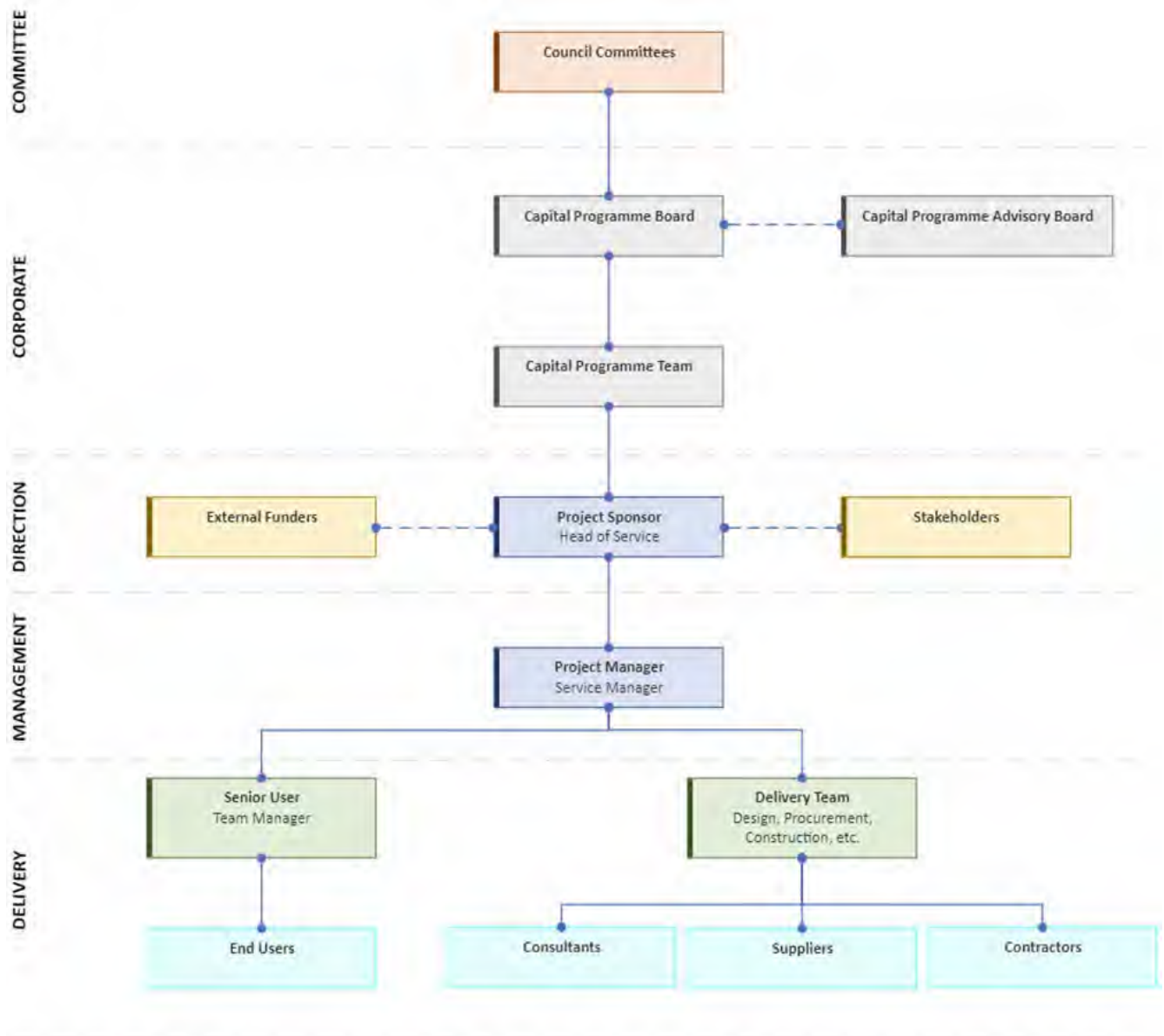
2.10. External Funders

External Funders are external bodies or organisations that have awarded grant funding to a capital project for its development and/or delivery. Grant awards will be accompanied with an agreed set of expectations, requirements and conditions that must be met by the project.

2.11. Project Team Diagram

A Project Team must be established by the Project Sponsor at the outset of the initial project development and updated during each CPA stage of the project to ensure that the team always has adequate professional, skilled, and experienced resources assigned with sufficient delivery capacity.

The diagram below covers the minimum roles and responsibilities and should be expanded upon depending on the nature, scale, and complexity of a project.



