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<b>REPORT TO:</b>	<b>FINANCE &amp; MANAGEMENT</b>	<b>AGENDA ITEM: 10</b>
<b>DATE OF MEETING:</b>	<b>29<sup>th</sup> April 2010</b>	<b>CATEGORY: OPEN</b>
<b>REPORT FROM:</b>	<b>Director of Corporate Services</b>	
<b>MEMBERS' CONTACT POINT:</b>	<b>Nigel Glossop</b>	<b>DOC: BIRReview</b>
<b>SUBJECT:</b>	<b>Annual Business Improvement and Procurement Review</b>	<b>REF: BIRReview.doc</b>
<b>WARD(S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE:</b>

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## **1.0 Recommendations**

- 1.1 The Committee notes the progress to date and the plans for moving forward Business Improvement and Procurement in the Council.

## **2.0 Purpose of Report**

- 2.1 To inform Members of the progress to date of the Business Improvement and Procurement Team.
- 2.2 To update Members of the Business Improvement and Procurement work in progress and planned projects.

## **3.0 Detail**

### **Background**

- 3.1 The Business Improvement and Procurement Team, in its current form, has been in place since June 2008. At this point the role of the Business Improvement Manager was added to the scope of the Corporate Procurement Manager.
- 3.2 The team works across the Council, working with Service Areas, to identify cashable and efficiency savings. A Business Improvement section is included in all Service Plans each year, to deliver these targets relies largely on co-operation and joint working across the Council. Additionally the team has been able to realise savings through Purchasing due to the joint remit of Business Improvement and Procurement.
- 3.3 The team comprises the Business Improvement and Procurement Manager, a Project Manager and Business Analyst who each lead or support and mentor improvement projects, supported by an Administrative Assistant. During 2010 the team will also benefit from utilising the skills of a Graduate Trainee, jointly employed with Derby City wholly funded from the East Midlands RIEP.

## Cashable and efficiency savings

- 3.4 The approved report [Final Budget Proposals 2010/11 and Financial Plan to 2015](#) to Finance and Management Committee on the 16<sup>th</sup> February recommended that ongoing cashable efficiency savings of £375,000 be identified and in place by October 2010.
- 3.5 Actions are being taken throughout the Council to achieve the required cashable savings, such as the restructure of Community Services and the Corporate Services Partnership project. These actions together with the ongoing efficiency programme through the Business Improvement and Procurement team have been put in place to achieve the required cashable efficiency savings.
- 3.6 The ongoing efficiency programme through the Business Improvement and Procurement team will also implement a range of non-cashable efficiency savings, such as improved use of officer time.

## Achievements

- 3.7 Since the current team was formed in 2008, it has celebrated a number of achievements:

In 2008/09:

- Lead work to identify and realise £75,000 worth of cashable savings e.g. removal of the IDEA marketplace, saving £17,000 per year and replacing it with a local system
- Participated in other projects worth £50,000 e.g. the waste and cleansing tender exercise
- By identifying alternative solutions avoided spending £100,000 e.g. the Planning system for Document Image Processing

In 2009/10:

- Lead work to identify over £80,000 worth of cashable savings by centralising budgets and improving purchasing
- Continued to review the energy and utility payment processes and contracts, identifying £32,000 of overspend due to estimated bills and reclaiming it from the utility companies

Worked on the following projects:

- Introduced a new Purchase Ordering system, enabling significant efficiencies for Officers in processing invoices
- Reviewed Communications to support the restructure of December 2008
- Analysed options and tendered successfully for a Document Image Retrieval System for Planning Services, to be completed by mid-April 2010.
- Supported the Project Leaders in Leisure and Community Services for the Anti-Social Behaviour in Public Open Spaces Review and Events Review.
- Assisting Leisure and Community Services to self-assess against the IDeA Culture and Sport Improvement Toolkit

- 3.8 The team also advises service areas on Procurement exercises as appropriate, including:

- The Swadlincote Masterplan and utilisation of the best practice Midlands Highway Alliance, avoiding tender costs

- The procurement of the sustainable business units to be located at Rosliston Forestry Centre
- Waste and Cleansing
- Utilisation of an OGC Buying Solutions Framework for the Swadlincote CCTV project
- Housing tender exercises for planned maintenance and improvements (underway)
- Leisure Centre tendering (underway)
- Sharpes Pottery new build project – possibly using East Midlands Property Alliance framework saving tender costs whilst ensuring value for money (underway)
- Using a best practice Strategic Sourcing process and reviewing spend by category, with savings identified as follows:
  - ✓ Print and Design – 30% savings identified by using the OGC Buying Solutions national framework to be realised during 2009/10
  - ✓ Stationery – centralising budgets and reducing consumption, total savings £10,000 per year
  - ✓ Protective Clothing – centralising budgets and reducing usage, total savings £20,000 per year
  - ✓ Energy – using the ESPO framework for energy, saving £26,000 on the electricity for the Civic Offices during 2009/10
  - ✓ Telecoms – Using the OGC Buying Solutions framework, saving £10,089 during 2009/10
  - ✓ ICT Hardware – Using a reverse eAuction to purchase replacement hardware.
- Further scope for reviewing categories through the strategic sourcing process exists across the range of Council spend on goods and services and will identify exciting opportunities for savings

