



**Committee:** BUDGET AND PERFORMANCE PANEL

**Date:** TUESDAY, 4 APRIL 2006

**Venue:** LANCASTER TOWN HALL

**Time:** 4.30 P.M.

Councillors are reminded that as Members of overview and scrutiny they may not be subjected to the Party Whip, which is prohibited under the Local Government Act 2000.

## **A G E N D A**

1. **Apologies for absence.**
2. **Declaration of interests.**
3. **Minutes of the meeting held on 7th March, 2006 (previously circulated).**
4. **Items of Urgent Business authorised by the Chairman.**
5. **Audit Report on Recruitment (Pages 1 - 10)**
6. **Open Source Software (Pages 11 - 24)**  
  
Update on the work identified in the Project Initiation Document – Report of the Head of IS
7. **IT Cost Analysis - Report of the Head of IS (Pages 25 - 30)**
8. **Corporate Finance Monitoring - Report of the Head of Financial Services (Pages 31 - 44)**
9. **Medium Term Financial Strategy - Report of the Head of Financial Services (Pages 45 - 56)**
10. **BVPI Creditor Payment within 30 days (Pages 57 - 62)**
11. **Update on Star Chamber - Report of Chief Executive (Pages 63 - 66)**
12. **Forward Annual Efficiency Statement - Gershon Targets (Pages 67 - 68)**  
  
Report of the Corporate Director (Finance and Performance)
13. **Procurement Strategy and Improvement Plan Review (Pages 69 - 116)**

Report of the Corporate Director (Finance and Performance)

14. **BVPI Quartile Analysis - Year on Year Comparison - Report of the Best Value Officer (Pages 117 - 130)**
15. **Update on Work Programme (Pages 131 - 138)**

#### **ADMINISTRATIVE ARRANGEMENTS**

**(i) Membership**

Councillors Keith Budden (Chairman), John Day (Vice-Chairman), Jim Blakely, John Gilbert, Mike Greenall, Tony Johnson, Peter Robinson, Roger Sherlock and John Whitelegg

**(ii) Substitute Membership**

Councillors Evelyn Ashworth, Susan Bray, Tina Clifford, Chris Coates, Jean Dent, Paul Gardner, Stuart Langhorn and Sylvia Rogerson

**(iii) Queries regarding this Agenda**

Please contact Liz Bateson, Administration Services - telephone (01524) 582047 or email [ebateson@lancaster.gov.uk](mailto:ebateson@lancaster.gov.uk).

**(iv) Changes to Membership, substitutions or apologies**

Please contact Members' Secretary, telephone 582170, or alternatively email [memberservices@lancaster.gov.uk](mailto:memberservices@lancaster.gov.uk).

MARK CULLINAN  
CHIEF EXECUTIVE  
TOWN HALL,  
LANCASTER LA1 1 PJ

Published on 24<sup>th</sup> March 2006

<b>BUDGET AND PERFORMANCE PANEL</b>
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**Internal Audit Report – DDA and Race Equality compliance  
in relation to recruitment**

**4<sup>th</sup> April 2006**

**Report of Head of Democratic Services**

<b>PURPOSE OF REPORT</b>
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To review the Council's arrangements for ensuring compliance with current Disability Discrimination and Race Relations legislation in relation to recruitment.
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<b>This report is public</b>
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**RECOMMENDATIONS**

**(1) That the report be noted.**

**1.0 Introduction**

1.1 At the Budget and Performance meeting on 29<sup>th</sup> November 2005, the Principal Human Resources Officer informed the Panel that Internal Audit had been requested to produce a report in relation to the Council's recruitment process for ensuring compliance with current Disability Discrimination and Race Relations legislation. It was agreed that a copy of the report would be made available to Members on completion.

1.2 Members have been provided with an abridged version of the report in order to avoid having to wade through excessive paperwork. This extract incorporates basic information, headline messages, overall opinion and the action plan.

<b>BACKGROUND PAPERS</b>	<b>Contact Officer:</b> Liz Bateson
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None	<b>Telephone:</b> 01524 582047
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	<b>E-mail:</b> <a href="mailto:ebateson@lancaster.gov.uk">ebateson@lancaster.gov.uk</a>
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### ***04/0585 - DDA and Race Equality compliance in relation to recruitment***

#### **Contents**

**Basic Information**

**Headline Messages**

**Overall Opinion**

**Action Plan**

**Detailed Analysis**

#### ***Basic Information:***

**Report Date:** 22 December 2005

**Lead Auditor:** Lorraine Woollard - Senior Auditor

**Supervisor:** Derek Whiteway - Internal Audit Manager

**Scope:** To review the Council's arrangements for ensuring compliance with current Disability Discrimination and Race Relations legislation in relation to recruitment.

**Objectives:** To provide assurance that significant risks are identified and effectively managed, and control measures in place are appropriate, robust and reliable.

#### ***Headline Messages:***

- Arrangements for the recruitment and selection of staff are compliant with race and disability legislation
- The Authority demonstrates commitment to preventing discrimination through its range of equality policies and procedures.
- Job descriptions and person specifications are non-discriminatory and recruitment advertising makes a positive statement in welcoming applicants from ethnic minority candidates and those with disabilities.
- Effective performance management arrangements are to be put in place to include regular monitoring, analysis and reporting on the effectiveness of equality policies with results informing future recruitment practice.
- Targets are to be reviewed to ensure that they remain relevant and achievable and will be discussed in appropriate forums to ensure that are open and inclusive.
- The Authority's equality policies are to be reviewed to ensure that they remain up to date and in line with current legislation.

**Overall Opinion:**

Following a recommendation from the External Affairs Review Board on consulting disabled people it was agreed by Council that a review of the Council's recruitment process for compliance with requirements of the Disability Discrimination Act (DDA)1995 be carried out. As well as covering DDA issues as per Council's resolution, at the request of the Head of Human Resources and Organisation Development, this review has also considered compliance with Race Relations legislation in relation to recruitment.

Good arrangements are in place to ensure that the Authority demonstrates its commitment to providing equality of opportunity and fair treatment in the recruitment of its staff, and to ensure compliance with both the Race Relations Act and the Disability Discrimination Act, in relation to recruitment. The comments below and agreed actions resulting from this review address procedural issues, the communication and clarification of officer and Member responsibilities, the development of performance management arrangements and policy development. Where relevant, and particularly where the agreed actions require significant resources to implement, these are to form part of the Human Resources and Organisation Development Service Business Plan for 2006/07.

Arrangements for the recruitment and selection of staff are compliant with race and disability legislation and are in line with good practice. The Authority has in place a range of equality policies and procedures which is supported by the Recruitment and Selection Code of Practice, demonstrating its commitment to preventing discrimination.

Comprehensive training is made available to those involved in the recruitment and selection process and as a minimum requirement the Chair of the selection panel must have attended the course. Disability awareness training is also made available to staff and recruiting officers are to be reminded of the need to attend this course to ensure that they are up to date in the requirements of DDA legislation.

Job descriptions and person specifications are non-discriminatory and recruitment advertising makes a positive statement in welcoming applications from ethnic minority candidates and those with disabilities. The Authority uses a variety of media to advertise its vacancies, and a review of current arrangements is to be carried out to establish the effectiveness of advertising in reaching people from diverse racial groups and those with disabilities. Consideration is also to be given to how disabled people in particular are informed of the Authority's vacancies as current advertising does not target this audience.

As required by the Race Relations (Amendment) Act 2000, the Authority has in place a Race Equality Scheme supported by the Race Equality Policy. Both these documents, along with the Disability in Employment policy, are to be reviewed to ensure that they remain up to date and in line with current legislation.

Performance management arrangements are to be developed to include regular monitoring, analysis and reporting of the effectiveness of recruitment policies and procedures. In terms of being representative of the community, staff with disabilities and those from an ethnic minority background are currently under-represented in the Authority. Targets in relation to recruitment and composition of the workforce are to be reviewed to ensure that they remain relevant and achievable. If targets are to be achieved it is essential that research, monitoring results and consultation feedback are used to inform decision making and future recruitment practices.

The Authority has achieved level one of the Equality Standard for Local Government and is progressing towards level two. To achieve this a Corporate Equality Plan is to be developed which will form part of the Authority's framework for achieving equality. The Plan will sit alongside existing equality policies and procedures and incorporate individual Service action plans for promoting equality. There is a recognised need to ensure that the Corporate Equality

**04/0585 - DDA and Race Equality compliance in relation to recruitment**

Plan is appropriately linked to the Authority's existing equality policies and procedures and that action plans are co-ordinated.

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**Report Agreed By:** Principal Human Resources Officer

I would like to thank the members of the Service(s) involved in the audit for their contributions and cooperation in the audit.








Derek Whiteway CPFA, Internal Audit Manager

Distribution: Head of Human Resources and Organisation Development  
Principal Human Resources Officer  
Chief Executive  
Head of Financial Services  
Members of Audit Committee  
Audit Manager (District Audit)






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## Job: 04/0585 - DDA and Race Equality compliance in relation to recruitment

Risk	Agreed Action	Responsibility	Implementation Target Date	Ref
<b>Risk Group: A) Strategic</b> If appropriate policies and procedures are not in place the Authority may fail to demonstrate its commitment to providing equality of opportunity and fair treatment in the recruitment of its staff.	1. To further enhance employees understanding and awareness of the Council's approach and commitment to race equality the Race Equality Scheme will be published on the Authority's intranet	Head of HR & Organisation Development	31 March 2006	<a href="#">008459</a> 
	2. Services will be encouraged to take advantage of the recruitment and selection training so that all recruiting staff have received appropriate training in applying the Authority's equality policies.	Head of HR & Organisation Development	31 March 2006	<a href="#">008460</a> 
	3. Monitoring of equality policies will be exercised through the revised performance management framework with reports initially going to the Performance Review Team for Human Resources, or the Diversity Performance Review Team, and the Budget and Performance Panel. Issues requiring correction action will be referred to the Personnel Committee under its terms of reference for developing and implementing personnel policies and procedures.	Head of HR & Organisation Development	31 March 2006	<a href="#">008462</a> 
	4. The Disability in Employment Policy will be reviewed to ensure that it complies with the latest legislation	Head of HR & Organisation Development	30 September 2006	<a href="#">008463</a> 
	5. Recruitment literature will be amended to include details of how applicants can use the complaints procedure if they feel they have been discriminated against in the recruitment process.	Head of HR & Organisation Development	31 March 2006	<a href="#">008464</a> 



**Job: 04/0585 - DDA and Race Equality compliance in relation to recruitment**

<b>Risk</b>	<b>Agreed Action</b>	<b>Responsibility</b>	<b>Implementation Target Date</b>	<b>Ref</b>
<b>Risk Group: A) Strategic</b>				
If appropriate policies and procedures are not in place the Authority may fail to demonstrate its commitment to providing equality of opportunity and fair treatment in the recruitment of its staff.	6. Equality policies will be updated with the correct bodies receiving reports.	Head of HR & Organisation Development	31 March 2006	<a href="#">008466</a> 
	7. Targets in relation to recruitment and composition of the workforce will be reviewed to ensure that they remain relevant and achievable. To ensure that targets are open and inclusive consultation with the appropriate equality forums, including the Cabinet Member with Responsibility for Diversity, will also take place.	Head of HR & Organisation Development	30 April 2006	<a href="#">008467</a> 
	8. Effective performance management arrangements will be put in place to include regular monitoring, analysis and reporting of the effectiveness of equality policies in relation to recruitment.	Head of HR & Organisation Development	31 March 2007	<a href="#">008469</a> 
	9. Results of the consultation with groups representing minority ethnic groups and those with disabilities will be used to inform future positive action schemes and recruitment practices with a view to attracting and recruiting these groups of the community.	Head of HR & Organisation Development	31 March 2007	<a href="#">009259</a> 
	10. Work will be carried out to establish why candidates from an ethnic minority background and those with disabilities are less successful in the recruitment process.	Head of HR & Organisation Development	31 March 2007	<a href="#">009292</a> 

## Job: 04/0585 - DDA and Race Equality compliance in relation to recruitment

Risk	Agreed Action	Responsibility	Implementation Target Date	Ref
<p><b>Risk Group: B) Regulatory</b></p> <p>If the Authority does not comply with the Disability Discrimination Act in relation to its recruitment practices it may be subject to legal action and subsequent loss of reputation.</p>	<p>11. To encourage applications from people with disabilities consideration will be given to vacancy advertising including the fact that the Authority operates flexible working arrangements.</p>	<p>Head of HR &amp; Organisation Development</p>	<p>31 March 2006</p>	<p><a href="#">008423</a></p>
	<p>12. Recruiting officers will be encouraged to attend the training on disability awareness to ensure that they are aware of the requirements of DDA legislation in relation to recruitment.</p>	<p>Head of HR &amp; Organisation Development</p>	<p>31 March 2006</p>	<p><a href="#">008424</a></p>
	<p>13. In order to avoid the risk of indirect discrimination the Human Resources and Organisation Development section will ensure that person specifications do not overstate requirements and only include those related to the duties of the job.</p>	<p>Head of HR &amp; Organisation Development</p>	<p>31 December 2005</p>	<p><a href="#">008427</a></p>
	<p>14. Managers will be asked to provide copies of interview questions to be kept on vacancy files and periodically examined by Human Resources staff.</p>	<p>Head of HR &amp; Organisation Development</p>	<p>31 December 2005</p>	<p><a href="#">008430</a></p>
	<p>15. The availability of vacancy information, and ability to accept applications in different formats will be more widely publicised to further encourage applications from those with disabilities.</p>	<p>Head of HR &amp; Organisation Development</p>	<p>31 March 2006</p>	<p><a href="#">008435</a></p>
	<p>16. Recruiting officers will be reminded of the requirement to complete the documentation giving reasons why a disabled applicant was not shortlisted or successful at interview. Verification of this documentation will also be appropriately evidenced by Human Resources staff.</p>	<p>Head of HR &amp; Organisation Development</p>	<p>31 December 2005</p>	<p><a href="#">008438</a></p>

## Job: 04/0585 - DDA and Race Equality compliance in relation to recruitment

Risk	Agreed Action	Responsibility	Implementation Target Date	Ref
<p><b>Risk Group: B) Regulatory</b></p> <p>If the Authority does not comply with the Race Relations Act in relation to its recruitment practices it may be subject to legal action and subsequent loss of reputation.</p>	<p>17. Recruiting Managers will be reminded of the need to avoid the use of subjective statements in preparing Person Specifications. For example 'good communications skills' should be avoided instead stating the skill required, for example, 'ability to prepare short reports'.</p>	Head of HR & Organisation Development	31 December 2005	<a href="#">008479</a>
	<p>18. A review will be carried out to establish the effectiveness of current advertising arrangements in reaching people from diverse racial groups and those with disabilities. Special consideration will be given to how disabled people in particular are informed of the Authority's vacancies as current advertising does not target this audience.</p>	Head of HR & Organisation Development	31 March 2007	<a href="#">008492</a>
	<p>19. Assurance will be sought through compliance testing of the recruitment and selection process that managers recruit only on an applicant's ability to meet job requirements and the person specification.</p>	Head of HR & Organisation Development	31 March 2007	<a href="#">008496</a>
	<p>20. To avoid any potential claim of discrimination the Authority procedures in relation to obtaining references will be clarified and applicants will be advised that referees will only be contacted should they be offered the post.</p>	Head of HR & Organisation Development	31 March 2006	<a href="#">008501</a>
	<p>21. Managers will be advised that wherever possible person specification should be discussed with another manager or Senior Officer to ensure objectivity.</p>	Head of HR & Organisation Development	31 December 2005	<a href="#">009066</a>

**Action Plan Agreed By:** Principal Human Resources Officer

**Report Issued On:** 22 December 2005

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# Budget and Performance

## OPEN SOURCE SOFTWARE

4<sup>th</sup> April 2006

### Report of Head of Information Services

PURPOSE OF REPORT				
To update Members on progress with regard to the Open Source Software Project				
<b>Key Decision</b>		<b>Non-Key Decision</b>	<b>X</b>	<b>Referral from Cabinet Member</b>
This report is public				

#### OFFICER RECOMMENDATIONS

1. That Budget and Performance Panel note the progress to date on the agreed project.
2. That Budget and Performance Panel note the recommendation that the Council continues with the Microsoft Office suite for desktop use and refer the matter to the E Government Cabinet Liaison Group for their attention.

#### 3. INTRODUCTION

The Open Source Software Project Initiation Document was agreed by Budget and Performance Panel in November 2005. Two key items within scope of the Document were for Information Services to undertake :-

an "initial investigation of the options for more open source operating systems – both desktop and server e.g. alternatives to Windows 2003, Windows XP and Windows Server bearing in mind corporate applications"

and .....

"recommending a clear way forward on the desktops software for office applications e.g. a word processor, spreadsheet and small database system which will work with our existing corporate applications such as Academy Revenues and Benefits system, Flare environment services system etc."

In the last report to the Panel, details were provided of how Information Services, using their current software suppliers list, had contacted all current suppliers of software which the City Council used and tried to establish whether or not they could integrate with an open

product such as StarOffice and whether they would support their product on an open OS such as Linux. These results are now final and listed in Appendix A in the form of a spreadsheet.

### Desktop Assessment

The project initiation document specified an investigation into the options for the use of a corporate wide desktop office software suite e.g. a word processor, spreadsheet, presentation and small database system.

Lancaster City Council currently use Microsoft Office and have a total of 769 user licences. Of these licences, 129 are the latest version of MS Office 2003. These licences were purchased when additional PCs or laptops have been acquired. Any PCs that have been replaced due to their age or hardware failure, automatically take on the existing Office licence of the machine that they are replacing.

The remainder of our current licences are a mixture of Office 97, 2000 and XP. The majority being Office 97 as per the table below.

<b>Office 97</b>		
Office 97 Standard	293	
- Office 97 Upgraded to Professional - with MS Access	13	
Sub-Total	<b>280</b>	
Office 97 Professional - with MS Access	175	
+ Office 97 Upgraded to Professional - with MS Access	13	
Sub-Total	<b>188</b>	
<b>Total</b>	<b>468</b>	
<b>Office 2000</b>		Number of MS Office licences required to upgrade all PCs/laptops to Office 2003  <b>640</b>
Office 2000 Standard	20	
- Office 2000 Upgraded to Professional - with MS Access	14	
Sub-Total	<b>6</b>	
Office 2000 Professional - with MS Access	35	
+ Office 2000 Upgraded to Professional - with MS Access	14	
Sub-Total	<b>49</b>	
<b>Total</b>	<b>55</b>	
<b>Office XP</b>		
Office XP Standard	3	
Office XP Professional - with MS Access	114	
<b>Total</b>	<b>117</b>	
<b>Office 2003</b>		
Office 2003 Standard	12	
Office 2003 Professional - with MS Access	117	
<b>Total</b>	<b>129</b>	
<b>Total Licenses</b>	<b>769</b>	Number of licences required if a complete move to another office system  <b>769</b>

Microsoft Office 97 is no longer supported by Microsoft as well as a large number of business application providers. We therefore need to plan to either upgrade the remaining 468 licences to Office 2003 or find an alternative compatible product.

If a decision is made to continue to use the Microsoft Office Suite, then it may be worthwhile waiting for the latest release (Office 2007) which is due out later this year.

## **Compatibility**

As the majority of users each use at least one existing corporate application, the Office suite that we use will need to integrate with these. The full list of these applications can be found in **Appendix A** detailing their providers stance on integration with open source software, including StarOffice. The number of positive responses is however very small and proves that there is not yet enough demand for these suppliers to develop their products for open source.

The very small percentage of users who either do not use one of these corporate applications, or who use one that is fully compatible with open source software, could in theory use an open source software office application. However this option seems to lead to compatibility issues. Users using non open source software would be unable to easily share documents with users using open source software. An example of a Microsoft Word Document which was opened with StarOffice can be found in **Appendix B**. Additionally there would be problems in increased support costs as Information Services would have to support both products and resolve the compatibility issues.

We are also finding that we are now increasingly sharing more documents with external parties including local partnerships, other Local Authorities and government departments. We need to ensure that both parties are able to share these documents without the need of performing time consuming conversion or reformatting of documents.

Unfortunately open source software is not fully compatible with Microsoft Office and documents opened in StarOffice can lose a lot of their formatting. As well as the formatting issues, StarOffice does not support macros created in MS Office or any files that have been password protected.

Additionally there would be problems in increased support costs as Information Services would have to support both products and resolve the compatibility issues.

## **Conclusion for desktop objective**

Lancaster City Council is not able to move to StarOffice or any other desktop products whilst so many applications rely upon integration with Microsoft Office. The current obsolete Office 97 licences need to be replaced and funding exists within the capital programme to do this.

## **Comparison with Public Sector bodies**

The second objective was to explore options used by other local authorities and existing case studies – such as Bristol City , Birmingham City and Central Scotland Police to understand why they changed and why ( in some cases ) they have reverted to Microsoft desktop. Generally a small number of authorities have done some work in this area and this work is mostly in the form of projects which have not finished yet. This work is summarised in **Appendix C**

## **Other Objectives of the Project**

The other project objectives were looking at infrastructure and joint procurement.

## **Infrastructure**

Information Services are using a number of open source products where they are appropriate but having examined the options for desktop or server operating systems there seems to be no potential

to change away from Microsoft because of lack of application support ( **Appendix A** ). Also all the PCs that we currently purchase are supplied with the latest version of Microsoft Windows (currently Windows XP Professional). The suppliers of our PCs do not offer any savings if we were to purchase PCs without the operating system.

#### **4 FUTURE WORK**

##### **Joint Procurement**

The final part of the project is to examine all future purchasing options whether open source or not e.g whether the Council could save money by purchasing software jointly with other Authorities – this work to be undertaken with the Procurement Officer and the Regional Centre of Excellence on her return from maternity leave in April.



## Appendix A - List of current Business Applications and their stance on Open Source Software

Application Name	Purpose	Supplier	Currently			In the near future		
			Open Source Server	Open Source Client	Star Office	Open Source Server	Open Source Client	Star Office
<a href="#">Academy NDR</a>	Non-domestic rates	Capita	YES	NO	NO	/	NO	NO
<a href="#">Academy Revenues</a>	Council Tax and Benefits	Capita	YES	NO	NO	/	NO	NO
<a href="#">Arc</a>	Geographic Information System	ESRI (UK)	YES	YES	NO	/	/	NO
<a href="#">Atlas</a>	Property data cleansing	Hopewiser	NO	NO	NO	YES	YES	YES
<a href="#">Bacas</a>	Cemeteries Admin	ClearSkies	NO	NO	NO	NO	NO	NO
<a href="#">CarPlan</a>	Car expenses	Puma	NO	NO	NO	NO	NO	NO
<a href="#">DelphiMillennium</a>	Payroll/Personnel	Midland Computer Services	YES	NO	NO	/	YES	NO
<a href="#">Eureka!</a>	Time recording	Eureka	NO	NO	NO	NO	NO	NO
<a href="#">Eureka!</a>	Time recording	Eureka	NO	NO	NO	NO	NO	NO
<a href="#">Flare</a>	Environmental Health	Civica	NO	NO	NO	YES	/	/
<a href="#">Frontline</a>	Customer Relationship Mgmt.	Legan	YES	Not Tested	YES	/	/	/
<a href="#">Geokon</a>	Contaminated Land	Geokon	NO	NO	NO	NO	NO	NO
Homelessness	Homelessness 'Access' database		NO	NO	NO	NO	NO	NO
<a href="#">Integra</a>	Tourist information	omnitourism	NO	NO	NO	NO	NO	NO
Intranet	Intranet IIS	Microsoft	NO	NO	NO	NO	NO	NO
<a href="#">ISE</a>	Document Management	Comino	NO	NO	NO	NO	NO	NO
<a href="#">Lalpac</a>	Legal Licensing	Lalpac	N/A	NO	N/A	N/A	NO	N/A
<a href="#">Modern.gov</a>	Committee administration	New Technology/enterprise	NO	NO	NO	NO	NO	NO
<a href="#">MVM LLPG</a>	Local Land and Property Gazetteer	Northgate	NO	NO	NO	NO	NO	NO
<a href="#">MVM Stock Appraisal</a>	Housing resource accounting	Capita	YES	NO	NO	/	NO	NO
<a href="#">OHMS</a>	Integrated council housing mgmt.	Anite	NO	NO	NO	NO	NO	NO

<a href="#">Pass3</a>	Ticketing	tickets.com		NO	NO	NO	NO	NO	NO	NO	NO	NO
<a href="#">POW</a>	Car park permits	Langdale		NO	NO	NO	NO	NO	NO	NO	NO	NO
<a href="#">Powersolve</a>	Financial Suite	Civica		NO	NO	NO	NO	NO	NO	NO	NO	NO
<a href="#">Quantum</a>	Flexi time	Eureka		NO	NO	NO	NO	NO	NO	NO	NO	NO
<a href="#">RadiusARMS</a>	Legal debt recovery	Civica		NO	NO	NO	NO	NO	NO	NO	NO	NO
<a href="#">RadiusICON</a>	Income management	Civica		NO	NO	NO	NO	NO	NO	NO	NO	NO
<a href="#">Scuba5</a>	Leisure Management	Delta Computer Services		NO	NO	NO	NO	NO	NO	NO	NO	NO
<a href="#">Strand</a>	Elections/Electoral register	Strand		NO	NO	NO	NO	NO	NO	NO	NO	NO
<a href="#">Task</a>	Contractor management	Consilium		NO	NO	NO	NO	NO	NO	NO	NO	NO
<a href="#">TF</a>	Property and Asset Management	Technology Forge		YES	NO	NO	NO	NO	NO	NO	NO	NO
<a href="#">Track-It!</a>	IT Helpdesk System	Blue Ocean Software		NO	NO	NO	NO	NO	NO	NO	NO	NO
<a href="#">Uniform7</a>	Planning and Building Control	Caps		NO	NO	NO	NO	NO	NO	NO	NO	NO
<a href="#">Web Labs</a>	Content & Forms Master	Web Labs		NO	NO	NO	NO	NO	NO	NO	NO	NO

Currently -	Open Source Server	7
	Open Source Client	1
	Star Office	1
In the near future	Open Source Server	2
	Open Source Client	2
	Star Office	2
<b>Total</b>	Open Source Server	<b>9</b>
	Open Source Client	<b>3</b>
	Star Office	<b>3</b>
<b>Applications</b>		<b>34</b>

**Appendix B - An example of a Word Document opened with StarOffice**



*Contact:*  
**Telephone:** (01524) 582098  
**Fax:** (01524) 582171  
**Mainline:** (01524) 582175  
**Website:** www.lancaster.gov.uk

*Our reference:*  
*Your reference:*

**INFORMATION SERVICES**

Old Fire Station  
 George Street  
 Lancaster  
 LA1 1PJ

Dear Sir/Madam,

We currently use Microsoft Office and have a total of 769 user licenses. Of these licenses, 129 are the latest version of MS Office 2003. These licenses were purchased when additional PCs or laptops have been acquired. Any PCs that have been replaced due to their age or hardware failure, automatically take on the existing Office license of the machine that they are replacing.