3. Overview of Capital Expenditure

The CPA process will apply to all capital projects, capital expenditure commitments and discretionary schemes of financial assistance to external bodies, which meet the following definition of capital expenditure as contained within the CIPFA/LASAAC Statement of Recommended Practice (SORP):

Expenditure on the acquisition of a tangible asset, or expenditure which adds to, and not merely maintains, the value of an existing asset, should be capitalised, provided the fixed asset yields benefit for a period of more than one year.

The main components of capital expenditure are:

- *Acquisition, reclamation, enhancement or laying out of land.*
 - *Acquisition, construction and improvement of buildings and civil engineering works.*
 - *Acquisition, replacement or renewal of major plant, equipment, machinery, vehicles and vessels.*
-

3.1. Expenditure Requirements

For expenditure to be considered improvement or enhancement, and count as capital in nature, **it must lengthen substantially the useful life of the asset, increase substantially the market value of the asset, or increase substantially the extent to which the asset can or will be used for the purpose of or in conjunction with the functions of the authority.**

Under this definition of 'improvement or enhancement,' improvement works, and structural repairs should be capitalised, whereas expenditure to ensure that the fixed asset maintains its previously assessed standard of performance should be treated as revenue expenditure.

The previously assessed standard of performance for an asset is based on the original condition of the asset when first recognised as a new build or upon acquisition, or alternatively when the last major upgrade or improvement works were subsequently carried out to the asset. This is an important distinction and should not be confused with the existing or current depreciated condition of the asset.

Capital expenditure also includes the design, build, and commissioning of a capital project through internal central support services and/or external consultants.

The following items of expenditure may be capital, but would normally be accounted for through the relevant support service **revenue** budgets:

- Staff costs and other staff costs including consultant fees should be re-charged to the relevant capital cost centres at the year-end through apportioned costs.

- Training, Travel and Subsistence costs should be re-charged to the relevant capital cost centres at the year-end through apportioned costs.
- Any operating costs which are annual or recurring.

Where officers are unsure as to whether their proposed expenditure on a project is capital or revenue, a basic guide to follow is:

- Expenditure of **less than £10,000** is considered to be de-minimis. Any expenditure or payments under this level is considered to be revenue in nature on the basis that expenditure under £10,000 is unlikely to substantially increase the useful life of an asset; substantially increase its market value; or substantially increase the extent to which an asset can be used.
- Low value fixed assets bought en-bloc can be considered as capital.
- The purchase of vehicles will generally be capital.
- Development of projects through early CPA Stages 0 - 1 are considered to be revenue in nature and cannot be recharged to the relevant capital cost centres at the year-end through apportioned costs if the Capital Programme Board or Committee decide not to progress the project any further.
- Any expenditure that does not represent an enhancement to improve performance or value of an existing fixed asset, but merely aims to maintain performance or value of the previously assessed standard should be charged to revenue; and
- Small items of plant and equipment that do not have a long life, and would be required to be replaced regularly, are regarded as revenue.

3.2. Land Requirements

Projects, which identify a requirement for additional land, can only be evaluated through the CPA process if the Head of Legal and Governance has provided a satisfactory statement on the arrangements to secure the additional land requirements. Ideally, this will include confirmation that the land has been secured and is now in Council ownership.

The value of any land requirement should be fully reflected in the project cost estimates for all CPAs, including internal land transfers where applicable. All land related risks should be identified at an early stage in the CPA process and will normally involve identifying statutory consultee requirements, including for example consideration of planning, historic building, and other environmental matters, and conducting site investigation and/or survey works.

4. Overview of Capital Programme

The Council's Capital Programme covers a rolling 5-year period, always beginning with the current financial year, with the individual capital projects that are to be delivered in the next 5-year period. The Capital Programme is reviewed annually (including any reprioritisation that may be required) by the Policy and Resources Committee, who then recommend it to the full Council for approval. The Capital Programme Board have executive ownership of the Capital Programme and responsibility to prepare the updated Capital Programme each year.

Approval of the Capital Programme by the full Council provides the authority for budget responsible officers (Project Sponsors) to incur capital expenditure, subject to any separate due-diligence and approvals being in place as required by the Council.

Given the long-term nature of fixed assets, it is suggested that the timeframe for the development of projects should in normal circumstances extend beyond that period with a clear focus on longer term planning i.e. 5 to 10 years as a minimum. For example, this would allow a longer lead-in time for projects to be developed through the CPA stages to improve the overall standard of the capital project appraisals and readiness to successfully deliver projects.

