

# Public Document Pack



## Business Efficiency Board

Wednesday, 5 September 2007 at 6.30  
p.m.  
Civic Suite, Town Hall, Runcorn

A handwritten signature in black ink, appearing to read 'David W R'.

**Chief Executive**

### BOARD MEMBERSHIP

<b>Councillor Dave Leadbetter (Chairman)</b>	<b>Labour</b>
<b>Councillor Martha Lloyd Jones (Vice-Chairman)</b>	<b>Labour</b>
<b>Councillor Carl Cross</b>	<b>Conservative</b>
<b>Councillor David Findon</b>	<b>Conservative</b>
<b>Councillor Eddie Jones</b>	<b>Labour</b>
<b>Councillor Alan Lowe</b>	<b>Labour</b>
<b>Councillor Ulfar Norddahl</b>	<b>Liberal Democrat</b>
<b>Councillor Shaun Osborne</b>	<b>Labour</b>
<b>Councillor Ged Philbin</b>	<b>Labour</b>
<b>Councillor Tim Sly</b>	<b>Liberal Democrat</b>
<b>Councillor Philip Worrall</b>	<b>Liberal Democrat</b>

*Please contact Caroline Halpin on 0151 471 7394 or e-mail [caroline.halpin@halton.gov.uk](mailto:caroline.halpin@halton.gov.uk) for further information.*

*The next meeting of the Board is on Wednesday, 7 November 2007*

**ITEMS TO BE DEALT WITH  
IN THE PRESENCE OF THE PRESS AND PUBLIC**

**Part I**

<b>Item No.</b>	<b>Page No.</b>
<b>1. MINUTES</b>	
<b>2. DECLARATION OF INTEREST (INCLUDING PARTY WHIP DECLARATIONS)</b>	
<p>Members are reminded of their responsibility to declare any personal or personal and prejudicial interest which they have in any item of business on the agenda, no later than when that item is reached and (subject to certain exceptions in the Code of Conduct for Members) to leave the meeting prior to discussion and voting on the item.</p>	
<b>3. PROCUREMENT UPDATE</b>	<b>1 - 18</b>
<b>4. ANNUAL EFFICIENCY STATEMENT BACKWARD LOOK 2006/7</b>	<b>19 - 33</b>
<b>5. FORMATION OF WORKING GROUPS</b>	<b>34 - 35</b>

**PART II**

**ITEMS CONTAINING "EXEMPT" INFORMATION FALLING WITHIN SCHEDULE 12A OF THE LOCAL GOVERNMENT ACT 1972 AND THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**

In this case the Board has a discretion to exclude the press and public but, in view of the nature of the business to be transacted, it is RECOMMENDED that under Section 100(A)(4) of the Local Government Act 1972, having been satisfied that in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information, the press and public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraphs 3 of Part 1 of Schedule 12A to the Act.

<b>6. AGENCY STAFF</b>	<b>36 - 38</b>
<b>7. INTERNAL AUDIT PROGRESS REPORT - QUARTER 1</b>	<b>39 - 56</b>

***In accordance with the Health and Safety at Work Act the Council is required to notify those attending meetings of the fire evacuation procedures. A copy has previously been circulated to Members and instructions are located in all rooms within the Civic block.***

**REPORT TO:** Business Efficiency Board

**DATE:** 5<sup>th</sup> September 2007

**REPORTING OFFICER:** Strategic Director – Corporate and Policy

**SUBJECT:** Procurement Update

**WARDS:** Borough-wide

## **1.0 PURPOSE OF THE REPORT**

1.1 This report updates the Business Efficiency Board on the progress made in introducing better procurement in Halton.

## **2.0 RECOMMENDATION: That the Business Efficiency Board notes the report**

## **3.0 BACKGROUND**

3.1 The Council's Procurement Strategy for 2006-2009 was adopted last year (see [www.halton.gov.uk/procurement](http://www.halton.gov.uk/procurement)). This strategy detailed a number of Procurement Key Objectives, which are reproduced below.

- Establish corporate support and secure long-term commitment from both members and officers at all levels, to deliver Better Procurement in Halton. We will focus on the objectives that support the National Procurement Strategy for Local Government and the council's strategic priorities, to realise economic, social and environmental benefits for Halton.
- Deliver consistent and high quality services that meet the identified needs of individuals and groups within Halton, and develop a mixed economy, through strategic partnerships, framework agreements and collaboration with a range of public, private and voluntary suppliers.
- Ensure we have a robust financial system forming a solid platform for future innovation.
- Maximise the cost effectiveness of Best Practice procurement processes by minimising administrative processes in a consistent manner, adding value across the Council.
- Ensure that the procurement process is clear and focused in the first instance on achieving value for money.

- Implement e-procurement solutions to stimulate electronic trading at all levels of the business spectrum.
- Promote Halton Borough Council as a Preferred Supplier. Focus on supplier development and promote the opportunity for businesses and SMEs to trade with the Council.
- Seek innovation and new approaches across both internal and external environments to achieve continuous improvement.
- In the interests of transparency, accountability and Best Value, ensure compliance with all legal requirements including Council Standing Orders, Financial Regulations and European legislation covering procurement and tendering.
- Create, implement and monitor voluntary performance indicators to highlight continuous improvement and performance benefits against targets within the authority.
- Develop procurement skills across the organisation to support the implementation of procurement policy and strategy.

3.2 In November last year the Board received an update report on the progress made to introducing better procurement in Halton. (Appendix 1 & 2 details progress on some of the workstreams developed from these objectives). This report provides an update of the progress on procurement since then.

### **Promoting Better Procurement**

3.3 Getting the message across is the responsibility of the members of Procurement & Commissioning Group who are drawn from key areas across all Directorates and are advocates of a corporate procurement style. Within the Corporate & Policy Directorate, a small Procurement Unit (2.5 full time equivalents) serves as a focal point to assist officers to utilise & develop better procurement techniques.

3.4 Both the Unit and the Group aim to identify and promote a corporate standard for procurement in Halton. However, it is only with the full co-operation of every directorate that effective adoption of the best procurement tools and methodology will be achieved. This commitment to a uniform & transparent methodology will be demonstrated to auditors, inspection regimes and suppliers.

