

REPORT TO: Cabinet Member Corporate Services

DATE: 3 February 2010

SUBJECT: Finance & IS Department– Corporate Services
Portfolio Monitoring 2009/10 – Quarter 2

WARDS AFFECTED: All

REPORT OF: Lynton Green – Acting Finance and Information
Services Director

CONTACT OFFICER(S): Lynton Green John Farrell
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EXEMPT/CONFIDENTIAL: No

PURPOSE/SUMMARY:

To inform the Cabinet Member of performance in relation to the Finance & Information Services Department element of the Corporate Services Portfolio's 2009/10 Departmental Service Plan, with particular reference to Quarter 2 2009/10.

REASON WHY DECISION REQUIRED:

As part of the performance management framework, the Cabinet Member is required to monitor performance.

RECOMMENDATIONS:

The Cabinet Member is asked to note the Quarter 2 position in respect of the portfolio's responsibilities within the Finance and Information Services Departmental Service Plan.

KEY DECISION: No

FORWARD PLAN: Not Appropriate

IMPLEMENTATION DATE: Following the expiry of the "call-in" period for the Minutes of this meeting.

ALTERNATIVE OPTIONS:

None

IMPLICATIONS:

Budget/Policy Framework: This report reports on progress as part of the corporate performance management framework.

Financial:

	2009/10 £	2010/11 £	2011/12 £	2012/13 £
CAPITAL EXPENDITURE				
Gross Increase in Capital Expenditure				
Funded by:				
Sefton Capital Resources				
Specific Capital Resources				
REVENUE IMPLICATIONS				
Gross Increase in Revenue Expenditure				
Funded by:				
Sefton funded Resources				
Funded from External Resources				
Does the External Funding have an expiry date? Y/N	When?			
How will the service be funded post expiry?				

Legal: Not appropriate

Risk Assessment: Risk has been considered within all activities within the Departmental Service plan, and the Departmental Risk Register is considered on a quarterly basis by the Departmental Management Team.

Asset Management: Not appropriate

CONSULTATION UNDERTAKEN/VIEWS

None

CORPORATE OBJECTIVE MONITORING:

<u>Corporate Objective</u>		<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community	√		
2	Creating Safe Communities	√		
3	Jobs and Prosperity	√		
4	Improving Health and Well-Being	√		
5	Environmental Sustainability	√		
6	Creating Inclusive Communities	√		
7	Improving the Quality of Council Services and Strengthening local Democracy	√		
8	Children and Young People	√		

LIST OF BACKGROUND PAPERS RELIED UPON IN THE PREPARATION OF THIS REPORT

The Council's SPRINT (Sefton Performance Reporting and Information NeTwork) System

1. **Background**

- 1.1. The 2009/10 Finance Departmental Service Plan (DSP) was approved by the Cabinet Member for Corporate Services on 29th April 2009. The purpose of this report is to update the Cabinet Member on performance against the Departmental Service Plan as at the end of Quarter 2 2009/10. This reporting frequency and approach has been recommended for all portfolio areas.
- 1.2. As part of performance management arrangements, all Departmental Service Plans, and Annual Service Plans are entered into the Council's SPRINT performance management system and officers are required to update progress within that system. Attached to this report is a copy of the Departmental Service Plan Quarter 2 updates on performance and activities.

2. **Service Achievements**

- 2.1. The key service achievements/issues over the last year can be summarised as follows:

2.2. **Major Service Review**

- (a) September 2009 saw the end of the first year of the contract between Sefton and arvato.
- (b) The services delivered by arvato are monitored monthly by a range of key performance indicators. All live key performance indicators have been met, there are a number of key performance indicators that are still subject to baselining and these are also carefully monitored with a view to them becoming live at a future date.
- (c) Key achievements for the period are
 - i. Completion of benchmarking for Transactional Services.
 - ii. Internal audit recommendations agreed and adopted for Accounts Payable.
 - iii. The creation of a dedicated arrears collection team to focus on Council Tax arrears
 - iv. The implementation of Government Connect.
 - v. The upgrade to the Council voice and data network infrastructure.

2.3. **Financial Management**

- (a) The 2008/09 Financial Accounts were closed and reported to the Audit and Governance Committee by the end of September 2009, in line with statutory timescales. The Accounts were approved with a clean bill of health from the Council's Auditor, PricewaterhouseCoopers.
- (b) Initial work has been undertaken on the introduction of the new International Financial Reporting Standards. Whilst the formal introduction is for the 2010/11 financial year, the 2009/10 Accounts also need to be re-stated in the new format. A significant amount of work will be required, over the coming months, from staff

not only within Finance, but also other Council departments and Capita Symonds. PricewaterhouseCoopers have assisted the Council in preparing an impact analysis to identify the key issues and the timescales for the Council.