The remainder of our current licenses are a mixture of Office 97, 2000 and XP. The majority being Office 97 as per the table below.

<b>Office 97</b>		293
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<b>Office XP</b>		3
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Office 2003 Professional - with MS Access		<b>129</b>
Office 2003 licenses total		
<b>Total Licenses</b>		<b>769</b>

*Jane Alder – Head of Information Services*  
*Roger Muckle - Corporate Director (Central Services)*



*Contact:*  
**Telephone:** (01524) 582098  
**Fax:** (01524) 582171  
**Mainline:** (01524) 582175  
**Website:** www.lancaster.gov.uk

*Our reference:*  
*Your reference:*

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+ Office 97 Upgraded to Professional - with MS Access		<b>188</b>
Sub-Total		<b>468</b>
<b>Office 2000</b>		20
Office 2000 Standard		14
- Office 2000 Upgraded to Professional - with MS Access		<b>6</b>
Sub-Total		35
Office 2000 Professional - with MS Access		14
+ Office 2000 Upgraded to Professional - with MS Access		<b>49</b>
Sub-Total		<b>55</b>
<b>Office XP</b>		3
Office XP Standard		114
Office XP Professional - with MS Access		<b>117</b>
<b>Office 2003</b>		12
Office 2003 Standard		117
Office 2003 Professional - with MS Access		<b>129</b>
Office 2003 licenses total		
<b>Total Licenses</b>		<b>769</b>

*Jane Alder – Head of Information Services*  
*Roger Muckle - Corporate Director (Central Services)*

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## Appendix C

### National Local Authorities

#### Trial for complete OSS

**Birmingham City Council commenced a year long evaluation in November 2005. An independent auditor will assess an impartial evaluation at the end of the year long trial in November 2006**

#### **Details**

Birmingham City Council will be migrating 1,500 clients in its library service to open source software including the GNU/Linux operating system, and such application software as the OpenOffice office suite and the Firefox browser, although details are yet to be worked out. The PCs involved will include public-access terminals and office desktops in libraries around the city, as well as the library service's server-side infrastructure.

Unlike another well-known open source project under the auspices of the Academy - Bristol City Council's migration of 5,000 desktops to StarOffice running on Windows - the Birmingham project will be open source through and through. "This is really the rubber hitting the road," said Mark Taylor of the Open Source Consortium, an advocacy group that has an advisory role with several of the Academy's projects. "Birmingham has the biggest metropolitan council in the UK and in Europe, and it is rolling out a complete production business system."

The council is currently putting together a usability study and will begin rolling out the systems later this year. **The year long trial will be followed by a commissioned an independent auditor to assess an impartial evaluation, taking into account productivity and initial and ongoing costs such as training and hiring IT staff**, the Council said.

While a number of local authorities are already using open source - usually on the server side - the benefits have not been made clear enough, according to Taylor. "One of the major deliverables of this is having an unbiased study saying, 'Here's what we've done and here are the good and bad aspects of it,' " he said. "A lot of councils are using it internally, but there are just no objective case studies on production systems in the UK."

#### Switch to Star Office

##### **Bristol City Council - commenced May 2005**

Bristol, unlike ourselves, used more than one office suite which caused compatability problems with the sharing of their documents both internally and externally. Bristol only use 2 business systems that require Microsoft Office for integration. Bristol have commissioned the providers of these system and Sun, the supplier of StarOffice, to work on developing the integartion. This is on-going and so far a number of bugs are present which must be resolved before Bristol can remove the need to retain Microsoft Office.

Bristol are now two thirds the way through their migration of more than 5,000 users from a mixture of office software products to StarOffice 7.

#### **Details**

As part of a Best Value Review, Bristol City Council conducted a survey of staff about what standards they should incorporate. The top issue the respondents asked the council to fix was the mixed environment of Lotus 1-2-3, WordPerfect, and Microsoft Office. Users complained of spending too much time on converting documents, even for internal sharing, and without a corporate licensing agreement there were many versions of each product in use. Many of

these tools did not support the newer features of Microsoft Office, which made collaborating with partners more difficult.

The savings offer the hard-pressed local authority the best part of £2m. The merger of Avon and Bristol counties into the super-authority of Bristol in 1996 created a headache for IT managers, with different groups of staff using a variety of office software. "We had to spend money on changing our IT office environment," said Gavin Beckett, Bristol's information and communications technology strategy team leader.

After the merger of Avon and Bristol counties, the new body decided they'd rather not spend £2 million - 1% on their council tax - on upgrading to MS Office. Instead, they gave Sun's Star Office a whirl at the knock down price of £186,000, leaving them with enough change to fund training and support for their 5,500 staff.

### **Microsoft deal**

#### **Staffordshire County Council**

has become the latest council to sign an Enterprise Licensing Agreement with Microsoft marking the **100th deal** across local government, it was announced on 24 October 2005. The council's agreement covers 5,000 desktops for three years and includes all PCs except for the authority's education department. It is hoped the deal will result in savings of £1m during its lifecycle.

### **Microsoft after complete study**

#### **Newham Council**

The council compared the cost and business value of a Linux-based solution and a Microsoft®-based solution, utilizing Capgemini to complete a study on the alternatives and make recommendations on the best platform.

Newham Council, an innovative and leading-edge local authority in the United Kingdom, was faced with the need to lower cost and risk, while providing a financially predictable, stable, and innovative information and communications technology (ICT) platform to support its ambitious long-term transformation plans. A multi-disciplinary team under the lead of Capgemini was brought in to evaluate the best possible solution for the borough, comparing the costs, business benefits, and risk profiles of a Microsoft® solution (incorporating Microsoft Windows® XP and the Microsoft Office System on the desktop, with Microsoft Windows Server™ 2003) with equivalent Open Source solutions. The analysis showed that by standardizing on a Microsoft solution, the borough could lower ICT operating costs, derive additional significant business benefit, and secure the desired predictability and stability. Specific benefits of an all-Microsoft solution included the potential for a 13.5 per cent reduction in ICT support and operation costs and double the productivity benefits of an Open Source solution.

### **Switch back from Linux and Star Office to Microsoft**

#### **Central Scotland Police**

The force has a reputation for success in crime reduction and efficient administration. With many new policing challenges lying ahead, the force reviewed its IT infrastructure, which currently uses Linux and StarOffice. After the review, Central Scotland Police signed a Microsoft® Enterprise Agreement to migrate to an integrated software solution of Microsoft Windows® XP, Microsoft Office and Microsoft Windows Server™ 2003. The Central Scotland Police estimates that migrating to Microsoft technology could save it up to 30 percent on IT maintenance costs and 25 percent of IT staff's time. By using Microsoft Office SharePoint® Portal Server 2003, the force will avoid spending £100,000 (U.S. \$191,000) on Freedom of Information Act (FOIA) compliance. The solution will also support the police modernization

agenda, help introduce more flexible working arrangements for frontline officers, and enable the force to better engage with its criminal justice partners.

### **Microsoft after SOCITM study**

#### **South Gloucestershire unitary council**

completed a £1m installation of Microsoft software in 2005 at two new data centres.

Paul Appleton, head of IT at the unitary council, said he had considered using open source software and had discussed the plans with his opposite number at Bristol Council, the authority that [famously ditched Microsoft](#) and went open source in 2004.

He even commissioned the Society of IT Management to study his options. He chose Microsoft, he said, because it meant less aggro in the long run.

"We have about 60 permanent staff in IT so we don't really have the capacity to do a great deal of development inhouse," Appleton said. He also said Microsoft software would better "future proof" his systems.

But he could not explain the decision in any more detail. The society report might be released for the benefit of his peers in the public sector if his "public relations" manager allows it.

He appeared to squirm when pressed for figures to support his decision. Fortunately, Microsoft UK director of platform strategy Nicholas McGrath was able to butt in with some well-polished one-liners straight from the public relations handbook: "Cost savings...integration...ease of use...support".

Appleton later said maintenance, upgrade, and licensing costs for the old and new systems were about the same.

However, there were 10 per cent fewer calls to the help desk, more of which are being resolved immediately.

"But the long-term benefits are still to come because we've got a long learning curve still to go through," he said. "Our engineers have got experience in Novell. Their retraining is not yet complete."

**Replies from our neighbouring Local Authorities**

**Ribble Valley Borough Council**

We currently use Linux on our Internet and Intranet servers, as that was the preferred operating system for our CMS systems from Jadu. If we had the time I would like to investigate the idea of open source desktop use, but feel at the moment we have too many Microsoft based departmental software systems around the authority for it to work. However, I am assuming that our iWorld system being browser based would run on Linux equipped pc's

Hope this helps

Peter Hothersall  
Computer Manager  
Ribble Valley Borough Council  
Tel: 01200 414406  
Email: [Peter.Hothersall@Ribblevalley.gov.uk](mailto:Peter.Hothersall@Ribblevalley.gov.uk)

**Barrow Borough Council**

Here in Barrow we have not actually carried out any evaluation of this type so I have no results I can share with you.

We do however run some open source software in connection with a partnership venture in Cumbria. The Connected Cumbria Information Hub uses software called Excelsior, and is built around LGOL-Net, both of which are open source and freely available. If you want any further info on these I will arrange it.

Regards  
Mick

-----  
S F McKinnell  
IT Manager  
Barrow BC

**Wyre Borough Council**

Sorry for not replying earlier. We haven't done a formal feasibility study on the use of Open Source, but here are some thoughts on moving to Linux (which you probably already know):-

Cost of migration and retraining of IT staff.

Cost of replacing existing Software Applications with alternatives, if the original has not been ported to Linux by its manufacturer. Associated costs of user training.

Lack of support for modern hardware.

Interoperability issues (Servers and desktops).



Efficient network administration difficult due to reduced features available in Linux (e.g. no equivalent to Microsoft Active Directory).

Security concerns.

Cost of Linux support.

Newham Borough Council did a major pilot test of open source software and decided to stay with Microsoft. Moving from Windows NT4 to Windows 2003 and Office emerged as being cheaper than switching.

I hope this is of some help. Please don't hesitate to contact me if you need anything further.

Regards

David Conn  
I.T. Services Manager, Wyre Borough Council  
email: [dconn@wyrebc.gov.uk](mailto:dconn@wyrebc.gov.uk) Tel: (01253) 887647

Also awaiting replies from :-

South Lakeland  
Craven  
Burnley

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# Budget and Performance

## IT COST ANALYSIS

4<sup>th</sup> April 2006

### Report of Head of Information Services

PURPOSE OF REPORT				
To report IT related costs to Members as requested				
Key Decision		Non-Key Decision	<b>X</b>	Referral from Cabinet Member
This report is public				

#### OFFICER RECOMMENDATIONS

1. That Budget and Performance Panel note the costs reported so far and that a further report will be presented when all the information is available.

2. **INTRODUCTION**

In November 2005, the Panel asked officers if was possible to prepare an analysis on IT related costs within the authority. In December 2005, the scope of the information requested was agreed at a meeting attended by the Corporate Director ( Central Services ), the Head of Information Services, Cllr Whitelegg and Cllr Budden. The agreed note is attached as **Appendix A**.

3. **Initial Assessment**

In particular, the analysis was to include all council revenue and capital expenditure on IT related systems and applications, both hardware and software. The collection of this information has proved problematic as all IT spend is not held centrally in one budget. Whilst it has been relatively straightforward to identify costs for which Information Services has budget responsibility, and other service budgets that are clearly marked as IT expenditure, there are still areas of spend that need further work. In particular, this involves analysing capital project and reserve and provisions expenditure. This additional work is underway.

The information that has been collected so far is set out in **Appendix B** and this can be categorised into roughly two areas - software and infrastructure costs.

Software costs – these costs are associated with maintenance of a specific application which is used to produce payroll, process benefits etc. In return for the maintenance

payment the software supplier provides updates to meet legislation changes etc. There is usually a contract which underpins the agreement and typically lasts between 5 to 10 years.

Infrastructure cost – these costs are associated with the network and server infrastructure which underpins the software applications. They cover items such as maintenance of the specialist hardware, provision of the internet connection etc.

#### **4. FUTURE WORK**

As reported additional work is progressing on identifying all the relevant revenue and capital costs in service budgets which have not yet been identified. This information will be the subject of a future report to the Budget and Performance Panel when all the information is available.

**IT COST ANALYSIS MEETING**

**10.00 AM - 20 DECEMBER 2005**

**PRESENT:** Councillors Budden and Whitelegg  
Corporate Director (Central Services), Head of Information  
Services

**Scope of Work Requested**

An analysis of the Council's IT spend.

- Revenue - An analysis over the Council's Services of the IT spend on systems and applications and IT related issues (virus protection)
- Analysis to include all hardware and software and related maintenance costs.
- Analysis to exclude telephones.
- Capital - Analysis over Services of spend on systems and applications procurement/replacement.
- Analysis over Services of spend on hardware/kit procurement/replacement

Use 2005/06 as base year

Timescale – to report to Budget & Performance Panel on 04 April 2006.

**ROGER MUCKLE  
CORPORATE DIRECTOR (CENTRAL SERVICES)**

**20 DECEMBER 2005**

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## REVENUE BUDGETS AND ACTUALS - COMPUTER SOFTWARE AND HARDWARE

01/03/06

Cost Centre	Detail	Description	05/06 Actuals £	05/06 Budget £	06/07 Budget £	07/08 Budget £	08/09 Budget £
12022	E3513	Network Mtce - Upd	2100	9700	9900	10100	10300
12022	E3534	Internet Provision	20163	19900	20400	20800	21200
12022	E3544	Software - CRM Sys	7246	33300	40000	40800	41600
12022	E3545	Software - Pay Mod	36628	36600	0	0	0
12022	E3560	Software NNDR	3000	3000	6100	6200	6300
12022	E3561	Equipment Mtce - U	23104	24000	24600	25100	25600
12022	E3562	Software - BACS	1751	14000	13000	13300	13600
12022	E3563	Software - Anite T	36872	36800	37600	38400	39200
12022	E3564	Software - LLPG	150	5000	5100	5200	5300
12022	E3565	Software - Arcview	13813	6500	6600	6700	6800
12022	E3566	Software Committee	5000	5000	5100	5200	5300
12022	E3568	Software - Experian	5422	0	0	0	0
12022	E3569	Electronic Documen	0	0	18000	18000	19000
12022	E3570	Bulky Waste Softwar	0	15000	0	0	0
12022	E3571	Software Hsg Manag	15952	10100	10100	10300	10500
12022	E3575	Software Asset Man	8195	8200	8900	9100	9300
12022	E3576	Software - Dip Sys	38675	17300	17700	18100	18500
12022	E3577	Software Mortgages	500	800	800	800	800
12022	E3580	Disaster Provision	15900	16000	16000	16000	16000
12022	E3581	Software - Puma	1885	8000	8200	8400	8600
12022	E3582	Software - Flare	11657	11200	11500	11700	11900
12022	E3587	Network Mtce - Fix	5298	9300	9500	9700	9900
12022	E3590	Equipment Mtce - F	25841	26400	23000	24500	25100
12022	E3591	Software Finance S	53825	33400	34200	34900	35600
12022	E3592	Software Miscellan	1889	1700	1700	1700	1700
12022	E3593	Software Council T	31624	41200	50400	51400	52400
12022	E3594	Software Payroll-P	15694	15300	15700	16000	16300
12022	E3595	Software Planning-	17508	17500	17900	18300	18700
12022	E3596	Software - Saffron	11817	12000	0	0	0
12022	E3598	Software Leisure	14645	14600	22600	23100	23600
12022	E3599	Waste Manager Main	750	800	800	800	800
12022	Sub Totals		426904	452600	435400	444600	453900
07021	E3534	Internet Provision	0	3100	5200	5300	5400
01002	E3540	Computer Equip	114	200	200	200	200
01021	E3540	Computer Equip	1924	3200	3300	3400	3500
01100	E3540	Computer Equip	7868	14300	0	0	0
02504	E3540	Computer Equip	4555	4200	4300	4400	4500
07047	E3540	Computer Equip	5630	5400	5500	5600	5700
09100	E3540	Computer Equip	28	300	2000	500	500
09125	E3540	Computer Equip	129	4000	0	0	0
12060	E3540	Computer Equip	151	500	500	500	500
20007	E3550	Computer Equip Run	17005	74100	6800	6900	7000
20040	E3550	Computer Equip Run	14294	13900	14200	14500	14800
12003	E3569	Electronic Doc Mgmt	0	2200	2400	2400	2400
16043	E3575	Software Asset Mgmt	108	0	0	0	0
20007	E3592	Software Misc	0	10500	32700	16000	16300
26000	E3592	Software Misc	1155	1200	1200	1200	1200
Totals			479865	589700	513700	505500	515900

Please note: there is a ledger code, *E3094 Equipment Funded by Reserves*, which appears in a number of cost centres and may contain some expenditure relating to computer equipment. However, I would need to spend some time on analysing this to pick out any computer related costs.

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## BUDGET AND PERFORMANCE

### Corporate Financial Monitoring Report Period 10 (January)

4<sup>TH</sup> April 2006

#### Report of the Head of Financial Services

<b>PURPOSE OF REPORT</b>			
To present corporate financial monitoring information up to the end of January 2006.			
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input checked="" type="checkbox"/>
Date Included in Forward Plan		N/A	
This report is public.			

#### RECOMMENDATIONS

- 1) That the Panel considers the corporate financial monitoring information and indicates whether any further action be taken, in addition to those points already identified in the report.
- 2) That the Panel note that a further analysis of variances from the Revised Estimates is being undertaken at Outturn and the reasons for significant variances be reported to Members.

#### 1. Introduction

The monitoring report attached at **Appendix A** updates Members on the corporate financial position as at the end of January. The overall position shows that there are currently net underspends on General Fund and the Housing Revenue Account (HRA) of £26,000 and £40,000 respectively. The General Fund underspend is projected to increase to £48,000 for the full year, after taking into account further anticipated variances that are detailed in the appendix.

The main points arising from the latest monitoring exercise are set out overleaf; any relating to the HRA are incorporated into the attachment.

## 2. Main Points:

These can be summarised as follows:

- At the end of January there are salary savings of £47,000, and these are anticipated to increase to £80,000 by the end of the March.
- The Local Authority Business Growth Incentive grant was anticipated to be £200,000, however the actual final amount awarded was only £145,000; this includes a secondary award to correct an error in the initial allocation. Officers have still raised a number of queries with the ODPM relating to the assumptions made for allocating the grant, as the model originally provided by them showed that the Council would have been entitled to approximately £200,000.
- Search fee costs and income still continue to be affected by a downturn in the housing market which has led to fewer applications than expected. Despite a significant reduction in the budget at the revised estimate stage there is a further shortfall of £21,000, which is anticipated to increase to £30,000 by the end of the year.
- At the end of January, there is a shortfall of £48,791 for planning application fee income. This was not anticipated at the revised estimate stage, however major application numbers have since reduced on those received in the previous year. This will be looked at again more closely as part of Period 11 monitoring to determine the expected final position at outturn. In the meantime, the Head of Planning & Building Control has confirmed that any shortfall in 2005/06 will be met from Planning Delivery Grant (PDG). This will also need to be taken into account when the 2006/07 PDG award is allocated.
- Off street car parking is currently down by £42,000, and is anticipated to worsen by a further £7,000 by the end of March. The budget has suffered from a particularly bad month in November when income was down by 10%, and it is anticipated that February will be down by 5.5%. This is partly due to the loss of Charter House Car Park.

It should be noted that the above points focus on the main variances; the attached Appendix provides a more detailed analysis.

## 3. Proposal Details

As reflected in the recommendations.

## 4. Details of Consultation

Not applicable.

## 5. Options and Options Analysis (including risk assessment)

There are no alternative options put forward. Should Members require any further significant work to be undertaken, the details of this would either be reported separately by the relevant Officer or be incorporated in to a future monitoring report from the Head of Financial Services.

## 6. Officer Preferred Option and Comments

Not applicable.

**7. Conclusion**

At the end of January there are net underspends on both General Fund and Council Housing revenue budgets. The position will be updated and reported back to members as part of the February Corporate Monitoring process.

<p><b>RELATIONSHIP TO POLICY FRAMEWORK</b> The Corporate Financial Monitoring Process supports the Budget and Policy Framework.</p>	
<p><b>CONCLUSION OF IMPACT ASSESSMENT (including Diversity, Human Rights, Community Safety, Sustainability etc)</b> No implications directly arising.</p>	
<p><b>FINANCIAL IMPLICATIONS</b> As contained within the body of the report.</p>	
<p><b>DEPUTY SECTION 151 OFFICER'S COMMENTS</b> This report forms part of the Section 151 Officer's statutory responsibilities.</p>	
<p><b>LEGAL IMPLICATIONS</b> Legal Services have been consulted and have no comments to add.</p>	
<p><b>MONITORING OFFICER'S COMMENTS</b> The Monitoring Officer has been consulted and has no comments to add.</p>	
<p><b>BACKGROUND PAPERS</b> Corporate Financial Monitoring Report Period 10</p>	<p><b>Contact Officer:</b> Andrew Clarke <b>Telephone:</b> 582138 <b>E-mail:</b> aclarke@lancaster.gov.uk <b>Ref:</b> HFS/ADC</p>

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**LANCASTER**  
**CITY COUNCIL**  
*Promoting City, Coast & Countryside*

# **Corporate Monitoring**

## **January 2006 - Period 10**

## CONTENTS

- 1 INTRODUCTION**
- 2 GENERAL FUND REVENUE MONITORING**
  - 2.1 Summary Position
  - 2.2 Major Variances
  - 2.3 Salary Monitoring
  - 2.4 Wages Monitoring
  - 2.5 Treasury Management
  - 2.6 CCS & RMS Trading Accounts
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- 3 HOUSING REVENUE ACCOUNT MONITORING**
  - 3.1 Housing Revenue Account
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- 4 REVENUE COLLECTION**
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- 5 CAPITAL PROGRAMME**
  - 5.1 Capital Expenditure & Financing
- 6 INSURANCE**
  - 6.1 Insurance Monitoring
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## LIST OF APPENDICES

- A Staff Turnover Salary Summary
- B Wages Monitoring Statement
- C CCS Trading Account
- D Salt Ayre
- E Community Pools
- F Sundry Debtor Analysis
- G Capital Programme

## 1 INTRODUCTION

This monitoring report of expenditure and income for 2005/06 sets out a corporate picture of the Council's financial performance relating to the period ending January 2006 (*week 43*).

## 2 GENERAL FUND REVENUE MONITORING

### 2.1 General Fund Summary Position

The overall general fund summary position is set out below, and shows that at the end of January there is a current net underspend of **£26,000** on the profiled budget. Taking into account further anticipated variances this underspend could potentially increase to £48,000 by the end of the financial year.

<b>CURRENT VARIANCES</b>	<b>£000</b>
Salaries	-47
Wages	-4
LABGI	+55
Treasury Management	-17
Off Street Car Parks	+42
Refuse Collection	-13
Trade Refuse	-29
Planning Fees	+49
Planning Delivery Grant	-49
Cemeteries	+4
Land Charges	+21
Three Stream Waste Collection	-19
Highways	+12
Other minor variances	-31
<b>Total Variances as at Period 10</b>	<b>-26</b>
<b>FURTHER ANTICIPATED VARIANCES</b>	
Salaries	-33
Land Charges	+9
Trade Refuse	+9
Off Street Car Parks / Car Parking Fees	-7
<b>Sub Total</b>	<b>-22</b>
<b>NET UNDERSPEND PROJECTED FOR YEAR</b>	<b>-48</b>

### 2.2 Major Budget Variances

This section identifies any major variances that are included within expenditure and income areas for which Service Managers are responsible, and that are not covered elsewhere in the report. The areas covered are premises, transport, supplies and services and general income. Not all variances are listed and a certain amount of netting off of minor items has been assumed.

#### **LABGI**

**£ 55,000 adverse**

*The Local Authority Business Growth Incentive grant was anticipated to be £200,000, however the actual amount awarded was only £145,000. Officers have raised a number of queries with the ODPM relating to the assumptions made for allocating the grant.*

**CCS - Trade Refuse** **£ 29,000 favourable**

*Recharge fees from Lancashire County Council are lower than expected. It was anticipated that there would be a 10% increase in Admin Fees, but the actual increase was only 5%. There is likely to be an underspend on this budget of approximately £20,000 by outturn.*

**CCS - Three Stream Waste Collection-  
Recyclable Materials / Recycling Credits** **£ 19,000 favourable**

*This variance is as a result of SITA fees being less than expected. This was only confirmed after revised budgets were set, however the underspend has been partly offset by the reduced recycling credits from LCC.*

**Planning – Fee Income** **£ 49,000 adverse**  
**Planning Delivery Grant** **£49,000 favourable**

*At the end of January, there is a shortfall of £48,791 for planning application fee income. This was not anticipated at the revised estimate stage, however major application numbers have since reduced on those received in the previous year. This will be looked at again more closely as part of Period 11 monitoring to determine the expected final position at outturn. In the meantime, the Head of Planning & Building Control has confirmed that any shortfall in 2005/06 will be met from Planning Delivery Grant (PDG). This will also need to be taken into account when the 2006/07 PDG award is allocated.*

**Health and Strategic Housing –Cemeteries  
R & M Paths and Fences / Internment Fees** **£ 4,000 adverse**

*There is a shortfall in income on Internment Fees of £9,000 the budget is non-controllable and was adjusted at revised but demand is still short on projections. Spend on the budget for Repairs and Maintenance of the Paths and Fences has been deliberately curbed to compensate for the reduced income on Internment Fees. It is expected that a saving of £5,000 on this budget can be used to help offset the £9,000 shortfall in fees.*

**Engineering Services –  
Off Street Car Parks / Car Parking Fees** **£ 42,000 adverse**

*The budget has suffered from a particularly bad month in November when income was down by 10%, and it is anticipated that February will be down by 5.5%. This is partly due to the loss of Charter House Car Park.*

**Legal – Land Charges** **£ 21,000 adverse**

*The slowdown in the housing market is continuing to have an impact on search fees. Despite a significant reduction in the budget at the revised estimate stage, there is still a current shortfall of £21,000. This is anticipated to increase to £30,000 by outturn.*



## 2.3 General Fund Salary Monitoring

The salary monitoring position is set out as follows:

Detail	BUDGET	PROFILE	ACTUAL	DIFFERENCE
	£000	£000	£000	£000
Salaries	10,330	8,573	8,534	-39
Overtime	62	52	48	-4
National Insurance	788	650	647	-3
Superannuation	1,550	1,287	1,276	-11
Employee Related Advertising	43	41	49	+8
Severance Payments	6	1	1	0
Relocation Expenses	3	3	5	+2
<b>Total</b>	<b>12,782</b>	<b>10,607</b>	<b>10,560</b>	<b>-47</b>

The table shows that at the end of January there is an underspend of £47,000 on the salaries budget. **Appendix A** provides a more detailed breakdown of the current position, analysed over Services. Salaries are currently underspending at approximately £11,500 per month, therefore it can reasonably be expected that for the remaining two periods there will be a further £23,000 underspend. Furthermore, the table does not include Statutory Maternity Pay (SMP) adjustments for periods 8 – 10, this is expected to add another £10,000. The total underspend at outturn can be estimated at around £80,000, therefore.