### **Promotion of the Procurement Methodology**

3.5 Use of the advertising area on the Internet is increasing slowly. This facility helps to demonstrate our commitment to transparency in procurement. Legal Services have endorsed and encouraged the use of advertising contracts on the website to ensure that contracts that

may be exempt from some of the EU Procurement Regulations are still advertised and available for interested parties to find. This has further been emphasised by an interpretive communication from Brussels relating to the Public Procurement Directive which stated "The principles of equal treatment and of non-discrimination imply an obligation of transparency which consists in ensuring, for the benefit of any potential Tenderer, a degree of advertising sufficient to enable the market to be opened up to competition." Council's are increasingly being challenged on procurement awards. Failure to advertise procurement opportunities could result in such a challenge and all departments are advised to use this advertising facility to guard against this risk.

- 3.6 Telephone callers to the Procurement Unit are directed to the web site, and feedback so far has all been positive. The site was advertised to local businesses in the supporting information send to every business with the National Non Domestic Rates Bill. The procurement site has approx 220 visitors per month.
- 3.7 A Procurement Handbook has been made available on the Intranet for officers, containing approx. 150 pages of advice and information on Procurement, Tendering and Contracts and a Quarterly Procurement & Commissioning Newsletter is now distributed to all Divisional Managers and Chief Officers. Internal training courses are now available for officers involved with procurement.

### **Corporate Procurement Methods & Working Practices**

- 3.8 Halton has adopted the use of Purchase Cards, the IDeA (Local Government Improvement and Development Agency) Marketplace e-Procurement solution and has introduced document imaging for matching invoices to orders. These initiatives are all being used to help deliver efficiency savings and are working to ensure procurement in Halton is fully comprehended by all interested parties. The Procurement Unit has provided the driving force to develop the initiatives from the Procurement & Commissioning Group (PCG).
- 3.9 Sub-groups of the PCG have now produced a standard Pre Qualification Questionnaire (PQQ), for suppliers that will be used by the Council the group and lately have developed a Standard Tender Pack, consisting of:
- Guidance notes for Officers
  - Invitation to Tender
  - Form of Tender
  - Tender Documents for completion
  - Guidance notes for Tenderers.

- 3.10 The Procurement & Commissioning Group have considered and approved the pack for adoption throughout the Council. The pack has been piloted by Health & Community for the provision of Short term Respite Services. Very favourable comments were received from various sectors in relation to the use of the pack. Officers commented that whilst there was a learning curve to overcome, once the methodology was fully understood the pack provided a robust and efficient way to conduct the Tender. Use of the PQQ reduced the number of applicants from 30 to 11 suitable Tenderers, giving a considerable time saving in the total tender evaluation process. The evaluation team found that the use of the evaluation matrix simplified the decision making process and tenderers from within the Voluntary Sector commented that this had been one of the most transparent processes they had taken part in. Officers are still required to develop their own specification; evaluation criteria and pricing document and will continue to use an industry specific or generic Halton contract as applicable.
- 3.11 The Procurement Unit has continued to monitor the percentage of payments requested where no purchase order was raised. There is still a problem with officers creating confirmation orders only when an invoice arrives, rather than when the expenditure is actually committed. With some permitted exceptions this goes against Procurement Standing Orders & the Constitution. The position has improved, but there is still a long way to go

	% of Payments where PO's exist
April 2006	34%
September 2006	47%
March 2007	55%

- 3.12 The Key Control Review carried out by Audit in June 07, investigated this issue and has recommended that Strategic Directors agree measurable targets for improvement in terms of payments against approved Purchase Orders. The Head of e-Procurement is in the process of agreeing improvement targets with Directorates, which once set will be reviewed quarterly.

### **Supplier Directory**

- 3.13 Maintaining a supplier database is expensive, the central cost, of creating a new supplier is £14.25. The costs to officers in finding a supplier are not quantified. Despite the effort involved in finding new suppliers, officer request on average 200 new supplier set-ups each month, at a cost of £2850. This may keep businesses happy but it is inefficient and detracts from the benefits of using our joint purchasing power to secure better overall pricing. In an initiative designed to signpost officers to existing suppliers the Procurement Unit has developed a searchable Supplier Directory which is currently in test

within the web based Agresso Purchasing Module. The Supplier Directory will help officers to access existing Council Suppliers and will identify where a contract is in place that should be used. In addition to trading benefits stronger relationships with our key suppliers should help to develop or promote sustainability across the three main areas, economic environmental and social.

### **Spend Analysis**

- 3.14 Work is continuing on the development of a better understanding of Council spend. A new series of spend categories is being adopted nationally and the Procurement Unit is working with Directorates to reclassify our current range of spend categories into the new definitions.
- 3.15 A further analysis has allowed spend to be classified across directorates by supplier. When this is complete it will allow Managers to identify both areas for potential savings and areas where contracts could/should be in place.

### **Procurement Tools**

- 3.16 The corporate purchase card used for purchase of school meals catering supplier now accounts for expenditure of approximately £60K per month. Two other catering suppliers have been approached, Dairy Crest hope to be able to adopt the technology by the end of the year, but Carlsberg have refused to use it. Library services will adopt this method for the purchase of pre-owned books, instead of borrowing books from other Libraries, producing savings in terms of cost, invoice processing, time and dual postages.
- 3.17 The technical integration between the IDeA Marketplace and the Agresso Financial System has been achieved and purchase orders to two corporate suppliers are now made via the Marketplace. A large number of internal orders are also placed via the system. The North West Centre of Excellence has selected the IDeA Marketplace as it's preferred solution for the region, and Halton delivered a paper at the Marketplace Workshop in January to encourage other Councils to get on board. Supplier adoption is the key to delivering further efficiencies, from this procurement tool. Purchasing staff, in all directorates, have been asked to nominate suppliers who they trade with frequently where there would be a process advantage from accessing catalogues or agreed price lists electronically, to deliver efficiencies both to the council and potentially to our suppliers. Invoices for stationery orders placed via the Marketplace are now processed using document imaging techniques. The invoice is scanned and registered on Agresso when it arrives in Corporate & Policy. Where the Purchase Order has been electronically goods receipted, the quantities received, price and VAT match and the invoice is below an agreed threshold, it is automatically sent for payment. If the invoice does not match on any of these



variables, it will be electronically routed to the relevant officer for approval. The scheme has been extended to all Corporate & Policy invoices where there is a Purchase Order in place. This means that invoice processing time is reduced by over 50% and in the event of a query, an image of the actual invoice can be viewed via a PC, rather than a paper copy having to be retrieved from storage.

