



Finance and Best Value Overview and Scrutiny Committee

Date:	Wednesday, 26 November 2008
Time:	6.15 pm
Venue:	Committee Room 1 - Wallasey Town Hall

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AGENDA

1. DECLARATIONS OF INTEREST/PARTY WHIP

Members are asked to consider whether they have personal or prejudicial interests in connection with any item(s) on this agenda and, if so, to declare them and state what they are.

Members are reminded that they should also declare, pursuant to paragraph 18 of the Overview and Scrutiny Procedure Rules, whether they are subject to a party whip in connection with any item(s) to be considered and, if so, to declare it and state the nature of the whipping arrangement.

2. MINUTES (Pages 1 - 12)

To receive the minutes of the meetings held on 22 September and 28 October 2008.

3. FINANCIAL MONITORING STATEMENT (Pages 13 - 16)

4. PROJECTED BUDGETS 2009/2011 (Pages 17 - 24)

5. PROPOSED BUDGET SAVINGS (Pages 25 - 40)

At the meeting of the Cabinet on 6 November 2008 (minute 254 refers) a number of budget savings were proposed and the following resolution was agreed:

“(1) That in the light of the continued urgent need to close Wirral’s £21m budget gap and avoid placing an unreasonable burden on Wirral’s Council Tax payers, and in the light of the recommendations on Item 4, Progress towards the Transformation of Adult Social Services and Item 8 Procurement Efficiencies, Cabinet recommends the following to Council.....”

Cabinet asked that these items be referred to the relevant Overview and Scrutiny Committee for urgent consideration before the meeting of the Council to be held on 15 December 2008. The proposal which falls within the remit of this Overview and Scrutiny Committee is:

- Corporate Procurement Efficiencies - £1,500,000

6. GENERAL FINANCIAL MATTERS (Pages 41 - 52)

7. CORPORATE RISK AND INSURANCE MANAGEMENT (Pages 53 - 56)

8. CORPORATE PROCUREMENT STRATEGY 2008 - 2011 (Pages 57 - 90)

9. ANY OTHER URGENT BUSINESS APPROVED BY THE CHAIR

FINANCE AND BEST VALUE OVERVIEW AND SCRUTINY COMMITTEE

Monday, 22 September 2008

Present:

Councillor P Gilchrist (Chair)

Councillors D Elderton S Moseley
D Knowles R Wilkins
J Hale

Deputies

Councillors AR McLachlan (In place of J George)

14 DECLARATIONS OF INTEREST/PARTY WHIP

Members were asked to consider whether they had personal or prejudicial interests in connection with any item(s) on this agenda and, if so, to declare them and state what they were.

Members were reminded that they should also declare, pursuant to paragraph 18 of the Overview and Scrutiny Procedure Rules, whether they were subject to a party whip in connection with any item(s) to be considered and, if so, to declare it and state the nature of the whipping arrangement.

No such declarations were made.

15 MINUTES

Resolved – That the minutes of the meeting held on 4 June 2008, having been received or approved by the Council, be received.

16 FINANCIAL MONITORING STATEMENT

The Director of Finance provided a summary in tabular format of the current position of the Authority revenue accounts and General Fund balances as at 31 July 2008.

The monitoring statement included the composition of the original 2008/2009 budget by department including agreed savings and policy options and at the request of the Committee (minute 6 (4 June 2008) refers), it included as an appendix details of agreed savings and efficiencies. The statement identified monitoring against the 2008/2009 budget including the financial implications of Cabinet decisions; anticipated variance against the original budget; and an explanation of variances and areas identified as requiring further attention. The monitoring statement was based upon the information provided within departmental financial monitoring reports and was updated and submitted to each meeting of this Committee.

The Director circulated an updated statement showing the financial position as at 31 August 2008 and he commented that at this stage of the financial year there were reports of financial pressures, viz: –

- Adult Social Services continued to project a £3.5m overspend, with the Director having reported the position to the Cabinet on 4 September 2008 (minute 185 refers). The main concern was in relation to Community Care through the impact from 2007/2008, increasing demand and the inflation rises requested by providers.
- Children & Young People were now projecting a £1.7m overspend – a reduction from the £3m at 31 July, through maximising grant opportunities. Financial pressures were essentially because of the implementation of prior year targets, issues in respect of employee savings targets and care costs for children through increasing demands. However, the Director continued to look at actions to further contain spend.
- Treasury Management activities continued to be affected by the volatility of the financial market and close monitoring had resulted in increasing investment income and a reduced need for temporary borrowing. The projections were for a £1.2m underspend (up £0.3m from 31 July).
- Pressures areas had been identified by Chief Officers as a consequence of challenging targets including care services but also energy costs and the achievement of income targets, particularly Children and Young People and Technical Services. A report on energy related costs was presented to Cabinet on 9 July 2008 (minute 131 refers) whilst the other areas were being monitored and, if necessary, would be the subject of reports to future meetings of the Cabinet.

Under the decisions made by the Cabinet, the Director commented that on the plus side were the Financial Out-turn for 2007/2008, which showed an increase of £2.5m in balances at 31 March 2008; the Insurance Fund review, which released £3m to balances; and the Government announcement on the Local Authority Business Growth Initiative Grant, which saw a £1.2m receipt. As a consequence, the projected balances at 31 March 2009 increased from £5m to £11.8m. The Cabinet had agreed to budgetary increases of £0.9m for energy and fuel – the July report having highlighted that the pressures could total £3.5m this year. Although the impact of the energy pressures, if realized, and the variations, if not contained, would see the balances reduce to £4.3m, this was an improvement on the position at 31 July as a result of the actions by Children and Young People and Treasury Management.

In response to a comment from a member with regard to fuel prices, the Director indicated that they had been calculated in July when oil prices were highest and prices were expected to have reduced when the contract was reviewed in the Autumn. In response to further comments, the Director proposed in future to report on an exception basis and to include in future reports a 'traffic light' indication.

Resolved – That the report be noted.

17 **TRANSFORMING ADULT SOCIAL SERVICES - ACHIEVING A STABILISED AND SUSTAINABLE BUDGET**

The Director of Adult Social Services presented for consideration his report that had been considered by the Cabinet on 4 September 2008 (minute 185 refers). He

commented that across the country, Adult Social Services were struggling to cope financially with the increased level of demand for services and higher personal expectations of what should be available. Wirral was no exception to this trend and in order to deliver preventive care and maintain individuals in their own homes as long as possible, within the restrained budgets available to local authorities, he indicated that a radical change was needed to the way services were provided, with a move to a much more individualised approach. The Transformation of Adult Social Services in Wirral was the focus of a major change programme and the Director referred to the work underway to achieve a stabilised and sustainable budget during the period of transformation. Noting the pressures facing the department, the report provided details of action being taken across all service areas and it requested the Cabinet to note the potential need for bridging finance of £3.4m in year one of the three year budget stabilisation plan in order to allow savings in place time to take full effect.

The Cabinet resolved that – (1) the continuing efforts of officers to manage within resources, recognising the high probability of overspends of £3.483m in 2008-2009 and £0.761m in 2009-2010, which are likely to require funding from balances, be noted; and (2) the Director of Adult Social Services be requested to present a further report to its meeting of 6 November 2008 on options to stabilise the department's medium term budget and deliver further efficiencies towards the corporate target.

In response to comments from members, the Director confirmed that the current projected shortfall was £9.1m, which was 10.5% above the budget. As a result, the Department had identified actions that would reduce the likely overspend in 2008/2009 and 2009/2010, and he provided detail of progress being made against specific projects that were set to deliver cashable efficiencies. He also outlined where there may be options to accelerate progress to further reduce the overspend.

Members commented that a statistical analysis of prior need had failed to identify future need and expressed their disappointment that the increased overspend since July had not been anticipated. Assurance was sought that the shortfall would not increase further in the coming months. In response, the Director commented that it had been difficult to predict the ongoing increase in the numbers of people in need and a significant increase in unforeseen admissions to Arrowe Park Hospital had led to an increase in admissions to residential care. He commented also that although there had been difficulties in meeting previous targets on time, he was optimistic that the targets detailed in his report would be achieved within the timescales specified. He referred also to a proposed pilot of 'individual budgets' to be commenced in December which, with the correctly applied funding formula, would assist in the achievement of a balanced budget. He outlined the proposed scheme and stated that a full report would soon be presented to the Cabinet.

The Chair expressed his concern at the increase in the budget shortfall and the impact of this on other budgets. He requested the Director to attend the next meeting of the Committee to report upon progress on the options that had been put in place to stabilise the department's budget and deliver efficiencies towards the corporate target. He commented that the Cabinet member for Social Care and Inclusion had also indicated a willingness to attend the next meeting.

Resolved –

(1) That the report, and options put in place to stabilise the department's budget and deliver efficiencies towards the corporate target, be noted.

(2) That the Cabinet member for Social Care and Inclusion and the Director of Adult Social Services be requested to attend the next meeting of the Committee to outline progress and address the concerns expressed by this Overview and Scrutiny Committee in relation to the budget shortfall.

18 CORPORATE PLAN FINANCIAL AND PERFORMANCE MONITORING SUMMARY

The Chief Executive presented one of a series of reports submitted throughout the year presenting an overview of the performance of the Council in the first quarter of 2008/2009 in delivering the vision for Wirral as set out in the Corporate Plan. The report had been considered by the Cabinet on 4 September 2008 (minute 177 refers) and it provided an overview of the authority's performance. Appendices gave a more detailed break down against performance, capital and revenue budgets and risks, and set out the list of three year targets for the Corporate Plan.

Cabinet Members had commented that there was scope for further integration within the reports and that transparency could be improved to make the report more 'user-friendly'. The Cabinet approved the three year targets for the Corporate Plan and inter alia, noted that the report and appendices contained considerable amounts of technical detail which may not be readily accessible to all members of the Council or members of the public. Accordingly, the Cabinet asked that a brief supplementary report be produced for its next meeting, to detail each priority for improvement with the progress made against that priority set out in lay terms, so improvements made could be easily understood in terms of their overall benefit to Wirral. Areas where improvements were not being achieved were to be spelt out in the same way with the actions being taken to remedy the position. Members endorsed the views expressed by the Cabinet and requested in future that an 'exception' report be produced, with signposting for access to further information should it be required.

The Director of Finance commented upon the information that was required by the Audit Commission to be contained within financial summary reports. He indicated that the Audit Commission may not regard the report as adequate as it did not highlight performance against the Council's priorities, or clearly identify major current issues.

Resolved – That the Chair be requested to bring the concerns expressed by the Committee to the attention of the Council's Head of Policy, including the need for a brief summary document.

19 GENERAL FINANCIAL MATTERS

The Director of Finance provided information on the Council Treasury Management position, monitoring of the prudential indicators, the position regarding Council Tax, National Non Domestic Rate, general debt and cash income collection and the payment of Benefits. He commented that the economic downturn was impacting on the Council and recent financial data continued to paint a gloomy picture for the UK

economy both now and in the near future. House prices continued to fall along with the number of mortgage approvals and economic growth was slowing.

Inflation figures released in July 2008 showed the Consumer Price Index (CPI) increased to 4.2%, its highest level since the Bank of England (BoE) independence in 1997. The Retail Price Index (RPI) also rose, to 4.9%. The rise in inflation rates had increased the pressure on the BoE to increase interest rates from the current base rate of 5%. However, although an increase in rates may help reduce inflation back to the 2% (CPI) target, it would also harm the, already slowing, growth in the economy. Maintaining economic growth was important in ensuring that the UK did not fall into a recession.

He commented that the credit crunch continued to affect the banking system with interbank lending rates remaining significantly higher than the BoE base rate. This meant that although Council investments were able to earn significantly higher returns than was initially expected, the downside was that the rates at which the Council could borrow money had also increased.

In response to a comment from a member in relation to outstanding sundry debtors, the Director indicated that he was not overly concerned at this stage and would be only if the income failed to materialise in the coming months. In response to a further comment the Director indicated that as the economy continued to slow down, he had anticipated an increase in the number of benefit claimants.

Resolved – That the report be noted.

20 PROJECTED BUDGETS 2009-2011

The Director of Finance presented the projected budgets for 2009-2011 to coincide with the period of the Comprehensive Spending Review (CSR) 2007. He set out variations that had been identified for 2009-2011 and referred to other developments that were likely to impact on the financial position of the Authority over the period. He identified some of the potentially most important issues and indicated that their impact would be reported to the Cabinet as and when they were resolved.

He reported that the gap between projected expenditure and anticipated resources would need to be bridged by a combination of savings and/or increased Council Tax and he indicated that the efficiency targets that had been agreed by the Cabinet on 13 March 2008 (minute 543 refers) were £13.1m for 2009/2010 and £10.7m for 2010/2011. However, the indicative budgets had now been updated and showed a shortfall of £25m in 2009/2010 and £15.6m in 2010/2011, with efficiency requirements of £20.1m and £10.5m respectively.

Resolved – That the projected budgets continue to be reported to the Cabinet, and to this Overview and Scrutiny Committee, in line with the agreed financial and performance management timetable.

21 USE OF RESOURCES 2009

The Director of Finance provided details of two documents recently published by the Audit Commission that would affect the Use of Resources (UoR). The 'Use of Resources 2009 Response to Consultation' detailed the results of the consultation

process undertaken in early 2008 related to the 2008/2009 assessment; and the 'Use of Resources 2008/2009 Overall Approach and key lines of enquiry' detailed changes to the key lines of enquiry (KLOE) applicable for the 2008/2009 assessment.

In 2009 the Comprehensive Performance Assessment would be replaced by a new regime entitled the Comprehensive Area Assessment (CAA), which was intended to incorporate a wider assessment based more upon outputs and value for money than on processes. The new assessment would be area based and pick up on partnership working across the area and link with the new Performance National Indicator Set and Local Area Agreement. The Use of Resources judgement criteria was being amended to fit in with those changes and further consultation was awaited as to the scoring rules to be applied on how the overall use of resources score would be determined.

Resolved – That the Use of Resources action plan be updated to reflect the changes being made when the detailed guidance is received.

22 **COMPREHENSIVE PERFORMANCE ASSESSMENT (CPA) - USE OF RESOURCES**

The Director of Finance provided details of progress against the 2008 Comprehensive Performance Assessment Use of Resources Action Plan and outlined future activity against the Plan, including activities that would contribute towards the 2009 Use of Resources element of the Comprehensive Area Assessment. He commented that the current overall Use of Resources score was 2 and that under the CPA scoring regime, the Use of Resources was classed as a level 1 assessment. Level 1 areas had the highest weighting in contributing to the overall CPA score. The next UoR assessment was currently being undertaken by the Audit Commission and was largely based upon the position as at 31 March 2008. Authorities would receive initial notification of their score from the Audit Commission in December 2008 and the results would be published by the Audit Commission in February 2009 following an appeal/review process.

The Director set out the new Key Lines of Enquiry and reported upon the significant further progress that had been made since activities against the action plan were last reported to the Cabinet. He outlined a series of activities within the action plan that were scheduled to be undertaken over the next quarter and reported that when guidance was issued by the Audit Commission, the action plan would be re-written and converted to match the new Key Lines of Enquiry.

Resolved –

(1) That the progress against the Use of Resources action plan be noted.

(2) That regular reports be presented to the Cabinet and to this Committee on progress against the action plan, which will be revised in line with forthcoming Audit Commission guidance.

23 **CHANGE PROGRAMME 2008-2009**

The Director of Finance reported that four of the programmes co-ordinated and managed through the Corporate Improvement Group (CIG) had been integrated into a single Change Programme, agreed by the Cabinet on 7 February 2008 (minute 477 refers), which comprised the Change Team Programme; the Integrated Financial System Programme; the Customer Access Programme (CAS); and ICT (Information Communications Technology) Developments.

The programmes had been evaluated so that the resources required, timescales, ICT implications, project ownership and outcomes had been established for each project. A standard approach had been taken that made effective use of fundamental project management techniques in a simple, pragmatic manner, the intention being to extend such a standard approach to any project overseen by the CIG. He indicated that this approach had enabled CIG to deal with the task of co-ordinating the programmes and provided the means to manage the complexities of over 100 individual projects. He commented that this initial assimilation and review of projects had taken some time to accomplish but had not prevented progress on key projects. The updated Change Programme had been presented to the Cabinet on 23 July 2008 (minute 158 refers) and covered Governance; the Change Team Programme; the Integrated Financial System Programme; the Customer Access Programme 2008-2009; and ICT (Information Communications Technology) Developments 2008-2009.

Resolved – That progress on the Change Programme be noted.