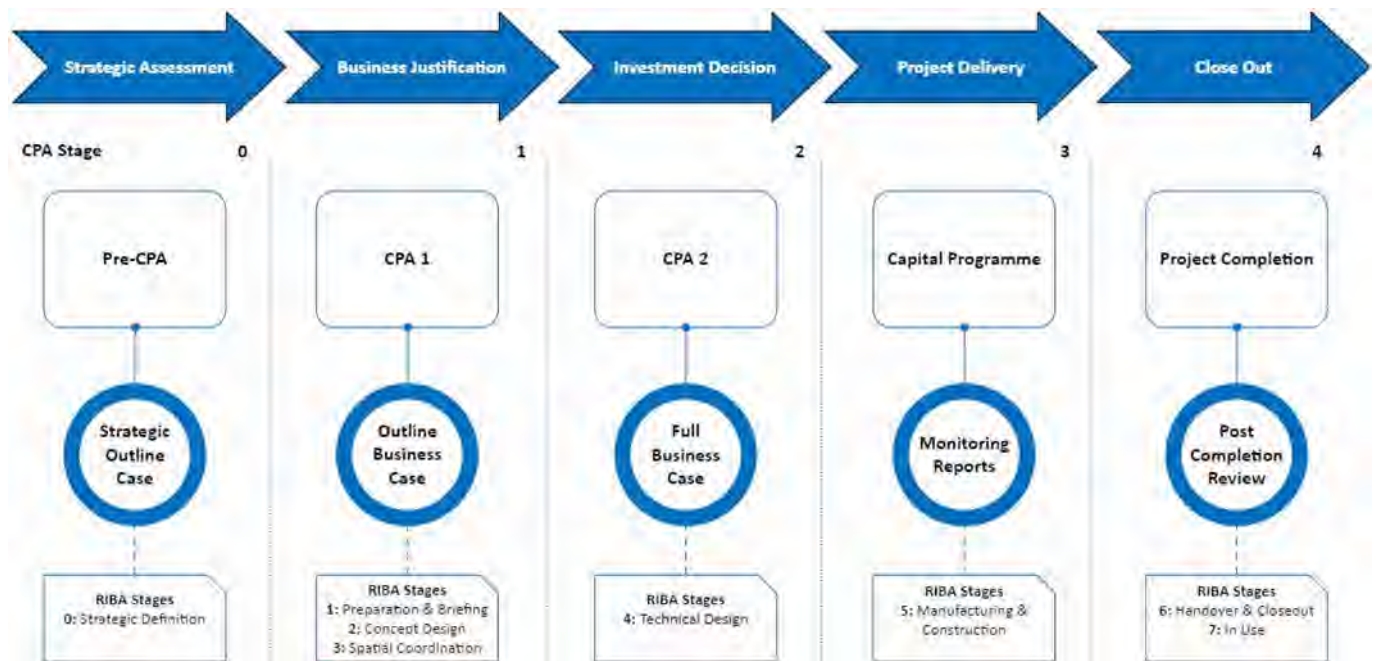
New projects should normally only be prioritised and approved for delivery on the Capital Programme for Year 3 and beyond. This is on the basis that the Capital Programme is typically fully committed over the short term and as a result there is often no or limited internal and external local resource capacity to accommodate additional projects in Years 1 and 2. There may be exceptions to this if sufficient internal and external local resource capacity is available or, a decision is made at Policy and Resources Committee to redeploy programme provisions, where no contractual commitment exists or will be made in the current financial year, to divert and reallocate resources to a new project by delaying or cancelling the delivery of any existing approved projects in Years 1 and 2.

In setting a Capital Programme the Council must ensure that its investment plans are affordable, prudent, and sustainable, having due regard to both the capital and associated revenue implications for each project. This is particularly important now that the level of loan charges support the Council receives from Scottish Government is diminishing, having been replaced with an annual general capital grant allocation. Going forward, this means that local authorities will be responsible for financing a greater proportion of their capital investment plans from within existing resources.

5. CPA Stages

The CPA process for capital projects is a five-stage process whereby the Council develops its plans for future capital expenditure on fixed assets and associated infrastructure to facilitate the delivery of Council services. A staged process is adopted to ensure consistency of approach as the Council’s strategic plans are developed into a five-year rolling programme of capital works.

The number of applicable stages will depend on the project scale, risk, and complexity. However, underestimating the project scale, a lack of pre-planning or not following proper governance by sponsoring Services are not valid reasons for the ‘exception’ route for a project.



The Royal Institute of British Architects’ (RIBA) Plan of Work organises the process of briefing, designing, constructing, and operating building projects into eight stages and explains the stage outcomes, core tasks and information exchanges required at each stage. The sequence or content of stages may vary or overlap to suit the procurement method.