- 3.18 From July 2007, invoice scanning will be undertaken by HDL staff, during evening hours when fewer incoming telephone calls are received. It is proposed to deal with non-purchase order invoices e.g. utility bills, in the same way by the end of 2007. Once the full pilot scheme in Corporate & Policy Directorate is proven it will be rolled out to all directorates. Directorates will need to consider the impact on changes to working practices, and establish protocols for HDL staff to identifying specific types of invoices that are peculiar to their own directorates.

### **Procurement Training**

- 3.19 A successful half day Procurement Taster Course was introduced in May 07, and following feedback this will be extended to a full day course in November to run biannually. The November Session is already fully subscribed. A session on the Procurement Standard Documents will be developed for October 2007. A web-learning tool, entitled e-Procurement for Practitioners is available via the Open Learning Centre. An external course entitled Perfecting Compliant Evaluation Processes is will be evaluated in July and considered for running in Halton for all officers who may be involved in larger contracts.
- 3.20 A copy of a web-based package on e-procurement is due to be evaluated for its suitability for members.

### **Collaboration & Regional Activity**

- 3.21 In addition to ongoing participation with the NW Centre of Excellence, including the recent Bargain Hunt event, Halton have joined the Merseyside Procurement Group to share best practice and consider joint purchasing arrangements within the Mersey Region. This has now been extended to include the identification of shared service opportunities. Discussions are underway in relation to a common approach to Equality and Diversity in procurement, with a leaning towards the Bolton model. This method concentrates on assessing the impact equality has on the contract, rather than focusing on the contractor's workforce. For an area like Halton where there is a relatively small ethnic make up, this would seem to have greater relevance. We are part of the new NW Centre of Excellence Sustainable Procurement Group. Halton has taken part in the Merseyside hosted initiative on Equality and Diversity, and have benefited from Training sessions hosted by Knowsley, Liverpool &

Wirral Councils around Procurement Issues. We have been involved with encouraging collaboration and have promoted the use of open framework agreements on temporary staffing & advertising within Halton.

### **Identified Savings**

- 3.22 Evaluating the benefits accruing from the use of better procurement tools need to be quantified and recorded.
- 3.23 The Procurement Unit is advocating a savings register to ensure all procurement savings are identified and this could be used as a cross check to ensure all relevant efficiencies are counted in forward and backward looking reviews. The Procurement & Commissioning Group has requested information on procurement savings to be provided.

### **Procurement Improvement Plan & Strategic Targets**

- 3.24 A periodical review of larger procurement initiatives by the Procurement Advice & Information Unit is undertaken and monitored using the Procurement Improvement Plan (PIP). Initiatives may be broken down into smaller elements, and implemented stage by stage. Progress is reported back to the Procurement & Commissioning Group.
- 3.25 Appendix 1 shows 2 tables – the PIP Current Projects and PIP Completed Projects.
- 3.26 Appendix 2 shows the achievement of the targets during the review period, matching the key issues under the objectives contained in the Procurement Strategy.

## **4.0 POLICY IMPLICATIONS**

- 4.1 The Procurement Strategy is directed at achieving “Area of Focus” 35 in the Corporate Strategy 2006/11, which states “Implementing and further developing procurement arrangements that will reduce the costs to the Council of acquiring goods and services”.

## **5.0 OTHER IMPLICATIONS**

- 5.1 None.

## **6.0 IMPLICATIONS FOR THE COUNCIL’S PRIORITIES**

- 6.1 Having effective procurement arrangements in place will enable the Council to direct resources to its priorities.

## **7.0 RISK ANALYSIS**

- 7.1 The risk of not having an effective procurement regime would mean that the Council would not be maintaining resources at the frontline.

**8.0 EQUALITY AND DIVERSITY ISSUES**

- 8.1 Part of the work involved in the Strategy is ensuring our procurement arrangements reflect requirements relating to Equality and Diversity with the Council's suppliers.

**9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

There are no background papers under the meaning of the Act.



	The Tender Pack  Invitation To Tender  Form of Tender  Guidance Notes			elements of a Tender Document, feedback to the main group.	scheduled 21.06.06  Group amendments made to document, draft to be presented to the Workgroup	07.08.06	changes from the main workgroup discussion  Forward updated draft to members  Sub-group meeting   Present changes to Tender Doc to the main group	25.08.06  31.08.06  08.09.06  21.11.06  11.12.06  16.01.07  08.02.07  01.06.07	Sub-group reviewed document and discussed changes to be made to the format.  Document updated with changes and issued to the group 10.10.06 Document updated and issued to the group for review on the 11.12.06 Document updated and issued to the group for review 16.01.07 Review final drafts of Form of Tender, ITT, and Guidance Notes. Final documents agreed, approval from the Procurement & Commissioning group now required. Endorsement received from the P & C Group.
PIP7	Supplier Directory	No	June 06	Create a Supplier Directory	Create a Browser to assist in gathering data from	Sept 06	Discuss Browsers available and	19.09.06	Agreed secure browser may be the best solution, Procurement Unit to

					<p>Agresso.</p> <p>Include Trade Classifications from Spikes Cavell</p> <p>Remove non-influenceable spend – suppliers and cost centres.</p>		<p>raw data in excel pivot table</p>	<p>15.12.06</p> <p>15.06.07</p>	<p>arrange a meeting with Agresso Administrator to discuss possible solutions.</p> <p>Agresso to be updated with Proclass Classifications. Spreadsheet created for development of Global Browser.</p> <p>Browser created and trials now need to be run to highlight any data errors.</p>
--	--	--	--	--	---	--	--------------------------------------	---------------------------------	--