- (c) The turmoil in the financial markets has resulted in additional work for the Treasury Management Team and produced significantly reduced investment returns for the Council. In order to ensure that the Council is fully prepared for the current climate, there have been changes to the Policy / Strategy of the Authority. Additional training of officers and Members has also been necessary, as has the need to expand the regularity of reporting to Cabinet / Audit and Governance Committee. In order that the Council has the ability to invest its temporary cash resources in as wide (but as secure) a range of institutions as possible, a number of new arrangements have been put in place with Money Market Funds. Despite these pressures, average investment returns have exceeded the standard benchmark target rate (7 day LIBID rate).

2.4. Central Purchasing Unit

- a) Adoption of E-Procurement System for Borough Schools
CPU has worked closely with the Department for Children, Schools and Families (DCSF) to implement an e-procurement solution for schools across the borough. This project was undertaken in partnership with Wirral MBC and preparations began during December 2008.

Following a series of consultation meetings with key internal staff within the ICT and payments sections of each borough, CPU and DCSF staff presented the solution to Sefton primary and secondary schools earlier this month at the school business forums.

The benefits of adopting such a system are as follows;

- It's free to use.
- Access to supplier catalogues typically realise savings of up to 30% v current expenditure.
- Enables schools to have seamless access to Sefton corporate contracts.
- Schools can undertake benchmarking with suppliers across the country at the touch of a button.
- Reduces the administrative burden to schools and eradicates the need to conduct purchases via costly paper exchange methods.
- It's extremely user friendly and is very similar to 'shopping on-line'.

Following presentations at the recent school business forums circa 90% of schools across the borough expressed an interest in signing up to the scheme through DCSF. It is envisage roll out will commence during the first quarter of the new calendar year.

- b) Adoption of Pro Contract Electronic Solution for Council Procurement Activity.

CPU is rolling out the Pro Contract procurement solution across the authority. This was a collaborative project agreed with other Merseyside authorities. The solution eradicates the need for 'paper exchange' between Sefton officers and suppliers when business/contract opportunities are advertised/bid for.

Following the release of the Glover report in December 2008 all public sector bodies are required to implement an electronic portal solution when advertising business opportunities by the end of 2010. This reduces the cost of bidding in respect of suppliers, notably important for Small Businesses (SME's), and also improves the internal efficiencies of procurement operations among SMBC staff.

CPU has just gone live with the system and the solution will be rolled out across the authority during 2010.

2.5. Internal Audit

- a) Internal Audit work is separately reported quarterly to the Audit and Governance Committee. This allows for more regular reporting and monitoring of Internal Audit work and provides for greater Member input into reviewing the Council's control environment and in the formulation and review of the Annual Governance Statement.
- b) The review of the way Internal Audit works and supports the rest of the Council has been delayed to ensure it links with the Overall Budget Review currently in progress. This has been reported to Audit and Governance.

2.6. Claims and Administration

The Section continues to look for savings, and has successfully renewed all of the Council's insurance policies at reduced costs.

2.7. Specialised Transport Unit

Further actions have been taken to further minimise the financial, operational and management problems of the unit.

- a) A New Head of service has been recruited and started work at the beginning of September.
- b) A review of the taxi contracts has been undertaken and has been implemented during September at the beginning of the School Year – Initial indications are that this review of the contracts should reduce the taxi spend by approximately £100,000 in the current financial year.
- c) Overall indications are that spending for 2009/10 will remain flat or slightly increase in comparison with 2008/9. The efficiency improvements having been offset by inflation and an increase in demand for wheelchair and taxi places.

3. Corporate and Cross-Cutting Issues

- 3.1. Equality** – An Equality Impact Assessment has commenced for Customer Services, Revenues and Benefits. The overarching assessment will result in 3 distinct action plans for each service. The assessment is due for completion at the end of quarter 3.
- 3.2. Sickness** – sickness levels in the Department were 4.25% for the period April 2009 to October 2009. This is higher than the corporate target of 4% but an improvement on the 4.98% for the previous 12 months. Sickness is being closely managed with the support of personnel advice from the BSU. There have been a number of long-term sickness absences, which are being closely monitored, and the Council's Sickness Absence Procedures are being adhered to. In appropriate cases, advice is sought from the Occupational Health Unit.
- 3.3. Sustainability** - The Department is continuing its commitment to the achievement of the requirements in relation to Sustainability. The roll out of Pro Contract procurement solution across the authority outlined in 2.4 (b) above is an example of proactive activity in this area.

4. Risks

- 4.1.** The Finance Department has corporate responsibility for Risk Management, and responsibility for monitoring the Corporate Risk Register rests with the Audit and Governance Committee. This Committee considers the Corporate Risk Register on a quarterly basis, and was last reported on 16 December 2009.
- 4.2.** The Corporate Risk Management policy and process is currently being reviewed as part of the Corporate Governance review, and a report detailing recommended changes to the overall Risk Management policy and strategy was presented to the Governance review on 22 December.

5. Recommendations

- 5.1.** The Cabinet Member is asked to note the Quarter 2 position in respect of the portfolio's responsibilities within the Finance and Information Services Departmental Service Plan.