The CPA process has the 'Five Case Model' as its core. The five aspects ('cases') of a project are evaluated or re-evaluated at each CPA stage in the development of the capital project. All five 'cases' must be addressed at CPA Stages 0 – 2, but the emphasis will change depending on the CPA stage in question. The diagram below provides an overview of the 'Five Case Model.'



Strategic Case

- **Strategic Fit** – how the requirement fits with the aims and priorities of the Council Plan and would deliver these objectives.
- **Compelling Case for Change** – a clear rationale for intervention and expected outcomes.

Economic Case

- **Choice** – a wide range of options have been appraised.
- **Preferred Option** – offers optimal value-for-money in relation to associated costs, benefits, dis-benefits, and risks.

Commercial Case

- **Procurement** – supply-chain can deliver requirements on an efficient market basis.
- **Potential Deal** – contractual arrangements for specified goods and services.

Financial Case

- **Affordability** – robust and realistic capital and revenue costs over the lifespan of the investment.
- **Funding** – agreed sources of finances and support.

Management Case

- **Delivery** – governance structures, plans, and resources in place for successful implementation, delivery, and post evaluation.
- **Robust Approach** – agreed project management, monitoring and reporting systems and processes in place based on best practice principles.

6. Stage 0 – Pre-CPA

6.1. Stage Purpose

The outcome of this stage as per RIBA Plan of Work Stage 0: Strategic Definition is typically establishing the best means of achieving the Service requirements and making the right strategic decisions.



The purpose of this stage is for the sponsoring Service to appoint a Project Sponsor and establish the case for change and its strategic context in terms of:

- Council Plan / Delivery Plan
- Service Delivery Plans
- Local Outcomes Improvement Plan
- Local Development Plan
- UK and Scottish legislation
- Scottish Government strategies
- National Performance Frameworks
- National and regional commitments

At this stage, the main cases from the Five Case Model to address are:

- **Strategic Case**
- **Economic Case**

The commercial, financial and management cases must also be addressed, but the process recognises that at this stage there will most likely be insufficient data to describe these in detail.

6.2. Stage Activities

During this stage, the key activities of the sponsoring Service will typically include:

- Appointing a **Project Sponsor** from within the Service.
- Establishing a **Project Team** responsible for the next development stage in the CPA process.
- Producing a **Strategic Outline Case (SOC)** for consideration.

6.3. Stage Documents

Documents to demonstrate, evidence and support the Stage 0 (Pre-CPA) submission will vary from project to project depending on their value, risk, and complexity, but they should include the following as a minimum:

- **Strategic Outline Case (SOC)**

6.4. Stage Steps

6.4.1. Capital Programme Team

The SOC should initially be sent to the Capital Programme Team who will ensure the proposed project has a sound basis and to provide any comments or amendments to be included in the final version to later be presented to the Capital Programme Board.

6.4.2. Capital Programme Board

After agreement from the Capital Programme Team to proceed, the SOC will then be presented to the Capital Programme Board at CLT who will:

- Review the outcomes and objectives for the proposed project and confirm it makes the necessary contribution to the overall strategy of the Service and the Council.
- Check links with other projects within the Council.
- Review the management arrangements for leading, managing and monitoring the project, and arrangements for identifying and managing the main project risks.
- Check that the estimated cost (budget) and timescales to develop the project are available and realistic, and that sufficient Project Team resources are available to develop the project through the next Stage 1 (CPA 1).
- Determine if a project can access funds from the CPA Capital Development Fund to develop the next stage.
- Either reject the project on the grounds that either the business case is too weak, or insufficient information has been provided to support the business case; or approve the project to proceed to the next Stage 1 (CPA 1).

The Service will incur revenue expenditure during Stage 0 (Pre-CPA).

7. Stage 1 – CPA-1

7.1. Stage Purpose

Projects will only advance to this stage if the **Capital Programme Board** at CLT has previously approved an associated SOC at Stage 0 (Pre-CPA).

The outcome of this stage as per RIBA Plan of Work Stages 1: Preparation and Briefing, 2: Concept Design and 3: Spatial Coordination is typically developing a client project brief, producing concept designs, and coordinating design information.



The purpose of this Stage is to develop an Outline Business Case (OBC) that revisits the case for change, establishes the preferred option which optimises value-for-money; outlines the preferred way forward, assesses affordability and demonstrates that the proposed scheme is deliverable.

At this stage, the main cases from the Five Case Model to address are:

- **Economic Case**
- **Commercial Case**

This will entail updating the strategic case; undertaking investment appraisal within the economic case; and completing the commercial, financial and management cases, with supporting benefits and risks. The financial and management cases are not usually in the level of detail that would be applied in the Full Business Case (FBC) at the next Stage 2 (CPA 2).

7.2. Stage Activities

During this stage, the key activities of the Project Sponsor and Project Manager will typically include:

- Requesting a **capital cost code** from Finance for project development expenditure if internal CPA Capital Development Funds or external grant funding have been granted at Stage 0 (Pre-CPA), otherwise use a Service revenue cost code.
- Requesting authorisation to apply for **external grant funding** by submitting a **Grant Authorisation Form** to the Head of Finance.
- Preparing a **client project brief** (including project outcomes) and **design requirements** (quality aspirations and spatial requirements).

- Producing a **Procurement Plan** for services / works over £10,000, as per Council Contract Standing Orders.
- **Procurement of external consultants** required for the **Project Team**, if applicable.
- Revisiting SOC and preparing **economic appraisals** for short-listed options.
- Establishing **land requirements** with Finance and Legal.
- Undertaking **asset management planning** for existing assets.
- Undertaking **benefits appraisal** and **risk assessment**.
- Selecting **preferred option**.
- Preparing **concept designs** and **outline specifications**, aligned to client project brief.
- Undertaking **design reviews** and **consultation** with key stakeholders and external funders.
- Obtaining **pre-application planning advice** from Planning.
- Ascertaining **affordability** and **funding** requirements.
- Producing an **Outline Business Case (OBC)**.
- Producing a **Service Committee report**, if approved at the Capital Programme Board.

7.3. Stage Documents

Documents to demonstrate, evidence and support the Stage 1 (CPA 1) submission will vary from project to project depending on their value, risk, and complexity, but they should include the following as a minimum:

- **Outline Business Case (OBC)**
- **Service Committee Report**

7.4. Stage Steps

7.4.1. Capital Programme Team

The OBC should initially be sent to the Capital Programme Team who will ensure the developed project has a sound basis and to provide any comments or amendments to be included in the final version to later be presented to the Capital Programme Board.

7.4.2. Capital Programme Board

After agreement from the Capital Programme Team to proceed, the OBC will then be presented to the Capital Programme Board at CLT who will:

- Review the outcomes and objectives for the proposed project and confirm it makes the necessary contribution to the overall strategy of the Service and the Council.
- Ensure the project is supported by key stakeholders.
- Check links with other projects within the Council.

- Review the management arrangements for leading, managing and monitoring the project, and arrangements for identifying and managing the main project risks.
- Check that the estimated cost of the preferred option and budget and timescales to develop the project are realistic and available, and that sufficient Project Team resources are available to develop the project through the next Stage 2 (CPA 2).
- Determine if a project can access funds from the CPA Capital Development Fund to develop the next stage.
- Either reject the project on the grounds that either the business case is too weak, or insufficient information has been provided to support the business case; or approve the project to proceed to the Service Committee for consideration.

7.4.3. Service Committee

After agreement from the Capital Programme Board to proceed the OBC, with any requested amendments, will then be presented to the Service Committee who will consider the recommendations and either reject or approve the project to proceed to the next Stage 2 (CPA 2).

The Service will incur revenue expenditure during Stage 1 (CPA 1) unless otherwise agreed by the Capital Programme Board at Stage 0 (Pre-CPA) to use the CPA Capital Development Fund. The latter will revert to revenue if the project does not progress further.

8. Stage 2 – CPA 2

8.1. Stage Purpose

Projects will only advance to this stage if the **Service Committee** has previously approved an associated OBC at Stage 1 (CPA 1).

The outcome of this stage as per RIBA Plan of Work Stage 4: Technical Design is typically the production of all design information required to manufacture or construct the project.



The purpose of this stage is to develop a Full Business Case (FBC) that robustly evaluates the benefits, risks, costs, and affordability to justify undertaking a project, and establishes robust management arrangements for delivery.

At this stage, the main cases from the Five Case Model to address are:

- **Financial Case**
- **Management Case**

This will entail setting out the financial implications and the project management arrangements covering benefits realisation, contract, risk and change management, and post project review. The economic and commercial cases will be updated or completed.

8.2. Stage Activities

During this stage, the key tasks of the Project Sponsor and Project Manager will typically include:

- Requesting authorisation to apply for **external grant funding** by submitting a **Grant Authorisation Form** to the Head of Finance OR;
- Submitting a **Grant Summary Form** if above authorisation was obtained in the previous stage and grant funding has now been awarded.
- Producing a **Procurement Plan** for services / works over £10,000, as per Council Contract Standing Orders.
- Producing a **Commodity Strategy** for individual Regulated procurements and over Threshold Regulated procurements, as per Council Contract Standing Orders.
- Finalising **land requirements** with Finance and Legal.
- Finalising **asset management arrangements** for existing assets.

- Undertaking **site investigations / surveys**, as necessary.
- Preparing **detailed designs** and all design information required for the project.
- Preparing and submitting **planning application**, where appropriate.
- Preparing and submitting **building warrant application**, where appropriate.
- Preparing and submitting **other statutory approvals** e.g. marine licensing, listed-building consent, SEPA, etc.
- Ascertaining **affordability** and **funding requirements**.
- Finalising **Project Team** to demonstrate adequate resources and capacity.
- Finalising **robust management arrangements** for project management, risk management, change (issue) management, contract management, reporting and post project review.
- Producing **Full Business Case (FBC)**.
- Producing **Committee report**, if approved at the Capital Programme Board.

8.3. Stage Documents

Documents to demonstrate, evidence and support the Stage 2 (CPA2) submission will vary from project to project depending on their value, risk, and complexity, but they should include the following as a minimum:

- **Full Business Case (FBC)**
- **Policy and Resources Committee Report**

8.4. Stage Steps

8.4.1. Capital Programme Team

The FBC should initially be sent to the Capital Programme Team who will ensure the developed project has a sound basis and to provide any comments or amendments to be included in the final version to later be presented to the Capital Programme Board.

8.4.2. Capital Programme Board

After agreement from the Capital Programme Team to proceed, the FBC will then be presented to the Capital Programme Board at CLT who will:

- Review the outcomes and objectives for the proposed project and confirm it makes the necessary contribution to the overall strategy of the Service and the Council.
- Ensure the project is supported by key stakeholders.
- Check risks and impacts to the development other capital projects in CPA Stages 1 – 2 and capital project being delivered on the approved Capital Programme.
- Review the management arrangements for leading, managing and monitoring the project, and arrangements for identifying and managing the main project risks.

- Check that the estimated cost (budget) and timescales to deliver the project are available and realistic, and that sufficient Project Team resources are available to deliver the project.
- Either reject the project on the grounds that either the business case is too weak, or insufficient information has been provided to support the business case; or approve the project (subject to any conditions of approval) to progress to Committee for consideration.

8.4.3. Policy and Resources Committee

In reviewing the Stage 2 (CPA 2) committee report and supporting FBC, the Policy and Resources Committee should satisfy itself that an appropriate level of challenge has been provided for each project, that the associated resource implications represent best value for the Council and take into account any risks or impacts to the development other capital projects being delivered on the approved Capital Programme.

8.4.4. Full Council

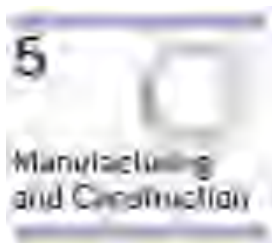
The full Council will consider the recommendations from the Policy and Resources Committee. Members can also raise amendments which, in the first instance, would be to ask for items to be referred back to the Policy and Resources Committee for further consideration.

The Service will incur revenue expenditure during Stage 1 (CPA 1) unless otherwise agreed by the Capital Programme Board at Stage 0 (Pre-CPA) to use the CPA Capital Development Fund. The latter will revert to revenue if the project does not progress further.

9. Stage 3 – Capital Programme

9.1. Stage Purpose

The outcome of this stage as per RIBA Plan of Work Stage 5: Manufacturing and Construction is typically the completion of manufacturing, construction, and commissioning.



Following full Council approval at Stage 2 (CPA 2), a project will be subsequently added to the approved Capital Programme. This provides the authority for budget responsible officers (Project Sponsors) to incur capital expenditure to deliver the project agreed upon.

9.2. Stage Activities

During this stage, the key tasks of the Project Sponsor and/or Project Manager will typically include:

- Initiation and management of the **Project Team** with clear direction from the outset on:
 - roles and responsibilities.
 - aims and deliverables.
 - budgets and timescales.
 - co-ordination and communication.
 - external funding conditions and claims.
 - stakeholder engagement.
 - project controls for project management and monitoring (e.g. PRINCE2).
 - regular reporting requirements to the Capital Programme Team, etc.
 - completion and handover requirements.
- Undertaking **procurement(s)** for all delivery related activities, as per the approved **Procurement Plan** for services / works over £10,000, as per Council Contract Standing Orders.
- Finalising formal **contract arrangements**.
- Managing **suppliers** and **contractors** delivering the project.
- Continuous **monitoring and managing risks and issues** raising any immediately with the Capital Programme Team, and escalating to the Capital Programme Board, if required, for their direction and support.

- Submitting **Change requests (issue report)** to vary the scope or nature of the project or incur expenditure out with approved budget provisions - raising any issues immediately with the Capital Programme Board and, if appropriate the Policy and Resources Committee for approval prior to any commitment being made.
- Continuous **cost monitoring** to control all expenditure, as per approved budgets.
- **Conflict resolution** and **corrective actions** are initiated when needed or instructed.
- **Regular reporting** to the Capital Programme Team, etc.
- Submitting an updated **Grant Summary Forms** to Finance each time a **grant claim** is submitted to the external funder.

9.3. Stage Documents

Project management documents will vary from project to project depending on their value, risk, and complexity, but they should include the following as a minimum:

- **Project Plan Schedule** – track activity sequences, start and end dates, durations, and critical path activities.
- **Project Cost Control** – track budgeted versus actual and projected costs.
- **Risk Register** – capture and monitor potential risks.
- **Issue Reports** – approval of request for change, off-specification, or problem.
- **Highlight Reports** – report regular project status and progress.

9.4. Stage Reporting

Reporting requirements and frequencies will vary from project to project depending on their value, risk, and complexity, but they should include the following as a minimum:

- **Change requests (issue reports)** to vary the scope or nature of the project or incur expenditure out with approved budget provisions – raise with the Capital Programme Team for submitting to the Capital Programme Board and, if appropriate, the Policy and Resources Committee, for approval prior to any commitment being made.
- **Capital slippage** identified on the project - raise with the Capital Programme Team for reporting delays and revised timescales to the Capital Programme Board and, if appropriate, the Policy and Resources Committee.
- **Highlight reports** on project progress and performance with obvious reasons for any changes to the programme, cost, or scope of the project – submit to the Capital Programme Team.
- **Capital monitoring reports** to advise the Policy and Resources Committee on progress with capital projects on the Capital Programme – submit to the Capital Programme Team.

10. Stage 4 – Project Completion

10.1. Stage Purpose

The outcomes as per RIBA Plan of Work Stage 6: Handover is handover of the building and building contracts concluded. The outcomes for RIBA Plan of Work Stage 7: Use is typically the building being used, operated, and maintained efficiently. Stage 7 starts concurrently with Stage 6.



Projects should have a clear end with a correct handover of information and responsibility. The purpose of the closing of a completed project is to provide a fixed point to check that the project has reached its objectives and outcomes.

Closing a project naturally occurs when all the work has been done or the instruction for the premature closure of the project by the Capital Programme Board and/or Committees. Where premature closure is instructed clear conclusions and recommendations for doing so should be documented.

10.2. Stage Activities

A **post project review** must be carried out at the end of a project, when required by the Capital Programme Board at CLT in consultation with the Head of Finance, to determine how successful the project has been and to capture lessons learned for future projects. The Project Sponsor should prepare a report and submit this to the relevant Service Committee. The report should establish:

- Whether the stated project **objectives** have been met and intended **benefits** have been realised.
- Assessment of **budgetary position** - costs compared to approved budgets.
- Assessment of **programme** - time taken to complete the project compared to original programme.
- Assessment of **resources** - whether the Project Team was properly resourced.
- **Health and Safety** issues.
- Residual **risks and Issues** at handover and any outstanding **defects**.
- Performance of **Project Team**.
- Performance of **consultants** and **suppliers**.
- Performance of **contractors**.
- **Lessons learned** for future projects.

10.3. Stage Documents

- **Post Project Review** - due to the wide variety of project types undertaken by the Council, the method of carrying out each post project review will tend to be unique to the project. The Capital Programme Team can provide templates and advice on request.

10.4. Stage Reporting

10.4.1. Capital Programme Team

The post project review should initially be sent to the Capital Programme Team who will ensure the review has a sound basis and to provide any comments or amendments to be included in the final version to later be presented to the Capital Programme Board.

10.4.2. Capital Programme Board

After agreement from the Capital Programme Team to proceed, the post project review will then be presented to the Capital Programme Board at CLT.

10.4.3. Service Committee

The relevant Service Committee will review the post project review, if deemed required by the Capital Programme Board in consultation with the Head of Finance.

11. Exceptions

11.1. Exceptional Circumstances (Financial Regulations)

The number of applicable CPA stages can depend on the value, complexity, and risk of the proposed project and this will ultimately be decided by the Capital Programme Team and Capital Programme Board at Stage 0 (Pre-CPA).

In exceptional circumstances, the Head of Finance may, after consultation with the Leader, the Depute Leader, and the Chief Executive, approve any capital expenditure they consider is in the interest of the Council and which is fully funded. The Head of Finance may require a report detailing the action taken to be presented to the next scheduled meeting of the Policy and Resources Committee.

If a report is required, a **Business Justification Case** must be completed.

Last minute projects originating from a lack of forward planning, obtaining unauthorised grant funding or from general non-compliance by not following the CPA process are not exceptional circumstances.

11.2. Low Value / Low Risk Projects (typically below £500,000)

Where the proposed project is of relatively low value or is one that, for example, assesses the options for purchasing equipment or carrying out straightforward or routine construction work, the rigour of the multi-stage CPA process described above may be disproportionate. In such instances a Business Justification Case may suffice.

The Business Justification Case is a single-stage process that addresses all five ‘cases,’ providing levels of detail akin to an OBC at Stage 1 (CPA 1). For these lower value projects, it replaces Stages 1 to 3 and must be pre-approved by the Capital Project Team and Capital Programme Board prior to being submitted to the Policy and Resources Committee for approval onto the Capital Programme for delivery.

A **Business Justification Case** must be completed.

This is not a means to split larger projects into smaller components or phased stages to reduce or underestimate the value of a project and what is colloquially known as “salami-slicing.”

Active Travel Project and Funds - Capital infrastructure works

Project Title.	Project Description.	Community Requested.	Project Type.	Total Cost.	Tier 2.	Tier 1.	OIC - COVID Recovery Fund.
Weyland Bay Coastal Route.	A project from the Kirkwall Local Plans that looks to provide for a Kirkwall circular path. It was in for the Active Travel Transformation Fund but we have not had positive news on gaining this fund. Design required.	What's next for Kirkwall - Local Place Plan.	Design & Build.	£285,000	£200,000	£85,000	
Shapinsay School.	An outcome of their School Travel Plan, changes to the car parking to move the footpath so that pedestrians do not have to navigate moving cars. As well as benefitting the Community School, it will benefit the doctors surgery.	Parent Council are involved in the drafting of the School Travel Plan.	Design & Build.	£60,000		£60,000	
Pierowall Village - Street lighting.	To provide lighting for a section of existing footpath in Pierowall Village. This will assist residents and visitors to the youth club, carehome to make active travel journeys in the autumn/winter months.	Requested from the Community Council.	Design & Build.	£40,000		£40,000	
Stromness - Street lighting.	To light a footpath and steps that links the Co-op to Back Road in Stromness. Lighting will assist in shoppers and staff travelling to work in the autumn and winter months on foot.	Community Council request.	Design & Build.	£20,000		£15,000	£5,000
Total.				£405,000	£200,000	£200,000	£5,000

Active Travel Project and Funds - Revenue development costs

Project Title.	Project Description.	Community Requested.	Project Type.	Total Cost.	Tier 2.	Tier 1.	OIC - COVID Recovery Fund.
School Travel Plans 2024/25.	Over a 3 year period we aim to redraft and review all school travel plans. Having a completed school travel plan assists with evidencing funding bids. Five schools completed in 2023/24.	N/A.	Plans.	£10,000			£10,000
School Travel Plans 2025/26.	Over a 3 year period we aim to redraft and review all school travel plans. Having a completed school travel plan assists with evidencing funding bids. Five schools completed in 2023/24.	N/A.	Plans.	£10,000			£10,000
Mobility and Movement Studies 2024/25.	OIC are presently working with Sustrans on some Capacity Building Projects that will inform the review of the Local Development Plan, are outcomes of relevant Local Place Plans and will provide evidence to support changes to more sustainable travel modes such as active travel. This work is for Kirkwall and Dounby and will include audits of car parking, existing active travel infrastructure and the movement of people to and from and around these settlements; and what mode of transport they are taking. We are awaiting more information on costs.	Linked to the 2 Local Place Plans including the West Of Kirkwall Green Wedge Project.	Studies.	£55,000			£55,000
Mobility and Movement Studies 2025/26.	OIC are presently working with Sustrans on some Capacity Building Projects that will inform the review of the Local Development Plan, are outcomes of relevant Local Place Plans and will provide evidence to support changes to more sustainable travel modes such as active travel. This work is for Stromness and will include audits of car parking, existing active travel infrastructure and the movement of people to and from and around these settlements; and what mode of transport they are taking. We are awaiting more information on costs.	Linked to 1 Local Place Plan including Ferry Road, Stromness.	Studies.	£35,000			£35,000
Total.				£110,000	£0	£0	£110,000