PIP4	Selling to the Council Guide	No	23.03.06	Create an informative document as guidance to Selling to the Council.	Research existing guides from other authorities. Draft Document to support procurement practice and procedures.	Dec 06	Develop guidance for suppliers to be published on the Procurement Web page	Jan 07	Information complete on Procurement Web Page, Procurement Unit will continuously improve and update the data.
PIP4 – Maintenance – Continuously improve and update the Procurement Web page.									
PIP5	Procurement Policy	No	01.03.06	Update and Implement existing Policy to support Strategy.	Document 12.05.06	June 06	Procurement Policy approved 21.07.06 Cascade throughout the Council and put on Intranet	Oct 06	Intranet to be live end Jan 07  Project Complete – Intranet Live Jan 07
PIP6	Procurement Intranet	No	July 06	JM & AMc To develop Procurement pages for inclusion on Intranet  HBC intranet currently being updated	Discuss areas required for the Intranet  Develop draft pages for all selected areas	11.08.06	Finalise draft pages with text and documents required.  Review with Paul Martin date for HBC Intranet completion.	Oct 06  28.09.06  15.12.06	Contents of the Procurement Handbook completed, advised communications, live Jan 07 Project Complete



PIP8	Procurement Training	No		Make Basic Training available Council wide	Develop appropriate basis training and assist officers to identify their further training needs	By 2007	Program available via the Training Calendar.	Delivered May 07 with further session scheduled November 07	Completed to be run bi-annually
------	----------------------	----	--	--	---	---------	--	--	---------------------------------

E-procurement/Key Targets/Position Statement & PIP/PIP/Completed Projects 20/06/07

PIP9	Developing stronger relationships with voluntary sector organisations	Group set up by H & C	Nov 06	To assist Voluntary sector to understand how they can work with the Council	Voluntary Sector Event planned for March 07	Nov 06- March 07	Plan interaction with this event	Delivered 28.3.2007	Deliver presentation on Halton's Procurement policy & practises to allow Voluntary sector to understand how they may become Council Suppliers
------	---	-----------------------	--------	---	---	---------------------	----------------------------------	------------------------	---

PIP 10	Work with Economic Development Unit to promote Halton with the local business community	Informal discussions between the two units	06-07	Participate initiatives  Consult with Local business Community	May 06  06-07		E Survey to Local businesses to identify use of Procurement Web pages & test perception of the business community on trading opportunities with the Council	June 07	Survey delivered jointly with, Procurement, Economic Development & Research & Intelligence unit
-----------	---	--	-------	--	---------------------	--	---	---------	---

<b>Appendix 2                      Key Issues                      Targets Achieved</b>					
POSITION STATEMENT 7 – 04.06.07					
This statement shows the targets achieved against key issues in the Procurement Strategy, since the last report to Management Team.					
Ref No	Position Statement	Key issues	Objectives	Timescale	Comments
12	Partnerships in Construction	Develop a minimum three year programme of work for capital projects, in order to identify type and number of strategic frameworks required.	Enter into strategic framework agreements with contractors as a method of procuring capital works projects.	<b>Jan 2006 Onwards</b>	Pilot scheme with two projects to be undertaken.  Cavendish & Brookfield School 11/2 – 2M and Town Hall Project £3 – 31/2 M
15	Raw Procurement Data requires heavy resource to interpret and analyse	New system has highlighted the size of Procurement related task In house or out-source the development of spend analysis reports.	Select appropriate sourcing	<b>Pilot July/Aug 2007</b>	Spikes Cavell Reports now complete. Supply Directory July 07 – Currently creating a Browser for Global use within the Council on Agresso
26	No locally agreed definition of commissioning	Adopt an agreed framework for commissioning in Halton	All commissioning strategies are consistent with agreed definition	<b>April 06</b>	P & C group updated 13.04.07

32	Large supply base with a high level of low value/ low frequency invoices	There is no purchasing directory, to identify supplier base Rationalise supply base to maximise business opportunities for both parties	Develop an internal Procurement Directory.  Increase use of core contracts and focus on the strengths of our suppliers	<b>Pilot July/Aug 2007</b>	Supplier Directory July 07  Spend Analysis – now escalated to senior management by Quarterly Newsletter and Presentation 06.10.06
34a	Aligning procurement best practise with the National Procurement Strategy and efficiency targets	Development of electronic procurement methods	Document imaging for invoices  E –invoices E Tenders	<b>March 2007</b>  <b>2007/8</b> <b>2008/9</b>	Pilot Scheme in place Oct 06 – C & P to go live Mid/End 2007, H & C End 2007  C & YP – Env still educating officers on correct data required on invoices
35	Limited application of consolidated invoices	Reduce the number of invoices, required to be processed.	Reduce time spent on invoice processing	<b>2007/8</b>	P Cards - Jan 06 in school meals, Libraries July 07 – KPI's to be developed. P2P Activity Based Mapping Oct 06 for C & P Other directorates by July 07
40	Limited attention to Supply Chain Development	Need to establish clear guidance on main and sub contractor relationships	Review legal & contractual legislation and arrangement in Halton	<b>2009</b>	

41	Commissioning strategy in place for all social care services	To identify need and encourage new business to deliver seamless services	Have a range of effective providers offering a mixed economy of care within appropriate service areas		Update from C & YP on Commissioning Strategy and Framework
----	--	--	---	--	--

**REPORT TO:** Business Efficiency Board

**DATE:** 5<sup>th</sup> September 2007

**REPORTING OFFICER:** Strategic Director – Corporate and Policy

**SUBJECT:** Annual Efficiency Statement –  
Backward Look 2006/07

**WARDS:** Borough-wide

### **1.0 PURPOSE OF THE REPORT**

1.1 The purpose of this report is to provide Members with details of the Annual Efficiency Statement – Backward Look 2006/07, which was submitted to Government in July 2007.

**2.0 RECOMMENDED: That the Annual Efficiency Statement – Backward Look 2006/07 be noted.**

### **3.0 BACKGROUND**

3.1 A target of £6.45bn in efficiency gains has been set by Central Government for the local government sector. This has to be achieved over a three year period to 31st March 2008. Each local authority is required to make 2.5% efficiency gains each year. For Halton, the target equates to annual gains of £2.5m and a total of £7.5m over the three years.