24 **MEDIUM TERM FINANCIAL STRATEGY**

The Director of Finance presented the annual update of the Medium Term Financial Strategy, which had been agreed by the Cabinet on 23 July 2008 (minute 154 refers). In order to deliver the objectives of the Corporate Plan, effective service planning and financial planning were essential, requiring strong links between the Corporate Plan and Medium Term Financial Strategy. He commented that the Strategy aimed to provide a longer term strategic overview of the significant financial issues to assist in the allocation of resources to deliver the Council's objectives and priorities.

The Strategy drew together the financial requirements emerging from the various Council strategies including the Customer Access Strategy, the resource-based strategies covering Capital, Human Resources and Information Technology and the service strategies. He indicated that it sought to maximise the opportunities for delivering services from within the finite resources available and he commented that Wirral continued to improve performance management and service planning and to re-direct resources towards meeting identified objectives. In terms of Council Tax and value for money, the Wirral Band D Tax, which was the fourth highest amongst the 354 Metropolitan, London, Unitary and District Authorities in 2000/2001, was now rated 242nd.

He commented also that wherever a financial estimate could be made of likely events, this had been included. Given the level of assumptions for any projection of this type, only significant items had been included and he stressed that the aim of the Strategy was not to give provisional budget figures, but rather to provide Members with a framework with which to support planning considerations for the medium term.

Resolved –

(1) That the Medium Term Financial Strategy be noted.

(2) That regular updates of the financial projections for the period of the Strategy be reported to Cabinet and to Finance and Best Value Overview and Scrutiny Committee.

25 **CORPORATE RISK AND INSURANCE MANAGEMENT**

The Director of Finance reported upon progress made against the objectives for Corporate Risk and Insurance Management and the anticipated developments in the coming months. He commented that officers had held several meetings with the insurers' loss adjusters in connection with the fire at Rock Ferry High School on 16 September 2003 and confirmation was awaited as to whether the insurers were satisfied with the proposals.

Resolved –

(1) That the report be noted.

(2) That a further report be presented to the next meeting of the Committee.

26 **INFORMATION AND COMMUNICATION TECHNOLOGIES (ICT) STRATEGY 2008-2011**

The Director of Finance presented an updated draft of the rolling three year Information and Communication Technologies (ICT) Strategy, which was continuously reviewed and had been approved by the Cabinet on 23 July 2008 (minute 155 refers). He reported that the Council was a large user of ICT and as such required a policy to manage and control its investment, and to ensure that its use and any further investment was aligned with, and supported the Council's various objectives and strategies.

The Director identified the changes to the Strategy and indicated that the gross budget of IT Services was £12.5m, which excluded the cost of departmental PC purchases met from departmental budgets, estimated at a further £1m per year. He reported that whilst the cost of desktop equipment was falling due to competition, manufacturing improvements and better procurement, there was a trend away from desktop PC's towards laptop and tablet type devices, for use in mobile working. Although these were more expensive, he commented that IT Services would investigate further achievable economies through elimination of overlap and duplication, and through adoption of Council wide best practice.

In response to comments from a member, the Director indicated that work to eliminate duplication was ongoing, and he assured members that all computer drives were wiped prior to the disposal of any IT equipment. He commented also that to improve disaster tolerance, alternative sites for central server and storage were being investigated.

Resolved – That the Information and Communication Technologies Strategy 2008-2011 be noted.

27 **LOCAL GOVERNMENT CHRONICLE (LGC) FINANCE AWARDS 2008**

The Director of Finance reported upon a proposal to submit an entry for the Local Government Chronicle (LGC) Finance Awards 2008. He commented that the awards had been held for a number of years and were intended to celebrate the highest levels of achievement in the world of local government. In 2007, having previously been shortlisted without ever winning, the Council was successful in being declared the winner of the Procurement Initiative Award. He indicated that the awards ceremony for shortlisted entries was to take place on 3 November 2008 at the Dorchester Hotel in London and if the Authority was shortlisted attendance would be referred to the Cabinet for approval of duty.

Resolved – That the attendance of members at the LGC Awards ceremony on 3 November 2008 be referred to the Cabinet for approval of duty, should Wirral be shortlisted.

28 **OVERSEAS TRAVEL**

In accordance with the agreed Code of Practice, the Deputy Chief Executive/Director of Corporate Services provided details of overseas travel undertaken by members and officers during the period 1 January to 31 December 2007. There had been 9 visits in total at a total cost of £8514.61 and the programme of visits supported the objective of putting Wirral on the map, whilst increasing the understanding of different cultures and traditions, and learning best practice in a variety of areas.

Resolved – That the report be noted.

29 **EXEMPT INFORMATION - EXCLUSION OF MEMBERS OF THE PUBLIC**

Resolved – That in accordance with section 100A (4) of the Local Government Act 1972, the public be excluded from the meeting during consideration of the following items of business, on the grounds that they involve the likely disclosure of exempt information as defined by the relevant paragraphs of Part 1 of Schedule 12A to that Act.

30 **CASH COLLECTION SERVICES**

The Director of Finance reported upon the acceptance of a tender for the provision of Cash Collection services and the distribution of Incentive Payments for Department of Adult Social Services establishments. He identified the sites served by the provision and set out the tender process and evaluation model that had been used.

Resolved –

(1) That the decision to accept the tender submitted by G4S Cash Services (UK) under delegated authority, this being the most economically advantageous tender based on an assessment of price and quality, be noted.

(2) That the estimated saving of £35,000 be noted.

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FINANCE AND BEST VALUE OVERVIEW AND SCRUTINY COMMITTEE

Tuesday, 28 October 2008

<u>Present:</u>	Councillor	P Gilchrist (Chair)	
	Councillors	D Knowles D Elderton	J Hale R Wilkins
<u>Deputies</u>	Councillors	C Meaden (In place of J George) C Blakeley (In place of S Moseley)	

31 DECLARATIONS OF INTEREST/PARTY WHIP

Members were asked to consider whether they had personal or prejudicial interests in connection with any item(s) on this agenda and, if so, to declare them and state what they were.

Members were reminded that they should also declare, pursuant to paragraph 18 of the Overview and Scrutiny Procedure Rules, whether they were subject to a party whip in connection with any item(s) to be considered and, if so, to declare it and state the nature of the whipping arrangement.

No such declarations were made.

32 PROJECTED BUDGET 2009/2011

The Director of Finance reported that at the meeting of the Cabinet held on 16 October 2008 (minute 217 refers) a number of budget savings were proposed to close the budget gap and had been referred to relevant Overview and Scrutiny Committees for urgent consideration. The Director provided details in relation to the five proposals which fell within the remit of this Committee, viz: -

- Information Technology Services – £150,000
The creation of the Corporate IT Unit which had involved employees transferring from other departments had enabled savings to be delivered in the current financial year and a further £100,000 saving in staffing costs was projected for 2009/2010. In addition, the contract for the Information Technology hardware and storage capacity was due to be re-tendered and with the refinements made as part of the IT Strategy and changes in the IT market, a £50,000 saving was anticipated.

In response to comments from members as to why the saving had not been identified at budget time, the Director, indicated that the restructure of the Corporate IT Unit had been a phased integration of employees from other departments, and savings had only been identified with each phase of the restructure. He commented also that the creation of the Corporate IT Unit should have no adverse effect on services provided to members.

In relation to staffing implications, the Director commented that the proposal had resulted in three job losses, in addition to six posts that had been lost in earlier phases of the restructure.

- Revenues, Benefits and Customer Services – £610,000

The Director reported that in terms of Housing and Council Tax Benefit there had been continuing improvements in service delivery, especially in processing claims via the customer access channels including the One Stop Shops. Allied with the work around the National Fraud Initiative, the improvements had attracted increased Government Subsidy and a saving of £600,000 was anticipated in 2009/2010.

The savings had been as a result of reduced staffing, reduced IT costs and an increase in Government subsidy of £300,000. He commented that although some 15 posts had already been lost due to natural wastage, with a further 15 anticipated in 2009/2010, the service had improved, largely as a result of the integrated IT system and recruitment was still ongoing. In response to a comment from a member that the saving could have been anticipated at budget time, the Director indicated that this was not the case. Although, £1.8m had been identified as the maximum potential saving over three years, it had not been possible to anticipate savings more than a year in advance.

He commented also that with the award of the new banking contract in 2007/2008 the opportunity had been taken to review the existing cash collection arrangements. Those changes had now been implemented and a saving of £10,000 was achieved.

- Financial Services – £500,000

The Treasury Management Annual Report presented to the Cabinet on 26 June 2008 highlighted the changes in activities which had improved the management of the Council cash flow. As a consequence there was reduced need for temporary borrowing in 2007/2008 saving £500,000. He indicated that this benefit continued to be delivered in 2008/2009 and was now offered as a permanent saving for 2009/2010.

In response to comments from members in relation to the fluidity of the financial markets, the Director highlighted the pressures that would be placed on the Council budget if the global economy continued to decline. In response to further comments in relation to investments in Icelandic banks, he indicated that all but £2m in bonds had been withdrawn and the administrators were confident that the investment was safe.

Councillors Blakeley and Elderton indicated that they did not support the total proposed budget savings of £1,260,000, respectively because of the effect on staffing and because of reservations in relation to the uncertainty of the present financial climate.

On a motion by Councillor Gilchrist and seconded by Councillor Meaden, it was –

Resolved – That the proposed budget savings of £1,260,000 from 2009/2010, be endorsed. (4:3)

WIRRAL COUNCIL

FINANCE & BEST VALUE OVERVIEW & SCRUTINY COMMITTEE

26 NOVEMBER 2008

REPORT OF THE DIRECTOR OF FINANCE

FINANCIAL MONITORING STATEMENT

1. EXECUTIVE SUMMARY

1.1 This report provides a summary in tabular format of the current position of the revenue accounts and General Fund balances.

2. MONITORING STATEMENT

2.1 The monitoring statement is attached to this report and includes the following:

- Composition of the original 2008/09 budget by department including agreed savings and policy options. This now includes the Department of Law, Human Resources and Asset Management.
- Monitoring against the 2008/09 budget including the financial implications of any Cabinet decisions.
- Anticipated variances against the original budget.
- Explanation of variances and areas identified as requiring further attention.

2.2 The monitoring statement is based upon the information provided within departmental financial monitoring reports and is updated and submitted to each meeting of this Committee.

3. FINANCIAL AND STAFFING IMPLICATIONS

3.1 The statement presents an update of the revenue budget and General Fund balances as at 30 September 2008.

3.2 At this stage of the financial year there are reports of financial pressures in:-

- a. Adult Social Services - continue to project a £3.5 million overspend and Cabinet noted this position on 4 September 2008. The main concern is Community Care due to increasing demand and the inflation rises requested by providers.
- b. Children & Young People - projecting a £1.7 million overspend essentially because of the implementation of prior year targets, issues in respect of employee savings targets and care costs for children. This has reduced from an earlier £3 million and the Director continues to look at actions to further contain spend.

- c. Regeneration - experiencing difficulties as options for delivering service re-engineering savings have yet to be agreed and the potential overspend is £0.6 million.
- 3.3 Treasury Management activities continue to be affected by the volatility of the financial market. Close monitoring has resulted in increasing investment income and a reduced need for temporary borrowing. The projections are for a £1.2 million underspend but currently investments are being placed in low risk / low return Government funds.
- 3.4 Following the completion of the 2007/08 accounts the outturn was reported to Cabinet on 26 June 2008 and the Statement of Accounts to Audit and Risk Management Committee on 30 June 2008. There was a net underspend and an increase in the balance at 31 March 2008 of £2.5 million.
- 3.5 The Insurance Fund Annual Report was presented to Cabinet on 9 July 2008. The outcome of the annual actuarial assessment identified continuing improvements in claims handling and repudiation rates which enabled £3 million be returned to Council balances from the Insurance Fund in 2008/09.
- 3.6 The Government issued a Determination on the distribution of the Local Authority Business Growth Incentive (LABGI) grant for previous years in June 2008. The Wirral allocation of £1.3 million was reported to Cabinet on 23 July 2008 and added to the balance.
- 3.7 A report on energy related costs was presented to Cabinet on 9 July 2008. Budget variations of £0.9 million were approved for 2008/09 in respect of Children & Young People and Technical Services and there are energy related contracts due for renewal that could further impact upon the balance.
- 3.8 Based upon the above the projected balance at 31 March 2009 increased from £5 million to £11.8 million. Cabinet has agreed to budgetary increases of £0.9 million for energy and fuel. The impact of the energy pressures, and the variations in section 3.2, if not contained, would see the balance reduce to £3.7 million.
- 3.9 There are no staffing implications arising directly from this report.

4. EQUAL OPPORTUNITIES IMPLICATIONS

- 4.1 There are none arising directly from this report.

5. HUMAN RIGHTS IMPLICATIONS

- 5.1 There are none arising directly from this report.

6. **LOCAL AGENDA 21 IMPLICATIONS**

6.1 There are none arising directly from this report.

7. **COMMUNITY SAFETY IMPLICATIONS**

8.1 There are none arising directly from this report.

9. **PLANNING IMPLICATIONS**

9.1 There are none arising directly from this report.

10. **LOCAL MEMBER SUPPORT IMPLICATIONS**

10.1 There are no particular implications for any Members or wards arising out of this report.

11. **BACKGROUND PAPERS**

11.1 None were used in the preparation of this report.

12. **RECOMMENDATION**

12.1 That the contents of the financial monitoring statement be noted.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/265/08

**WIRRAL COUNCIL
FINANCIAL MONITORING STATEMENT 2008/09
POSITION AS AT 30 SEPTEMBER 2008**

Department	ORIGINAL BUDGET 2008/09**			MONITORING 2008/09				COMMENTS
	Savings Target	Policy Options	Agreed Budget	Savings Target	Policy Options	Cabinet Decision	Projected Variances	
Expenditure	£000	£000	£000			£000	£000	
Adult Social Services	4,494	20	86,434	X	✓	-	+3,500	Work needed on day care and procurement savings. Pressures remain on care services through underlying commitments and are projecting a £3.5m overspend. Cabinet noted this on 4 September.
Children & Young People	3,981	20	70,560	X	✓	+120	+1,700	Actions have reduced projections to. £1.7m overspend. Due to delivery of prior year savings (£0.5m), staffing (£0.7m), child care (£0.7m) and transport (£0.4m) offset by use of grants (£0.4m). Cabinet decision was regarding fuel costs.
Corporate Services	289	441	5,112			-	-	No issues identified at this stage. Original budget split with Department of Law, HR and Asset Management.
Finance	1,696	40	21,048	✓	✓	-	-	Housing Benefit is the largest and most volatile area.
Law, HR and Asset Management	249	115	1,105			+148		Cabinet decision is transfer from Treasury Management.
Regeneration	821	225	41,229	X	✓	-	+600	Procurement savings to be identified. Difficulties delivering Service re-engineering leading to potential overspend of £0.6m. Pressure areas remain as increasing energy costs and achieving income targets.
Technical Services	1,237	30	35,529	✓	✓	+780	-	Building control fees / land charges income and procurement savings are being reviewed. Cabinet decision on energy costs for street lighting.
Treasury Management	0	200	11,755	N/a	✓	-148	-1,200	The financial market remains volatile. Close management of cash flow is producing more investment income and lesser temporary borrowing. Recently investments placed in low risk, low return areas.
Moneytravel	-	-	25,311	N/a	N/a	-	-	Fixed amount – no change.
Local Pay Review	-	-	4,546	N/a	N/a	-	-	Cabinet report 22 May with Phase 1 payments made in July/August.
Bridging Finance from Balances	-	-	(1,900)	N/a	N/a	-	-	Asset savings and Adults income from fees 2009/10.
Contribution from Balances	-	-	(2,202)	N/a	N/a	-900	-	See Cabinet decisions regarding fuel and energy costs.
Budget Requirement	12,767	1,091	298,527				+4,600	
Income								
Revenue Support Grant	-	-	18,016	N/a	N/a	N/a	N/a	Fixed amount – no change
Area Based Grant	-	-	28,390	N/a	N/a	N/a	N/a	Government still to confirm final allocations
National Non Domestic Rate	-	-	129,413	N/a	N/a	N/a	N/a	Fixed amount – no change
Council Tax	-	-	123,217	N/a	N/a	N/a	N/a	Fixed amount – no change
Collection Fund Deficit	-	-	(509)	N/a	N/a	N/a	N/a	Fixed amount – no change
Total Income			298,527					Fixed amount – no change
Statement of Balances								
As at 1 April	-	-	8,593	-	-	-	5,000	Opening balance – forecast 1 April 2009
Contributions from Balances	-	-	(4,102)	-	-	-	-	
Contributions from Reserves	-	-	509	-	-	-	+3,000	Release of Insurance Fund Cabinet 9 July
Cabinet decisions	-	-	-	-	-	-	+3,800	Completion of 2007/08 accounts £2.5m (26 June) and LABGI grant £1.3m (23 July).
Cabinet decisions	-	-	-	-	-	-	-900	Fuel/energy (23 July) - potential £3.5m costs of which £0.9m allocated)
Issues – Projected Variances	-	-	-	-	-	-	-7,200	Based upon present projections for Adults, Children, Regeneration and Treasury and potential energy costs for which further reports are to go to Cabinet.
BALANCES AT 31/03/08 & 31/03/09			5,000				3,700	Projected balance at start / end of year
Key = No concern for item			✓					
Key = Concern for item			X					
** The Original Budget for 2008/09 has been re-allocated per Cabinet on 25 September as a consequence of establishing the Department of Law, HR and Asset Management.								