3.9 During 2009/10 identified savings to date of £100,000. These do not include carry over savings from 2008/09.

### **Partnership Working**

3.10 The Procurement and Business Improvement Manager represents the Council at the Derbyshire Procurement Forum, ensuring that the possibility to participate in joint procurement is available. At present the Council uses the Derbyshire County Council contract for stationery and IT consumables.

### **Future Work**

3.11 The Corporate Management Team has held meetings with all Heads of Service to determine where priority actions should be taken during 2010/11 (see Appendix A). The priorities of the Business Improvement and Procurement Team will therefore be dictated by this plan. These priorities have superceded the 3 year review of Council services.

3.12 In particular the team will be focusing on the foundations to centralise all purchasing activity and conduct strategic sourcing exercises. In some cases this will also involve centralising budgets in order to maximise efficiencies.

3.13 The team continues to be governed by the Business Improvement Board, which consists of Corporate Management Team, our Member Champion and the team itself.

## **Use of Resources**

3.14 The commissioning and procurement key line of enquiry under the use of resources assessment for the council was scored as a 2. An action plan has been put in place to endeavour to achieve a 3 in 2010/11.

3.15 This includes looking at the following areas:

- The Council demonstrating further reductions in costs and / or improvements in services as a result of the decision-making process.
- The Council further developing its understanding of the supply market and ensuring its procurement arrangements more clearly reflect its priorities for the market.
- The Council working with partners to enable it to demonstrate that it can deliver key intended outcomes in line with agreed milestones.
- The Council demonstrating a clear rationale for insourcing / outsourcing decisions for key services, focussing on achieving integrated social, economic and environmental outcomes.
- A Category analysis based on supplier spend and the type of goods and services purchased.
- Centralised purchasing.

3.16 To do this we are looking to take forward:

- Further work is planned in 2010/11 looking at the outcomes from the CMT Budget Review. An action plan has been developed and is being taken forward by the Business Improvement Team to further reduce costs and drive service improvement for this.
- Centralised Purchasing project underway which will include category analysis and knowledge developing as part of the Centralised Purchasing project.
- All future spend strategies will be undertaken following in depth with consultation with all stakeholders, whether they be internal or external.
- The Council will face key insourcing / outsourcing decisions for the following services over the next year. This will be in areas such as the Corporate Services Partnership and with the Depot.

## **4.0 Financial Implications**

4.1 Through Business Improvement and Procurement efficiency savings, as previously advised to the Committee through the Head of Finance, have been realised.

## **5.0 Corporate Implications**

5.1 Theme Four of the Corporate Plan is 'Value for Money' and the Business Improvement and Procurement team are consistently striving to achieve this. In particular the team are highly involved with Priority 4.2, Increasing Efficiency.

## **6.0 Community Implications**

6.1 Business Improvement and Procurement initiatives will bring benefits to the Community as services will be more cost effective and efficient and resultant savings will be directed to those services deemed as a priority for the community.

## **7.0 Background Papers**

- 7.1 The Business Improvement Priority Action Plan is attached as an appendix to this report.
- 7.2 The Final budget proposals 2010/11 and Financial Plan to 2015. See <http://cmis.south-derbys.gov.uk/CmisWebPublic/Binary.ashx?Document=5977>
- 7.3 The IT and Business Improvement Service Plan which is available at [http://www.south-derbys.gov.uk/council\\_and\\_democracy/council\\_policies\\_plans/services\\_plans\\_2008\\_09/default.asp](http://www.south-derbys.gov.uk/council_and_democracy/council_policies_plans/services_plans_2008_09/default.asp)