3.2 Guidance from Government explains that efficiency gains can be achieved by the following actions:

- (1) Reducing inputs (money, people, assets, etc.) for the same outputs;
- (2) Reducing prices (procurement, labour costs, etc.) for the same outputs;
- (3) Getting greater outputs or improved quality (extra service, productivity, etc.) for the same inputs; or
- (4) Getting proportionately more outputs or improved quality in return for an increase in resources.

3.3 At least half the annual efficiency gains must be cashable. These gains allow resources to be diverted to other services or to be used in holding down council tax increases.

3.4 Efficiency gains can be achieved in any Council service and in 'cross-cutting' functions, such as procurement. Councils are free to decide

how to meet the target. However, creating additional income through increasing fees or charges, or cutting services are not valid efficiency gains and cannot be claimed as such.

- 3.5 To distinguish between an efficiency gain and a service cut, local authorities are required to provide a quality crosscheck for every sector in which an efficiency gain is claimed. The aim of the crosscheck is to compare the quality of service provided in one year to the next, with a view to providing assurance that it has not fallen.
- 3.6 All Councils are required to complete an Annual Efficiency Statement (AES), which comprises three parts:
- The Forward Look, which is an action plan that provides details of the strategy, key actions and expected efficiency gains for the year.
  - The Mid-Year Update, which provides an explanation for any significant differences in expected efficiency gains compared with the Forward Look.
  - The Backward Look, which provides details of the actual efficiency gains achieved in the year.
- 3.7 This report focuses on the 2006/07 Backward Look, which was submitted in July 2007.

#### **4.0 2006/07 AES BACKWARD LOOK**

- 4.1 All Councils were required to submit their 2006/07 AES Backward Look by July 2007. Submissions are required to have the approval of the Leader of the Council, the Chief Executive and the Section 151 Officer.
- 4.2 The Department for Communities and Local Government has issued guidance on measuring and reporting efficiency gains. The AES submission is based upon a self-assessment, however, clear instructions have been given with regard to best practice and issues for consideration.
- 4.3 To meet the submission timetable, officers of the Efficiency Strategy Group have identified the efficiency gains arising in 2006/07. These have been incorporated into the AES Backward Look, which is attached at Appendix 1. This shows that since the Gershon process of recording efficiency savings began, the Council has made £5.3m worth of cashable efficiency savings and £3.3m of non-cashable savings.

#### **5.0 POLICY, FINANCIAL AND OTHER IMPLICATIONS**

- 5.1 The Council is on target to meet the Gershon targets.

**6.0 RISK ANALYSIS**

6.1 The submission will be verified by the DCLG. There is a risk that some of the information may be challenged. The cross-checking process will help to reduce the possibility of challenge.

**7.0 EQUALITY AND DIVERSITY ISSUES**

7.1 None.

**8.0 IMPACT ON PRIORITIES**

8.1 The making of efficiency savings ensures that more of the Council's resources are diverted towards front-line services and council tax increases kept to the minimum possible.

**9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

<b>Document</b>	<b>Place of Inspection</b>	<b>Contact Officer</b>
DCLG – Measuring and Reporting Efficiency Gains (March 2007)	6th Floor, Municipal Building, Kingsway, Widnes	Mervyn Murphy



## Annual efficiency statement - backward look

### Details

**Local authority** Halton Borough Council

**Contact name** Patrick Oliver

**Job title** Corporate Process Analysis Mgr

**Email address** pat.oliver@halton-borough.gov.uk

**Submitted date** 05/07/2007 06:18 PM

### Statement

#### Overarching Key Actions Taken

In May 2006, the Business Efficiency Board was established and the Executive Board Member responsible for Quality and Performance became the lead for Business Efficiency in order to have top-level leadership in terms of delivering the Efficiency Agenda. In the process of carrying out their duties, the Portfolio Holder and the Business Efficiency Board has been given the role of overseeing a programme of reviews aimed at securing continuous improvement in the efficiency and effectiveness of Council services. Their work also includes:

- Overseeing the Council's preparations for a Comprehensive Performance Assessment;
- Monitoring performance against the Council's Efficiency Strategy;
- Ensuring the Council has processes in place to benchmark its activities;
- Learning from others, in particular learning from best practice, in order to make continuous improvements in performance.

An Efficiency Strategy Group has also been created to support the Business Efficiency Board at officer level. The aim of having a corporate approach to efficiency is to develop synergies and increase the opportunity for greater crosscutting efficiencies.

The Council has developed a formal Efficiency Strategy, which brings together all aspects of its efficiency agenda in order to ensure that it meets (and exceeds) its annual efficiency targets. The strategy has identified a number of workstreams around issues such as procurement, workforce development, use of accommodation, collaboration with other local authorities / public bodies, business process re-engineering, identification of service / cross-cutting reviews and analysis / reduction of overhead costs.

Although action was already being taken on many of these issues, the production of a strategy has had the effect of:

- Bringing all the activity together;
- Providing a greater focus and impetus to the efficiency agenda;
- Setting targets for the various workstreams;
- Providing the Business Efficiency Board with a structured work programme by monitoring performance against the strategy.

The Council has continued to work with neighbouring Councils in Merseyside and Cheshire on identifying collaborative programmes to identify potential efficiency savings. The Council also continues to work closely with the North West Regional Centre of Excellence.

The Council has a Corporate Procurement Strategy, which is monitored through the Procurement Improvement and Development Plan. This continues to play a fundamental part in examining how the Council is delivering innovative and smarter ways of procurement. There is also a Procurement and Commissioning Officer Group which drives forward the procurement strategy in line with the targets and priorities of the National Procurement and E-Government Strategies.

The IDeA carried out an Efficiency Peer Review in June 2006 to provide the Authority with a health check on its progress in terms of the efficiency agenda. The review provided a number of positive comments in relation to the Council overall. These included:

- Strong leadership;
- A 'get it done' approach;
- A service orientated attitude.