WIRRAL COUNCIL

FINANCE AND BEST VALUE OVERVIEW AND SCRUTINY COMMITTEE

26 NOVEMBER 2008

REPORT OF THE DIRECTOR OF FINANCE

PROJECTED BUDGETS 2009-2011

1. EXECUTIVE SUMMARY

- 1.1. This report presents the projected budgets for 2009-2011 to coincide with the period of the Comprehensive Spending Review 2007 (CSR). It was presented to the Cabinet on 6 November 2008.

2. BUDGET 2008-09

- 2.1. The summary budget for 2008-09 as agreed by the Council on 3 March 2008 is as follows:

	£m
Base Budget	302.6
Resources	
Formula Grant	147.4
Area Based Grant	28.4
Council Tax	123.2
Collection Fund	- 0.5
Use of Balances	<u>4.1</u>
	302.6

3. COMPREHENSIVE SPENDING REVIEW

- 3.1. The Comprehensive Spending Review (CSR) 2007, was announced on 9 October 2007. An initial report on the Pre Budget Statement by the Chancellor of the Exchequer including the CSR was presented to the Cabinet on 1 November 2007. The Department for Communities and Local Government (DCLG) announced the three year provisional Local Government Finance settlement on 6 December 2007 and the final settlement on 24 January 2008.

4. **VARIATIONS IDENTIFIED FOR 2009-2011**

- 4.1. **Inflation** –Provision is included for pay and prices at 2% and for income at 3% for 2009-2011.
- 4.2. **Capital Financing** – Cabinet on 12 December 2007 agreed the capital programme for 2008-2011 at an additional financing cost.
- 4.3. **Highways Maintenance** – provision is included for the transfer of highways expenditure of £2.2m to the revenue budget from the capital budget.
- 4.4. **Waste Disposal** – The waste disposal levy is projected to increase by 15.4% per annum.
- 4.5. **Pension Fund** - The Pension Fund has been actuarially revalued as at 31 March 2007. The phased implementation of the revised contribution rates over three years was agreed by the Cabinet on 12 December 2007.
- 4.6. **Merseytravel** – The Merseytravel levy is projected to increase by 4% per annum.
- 4.7. **Invest to Save Schemes** – The Cabinet has agreed a number of invest to save schemes which will reduce expenditure by £0.8m in 2009-10 and by a further £0.4m in 2010-11.
- 4.8. **Private Finance Initiative** – Increase in PFI payments of £0.4m in 2009-10 and a further £1m in 2010-11 as the PFI reserve reduces.
- 4.9. **Benefits Subsidy** – The Department for Work and Pensions has announced that benefits subsidy will be reduced by 3% per annum in real terms, 5% per annum in cash for certain elements of the subsidy, a reduction of £0.7m per annum.
- 4.10. **Local Area Agreement** – Options for the use of the Reward Grant, the revenue element of which is estimated at £1.9m for each of 2009-10 and 2010-11 will be discussed by the LAA Board on 19 November 2008.
- 4.11. **Energy** – The increased cost of fuel and energy has been estimated at £9m in 2009-10 as reported to Cabinet on 9 July 2008.
- 4.12. **Foster Care Fees** - Cabinet on 4 September 2008 agreed to an increase in foster care payments of £0.5m for 2009-10.
- 4.13. **Other Unavoidable Growth** – A number of relatively minor items of unavoidable growth of less than £0.2m will arise. These should total less than £1m.

5. OTHER DEVELOPMENTS

5.1. There are a number of other developments which are likely to impact on the financial position of the Authority over the period 2009 to 2011. The impact of these issues will be reported to the Cabinet as and when they are resolved. Some of the potentially most important issues are:-

- (a) Implementation of Local Housing Allowance from 1 April 2008 which was reported to Cabinet on 12 December 2007.
- (b) Revised Local Government Pension Scheme introduced from 1 April 2008.
- (c) Review of the calculation of the Minimum Revenue Provision which was reported to Cabinet on 16 April 2008.
- (d) Review of the Local Authority Business Growth Incentive Scheme. A consultation paper on a revised scheme to commence in 2009 was reported to the Cabinet on 29 November 2007. A further consultation paper has been received which if implemented could result in a grant of £0.2m in 2009-10 and £0.5m in 2010-11.
- (e) Replacement of Planning Delivery Grant with the Housing and Planning Delivery Grant which was reported to Cabinet on 25 September 2008.
- (f) Review of Supporting People Grant to be undertaken in 2009 with the grant to be absorbed into the Area Based Grant from 2009-10.
- (g) A Bill has been introduced to implement supplementary business rates following the White Paper which was reported to Cabinet on 29 November 2007.
- (h) Review of the Area Cost Adjustment to be implemented in 2009-10.
- (i) Review of the population statistics to include the effects of recent migration, which was reported to the Cabinet on 16 April 2008.
- (j) Review of the funding of social care with proposals to be released in 2009.
- (k) Transfer from the PCT of responsibility for the commissioning of social care for adults with learning disabilities from 2009-10. Agreement with the PCT on the scale of the transfer has to be reached by 1 December 2008.
- (l) Transfer of the responsibilities of the Learning and Skills Council to Local Authorities from 2010.
- (m) Introduction of the Community Infrastructure Levy from 2009.

(n) Implementation of International Financial Reporting Standards from 2010 which will increase leasing costs.

5.2. Many of these developments could impact on the grants receivable for 2009-2011. The grants announced by the DCLG as part of the three year financial settlement are only indicative.

6. **BALANCES**

6.1. The balances for 2008-09 have been set at £5m but the Audit Commission has restated its view that balances should be a minimum of 2% of the net revenue budget which for Wirral would be £6m.

6.2. The financial out-turn for 2007-08 was reported to Cabinet on 26 June 2008 indicating a net underspending of £1.6m, and additional late grant notifications totalling £0.6m.

6.3. Increased energy and fuel costs for 2008-09 estimated to total £3.5m were reported to Cabinet on 9 July 2008.

6.4. The Insurance Fund annual report was presented to Cabinet on 9 July 2008 incorporating a transfer of £3.0m from the Insurance Fund to the General Fund.

6.5. The receipt of additional Local Authority Business Growth Incentive grant totalling £1.3m was reported to Cabinet on 23 July 2008.

6.6. Cabinet on 4 September 2008 agreed a projected overspending of £3.5m in 2008-09 on Adult Social Services, of which £0.8m will continue into 2009-10. Cabinet on 16 October 2008 agreed to bring forward the closure of Feltree House thus reducing the projected overspending in 2009-10 by £0.5m.

6.7. Following the Audit of the Accounts for 2007-08 the capitalisation of highways improvements has been reduced from £3.7m to £1.5m in 2008-09 as reported to Cabinet on 16 October 2008.

	£m
Balances as at 1 April 2008	5.0
Out-turn 2007-08	1.6
Additional Grants	0.6
Insurance Fund	3.0
Energy and Fuel	- 3.5
LABGI	1.3
Adult Social Services	-3.5
Highways Improvements	<u>- 2.0</u>
	2.5

7. EFFICIENCY REQUIREMENTS

- 7.1. The gap between projected expenditure and anticipated resources will need to be bridged by a combination of savings and/or increased Council Tax.
- 7.2. Cabinet on 13 March 2008 agreed the following efficiency targets for 2009-11 but reserved the right to vary these targets during the year.

Department	Target 2009-10 £000	Target 2010-11 £000
Adult Social Services	4,620	3,780
Children and Young People	2,350	1,920
Corporate Services	710	580
Finance	740	600
Regeneration	3,060	2,500
Technical Services	1,620	1,320
	13,100	10,700

- 7.3. As can be seen in the Appendix the efficiency requirement for 2009-10 is now significantly in excess of £13.1m.
- 7.4. The efficiencies agreed in preparing the budget for 2008-09 included £0.9m in Adult Social Services which will become effective from 2009-10.
- 7.5. Cabinet on 9 July 2008 agreed an invest to save scheme in energy conservation involving capital expenditure of £355,500 to produce annual revenue savings of £89,300. This is the only invest to save scheme which has been proposed during 2008-09.
- 7.6. Cabinet on 16 October 2008 agreed a number of efficiencies:-

	£m
Children Residential Care	0.7
ERIC Service	0.5
Housing and Council Tax Benefit	0.6
Treasury Management	0.5
General Efficiencies	<u>0.6</u>
	2.9

- 7.7. I am assuming an annual Council Tax increase of 4%.
- 7.8. The CSR states that the Council Tax capping limit will remain at 5%.

8. FINANCIAL IMPLICATIONS

- 8.1. The indicative budgets for 2009 to 2011 are compiled from the base budget for 2008-09 approved by Council on 3 March 2008, the Medium Term Financial Strategy 2009-2012 agreed by the Cabinet on 23 July 2008, and updated for the issues outlined in this report. The indicative budgets are shown in the Appendix.

9. STAFFING IMPLICATIONS

- 9.1. There are none arising from this report.

10. EQUAL OPPORTUNITIES IMPLICATIONS

- 10.1. There are none arising from this report.

11. HUMAN RIGHTS IMPLICATIONS

- 11.1. There are none arising from this report.

12. LOCAL AGENDA 21 IMPLICATIONS

- 12.1. There are none arising from this report.

13. COMMUNITY SAFETY IMPLICATIONS

- 13.1. There are none arising from this report.

14. PLANNING IMPLICATIONS

- 14.1. There are none arising from this report.

15. LOCAL MEMBER SUPPORT IMPLICATIONS

- 15.1. There are none arising from this report.

16. BACKGROUND PAPERS

- 16.1. Comprehensive Spending Review – Treasury – October 2007
Medium Term Financial Strategy – 2009-2012 – July 2008
Formula Grant Settlement 2008-09 – DCLG – January 2008
Estimates 2008-09 – March 2008

17. RECOMMENDATION

- 17.1. That the projected budgets continue to be reported to the Cabinet and the Finance and Best Value Overview and Scrutiny Committee in line with the agreed financial and performance management timetable.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/254/08

WIRRAL COUNCIL
PROJECTED BUDGETS 2009-2011

	2009-2010	2010-2011
	£m	£m
Base Budget	299.6	322.2
Pay Inflation	3.4	3.3
Price Inflation	3.6	3.6
Income Inflation	- 1.0	- 1.0
Capital Financing	3.1	3.3
Highways	2.2	-
Waste Disposal	2.2	2.5
Pension Fund Revaluation	0.5	0.5
Merseytravel	1.0	1.0
Private Finance Initiative	0.4	1.0
Benefits Subsidy	0.7	0.7
Energy and Fuel	9.0	-
Foster Care	0.5	-
Area Based Grant	2.7	- 0.4
Supporting People	10.3	-
Unavoidable Growth	1.0	1.0
Invest To Save	- 0.8	- 0.4
LABGI	- 0.2	- 0.3
Children Residential Care	- 0.7	-
ERIC Service	- 0.5	-
Housing & Council Tax Benefit	- 0.6	-
Treasury Management	- 0.5	-
General Efficiencies	- 1.5	-
Efficiency Investment Fund	5.3	5.3
Forecast Expenditure	<u>339.7</u>	<u>342.4</u>
Balances	<u>3.5</u>	<u>-</u>
	343.2	342.4
Resources		
Formula Grant	152.7	157.9
Area Based Grant	41.4	41.0
Council Tax	123.2	128.1
Forecast Resources	<u>317.5</u>	<u>327.0</u>
Shortfall	25.9	15.4
Council Tax Increase	4.9	5.1
Efficiencies required	21.0	10.3

WIRRAL COUNCIL

CABINET - 6 NOVEMBER 2008

REPORT OF THE DIRECTOR OF FINANCE

PROCUREMENT EFFICIENCIES

1. EXECUTIVE SUMMARY

- 1.1. Cabinet on 12 December 2007 approved a projected procurement savings target of £2.25 million for 2008/09. This report informs Members of progress towards achieving this savings target and outlines future plans and targets for efficiencies, within the Procure to Pay (P2P) activity in line with the Procurement Strategy approved by Cabinet on 4 September 2008.

2. BACKGROUND

- 2.1. The procurement culture and practices of the Council are subject to inspection and measured against the National Procurement Strategy Milestones in delivering value and efficiency.
- 2.2. Further challenges have been set for procurement within the Comprehensive Spending Review 2007 (CSR). Nationally the CSR expects savings of £4.9 billion by 2011 of which it is suggested that £2.8 billion will be delivered through smarter procurement.
- 2.3. Recently with the establishment of the North West Regional Improvement and Efficiency Partnership, the Government has set a regional savings target of £249 million for the region to be delivered through best practice procurement.
- 2.4. All of these challenges are set against a background of a global credit crisis, increasing energy costs and a prediction that the UK economy will be subject to a major recession.
- 2.5. The revised Corporate Procurement Strategy, approved by Cabinet on 4 September 2008, states that one of the key objectives of procurement is:

'Contributing to Council **savings targets** by continually challenging procurement arrangements and seeking opportunities to reduce prices, improve quality, **maximize efficiency** and achieve greater outcomes for the residents of Wirral.'

2.6. The Council spends annually in excess of £170 million on goods, works and services. This figure is subject to the above challenges, with procurement and commissioning teams across the Council being designed to ensure that this expenditure is subject to rigorous, competitive and compliant processes which will achieve maximum value for money in support of front line services.

3. EFFICIENCIES 2008/09

3.1. Appendix I details the current estimated savings in 2008/09 with a projected savings figure of £2.25m. It should be noted that in a number of areas although the contract has been let it has not been possible to make any savings. The schedule is analysed between contracts that are specific to individual departments and those that are of a corporate nature and is summarised below:

Department	Contract Value p.a.	Contract savings	
		2008/09	Additional in 2009/10
PROCUREMENT WORK COMPLETED	£	£	£
Adult Social Services	826,100	110,100	3,000
Law/HR/Asset Management	120,000	4,800	0
Children and Young People	998,600	33,900	0
Finance	2,031,400	956,500	44,300
Regeneration	85,100	26,300	0
Technical Services	1,975,900	206,700	23,000
Corporate contracts	8,575,200	1,067,600	0
TOTAL PROCUREMENT COMPLETED	14,612,300	2,405,900	70,300
PROCUREMENT WORK to be COMPLETED			
Adult Social Services	9,693,400	306,000	416,300
Children and Young People	1,000,000	72,900	52,000
Finance	3,250,000	101,900	203,200
Regeneration	4,297,000	45,100	337,900
Corporate contracts	9,360,000	310,700	1,229,300
TOTAL PROCUREMENT to be COMPLETED	27,600,400	836,600	2,238,700
TOTAL SAVING 2008 / 2009		3,242,500	
TOTAL SAVING 2009 / 2010			2,309,000

- 3.2. The efficiencies achieved to date for 2008-09 total £2.40m with a projection of an additional £0.84m to be deliverable during the remainder of 2008-09. Obviously, most of the contracts to be let during the remainder of the year will deliver the majority of any savings to be achieved in 2009-10.
- 3.3. In agreeing the budget for 2008-09 the Council agreed an apportionment of procurement efficiencies as follows:-

	£000
Adult Social Services	545
Children and Young People	583
Corporate Services	148
Finance	306
Regeneration	443
Technical Services	<u>225</u>
 Total	 2,250

- 3.4. The revised allocation for 2008-09 including specific contract savings and an apportionment of the corporate contract savings is:-

	Specific Contracts £000	Corporate Contracts £000	Total £000
Adult Social Services	416	334	750
Children and Young People	106	357	463
Corporate Services	-	26	26
Finance	1,059	187	1,246
Law/HR/Assets	5	65	70
Regeneration	72	271	343
Technical Services	<u>207</u>	<u>138</u>	<u>345</u>
 Total	 1,865	 1,378	 3,243

- 3.5. Of the Finance savings, only £472,000 relates to the General Fund with the remainder £774,000 accruing to the Pension Fund.

4. EFFICIENCIES 2009-10

- 4.1. Appendix II shows the contracts that will form the work plan for procurement activities in 2009/10, the values of which are summarised below:

WORKPLAN FOR 2009/ 2010	£
Adult Social Services	11,832,000
Corporate Services	91,800
Children and Young People	2,226,600
Finance	792,500
Regeneration	3,060,000
Technical Services	10,573,300
Corporate contracts	5,803,800
TOTAL VALUE OF PROCUREMENT WORK	34,380,000

- 4.2. Service departments will need to bring forward other specific areas of activity that will add to this plan and create efficiencies from a service perspective. The role of the Procurement Team will be to assist departments to ensure appropriate processes are followed and that best value is obtained when letting contracts.
- 4.3. To avoid duplication between procurement efficiencies and efficiency proposals submitted by Chief Officers, I am only recommending agreement to proposed efficiencies from corporate contracts in this report. It will be for each Chief Officer to propose any savings from their specific contracts.
- 4.4. **Corporate Contracts Projected Efficiencies**

	£000
Projected full year effect of 2008-09 contracts	1,229
Projected new contracts in 2009-10	<u>290</u>
	1,519

5. STRUCTURAL AND PROCESS EFFICIENCIES

- 5.1. Savings against future contract renewals will become increasingly difficult to achieve. Much emphasis is placed on savings that can be made through smarter and more tightly negotiated contracts. Managing the P2P process in an efficient and effective manner is essential if the Council is going to achieve best value from its non payroll spend.
- 5.2. The P2P section, through the introduction of the Oracle system has successfully introduced on-line 'e'procurement that yielded transaction savings of approximately £1.8million since implementation in 2006. This achievement was recognised nationally at the LGC Awards in 2007 when Wirral won the 'Procurement Initiative Award'.

- 5.3. The P2P section is building upon these achievements by moving the management and control of the 'Procure to Pay' process forward to achieve further efficiencies and therefore savings.
- 5.4. Appendix III highlights the areas within the Oracle P2P system that are to be addressed to deliver further efficiency savings. These include:
- (i) Centralisation of non-catalogue purchasing activity – this will reduce the number of purchasing co-ordinators in departments rationalising the function into the P2P section.
 - (ii) Transaction savings – reduction in transaction times will release resources, improve efficiency and reduce errors within the P2P process.
 - (iii) Address maverick spend – significant activity is with suppliers with whom there is no contract. This initiative will identify these areas and put contracts in place.
 - (iv) Electronic Payments – the use of procurement cards, electronic invoicing, intelligent scanning and self billing will all reduce the need for manual intervention.
 - (v) Collaborative procurement – good use has already been made of a pan Merseyside approach to purchasing such as items of stationary and office furniture, which will be developed further.
- 5.5 All of these initiatives form part of a project plan that is overseen by the Corporate Improvement Group. As each element develops it will be possible to estimate potential savings. These will be reported to Cabinet as they arise.

6. FINANCIAL IMPLICATIONS

- 6.1. The total projected procurement efficiencies of £2.25m which were agreed as part of the budget for 2008-09 should be achieved.
- 6.2. Efficiencies totalling £1.5m should be achievable from corporate contracts for 2009-10.

7. STAFFING IMPLICATIONS

- 7.1. There are none arising directly from this report.

8. EQUAL OPPORTUNITIES IMPLICATIONS

- 8.1. There are none arising directly from this report.

9. COMMUNITY SAFETY IMPLICATIONS

- 9.1. There are none arising directly from this report.

10. LOCAL AGENDA 21 IMPLICATIONS

10.1. There are none arising directly from this report.

11. PLANNING IMPLICATIONS

11.1. There are none arising directly from this report.

12. ANTI-POVERTY IMPLICATIONS

12.1. There are none arising directly from this report.

13. HUMAN RIGHTS IMPLICATIONS

13.1. There are none arising directly from this report.

14. SOCIAL INCLUSION IMPLICATIONS

14.1. There are none arising directly from this report.

15. LOCAL MEMBER SUPPORT IMPLICATIONS

15.1. This report affects the entire Borough.

16. BACKGROUND PAPERS

16.1. Procurement Strategy - September 2008.

17. RECOMMENDATIONS

That

(1) the procurement efficiencies delivered in 2008/09 be noted;

(2) the procurement efficiencies from corporate contracts estimated at £1.5m be agreed for 2009-10.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/232/08

EFFICIENCY SAVINGS FROM CONTRACTS 2008-09

Category	Contract Value p.a. £	Term Months	Contract savings	
			2008/09 £	Additional in 2009/10 £
PROCUREMENT WORK COMPLETED				
Adult Social Services				
Learning Central Services (becta)	152,100	36	21,300	-
LINKS	151,000	36	34,400	3,000
Provision of Community Meals on Wheels Service	523,000	60	54,400	-
Total Adult Social Services	826,100		110,100	3,000
Law/HR/Asset Management				
Provision of Executive Recruitment Services	120,000	24	4,800	-
Total Law/HR/Asset Management	120,000		4,800	-
Children and Young People				
Provision of Private Hire Taxis & Vehicles up to 8 seats to Wirral & Out of Borough Schools & Colleges	659,600	24	26,700	-
Maintenance & Breakdown of Intruder Alarm Systems for Schools, Youth Clubs & Children Centres	10,000	36	600	-
Transport Contracts (Sports Venues)	329,000	12	6,600	-
			-	-
Total Children and Young People	998,600		33,900	-

Category	Contract Value p.a. £	Term Months	Contract savings	
			2008/09 £	Additional in 2009/10 £
Finance				
Telecoms PSTN	595,000	24	70,900	-
Supply & Delivery of Pre Printed Envelopes	7,200	12	2,100	-
Provision of Support & Maintenance for Apple Macintosh Computers, Servers, Associated Peripherals and Software.	4,200	24	200	-
Passive Fund Management	720,000	18	672,100	-
Banking Services	96,200	36	30,600	-
Cash Collection	89,400	36	23,200	-
SAM & DTM Software	79,600	36	33,600	3,100
Property Insurance	439,800	60	123,800	41,200
Total Finance	2,031,400		956,500	44,300
Regeneration				
HMRI Cost Consultancy Support	20,000	48	1,600	-
Private Sector Housing Stock Condition & Home Energy Survey	40,100	12	23,700	-
Alleygating Repair Contract	25,000	24	1,000	-
			-	-
Total Regeneration	85,100		26,300	-
Technical Services				
LLPG	1,035,300	36	98,700	-
Pan Gov Framework for Tyres & Associated Services	30,000	24	1,200	-
Tree Maintenance	150,000	12	17,800	-
Arboriculture	157,500	24	13,500	-
Contract for Removal & Encapsulation of Asbestos	480,000	36	29,400	-
Planning Control Software	123,100	120	46,100	23,000
Total Technical Services	1,975,900		206,700	23,000

Category	Contract Value p.a. £	Term Months	Contract savings	
			2008/09 £	Additional in 2009/10 £
Corporate contracts				
Personal Computers	986,600	36	442,400	-
Furniture	126,700	36	57,200	-
Cleaning Materials	1,013,300	36	104,500	-
Supply & Maintenance of Fire Fighting Equipment	30,800	36	6,200	-
Supply of Gas (Heating Oil) & Vehicle Fuel Oils	3,000,000	36	192,300	-
Supply of Natural Gas	2,100,000	12	47,100	-
Supply of Fruit & Vegetables	100,000	36	14,400	-
Supply of Fresh & Frozen Meat	60,000	24	24,900	-
Provision of Milk, Bread & Morning Goods	526,700	36	60,600	-
Frozen Food - Distribution & Supply	112,000	24	12,800	-
Disposal of Clinical/Medical waste	28,100	36	1,800	-
Vending (Leisure)	159,200	60	37,800	-
Telecoms - Provision of Network Equipment & Services	308,100	24	64,500	-
Supply of Confectionery, Sweets and Soft Drinks	15,200	36	900	-
Provision of Eye Examination and Eye Care Equipment	8,500	12	200	-
Total Corporate contracts	8,575,200		1,067,600	-
TOTAL PROCUREMENT COMPLETED	14,612,300		2,405,900	70,300

**PROCUREMENT WORK TO BE
COMPLETED 2008-09**

Adult Social Services

Social Care Contracts - Care Homes	9,100,000	12	295,000	295,000
Medical Equipment	243,400	36	5,700	62,700
Social Care Equipment	350,000	36	5,300	58,600
Total Adult Social Services	9,693,400		306,000	416,300

Children and Young People

Education Supplies (Schools Budget)	1,000,000	36	72,900	52,000
Total Children and Young People	1,000,000		72,900	52,000

Finance

Pension Portfolio Investment European	750,000	36	33,100	65,900
Pension Portfolio Investment UK Equity	2,500,000	36	68,800	137,300
Total Finance	3,250,000		101,900	203,200

Regeneration

Open Spaces	4,000,000	36	29,100	321,900
Library Book Purchase	297,000	36	16,000	16,000
Total Regeneration	4,297,000		45,100	337,900

Category	Contract Value p.a. £	Term Months	Contract savings	
			2008/09 £	Additional in 2009/10 £
Corporate Contracts				
Contract Hire Services (cars)	720,000	36	37,800	49,800
Business Travel	1,400,000	36	37,400	112,100
Photocopiers and MFD's	500,000	24	58,900	113,200
Postal Services	800,000	36	46,400	89,600
Agency Staff	3,000,000	36	61,300	350,500
Consultancy Services	700,000	60	12,700	139,700
Security Services	40,000	12	4,400	47,900
Advertising	1,000,000	36	29,600	148,300
Professional Advisory Services	1,000,000	36	13,900	153,400
Sports & Playground Equipment	200,000		8,300	24,800
Total Corporate Contracts	9,360,000		310,700	1,229,300
TOTAL PROCUREMENT to be COMPLETED	27,600,400		836,600	2,238,700
TOTAL SAVING 2008/2009			3,242,500	
TOTAL SAVING 2009/2010				2,309,000

APPENDIX II

WORKPLAN FOR 2009/2010

Area of Activity	Contract Value £ p.a.	Term Months
Adult Social Services		
Domiciliary Care	9,996,000	
Voluntary Sector	1,836,000	
Total Adult Social Services	11,832,000	
Corporate Services		
Graphic Design	61,200	36
Photography	30,600	24
Total Corporate Services	91,800	
Children and Young People		
Minibus transport with escort to / from Wirral schools	918,000	
PTG vehicle to / from various schools	612,000	
Provision of Private Hire Taxis & Vehicles up to 8 seats to Wirral & Out of Borough Schools & Colleges	696,600	
Total Children and Young People	2,226,600	
Finance		
Sun server maintenance	27,500	36
Sun server maintenance (Oracle Systems)	765,000	36
Total Finance	792,500	
Regeneration		
Supported Living	3,060,000	60
Total Regeneration	3,060,000	

Area of Activity	Contract Value £ p.a.	Term Months
Technical Services		
Highways	8,670,000	96
Green Waste	816,000	60
Maintenance Painting of street furniture	397,800	60
Portable Appliance Testing	30,600	36
Safety equipment (& Clothing)	204,000	36
Supply Commissioning & support Pay and display parking equipment	448,800	36
Windscreen Repair & Replacement	6,100	36
Total Technical Services	10,573,300	
Active virus defence	30,600	36
Car Hire (Heavy Vehicles & Specialist Plant - Short term hire)	214,200	36
Commercial vehicles	765,000	84
Disposal of Redundant IT equipment	30,600	36
Email Gateway	15,300	36
Provision for the removal of office furniture	40,800	12
Supply and Delivery of Stationery, IT consumables, paper	510,000	48
Supply and Installation of Office Desking seating and storage	204,000	48
Supply & maintenance of electronic Document & workflow management system	66,300	36
Supply of IT hardware	1,326,000	36
Supply of Microsoft Select Software Licence Agreement	459,000	36
Supply of Natural Gas	2,142,000	36
Total Corporate Contracts	5,803,800	
TOTAL VALUE OF PROCUREMENT WORK	34,380,000	

PROCURE TO PAY EFFICIENCIES

1. CENTRALISE NON CATALOGUE PURCHASING ACTIVITY

At present the Council has 47 Purchasing Coordinators, whose role it is to raise non catalogue purchase orders. They do so after value for money has been established by following Council procedures. The intention is to reduce the number of Purchasing Coordinators to between six and eight and centralise within the Procure to Pay Section (P2P).

A central purchasing function will ensure compliance and optimise savings potential. By directing all non catalogue activity to the P2P, issues such as management of spend, realisation of benefits and aggregation opportunities can be identified. A phased approach to centralisation was proposed to the Corporate Improvement Group. It is important to note that this phased approach is based on an improved level of catalogue activity and a reduction on current levels of non catalogue purchasing.

During this stage, it is likely that the procurement officers and the centralised purchasing coordinators will identify further areas for contract and catalogue creation and the non catalogue activity will reduce further. This will result in additional capacity within P2P to fully explore the issue of 'off system' spend.

2. TRANSACTION SAVINGS

There now are over 1,000 users accessing the "Procure to Pay" system. There are 76 electronic catalogues for staff to access, ranging from: office equipment and food, through to minor repairs and fuel oils, the catalogues have over 6000 active item lines. In 2007/08 the total number of transactions was 39,669 valued at £41.8m. It is estimated that process savings costs are £1,031,000 (based on the ODPM National e-procurement project savings estimate of £26 per transaction). Robust reporting of management information is available providing transactional data at departmental and category level which indicates spend profiles and maverick purchasing. The P2P systems team are currently working with Oracle to develop the system further to accommodate a wider range of transactions for goods and services.

3. INVESTIGATE AND ADDRESS MAVERICK SPEND

Once we can ensure catalogue coverage and have defined approved processes for all transactions outside of the system, the P2P can be more actively involved in addressing the issue of maverick spend. At present, maverick spend is identified retrospectively during periodic reviews of non catalogue activity. Non contracted suppliers have, in the past, been removed from the system, but have had to be reinstated to fill gaps in corporate contract coverage (three quotes process). Only through centralisation of non catalogue activity can P2P manage the incidence of maverick spend successfully. However, areas will be prioritised to meet savings targets.

4. ELECTRONIC PAYMENTS

There are four areas that are currently being considered to reduce payment transaction times further, reduce invoice queries and improve the percentage of invoices paid within 30 days, currently a Council performance indicator. Successful implementation of these processes will therefore reduce the resources required to fulfil this function. The four areas under consideration are as follows:

- **Procurement cards** - Can deliver average savings of £33 per transaction. The work group has completed a number of the research tasks but is faced with reconciling a number of issues which reflect the position of the accounting processes beyond payment. There are a number of methods by which Procurement Cards (P cards) can be applied.
- **Electronic Invoicing** - Electronic invoicing is the title given to any processes whereby the supplier sends the Council its invoices in an electronic form rather than a paper one. The Council has recently, successfully, adopted one of these methods for the payment of telecoms invoices, through the BT 'One Bill' process. This involves the Council receiving a single electronic file containing all the invoices for a particular period. This process has resulted in £18,000 saving on BT transaction charges per year, plus a reduction in invoice processing from 3800 invoices to one electronic invoice and, has identified, so far, attempted charges for 30 land lines that are not part of the Council network. Further investigation is required to extend this methodology to other areas of payments and utilities where appropriate
- **Intelligent Scanning** - This process describes the process of scanning paper invoices as they are received from suppliers and managing them as if they had been received electronically in the first place. This is a well established process with the Oracle integrated system but may require additional software to manage the scanning and associated workflows.
- **Self Billing** - This is a feature of the Oracle Payments module. However, enquiries have failed to identify any model public sector sites which have deployed this feature. Financial Services are exploring this option as a solution to existing transaction issues relating to the internal trading facility. Further investigations are being made on self billing with reference to its functionality and application if this solution does not appear to offer a viable way forward.

5. COLLABORATIVE PROCUREMENT

The Council is an active partner within the **Merseyside Authorities Procurement Group (MAP)**. There have been significant savings achieved through the Group totalling £7.5m to date for the sub-region. Not only does collaboration save on contract costs but also saves on process costs, a minimum of £8,000 per tender process (Source Office of Government Commerce). P2P will continue to pursue collaborative procurement opportunities where efficiencies and savings can be realised for the Council.

WIRRAL COUNCIL

FINANCE AND BEST VALUE OVERVIEW AND SCRUTINY COMMITTEE

26 NOVEMBER 2008

REPORT OF THE DIRECTOR OF FINANCE

GENERAL FINANCIAL MATTERS

1. EXECUTIVE SUMMARY

- 1.1. This report provides information on treasury management, monitoring of the prudential indicators, the position regarding Council Tax, National Non Domestic Rate, general debt and cash income collection and the payment of Benefits.