## Appendix A – Business Improvement Priority Action Plan

Review Type	Service Area	Priority	Project Sponsor	Lead Officers	Milestone	Date	Brief Project Description
Procurement	Corporate Services	High	Jayne Jones	JJ/KS	Select preferred Supplier	Apr-10	To deliver Corporate Services through a partnership with the private sector.
					Contract start	Jul-10	
	Legal Services Review	Medium	Frank McArdle	FM/AM	Business Case to F&M	Jun-10	Review of how Legal Services are currently delivered, looking at available options as is, private sector, etc.
					Revised Legal Services	Jun-10	
	Grounds Maintenance	Medium	Mark Alflat	SB	Report to EDS	May-10	Review of how Grounds Maintenance services are currently delivered, looking at available options as is, private sector, etc.
					Revised Grounds Maintenance	Apr-11	
	Leisure Services	High	Mark Alflat	SB	Report to H&C	Done	Retender Leisure Centres Leisure Centre Management contract.
					Revised Leisure Services	Apr-11	
LA Partnering	Internal Audit Services	Medium	Jayne Jones	JJ/KS	Business Case to F&M	Sep-10	Potential for delivering Internal Audit with other Councils.
	Pest Control	Medium	Mark Alflat	PM	Shared Pest Control	Apr-10	Potential for delivering pest control with other Councils.

Review Type	Service Area	Priority	Project Sponsor	Lead Officers	Milestone	Date	Brief Project Description	
	Democratic Services	Medium	Frank McArdle	FM/AM	Review Democratic Services	TBD	Review of Democratic Services	
	Depot Facilities	High	Mark Alflat	MA/PM	Business Case to EDS	Apr-10	Potential for joint depot facility with East Staffs	
					New Depot in place	Oct-11		
Re-organisations	Depot Structure	High	Mark Alflat	MA/PM	Business Case to EDS	Jun-10	Ensure appropriate staffing in place at the depot. Co-ordinate with depot move.	
					New structure in place	Sep-10		
	Corporate Services	High	Jayne Jones	JJ/KS	Report to F&M	Mar-10	Ensure that the relevant Client / Governance Structure is in place to manage the Corporate Services Partnership.	
					Client function in place	Apr-10		
	Leisure Services	High	Mark Alflat	SB	Report to EDS/ H&C	Done	Reorganisation of Leisure Services	
					New structure in place	Mar-10		
	Building Control	Medium	Mark Alflat	MA/GH	Report to EDS	Done	Reorganisation of Building Control. Ensure REIP funding is utilised as appropriate with remainder being returned.	
					New structure in place	Mar-10		
	Budget Review	Waste & Cleansing	Medium	Mark Alflat	PM/PE	Agency Budget reviewed	Done	Waste and Cleansing review of budgets.
						New budgets in place	Done	
Waste & Cleansing		Medium	Mark Alflat	PM	Investigate potential for advertising on Bus Shelters	Done	Waste and Cleansing review of budgets.	
					New budgets in place	Apr-10		

Review Type	Service Area	Priority	Project Sponsor	Lead Officers	Milestone	Date	Brief Project Description
Central Purchasing	Centralise Purchasing	High	Frank McArdle	NG/JH	Business Case for CMT	Mar-10	All Purchasing activity in scope - includes strategic sourcing, centralised Purchasing team and centralised budgets where appropriate
					New structure in place	TBD	
	Print & Design	High	Jayne Jones	JH/ MG	Review of Print & Design	Done	Review of Print & Graphic design.
					Corporate contracts in place	Done	
	Depot	High	Mark Alflat	JH/ MC	Depot related (Vehicle/Street/furniture/fuel)	Mar-10	Review of related depot areas. Linked to centralized purchasing.
					Corporate contracts in place	May-10	
	IT	High	Jayne Jones	NG/JH	Budget Review	Done	Review of IT spend in service areas.
					New control mechanism in place	Apr-10	
Customer Services	Waste & Cleansing	Low	Jayne Jones	PC/JH	Business feasibility. Review processes	Jul-10	Review of processes not passed into the Contact Centre. Initial feasibility cases to be done to test viability.
					Move as appropriate to Contact Centre	Sep-10	
	Licensing	Low	Jayne Jones	PC/JH	Business feasibility. Review processes	Jul-10	Review of processes not passed into the Contact Centre. Initial feasibility cases to be done to test viability.
					Move as appropriate to Contact Centre	Sep-10	
	Housing Repairs	Low	Jayne Jones	PC/JH	Business feasibility. Review processes	Jul-10	Review of processes not passed into the Contact Centre. Initial feasibility cases to be done to test viability.
					Move as appropriate to Contact Centre	Sep-10	



Review Type	Service Area	Priority	Project Sponsor	Lead Officers	Milestone	Date	Brief Project Description
Central Admin	Administration	Medium	Jayne Jones	JH	Business Case	Dec-10	Put on hold until Central Purchasing project completed
					New structure in place	Apr-11	
Charging Policy	All services	Medium	Jayne Jones	All	Budget Process	Done	Review of Council's charging policy
					New Charging in place	Done	