The review also identified a number of areas of good practice, which needed further work to be undertaken and outlined a number of recommendations, which are being addressed through the implementation of the Efficiency Strategy.

Title	Ongoing gains sustained from 2005/06 (£)		Further gains achieved in 2006/07 (£)		...of which expected to be ongoing (£)		Cumulative gains as at end of 2006/07 (£)		Related links	
	Total gains	...of which cashable (£)	Total gains	...of which cashable (£)	Total gains	...of which cashable (£)	Total gains	...of which cashable (£)		
	706,975	54,677	394,000	175,000	394,000	175,000	1,100,975	229,677	<a href="#">Documents</a> <a href="#">People</a> <a href="#">Projects</a>	
Adult social services	<b>2006/07 Primary quality crosscheck</b>									
	<b>Quality crosscheck</b>						<b>2005/06</b>	<b>2006/07</b>	<b>Quality crosscheck met?</b>	
	Non-approved indicator (enter 0 in 2005/06 and 1 in 2006/07 and explain in the text box)						0	1	Yes	
	<p><b>Key actions undertaken to achieve efficiency gain:</b> 1) Retender of community meals service (£10,000).            2) Retender of one to one support service for Adults with Learning Difficulties (£36,576).            3) Increasing number of Older People helped to live at home (£295,337).            4) Increased respite care bed occupancy (£4,651).            5) Transport costs reduced through improved budgetary control and retendering various contracts (£47,436).</p> <p><b>Quality crosscheck notes:</b> 1) Quality of meals service improved as evidenced by service user questionnaire post change and an increase in the average number of meals provided per week.            2) Quality and level of service maintained at reduced cost.            3) More people helped to live at home and a reduced number of persons in residential and nursing care.            4) Respite care bed occupancy improved by 3%.            5) Service user satisfaction improved as per 2006/7 Transport Survey.</p>									

	211,708	132,476	127,000	127,000	127,000	127,000	338,708	259,476	<a href="#">Documents</a> <a href="#">People</a> <a href="#">Projects</a>	
Children's services	<b>2006/07 Primary quality crosscheck</b>									
	<b>Quality crosscheck</b>						<b>2005/06</b>	<b>2006/07</b>	<b>Quality crosscheck met?</b>	
	Non-approved indicator (enter 0 in 2005/06 and 1 in 2006/07 and explain in the text box)						0	1	Yes	
	<p><b>Key actions undertaken to achieve efficiency gain:</b> 1) In 2006/7, there was a reduction of £100,000 in the agency placement budget, however expenditure was still reduced compared to 2005/6. There were a total of 25 placements in 2005/6 compared to 24 placements in 2006/7. The saving has been achieved by the use of in-house residential units to accommodate children that would require a high cost care package.</p> <p>2) A review of clerical support created a new Business Support team, which resulted in an overall reduction in the number of staff employed by two Scale 1-2 FTE posts (£27,000).</p> <p><b>Quality crosscheck notes:</b> Improved performance in terms of BVPI 49 (Stability of Placements for Looked After Children): 2005/6 = 13 2006/7 = 10</p>									
Culture and sport	180,303	180,303	216,000	0	216,000	0	396,303	180,303	<a href="#">Documents</a> <a href="#">People</a> <a href="#">Projects</a>	
	<b>2006/07 Primary quality crosscheck</b>									
	<b>Quality crosscheck</b>						<b>2005/06</b>	<b>2006/07</b>	<b>Quality crosscheck met?</b>	
	Non-approved indicator (enter 0 in 2005/06 and 1 in 2006/07 and explain in the text box)						0	1	Yes	
<p><b>Key actions undertaken to achieve efficiency gain:</b> 1) Relet the open space contract for security, opening and closing changing rooms, gates etc. at a higher specification and increased capacity (£64,000).</p> <p>2) Increased library usage by 6.9% (£152,000).</p> <p><b>Quality crosscheck notes:</b> 1) The new contract was let with a higher specification and capacity at the same cost. 2) Library usage increased by 6.9% to 609080 visits per year at a reduced unit cost.</p>										

	217,378	212,378	264,000	204,000	204,000	204,000	481,378	416,378	<a href="#">Documents</a> <a href="#">People</a> <a href="#">Projects</a>	
Environmental services	<b>2006/07 Primary quality crosscheck</b>									
	<b>Quality crosscheck</b>						<b>2005/06</b>	<b>2006/07</b>	<b>Quality crosscheck met?</b>	
	Non-approved indicator (enter 0 in 2005/06 and 1 in 2006/07 and explain in the text box)						0	1	Yes	
	Key actions undertaken to achieve efficiency gain: 1) A staffing restructure within Operational Support Services (£194,000). 2) General cashable efficiencies within Planning (£20,000), Hazardous Waste (£25,000), Effective Enforcement (£15,000), Consumer Protection (£10,000).									
	Quality crosscheck notes: Primary crosscheck: BVPI91b - Percentage of residents served by kerbside recycling of at least 2 recyclables 2005/6 = 47.25%; 2006/7 = 61.30%  Secondary crosschecks: BVPI66b - Trading Standards checklist of best practice (%) 2005/6 = 100%; 2006/7 = 100%  BVPI205 - Quality of service provided (%) 2005/6 = 94.4%; 2006/7 = 94.4%									
Local transport (highways)	114,584	46,115	25,000	25,000	15,000	15,000	139,584	71,115	<a href="#">Documents</a> <a href="#">People</a> <a href="#">Projects</a>	
	<b>2006/07 Primary quality crosscheck</b>									
	<b>Quality crosscheck</b>						<b>2005/06</b>	<b>2006/07</b>	<b>Quality crosscheck met?</b>	
	Number of days of temporary traffic controls (BV100)						1.1	0.3	Yes	
	<b>Previous primary quality crosscheck (if different)</b>									
	<b>Previous primary quality crosscheck</b>						<b>2005/06</b>	<b>2006/07</b>	<b>Quality crosscheck met?</b>	
	Non-approved indicator (explain fully in the text box)						1	1	Yes	