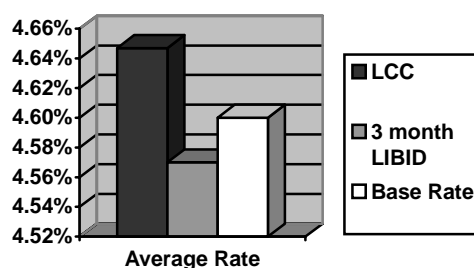
## 2.4 Wages Monitoring

The wages summary statement at **Appendix B** provides an analysis of the miscellaneous weekly manpower costs included in the revenue budget. Wages for certain areas of service, such as Salt Ayre Sports Centre, are included within other relevant sections of this report. Analysis shows that at the end of January, wages overall were underspent by around £4,000 against the profiled budget.

## 2.5 Treasury Management

This section provides a summary position in respect of the lending and borrowing activities undertaken to the end of September:

	Revised Estimate	Profiled Estimate	Actual for Period	Variation
	£000	£000	£000	£000
Income from Investments	-705	-620	-637	-17
PWLB Interest Payable	2,523	1,281	1,281	0
Item 8 Charge to HRA	-897	-747	-747	0
<b>Net Treasury Management Costs</b>	<b>921</b>	<b>-86</b>	<b>-103</b>	<b>-17</b>



Comment

The net Treasury Management position shows a favourable variation of £17K on the profiled budget at the end of January. This is due to better than anticipated overall cashflows, and achieving an average investment rate greater than the Base Rate and the 3 month LIBID rate. Economists do not anticipate a further reduction in rates before April, which is the next most likely date for a move.

## 2.6 CCS & RMS Trading Accounts

The trading positions for Highways and Repairs & Maintenance Services (RMS) are attached at **Appendix C** and show deficits (against profiled estimates) of £11,702 and £7,914 respectively. As RMS form part of Council Housing and they work mostly on maintaining the housing stock, over 83% of the deficit will be transferred to the Housing Revenue Account. Currently this amounts to £6,569. It should be noted that the deficits on the CCS Trading Accounts have been reduced significantly since the production of the previous Corporate Monitoring report in period 6.

## 2.7 Salt Ayre / Community Pools

### SALT AYRE

**Appendix D** provides the latest position for the Salt Ayre Sports Centre. At the end of January, there is a total net underspend of £2,376 compared to the profiled revised budget. Within this variance there is an expenditure increase of £15,034 for wages, reduced expenditure of £14,366 and £16,178 on premises and supplies & services respectively, and reduced income of £10,366. It is expected that the shortfall in income will be offset by a similar underspend on supplies & services as they both relate to the bar & catering function. Premises costs are mainly underspent due to a reduction in the electricity contract negotiated after the Revised Budget was agreed. The reasons for the staff variance are still being investigated by Leisure Services and will be reported back in Period 11, as will an update on the overall revised budget position as compared with the original (controllable budgets were increased by c£45,000 in preparing the revised estimates). In the meantime, the SASC Manager is looking into ways to cut back on casual staff costs for the remainder of this year to reduce the staffing overspend and to identify where any remaining overspend can be met from.

### COMMUNITY POOLS

**Appendix E** provides a summary position for the three pools at Carnforth, Hornby and Heysham. At present, there is net overspend of only £433, but this is expected to increase mainly because of energy costs - the current underspend showing against energy budgets for Heysham Pool is because not all invoices for the period had been received or paid. Each pool is also showing a small overspend on their respective wages budget. Although not a major variance and can probably be met from within the overall budget for the pools, Leisure Services are currently investigating the reasons for this and will report back once the outcome is known.

## 2.8 Building Regulations

This section shows the latest position on the Building Regulation Account.

	Estimate £	Profiled Estimate £	Actual £	Variance £
<b>EXPENDITURE</b>				
Employee Costs	1,100	740	(1,356)	(2,096)
Supplies & Services	500	0	0	0
Support Services	416,000	346,313	345,594	(719)
<b>TOTAL EXPENDITURE</b>	<b>417,600</b>	<b>347,053</b>	<b>344,238</b>	<b>(2,815)</b>
<b>INCOME</b>	<b>(450,300)</b>	<b>(371,856)</b>	<b>(387,011)</b>	<b>(15,155)</b>
<b>NET EXPENDITURE / (INCOME)</b>	<b>(32,700)</b>	<b>(24,803)</b>	<b>(42,773)</b>	<b>(17,970)</b>

The table shows that at the end of Period 10 the account is showing a surplus of £42,773 against a profiled net income position of £24,803. It should be noted that any surpluses or deficits generated on the account will be transferred to the Building Regulations Reserve at the end of each year.

## 2.9 Homelessness

The Council has a statutory duty to provide temporary accommodation for homeless persons. Where this involves the use of Bed and Breakfast accommodation there is an impact on a number of budget areas. Although expenditure on Bed and Breakfast accommodation is partly recovered from Housing Benefit, these benefit payments attract a lower rate of subsidy than other Housing benefit costs.

The table below brings together the total costs of providing Bed and Breakfast accommodation:

	Revised Budget £	Profiled Budget £	Actual £	Variance £
Bed and Breakfast costs	45,000	41,420	32,645	(8,775)
Income - Housing Benefits	(31,500)	(29,056)	(24,804)	4,252
Net Cost of Bed and Breakfast	<b>13,500</b>	<b>12,364</b>	<b>7,841</b>	<b>(4,523)</b>
Irrecoverable Benefit costs	10,500	9,685	8,268	(1,417)
<b>Total General Fund cost</b>	<b>24,000</b>	<b>22,049</b>	<b>16,109</b>	<b>(5,940)</b>

Note: 'Irrecoverable Benefit Costs' variance estimated as a %age of B&B income – awaiting more accurate analysis from Benefits.

## 3 HOUSING REVENUE ACCOUNT (HRA) MONITORING

### 3.1 HRA Revenue Position

At the end of January the position for the Housing Revenue Account shows an underspend of £40,000 as set out in the table below.

	Variation
	£000
Rent - Dwellings	-50
BMS Deficit	+7
Court Costs Awarded	+11
Anti-Social Behaviour	-8
<b>Total</b>	<b>-40</b>

### 3.2 Council House Rent Collection

This section analyses the Council Housing rent income due, and shows at present the income collected is some £50,157 more than estimated. This is largely attributable to slow down in sales and better performance of voids.

	2005/06
Estimate	£7,934,000
Actual	£7,984,157
<b>Difference</b>	<b>-£50,157</b>

### 3.3 Council Housing Capital Programme

This section analyses expenditure against the Council Housing Capital Programme to the period ended January 2006.

	Latest Approved Programme £	Spend to Date £
Adaptations	360,000	166,009
Conversions	75,000	0
Bathroom / Kitchen Refurbishment	588,000	179,466
External Refurbishment	158,500	11,800
Ryelands Regeneration	1,906,200	841,932
Environmental / Crime Prevention Works	594,300	155,811
Re-rendering / External Refurbishment	1,061,400	743,175
Housing Office Improvements	146,000	8,740
Energy Efficiency Works	377,000	121,015
Re-roofing Works	12,500	28,890
Window Renewals	12,000	0
CCTV Camera Ryelands Estate	25,000	0
<b>TOTAL</b>	<b>5,314,900</b>	<b>2,256,838</b>

To date, approximately 42% of the approved programme has been spent, leaving a balance of £3,058,062 for the remainder of the year. A report was presented to Cabinet in December, which set out the expenditure and income profiles and allocation of works up to 31 March 2006. An anticipated slippage of £471,000 into 2006/07, estimated savings for the year of £195,000 and estimated retention of £73,000 was reported, this would result in an estimated spend for 2005/06 of £4,576,000.

## 4 REVENUE COLLECTION PERFORMANCE

### 4.1 Council Tax & Business Rates

This section analyses the Council Tax and Business Rate collection statistics for the current and previous financial years.

Percentage Collected	2004/05 %	2005/06 %
Council Tax	93.81	93.98
Business Rates	97.91	98.47

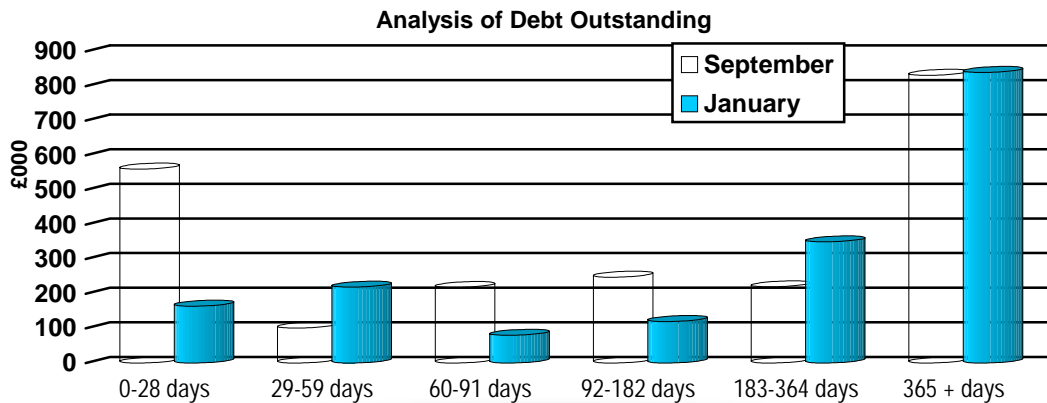
#### Comment

Collection performance statistics for both Council Tax and Business Rates are up slightly on the previous year.

### 4.2 Sundry Debts

This section sets out the latest position on the level of outstanding sundry debts. At the end of January the total debt outstanding was £1,772,000. A full analysis of the debt is attached at **Appendix F**.

	September		January	
	No	£000	No.	£000
0-28 days	781	<b>560</b>	558	<b>164</b>
28-59 days	365	<b>101</b>	414	<b>219</b>
59-91 days	334	<b>218</b>	332	<b>80</b>
92-182 days	1,008	<b>248</b>	586	<b>120</b>
183-364 days	643	<b>220</b>	1,115	<b>350</b>
365+ days	1,996	<b>831</b>	1,923	<b>839</b>
	5,127	<b>2,178</b>	4,928	<b>1,772</b>



The above analysis shows that the overall level of debt has reduced by £406,000 from the previous monitoring report in September 2005. Of the overall debt 47% is over one year old.

## 5 GENERAL FUND CAPITAL PROGRAMME

### 5.1 Capital Expenditure & Financing

#### Capital Expenditure

Attached at **Appendix G** is a statement showing the actual spend against the Revised Capital Programme.

At present, £8,468,000 has been spent or committed leaving a balance of just under £8M yet to be spent. This position reflects the delays experienced in gaining all partners' agreement on the Luneside East project, as an example.

As part of the current budget process, officers have reviewed all schemes, relevant funding and anticipated completion dates. The Appendix reflects the slippage from 2005/06 into 2006/07.

## 6 INSURANCE

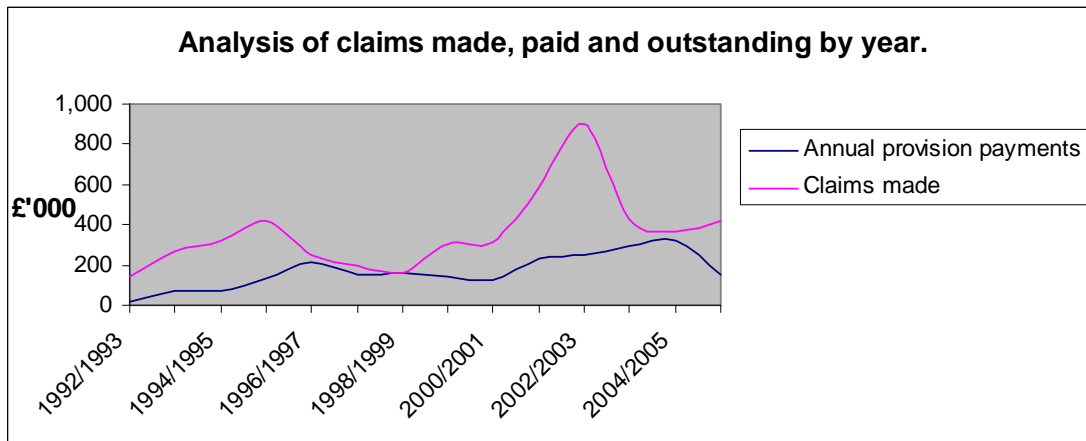
### 6.1 Insurance Monitoring

#### Monitoring

So far this year, a total of £153,015 has been paid in settlement of claims made, and £58,657 has been received as credits from the Insurers in respect of claims above the excess, leaving a current balance of £667,204.

At present, our insurers estimate that the value of claims outstanding is £912,558, which relate to a total of 309 claims made over a 10-year period. However, in reality, these claims will not fall due for payment all in the same financial year.

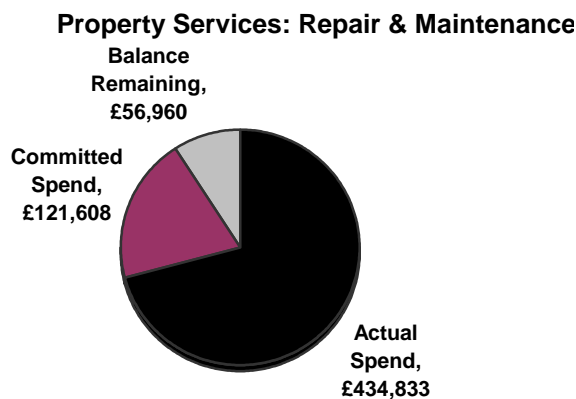
The graph below shows that the value of claims settled has been rising in line with the claims made and has remained at its highest level for the last two last years. For 2005/06 it is anticipated that claims paid will continue to exceed £300,000, which is covered by the current balance on the provision and will still, hopefully, leave it at a prudent level at the year end. The uncertain nature of insurance claims payments, however, means that accurate predictions are difficult and, as such, the balance will continue to be closely monitored.



**7 OTHER DEVELOPMENTS**

**PROPERTY SERVICES: REPAIR AND MAINTENANCE**

This section had previously been removed from the Corporate Monitoring report as the scheduling of works and spend had improved. However, due to resource problems spend in this area had fallen behind.



The above pie chart shows that 91% of the budget has now been spent or committed at the end of January. The Head of Property Services has confirmed that expenditure and commitments will continue to be checked and monitored on a weekly basis. Outstanding works will be reviewed to determine the target expenditure for the remainder of the year and it may be necessary to restrict work on certain projects in order to remain within budget.

**OTHER AREAS FOR FUTURE COVERAGE**

Future financial monitoring reports will cover Concessionary Travel, Decriminalisation of Parking Enforcement and an overview of Access to Services related developments; this follows on from the Revised Budget position and issues and risks arising during the recent budget process. Members are asked to indicate whether they wish any other specific areas, activities or financial issues to be considered also in future monitoring reports.

# BUDGET AND PERFORMANCE

## Medium Term Financial Strategy Update

4<sup>TH</sup> April 2006

### Report of the Head of Financial Services

<b>PURPOSE OF REPORT</b>			
To present the latest Medium Term Financial Strategy for scrutiny			
Key Decision		Non-Key Decision	Referral <b>X</b>
Date Included in Forward Plan	N/A		
This report is public.			

#### RECOMMENDATIONS

- 1) That the Panel considers the latest version of the Medium Term Financial Strategy and considers if it wishes any further work undertaken.

#### 1. Introduction

The latest version of the Council's Medium Term Financial Strategy (MTFS) was approved by Council at its March 1<sup>st</sup> meeting as part of the 2006/7 budget report. A full copy of the strategy is attached.

The main purpose of the MTFS is to set out the key financial principles and targets that the Council is seeking to achieve, subject to various constraints and conditions. The strategy also sets out the policy/financial planning and budget setting processes that the Council will undertake in seeking to achieve these targets. These processes are designed to ensure that the council's policy objectives and spending demands are balanced against available resources, having regard to risk considerations and community needs. Overall, this supports the achievement of best value in providing services for local taxpayers whilst keeping Council Tax increases at a reasonable level.

## **2. Aims and Objectives**

The aims and objectives of the MTFs are to:

1. provide a basis for informed decision-making across all Council policies and activities using risk management techniques
2. avoid volatile fluctuations in the provision of Council services and related annual levels of Council Tax
3. consult with stakeholders on a broad range of issues where appropriate
4. match resources both to demand and to Council priorities
5. achieve efficiency, effectiveness and economy in the use of the Council's resources, as required under Best Value and the Gershon Review of Public Sector Efficiency
6. protect front-line services as far as possible, whilst minimising administration costs
7. achieve maximum efficiency savings (see below) and, where acceptable, increase income
8. challenge traditional methods of service provision.

## **3. Key Targets**

Typically the process has to address a funding gap between spending aspirations and the resources available and, consequently, how to achieve savings. However it also has to accommodate growth in demand for services, legislative changes and the costs of financing and implementing major projects. This can require a significant realignment of resources so that expenditure can be contained within budget and Council Tax increases can be set at an acceptable level.

The key targets in this respect are set out in Section B of the strategy –Financial Targets & Principles. This specifically states that that Council will seek to maintain annual council tax increases to no more than 4.9%. On the basis of future indicative spending and resource projections this means that the council will need to identify real savings of £625,000 in 2007/8 and a further £231,000 for 2008/9.

These targets do not include any provision for new growth or service improvements and this demonstrate the importance of the council's efficiency strategy and its synergy to the MTFs. In particular, how the council meets these targets are linked directly into the Gershon Annual Efficiency Statements that require the council to set out how these can be achieved. Whilst it is acknowledged that these are not an exact match and Gershon requires the identification of both cashable and non-cashable savings, it has proved a more than useful basis for this exercise.



<b>RELATIONSHIP TO POLICY FRAMEWORK</b>  The Medium Term Financial Strategy provides the financial framework for how the council's future corporate priorities can be achieved.	
<b>CONCLUSION OF IMPACT ASSESSMENT (including Diversity, Human Rights, Community Safety, Sustainability etc)</b>  No implications arising directly from this report.	
<b>FINANCIAL IMPLICATIONS</b>  No implications arising directly from this report.	
<b>DEPUTY SECTION 151 OFFICER'S COMMENTS</b>  The Deputy Section 151 Officer has been consulted and has no comments to add responsibilities.	
<b>LEGAL IMPLICATIONS</b>  Legal Services have been consulted and have no comments to add.	
<b>MONITORING OFFICER'S COMMENTS</b>  The Monitoring Officer has been consulted and has no comments to add.	
<b>BACKGROUND PAPERS</b>  None	<b>Contact Officer:</b> Andrew Clarke <b>Telephone:</b> 582138 <b>E-mail:</b> aclarke@lancaster.gov.uk <b>Ref:</b> HFS/ADC

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**POLICY AND FINANCIAL PLANNING**  
**MEDIUM TERM FINANCIAL STRATEGY**  
**2006/07 TO 2008/09**



**As approved by Council 01 March 2006**

## INTRODUCTION

Lancaster City Council operates in a dynamic environment. There is a continual need to respond to changes in service demand and new legislation, as well as expectations for new and improved services for the community.

These demands and aspirations must be balanced against the resource constraints that the organisation faces. Such constraints have become increasingly challenging and are likely to remain so.

The City Council manages its response to these challenges through a rolling process of policy review and financial planning. The Medium Term Financial Strategy (MTFS) is integral to this.

## A MEDIUM TERM FINANCE STRATEGY - OUTLINE

### What is the Medium Term Finance Strategy?

Competing demands and limited resources mean that difficult choices must be made. The MTFS outlines the key financial principles and targets that the Council is seeking to achieve, subject to various constraints and conditions. The Strategy also sets out the policy / financial planning and budget setting processes that the Council will undertake in seeking to achieve these targets. These processes are designed to ensure that policy objectives and spending demands are balanced against available resources, having regard to risk considerations and the community's needs. Overall, this supports the achievement of best value in providing services for local taxpayers, whilst keeping Council Tax increases at a reasonable level.

In broad terms the MTFS concentrates on services funded through Council Tax. Financial planning arrangements associated with the provision of council housing are tied in with the statutory need to have a thirty year business plan for that service.

### Aims and Objectives

The aims and objectives of the MTFS are to:

- provide a basis for informed decision-making across all Council policies and activities using risk management techniques
- avoid volatile fluctuations in the provision of Council services and related annual levels of Council Tax
- consult with stakeholders on a broad range of issues where appropriate
- match resources both to demand and to Council priorities

- achieve efficiency, effectiveness and economy in the use of the Council's resources, as required under Best Value and the Gershon Review of Public Sector Efficiency
- protect front-line services as far as possible, whilst minimising administration costs
- achieve maximum efficiency savings (see below) and, where acceptable, increase income
- challenge traditional methods of service provision.

Typically the process has to address a funding gap between spending aspirations and the resources available and, consequently, how to achieve savings. However it also has to accommodate growth in demand for services, legislative changes and the costs of financing and implementing major projects. This can require a significant realignment of resources so that expenditure can be contained within budget and Council Tax increases can be set at an acceptable level.

Efficiency savings are regarded as a priority over other forms of making savings in Council expenditure. Efficiency savings are achieved through measures that:

- maintain the same level of service provision while reducing the resources needed or deploying fewer staff;
- result in additional outputs, such as enhanced quality or quantity of service, for the same resources; or
- remodel service provision to enable better outcomes.

Such measures can lead either to "cashable" savings, where there is a direct financial saving or benefit, or "non-cashable" savings, where there may not necessarily be a reduction in costs, but there is improved performance for the resources used.

Over the past ten years the Council has achieved significant cashable efficiency savings which have, in part, contributed to balancing the books, though a proportion of these savings has been reinvested to meet growth in service demand and legislative requirements. To maintain this for the future, the Council's procurement strategy will be a key tool.

In view of the key financial targets set out later, however, the Council recognises that to achieve the required level of savings, some service reductions and/ or restructuring will be inevitable. Care will be taken to target unavoidable service reductions to areas where they are considered least "harmful".

#### Timetable and Key Dates

Generally the budget process looks at a three to five-year time span but as it develops through the year, attention will become more focussed on the detailed budget for the next financial year.

Although there is some flexibility within the process certain key dates are fixed by Government, particularly those regarding funding announcements and legislative requirements. Government funding directly influences the match between service provision and Council Tax levels, and so is a critical factor in the process. In the past the late timing of announcements has created uncertainty during the initial stages of each year's budget development and the lack of certainty regarding future years' funding levels has made financial forecasting difficult. Nevertheless, a detailed budget timetable will be drawn up to facilitate the planning process.

Who is Involved?

The MTFS process relies on:

- liaison between elected members and officers of the Council; and
- consultation with stakeholders, (including the LSP, businesses, and trade unions).

The Council has recently widened its consultation with members of the public who pay Council Tax and other stakeholders. In future it will consider further improvements as part of the overall Consultation Strategy.

**B FINANCIAL TARGETS AND PRINCIPLES**Key Financial Revenue Targets

The Strategy provides a framework for matching resources to spending priorities, translating this into realistic expectations for future Council Tax levels. Lancaster City Council believes that tax increases should allow for a balance between spending aspirations and best value for local taxpayers. In deciding on the level of Council Tax, the Council should also have regard to

- anticipated level of pay awards,
- the level and measure of inflation,
- Government's *targets* for the overall rise in Council Tax,
- Government's *targets* for efficiency savings,
- the ability to meet Statutory minimum requirements.

Provided that the impact of these factors does not exceed 5%, then the Council will aim to set an upper limit of a 4.9% increase for both 2007/08 and 2008/09. Given the forthcoming review of special expenses and the capping criteria, the 4.9% applies to the average City Council Tax Rate across the district, excluding parish precepts.

As a consequence, the table below sets out the key financial targets that the Council will strive to work within for the next three years.

	2006/07	2007/08	2008/09
Target Council Tax Increase	4.5%	4.9%	4.9%
Target Year on Year Net Savings Requirement	--	£625,000	£231,000
Target Cumulative Net Savings Requirement	--	£625,000	£856,000

Headroom for known policy driven growth (e.g. the 2007/08 phase of waste management and recycling) is already provided for in the budget projections. The net savings targets would also need to be increased for any additional headroom for future policy driven growth that may be required in future. Clearly savings targets are indicative and will continue to be monitored and reviewed as referred to later in this Strategy document.

The target tax increases set out in the table for 2007/08 and 2008/09 are significantly lower than the forecast increases presented to Council in the 2006/07 budget reports (13.8% and 7.3% respectively). In order to achieve the target increases significant reductions in spending or increases in other income will therefore be required. This need will also be addressed by the Council as part of the Monitoring and Review process set out in section D of this document.

#### Use of Revenue Balances

The Council recognises that general balances are needed to provide:

- a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing, and
- a contingency to cushion the impact of significant unexpected events or emergencies.

The Council's Section 151 Officer has advised that the Council's balances should be maintained at £1M for General Fund and £350K for the Housing Revenue Account; the Council accepts this advice. With regard to General Fund, she has advised also that some degree ( $\pm 5\%$ ) of tolerance would be acceptable in managing balances.

In retaining balances at these levels, it means that some funds are available to support revenue spending. The Council has adopted the following basis for using any available amounts and where appropriate this has been reflected in the budget projections:

- (a) As a one-off contribution to support 'invest to save' or similar initiatives, including income generation opportunities.
- (b) General phased use over the following three years (broadly in the ratio 3:2:1 for General Fund) to help smooth out Council Tax (or Housing Rent) increases and to give time to plan and implement any required changes in service levels and spending.

#### Borrowing to Support Capital Investment

The Council's capital spending plans are based on borrowing **£1M** in total over the next five years, with a further £0.5M leeway provided to cover any funding difficulties. This is deemed affordable in context of this Strategy, particularly the need to support growth and the Council's commitment to achieving savings through efficiency and/or service reductions.

The level has been determined taking account of various factors such as:

- Availability of other sources of finance
- Existing commitments and service / priority changes
- Revenue consequences of borrowing, including the anticipated level of Government supported borrowing.

Details of the Council's Prudential Indicators as required under the relevant Code are set out at Annex A (to be attached) and the Treasury Strategy for next year sets out the framework for managing the Council's associated debt.

In reviewing capital plans, the Council has taken a reasonable approach in forecasting future capital receipts and in doing so it has recognised that over the years, there may be potential to generate extra resources depending on planning and economic factors.

The Council also recognises, however, that some improvements in the Council's financial planning for renewal and refurbishment of assets is required and although delayed, work will be undertaken to achieve this, on the basis that renewals for equipment such as IT should not be reliant on using receipts from the disposal of major assets. Furthermore, consultation will be undertaken on reviewing overall accommodation needs following the Access to Services Review and it is expected that substantial investment will be required, although this will be financed as much as possible by disposal of other buildings. These two areas represent further pressures on capital investment (and therefore on the revenue consequences).

#### Budget Cash Limits

The Council ultimately approves the budget forecasts for future years and any associated use of balances. Cabinet must work within this framework, unless any flexibility is agreed by Council.

The budget before the use of balances is known as the cash limit. The budget after the use of balances is known as either the Net Revenue Budget or the Budget Requirement.

For the next three years, the figures are as follows:

<b>Year</b>	<b>Basic Cash Limit £'000</b>	<b>Forecast Use of Balances £'000</b>	<b>Forecast Net Revenue Budget £'000</b>
2006/07	21,887	410	21,477
2007/08	23,201	273	22,928
2008/09	24,150	137	24,013

Notwithstanding the key financial targets, assumptions and pressures outlined in this Strategy, the Council recognises that issues may occur in a year whereby it would be advantageous for the Cabinet to have some flexibility against the limits set out above. In view of this, Council has agreed the following:

For 2006/07, Cabinet has no flexibility to increase net spending over the cash limit shown above.

For 2007/08 and 2008/09, Cabinet has discretion to increase the cash limits shown above by up to £50,000 year on year to support spending in line with the Corporate Plan. All decisions relating to the exercise of this discretion shall be key decisions. The same flexibility will apply to the Housing Revenue Account.

**C BUDGET SETTING**

This is the annual process that integrates any agreed policy changes and priorities with inflation and other financial adjustments, to arrive at a set of detailed management budgets for the year ahead within the targets set for annual Council Tax increases.

Introduction

Through the review process, elected Members determine the allocation of resources across services and Corporate Plan priorities. In conjunction with the Head of Financial Services, Service Managers are responsible for the more detailed aspects of budget preparation including bringing forward project approvals and service provision options to assist elected Members' deliberations.

The annual budget approved therefore is a resource plan that, as far as possible, matches inputs (e.g. staff, premises, equipment) to planned outputs and objectives, and gives authority to spend. Therefore budgets are critical to ensuring that resources are directed in accordance with agreed policies and priorities, and in providing a basis for monitoring and accountability.

Lancaster's Approach to Budget-Setting

The Council generally takes an incremental approach to budget-setting. Broadly speaking, this means that the current year's budget provides the starting point for next year's.

This "baseline" assessment of the cost of service provision is referred to as the base budget. In the course of the planning process, the base budget for each service area is updated to include the following:

- an allowance for the estimated level of inflation from one year to the next;
- adjustments, e.g. to reflect the transfer of functions in the Council, or changes in activity / demand levels for services where appropriate;
- any changes to policy, for example a reduction in budget to reflect withdrawal of services or an increase to fund a new initiative or the impact of new legislation.

Major Budget Assumptions and Risks

During the budget process, the main assumptions underpinning the process are identified, assessed and reported to Members, together with the main financial risks facing the Council. This is an important element of the Council's Risk Management arrangements, and major issues will influence the scope and timing of the monitoring and review processes outlined elsewhere in this Strategy.

Publication of the Annual Budget

The Council's budget is approved in line with the agreed timetable and is published each year in two main documents:

- the budget leaflet, which is distributed to local tax payers along with the Council Tax bills each spring;
- the budget book, which is distributed to Council officers and elected members for the purpose of managing and monitoring Service budgets.

In addition, information is available from the Council's Website at [www.lancaster.gov.uk](http://www.lancaster.gov.uk)



**D MONITORING AND REVIEW**

In balancing policy objectives and spending demands against available resources, the Council needs to ensure that it takes adequate account of the many changes or issues that inevitably arise during the course of a year. This will be done in a variety of ways:

- The Council has recently established a new performance management framework; through this an ongoing review of services' performance and spending will be conducted. This will involve Management Team, Service Managers and elected Members. Members' involvement will be reflected in the democratic arrangements for both the executive and scrutiny functions, to ensure that there is sufficient liaison and constructive challenge for the process to be robust. The review process will commence in April of each year, and may focus on key priority or 'hotspot' activities as appropriate.
- Any potential impact from the Council's corporate financial monitoring arrangements will be considered. This includes the impact of the previous year's outturn, together with a review of the national economic outlook and other key assumptions and risks underpinning the budget.
- An impact assessment of any key decisions will be undertaken, including any proposed major policy changes.
- The Council's arrangements for consultation on budget matters and its overall budget timetable will be reviewed, with any approved changes implemented in time for the 2007/08 budget process.

Major changes in policy or service delivery that are implemented over a number of years on a phased basis will have budgetary impact spread over a corresponding period. These will be reported to Council for full incorporation into this strategy as appropriate, once they have been evaluated.

The outcome of the monitoring and review arrangements will be brought together to avoid a piecemeal approach to reviewing the Strategy. This may necessitate changes to the MTFS framework and the key financial targets contained within it. Any changes will ultimately be reported twice yearly (once during summer 2006 and once following the 2007/08 budget process) for referral on to Council for approval, together with the rationale behind such changes. This is on the basis that the MTFS is part of the Council's overall Budget and Policy Framework.

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## BUDGET AND PERFORMANCE

### Invoices paid Within 30 Days – BVPI8

4<sup>TH</sup> April 2006

### Report of the Head of Financial Services

<b>PURPOSE OF REPORT</b>					
To present information regarding service performance in meeting BVPI 8					
Key Decision		Non-Key Decision		Referral	<b>X</b>
Date Included in Forward Plan			N/A		
This report is public.					

#### RECOMMENDATIONS

- 1) That the Panel note the information in the report and consider if any further action is required.

#### 1. Introduction

At the Panel's meeting in January, concern was expressed at the percentage of invoices paid within 30 days up to 31<sup>st</sup> December 2005. It was reported to that meeting that the corporate BVPI 8 was only 81% against a target of 95%. The Panel heard that the level of performance was being significantly skewed by a small number of services, in particular City Contract Services, and concluded that they should receive a further report that set out the latest position service by service [ minute 33(2) refers ].

This additional work has now been completed and the analysis is included as an Appendix. This latest information shows that overall the position has not changed since last reported with the BVPI 8 now being calculated at 80.63%. It is also important to note that this year's performance is down on last year's actual of 84.33%.

As reported to the last meeting, the performance of CCS against this indicator has contributed greatly to the low corporate position and the Head of CCS has prepared a short note for the Panel (attached) but will also attend the meeting to answer any questions the Panel may have. However, CCS are not alone in under-performing against this indicator as the attached table shows and only Revenue Services has consistently met the corporate target.

Members are asked to consider the latest position and make any recommendations as appropriate.

<p><b>RELATIONSHIP TO POLICY FRAMEWORK</b></p> <p>None directly from this report</p>	
<p><b>CONCLUSION OF IMPACT ASSESSMENT (including Diversity, Human Rights, Community Safety, Sustainability etc)</b></p> <p>The payment of invoices within 30 days contributes to the sustainability of local businesses</p>	
<p><b>FINANCIAL IMPLICATIONS</b></p> <p>None arising directly from this report.</p>	
<p><b>DEPUTY SECTION 151 OFFICER'S COMMENTS</b></p> <p>The Deputy Section 151 Officer has been consulted and has no comments to add.</p>	
<p><b>LEGAL IMPLICATIONS</b></p> <p>Legal Services have been consulted and have no comments to add.</p>	
<p><b>MONITORING OFFICER'S COMMENTS</b></p> <p>The Monitoring Officer has been consulted and has no comments to add.</p>	
<p><b>BACKGROUND PAPERS</b></p> <p>None</p>	<p><b>Contact Officer:</b> Andrew Clarke  <b>Telephone:</b> 582138  <b>E-mail:</b> aclarke@lancaster.gov.uk  <b>Ref:</b> HFS/ADC</p>

**Creditors - Performance Indicators****Cumulative Position to Period 11**

	2004/2005		2005/2006		Change Actual %
	Target %	Actual %	Target %	Actual %	
Authority Total	97.00%	84.33%	95.00%	80.63%	-3.70%
Total Invoices Paid		33753		34293	
Services					
Arts & Events		91.45%		93.21%	1.76%
Administration		82.72%		85.95%	3.23%
Planning & Building Control		81.24%		82.22%	0.98%
Council Housing		88.07%		82.86%	-5.21%
City Contract Services		78.03%		64.28%	-13.75%
Economic Development		83.27%		80.75%	-2.51%
Engineers		80.56%		86.36%	5.79%
Environmental Health		78.36%		66.67%	-11.69%
Property Services		90.53%		85.96%	-4.56%
Financial Services		90.61%		93.85%	3.24%
Information Services		61.82%		70.23%	8.41%
Leisure		80.67%		83.21%	2.54%
Legal Services		96.88%		86.83%	-10.04%
Management Team		77.50%		76.12%	-1.38%
Neighbourhood Management		79.84%		90.55%	10.71%
Private Housing		92.82%		91.58%	-1.24%
Corporate Strategy		68.85%		72.59%	3.74%
Human Resources		77.63%		87.08%	9.45%
Revenues & Benefits		98.11%		98.68%	0.57%
Salt Ayre		69.45%		80.30%	10.85%
Tourism		86.20%		92.31%	6.11%

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**BUDGET AND PERFORMANCE PANEL**

**Supplementary Note  
4<sup>th</sup> April 2006**

**Report of Head of CCS**

Every month CCS pay about 850+ invoices which represents 30+% of the Council's total monthly invoices.

Work has taken place to analyse which invoices aren't paid within 30 days and how far beyond the target these invoices are paid. It appears that whilst the majority of invoices are entered onto the system within less than 30 days that doesn't necessarily mean they will be paid within 30 days. Therefore staff have been instructed to enter invoices onto the system within 21days.

Furthermore individual responsibility for payment of invoices has been reviewed.

Problems are also experienced when suppliers wait several days and send out a batch of invoices, which means an invoice issued on a certain date won't reach until sometimes 2 weeks later. We also have situations where suppliers will send out invoices prior to delivery of the item, which also causes problems. These issues are being addressed with individual suppliers.

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<b>BUDGET AND PERFORMANCE PANEL</b>
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## STAR CHAMBER

04 APRIL 2006

### Report of Chief Executive

PURPOSE OF REPORT			
To receive an update on the 'Star Chamber' meeting held since the last report to Cabinet of the 17 January 2006.			
Key Decision		Non-Key Decision	Referral from Cabinet Member
			4
Date Included in Forward Plan	N/A		
This report is public			

#### RECOMMENDATIONS

- (1) That the report be noted.

#### 1.0 Introduction

- 1.1 Star Chamber is an informal Member working group of Cabinet Members meeting with Officers to examine the Council's current and future spending plans to assist Cabinet with its responsibilities for making proposals in respect of the Policy & Budget Framework. The purpose and objective include value for money and to identify Gershon efficiencies and savings that can meet the targets set out in the Medium Term Financial Strategy.
- 1.2 Star Chamber works to its revised Terms of Reference. The group meets regularly and reports for information are made on a regular basis into Cabinet and will also be made into the Budget & Performance Panel.
- 1.3 Since the last report, Star Chamber have assisted in bringing forward proposals in respect of the revenue budget and capital programme. These were formally reported through to full council as the Cabinet's budget and policy framework proposals and duly approved by full council at its 1<sup>st</sup> March meeting.
- 1.4 Since then, Star chamber has meet once, on 22<sup>nd</sup> March where it agreed its immediate work programme and recommended revised Terms of Reference for the next round of Star Chamber meetings and these have subsequently been agreed by

the Leader of the Council. These revised Terms of Reference are attached for information.

**RELATIONSHIP TO POLICY FRAMEWORK**

The work of the Star Chamber is critical to providing a challenge and review to both the way that our services are provided or their appropriateness to the targets set out in the Corporate Plan & Policy Framework. In particular this can be seen in:

- Corporate Plan Core Values – Sound Financial Management and Improving Services
- Corporate Plan Priority No 5 “Delivering modern, high-performing services, that are accessible, cost effective and of a quality that reflect what people want and need.”
- Revenue Budget & Capital Programme Monitoring
- Medium Term Financial Strategy target

**CONCLUSION OF IMPACT ASSESSMENT**

**(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)**

None arising directly as a result of this report

**FINANCIAL IMPLICATIONS**

None arising directly as a result of this report

**SECTION 151 OFFICER’S COMMENTS**

The Section 151 Officer has been consulted and has no comments to add.

**LEGAL IMPLICATIONS**

Legal Services have been consulted and have no further comments.

**MONITORING OFFICER’S COMMENTS**

The Monitoring Officer has been consulted and has no comments to add.

**BACKGROUND PAPERS**

Corporate Plan 2005/06  
Revenue Budget and Capital Programme  
Medium Term Financial Strategy – March 2005

**Contact Officer:** Mark Cullinan, Chief Executive

**Telephone:** 01524 582011

**E-mail:** chiefexecutive@lancaster.gov.uk

**Ref:** CE/ES/Cttees/Cabinet/Star Chamber

**STAR CHAMBER PROCESS – 2006/07****PURPOSE OF THE EXERCISE AND TERMS OF REFERENCE**

Star Chamber is an informal meeting of Cabinet members supported by senior officers. Its purpose is to provide a continuing process that examines current and future spending plans with the aims of ensuring value for money, identifying efficiencies and diverting resources into Council priorities and away from non-priorities, as well as alternative methods of delivery. It also provides the framework and focus for achieving the financial savings targets included in the Medium Term Financial Strategy and those efficiencies required under Gershon. Consequently, it will look at financial, physical, and human resource matters. This will be done through the following **Terms of Reference**:

- consider information regarding Service activity, particularly what is and what is not an explicit Council priority
- identify to what extent mandatory services are enhanced above minimum legislative requirements
- identify any Service functions or activities that no longer contribute to the Council's priorities
- identify Service efficiencies or re-engineering opportunities that could help meet the MTFs/Gershon targets
- identify Service savings
- identify any new legislative issues with future spending pressures
- identify potential sources of additional external funding, increased income opportunities and alternative methods of procurement
- identify resource diversion opportunities
- identify invest to save opportunities
- identify joint working opportunities through collaboration or partnerships
- consider capital programme bids

It is important to note that all the above will at some stage need financial information to help Star Chamber consider the various options before it. This will undoubtedly require some development of activity-based accounting.

Star Chamber is a continuous process and any matters outstanding from the previous years exercise will be reported back in accordance with the agreed timetable.

Star Chamber will employ project management techniques to oversee the successful completion of the overriding priority to keep annual council tax increase levels below 4.9% for 2007/8 and 2008/9

The above **Terms of Reference** will be undertaken by:

1. Challenging existing service provision levels and how they are delivered to provide Value for Money. This will necessitate where appropriate, a functional or activity analysis and eventually information on the costs of certain activities. Activities should demonstrate how they meet Corporate Plan priorities and any statutory obligations.
2. Requiring each Service to produce options in line with the Gershon efficiency strategy to achieve a 2.5% per year cashable efficiency gain/saving in net revenue expenditure/strategic increase in service charges that would help achieve the Medium Term Financial Strategy. In particular Star Chamber will make recommendations to assist the Leader and Chief Executive in preparing and signing off the Annual Efficiency Statements required to be prepared each year under Gershon.
3. Being the forum that triggers organisational change reviews to improve the efficiency and/or effectiveness of Council services.
4. A thorough examination of how electronic processes can re-engineer current service delivery and also what can be done collaborately or in partnership.
5. Considering not only how to implement Council priorities, but also to disinvest in Services which are being/can be provided by other public services or partnerships and to disinvest in those Services that are primarily the responsibility of other public service agencies.
6. Receive reports from the Asset Management Group on capital programme bids.

### **Process**

Star Chamber will continue to meet throughout the year, initially in line with the agreed timetable up to the summer recess but from September each Wednesday thereafter ( unless otherwise agreed ) starting at 10.00 am and limited to 2 hours maximum.

### **Core Membership**

Leader  
Councillors Hanson, Quinton and Barry  
Chief Executive  
Corporate Directors  
Head of Financial Services

Other Cabinet members and Service Heads will be invited when appropriate

### **Reporting Mechanisms – Presumption in favour of openness**

Informally reporting / monitoring to Cabinet / Management Team informal meetings and a short Leader's report to Cabinet covering the work commenced with timescale if available. In addition, the Leader will report regularly to the Budget & Performance Panel on progress.

Formal decisions will be taken by Cabinet or Individual Cabinet Members

# Budget and Performance

## ANNUAL FORWARD LOOKING EFFICIENCY STATEMENT 2006-7

4<sup>th</sup> April 2006

### Report of Corporate Director (Finance & Performance)

<b>PURPOSE OF REPORT</b>				
To report IT related costs to Members as requested				
<b>Key Decision</b>		<b>Non-Key Decision</b>	<b>X</b>	<b>Referral from Cabinet Member</b>
This report is public				

#### OFFICER RECOMMENDATIONS

1. That the Budget and Performance Panel note the latest position on preparing the Annual Forward Looking Efficiency Statement for 2006/7 and that once completed, the Statement is circulated to Panel members as soon as practicable.

2. **INTRODUCTION**

At the last Panel meeting, it was agreed that this meeting would receive a report setting out progress on preparing the Annual Forward Looking Efficiency Statement for 2006/7 in accordance with the Gershon efficiency requirements.

3. **Initial Assessment**

The Gershon timetable requires Councils to prepare this statement at the commencement of each financial year and return it to the ODPM in April. This year the statement needs to be completed and returned by April 18<sup>th</sup>. The preparation of the statement is the responsibility of the Member Champion for Efficiency, Cllr Barker, in conjunction with the Chief Executive.

To date, officers in finance have been working with services as they have prepared their business plans to identify initiatives that will help achieve the cashable and non-cashable targets that the Council should seek to achieve throughout the year. The process is still at an early stage but will be completed by the due date.

#### **4. Annual Forward Looking Statement**

In particular, the Statement seeks to identify areas where the Council can make efficiency savings to either, help meet the savings targets in the Medium Term Financial Strategy, or to be redirected into service improvements. The format for presenting the target savings is set by the ODPM and for each initiative the following information needs to be included :-

- Some basic information about the activity to be undertaken
- What will result from the action
- The value of the efficiency gain to be achieved
- An indication as to whether the gain will be cashable or not, and whether it is recurring

All efficiency initiatives must be group under the following headings :-

- Service Specific
- Cross Cutting Services
  - Corporate Service
  - Procurement
  - Productivity Related
  - Transactional Related
  - Miscellaneous

The total Gershon efficiency target for 2006/7 was originally set at £956,000 of which 50% must be cashable. Recent advice from the ODPM suggests that this may reduce to £584,000. Officers are trying to ascertain the correct position and will give a verbal update at the meeting.

#### **5. Panel's Responsibilities**

More importantly from the Panel's point of view, it is their responsibility for monitoring progress throughout the year to check that the initiatives to achieve the targets are being pursued to ensure the predicted outcomes. In this respect, the Panel's work programme includes the presentation of a mid-year progress report back to the 31<sup>st</sup> October meeting. This will be very timely for it will allow the Panel to make any recommendations for change prior to the council formally reporting its mid-year progress position to the ODPM which has to be completed by November 17<sup>th</sup>.

In addition to the forward looking aspects of Gershon, the work programme also includes the presentation to the June Panel meeting of a report regarding the Back Looking 2005/6 Efficiency Statement. This will allow the Panel to scrutinise performance in achieving the targets set 12 months ago for the financial year just ended.

#### **6. Conclusion**

Members are asked to note the process in place for preparing the 2006/7 Gershon Forward Looking Efficiency Statement and note that once complete and signed off by the Leader of the Council and Chief Executive, a copy will be circulated to Panel members as soon as practicable.

# BUDGET & PERFORMANCE PANEL

## Procurement Strategy Update 04 April 2006

### Report of Corporate Director (Finance & Performance)

PURPOSE OF REPORT				
To monitor progress in implementing the Council's Procurement Strategy with a view to seeing how the outcomes have, or will, contribute to the Council's efficiency targets and demonstrate value for money.				
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input type="checkbox"/>	Referral
				<b>X</b>
This report is public				

#### 1. RECOMMENDATION

That Members note the progress made in achieving procurement targets and how the outcomes have, or will, contribute to the Council's efficiency and savings targets.

#### 2. REPORT

##### Introduction

At its last meeting, the Panel approved a report that set out a process and timetable for reviewing the individual components within the Council's Efficiency Strategy with a view to monitor their effectiveness. The purpose of this review is to monitor not only the effectiveness of the Procurement Strategy in contributing to the Council's medium term financial strategy/Gershon efficiency targets, but also to highlight and provide evidence that the Council's procurement arrangements provide value for money

##### Background

Members will be aware that in October 2003 the Government launched a *National Procurement Strategy for Local Government*, which made links with other developments such as *Implementing Electronic Government* and the Government's *Rethinking Construction Agenda* (the Egan Report). Overall, the National Procurement Strategy (NPS) is designed to provide a comprehensive and co-ordinated approach to procurement in local government and it sets milestones for all Councils to achieve between 2004/05 and 2006/07.

In addition, the Government's Spending Review in 2004 placed an obligation on the public sector to achieve 2.5% efficiency savings over the spending period to 2007-08. The Efficiency Review identified procurement, amongst other things, as critical in achieving sustainable efficiencies.

### **Revised Procurement Strategy & Improvement & Development Plan**

In July 2005, the Performance Review Committee approved an updated and revised Corporate Procurement Strategy (the original having been adopted by Cabinet in 2003) in light of major developments in best value procurement and with a view to developing a corporate and systematic approach to procurement needs and practices.

The overall aims and purposes of the revised Procurement Strategy are:

- To ensure that an effective and corporate approach is taken to procurement, which maximises the contribution it makes to achieving community, corporate, financial and service specific objectives;
- To secure commitment to effective procurement from Members and officers at all levels throughout the organisation;
- To supplement the Medium Term Financial Strategy (2005/06 – 2007/08) and the Council's strategy for achieving efficiency gains to 2007/08;
- To provide a corporate focus on procurement that assists in co-ordinating procurement activity and helps to achieve optimum resource allocation and avoids duplication;
- To plan the way forward for modernisation and continuous improvement in procurement and encourage long-term thinking and commitment to strategic procurement issues;
- To 'join up' in a single document a corporate procurement strategy which identifies and promotes the benefits of strategic procurement

In December 2005, the Performance Review Committee also approved a revised Improvement & Development Plan, which now incorporates the current position on achieving milestones set out in the NPS, as well as strategic/corporate procurement issues and targets identified during the major review of the Council's procurement arrangements and the subsequent adoption of the Corporate Procurement Strategy 2005-2008. The Improvement & Development Plan, which forms part of the Corporate Procurement Strategy, is now the key document for monitoring and reporting progress on procurement practices as a contribution towards delivering efficient service delivery and achieving the Council's priorities.

The adopted Corporate Procurement Strategy and most up-to-date Improvement & Development Plan are attached as **Appendix A** and the following paragraphs set out details of specific achievements in strategic procurement during 2005/06.

### **3. PROGRESS IN 2005/06**

In addition to the major review of the Council's procurement arrangements and the subsequent adoption of the Corporate Procurement Strategy and Improvement & Development Plan, the following actions and targets have been, or are in the process of being, met:

#### **Procurement Concordat for Small and Medium Sized Enterprises**

A key action required by the NPS is that by 31 March 2006 *'Every Council should have signed up to the national concordat for Small and Medium Sized Enterprises (SME's)'*. In line with this requirement the officer Procurement Group produced Lancaster City Council's *Procurement Concordat for Small and Medium Sized Enterprises* which, following consultation with the Chambers of Commerce, was approved by the Performance Review Committee in December 2005.



The main purpose of this Concordat is to recognise the important contribution that local businesses can make to the delivery of public services and their impact on the national and local economy. It demonstrates how the Council will promote business opportunities for all businesses in the locality, particularly small and medium sized enterprises, and sets out standards, principles and commitments that the Council, working with SME's, aims to achieve.

The Chamber of Commerce commented that they '*...welcome and support the Procurement Concordat and will be doing everything they can to encourage a policy of local trading. This Concordat between the local authority and the local SME business community will help to meet our own strategic objectives*'. Since its adoption arrangements have been made with the Chamber of Commerce for a procurement seminar to be held in early May to officially launch the Concordat with the business community and to demonstrate how the Council will work with SME's to achieve efficiencies in procurement.

The Council's performance in engaging with SME's, including social enterprises and voluntary and community organisations, and progress towards meeting the commitments set out in the Concordat is being monitored, through the Procurement Strategy Improvement and Development Plan.

### **Purchase Spend Analysis**

The Procurement Group have recently commissioned a service provider, Spikes Cavell & Co to analyse the Council's supplier and expenditure data. The North West Centre of Excellence (NWCE) fully supports this company, and their on-line database, Observatory, which has already been commissioned by a number of other authorities in the region.

The business case put together by the Procurement Group pointed out that an effective analysis of the Council's procurement spend and supplier base was essential to address a Government agenda that includes securing efficiency savings; meeting e-Government targets and achieving National, as well as, corporate procurement targets. The data, which is expected to be provided in June, will inform decisions on procurement opportunities and risks and help to assess their potential impact, including:

- Comparison of spend and supplier profiles with those of other Councils with a view to identifying common areas of spend and use of suppliers that might support collaborative working locally, regionally and nationally, and help identify areas of potential efficiency gains.
- Establishing which suppliers the Council has in common with other Council's in the region with a view to developing the potential for these suppliers to be in a position to move to electronic trading via an e-marketplace.
- Obtaining data on our supplier profile that will assist the Council in addressing the NPS themes around collaboration and support of Small and Medium-sized Enterprises (SME's), in particular.

The cost of the commission and subscription to the on-line database, based on 9,000 creditor records on the Council's Powersolve system, is £9,270, of which £2,000 will be funded by the NWCE following a successful application for grant.

### **Corporate Project Management Methodology**

A key NPS milestone incorporated within the Corporate Procurement Strategy is the development and implementation of a corporate and structured approach to

programme and project management as a contribution to the successful outcome of high value/high risk projects.

In February 2006, the Performance Management Group approved the adoption of an approach suitable for a Council the size of Lancaster that is capable of being consistently applied to **any** type of project proportionate to its significance to the success of the Council, its complexity and degree of risk.

A programme/project manager group has since been set up to deliver a project management methodology for Lancaster and the provision of formal training and guidance and to establish an organisation structure for effective programme/project management that effectively monitors corporate and individual project performance towards successful delivery.

In particular the effective project management of the Council's major spending projects will ensure project outcomes will be delivered on time, in budget, and to the correct specification in the most efficient and cost effective manner.

### **Doing Business Electronically**

Implementation of an e-procurement solution for the Council forms part of the e-Government programme ( another strand of the Efficiency Strategy ) and consists of a number of elements which are currently being developed or under consideration, including purchase cards; payment through BACS and an electronic purchasing solution aimed at providing a fully integrated and flexible system capable of achieving efficiencies through a reduction in time and cost needed to procure goods, works and services.

This area of procurement has been identified within the Procurement Strategy Improvement & Development Plan as a major issue for the officer Procurement Group during 2006/07 in line with developments in e-procurement regionally and nationally, to include consideration of:

- stand alone modules used to seek tenders and quotations (known as e-sourcing), and;
- the use of web-based e-marketplaces to assist with access to approved framework agreements and contracts such as the Office of Government Commerce (OGC) Buying Solutions, and;
- other web based systems such as e-Auctions.

A more detailed report on the efficiencies achieved through E Govt is scheduled for the Panel's next meeting.

## **4. CONCLUSION**

It can be seen from the Implementation and Development Plan attached to the Corporate Procurement Strategy that a great deal has been achieved against the milestones set out in the National Procurement Strategy and those identified as essential to meeting corporate objectives and efficient service delivery. There is recognition, however that there is still much to do and through the Procurement Group and its active involvement with the regional centre of excellence, the Council will continue to learn from best practice elsewhere and to develop its capacity and capability in strategic procurement to generate further efficiencies.

A useful measure of how well the Council is doing will be provided by the Improvement and Development Agency (IDeA) and the NWCE who will be carrying out an external challenge on 29<sup>th</sup> March 2006 (in line with a NPS requirement) on the

Council's procurement performance against the NPS milestones and the procurement strand of the Efficiency programme.

This is a full day event in the form of facilitated diagnostic workshops involving senior officers and Members, in advance of which, the IDeA have been provided with the Council's Procurement Strategy, Annual Efficiency Statements and other related documents, as well as an on-line self assessment questionnaire on the Council's current strategic procurement arrangements. The IDeA and NWCE's assessment of these, as well as the feedback from the 'Challenge Day', will provide a useful 'health check' on achievements made to date and the challenges facing in the Council informing future procurement strategy. It is planned that feedback from the healthcheck challenge day will be reported into this Panel meeting.

**RELATIONSHIP TO POLICY FRAMEWORK**

The adoption of a Procurement Strategy to develop the Council's capacity and ability to efficiently and effectively procure goods, works and services from external suppliers is detailed in the Corporate Plan. In particular it states :-

*"Listening to you to help us shape and deliver modern, high performing services that are accessible, cost effective, and of a high quality that reflect what people want and need."*

**CONCLUSION OF IMPACT ASSESSMENT (including Diversity, Human Rights, Community Safety, Sustainability etc)**

The strategy and its future development will provide a framework within which procurement can support aspects such as sustainability and the achievement of other community benefits etc, on a clearer and more consistent basis.

**FINANCIAL IMPLICATIONS**

Certain actions will have financial implications and where appropriate these have been reflected within spending plans, e.g. Cabinet has allocated £25,000 of IEG funding towards e-procurement developments as an invest to save initiative.

Other financial aspects may arise as progress is made in implementing the strategy and these will be reported or considered at the appropriate time. Overall the adoption of the revised strategy will not result in any unbudgeted financial commitments and, conversely, should provide financial/efficiency savings through better procurement practices that will contribute to the MTFs/Gershon targets. This aspect is being analysed in more detail in considering the Efficiency Review and the Council's budget predictions for future years and in particular in preparing the Annual Efficiency Statements for Gershon.

**SECTION 151 OFFICER'S COMMENTS**

The Section 151 officer has been involved in the development of the Strategy as a member of the Procurement Strategy Group and has no further comments to add.

**LEGAL IMPLICATIONS**

Legal Services have been consulted and have no comments to add

**MONITORING OFFICER'S COMMENTS**

The Monitoring officer has been involved in the development of the Strategy as the lead officer of the Procurement Strategy Group and has no further comments to add.

**BACKGROUND PAPERS**

The National Procurement Strategy for Local Authorities, the Corporate Procurement Strategy and Minutes and related documents of the officer Procurement Group

**Contact Officer:**

R Muckle  
Telephone: 01524 582022  
E-mail: [rmuckle@lancaster.gov.uk](mailto:rmuckle@lancaster.gov.uk)

Draft



**PROCUREMENT STRATEGY**

**2005-2008**

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## **Foreword by the Leader of the Council**

Lancaster City Council recognises that procurement is pivotal to everything that we do as an organisation. Every service provided by the Council procures goods, works and services both internally and externally and we must take every opportunity to examine all of the possible alternative methods of service delivery.

Traditionally, Lancaster City Council has not taken a strategic approach to procurement but we must recognise its position in the organisation and rise to the challenge of continuous improvement. This strategy aims to focus our thinking and details how the Council will continue to develop and deliver best value through strategic procurement.

Elected members and officers support procurement as a strategic, corporate priority and are committed to the delivery of effective, economic and efficient procurement.

**Councillor Ian Barker**

**Leader of the Council and Member Procurement Champion**

## 1 The Procurement Strategy

### 1.1 Background to the Procurement Strategy

#### **Best Value**

One of the key drivers behind this strategy is 'Best Value', which is a major element of the Government's plan for improving local government services. Best value imposes a legal duty on all local authorities:

**'...to continuously improve the services they provide having regard to a combination of economy, efficiency and effectiveness'.**

The Local Government Act 1999 places the duty of Best Value on us. Best Value requires every local authority to consider all relevant options for future delivery of a service and to choose the option that produces the best value for money, based on an appropriate combination of both price and quality. This puts procurement at the heart of Best Value and continuous improvement and this strategy has been produced in line with statutory guidance on best value (DETR circular 10/99), which specifically states that each Council should have '**a clear procurement strategy at a corporate level**'.

#### **National Procurement Strategy for Local Government**

The report *Delivering Better Services for Citizens* (the 'Byatt report') was produced in June 2001. The report made thirty-nine recommendations to improve procurement in local authorities. The Government issued their initial response in July 2002, setting out a number of ways in which the Government would support the proposals, culminating in the [National Procurement Strategy](#) launched jointly in October 2003 by the Office of the Deputy Prime Minister (ODPM) and the Local Government Association (LGA). This strategy links to other Government initiatives such as *Implementing Electronic Government* and *Rethinking Construction* and sets procurement milestones that all Council's are expected to achieve between 2004 and 2006.

#### **The Efficiency Review**

In 2003 the Government announced that there would be a review of efficiency in the public sector. This review, informally known as the 'Gershon Review', drew on existing best practice to identify sustainable efficiencies in public sector procurement, policymaking and corporate and transactional functions. It also developed recommendations to raise the productive time of professionals in the public sector. The review culminated in '*Releasing resources to the frontline*', which was published alongside the Chancellor's Spending Review in 2004.

Collaboration within the public sector to aggregate requirements, the creation of shared procurement services and the streamlining of procurement processes, implementation of e-Procurement solutions and further partnering arrangements (particularly in construction and service delivery) are all seen as critical to the efficiency programme.

Essentially, the efficiency review is about improving productivity – getting more from the same resource or achieving the same results for less resource. The 2004 spending review placed an obligation on the public sector to achieve 2.5% per annum efficiency gains over the spending period to 2007/08.



### ***Local: vision – the ten year strategy***

The Office of the Deputy Prime Minister (ODPM) is developing a 10 year strategy for local government which, following consultation may culminate in the publication of a White Paper that will require a more diverse market for local government services and a sophisticated approach to procurement that will require a competitive supply base and opportunities for greater innovation, efficiencies and higher quality services.

## **1.2 Aims and Purposes of this Strategy**

The first of the Council's procurement strategies was approved in January 2003 following a detailed review of corporate procurement in 2002. This original strategy was structured to support the recommendations made in the Byatt report and has since been revised several times to reflect developments made in procurement.

The specific aim of *this* document is to outline a clear strategy for procurement throughout the Council. A strategy that reflects the Lancaster District Community Strategy – A Vision for 2020 and the Councils Corporate Plan and provides a framework for best value which stands alongside the Council's Constitution (which incorporates the Council's financial regulations and contract procedure rules).

The Strategy sets out an improvement and development plan aimed at achieving a corporate and holistic approach to procurement. This procurement strategy will be subject to an annual review of progress against targets set and will also be 'benchmarked' against the National Procurement Strategy for Local Government. Progress reports on the practical delivery of this strategy will be submitted to the Leader of the Council, who is the Council's portfolio holder with responsibility for procurement, and to Performance Review Committee, annually commencing in July 2005.

The main purpose of the Strategy is to communicate clearly to all stakeholders, including Council members, chief officers and Council staff, partners and suppliers, consultants and contractors, the Council's 'vision' for the way forward in procuring its goods, works and services so that all may play a meaningful role in achieving that 'vision'.

The document seeks to set out the Council's high level, strategic plans for how procurement will be organised and managed in support of that 'vision'. It is aimed at promoting effective procurement across the whole of the organisation and strikes a balance between setting out a blue print for modernising procurement activity with specific targets, and setting a flexible framework within which further procurement development can take place.

This flexibility is required to give the Council the ability to respond to the rapidly changing environment surrounding public sector procurement, to take account of our own experiences and those of others and to integrate improvements into our processes and systems. Such flexibility is essential, for example, in allowing the Council to adapt to, and fully exploit, the requirements and benefits of e-procurement.

The overall aims and purposes of this Procurement Strategy are:

- To ensure an effective and corporate approach is taken to procurement, which maximises the contribution it makes to achieving community, corporate, financial and service specific objectives.
- To secure commitment to effective procurement from Members and officers at all levels throughout the organisation
- To supplement the Medium Term Financial Strategy (2005/06 – 2007/08) and the Council's strategy for achieving efficiency gains to 2007/08
- To provide a corporate focus on procurement that assists in co-ordinating procurement activity and helps to achieve optimum resource allocation and avoids duplication
- To plan the way forward for modernisation and continuous improvement in procurement and encourage long-term thinking and commitment to strategic procurement issues
- To 'join up' in a single document a corporate procurement strategy which identifies and promotes the benefits of strategic procurement

In short, this strategy (which replaces previous versions) aims to bring together the already existing examples of good procurement practice throughout the Council and will provide the framework for the development and modernisation of procurement across all areas of Council operation. It provides opportunities for businesses, both local and further afield, to assist the Council in delivering its corporate priorities and objectives. **This document is not a procurement manual and does not set out to be prescriptive.**

This strategy has been produced by the Procurement & Efficiency Management Group, made up of senior officers led by the Corporate Director (Central Services). Copies of the strategy are available directly from the Council's Procurement Officer (details below) or electronically via the Council's Intranet or Web-site.

Your comments and views on this strategy are welcomed so that together we may continue to develop our approach to procurement for future years. If you wish to comment on this strategy or require further information please contact:

Helen McMahon  
Procurement Officer  
Lancaster City Council  
Town Hall, Dalton Square  
Lancaster  
Tel: 01524 582122 or e-mail: [procurement@lancaster.gov.uk](mailto:procurement@lancaster.gov.uk)

### 1.3 Why we need a Procurement Strategy

Procurement is about making choices and can be defined as ***'The process by which an organisation acquires the goods, works and services needed to achieve its objectives'***. This process must cover the 'whole life' of the asset or contract, from the initial definition of the business need right through to the end of the useful life of the asset or service contract.

The term 'procurement' has, therefore, a much broader meaning than that of simply purchasing in that it includes the acquisition of goods, works and services which best meets the needs of users and the local community.

All areas of the Council's operations to some extent involve procurement and, through necessity, the Council depends on the external provision of goods, works and services in order to deliver its objectives and so it is essential that we have a clear strategy of how these externally provided resources will be selected, acquired and managed.

## 1.4 Strategic context

Procurement should be seen in the context of the Lancaster District Community Strategy – A Vision for 2020 and the Council's overall priorities and objectives within its Corporate Plan.

The Council provides a leadership role in promoting the economic, social and environmental well-being of the community, and in delivering, collaboratively through the Local Strategic Partnership, the strategic objectives, action plans and targets in the Community Strategy.

The Council's Corporate Plan and its Service Business Plans underpin the shared vision of the Lancaster District Community Strategy and its 10 themes aimed at achieving this vision by the year 2020.

The Council's district wide aim, as set out in the Corporate Plan, is that by:

***'Promoting city, coast and countryside, we will achieve lasting opportunities for all in a safe and healthy district that's proud of its natural and cultural assets'***

The Council is a large organisation with an immense range of activity. To support the corporate aim the Council has developed six key priorities which help us to focus on the things we need to do to deliver real and lasting achievements. These priorities will guide our investment and work over the next three years (2005-2008).

Our priorities are:

- 1. Leading the social, physical and economic regeneration of the whole District, building on our cultural wealth and narrowing the gap between our most deprived areas and the rest.**
- 2. Working with our partners to deliver strong, stable, sustainable communities with a decent home for everyone.**
- 3. Making our environment cleaner and healthier including managing transport and parking.**
- 4. Working with our partners to reduce crime and the fear of crime and making our streets safer.**
- 5. Delivering modern, high performing services, that are accessible, cost effective and of a quality that reflect what people want and need.**
- 6. Striving to improve as a forward thinking Council with a skilled, knowledgeable and motivated workforce.**

The Council's Medium Term Financial Strategy outlines the key financial principles and targets that the Council is seeking to achieve and sets out the processes designed to ensure that policy objectives and spending demands are balanced against available resources and the needs of the community. Overall, the strategy supports the achievement of best value and sets out how the Council will achieve the efficiency gains required by the Governments' Efficiency Review.

In managing our services and working towards achieving our corporate aim the Council has established an explicit and shared set of core values which support everything that we do.

Our values are:

<b>Putting The Needs Of The Public First</b>	We will treat everyone respectfully and professionally and provide services that respond to our changing needs
<b>Community Leadership and Partnership</b>	We will bring the community together to deal with the major issues facing our District and work with our Partners to deliver real improvement
<b>Improving Services</b>	We will constantly seek to improve the services that we provide to our community
<b>Equality of Opportunity</b>	We are committed to treating everyone equally and providing services which recognise different needs within our community and aim to reduce inequalities
<b>Open, Responsive &amp; Accountable Government &amp; Sound Decision Making</b>	We want transparent decision-making, public consultation, two-way communication and public involvement so our services meet the needs of our citizens
<b>Sustainable Development</b>	We consider the long-term impact of our decisions on the environmental, social and economic make-up of our district
<b>Sound Financial Management</b>	We are committed to effective, efficient and prudent management of the Council's financial affairs
<b>Good Employment Practice</b>	We are committed to high standards of employment practice

Collectively, the Council's corporate aim, together with its priorities and core values act as a focus for all the activities of the Council, including this procurement strategy and other corporate and service strategies, which have been, or are in the process of being, aligned with them.

## 1.5 Procurement Vision

In support of best value and the wider community and corporate objectives and priorities, the following procurement vision has been developed:

***'To achieve best value through planned, responsive, professional, well-managed and sustainable procurement that contributes to the Council's priorities and meets the needs of the community'***

## 2 Current Arrangements

### 2.1 How procurement is currently organised

Within the Council's Constitution the procurement of goods, works and services is regulated by the contract procedure rules and financial regulations. Developments in best value procurement required a wholesale review of the Contract Procedure Rules, which were formally adopted by the Council in February 2005.

The revised Contract Procedure Rules fully support this Procurement Strategy and clearly set out officer responsibilities and accountabilities when procuring works, goods and services on behalf of the Council. Through compliance with the Contract Procedure Rules and Financial Regulations the Council maintains the highest standards of integrity, fairness and consistency in all its procurement activity.

The Council largely operates a devolved organisational approach to procurement with budget holders responsible for procuring supplies and works in accordance with the Constitution, with support from a professionally qualified Procurement Officer. Other specialist legal, financial and audit support is provided as appropriate.

This structure supports the Council's operational style and means that procurement decisions can benefit from expertise and knowledge within the procuring Service. It can, however, lead to 'silo thinking' with good practice in procurement not being shared resulting in duplication, a lack of consistency and a failure to take advantage of economies of scale.

The Council has a number of sound arrangements in place to manage medium and high risk/value procurements but there is a need to build upon these with a view to adopting a co-ordinated and structured approach based upon the core principles of project management.

The Council has a good track record of working creatively with partners in the private, voluntary and other sectors to deliver better services, including construction and we are currently working with, and exploring opportunities for, working collaboratively with other public sector bodies.

Our approach to working in partnership was formally recognised in the Audit Commission's Comprehensive Performance Assessment (CPA) of the Council undertaken in 2004, although we acknowledge that more can be done in order to take full advantage of shared procurement resources and service delivery.

Whilst the Council makes good use of electronically ordering from, and making payments to, its suppliers, other elements of '*delivering business electronically*' are not yet well developed; a position that the Council is seeking to address.

The experience, skills and knowledge of elected Members and Council officers in relation to procurement varies considerably throughout the Council, although there is, as yet, no structured approach to procurement training and development.

Responsibility for delivering changes identified in this strategy is the responsibility of the Procurement and Efficiency Management Group who produce an *Improvement and Development Plan* to underpin the practical delivery of the strategy. Ongoing progress will be reported to the Leader of the Council, who is the Member Procurement Champion and on a regular basis to the Performance Review Committee who have responsibility for monitoring the implementation process.

## 2.2 What the Council spends on procurement and how we spend it

During the financial year 2004/05 of the Council's overall budget over £30m was spent on goods, works and services. A broad analysis of expenditure on the procurement of good and services reveals that during the year 3,635 purchase orders were placed and 38,276 transactions (invoices) processed. The total number of suppliers relating to these transactions was 9,563.

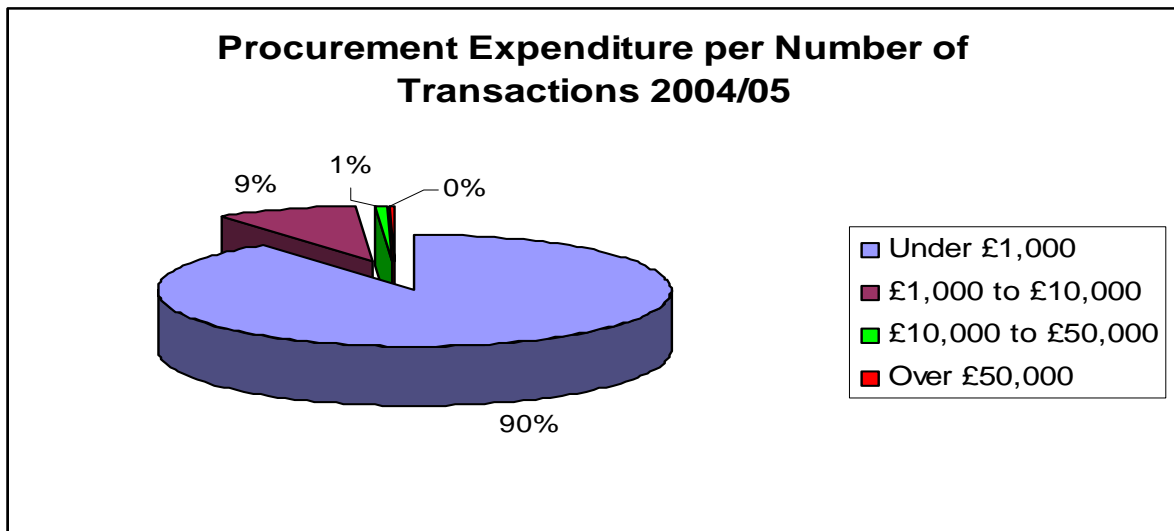
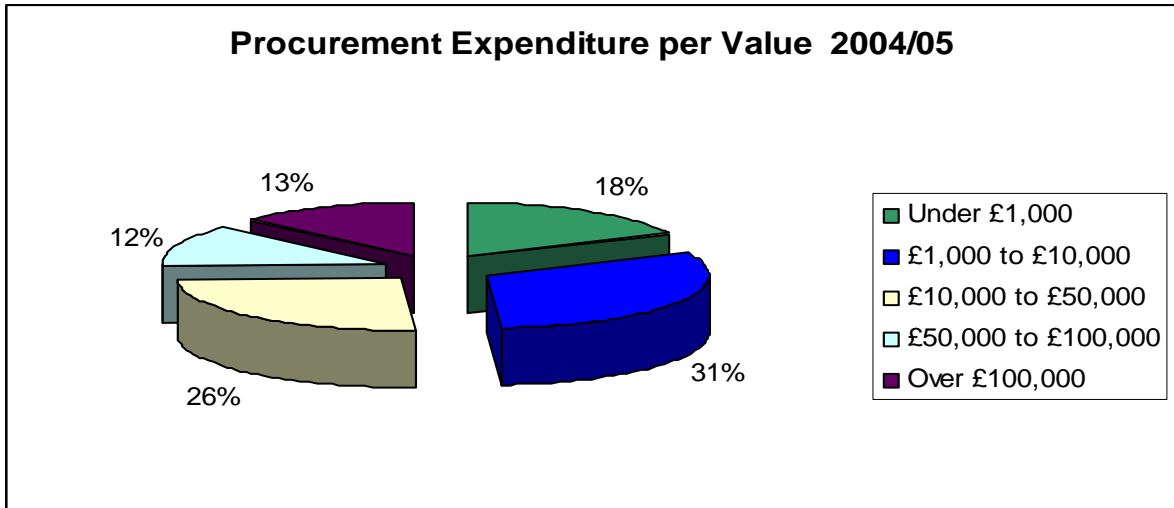
The tables and graphs below set the results of the analysis of the Council's payments and transaction profile for 2004/05.

### **Payments Profile**

Examples of Major Areas of Expenditure	Value (£)
<i>Capital contractor payments</i>	<b>8,339,634</b>
<i>Consultancy</i>	<b>328,437</b>
<i>Waste collection/disposal</i>	<b>716,348</b>
<i>Vehicle maintenance</i>	<b>1,138,615</b>
<i>Computer hardware/software</i>	<b>64,825</b>

### **Transactions profile**

Value of Payment (£)	Total £m	%	Number of Transactions	%	Average Value (£)	Number of Suppliers
<i>Under 1,000</i>	<b>5,418,250</b>	<b>18</b>	<b>34,464</b>	<b>90</b>	<b>157</b>	<b>8,373</b>
<i>1,000 to 10,000</i>	<b>9,359,288</b>	<b>31</b>	<b>3,346</b>	<b>9</b>	<b>2,797</b>	<b>990</b>
<i>10,000 to 50,000</i>	<b>7,740,037</b>	<b>26</b>	<b>390</b>	<b>1</b>	<b>19,846</b>	<b>162</b>
<i>50,000 to 100,000</i>	<b>3,737,804</b>	<b>12</b>	<b>55</b>		<b>67,960</b>	<b>25</b>
<i>Over £100,000</i>	<b>3,967,439</b>	<b>13</b>	<b>21</b>		<b>188,925</b>	<b>13</b>
<b>TOTALS</b>	<b>30,222,818</b>		<b>38,276</b>		<b>790</b>	<b>9,563</b>



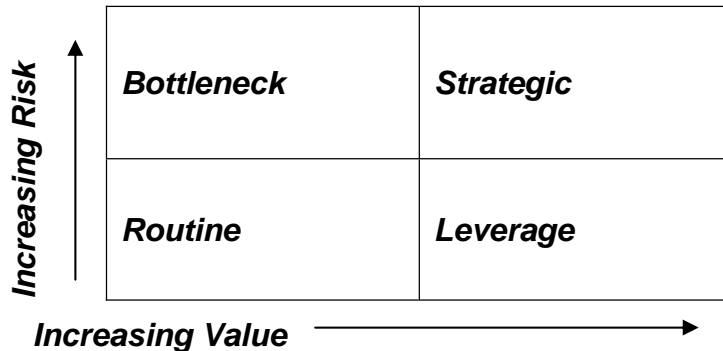
This analysis shows that:

- 99% of all transactions account for 49% of expenditure.
- ¾ of the Council's expenditure is below £50,000
- 98% of the Council's suppliers provide goods, works and services up to a value of £10,000

It is recognised that further development of the procurement strategy will depend on a more robust analysis of spend patterns and the mapping of requirements of the Council's procurement portfolio.



This more detailed analysis will provide for risk-based strategies to be developed for the various requirements in the portfolio categorised into areas of procurement as set out in the National Procurement Strategy:



Whereby:

- For **routine** (low value/low risk) purchases the Council may look at ways of reducing the number of suppliers used and the possible further aggregation of contracts and framework agreements (call-off contracts) to maximise purchasing leverage
- For **leverage** (high value/low risk) purchases there may be the opportunity to consider collaboration with other local authorities and partners ( e.g. in purchasing consortia or joint procurement projects) or the use of national framework agreements such as those put in place by the Office of Government Commerce (OGC)
- For **bottleneck** (low value/high risk) items multiple suppliers, contractors and partnering may be the best approach, whilst:
- For **strategic** (high value/high risk) procurements the Council will need to look at developing strategic partnerships for service delivery and investigate partnering arrangements as a contracting activity under the Government's principles for *Rethinking Construction*.

### 3 Procurement Principles, Standards and Procedures

The key procurement principles, standards and procedures set out below have been established to support the Council's strategic objectives and core values and the procurement vision.

#### 3.1 Best Value for money

**The Council is committed to ensuring value for money across all services by meeting the needs of local people in cost effective and efficient ways**

Procurement has traditionally been focused on economy (lowest price), and whilst this remains an important ingredient of best value it is also essential that procurement decisions are taken in light of the broader outcomes that the Council is seeking to achieve. It is inevitable that as a public body, the effectiveness of the Council's procurement arrangements must be measured as much on quality and social outcomes and the community benefits that result, as by financial gains. Balancing these is at the heart of best value procurement.



Through the Contract Procedure Rules, adopted in February 2005, the Council has a policy of making procurement decisions on the basis of best value for money (referred to as '*most economically advantageous offer*' in EU Procurement Directives). Best value for money is defined as:

***'...the optimum combination of whole life costs and benefits to meet the customers requirement'***

In this context the majority of contracts should be awarded on the basis of a robust assessment of quality, as well as cost, which will be incurred **throughout the life** of the asset or contract period. To this end a tender evaluation model, including objective criteria for the assessment of cost and quality, should be prepared in **advance** of the procurement and the evaluation criteria published in contract notices and the invitation to tender. To ensure fairness, the published criteria must not be changed during the procurement process.

In practice, it would be unrealistic to determine the whole of life cost assessments for small value contracts or purchases, although, as a guide, whole life costs should be calculated for high value procurements (those in excess of £50,000) or where there is likely to be a significant environmental impact.

### **3.2 High professional standards and probity**

**The Council requires that all procurement procedures are operated in a professional manner to ensure the highest standards of probity, openness and accountability.**

#### ***Member and Employees Codes of Conduct***

The Council's commitment to high standards of conduct and integrity is supported by its established codes of conduct for employees and elected Members. These codes set the standards that Members and officers must adhere to in any activity undertaken as representatives of the Council, membership of companies, voluntary organisations, or any other body and in their personal lives generally.

Both these mandatory codes of conduct emphasise that it is the duty of all employees and Members involved in procurement (as well as other activities) to behave in a professional and honest manner (including adherence to rules on the acceptance of gifts and hospitality) and to treat all suppliers equally.

These codes, together with the Council's Anti-Fraud and Corruption Strategy and Whistle-blowing Policy, make it a requirement for officers and Members to report any conflicts of interest or breaches of procurement procedures.

#### ***Council's Constitution***

Lancaster City Council's recently revised Constitution incorporates the approved [Contract Procedure Rules](#) and Financial Regulations which together form the core of the Council's procurement procedures. These are the **mandatory** rules that all officers of the Council and elected Members must comply with in order to protect the Council's interests and those of its Members and officers.

The Contract Procedure Rules include various value threshold levels where the Council is required to procure supplies, services or works through competition. These documents are an essential component of the Council's system of internal control and are available on the Council's intranet and website.

Transparency in procurement is maintained through the publication of a 'Selling to the Council' guide on the Council's website together with details of opportunities for bidding for our contracts.

Further developments necessary to improve our requirements for transparency have been identified within the Contract Procedure Rules and through the work of the officer Procurement and Efficiency Management Group including the need for:

- a procurement plan to be published setting out information on all the major procurement projects (medium and high risk) planned for the forthcoming three years, with estimated overall spend and resource requirements
- carrying out a review of the current arrangements for publishing prior information, contract award notices and completing statistical returns as required under the EU public procurement regulations
- an updated and more corporately maintained register of contracts providing contractual and financial information which will assist with the compilation of the EU statistical returns and help to identify, for example, an existing framework agreement or contract that can be used instead of letting a new one.

The Council's Procurement Officer works closely with Internal Audit and Legal Services to ensure that there is compliance with mandatory procurement policies and procedures and our legal obligations.

### ***UK Legislation***

Local authorities are governed by the UK Acts of Parliament and regulations and guidance issued by the Government and, as such, may not act outside the powers given to them under such legislation.

The main governing Acts of Parliament in respect of local authority contracting and procurement include:

- Part I of the Local Government Act 1999, which contains Best Value duties (supplemented by DTLR Circular 10/99)
- The Local Government Act 2000, which required Councils to produce a community plan and promote the economic, social and environmental well-being of the community
- Part IV and V of the Local Government and Housing Act 1989, which contains provisions for local authority involvement in companies
- The Local Authorities (Goods & Services) Act 1970, which enables local authorities to make an agreement with certain other public bodies for the supply of goods, materials and services
- The Local Government Act 1972, which contains section 151 powers and requirements for contract standing orders (Lancaster City Council refers to these as contract procedure rules).

- The Local Government (Contracts) Act 1997, which contains powers to enter into contracts
- The Local Government Act 1988, which precludes the consideration of 'non-commercial matters' when awarding contracts
- The Local Government Act 2003 which helped to move the policy context for procurement forward and provided new opportunities in partnering as a means of achieving service improvement and better value for money.
- Regulations and guidance made pursuant to these Acts of Parliament provide specific requirements and/or limitations on the Council. One example of this is the Code of Practice on Workforce matters in Local Authority Service Contracts.

### ***EU Regulations<sup>1</sup>***

In addition to the UK local government legislation mentioned above, there are legal requirements that govern procurement by public authorities, including Councils, right across the European Union. In the UK these are set out in the public procurement regulations which support the EU directives on supplies, services and works.

The public procurement directives provide detailed rules to ensure that:

- Contacts are advertised in the EU Members states to give all companies an opportunity for submitting tenders
- Technical specifications do not discriminate against any potential tenderers
- The award procedures for public procurement contracts are conducted in an open and non-discriminatory way.

Where the estimated value of any procurement exceeds the EU threshold current at the time<sup>2</sup>, the contract must be tendered in accordance with the relevant EU Directive.

The regulations provide remedies for aggrieved suppliers if the rules are flouted, including, redress in UK courts; intervention by the European Commission and the withholding of community finance.

EU member states recently agreed a package of changes to the public procurement directives aimed at modernising and simplifying the rules. This resulted in Directive 2004/18/EC which consolidates the three directives for public works, supplies and services contracts into a single text.

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<sup>1</sup> Further information and guidance on implementing the EU Directives is contained within the Council's Contract Procedure Rules and associated contract guidance (available on the Intranet) and '*How to do Business with the Council – A Guide for Suppliers and Contractors*', available on the Council's website.

<sup>2</sup> Current EU Thresholds until 31<sup>st</sup> December 2005 are £3,834,411 for works contracts and £153,376 for supplies and services contracts. See Appendix B

### 3.3 Equal Opportunities and Diversity in Procurement

**The Council is committed to its responsibilities under the Race Relations Act and to encouraging equality of opportunity to those who provide us with works, goods and services.**

The Race Relations Act 1976 as amended by the Race Relations (Amendment) Act 2000 made it a legal duty for Councils to have due regard to the need to 'eliminate unlawful discrimination' and to 'promote equality of opportunity and good relations between people of different racial groups'.

This duty applies to procurement delivered by private or voluntary sector firms through contractual arrangements and it is the responsibility of the Council to ensure that these duties are met regardless of the provider.

The Council's commitment to race equality and equal opportunity is set out in our policy documents and in order to fulfil our statutory duties, suppliers will be required to demonstrate compliance with current legislation, particularly, the Race Relations Acts, the Sex Discrimination Act 1975, Disability Discrimination Act 1995 and Codes of Practice issued by the equality commissions.

### 3.4 Partnerships and Collaboration

**The Council recognises the strategic benefits of working in partnership and collaboratively with others to successfully carry out major projects and to deliver better services for our citizens.**

#### ***Partnering***

*The strategic objective of partnering is the delivery of better services to citizens through the creation of sustainable partnerships between councils and suppliers in the public, private, social enterprise and voluntary sectors for the delivery of services and the carrying out of major projects, including construction.<sup>3</sup>*

The benefits of the partnering approach include:

- Better designed solutions
- Integration of services for customers
- Access to new and scarce skills
- Economies of scale and scope
- Investment
- Community benefits (including jobs and local economic effects)

A key milestone of the *National Procurement Strategy* was that, by December 2004, every Council should have set out its approach to partnering in service delivery and in construction projects. This target was successfully achieved through publication, in November 2004, of the Council's [Framework for Partnership Working](#) and the [Procurement through Partnering Guidelines](#)

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<sup>3</sup> Source: *National Procurement Strategy for Local Government October 2003*

These documents set out clear guidance on how the Council will meet the strategic objective of partnering through service delivery and construction contracts. The *Framework for Partnership Working* supports our strong commitment to working in partnership as identified within the Community Strategy and our key priorities in the Corporate Plan and demonstrates how this will be achieved.

Specifically, the Framework defines what are considered to be the main policy drivers, types of partnership and service delivery models that will be subject to the framework and explains the main reasons for, and benefits of, working with strategic partners. It also sets out the essential elements and features of setting up and sustaining a successful partnership arrangement in checklist form and incorporates a Partnership Assessment Tool aimed at providing a simple, quick and cost effective way of assessing the effectiveness of partnership working.

The *Procurement through Partnering Guidelines* provides more detailed guidance on partnering in construction projects based on the Government's 'Rethinking Construction' Agenda (the Egan Report)<sup>4</sup>, whereby the Council and the preferred supplier work in an open and joint relationship to achieve common objectives, with defined performance targets.

A partnering approach is increasingly being considered for high value, high risk procurements with the principal benefit that the relationships with the supplier are strengthened and risks and benefits are shared in a previously agreed and quantifiable manner. In recent years, the Council has entered into a number of partnering arrangements that have been reasonably successful in improving customer service and contract performance. We acknowledge, however, that more needs to be done in order that we may fully adopt a structured approach to procurement based on the core principles of project management, including the application of risk management techniques to projects and programmes and the implementation of gateway reviews<sup>5</sup> for strategic projects.

The Council's approach to working in partnership was recognised in the Audit Commission's Comprehensive Performance Assessment (CPA) of the Council (and before that the IDeA's Peer Challenge), which noted that we had begun to work creatively and effectively with our partners.

### **Collaboration**

*The strategic objective of collaboration is to obtain better value by bringing councils and other public bodies together at local, regional and national levels to combine their buying power and create shared services.*

'Collaboration' describes the various ways in which councils and other public bodies come together to combine their buying power, to procure or commission goods, works or services jointly or to create shared services. Collaboration is a form of public-public partnership, its major benefits being the achievement of economies of scale and accelerated learning and sharing of best practice.

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<sup>4</sup> Report commissioned by Central Government in 1998 aimed at achieving radical improvements in the construction industry

<sup>5</sup> This comprises reviewing the project at key decision-making points by a peer review team that is independent of the project team to ensure that the project can proceed successfully to the next project stage. This process is particularly valuable for managing high-risk projects.

The Council's Contract Procedure Rules provides for the Council to enter into **joint procurement** (or collaboration) with other local authorities and/or public bodies and partners to benefit from savings on procurement resources (i.e. time and cost involved in tendering individual contracts) and to take advantage of increased purchasing power through the aggregation of requirements and shared services.

The Contract Procedure Rules also allow the Council to enter into **framework agreements**. These are flexible arrangements that enable the Council to procure supplies, works and services that are relatively low value and low risk requirements. An example of these are the framework agreements and contracts put in place by local authority purchasing consortia and other public bodies, such as the Office of Government Commerce, whereby specific purchases (call-offs) can be made throughout the term of the agreement taking advantage of best value for money and without the need to conduct a separate tendering exercise.

Although in the relatively early stages, the Council is actively encouraging the development of new methods and approaches to procurement that will deliver services more efficiently, effectively and economically. We have begun the process of challenging service delivery by identifying *Marketing, advertising and promotional material* and *Print design and distribution* as potential service areas where efficiencies through procurement can be achieved.

### 3.5 Doing Business Electronically

**The Council recognises that to achieve efficiencies in the procurement process and to reduce transaction costs it will need to implement an e-procurement solution as part of its e-government programme.**

'e-Procurement' describes the use of an electronic system to acquire goods, works and services, and to receive payments from third parties.

The Council has made significant progress towards meeting the objective of the *National Strategy for Local e-Government* of achieving 100% capability in electronic delivery of priority services by December 2005. This objective is supported by milestones within the *National Procurement Strategy*, including a specific requirement that by 2005 '*Every council should have implemented an appropriate e-Procurement solution as part of its e-Government programme*'.

With this deadline in mind, the Council is in the process of considering the options available with a view to implementing a solution that is right for us, from the number of solutions currently available on the market. These include:

- Complete 'end-to-end' procurement systems that are integrated with financial back-office systems
- Stand alone modules used to seek tenders or quotations (known as e-Sourcing)
- Web-based systems that enable ordering from approved catalogues (e-Marketplaces)
- Other web-based systems such as e-Auctions
- Procurement cards for ordering and payment
- Payment through BACS and CHAPS

A pilot scheme on the use of procurement cards has recently been completed and another covering the electronic receipt of quotations and tenders is ongoing. The proper internal controls needed to accompany the introduction of these systems are currently being considered with a view to them being introduced throughout the Council by December 2005.

It is recognised that as part of the overall e-Procurement solution a strong business case needs to be developed which highlights the benefits that e-Procurement will bring, as well as;

- The level of investment available to implement a solution
- The level of risk associated with procuring and implementing a solution
- The capacity within the Council to implement solutions, and;
- How the implementation of e-Procurement fits with the overall objectives of the Council.

In order to successfully deliver an effective e-procurement solution the Council will be relying on all our suppliers embracing new ways of working, with the end goal being to eliminate paper based information and the associated costs, material, time and postage.

These innovative ways of working will include:

- Receiving orders via e-mail, fax and web
- Processing quotes, tenders and auctions electronically
- Supplying electronic catalogues
- Integrating their websites with the Council (e-Marketplaces)
- Electronic billing
- Automating accounts

There are distinct advantages to small and medium sized enterprises (SME's) doing business electronically with the Council, but it is recognised that they may be slower to adapt to technical innovation than some larger firms. In implementing an e-procurement solution the Council will consider methods, such as those described within the following section of this strategy, to ensure that SME's can do business with us electronically.

### **3.6 Stimulating markets and achieving community benefits**

**The Council aims to encourage a mixed range of suppliers to help stimulate a varied and competitive market place and will promote the economic, social and environmental well-being of our community.**

The Council recognises the need to develop diverse and competitive sources of supply, including procurement from small firms, ethnic minority businesses, social enterprises and voluntary and community organisations. We all also acknowledge the need to market ourselves to our suppliers and to understand how they view us.

Under the Local Government Act 2000, Council's were required to prepare a Community Strategy and given powers to promote the 'well-being' of their communities.



The Lancaster District Community Strategy – A Vision for 2020 was the product of a partnership known as the Lancaster District Strategic Partnership (LSP), made up of representatives from community groups, voluntary and business sectors and organisations in the public sector. This document sets out in detail the vision, objectives and targets for delivering on the overall aim of the Community Strategy to ‘...**enhance the economic, social and environmental well-being of our area, based on the aspirations and needs of our varied communities**’

The following paragraphs set out how the Council will work with our suppliers to stimulate the market place and realise ‘community benefits’ through our procurement activities.

### ***Stimulating Markets***

#### **Concordat for small and medium sized enterprises in the community**

Following release of good practice guidance from the ODPM in March 2005, the Council has acted quickly to draft a *Procurement Concordat for Small and Medium Sized Enterprises (SME's)*. This draft ‘small business friendly concordat’, which has received initial support from the local Chamber of Commerce, sets out procurement principles aimed at encouraging effective trade between the Council and small businesses, in line with the requirements of the *National Procurement Strategy*.

Further consultation and approval is needed before the Council can formally ‘sign up’ to the concordat, but once we have done so, it will clearly demonstrate our commitment to actively engage with small businesses to foster a professional approach to managing procurement that helps us to implement our key strategic objectives and the milestones set out in the *National Procurement Strategy*.

#### **‘Selling to the Council’ guide**

In line with one of the key milestones set out in the *National Procurement Strategy*, the Council has published guidance on the website on [‘How to do business with the Council’](#). This guide (last updated in May 2005) explains how the Council advertises and tenders for works, services and supplies, provides more detailed information on UK and EU procurement legislation and informs suppliers about the Council’s expectations of them.

Recently we have also posted details on our website of forthcoming bidding opportunities setting out information and contact details of contracts due to be let in the next twelve months and beyond. More development work is currently being undertaken to enhance this facility further and other procurement information has been published both on the website and the Intranet, including detailed information about Constructionline, the Government’s national database of pre-qualified contractors and suppliers, which is the Council’s preferred approach for selecting firms to be invited to tender for our projects.



### **Local Compact with the voluntary and community sector**

In February 2003, the Council and voluntary and community organisations signed up to a Local Compact which sets out '*...a commitment to work together more closely and effectively, respecting each others rights and responsibilities*'. This document, which will be reviewed in 2005, demonstrates the good working relations between the Council and local voluntary and community groups.

### ***Achieving Community benefits***

#### **Fair Trade and Sustainable development**

Fair trade helps disadvantaged communities in the Third World by guaranteeing a fair price for their commodities such as tea, coffee, sugar, chocolate and bananas.

Lancaster District was only the second district in the country to accomplish fair trade status after the Lancaster and District Fair Trade Group (of which the Council is a member) achieved a number of goals set by the Fair Trade Foundation, including actively encouraging local organisations and businesses to sell fair trade products. The Council directly supports this initiative by serving fair trade tea and coffee at all its meetings.

The Council, together with its partners, in the Lancaster District Sustainability Partnership, has developed a comprehensive vision and strategy for sustainable development in the Lancaster District. This strategy, known as the **Agenda for Action** complements the Community Strategy through recognition that our economy, environment and social well-being are all connected and interdependent.

Sustainable development is now a statutory purpose of planning, and in order to deliver this and satisfy the European Directive on Strategic Environmental Assessment, the Council must subject all its new Local Development documents to a Sustainability appraisal. The Council's proposed sustainability appraisal document is currently out to consultation, with a view to responses being considered by the end of July 2005 for subsequent submission to the Secretary of State for approval.

In terms of procurement generally, the Council acknowledges that whilst sustainability is an intrinsic consideration, more needs to be done to co-ordinate our approach, and for ensuring that our suppliers are committed to more environmentally friendly procurement and purchasing activities.

To this end the Council will, as part of this Procurement Strategy, and in consultation with the Lancaster District Sustainability Partnership, establish a risk-based approach to assessing the relationship between procurement and sustainability.

In other areas the Council has started to address this through questions incorporated within pre-qualification questionnaires aimed at assessing the potential suppliers approach towards sustainable development and by making it a condition that they submit their environmental policy statement for evaluation.

### **Workforce matters and staff consultation**

Any procurement that potentially involves the transfer of staff currently employed by the Council shall comply with the [Code of Practice on Workforce Matters in Local Authority Service Contracts](#) issued by the Office of the Deputy Prime Minister (ODPM). This is to ensure that, as far as legally possible, the future terms and conditions of employment of staff are fully protected in order that they continue to enjoy the good employment practices of the Council.

The Council will ensure that staff are consulted at all relevant stages of a procurement project and particularly in situations that may give rise to a transfer of existing staff. The Council publishes details of any such transfers in its annual Corporate Performance Plan for information.

### **Project Management**

The Council recognises that an effective and structured approach to project management is an essential factor in achieving service delivery on time, within budget and in accordance with the specification.

The principles for successful procurement and project management are set out in the Council's recently revised Contract Procedure Rule and in our Project Management Guide (first issued in February 2001) and subsequent user guides covering contract management, monitoring and control.

The Council already has a number of sound project management arrangements in place but there is a need to build upon these with a view to adopting a co-ordinated and structured approach based upon the core principles of project management, including the application of risk management techniques and the implementation of gateway reviews.

With this in mind, two major pieces of work have been commissioned during 2005, namely a review of the Council's project management arrangements by Internal Audit and consideration of project and programme management techniques using the Prince 2 methodology developed by the Office of Government Commerce.

### **Continuous improvement**

The Council acknowledges the need to continuously improve its approach to procurement and to monitor performance and progress.

Since the introduction of the National Procurement Strategy for local government (and its predecessor the Byatt report) in October 2003 the Council has had an Improvement and Development Plan in place aimed at achieving the national milestones set by the Government. Good progress has so far been made and a number of targets have already been achieved.

There is now a need to introduce relevant local performance indicators<sup>6</sup> designed to help us to improve our procurement practices and ultimately deliver better services to our citizens. A number of these, aimed at supporting targets in our Community Strategy and Corporate plan and procurement practice generally, are currently being considered with a view to them being introduced in the near future. These indicators will allow us to monitor our progress over time and ultimately allow us to compare our performance with other local authorities.

In respect of individual projects and contracts, mechanisms are being introduced to structure incentives for continuous improvement, including linking payment for performance against key performance indicators. Also, the revised Contract Procedure Rules draws attention to the fact that the optimum combination of whole life costs and benefits aimed at meeting customer requirements should be established as part of the contract award criteria for contracts run for a number of years.

### **Procurement Training and Development**

The Council's Procurement Officer is professionally qualified and there is a wide range of skills and knowledge available throughout the Council in relation to various procurement functions. The skills necessary for both elected Members and officers to fulfil their roles in the procurement of projects and the management of contracts and relationships are being developed through participation partnering contracts and other similar arrangements.

Best practice guidance and other information on procurement are readily available on the Council's intranet and website and some training and development in procurement skills has been provided in workshops, networking with other local authorities and through the North West Regional Centre of Excellence in procurement and other similar agencies.

More needs to be done, however, and future workforce planning reviews will consider options for carrying out a skills audit and training needs analysis and for relevant training in procurement to be provided in partnership with other local authorities and external consultants. Member training will be addressed through the Member Training Programme.

## **4 Conclusion**

It is clear that the Council has good procurement practices in place and has made significant strides to implement the milestones set out in the National Procurement Strategy for Local Government and other related government initiatives and policies.

The Council recognises that strategic procurement is at the centre of better local government and is a key driver for improving services covering all stages of managing service delivery, from the identification of needs to measuring the impact on service users.

Through the development of a *corporate* procurement strategy we can challenge existing practice and identify the best value way of delivering high quality services efficiently.

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<sup>6</sup> These are voluntary measures that local authorities may use to monitor performance and progress




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**Procurement Vision:** To obtain best value through, responsive, professional, well managed, sustainable procurement that contributes to achieving the Council's priorities and meets the needs of the community




**Key National Theme: Providing Leadership and Building Capacity** The strategic objective is that there should be commitment from the top of each Council (leader, chief executive, procurement champion) to procurement excellence by managing it strategically and resourcing it adequately




Action(s) Required	National Timescale	Local Timescale	By whom?	Current Status	Traffic light
Adopt a corporate strategy, based on a Best Value or other review. The strategy should be owned by Members and senior officers and its implementation monitored regularly	2004/05	Completed Jan 2003, but needs to be regularly reviewed to reflect advances in procurement	Procurement Group	Major review of the corporate procurement strategy completed and revised strategy for 2005-2008 adopted in July 2005. Member and officer Procurement champions and officer Procurement Group established.	Green 
Review and revise corporate procurement strategy, contract procedure rules and other associated guidance/procedures to ensure that they reflect best practice and national guidance on procurement		Completed – documents should be reviewed annually to reflect advances in procurement	Procurement Group & Internal Audit	Corporate Procurement Strategy and contract procedures rules revised in 2005 to reflect development in best value procurement and these will be regularly updated in line with the Council's governance arrangements.	Green 
Develop a 'procurement toolkit' to provide clear, user-friendly guidance on best practice, Council procedures and standard documentation		2006/07	Procurement Group	Various user-friendly guidance is available on the Council's intranet but these need to be updated in line with the corporate procurement strategy and brought together in a 'toolkit' aimed at achieving a consistent approach across the Council which reduces duplication of effort.	Amber 

Action(s) Required	National Timescale	Local Timescale	By whom?	Current Status	Traffic Light
Every Council should be involved with a regional centre of excellence (RCE) in procurement and project management	2006/07	Completed – The Council's involvement will be ongoing	Procurement Officer	The Council is an active member of the North West Centre of Excellence (NWCE) and its Standards and Local Economies workstreams, as well as the NW e-procurement group (NweGG). Government have set RCE's the task of developing greater interchange between procurement and programme and project management professionals in local government and other parts of the public sector.	Green 
Every district should have carried out a health check on progress against the National Procurement Strategy (NPS) and associated guidance as part of their corporate procurement strategy	2005/06	March 2006	Procurement Officer	The IdeA are to carry out a 'challenge' programme on the Council's procurement arrangements on 29 March 2006, part of which will be an 'efficiency health check' as a means of providing external challenge to the Value for Money self-assessment under CPA	Amber 
Implement a corporate and structured approach to programme and project management including the application of risk management techniques and the introduction of 'gateway reviews' as a contribution to the successful outcome of high/value/high risk projects		2006/07	Programme/Project Management Group	On 03/02/06 the Performance Management Group (PMG) approved the adoption of a corporate project management methodology. A team of officers has been established, led by the Head of Financial Services, to develop and implement programme and project management as a vital contribution towards delivery of the efficiency programme.	Amber 

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Action(s) Required	National Timescale	Local Timescale	By whom?	Current Status	Traffic Light
Issue guidance on project management and the conduct of 'gateway reviews' for high value/high risk projects		2006/07	Programme/Project Management Group	New guidance will be developed in line with the adoption of a corporate project management methodology.	<i>Amber</i> 
Adopt standard core terms and conditions of contract, common core specifications and model contract standing orders	New objective to be in place by 2007/08	2007/08	North West Centre of Excellence (NWCE) & Procurement Group	Office of Government Commerce (OGC) is working closely with the NWCE Standards workstream to to develop model contract terms and conditions and contract standing orders to make it easier for small suppliers to tender for public sector contracts. As an active member of the Standards Workstream, Lancaster has contributed fully to this work, which is now nearing completion.	<i>Amber</i> 
Develop the Governments Rethinking Construction agenda and apply the principles to the Council's construction related procurements		2006/07	Procurement Group & Asset Management Working Group (AMWG)	The Contract Procedure Rules and corporate procurement strategy incorporate principles arising from the Rethinking Construction agenda. The Council has also worked with the Centre of Construction Innovation (CCI) on developing best practice procurement in construction projects. These principles now need to be further developed and established corporately within a 'procurement toolkit'.	<i>Amber</i> 

Action(s) Required	National Timescale	Local Timescale	By whom?	Current Status	Traffic light
Develop a corporate tender evaluation model based on the assessment of quality and cost throughout the life of the asset or contract period		2006/07	Procurement Group & AMWG	A quality/price assessment mechanism has been drafted, based on the Centre of Construction Innovation (CCI) Model with a view to it being adopted as the corporate standard for assessing bids on a best value for money basis.	Amber 
Explore opportunities to aggregate common areas of procurement throughout the Council and, as appropriate, develop corporate framework agreements		2006/07	Procurement Group & NWCE	There is a need for improved procurement management information to inform procurement decisions and strategies. In light of this a service provider, Spikes Cavell & Co, has been commissioned to analyse the Council's expenditure and supplier data. Following successful application to the NWCE a grant of £2,000 has been awarded towards the cost of this systematic spend and supplier analysis that will facilitate comparison of public sector spend throughout the region.	Amber 
Establish and maintain a corporate project/contract database to help determine the most economic and efficient ways in which to 'package' the procurement of major areas of expenditure		March 2006	Procurement Officer & Internal Audit	A contracts register is maintained by Internal Audit but needs to be developed/replaced by a comprehensive database of all forthcoming projects and those extended or renewed during the financial year.	Amber 




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Action(s) Required	National Timescale	Local Timescale	By whom?	Current Status	Traffic light
Prepare a procurement plan (5 year forward programme) setting out information on all the major procurement projects (medium and high risk) with estimated overall spend and resource requirements and how projects will be prioritised		2006/07	Procurement Group & AMWG	No procurement plan, specifically in line with the requirements of the National Procurement Strategy and IDEa guidance is published as yet. The Council's Contract Procedure Rules now requires the publication of such a plan and this will be underpinned by a database of forthcoming projects.	Amber 
Carry out a review of current arrangements for publishing prior information and contract award notices and the completion of statistical returns as required by the EC public procurement regulations. This review should also ensure compliance with EC regulations		2006/07	Procurement Officer & Internal Audit	There is no structured approach to compiling and publishing information required by the EC procurement directives. A corporate contract register will assist in compiling such information and help compliance with EC regulations.	Amber 
Measure procurement performance against a local basket of measures derived from the Audit Commission (AC)/ IDEa Local Performance Indicators for Procurement and Construction KPI's	New objective to be in place by 2007/08	2007/08	Procurement Group & NWCE	The NWCE Local Economies Workstream has been tasked with developing standard procurement KPI's to enable effective procurement benchmarking throughout the region. Lancaster is actively contributing to this work.	Amber 
Develop a procurement and project management training and development programme for Members and Council officers. Consider the <i>Skills Framework for Procurement Projects</i> developed by the IDEa to establish whether members and officers have the skills needed for major procurement projects	New objective through to 2007/08	2007/08	Procurement Group & Learning & Development Officer; NWCE	Corporate training on strategic procurement and project management will be considered as arrangements develop, taking advantage of any training provided/procured by NWCE and other agencies, such as the IDEa. The Learning & Development Officer will be fully involved in the corporate training developments.	Amber 






Action(s) Required	National Timescale	Local Timescale	By whom?	Current Status	Traffic light
Develop a 'Lunchtime Briefing' style training on specific procurement issues such as the corporate procurement strategy and sustainable and ethical purchasing		2006/07	Procurement Group	No lunchtime briefings given by the Procurement Group as yet. In November 2005 the Sustainability Group held a seminar on <i>Local Procurement in the Public Sector</i> .	Red 



**Key National Theme: Partnering and Collaboration** The strategic objective of partnering is the delivery of better services to citizens through the creation of sustainable partnerships between councils and suppliers in the public, private, social enterprise and voluntary sectors for the delivery of services and the carrying out of major projects, including construction. The strategic objective of collaboration is to obtain better value by bringing councils and other public bodies together at local, regional and national levels to combine their buying power and create shared services

Action(s) Required	National Timescale	Local Timescale	By whom?	Current Status	Traffic light
Every Council's corporate procurement strategy should set out the Council's approach to partnering in service delivery and in construction projects	2004/05	Completed, but needs regular review to reflect advances in procurement	Procurement Group	The revised corporate procurement strategy sets out the strategic benefits of working in partnership with others. This strategic overview is supported by the Contract Procedure Rules and detailed guidance covering service delivery and partnering models that the Council may consider to deliver successful projects and better services.	Green 
Every Best value or strategic review of a service should include a robust and challenging appraisal of the different service delivery models available	2004/05	Completed in September 2003, but needs regular review to reflect advances in procurement	Procurement Group & Corporate Strategy Services	The Council's Best Value review toolkit - last updated in September 2003 - provides a mechanism for carrying out challenging appraisals of service delivery models identified within partnership guidance. The BV toolkit should be reviewed again in light of procurement initiatives since 2003.	Green 

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Action(s) Required	National Timescale	Local Timescale	By whom?	Current Status	Traffic light
Follow best practice in the partnership procurement process and build continuous improvement into projects		2007/08	Procurement Group & Corporate Strategy Services	The partnership guidance adopted by the Council is based on the Strategic Partnering Taskforce (SPT) best practice guidance <i>Rethinking Service Delivery</i> and the Council has received support in its approach to partnering from the Centre of Construction Innovation. There is a need to develop performance management arrangements within partnerships and to introduce a programme of assessing the effectiveness of individual partnerships.	Amber 
Every Council's corporate procurement strategy should set out the Council's approach to collaboration (including purchasing consortia, joint procurement and commissioning and shared services) and how it intends to use the new trading powers	2004/05	Completed, but needs regular review to reflect advances in procurement	Procurement Group	The procurement strategy, Contract Procedure Rules and guidance set out the strategic objective of working in collaboration. Guidance on trading powers under the terms of the Local Government Act 2003 are incorporated within the partnership guidance available on the Council's intranet	Green 
Councils should identify opportunities for collaboration with neighbouring councils for shared commissioning and/or delivery of services	2005/06	Completed and ongoing	Procurement Group & NWCE	The analysis to be provided by the SpikesCavell on-line database will provide a detailed comparison of spend and supplier profiles highlighting opportunities for collaborative working with other Council's and identifying areas with potential for further efficiency gains.	Amber 




Action(s) Required	National Timescale	Local Timescale	By whom?	Current Status	Traffic light
<p>Smaller district councils without dedicated procurement resources of their own, should be collaborating with others, through the regional centres of excellence, to create shared services for procurement and project management</p>	<p>2005/06</p>	<p>Completed but ongoing</p>	<p>Procurement Group &amp; NWCE</p>	<p>The Council has appointed a Procurement Officer to oversee the implementation of the corporate procurement strategy with support from the officer Procurement Group and other specialist (including financial and legal) advice. The Council has considered, and is still exploring, opportunities for, and the cost effectiveness of, working in collaboration (including shared procurement and project management) with other Councils.</p>	<p>Green</p> 
<p>Seek ways to make best use of purchasing consortia and open framework agreements</p>	<p>New objective through to 2007/08</p>	<p>2007/08</p>	<p>Procurement Group &amp; NWCE</p>	<p>This is an area of procurement that is being developed regionally through the Framework Agreements workstream of the NWCE. Their work should enable intelligent use to be made of framework agreements put in place by local authority purchasing consortia and other bodies, such as the OGC, where these offer best value for money. The OGC plans to work with the NWCE to produce model framework agreements that will be open to all RCE members with the aim of achieving cost savings. Further opportunities for corporate framework agreements will be informed by the analysis of the Council's supplier and expenditure data.</p>	<p>Amber</p> 


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Action(s) Required	National Timescale	Local Timescale	By whom?	Current Status	Traffic light
The average time taken from OJEU notice to contract award in a project of more than one year's duration should be reduced by 10% on the 2003/04 base	2005/06	Completed		The Council submits annual statistical returns to the ODPM on contracts awarded under the EC Procurement Regulations. No contracts awarded under the EC rules during 2003 were for more than one year duration. Guidance on how to comply with the new EC Public Procurement Directive 2004/18, which came into force on 31/01/06, has been provided on the Council's intranet.	Green 
The average time taken from OJEU notice to contract award in a project of more than one year's duration should be reduced by 25% on the 2003/04 base	2006/07	Completed	Procurement Group		




<b>Key National Theme: Doing business electronically</b> The strategic objectives are: to achieve efficiencies in the procure-to-pay cycle including reduction in cycle time and reduction in transaction costs. This will free resources that can be directed into front line public services, and; to use e-Marketplaces to assist councils to access framework agreements and contracts					
Action(s) Required	National Timescale	Local Timescale	By whom?	Current Status	Traffic light
Every Council should have implemented an appropriate e-Procurement solution as part of its e-Government programme	2005/06	March 2006 – e-Procurement Strategy and business case. 2006/07 – Full implementation of an e-Procurement solution	Procurement Group	Implementation of an e-procurement solution forms part of the Council's e-Government programme. Elements are currently being developed or are under consideration i.e. the 'Authority Financials' modules (provided by the suppliers of the Council's Powersolve system), but a strategy needs to be formulated which supports a solution for the Council. The ODPM and IDEA acknowledge that outcomes from the National e-Procurement Project need to be taken forward beyond 2005 (see page 10).	Amber 

Action(s) Required	National Timescale	Local Timescale	By whom?	Current Status	Traffic light
Work with suppliers to promote adoption of an e-Procurement solution		2006/07	Procurement Group	The NPS and the corporate procurement strategy recognises that a key element of successful e-procurement in local government is its supplier base. This Council will ensure that all its suppliers, both large and small, are considered when implementing an e-procurement solution.	Red 
Every Council should be using an appropriate e-Marketplace	2006/07	2006/07	Procurement Group & NWCE	Workstreams of the North West e-Government Group (NWEGG) are developing a number of e-procurement solutions including e-Auctions and the setting up of a regional e-Marketplace. Once in place, consideration will be given as to its suitability in relation to this Council's procurement needs.	Red 
Implement a 'procure-to-pay' e-Purchasing solution that can link to an e-Marketplace and make appropriate use of e-Auctions	New objective through to 2007/08	2007/08	Procurement Group & NWCE	The Authority Financials, currently under consideration, will link to e-marketplaces including the Roses and IDeA marketplaces that will enable purchases to be made over the internet from e-catalogues. Central Government are currently developing a national programme to provide financial incentives to Council's adopting e-Procurement tools and techniques that can deliver cashable savings, including e-Auctions and e-Marketplaces - this will be taken forward in conjunction with the NWCE.	Amber 

Action(s) Required	National Timescale	Local Timescale	By whom?	Current Status	Traffic light
For low value purchases, every council should be making appropriate use of a procurement card, the Government Procurement Card (GPC) or suitable electronic alternative	2005/06	March 2006	Procurement Group	A pilot on the use of procurement cards has been successfully undertaken involving six Council Services and will be available Council-wide once a solution for properly administering their use has been determined.	Amber 

**Key National Theme: Stimulating markets and achieving community benefits** The strategic objectives are that Councils should engage actively with suppliers, and use procurement to help deliver corporate objectives including the economic, social and environmental objectives set out in the community plan



Action(s) Required	National Timescale	Local Timescale	By whom?	Current Status	Traffic light
Where relevant all councils shall consult staff during procurement projects and build employment considerations into procurement processes and contracts, including compliance with the Local Government Act 2003, circular 03/2003 and the associated code of practice	From 2003	Completed – advantage will be taken of the training programme currently being developed	Procurement Group & NWCE	The procurement strategy recognises the importance of consulting staff at relevant project stages and requires compliance with the ODPM's Code of Practice on Workforce Matters where procurement potentially involves the transfer of Council staff. The Council publishes details of any such transfers in the Corporate Performance Plan. A developing role for all RCE's will be to roll out a training programme on ensuring compliance with the Local Government Act 2003 and the Code of Practice on Workforce Matters which the Council will need to be cognisant of.	Green 

Action(s) Required	National Timescale	Local Timescale	By whom?	Current Status	Traffic light
<p>Every council should publish a 'Selling to the Council' guide on its corporate website together with details of bidding opportunities and contact details for each contract.</p>	<p>2004/05</p>	<p>Completed November 2004 and last updated May 2005. Bidding opportunities and contact details need to be continually updated</p>	<p>Procurement Group &amp; All Service Heads</p>	<p>The Council has published guidance on its website for suppliers on 'How to do business with the Council' and is compiling details of forthcoming bidding opportunities and contact details. Further work will include looking at effective ways in which to advertise procurement requirements to encourage greater diversity and competition.</p>	<p><i>Green</i></p> 
<p>Consider arrangements for proactively marketing the Council to suppliers</p>		<p>2006/07</p>	<p>Procurement Group &amp; NWCE</p>	<p>A 'procurement event', in conjunction with the Chamber of Commerce, has been arranged for 09/05/06 to explain how the Council is supporting SME's through its adopted SME Friendly Concordat; bidding opportunities and other procurement developments. Plans are also in the early stages of development for a 'meet the buyer' event to be held during 2006/07 aimed at marketing the Council and developing links with suppliers.</p>	<p><i>Amber</i></p> 
<p>Develop suppliers and use buying powers to stimulate innovation</p>		<p>2006/07</p>	<p>Procurement Group &amp; NWCE</p>	<p>This will be taken forward in conjunction with the developing work of the NWCE Local Economies Workstream to encourage existing suppliers to enter new markets (e.g. by encouraging consortium bids) and to develop new suppliers (e.g. by working with the voluntary or community sector).</p>	<p><i>Amber</i></p> 






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### Appendix A



Action(s) Required	National Timescale	Local Timescale	By whom?	Current Status	Traffic light
<p>All corporate procurement strategies should address:</p> <ul style="list-style-type: none"> <li>the relationship of procurement to the community plan, workforce issues, diversity and equality and sustainability.</li> <li>how the council will encourage a diverse and competitive supply market, including small firms, social enterprises, ethnic minority businesses and voluntary and community sector suppliers.</li> </ul>	2004/05	Completed, but needs regular review to reflect advances in procurement	Procurement Group	The procurement strategy adopted in July 2005 established a direct link with the Community Plan and sets 'where we are' and 'where we want to be' in relation to equality, diversity, sustainability and fair trade. Further work will involve developing diverse and competitive sources of supply, including procurement from small firms, ethnic minority businesses, social enterprises and voluntary and community organisations. Parts of this will be achieved in conjunction with the developing work of the Local Economies workstream of the NWCE.	Green 
Every council should build sustainability into its procurement strategy, processes and contracts.	2004/05	Completed, but needs regular review to reflect advances in procurement	Procurement Group	The Procurement Strategy establishes a link with the Council's 'Agenda for Action' Strategy whilst recognising that sustainability in design and procurement should be addressed in risk-based strategies that complement the corporate procurement strategy and the community plan. Appraisal guidance approved by Cabinet in June 2005 will ensure that sustainable development is built into future planning requirements.	Green 





Action(s) Required	National Timescale	Local Timescale	By whom?	Current Status	Traffic light
Consider ways in which the Council can co-ordinate and develop its own, and its suppliers approach and commitment to social, environmental ('green') and sustainable procurement activities		2007/08	Procurement Group	There is currently no structured and co-ordinated approach to ensure that officers of the Council and our suppliers understand and deliver social, environmental and sustainable objectives and standards. Ways to address this include raising awareness of policies in place and including links within the 'procurement toolkit' on sustainability issues and signposting to sustainable procurement information.	Amber 
Every council should conclude a compact with the local voluntary and community sector.	2004/05	Completed 2003 - Compact is planned to be reviewed/updated by March 2006	Procurement Group & Administration Services	The Council and voluntary and community sector organisations signed up to a local compact in 2003 which sets out ' <i>...a commitment to work together more closely and effectively.</i> ' Plans are in place to review this document.	Green 
Every Council should have signed up to the national concordat for Small and Medium sized Enterprises (SME's)	2005/06	Completed December 2005	Procurement Group	The Council formally 'signed-up' to the SME friendly concordat in December 2005, following consultation and positive feedback from the the local Chambers of Commerce. The Concordat sets out the Council's commitment to assist SME's in their procurement with the Council.	Green 

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Action(s) Required	National Timescale	Local Timescale	By whom?	Current Status	Traffic light
<p>Examine ways to develop local/regional procurement activity and to engage SME's, whilst having due regard to appropriate rules and regulations</p>	<p>New objective through to 2007/08</p>	<p>2007/08</p>	<p>Procurement Group &amp; NWCE</p>	<p>Whilst some analysis has been undertaken, this has not yet involved a detailed analysis of local spend. Commissioning of the detailed spend analysis will inform the formulation of plans aimed at engaging with local suppliers/SME's. In addition a developing role of the NWCE will be to provide training to SME's and public sector clients on 'SME friendly-procurement processes' including providing data on spend and suppliers aimed at identifying opportunities for efficiency gains.</p>	<p>Amber </p>
<p>Procurement processes for partnerships should include:</p> <ul style="list-style-type: none"> <li>• Issuing of information memorandum to prospective bidders setting out the background to the project, the council's objectives and an outline of the procurement process and timetable, with roles and responsibilities made clear.</li> <li>• Inviting bidders to demonstrate their track record in achieving value for money through effective use of their supply chain, including the use of small firms; this should continue to be examined as part of contract management.</li> </ul>	<p>2004/05</p>	<p>Completed, but needs regular review to reflect advances in procurement</p>	<p>Procurement Group</p>	<p>Procurement processes in relation to partnerships were formalised through the publication of guidance on working in partnerships which, amongst other things, recognises the importance of effective supply chain management by invited bidders. Further work will involve developing the partnering approach in practice and working more closely with strategic partners to establish the contribution that small firms, ethnic minority businesses, social enterprises and voluntary and community sector suppliers can play in the supply chain.</p>	<p>Green </p>

Action(s) Required	National Timescale	Local Timescale	By whom?	Current Status	Traffic light
<p>Every Council should include in invitations to tender/negotiate for partnerships a requirement on bidders to submit optional, priced proposals for the delivery of specified community benefits, which are relevant to the contract and add value to the community plan.</p>	<p>2005/06</p>	<p>Completed, but needs regular review to reflect advances in procurement</p>	<p>Procurement Group &amp; NWCE</p>	<p>Requests are made for bidders to include offers for specified community benefits, supported by the procurement strategy and there is a commitment to develop this further, but this is currently hampered because learning on this issue is not yet widely communicated nationally.</p>	<p><i>Green</i></p> 
<p>Publish guidance on best practice in the realisation of community benefits through procurement</p>	<p>New objective through to 2007/08</p>	<p>2007/08</p>	<p>Procurement Group &amp; NWCE</p>	<p>It will be the role of the NWCE to publish guidance on best practice on the factors to be considered in achieving community benefits through procurement, and the Council will take advantage of this once in place.</p>	<p><i>Red</i></p> 

**EU THRESHOLDS 2004 - 2005**

The proposed tender will fall within the Regulations if its estimated value is greater than the prescribed thresholds. These have been summarised in Table 1 below.

**Table 1: Relevant Thresholds for Supply, Works and Services Regulations (net of VAT)**

<b>Regulation Threshold</b>	<b>European Threshold</b>	<b>Equivalent UK*</b>
Supply Contract	236,945 ECU	£144,459 <sup>1</sup>
Prior Information Notice	750,000 ECU	£513,166
Services Contract	236,945 ECU	£144,459 <sup>1</sup>
Prior Information Notice	750,000 ECU	£513,166
Works Contract		
Prior Information Notice**	5,923,624 ECU	£3,611,474 <sup>2</sup>

\* - Applying from 1 January 2006

\*\* - Must be published for each proposed contract

Note

<sup>1</sup> With the exception of the following Services which have a threshold of £129,462 Euro 200,000):  
Part B (residual services)  
Research and Development Services (Category 8)  
Some telecommunications services  
Subsidised service contracts under Regulation 25 of the Public Services Contracts Regulations 1993.

<sup>2</sup> For subsidised service contracts under Regulation 25 of the Public Services Contracts Regulations 1991, the threshold is £3,421,105 (Euro 5,000,000)

The Regulations provide guidance on how to estimate the value of proposed tenders, and you should refer directly to the appropriate Regulations when calculating the total value of a proposed contract.

If, after calculation, the value of the contract exceeds the appropriate threshold, it will fall within the scope of the Regulations. The method of calculation used depends upon the type of purchase to be undertaken.

**EU TIMESCALES FROM DESPATCH TO OJEU****Table 2: Summary of time periods prescribed for the Open, Restricted and Negotiated Procedures.**

<b>Procedure</b>	<b>Expressions of Interest (No of Days)</b>	<b>Receipt of Tender (No of Days)</b>
<b>SUPPLY CONTRACTS</b>		
Open	-	52
Restricted	37	40
Accelerated Restricted	15	10
Negotiated - with advert	37	-
Accelerated Negotiated	15	-
Negotiated - without advert	-	-
<b>SERVICES CONTRACTS</b>		
Open	-	52
<i>(with PIN)</i>	-	36
Restricted	37	40
<i>(with PIN)</i>	37	26
Accelerated Restricted	15	10
Negotiated- with advert	37	-
Accelerated Negotiated	15	-
Negotiated - without advert	-	-
<b>WORKS CONTRACTS</b>		
Open	-	52
<i>(with PIN)</i>	-	36
Restricted	37	40
<i>(with PIN)</i>	37	26
Accelerated Restricted	15	10
Negotiated- with advert	37	-
Accelerated Negotiated	15	-
Negotiated - without advert	-	-

**Notes:**

- The count starts on the day after the notice is despatched to the OJ. If the last day is a Saturday, Sunday or public holiday then the receipt or closing date will be the first ordinary working day.
- PIN - Prior Information Notice

**Extreme Urgency**

In cases of extreme urgency it is possible to use accelerated restricted or negotiated procedures. The use of the shortened time periods is strictly defined and their use must be justified. The cause of the 'cases of extreme urgency' must be outside the Council's control and should be unforeseeable. It should be noted, for example, that having to spend funds before a specific date would not be considered an appropriate reason.

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## **Budget & Performance Panel**

### **BVPI Quartile Analysis – Year on Year Comparison**

**4<sup>th</sup> April 2006**

#### **Report of Best Value Officer**

##### **PURPOSE OF REPORT**

**To provide Members with an analysis of the Council's performance against Statutory Performance Indicators within a national context and to track relative improvement year on year.**

**This report is public**

#### **1. RECOMMENDATIONS**

- That Members should note this report and may also wish to keep this information to hand for future reference when considering the Council's performance.
- That Members determine if there are any issues arising from the report that need further consideration.

#### **2. Background**

At the last meeting of this Committee, Members considered a report comparing Lancaster City Council's performance against that of our most comparable authorities across a range of statutory BVPI's.

At that time a further piece of work was requested identifying how many of our Statutory PI's represented top quartile performance and how this trend may be changing year on year.

The analysis attached at **Appendix A** identifies;

- Quartile performance (or star rating) for each PI
- Number and % of PI's in each quartile
- Compares performance between 2002/03 and 2003/04
- Where possible shows direction of travel

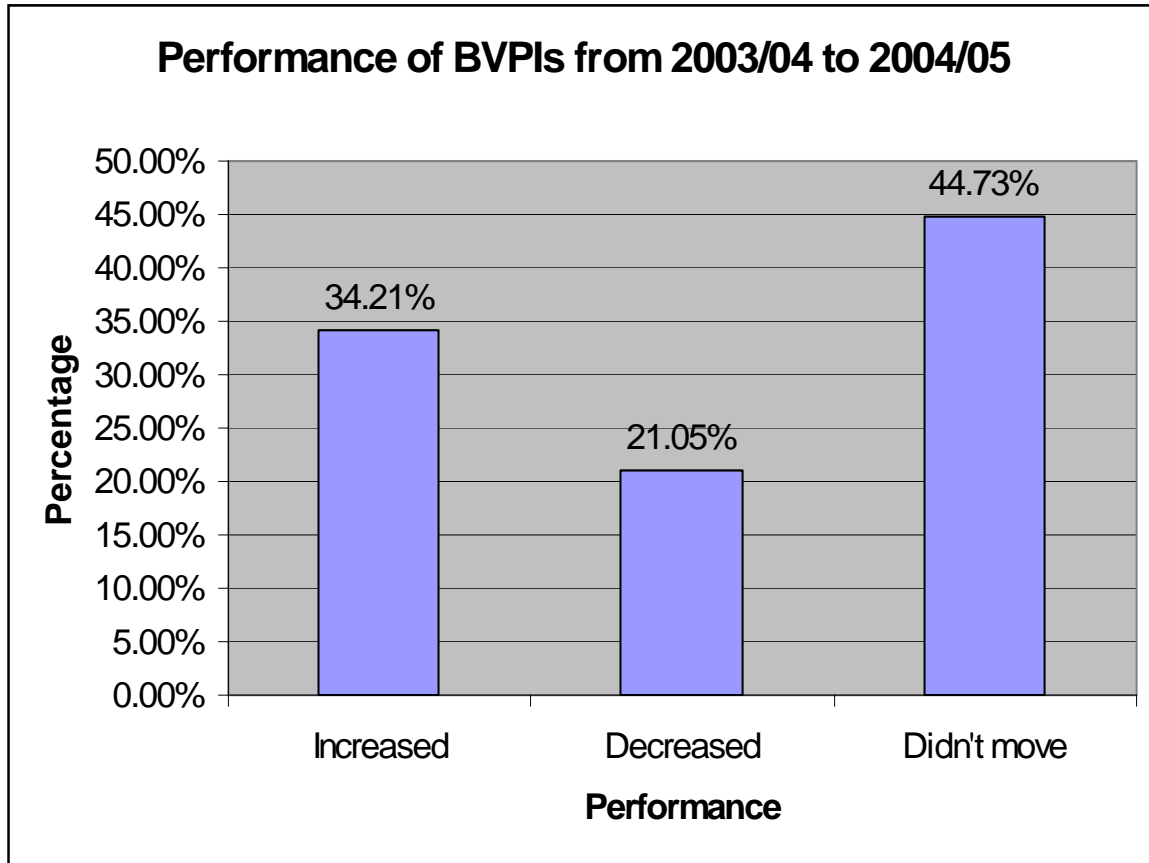
Members should note that it has not been possible to provide a direct comparison in relation to all PI's - some indicators were deleted between years and in some cases the Audit Commission did not choose to make the quartile comparison.

Nonetheless, Members will see that the report indicates a positive direction of travel with more indicators in the top quartile in 2003/04 than the previous year.

The comparison document is attached at **Appendix A**.

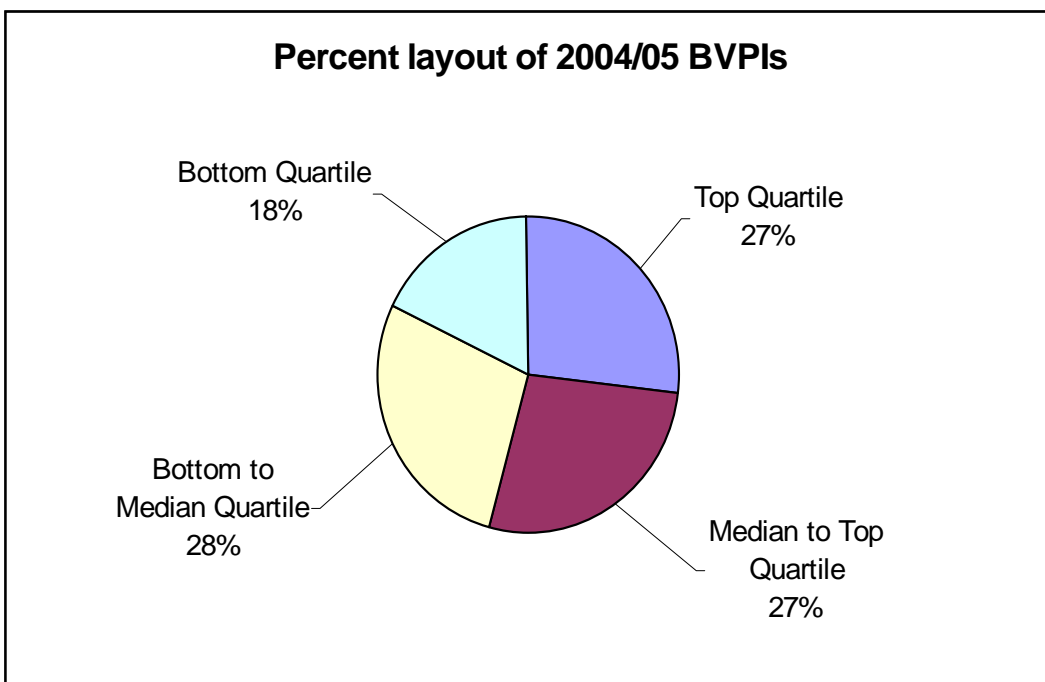
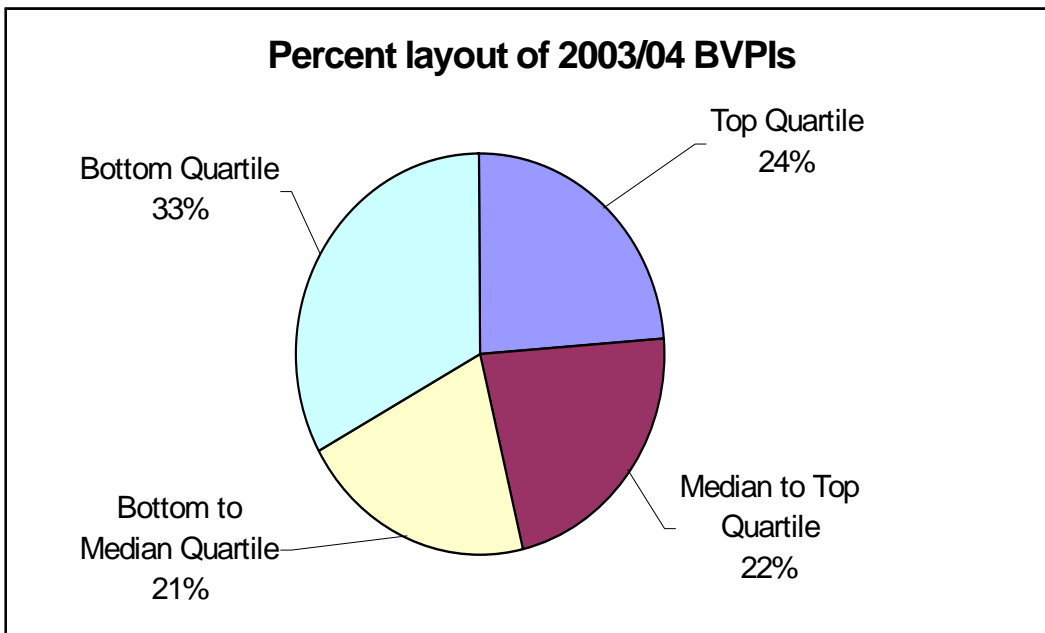
<b>FINANCIAL IMPLICATIONS</b>	
None	
<b>SECTION 151 OFFICER'S COMMENTS</b>	
The Section 151 Officer has been consulted and has no further comments.	
<b>LEGAL IMPLICATIONS</b>	
The Council has a duty to continuously improve within the terms of the Local Government Act 1999 (the duty of Best Value). Legal Services have been consulted and have no further comments.	
<b>MONITORING OFFICER'S COMMENTS</b>	
The Monitoring Officer has been consulted and has no further comments.	
<b>BACKGROUND PAPERS</b>	<b>Contact Officer: Liz Stokes</b>
None	<b>Telephone: 582150</b>
	<b>E-mail:</b>
	<a href="mailto:Estokes@lancaster.gov.uk">Estokes@lancaster.gov.uk</a>

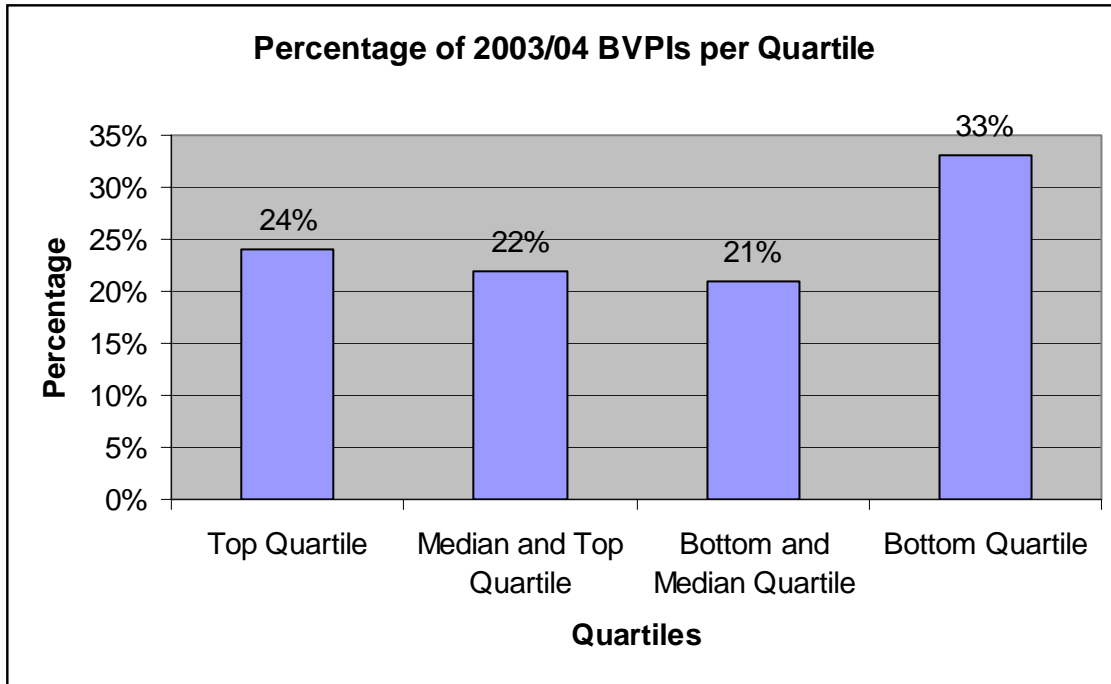


Appendix AQuartile Analysis BVPI's

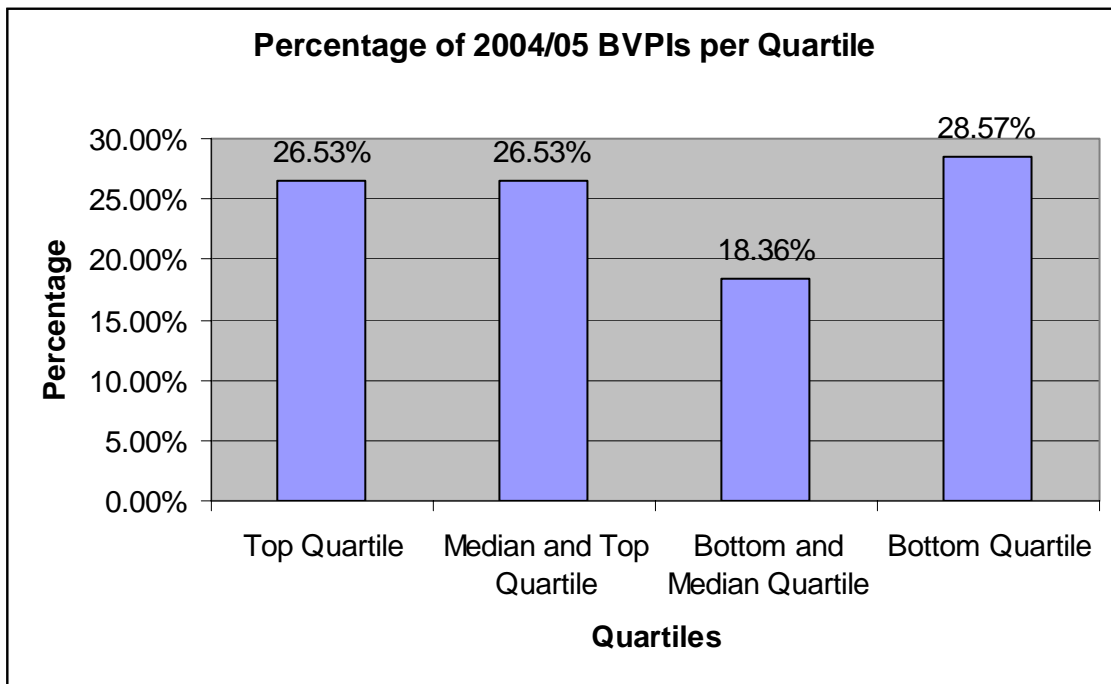
Of the BVPIs measured in 2003/04, some of these were either not carried over to 2004/05 or were not compared across quartiles by the Audit Commission.

**BVPI's - % Falling within each quartile**





- Out of the 86 BVPIs used in **2003/04** 72 were appropriate for quartile measurement.



- Out of the 63 BVPIs used in **2004/05** 49 were appropriate for quartile measurement.

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## Comparison of Statutory BVPIs 2003/04 - 2004/05

Bottom quartile	★	Between bottom & median quartile	★★★
Between median and upper quartile	★★★★	Upper quartile	★★★★★
<b>BVPI</b>	<b>2003/04</b>	<b>2004/05</b>	<b>Direction of travel</b>
<b>1. Corporate Health</b>			
1.1 The Level (if any) of the Equality Standard for Local Government to which the authority conforms (BVPI 2a)	n/a	n/a	n/a
1.2 The duty to promote race equality (BVPI 2b)	★ ★	★ ★	↔
1.3 The percentage of citizens satisfied with the overall services provided (BVPI 3)	★	Survey carried out every 3 years	n/a
1.4 The percentage of complainants satisfied with the handling of their complaint (BVPI 4)	★ ★ ★ ★	Survey carried out every 3 years	n/a
1.5 The percentage of invoices which were paid by the authority within thirty days (BVPI 8)	★	★	↔
1.6 The percentage of council tax received in year (BVPI 9)	★	★ ★ ★	↑
1.7 The percentage of NNDR due for the financial year which were received by the authority (BVPI 10)	★ ★	★ ★	↔
1.8 Percentage of top 5% earners that are women (BVPI 11a)	★ ★ ★	★ ★	↓
1.9 Percentage of top 5% earners that are from ethnic minorities (BVPI 11b)	★ ★	★	↓
1.10 Average number of days sick per member of staff (BVPI 12)	★	★	↔
1.11 Early retirements as a percentage of all staff (BVPI 14)	★ ★ ★	★ ★ ★	↔
1.12 Ill health retirements as a percentage of staff (BVPI 15)	★ ★	★ ★	↔
1.13 Percentage of staff who have a disability (BVPI 16a)	★ ★ ★	★ ★	↓
1.12 The percentage of economically active disabled people in the authority area (BVPI 16b)	★ ★ ★ ★	★ ★	↓
1.15 Proportion of staff from ethnic minorities (BVPI 17a)	★ ★	★	↓
1.16 Percentage of working age (18-65) people who come from ethnic minority communities (BVPI 17b)	★ ★	n/a	n/a
1.17 Percentage of Council buildings which are open to the public in which all public areas are suitable for and accessible to disabled people (BVPI 156)	★★★★	n/a	n/a
1.18 The proportion of interactions with the council which can be made electronically % (BVPI 157)	★	★	↔

## Comparison of Statutory BVPIs 2003/04 - 2004/05

Bottom quartile	★	Between bottom & median quartile	★★★
Between median and upper quartile	★★★★	Upper quartile	★★★★★
BVPI	2003/04	2004/05	Direction of travel
<b>2. Housing</b>			
2.1 Private sector unfit dwellings made fit or demolished as a result of council action (BVPI 62)	★★★★★	n/a	n/a
2.2 Average SAP (energy efficiency) rating of local authority owned dwellings (BVPI 63)	★★★★★	★★★★★	↔
2.3 Private dwellings returned to occupation or demolished during 2003/04 as a direct result of action by the local authority (BVPI 64)	★★★★★	★★★★★	↔
2.4 Proportion of housing rent collected (BVPI 66a)	★★	★★★	↑
2.5 Tenant satisfaction- overall service with landlords (BVPI 74 (i))	★	Survey carried out every 3 years	n/a
2.6 Tenant satisfaction (from ethnic minority communities) with their landlord (BVPI 74 (ii))	★	Survey carried out every 3 years	n/a
2.7 Tenant satisfaction (from non-ethnic minority communities) with their landlord (BVPI 74 (iii))	★	Survey carried out every 3 years	n/a
2.8 Satisfaction of tenants of council housing with opportunities for participation in management and decision making in relation to housing services provided by their landlord (BVPI 75 (i))	★★★★	Survey carried out every 3 years	n/a
2.9 Satisfaction of tenants of council housing with opportunities for participation in management and decision making in relation to housing services provided by their landlord (black and ethnic tenants) (BVPI 75 (ii))	★★★★★	Survey carried out every 3 years	n/a
2.10 Satisfaction of non-ethnic minority tenants with opportunities for participation in management and decision making in relation to housing services provided by their landlord (BVPI 75c)	★★★	Survey carried out every 3 years	n/a
2.11 Average length of stay for homeless families in bed & breakfast (weeks) (BVPI 183a)	★★	★	↓
2.12 Average length of stay for homeless families in hostels (weeks) (BVPI 183b)	★★★★★	★★★★★	↔
2.13 LA homes which were non-decent at beginning of the year (BVPI 184a)	★★★★★	★★★★★	↔
2.14 Change in proportion of non-decent homes in the year (BVPI 184b)	★★★★★	★★★★★	↔

### Comparison of Statutory BVPIs 2003/04 - 2004/05

Bottom quartile	★	Between bottom & median quartile	★★
Between median and upper quartile	★★★	Upper quartile	★★★★★
<b>BVPI</b>	<b>2003/04</b>	<b>2004/05</b>	<b>Direction of travel</b>
2.15 Percentage of responsive repairs (non-emergency), appointments made & kept (BVPI 185)	★ ★ ★	n/a	n/a

## Comparison of Statutory BVPIs 2003/04 - 2004/05

Bottom quartile	★	Between bottom & median quartile	★★
Between median and upper quartile	★★★★	Upper quartile	★★★★★
<b>BVPI</b>	<b>2003/04</b>	<b>2004/05</b>	<b>Direction of travel</b>
2.16 Number of people sleeping rough on a single night (BVPI 202)	/	n/a	n/a
2.17 The percentage change in average number of families in temporary accommodation (BVPI 203)	/	★ ★ ★	n/a
<b>3.Housing Benefit Security</b>			
3.1 Housing Benefit Security - Number of claimants visited per 1000 caseload (BVPI 76a)	★ ★ ★	★ ★ ★ ★ ★	↑
3.2 Housing Benefit Security - Number of investigators employed per 1000 caseload (BVPI 76b)	★	n/a	n/a
3.3 Housing Benefit Security - Number of investigations per 1000 caseload (BVPI 76c)	★ ★ ★	★ ★ ★ ★ ★	↑
3.4 Housing Benefit Security - Number of prosecutions and sanctions per 1000 caseload (BVPI 76d)	★ ★	★ ★ ★	↑
3.5 Average time (in days) to process new claims (BVPI 78a)	★	★ ★ ★	↑
3.6 Average time taken to process change in circumstances (days) (BVPI 78b)	★	★ ★ ★	↑
3.7 Percentage of renewal claims on time (BVPI 78c)	★	n/a	n/a
3.8 Proportion of cases processed correctly (BVPI 79a)	★ ★ ★	★ ★ ★ ★ ★	↑
3.9 Proportion of overpaid benefits that were recovered (BVPI 79b)	★ ★	★ ★	↔
3.10 Satisfaction with facilities to get in touch with the Benefit Office (BVPI 80a)	★	Survey carried out every 3 years	n/a
3.11 Satisfaction with service in the Benefit Office (BVPI 80b)	★ ★	Survey carried out every 3 years	n/a
3.12 Satisfaction with telephone service (BVPI 80c)	★ ★	Survey carried out every 3 years	n/a
3.13 Satisfaction with the staff in the Benefit Office (BVPI 80d)	★	Survey carried out every 3 years	n/a
3.14 Satisfaction with the clarity of the forms, leaflets and letters (BVPI 80e)	★	Survey carried out every 3 years	n/a
3.15 Satisfaction with the time it took to be informed (BVPI 80f)	★	Survey carried out every 3 years	n/a
3.16 Satisfaction overall with the service (BVPI 80g)	★	Survey carried out every 3 years	n/a



## Comparison of Statutory BVPIs 2003/04 - 2004/05

Bottom quartile	★	Between bottom & median quartile	★★
Between median and upper quartile	★★★	Upper quartile	★★★★
<b>BVPI</b>	<b>2003/04</b>	<b>2004/05</b>	<b>Direction of travel</b>
<b>4. Environment</b>			
4.1 Percentage of household waste recycled (BVPI 82a)	★ ★	★	↓
4.2 Percentage of household waste composted (BVPI 82b)	★ ★ ★	★ ★ ★	↔
4.3 Average waste collected per head of population per year (KGs) (BVPI 84)	★ ★ ★	★ ★ ★	↔
4.4 Cost waste collection per household (BVPI 86)	n/a	★ ★ ★	n/a
4.5 The percentage of people satisfied with the cleanliness standard in their area (BVPI 89)	★	Survey carried out every 3 years	n/a
4.6 The percentage of people satisfied with household waste collection (BVPI 90a)	★	Survey carried out every 3 years	n/a
4.7 The percentage of people satisfied with waste recycling (BVPI 90b)	★	Survey carried out every 3 years	n/a
4.8 Population served by a kerbside collection of recyclables (BVPI 91)	★	★	↔
4.6 Percentage of local street and environmental cleanliness: assessed as having combined deposits of litter and detritus, across 4 levels of cleanliness (BVPI 199)	n/a	★	n/a

## Comparison of Statutory BVPIs 2003/04 - 2004/05

Bottom quartile	★	Between bottom & median quartile	★★
Between median and upper quartile	★★★★	Upper quartile	★★★★★
BVPI	2003/04	2004/05	Direction of travel
<b>5. Planning</b>			
5.1 Percentage of new homes built on brown field sites (BVPI 106)	★★★	★★	↓
5.2 Planning cost per head of population (BVPI 107)	n/a	n/a	n/a
5.3 Planning major applications processed in 13 weeks (BVPI 109a)	★★★	★★★★	↔
5.4 Planning minor applications processed in 8 weeks (BVPI 109b)	★★★	★★★★★	↑
5.5 Percentage of other Planning applications processed in 8 weeks (BVPI 109c)	★★★	★★★★★	↑
5.6 The percentage of applicants satisfied with the service received (Planning) (BVPI 111)	★★	Survey carried out every 3 years	n/a
5.7 Standard land charges/searches carried out in 10 working days (BVPI 179)	★★	★★★★★	↑
5.8 Proportion of decisions delegated to officers (BVPI 188)	★	Survey carried out every 3 years	n/a
<b>6. Environmental Health</b>			
6.1 Score against a checklist of good practice in environmental health enforcement (BVPI 166)	★	★★	↑
<b>7. Culture</b>			
7.1 Score on 'Creating Opportunity' checklist (BVPI 114)	★★★★★	Survey carried out every 3 years	n/a
7.2 The percentage of residents satisfied with the Local Authority sports and leisure (BVPI 119a)	★★★★★	Survey carried out every 3 years	n/a
7.3 The percentage of residents satisfied with the Local Authority museums (BVPI 119c)	★★★★★	Survey carried out every 3 years	n/a
7.4 The percentage of residents satisfied with the Local Authority arts and activities (BVPI 119d)	★★★★★	Survey carried out every 3 years	n/a
7.5 The percentage of residents satisfied with the Local Authority parks and open spaces (BVPI 119e)	★★★★★	Survey carried out every 3 years	n/a
7.6 Number of visits/ usages of museums per 1,000 population (BVPI 170a)	★★★★★	★★★★★	↔
7.7 Number of visits/usages in person per 1,000 population (BVPI 170b)	★★★★★	★★★★★	↔
7.8 Number of school pupil visits to museums (BVPI 170c)	★★★	★★★★★	↑

## Comparison of Statutory BVPIs 2003/04 - 2004/05

Bottom quartile	★	Between bottom & median quartile	★★
Between median and upper quartile	★★★★	Upper quartile	★★★★★
BVPI	2003/04	2004/05	Direction of travel
<b>8. Community Safety</b>			
8.1 Domestic burglaries per 1,000 households (BVPI 126a)	n/a	★★★	n/a
8.2 Number of violent offences by a stranger per 1,000 population (BVPI 127a)	n/a	★	n/a
8.3 Number of violent offences in a public place per 1,000 population (BVPI 127b)	n/a	★	n/a
8.4 Number of violent offences in connection with licensed premises per 1,000 population (BVPI 127c)	n/a	★	n/a
8.5 Number of violent offences committed under the influence per 1,000 population (BVPI 127d)	n/a	★	n/a
8.6 Number of vehicle crimes per 1,000 population (BVPI 128a)	n/a	★★★	n/a
8.7 Number of racial incidents involving the local authority per 100,000 population (BVPI 174)	n/a	n/a	n/a
8.8 Proportion of racial incidents resulting in further action by the council (BVPI 175)	★★★★★	n/a	n/a
8.9 Number of domestic violence refuge places provided by the council per 10,000 population (BVPI 176)	★	★	↔
<b>9. Community Legal Services</b>			
9.1 Percentage of legal & advice expenditure on services awarded the Quality Mark (BVPI 177)	n/a	n/a	n/a

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**BUDGET AND PERFORMANCE PANEL****Update of Work Programme  
4<sup>th</sup> April 2006****Report of Head of Democratic Services****PURPOSE OF REPORT**

The report sets out an updated Work Programme for the Budget and Performance Panel and is presented for the consideration of Members.

**This report is public**

**RECOMMENDATIONS**

- (1) That the latest position be noted and the Work Programme be updated accordingly.**
- (2) That the Panel consider reviewing the Terms of Reference of the Budget and Performance Panel in advance of the new municipal year.**
- (3) That officers be requested to scope the request from the Overview & Scrutiny Committee in respect of the Decriminalisation of Parking prior to inclusion in the work programme.**

**1.0 Introduction**

- 1.1 Members are asked to consider updating the work programme to take account of changes emanating from the Value for Money/Efficiency Strategy and Best Value Performance indicators.
- 1.2 The Panel are asked to note the updates with regard to Partnership Monitoring and Service Level Agreements.
- 1.3 Members are asked to consider if the Terms of Reference relating to the Budget and Performance Panel are still relevant and appropriate.

**2.0 Details**

- 2.1 At its meeting on 29<sup>th</sup> November 2005, the Budget and Performance Panel formally adopted the role of scrutiny for the Council's Value for Money/ Efficiency arrangements, and specifically the monitoring of achievement of the targets included in the Council's Annual Efficiency Statements. In view of this, it is proposed that the Monitoring of Corporate Property Strategy and the Procurement Update be removed as individual items from the Budget and Performance work programme. These items have now been incorporated into the work programme relating to the monitoring of the individual components of the Efficiency Strategy, which was approved by the Panel at the 7<sup>th</sup> March, 2006 Budget and Performance Panel meeting.
- 2.2 The report on Best Value Performance Indicators scheduled for the Budget and Performance meeting on 4<sup>th</sup> April 2006 has been removed from the work programme. In previous years the ODPM has specified a revised set of BVPI's in February each year, generating a report for the Budget and Performance Panel advising Members of any new PI's, deletions or amendments. The ODPM has not proposed any significant changes to the BVPI suite for the year 2006/07 and therefore a report will not be necessary. Members will be advised of any future changes.
- 2.3 The report on Local Performance Indicators scheduled for the Budget and Performance Meeting of 13<sup>th</sup> June 2006 has been removed from the work programme. It is important that the Council develops a meaningful set of Local Performance Indicators, which focus on local priorities and better reflect local circumstances that can supplement the statutory BVPI's. However, this piece of work has a clear link with the 'Golden Thread' workshops being carried out to support the roll-out of the Escendency Performance Management System across the Council. Therefore the two pieces of work have been integrated and the timetable for the revision of the Local PI's is the same as that for the roll-out of Escendency.

Members will have the opportunity to scrutinise both together, following final agreement of the Escendency roll-out timetable.

- 2.4 Partnership Monitoring – At the Budget and Performance meeting on 7<sup>th</sup> March 2006 it was agreed that the Link Member would request the Overview and Scrutiny Committee to consider how the performance of the LSP Building Blocks could be effectively scrutinised by calling to account the Members who represented the Council on the LSP's. The Overview and Scrutiny Committee made the following recommendation to the Budget and Performance Panel in terms of monitoring:

The Budget and Performance Panel be recommended to review the effectiveness of the reporting arrangements for representatives on the LSP Executive and Building Blocks.

In addition, the Committee made the following two further recommendations which are being pursued through other channels.

- 1) The LSP request clarification from those who have received funding as to how the Community Strategy objectives have been met.
- 2) The LSP be recommended (via the Chief Executive) that minutes of the Local Strategic Partnership's Executive and Building Blocks be published on the internet.

- 2.5 Service Level Agreements - At the Budget and Performance Panel meeting on 31<sup>st</sup> January, 2006 it was agreed that Members would delegate the Service Level Agreement monitoring to the Principal Democratic Support Officer in consultation with the Chairman for forwarding to the Council's Executive function. It was noted that the Panel would receive a report following the review of the grants process by Overview and Scrutiny on the proposals for future grants allocation and monitoring.

A meeting is scheduled to take place between the Chairman, Principal Democratic Support Officer and the Senior Democratic Support Officer responsible for grants on Monday 3<sup>rd</sup> April, 2006. The Chairman will provide Members with a verbal update at the Budget and Performance meeting on 4<sup>th</sup> April, 2006.

- 2.6 Terms of Reference Review - Members are requested to consider reviewing the Terms of Reference relating to the Budget and Performance for the new municipal year. This is considered best practice to ensure that the terms of reference are still relevant and appropriate.

- 2.7 At the meeting of the Overview and Scrutiny Committee on 8<sup>th</sup> March, 2006, Members considered a briefing note provided by the Pre-Scrutiny Champion regarding the Decriminalisation of Parking Enforcement. This issue was included in the Forward Plan and would be considered by Cabinet at its meeting on 25<sup>th</sup> April.

Concern was expressed by the Overview and Scrutiny Committee over the deficit in the on-street and off-street parking enforcement accounts and the number of unpaid parking tickets that had not been collected by Parkwise. It was noted that Cabinet had recommended that the Decriminalisation of Parking Enforcement was to be reviewed after 2 years and it was agreed that the this review would be added to the Overview and Scrutiny Committee's Work Programme.

The Committee agreed that the issue of enforcement and collection should be referred to the Budget and Performance Panel for further consideration. The Panel are asked to scope the project before formally adding it into their work programme.

<b>BACKGROUND PAPERS</b>	<b>Contact Officer:</b> Liz Bateson
None	<b>Telephone:</b> 01524582047
	<b>E-mail:</b> ebateson@lancaster.gov.uk
	<b>Ref:</b>

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ISSUE	JANUARY 31st	MARCH 7th	APRIL 4th	JUNE 13th	JULY 25th	SEPTEMBER 12th	OCTOBER 31st	NOVEMBER 28th
STAR CHAMBER	completed							
B&P FRAMEWORK	completed							
PERFORMANCE MANAGEMENT MONITORING								
CORPORATE FINANCE MONITORING								
MEDIUM TERM FINANCIAL STRATEGY								
PARTNERSHIP MONITORING		completed						
OPEN SOURCE SOFTWARE		completed						
BENCHMARKING		completed						
BEST VALUE AND PERFORMANCE PLAN								
VALUE FOR MONEY/EFFICIENCY STRATEGY		Consideration of Timetable completed	Forward Annual Efficiency statement – Gershon	Backward Annual Efficiency Statement – Gershon	Risk Management Strategy Review – 1 <sup>st</sup> Quarter	Human Resources Strategy Review Consultation	Review of Forward Annual Efficiency Statement –	Procurement Strategy Update



ISSUE	JANUARY 31st	MARCH 7th	APRIL 4th	JUNE 13th	JULY 25th	SEPTEMBER 12th	OCTOBER 31st	NOVEMBER 28th
AGREED) DISCUSSIONS WITH SERVICE HEADS (ONGOING)							Head of Health & Strategic Housing	

Please Note:

Performance Management - Following consideration of performance management information the Panel may be minded to timetable meetings with Service Heads and Cabinet Members as a need is identified.

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