2. CURRENT ECONOMIC ENVIRONMENT

- 2.1. The pace of change in the financial markets is so rapid and unpredictable that by the time this report is read events may well have changed significantly. One thing that is almost guaranteed is that the UK economy is heading for a recession.
- 2.2. Inflation figures continue to remain high with CPI at 5.2% and RPI at 5% for September 2008. The consensus is that these figures will fall rapidly as the recession takes hold of the economy. The already falling oil price is testimony to this.
- 2.3. The Bank of England (BoE) made a surprise and coordinated half a percentage rate cut in early October 2008 to try and stimulate the markets, along with other leading countries. The scale and depth of the pending recession will determine how much further the base rate will need to fall before things start to improve. Current forecasts are predicting rates to fall to between 3.5% and 2.5%. It is almost certain that there will be more cuts before this financial year is over.
- 2.4. The collapse of the Icelandic Banks is another reminder of the 'credit crunch'. At the last count 116 Local Authorities had money in Icelandic Banks as well as many charities and other organisations. The complex role of unpicking the finances of these banks has now begun and it will be sometime before investors receive their money back.
- 2.5. The recent Government intervention in the UK banking system should prevent a similar collapse in the UK but it will take time before many banks fully recover. Currently the interbank lending rates remain significantly higher than the BoE base rate as a level of distrust and suspicion remains between banks and other financial institutions.

3. INVESTMENTS

3.1. The Treasury Management Team invests surplus money for periods varying from 1 day to 10 years, in accordance with the Treasury Management Strategy, to earn interest until the money is required by the Council. This money derives from a number of sources including:

- General Fund Balances – money available to fund future expenditure
- Reserves and Provisions – earmarked money for future spending plans
- Grants received in advance of expenditure
- Money borrowed in advance of capital expenditure
- Schools Balances

3.2. As at 30 September 2008 the Council held investments totalling £96.8m. The table below details these investments;

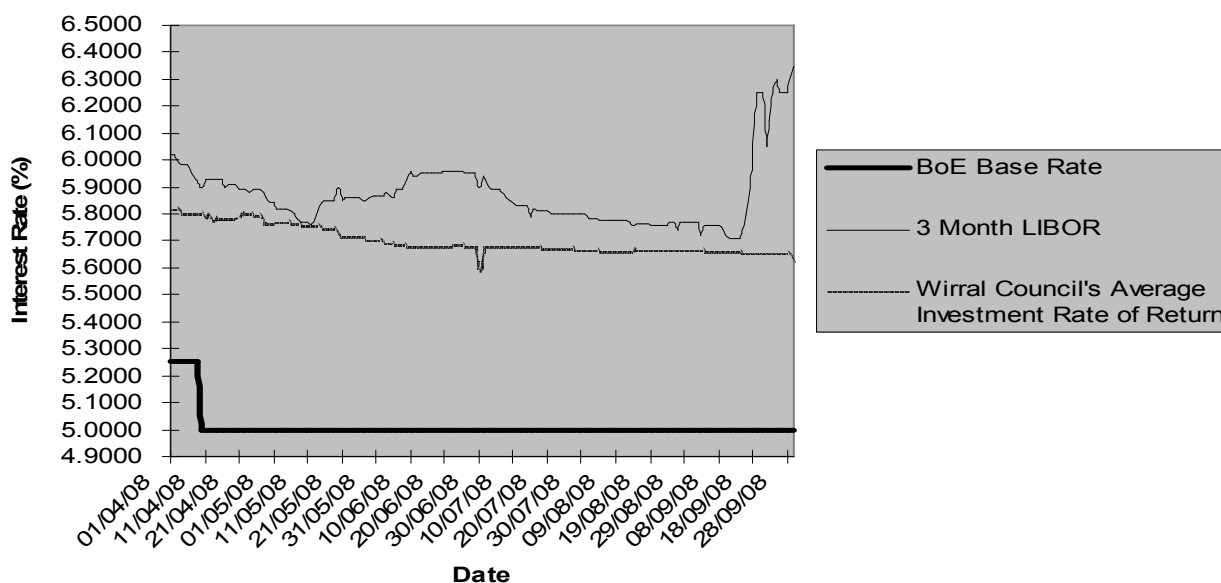
Table 1: Investments as at 30 September 2008

Investments with:	£m
Banks	38.7
Building Societies	30.4
Debt Management Office	11.2
Money Market Funds	15.7
Other Unit Trusts	0.1
Gilts	0.7
TOTAL	96.8

3.3 Of the above investments £16.5m is invested in instant access funds, £66.5m is invested for up to 1 year, £8.8m is invested for up to 2 years and £5m is invested for up to 5 years.

3.4 The average rate of return on investments as at 30 September 2008 was 5.70%. The graph below shows the Treasury Management Team rate of return against the Bank of England base rate and the 3 month LIBOR (the inter bank lending rate);

Chart 1: Council Investment Rate of Return in 2008/09



- 3.5 In late September the interbank lending rate (LIBOR) spiked again as banks, struggling for money, were increasingly willing to pay high rates to obtain it. Globally, many banks were nationalised to prevent them going under, including, in the UK, Bradford and Bingley.
- 3.6 As mentioned in paragraph 2.4. Icelandic Banks recently ran into financial difficulties and three have been placed into administration. Wirral Council has a £2 million fixed term deposit with Heritable Bank, part of the Landsbanki group, one of the banks affected. Heritable Bank is in administration in the UK.
- 3.7 The Council has not placed any investments with Icelandic Banks since December 2007 because they were considered to be a high risk. The £2million which is with Heritable Bank was a one year fixed term investment made in November 2007.
- 3.8 During this period of uncertainty I have temporarily suspended investments with Banks and Building Societies. All new investments have been made with either AAA rated money market funds or with the Debt Management Office (DMO), an Executive Agency of HM Treasury.
- 3.9 I approved an increased lending limit of £90m with the DMO to ensure that the Council had enough scope to invest money safely whilst the temporary suspension on other forms of investment existed.
- 3.10 The downside to investing with the DMO is that the rate of return is substantially reduced in return for increased safety. The 2008/09 budget for investment income is £2.7m; and as at 30 September 2008 income of £3.4m had been secured. Investment Income is currently forecast to produce a surplus of £700k in 2008/09. This is due to:
- The prevailing money market rates of interest have been higher than expected primarily due to the credit crunch which has benefited deposits made during the early part of the year.
 - Following the Treasury Management Team restructure in 2007/08 the Council has become more proactive in finding the best investment opportunities and thereby earning better returns.
- 3.11 The security of the investments always takes priority over the returns.

4. **BORROWING**

- 4.1 The Council undertakes borrowing to fund capital expenditure. To date no additional borrowing has been undertaken in 2008-09. The table below shows the total borrowing of the Council as at 30 September 2008.

Table 2: Borrowing as at 30 September 2008

Borrowing	£m
PWLB	113.7
Market Loans	173.6
TOTAL	287.3

- 4.2 The Council is able to borrow from two main sources, either from the Public Works Loan Board (PWLB), which is effectively borrowing from the Government, or from the Market, i.e. direct from the banks.

4.3 The Council currently has no temporary borrowing. Temporary borrowing is used to finance unexpected short term cash flow problems. The Treasury Management Team maintains an accurate cash flow forecast to minimise the risk of unexpected cashflow problems. This work generated savings in 2007-08 of £350,000 and it is hoped that it will generate further savings in the future.

5. MONITORING OF THE PRUDENTIAL CODE INDICATORS

5.1 The introduction of the Prudential Code in 2004 gave Local Authorities greater freedom in making capital strategy decisions. The prudential indicators allow the Council to demonstrate that it is complying with the statutory end of establishing prudence and affordability within its capital strategy.

5.2 Below is a selection of prudential indicators which demonstrate that the treasury management decisions are in line with the capital strategy, which is prudent and affordable.

Net External Borrowing and Capital Financing Requirement (CFR) Indicator

5.3 The CFR measures the underlying need to borrow money to finance capital expenditure. The Prudential Code stipulates that net external borrowing should not exceed the CFR for the previous year plus the estimated additional CFR requirement for the current and next two financial years. Table 3 below shows the cumulative CFR and net borrowing of the Council.

Table 3: Net External Borrowing compared with CFR.

	£m
CFR in previous year (2007-08)	312.3
additional CFR in current year (2008-09)	23.6
additional CFR in 2009-10	9.4
additional CFR in 2010-11	10.7
Cumulative CFR	356.0
External Borrowing as at 30 Sept 2008	287.3

5.4 Net external borrowing does not exceed the CFR and it is not expected to in the future. This is a key indicator of prudence.

Authorised Limit and Operational Boundary Indicators

5.5 The Authorised Borrowing Limit is the amount determined as the level of borrowing which, while not desired, could be afforded but may not be sustainable. It is not treated as an upper limit for borrowing for capital purposes alone since it also encompasses temporary borrowing. An unanticipated revision to this limit is considered to be an exceptional event and would require a review of all the other affordability indicators.

- 5.6 The Operational Boundary is the amount determined as the expectation of the maximum external debt according to probable events projected by the estimates and makes no allowance for any headroom. It is designed to alert the Authority to any imminent breach of the Authorised Limit.

Table 4: Authorised Limit and Operational Boundary Indicator

	Jul 08 £m	Aug 08 £m	Sep 08 £m
Authorised limit	445	445	445
Operational Boundary	435	435	435
Total Council Borrowing	287	287	287

- 5.7 The table above shows that neither the authorised limit nor the operational boundary was breached between July and September 2008. This is a key indicator of affordability.

Interest Rate Exposures Indicator

- 5.8 The Prudential Code also requires Local Authorities to set limits for the exposure to the effects of interest rate changes. Limits are set for the amount of borrowings/ investments which are subject to variable rates of interest and the amount which is subject to fixed rates of interest.
- 5.9 To give the Authority flexibility during the unsettled market conditions the upper exposure limits have been set at 100% for both fixed and variable. Table 5 show the interest rate exposure as at 30 September 2008.

Table 5: Interest Rate Exposure:

Interest Rate Exposure	Fixed Rate of Interest £m	Variable Rate of Interest £m	Total £m
Borrowings	277	10	287
Investments	11	86	97
Net Borrowing	266	-76	190
Proportion of Total Net Borrowing	140%	-40%	100%
Upper Limit	100%	100%	

- 5.10 The 140% exposure to fixed rates breaches the indicator limits for the year. The figure demonstrates that the net borrowings are largely at fixed interest rates. This is considered to be a good position currently, as while interest rates have been rising, due to the credit crunch, the cost of existing borrowing has remained stable. Conversely, the investments, at variable rates of interest, have generated increasing levels of income.

- 5.11 The risk is that a future fall in interest rates might make the current borrowing seem relatively expensive and investment returns would decrease as interest rates fall. The Treasury Management Team has begun work to reduce this risk as the market expectations of an interest rate fall increase. This can be done by investing in more long term fixed rate deals, to maintain investment returns into the future, and by looking to restructuring debt to benefit from cheap interest rate payments.

Maturity Structure of Borrowing Indicator

- 5.12 The maturity structure of the borrowing has also been set to achieve maximum flexibility with the Authority able to undertake all of its borrowing with a short maturity date or a long maturity date. Table 6 shows the current maturity structure of borrowing.

Table 6: Maturity Structure of Borrowing

Maturity Structure of Borrowing	£m
Under 12 months	3
12 months and within 24 months	14
up to 5 years	43
5 years and within 10 years	57
10 years plus	170
Total	287

6. REVENUES COLLECTION

- 6.1. The following statement compares the amount collected for **Council Tax** in the period 1 April 2008 to 30 September 2008 with the amount collected in the same period in 2007/08.

	Actual 2008/09 £	Actual 2007/08 £
Cash to Collect	119,392,736	114,872,628
Cash Collected	68,139,398	64,806,530
% Collected	57.1%	56.4%

- 6.2. The following statement compares the amount collected for **National Non-Domestic Rates** in the period 1 April 2008 to 30 September 2008 with the amount collected in the same period in 2007/08.

	Actual 2008/09 £	Actual 2007/08 £
Total Collectable (including arrears)	67,227,904	61,144,613
Amount Outstanding	29,342,836	26,190,609
% Outstanding	43.65%	42.83%
Amount Collectable 2008/09	63,751,720	57,973,840
Net 2008/09 Cash Collected	35,597,568	33,273,191
% Collected	55.84%	57.39%

- 6.3. The improved situation in Council Tax collection is due to the increased take up and prompt administration of Direct Debit and ongoing prompt recovery. The reduction in collection rate in **Business Rates** from 2007/08 levels is mainly as a result of the new 100% level for empty property rate which accounts for approximately £5m of the increase in the amount collectable for 2008/09. In addition the current economic climate is also having an effect on collection. Comparison with other similar rating authorities shows a similar drop in collection, typically down 1.25% to 1.50% in comparison to last year.
- 6.4. The following statement provides information concerning collection of local taxes from 1 April 2008 to 30 September 2008.

	Council Tax	Business Rates
Reminders/Final Notices	39,081	2,544
Summonses	12,725	932
Liability Orders	9,603	552
Recovery action in progress		
Attachment of Earnings	853	-
Deduction from Income Support	4,229	-
Accounts to Bailiff	4,996	194
Pre-Committal Warning Letters	1,892	-
Committal Orders Issued	4	0
Debtors Committed	0	0

Current Status of Agent Work in respect of Committals for 1 April 2008 to 30 September 2008.

Warrants of Arrest issued by Court (Bail and No Bail)	82
Warrants of Arrest (Bail) to Warrant officer	72
Warrants of Arrest (No Bail) to Warrant officer	30
Returned successful (Bail)	50
Returned successful (No Bail)	45
Returned other reasons (Bail)	5
Returned other reasons (No Bail)	0

6.5. Insolvency cases to 30 September 2008

The following information concerns Council Tax recovery work which involves cases where Insolvency action or charging orders against properties are used.

Bankruptcy cases	240
Charging orders	60
Winding up orders	2

New cases from 1 April 2008 to 30 September 2008

Bankruptcy	6
Charging orders	10
Winding up orders	0
	<u>318</u>

Status of Insolvency cases at 30 September 2008

Winding-up paid	1
Charging orders granted	27
Winding up Order	1
Supporting other petitions	3
Cases paid	78
Bankruptcy orders	94
Cases closed	83
Ongoing cases	<u>31</u>
	<u>318</u>

6.6. Fees and Charges

6.6.1. The following budgets and income received relate to other sources of cash income generated by the Council:-

	2007/08 Budget	Income to 30-Sep-07	2008/09 Budget	Income to 30-Sep-08
i. School Meals	£1,404,000	£517,936	£1,578,400	£702,894
ii. Sports Centres	£3,457,100	£1,544,344	£3,579,300	£1,442,064
iii. Golf Courses	£859,800	£499,880	£885,600	£525,104
iv. Burials and Cremations	£2,344,600	£973,928	£2,429,200	£1,040,687
v. Building Control Fees	£876,700	£334,700	£796,700	£313,000
vi. Land Charges	£464,600	£186,200	£470,100	£111,500
vii. Car Park (Pay and Display)	£2,591,500	£943,500	£2,424,200	£1,121,400
viii. Car Park (Penalty Notices)	£1,116,300	£518,800	£1,149,800	£483,200

6.6.2. Further explanation on the above budgets and income collection performance is provided below:

- (i) Schools Meals: Currently it is expected that the budgeted income will be achieved.
- (ii) Sports Centres: Currently it is expected that the budgeted income will be achieved.
- (iii) Golf Courses: Due to the adverse weather conditions over the summer it is predicted that there will be an adverse variance in the year.
- (iv) Burials and Cremations: Currently it is expected that the budgeted income will be achieved.
- (v) Building Control Fees: The 2008-09 Building Control Fees budget has been adjusted to reflect the 2007-08 shortfall. However, Income continues to decline and it is likely that there will be a significant deficit by the year end, possibly in the region of £200,000. A report will be submitted to Cabinet by the Department of Technical Services when the likely deficit may be predicted with some certainty, together with proposals for rationalising the situation.

- (vi) Land Charges: Land Charges income is declining and there is likely to be a deficit during 2008-2009. Current predictions are in the region of £200,000. A Cabinet Report is currently being prepared by the Department of Technical Services to consider the budgetary implications arising from this. The housing market is continuing its downturn and new buyer enquiries have reduced. A decline in the local housing market is a principal factor in the reduction in the number of local Land Charge searches being received.
- (vii) Car Parks Income (Pay and Display Tickets): Currently it is expected that the budgeted income will be achieved.
- (viii) Car Park Income (Penalty Notices): Currently it is expected that the budgeted income will be achieved.

6.7 Sundry Debtors

6.7.1	Actual 2008/09	Actual 2007/08
Amount Billed in last 12 months as at 30.09.08	£79,591,903	£59,869,868
Total outstanding as at 30.09.08	£21,882,837	£19,973,235
Arrears at 30.09.08	£12,948,290	£12,809,643
Number of invoices in arrears at 30.09.08	11,344	9,073
Number of reminders 01.04.08 to 30.09.08	17,032	19,162

6.7.2 The increase in sums billed reflects the increase in Adult Social Services accounts now being issued. However it is important to note that the total outstanding includes the sum still within the normal settlement period. The arrears sum reflects debts over one month old and this has remained constant despite the overall increase in accounts.

7. HOUSING BENEFITS

7.1. The following statement details the number of claimants in respect of benefit and the expenditure for Private Tenants and those in receipt of Council Tax Benefit up to 30 September 2008. The Council Tax expenditure includes postings at the start of the year for main billing.

	2008/09	2007/08
Number of Private Tenant recipients	26,165	25,740
Total rent allowance expenditure	£48,841,854	
Number under the Local Housing Allowance scheme (included in the above)	2,678 £2,932,407	-
Number of Council Tax Benefit recipients	35,053	34,860
Total Council Tax Benefit expenditure	£26,265,714	
Total expenditure on benefit to date	£78,039,975	

- 7.2. The following statement provides information concerning the breakdown according to client type as at 30 September 2008.

	Private Tenants	Owner Occupiers
Working age and in receipt of J.S.A.	13,259	1,717
Elderly and in receipt of J.S.A.	7,000	5,533
Working age and not receiving J.S.A.	3,966	822
Elderly and not in receipt of J.S.A.	<u>1,940</u>	<u>3,029</u>
Total	26,165	11,101

There are **37,266** Benefit Recipients in Wirral as at 30 September 2008.

7.3. **Housing Benefit Fraud and Enquiries**

01.04.08- 30.09.08

New Cases referred to Fraud team in period	1,058
Cases where fraud found and action taken	72
Cases investigated, no fraud found and recovery of overpayment may be sought	286
Cases under current investigation	181
Surveillance Operations Undertaken	0
Cases where fraud found and action taken;	
Administration penalty	17
Caution issued and accepted	42
Successful prosecution	13
Summons issued for prosecution purposes	10

7.4. **Discretionary Housing Payments**

7.4.1 Discretionary Housing Payments (DHP) may be awarded to provide short term financial assistance to Housing and Council Tax Benefit claimants who are experiencing difficulty meeting a shortfall in their rent or Council Tax because maximum benefit is not being paid.

7.4.2 DHP is not a payment of Housing/Council Tax Benefit and is funded separately from the main scheme. The Government contribution for 2008/09 is £266,185 with an overall limit of £665,462 which the Authority must not exceed. To date I have paid £146,469.

8. **STAFFING IMPLICATIONS**

8.1. There are none arising from this report.

9. **EQUAL OPPORTUNITIES IMPLICATIONS**

9.1. There are none arising directly from this report.

10 **HUMAN RIGHTS IMPLICATIONS**

10.1. There are none arising directly from this report.

11. LOCAL AGENDA 21 IMPLICATIONS

11.1. There are none arising directly from this report.

12. COMMUNITY SAFETY IMPLICATIONS

12.1. There are none arising directly from this report.

13. PLANNING IMPLICATIONS

13.1. There are none arising directly from this report.

14. LOCAL MEMBER SUPPORT IMPLICATIONS

14.1. There are none arising directly from this report.

15. BACKGROUND PAPERS

15.1. None were used in the preparation of this report.

16. RECOMMENDATION

16.1. That the report be noted.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/256/08

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WIRRAL COUNCIL

FINANCE AND BEST VALUE OVERVIEW AND SCRUTINY COMMITTEE

26 NOVEMBER 2008

REPORT OF THE DIRECTOR OF FINANCE

CORPORATE RISK AND INSURANCE MANAGEMENT

1. EXECUTIVE SUMMARY

- 1.1. This report provides information to Members on recent progress in these services and anticipated developments in the coming months.

2. INSURANCE MANAGEMENT PROGRESS

- 2.1. Detailed liability claim statistics to 30 September 2008 have been compiled and the account continues to perform well. Repudiation rates remain at a high level and the trend in new claims reported remains at a historically low level.
- 2.2. Of the three liability cases heard at initial trial during September and October 2008 all were won with legal costs to be recovered from the claimants. Three further matters have been heard by the Appeal Court. All have been successful and the decisions in these separate cases, *Cenet v Wirral*, *Spencer v Wirral* (both Highway cases) and *A v Wirral* (an historic abuse matter) have all set positive case law that has been widely reported and will be relied upon in future by other defendants. Significant legal costs can also be recovered. A further decision was successfully appealed in *Williams v Wirral* on the basis that the original County Court decision was flawed and the case has been sent back to the lower court for retrial. These decisions clearly vindicate the costs / risks of challenging perceived incorrect first instance decisions in appropriate cases.
- 2.3. The Insurance Fund budget for 2009/10 has been compiled and is the subject of a report to Cabinet on 27 November 2008. As agreed by Cabinet on 22 May 2008 the savings on the Property Insurance contract and the additional costs for the increased scope of the cover have been contained and so there is no increased requirement. The increased cover against storm, flood and burst pipes became effective from 30 June 2008 and eleven losses totalling approximately £44,000 arising from adverse weather on 5/6 September 2008 have been met by the Insurance Fund. Work has commenced on reviewing the basis of charging schools to align charges more precisely to the risk exposure which should result in an increased recharge to school budgets.
- 2.4. The Risk & Insurance Team has met departments to begin developing the specification and award criteria for the tender for the Engineering Inspection and Insurance contract. Work has also started in relation to the Motor Insurance contract. Both of these expire on 31 March 2009.

- 2.5. The Marine Insurance policy was renewed on 30 September 2008 with the existing insurer. There were no significant changes in terms or premium.
- 2.6. The performance of the liability claims handlers has been of concern following the introduction of a new IT process within the company. The issues are being addressed with representatives at a senior level. This follows excellent work undertaken during the first three years of this contract and the situation continues to be monitored.
- 2.7. Settlements totalling approximately £200,000 have been received from insurers in respect of a number of major fires which occurred in the 2003/04 policy year. A further payment in settlement of the Rock Ferry High School fire is expected.
- 2.8. The Risk & Insurance Officer is negotiating an early expiry of the insurance broking and consultancy with Aon Limited to avoid having to tender for a broker at the same time as the tendering for the Motor and Engineering Insurances. The value of the service falls below the threshold of UK public sector procurement legislation and the outcome will be confirmed in the next report.
- 2.9. Interviews were held with loss adjusting companies on 30 September 2008 and GAB Robins were selected as the preferred company for use where adjusters need to be appointed on property claims.

3. CORPORATE RISK MANAGEMENT – PROGRESS

- 3.1. The Corporate Improvement Group conducted its second quarterly review and update of the 2008/09 Corporate Risk Register with this informing the Financial and Performance Monitoring Report to Cabinet on 27 November 2008.
- 3.2. The Risk & Insurance and Policy and Performance Teams have been working on improvements to the mechanisms for identifying and reporting risks to delivering the objectives in departmental plans in advance of the 2009/10 service planning cycle.
- 3.3. Work continues to ensure that risk management is embedded into the governance arrangements for the Local Area Agreement (LAA). A pilot self-assessment workshop on 15 October 2008 identified a number of structural risks to delivery. The Risk & Insurance Team also continues to support preparations for the introduction of the Comprehensive Area Assessment (CAA) regime.
- 3.4. The Risk & Insurance Officer is attending the corporate training group meeting on 13 November 2008 to examine the inclusion of risk management material into the Corporate Induction process whilst the possibility of an e-learning package for Members and employees is being investigated.

4. INSURANCE MANAGEMENT – ISSUES FOR NEXT PERIOD

- 4.1. Liability claims statistics to December 2008 will be compiled.
- 4.2. There are currently 5 claims scheduled for an initial court hearing between November 2008 and January 2009.
- 4.3. The chosen supplier for broking and insurance consultancy services will formally advertise the Motor and Engineering insurance contracts.
- 4.4. Work will begin on the renewal of the Liabilities and Computer policies which expire on 31 March 2009 but which are subject to current Long Term Agreements.
- 4.5. The Risk & Insurance Team will investigate the feasibility of commissioning a study to provide a more accurate indication of the level of funding required to meet liabilities relating to those periods where insurers cannot be identified or have become insolvent.

5. RISK MANAGEMENT – ISSUES FOR NEXT PERIOD

- 5.1. The Corporate Improvement Group will carry out the next quarterly review of the Corporate Risk Register to inform the Financial and Performance Monitoring Report to Cabinet on 5 February 2009.
- 5.2. Chief Officers and the Corporate Improvement Group will undertake the annual review of the Corporate Risk Register which should be reported to Cabinet on 10 December 2008.
- 5.3. The principal risks to the delivery of departmental aims will be identified for reporting to Cabinet on 15 January 2009 as one element of Departmental Plans for 2009/10.
- 5.4. The Risk & Insurance Officer will continue to work with the Policy and Performance Team over preparations for the introduction of CAA in April 2009.
- 5.5. The risk management arrangements for the new LAA (including baseline risk assessments for each of the Priorities for Improvement) will be developed further.

6. FINANCIAL IMPLICATIONS

- 6.1. There are none arising directly from this report.

7. STAFFING IMPLICATIONS

- 7.1. There are none arising directly from this report.

8. EQUAL OPPORTUNITIES IMPLICATIONS

8.1. There are none arising directly from this report.

9. ENVIRONMENTAL IMPACT STATEMENT

9.1. There are none arising directly from this report.

10. LOCAL MEMBER SUPPORT IMPLICATIONS

10.1. There are none arising directly from this report.

11. BACKGROUND PAPERS

11.1. Agendas and minutes of meeting with AON Limited and data from the Figtree claims database.

11.2. Liability claim statistics.

12. PLANNING IMPLICATIONS

12.1. There are none arising directly from this report.

13. RECOMMENDATIONS

13.1. That a further update be presented to the next meeting.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/263/08

WIRRAL COUNCIL

FINANCE AND BEST VALUE OVERVIEW AND SCRUTINY COMMITTEE

26 NOVEMBER 2008

REPORT OF THE DIRECTOR OF FINANCE

CORPORATE PROCUREMENT STRATEGY 2008 - 2011

1. EXECUTIVE SUMMARY

- 1.1. Since the Corporate Procurement Strategy (CPS) was approved by Cabinet, in December 2003, the procurement agenda both inside and outside the Council has progressed. Cabinet on 5 October 2005, approved the adoption of a revised Corporate Procurement Strategy (CPS) and Cabinet on 4 September 2008 approved a revised Strategy which will determine the procurement activity of the Council for the next three years.
- 1.2. The revised CPS is designed to address the changing agenda and carry the procurement activity of the Council forward to achieve efficiencies and savings.

2. BACKGROUND

- 2.1. Following Cabinet approval of the CPS on 5 October 2005, the Corporate Procurement Support Unit (CPSU) was given custodianship of the Strategy and the responsibility for its implementation.
- 2.2. The implementation of the CPS has been steady and, has included the restructure of the CPSU and the merger with Payments to form the Procure to Pay Section within the Finance Department. The CPSU has been instrumental in helping the Council to exceed the Gershon efficiency targets, and has successfully implemented the Oracle procurement and payments IT system.

3. CHANGING PROCUREMENT AGENDA

- 3.1. Whilst the existing CPS has moved procurement forward and achieved benefits, changing circumstances require that it be reviewed and freshly focused.
- 3.2. The continuing changing Government emphasis on procurement, including the Comprehensive Spending Review 2007, and the emphasis on Shared Services, Collaboration and Partnerships, need to be addressed within the CPS so that the commitment of Council to best value procurement is clearly stated.

- 3.3. The revised CPS incorporates the changing agenda and is clear that the Council intends to use its considerable buying power to support the delivery of efficient quality services for the people of Wirral.

4. PROPOSED CORPORATE PROCUREMENT STRATEGY

- 4.1. The revised Corporate Procurement Strategy is attached to this report. It details the Council commitment to best practice procurement and sets out objectives to achieve its implementation. It ensures that all procurement activities and processes are fully compliant with EU Directives and Council Procedure Rules.
- 4.2. The Procure to Pay Section of the Finance Department will act as guardians of the Strategy and have developed the 'Procurement Key Priorities' illustrated at Appendix A of the CPS, which will ensure that implementation is carried out with a controlled and measured approach.
- 4.3. The Strategy is a working document and as such will need amendments when necessary which will be reported to Cabinet.

5. FINANCIAL AND STAFFING IMPLICATIONS

- 5.1. There are none arising directly from this report. The implementation of the Strategy will significantly affect the achievement of efficiency targets. This in turn will release resources for investment in front line services.

6. EQUAL OPPORTUNITY IMPLICATIONS

- 6.1. There are none arising directly from this report. The Strategy does make reference to the need to work more closely with Small and Medium Enterprises (SME) and social enterprises which will provide equality of opportunity for these providers.

7. COMMUNITY SAFETY IMPLICATIONS

- 7.1. There are none arising directly from this report.

8. HUMAN RIGHTS IMPLICATIONS

- 8.1. There are none arising directly from this report.

9. LOCAL AGENDA 21 IMPLICATIONS

9.1. The Strategy makes clear reference to the need to ensure Agenda 21 issues are considered in making procurement decisions.

10. PLANNING IMPLICATIONS

10.1. There are none arising directly from this report.

11. MEMBER SUPPORT IMPLICATIONS

11.1. There are none arising directly from this report.

12. BACKGROUND PAPERS

12.1. Corporate Procurement Strategy – October 2005

13. RECOMMENDATION

13.1. That the revised Corporate Procurement Strategy be noted.

IAN COLEMAN
DIRECTOR OF FINANCE.

FNCE/233/08

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WIRRAL COUNCIL
CORPORATE PROCUREMENT STRATEGY

2008 - 2011

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1. INTRODUCTION

- 1.1 The Council's vision as defined within the Corporate Plan is **'of a more prosperous and equal Wirral, enabling all communities and people to thrive and achieve their full potential'**

To achieve this vision the Council has set out five objectives, they are:

- ❖ **To create more jobs, achieve a prosperous economy and regenerate Wirral.**
- ❖ **To create a clean, pleasant, safe and sustainable environment.**
- ❖ **To improve health and well being for all, ensuring people who require support are full participants in mainstream society.**
- ❖ **To raise the aspirations of young people.**
- ❖ **To create an excellent Council.**

- 1.2 The Council's Corporate Plan 2008 -2011 states:

'Implement our procurement strategy to ensure that services and goods are acquired economically and efficiently, and if advantageous, in partnership with others'

- 1.3 This strategy represents the Council's procurement aims and objectives for the next three years. During this time there will be a major review of procurement architecture across the region, which will be the first stage in a process of realignment and modernisation. This strategy will develop as the modernisation of procurement takes place and it will incorporate changes in procurement methods and techniques designed to meet the varying requirements of the Council in achieving its vision for the people of Wirral.

2. WHAT IS PROCUREMENT?

- 2.1 Procurement is the process of managing the provision of supplies, services and works spanning the life cycle of the asset or service contract. 'Life cycle' is defined as being from the initial definition of the business need through to the end of the useful life of the asset or service contract.
- 2.2 The term 'procurement' covers broader issues than that of purchasing, buying or commissioning. It includes securing services and products that best meet the needs of users and the local community. This strategy provides a common framework within which Council procurement is managed.
- 2.3 The process involves options appraisal and the critical "make or buy" decision which will determine whether the Council provides the services 'in house' or from an external provider or through a joint public/private partnership arrangement.

- 2.4 In the current financial year (2008/09) the Council will procure goods, works and services to the value of approximately £170m.
- 2.5 In the context of a procurement process, obtaining "Best Value" means choosing the provider that offers "the optimum combination of whole life costs and benefits to meet the Council's requirements". Best Value is not necessarily the lowest initial price option as it requires an assessment of the ongoing revenue/resource costs as well as initial capital 'investment'. The driving force has in the past been focused on economy. Whilst this remains an essential ingredient, it is also important that procurement decisions are taken in the light of the broader objectives which the Council is seeking to achieve.
- 2.6 **Procurement is important because** failure to purchase goods, services and works cost effectively can put the achievement of key objectives and services at risk.

Value for money in procurement can be achieved by:

- (i) Reducing the cost of purchasing and the time it takes – the processing overhead.
- (ii) Getting better value for money for the goods and services purchased and improved quality of services;
- (iii) Improving project, contract and asset management.

This strategy provides a common framework within which all procurements by the Council are to be managed.

3. PROCUREMENT OBJECTIVES

- 3.1 Our procurement objectives are designed to ensure that procurement supports and contributes to the realisation of the Council's aims and key objectives, we will do this by:
- (i) Ensuring that all procurement practices are legal, ethical, and **transparent** and conform to local, national and European regulations, and adhere to the principles of **openness** and **accountability**.
 - (ii) Delivering significantly better quality public services that meet the needs of all local citizens through **sustainable partnerships** that we forge with a range of public, private, social enterprise and voluntary sector organisations at local, sub regional, regional, national and European levels.

- (iii) Contributing to the Council's **savings targets** by continually challenging our procurement arrangements and seeking opportunities to reduce prices, improve quality, **maximize efficiency** and achieve greater outcomes for the residents Wirral in support of the Council's three year Efficiency Plan.
- (iv) Operating a **mixed economy of service provision** with ready access to a diverse, competitive range of suppliers providing quality services, including small firms, social enterprises, minority businesses and voluntary and community sector groups, and wherever possible encourage local sourcing and local employment.
- (v) Realising **social, environmental and community benefits** through our procurement activities, by developing socially responsible specifications, building social, environmental and community benefits into the evaluation process where appropriate and legal to do so, and working with suppliers and contractors post contract award to explore opportunities for bringing such benefits to the local community, including the introduction of the Construction Employment Integrator.
- (vi) Demonstrating improvement in the **equality of opportunity** and the promotion of good relationships between people within a diverse community in all procurement activity.
- (vii) Achieving an **efficient and effective procure to pay process**, which minimises manual input, provides robust information on which procurement decisions can be made, and harnesses the latest e-procurement solutions to maximise benefit to the Council.
- (viii) Ensuring that all potential **risks** are identified within procurement processes and appropriately **managed**.
- (ix) Ensuring that all procurement **considers the environment** and, where appropriate, includes evaluation models that take into account the Council's sustainable objectives.
- (x) Achieving continuous improvement from all categories of procurement expenditure, by having a 'living' Procurement Strategy and ensuring that all procurement activity is undertaken by **informed, professional procurement staff**.

4. THE IMPORTANCE OF PROCUREMENT IN ACHIEVING THE COUNCIL'S CORPORATE OBJECTIVES

4.1 Procurement must be seen in the context of the Council's overall objectives to achieve Best Value. It is inevitable that for a public body, effective procurement must be measured as much by the social outcomes and community benefits that result as by the financial gains. Balancing these dimensions is at the heart of effective best value procurement.

4.2 In line with the National Procurement Strategy for Local Government this local

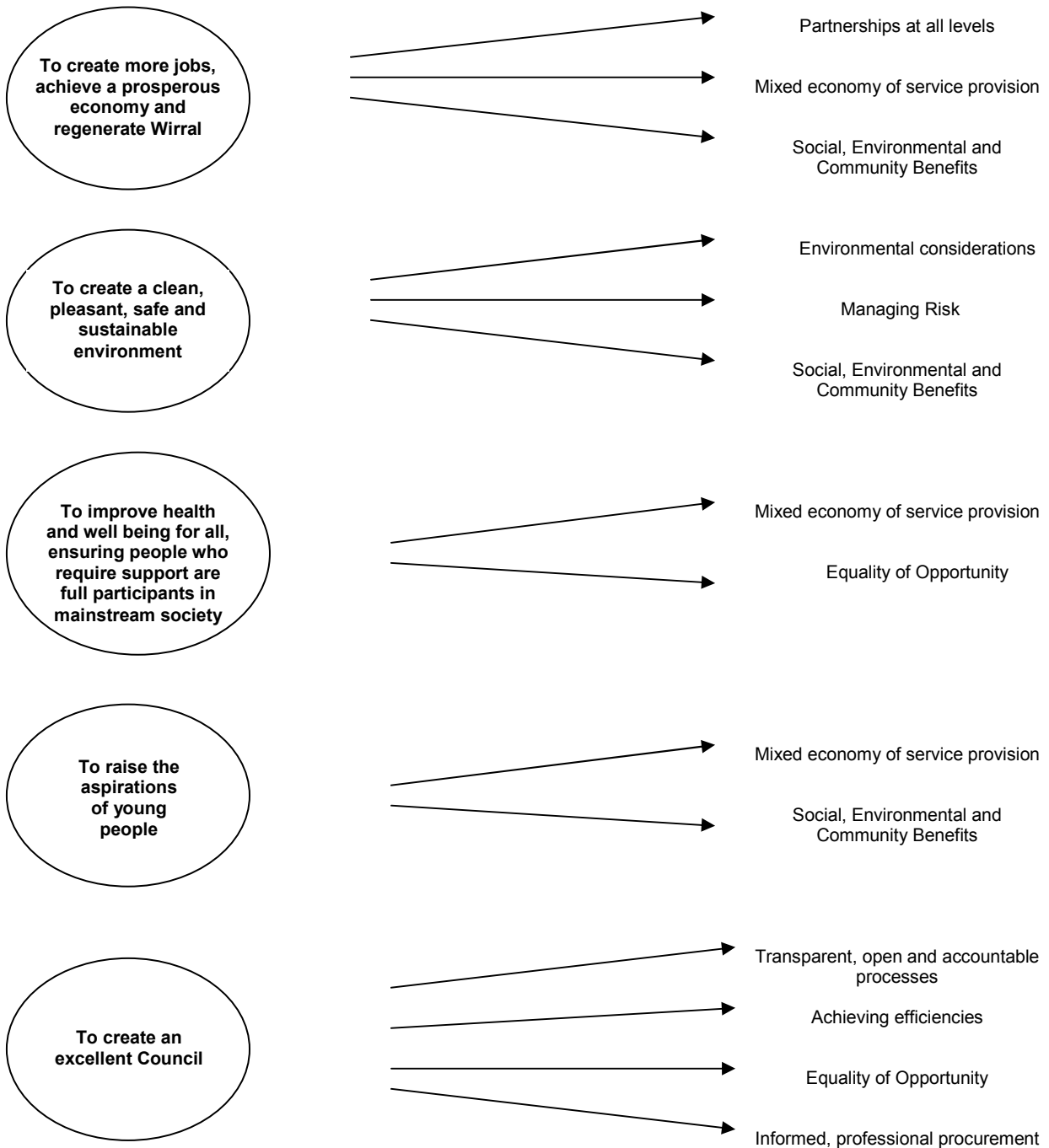
strategy outlines how we will achieve our objectives by operating a mixed economy of service provision. This will include small local businesses, minority firms and the voluntary and community sector groups and use innovative ways to procure, work in partnership with others and manage services that will:

- (i) Better achieve the Council's objectives.
- (ii) Deliver consistently high quality services that meet users' needs.
- (iii) Provide savings, better value for money and continuous improvement thereby improving the cost effectiveness of the Council, in support of the Governments Comprehensive Spending Review 07 and the Council's three year Efficiency Plan.
- (iv) Build social cohesion and promote equality of opportunity for service users, businesses and Council staff.
- (v) Be sustainable for the communities and areas serviced and benefit local citizens.
- (vi) Support delivery of the Council's e-Government agenda.
- (vii) Enable the Council to manage and assess risks in the market place.

4.3 The relationship between the Council's Corporate Objectives and the Procurement Objectives is illustrated below:

Corporate Objectives

Procurement Objectives



The key priorities to underpin the delivery of the procurement objectives is shown at Appendix A.

5. ORGANISATION OF THE PROCUREMENT FUNCTION

- 5.1 The Cabinet member who holds the Corporate Services Portfolio acts as procurement champion. All strategic decisions relating to major procurement exercises involves elected members
- 5.2 The Director of Finance has overall responsibility for the development and delivery of the Corporate Procurement Strategy, together with providing advice, as required, on departmental procurement proposals and projects.
- 5.3 The Procure to Pay Section within the Finance Department aims to:
- (i) act as a central source of procurement expertise,
 - (ii) determine procurement procedures,
 - (iii) aggregate the Council's demand for goods, works and services to improve quality, efficiencies and savings, and
 - (iv) be custodians of this Strategy.
- 5.4 The Corporate Improvement Group chaired by the Deputy Chief Executive/ Director of Corporate Services and whose membership comprises second tier officers, approve all procurement initiatives and projects and ensure they are regularly communicated to departmental management teams and senior managers.
- 5.5 Chief Officers monitor the performance of contracts through the setting of targets/key performance indicators and where necessary, report on performance via the appropriate select committee and/or Cabinet.
- 5.6 In the award of contracts, risk management, health and safety, sustainability, equality, financial, legal, policy, personnel, anti-poverty, human rights, asset management and other relevant implications will be considered.

6. KEY ELEMENTS OF PROCUREMENT

6.1. Options Appraisal

- 6.1.1 The Council will:
- (i) Have no presumption on the best mode of service delivery whether through in-house services externalised services or partnership arrangements. The Council will undertake robust options appraisals and evaluate the optimum service delivery route that is most likely to deliver best value. Appendix B of this document provides a framework for considering the various procurement options and further guidance is provided on the Procurement Services web page and from Corporate Procurement.

- (ii) Where an unsatisfactory level of performance is identified either by external or in-house provision and service delivery improvement plans have failed to achieve the required service level, alternative options will be considered for delivering the service having regard to current performance and the level of interest/availability within the supply market.
- (iii) Where competition is the chosen option and it is found that there is no viable supply market for a service the Council will explore ways of encouraging new providers, such as working with other best value authorities, with social/voluntary sector organisations or repackaging services.
- (iv) All services regardless of the provider will be continually monitored to ensure that the manner in which the service is provided remains the most appropriate to deliver Best Value.

6.1.2 The Council's policy is that:

- (i) Contract award will be based on best value, which is the solution that provides the optimum combination of whole life costs and benefits to meet the Council's requirements.
- (ii) Partnership arrangements will be encouraged where they are likely to ensure the delivery of the best and continuously improving services.
- (iii) Existing partnerships and/or contracts will be continuously reviewed to ensure that they deliver best value.

6.2. Trading Powers

6.2.1 The Council will consider as part of the Option Appraisal process the use of trading powers under the Local Government Act 2003 and where appropriate to improve service delivery, consider the use of other authorities to deliver services for the Council or with the Council.

6.3. Monitoring Arrangements

6.3.1 The Council will put arrangements in place to ensure that all contracts are properly managed and monitored with the objective of achieving the planned outcomes and the securing of continuous improvement and best value for service users.

6.4. Regulation of Procurement

6.4.1 The Council will ensure that the procurement process takes full account of and complies with the requirements of:

- (i) Relevant EU and UK Law (including the EU Procurement Directives).
- (ii) Council's Policies.

- (iii) Council's Contracts Procedure Rules.
- (iv) Council's Financial Regulations
- (v) Council's Constitution
- (vi) Council's Procurement Guide (being developed).
- (vii) Council's Forward Plan Process.

6.4.2 The Corporate Procurement Strategy, Contracts Procedure Rules, Financial Regulations, Procurement Manual and other relevant documents will be reviewed on an annual basis to promote efficient and effective procurement.

6.5. Works Contracts

6.5.1 Works contracts will be procured where appropriate in line with the Government's "Rethinking Construction" principles and will follow the recommendations contained in the Latham/Egan Reports and the report 'Accelerating Change' by the Strategic Forum for construction.

6.5.2 The principles of Rethinking Construction will also be applied, where appropriate to service contracts required for other areas of the Council.

6.6. Project Management and Gateway Procedures

6.6.1 The Council will expand the scope of Prince 2 and include the principles of Gateway Procedures where appropriate for high cost and/or high risk procurement projects.

6.7. e-Procurement

6.7.1 The Council will:

- (i) Harness the potential of e-Procurement (encompassing the entire procure to pay process) to improve the efficiency and effectiveness of all aspects of procurement for the benefit of the Council, its suppliers and contractors.
- (ii) Where appropriate, co-operate regionally with other Councils.
- (iii) Work to promote the advantages of e-Procurement to SMEs and local suppliers.

6.8. Workforce Matters

6.8.1 The Council will:

- (i) Ensure that workforce matters in contracting are handled in accordance with ODPM Circular 03/2003 Annex C (Handling Workforce Matters in Contracting) and Annex D (Code of Practice -

Workforce Matters in Local Authority Service Contracts).

- (ii) Involve staff and their representatives when reviewing modes of service provision.

6.9. Partnership Approach

6.9.1 The Council will:

- (i) Seek to work through and explore the potential for shared services and collaboration and, partnership/consortia arrangements with the public, private and voluntary sectors to encourage participation in shaping services, sharing expertise, harnessing economies of scale and working together to achieve mutual goals.
- (ii) Where appropriate, consider procurement based upon the principle of “partnering” in which both the Council and the supplier avoid dispute to gain maximum mutual advantage and continuous improvement.
- (iii) Consult with key stakeholders, including as appropriate, the community, current/potential users, council tax payers, partners, businesses, staff and trade unions and take account of their views in the decision-making process.
- (iv) Where appropriate, consult with the market to ensure that opportunities that exist to secure funding, increase capacity and encourage innovation are maximised.
- (v) Seek to engage with suppliers to encourage the development of the marketplace.
- (vi) Where appropriate, seek to create the conditions which allow for new suppliers to develop or existing suppliers to become more competitive and effective.
- (vii) Manage the procurement process in a fair and equitable way allowing sufficient flexibility to encourage providers to be innovative and creative.
- (viii) Involve employees in the search for improvement best value solutions.
- (ix) Where appropriate make contracts available to others.

6.10. Environmental/Sustainability considerations

6.10.1 The Council will promote sustainable development through its procurement processes. In particular we will seek to:

- (i) Eliminate waste and maximise resource efficiency.

- (ii) Make use of goods and services which are least harmful to the environment and human development.
- (iii) Adopt and promote best practice.

6.10.2 Through the implementation and development of our procurement policy for sustainable development we will:

- (i) Consider costs over the life-cycle of contracts or products rather than just the initial price thereby taking account of issues such as durability, economy and disposal in our assessment of value for money.
- (ii) Include environmental considerations in the assessment and award of contracts.
- (iii) Review specifications for contracts, with the intention of reducing environmental impacts.
- (iv) Work with suppliers and contractors to encourage the development and testing of environmentally preferable product and service options.
- (v) Encourage suppliers and contractors to improve their environmental performance

6.10.3 With respect to the procurement of products we will:

- (i) Buy 'Fair Trade' goods that meet our needs.
- (ii) Buy recycled goods that meet our needs.
- (iii) Ban the use of specified environmentally damaging products through the maintenance of a 'prohibited product list'.

6.10.4 We recognise that understanding of both sustainable development and public procurement best practice is constantly changing. Accordingly we will work to raise and maintain awareness about environment and development issues in relation to procurement through training, visits, conferences, workshops, exhibitions, product fairs and product trials.

6.11. Equal Opportunities and Valuing Diversity

6.11.1 The Council has made a corporate commitment to the following equality objectives within its Equality and Diversity Policy:

- (i) To eliminate unlawful discrimination.
- (ii) To promote Equality of Opportunity.
- (iii) To promote good relations between people in a diverse community.

6.11.2 The Policy's principle aim is to make sure that public money is not spent on practices that lead to unlawful discrimination, but is used instead to support and encourage equal opportunities and good community relations.

6.11.3 The Council spends public money every year on contracts with private and voluntary organisations for works, goods and services. It is essential that we ensure this investment is consistent with our wider equality obligations.

6.11.4 To this end the Council will use all the powers available to it, including the provisions of the Local Government Act 1988, the Transfer of Undertakings - Protection of Employment Regulations (TUPE) 1981, the Race Relations Act 1976 (Amended 2000), the Disability Discrimination Act 1995, the Sex Discrimination Act 1975 and the Code of Practice on Workforce Matters in Local Council Service Contracts to ensure that equalities issues are addressed in the procurement of goods, works and services. The Council will target three principle areas:

- (i) Employment - the employment policies, procedures and practice of organisations that hold contracts.
- (ii) Service Delivery - ensuring the development of the provision of services that are equally accessible and ensure consultation with users where appropriate.
- (iii) Monitoring the impact of contracting from an equalities perspective.

6.12. Risk Management

6.12.1 The Council will continue to develop its Risk Management arrangements to ensure that the consideration of risk is an integral part of the procurement process. Potential risks associated with procurement activities will be subject to a process of identification, evaluation, control and monitoring, utilising existing mechanisms whenever practicable. Risk sharing and/or transfer will also be considered as options.

6.12.2 Each major project will be overseen by the Project Manager who will ensure:

- (i) The nature and extent of potential risk are identified and recorded on the project Risk Register.
- (ii) The impact (severity) and likelihood (probability) of the risks materialising have been considered.
- (iii) Treatment/control measures are in place to minimise or eliminate those risks, including actions for improvement.
- (iv) Allocate responsibility for risk treatment/control measures.
- (v) Arrangements are established to monitor Risk Management performance through the life of the procurement project.

6.13. Procurement Expertise and Operational Procedures

6.13.1 The Council will:

- (i) Develop new skills and capacities to better understand and explore supply markets and to make use of innovative procurement processes.
- (ii) Determine a range of competencies for procurement which will form the basis for procurement training as a constituent part of member and staff development.
- (iii) Ensure that all officers responsible for procurement and contract management are fully trained and conversant with the principles of good procurement.
- (iv) Recognise that procurement expertise has an essential role in the development of innovative approaches to service delivery as part of best value and other reviews.
- (v) Develop the corporate procurement function to act as centre of expertise in procurement and support a structured approach to education, training and development for all Members and Officers across the Council with procurement responsibilities.
- (vi) Underpin the strategy with operational procedures and guidance documents that reflect good practice, are clear, provide sufficient flexibility to ensure best value, provide adequate control and are communicated to all those involved in procurement.

6.14. Procurement Forward Plan and Contracts Register

6.14.1 The Council will set out its likely demand, in broad categories, for goods, works and services from outside suppliers in the medium term. This information will be made available in the form of the Contracts Register on the Business web page in order to encourage maximum market input to the procurement process.

6.15. Schools and Procurement

6.15.1 There is a clear expectation that the Council should have effective strategies in place to enable, support and encourage schools to become informed, effective purchasers of services. School governors have a duty to ensure they are purchasing goods and services in line with Best Value principles.

6.15.2 The Council will ensure that the procurement skills of schools are developed and supported, promoting their capacity to choose, buy and evaluate services independently and effectively, within the context of Best Value.

6.16. Openness, Fairness and Transparency

6.16.1 The Council will:

- (i) Be 'Open' in the gathering of market intelligence and the sharing of it to the mutual benefit of suppliers/contractors and the Council.
- (ii) Be 'Fair' giving equal treatment to all, and have a consistency of approach in respect of ethical standards and absolute "even handedness" in dealings with trading partners and potential suppliers/contractors.
- (iii) Be 'Transparent', having the ability to prove the above.
- (v) Manage the procurement process in a fair and equitable way whilst allowing sufficient flexibility to encourage suppliers/contractors to be innovative and creative.

6.17 Performance Management

6.17.1 We will promote the development and use of performance measures. We will improve the accuracy, availability, appropriateness and accessibility of procurement related management information to enable procurement performance indicators to be used for regional and sub-regional benchmarking.

6.17.2 Benchmarking and best practice will be further developed and, where appropriate, private organisations encouraged to participate. Performance information will be used to improve and measure procurement outcomes and reported on accordingly.

7. MONITORING IMPLEMENTATION OF THIS STRATEGY

7.1 This strategy will be subject to the following regime of monitoring and review.

(i) Monthly

The Head of Procurement will submit a monthly progress report to the Director of Finance. Relevant PI's will be reported on monthly as part of the Council's normal PI monitoring procedure and progress against the strategies 'Procurement Key Priorities'.

(ii) Quarterly

Regular reporting (quarterly) of progress to the Corporate Improvement Group.

(iii) Six Monthly

The Head of Procurement will submit a report to Committee every six months detailing the number and type of contracts which have been let and progress against the key priorities.

(iv) Annually

The Head of Procurement will submit an annual procurement report on progress against the strategy and other developments in procurement. Audits on aspects of procurement activity will be carried out on a regular basis and reported to the Chief Executive and Select Committee as appropriate.

(v) Post contract monitoring and maintenance

The signing of a contract is not, as is commonly assumed, the end of the procurement process. It is merely the end of the beginning. Good contract monitoring is essential if the Council is to achieve the best possible service from its private sector partners. There has been a move away from old-style confrontational contracts with detailed input specifications towards a more flexible partnership arrangement. The use of output specifications is designed to put the onus on the contractor to take responsibility for the end product, and Best Value clauses in contracts mean that the contractor is responsible for a continuous improvement in service.

8. COMPLEMENTARY DOCUMENTS

- 8.1 Appendix C lists all those documents that are complimentary to and underpin this strategy.

(i) Ensuring that all procurement practices are legal, ethical, and **transparent** and conform to local, national and European regulations, and adhere to the principles of **openness** and **accountability**

Challenges 2008 - 2011

1	Contract Procedure Rules	We will undertake an annual review of Contract Procedure Rules and recommend any necessary changes.
2	Departmental Procurement Guidance	We will work with departments to assist them in the development of departmental specific guidance on procurement processes, in compliance with contract procedure rules.
3	Member Awareness	We will continue to seek to improve Member awareness of procurement issues through presentations, reports, workshops and training sessions as appropriate.
4	Contract Monitoring	We will improve our contract monitoring activities and ensure that a formal monitoring strategy is in place for all major contracts.
5	Contracts Database	We will ensure that the Contracts Database is used across the Authority to provide visibility of the Council's contractual commitments, assist in the development of a procurement forward plan and identify opportunities for rationalisation and collaboration.

6	Compliant Procedures	We will ensure that all Members and Officers involved within the procurement process are fully conversant with all aspects of procurement legislation and practice.
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(ii) *Delivering significantly better quality public services that meet the needs of all local citizens through **sustainable partnerships** that we forge with a range of public, private, social enterprise and voluntary sector organisations at local, sub regional, regional, national and European levels.*

Challenges 2008 - 2011

1	Review of contracts	We will carry out a review of all contracts (within the Corporate Contracts Register) and identify those contracts than may benefit from a partnership approach.
2	Options procedures	We will ensure options for service delivery form part of the challenge process during service reviews and examine opportunities and potential benefits for partnership working.
3	Guidance on Partnering	We will develop guidance for procurement staff on partnership contracts.
4	Support for Collaboration	We will support the Merseyside Authorities Procurement Group in its development of a three year Strategy and further collaborative procurement projects across the Merseyside sub-region.
5	Supporting the North West Improvement and Efficiency Partnership (NWIEP)	We will fully support the north west procurement hub in progressing regional procurement collaborative initiatives.

6	Shared Services	We will assess opportunities for shared services by working with the NWIEP and other Public bodies to identify opportunities for such initiatives.
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*(iii) Contributing to the Council's **savings targets** by continually challenging our procurement arrangements and seeking opportunities to reduce prices, improve quality, **maximize efficiency** and achieve greater outcomes for the residents Wirral in support of the Council's three year Efficiency Plan.*

Challenges 2008 - 2011

1	Savings Database.	We will continue to develop the savings database to ensure it provides information to facilitate the Annual Efficiency Statement reporting process, and provides more detailed information on how savings have been identified and calculated.
2	Major Contracts	We will review all options for the procurement of high value / high risk contracts and work with service departments to ensure Best Value is achieved.
3	Involvement of the Corporate Procurement Team	The Corporate Procurement Team is integrated into all Value for Money reviews and fundamental service reviews either directly or on a consultancy basis.
4	Social care	We will support the establishment of a procurement strategy and framework for savings and efficiency within both Adult Social Services and the CYPD.

5	Postal Services	We will seek to take advantage of the deregulation of postal services to achieve cashable savings for the Council. We will work jointly with other authorities in order to exploit the benefits of collaboration.
6	Energy	We will constantly review the models available for procuring energy in a time of unprecedented price volatility. In particular, we will explore the advantages and disadvantages of using the OGC Buying Solutions Flexible Energy Contract.
<p><i>(iv) Operating a mixed economy of service provision with ready access to a diverse, competitive range of suppliers providing quality services, including small firms, social enterprises, minority businesses and voluntary and community sector groups, and wherever possible encourage local sourcing and local employment.</i></p>		
<p><i>Challenges 2008 - 2011</i></p>		
1	Prime Contractor Involvement	We will identify ways to assist local businesses to gain indirect opportunities through our prime contractors i.e. encourage prime contractors to advertise Council related opportunities through Wirral's Business Website.
2	Training, Meet the Buyer events and Business Fairs	We will undertake of training sessions to assist SMEs in accessing Council opportunities. We will attend and help organise events that will publise 'How to do Business with The Council' and in particular encourage local SME's to bid for Council contracts.
3	Review of contracts	We will carry out regular reviews of all contracts (within the Corporate Contracts Register) and identify those contracts that could be provided by social enterprises, minority businesses and voluntary and community sector (VCS) groups.

4	Beacon Council liaison	We will meet with Beacon Councils to determine how they have successfully engaged with the VCS and assess how to implement their approach within Wirral.

(v) *Realising **social, environmental and community benefits** through our procurement activities, by developing socially responsible specifications, building social, environmental and community benefits into the evaluation process where appropriate and legal to do so, and working with suppliers and contractors post contract award to explore opportunities for bringing such benefits to the local community, including the introduction of the Construction Employment Integrator.*

Challenges 2008 - 2011

1	Community Benefits	We will explore ways in which to promote the inclusion of social and community benefits into the procurement process. We will consider requesting optional, priced proposals for the delivery of community benefits in the tender process <i>where appropriate</i> . We will also establish a model for identifying the 'voluntary' delivery of community benefits within the contracting process.
2	Construction Employment Integrator	We will include, in all major construction contracts the Construction Employment Integrator to give young people to progress into career opportunities. We will explore the possibility of extending this scheme into other areas of Council contract activity.

(vi) *Demonstrating improvement in the **equality of opportunity** and the promotion of good relationships between people within a diverse community in all procurement activity.*

Challenges 2008 - 2011

1	Equality Standard for Local Government	We will contribute to the Council's work towards achieving Levels 3/4/5 of the Equality Standard for Local Government.
2	'A Framework for a Fairer Future'	The governments new Equality Bill is due in 2009, we will ensure that all Council procurement activity takes account of the new duty and is embedded into our procurement culture.
3	Monitoring of Equality in Procurement	We will produce and implement a new monitoring policy for Equalities in Procurement and regularly report on compliance to the Council's Equalities Corporate Improvement Group by January 2009.
<p>(vii) <i>Achieving an efficient and effective procure to pay process, which minimises manual input, provides robust information on which procurement decisions can be made, and harnesses the latest e-procurement solutions to maximise benefit to the Council.</i></p>		
<p><i>Challenges 2008 - 2011</i></p>		
1	Electronic Procurement Systems	We will ensure through market research, professional contacts and network exchange that all new processes will be assessed and, where appropriate, recommended for adoption, to support Wirral procurement in achieving maximum efficiency.
2	e Payments	We will explore all options for streamlining payments processes including electronic invoices, self billing and procurement cards and, recommend a plan for implementation by December 2008.

3	e Sourcing	Managing the procurement process is a costly and labour intensive process, reducing manual input can release resources and make savings, we are committed to researching the market an e Sourcing solution and making recommendations by September 2008.
4	Regional / Sub-regional Development	Developing a Merseyside Procurement electronic hub is essential if collaboration is to succeed on Merseyside; Wirral is committed to supporting this initiative and is leading the Group to deliver a strategy by November 2008.

(viii) Ensuring that all potential risks are identified within procurement processes and appropriately managed.

Challenges 2008 - 2011

1	Risk Management	Generic procurement risks are dealt with as part of the Council's risk register. However, for all major procurement projects, the identification and management of specific risk will be part of the procurement process.
2	Training	We will produce a series of ongoing training days for Members and Officers who are directly involved in high risk procurement projects.
3	Supplier Relationship Management	The award of a contract after a successful tender exercise is not the end of the procurement process; it is only the end of the beginning. We will have procedures and processes in place that will manage our goods and service providers to ensure that maxim benefits are realised from contracts and that best value is being achieved.

<i>(ix) Ensuring that all procurement considers the environment and, where appropriate, includes evaluation models that take into account the Council's sustainable objectives.</i>		
<i>Challenges 2008 - 2011</i>		
1	Environmental Assessment	We will carry out an environmental assessment of all our key products and services and work with suppliers and contractors to reduce the negative environmental impact of our procurement activities.
2	Fairtrade	We will increase the number of fair trade products purchased.
3	Recycling	We will increase the number of recycled products purchased.
4	Evaluation Models	We will make environmental considerations a key part of the tender evaluation process where this is appropriate.
5	Local Sourcing / Regulated deliveries	We will, where appropriate and within the a competitive process, encourage both the use of local suppliers to reduce the environmental impact of movement of goods and a logistical approach to minimise the number of supplier deliveries to Council premises.

<i>(x) Achieving continuous improvement from all categories of procurement expenditure, by having a 'living' Procurement Strategy and ensuring that all procurement activity is undertaken by informed, professional procurement staff.</i>		
<i>Challenges 2008 - 2011</i>		
1	Professional Procurement	All procurement staff will have the appropriate, professional qualification, Membership of the Chartered Institute of Purchasing and Supply, and we are committed to the provision of professional training to provide professionally qualified staff for the future.
2	Procurement Practitioners	We are committed to producing annual training plans for all Members and Officers involved in the procurement process. This will be reviewed at the beginning of each financial year and submitted to the Corporate Improvement Group for approval.
3	Sub- regional / Regional Training	We will support the adoption of a sub-regional / Regional training programme to be produced annually commencing in November 2008.

APPENDIX B

CORPORATE PROCUREMENT STRATEGY OPTIONS FOR SERVICE DELIVERY

1. PURPOSE

- 1.1. The purpose of this Appendix to the Procurement Strategy is to contribute to the achievement of Best Value in the provision of local services by setting out the approach to be taken in considering the options for service delivery.

2. OPTIONS

- 2.1. All service delivery options and available partners will be considered.
- 2.2. The main options for the future provision of services are (but not necessarily restricted to):
 - Tendering (including partnering) of all or part of the service with or without an “in house” bid.
 - Retention of existing service provision by renegotiating with the current service provider.
 - Joint commissioning for delivery of the service, e.g. with another Local Authority.
 - Joint ventures.
 - Creation of a public-private partnership for all or part of the service.
 - Voluntary transfer of the service to another provider.
 - Cessation of the service in whole or in part.
 - A solution that involves a combination of the above options.

The choice of options and available partners will depend upon the outcome of the review process which will explore the full range of practical alternative provision.

Efficiency and Integrity	We will ensure the best use of human, financial and physical resources, through effective corporate management.
Excellence of Service	We will continue to provide value for money whilst achieving higher standards of quality and accessibility within services that offer real consumer choice.
Ownership and Inclusivity	We will promote the Community Vision to all partners and their staff and encourage them to support and own it.
Openness and Inclusivity	We will ensure that stakeholders, potential and existing, can have confidence in the decision-making and management processes of the Partnership by being open, inclusive and providing access to full, accurate and clear information.
Value for Money	Provide better value for money in the delivery of the Community Plan objectives by exploring innovative and cost effective ways to procure goods, works and service through a strategic, needs led, continuously improving mixed economy of service provision and working in partnership with others.

Factors to be taken into account

3.1. The main factors that will be taken into account are:

- The impact and importance of the service in delivering the Council's vision and considerations of core services.
- Views of current service users and potential users, Council Tax payers, partners and businesses.
- Capital Needs – potential for funding of capital investment by the private sector.
- Evidence of efficiency and effectiveness of the current provider in comparison with other providers and the potential for improvement.
- The degree of competition in the market place and the availability of quality and reputable service providers.
- The use of Trading Powers by the Council in collaboration with other Councils.
- The potential for working with the future provider to deliver innovative approaches and continuous improvement.
- The balance of potential costs and benefits in any change including the impact on the local economy and employment.
- 'Whole life' costs and overall consideration of quality and price.
- Evidence of economies or diseconomies of scale.
- The ease of specifying the service and managing it.
- Consideration of the potential risks associated with each option.
- Supply of specialist skills and resources.
- Considerations of equality.

- Considerations of sustainability and long-term impact in financial and environmental terms.

4. Framework for dealing with Procurement

4.1. The Procurement process will consist of the following key stages described as the Procurement Cycle:-

- **Identify the need** which may come from Performance Improvement Reviews, Policy Reviews, Inspection Reports, Consultation Outcomes and includes the development of the programme or project brief.
- **Develop the Business Case** in which all options are identified and appraised together with affordability, achievability and value for money established.
- **Define the procurement approach** in which the Procurement Strategy is developed including timescales, resources, procurement regulations, market research/market development and specification issues.
- **Appraisal of supplier/provider** which includes the process of advertising and identifying a shortlist of suppliers.
- **Tender evaluation** with selection based on best value criteria including consideration of whole life implications.
- **Awarding and implementing the contract** which includes seeking members' approval, preparing for service delivery, performance monitoring and reporting procedures, TUPE implications (if any).
- **Managing the contract** to ensure service delivery and achievement of expected benefits, continuous improvement and completion of post implementation reviews.
- **Evaluating the benefits** prior to retender or extension of contract (if allowed) together with reviewing and updating the business case.

APPENDIX C

PROCUREMENT STRATEGY COMPLEMENTARY DOCUMENTS

1. Contracts Procedure Rules
2. Financial Regulations
3. E.U. Procurement Directives
4. Corporate Policy for Sustainable Development
5. Green Purchasing 'Buy Laws' Guide
6. Purchasing Policy for Sustainable Development
7. Wirral Community Strategy
8. Wirral Three Year Efficiency Plan
9. Towards a National Strategy for Local Government Procurement (ODPM July 2002)
10. Wirral's Corporate Plan 2008-2011
11. ODPM Circular 03/2003
12. Code of Conduct for Employees
13. Equality and Diversity Policy
14. Risk Management Policy Document
15. Procurement Guide (being developed)
16. National Procurement Strategy for local government (October 2003)
17. The Governments Comprehensive Spending Review 07 – 2008 2011

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