	Key actions undertaken to achieve efficiency gain: Savings achieved through the loss of a highways inspector and reallocation of work and improvements in the way contracts are procured within the Highways Division.								
	Quality crosscheck notes:								
	14,347	14,347	58,480	33,750	58,480	33,750	72,827	48,097	<a href="#">Documents</a> <a href="#">People</a> <a href="#">Projects</a>
Local transport (non-highways)	2006/07 Primary quality crosscheck								
	Quality crosscheck								
	2005/06 2006/07 Quality crosscheck met?								
	Number of local bus passenger journeys (BV102) 5,512,947 6,071,996 Yes								
	Previous primary quality crosscheck (if different)								
Previous primary quality crosscheck									
2005/06 2006/07 Quality crosscheck met?									
Non-approved indicator (explain fully in the text box) 1 1 Yes									
Key actions undertaken to achieve efficiency gain: Staffing reorganisation.									
Quality crosscheck notes:									
	0	0	0	0	0	0	0	0	<a href="#">Documents</a> <a href="#">People</a> <a href="#">Projects</a>
LA social housing (capex)	2006/07 Primary quality crosscheck								
	Quality crosscheck								
	2005/06 2006/07 Quality crosscheck met?								
	No efficiency gains to be reported in this sector, (enter 0 in 2005/06 and 0 in 2006/07) 0 0 Yes								
	Previous primary quality crosscheck (if different)								
Previous primary quality crosscheck									
2005/06 2006/07 Quality crosscheck met?									
Non-approved indicator (enter 0 in 2005/06 and 1 in 2006/07 and explain in the text box) 0 0 Yes									
Key actions undertaken to achieve efficiency gain:									
Quality crosscheck notes:									

	0	0	0	0	0	0	0	0	0	<a href="#">Documents</a> <a href="#">People</a> <a href="#">Projects</a>	
LA social housing (other)	<b>2006/07 Primary quality crosscheck</b>										
	<b>Quality crosscheck</b>						<b>2005/06</b>	<b>2006/07</b>	<b>Quality crosscheck met?</b>		
	No efficiency gains to be reported in this sector, (enter 0 in 2005/06 and 0 in 2006/07)						0	0	Yes		
	<b>Previous primary quality crosscheck (if different)</b>										
	<b>Previous primary quality crosscheck</b>						<b>2005/06</b>	<b>2006/07</b>	<b>Quality crosscheck met?</b>		
	Non-approved indicator (enter 0 in 2005/06 and 1 in 2006/07 and explain in the text box)						0	0	Yes		
<b>Key actions undertaken to achieve efficiency gain:</b>											
<b>Quality crosscheck notes:</b>											
Non-school educational services	120,700	120,700	166,059	156,545	166,059	156,545	286,759	277,245	<a href="#">Documents</a> <a href="#">People</a> <a href="#">Projects</a>		
	<b>2006/07 Primary quality crosscheck</b>										
	<b>Quality crosscheck</b>						<b>2005/06</b>	<b>2006/07</b>	<b>Quality crosscheck met?</b>		
	Non-approved indicator (enter 0 in 2005/06 and 1 in 2006/07 and explain in the text box)						0	1	Yes		
	<b>Key actions undertaken to achieve efficiency gain: 1) Improved performance in terms of processing statements within 18 weeks without an increase in the number of staff processing statements (£9,514). 2) A reduction in the number of pupils placed in out of borough independent provision compared to 2005/6 through more effective use of KS3 3 and 4 PRU and the four special schools (£88,062). 3) Removal of Excellence in Cities Co-ordinator and work integrated into the roles of the School Improvement Team (£68,483).</b>										
	<b>Quality crosscheck notes: CPA score for Education (CYPD Score): 2004/5=3; 2005/6=3; 2006/7=3.</b>										
<b>BVPI40 - Percentage of pupils achieving Level 4 or above in KS2 Maths test: 2005/6=73.0%; 2006/7=75.1%</b>											

	248,522	248,522	250,000	250,000	250,000	250,000	498,522	498,522	<a href="#">Documents</a> <a href="#">People</a> <a href="#">Projects</a>	
Supporting people	<b>2006/07 Primary quality crosscheck</b>									
	<b>Quality crosscheck</b>						<b>2005/06</b>	<b>2006/07</b>	<b>Quality crosscheck met?</b>	
	Non-approved indicator (enter 0 in 2005/06 and 1 in 2006/07 and explain in the text box)						0	1	Yes	
	Key actions undertaken to achieve efficiency gain: 1) No inflation increases were applied during the year. 2) Review of Supporting People spend.									
Quality crosscheck notes: An Audit Commission inspection found that the Authority had used Supporting People to develop new services as well as improving existing ones.										
	0	0	0	0	0	0	0	0	<a href="#">Documents</a> <a href="#">People</a> <a href="#">Projects</a>	
Homelessness	<b>2006/07 Primary quality crosscheck</b>									
	<b>Quality crosscheck</b>						<b>2005/06</b>	<b>2006/07</b>	<b>Quality crosscheck met?</b>	
	No efficiency gains to be reported in this sector, (enter 0 in 2005/06 and 0 in 2006/07)						0	0	Yes	
	Key actions undertaken to achieve efficiency gain:									
Quality crosscheck notes:										
<b>Other cross-cutting efficiencies not covered above</b>										
	114,664	114,664	218,104	168,104	218,104	168,104	332,768	282,768	<a href="#">Documents</a> <a href="#">People</a> <a href="#">Projects</a>	
Corporate services	<b>2006/07 Primary quality crosscheck</b>									
	<b>Quality crosscheck</b>						<b>2005/06</b>	<b>2006/07</b>	<b>Quality crosscheck met?</b>	
No deterioration in CPA 'Use of Resources' score (0=No, 1=Yes)						1	1	Yes		



	<b>Previous primary quality crosscheck (if different)</b>									
	<b>Previous primary quality crosscheck</b>							<b>2005/06</b>	<b>2006/07</b>	<b>Quality crosscheck met?</b>
	No efficiency gains to be reported in this sector, (enter 0 in 2005/06 and 0 in 2006/07)							0	0	Yes
	<b>Key actions undertaken to achieve efficiency gain: 1) Increased benefits caseload from 2004/5 to 2006/7 administered without an increase in staffing levels - equates to one member of staff on Scale 4 (£20,000).                  2) Increased number of domestic dwellings since April 2004 administered for Council Tax without an increase in staffing levels - equates to 50% of a Revenues Officer on Scale 4 (£10,000).                  3) Saving re use of generic letter headed paper (£1,860).                  4) Homeworking - increase in productivity. 20% increase in the number of cases processed which equates to one Benefits Officer on Scale 4 (£20,000).                  5) Reduction in the number of Customer Services Assistants (£73,244).                  6) Property Services - Management of Accommodation Works taken back in house (£25,000).                  7) Development of in-house CRM system - saving on license fee (£68,000).</b>									
	<b>Quality crosscheck notes:</b>									
<b>Procurement - goods and services</b>	95,204	63,818	572,290	462,499	545,649	447,606	667,494	526,317	<a href="#">Documents</a> <a href="#">People</a> <a href="#">Projects</a>	
	<b>2006/07 Primary quality crosscheck</b>									
	<b>Quality crosscheck</b>							<b>2005/06</b>	<b>2006/07</b>	<b>Quality crosscheck met?</b>
	Content and implementation of Corporate Procurement Strategy reviewed in the last year (0=No, 1=Yes)							0	1	Yes
	<b>Previous primary quality crosscheck (if different)</b>									
	<b>Previous primary quality crosscheck</b>							<b>2005/06</b>	<b>2006/07</b>	<b>Quality crosscheck met?</b>
	Non-approved indicator (enter 0 in 2005/06 and 1 in 2006/07 and explain in the text box)							0	0	Yes

	<p>Key actions undertaken to achieve efficiency gain: 1) Improved procurement re job advertisements (£322,665).                  2) Improved procurement re printing (£8,000).                  3) Savings on renegotiated insurance contract (£75,000).                  4) Use of procurement cards (£93,940).                  5) Improved use of procurement section of the Council website (£4,103).                  6) Savings re procurement of Statutory Advertising (£12,185).                  7) Procurement savings re use of OGC Buying Solutions (£26,041).                  8) Procurement savings re Protective Clothing and Equipment contract (£600).                  9) Procurement savings re Stationery contract (£29,756).</p>									
	Quality crosscheck notes:									
Procurement - construction	0	0	0	0	0	0	0	0	<a href="#">Documents</a> <a href="#">People</a> <a href="#">Projects</a>	
	2006/07 Primary quality crosscheck									
	Quality crosscheck						2005/06	2006/07	Quality crosscheck met?	
	No efficiency gains to be reported in this sector, (enter 0 in 2005/06 and 0 in 2006/07)						0	0	Yes	
	Key actions undertaken to achieve efficiency gain:									
	Quality crosscheck notes:									
Productive time	0	0	400,000	400,000	400,000	400,000	400,000	400,000	<a href="#">Documents</a> <a href="#">People</a> <a href="#">Projects</a>	
	2006/07 Primary quality crosscheck									
	Quality crosscheck						2005/06	2006/07	Quality crosscheck met?	
	Non-approved indicator (enter 0 in 2005/06 and 1 in 2006/07 and explain in the text box)						0	1	Yes	



	<b>2006/07 Primary quality crosscheck</b>								
	<b>Quality crosscheck</b>						<b>2005/06</b>	<b>2006/07</b>	<b>Quality crosscheck met?</b>
	Overall CPA score (0=Poor, 1=Weak, 2=Fair, 3=Good, 4=Excellent)						4	4	Yes
	Key actions undertaken to achieve efficiency gain: 1) Budget savings achieved in respect of Promotion of the Borough (£30,000). 2) Increased SLA charges to schools (£30,000).								
Quality crosscheck notes:									
<b>Total</b>	<b>2,499,097</b>	<b>1,273,056</b>	<b>2,767,678</b>	<b>2,068,827</b>	<b>2,671,037</b>	<b>2,043,934</b>	<b>5,266,775</b>	<b>3,341,883</b>	

**REPORT TO:** Business Efficiency Board

**DATE:** 5<sup>th</sup> September 2007

**REPORTING OFFICER:** Strategic Director – Corporate and Policy

**SUBJECT:** Formation of Working Groups

**WARDS:** Borough-wide

### **1.0 PURPOSE OF THE REPORT**

1.1 The purpose of this report is to suggest to members the forming of two small member sub-groups to examine closely Council policy and action in one or two key issues of efficiency. The groups would report their activities regularly to the main board.

### **2.0 RECOMMENDED that:**

- (1) Two small member groups be established;**
- (2) The topic areas be:**
  - **shared services developments**
  - **procurement**
- (3) Members interested in serving on those groups put their names forward to the Chairman.**

### **3.0 BACKGROUND**

3.1 At its last meeting the Board delegated to the Chairman and the Strategic Director – Corporate and Policy to suggest topic areas which may be the subject of further work by a couple of small member groups.

3.2 Having considered issues that impact on the overall efficiency of the Council, the following two areas are suggested:

- Procurement
- Shared Services

3.3 Also as part of this agenda is a report that brings members up to date on current procurement activity. This has an action plan which could (plus any additional activities members would wish to see) form part of the agenda for the proposed topic group.

3.4 In relation to the development of shared service opportunities, the Strategic Director – Corporate and Policy represents the Merseyside area on the North West Shared Services Board. The Board has been

established through the Regional Centre of Excellence to assist and support the development of Shared Service opportunities throughout the North West. The Strategic Director – Corporate and Policy will give a brief presentation on the work of that group to date together with an explanation of work that is going on with the Merseyside Authorities.

#### **4.0 FINANCIAL IMPLICATIONS**

4.1 There are no direct financial implications associated with the report.

#### **5.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

5.1 Having effective procurement arrangements and shared services will ensure that resources are directed to frontline services.

#### **6.0 RISK IMPLICATIONS**

6.1 There are no risk implications associated with this report.

#### **7.0 EQUALITY AND DIVERSITY**

7.1 There are no equality and diversity issues associated with this report.

#### **8.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

There are no background papers under the meaning of the Act.

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted