



**Business Efficiency Board**

**Wednesday, 26 September 2018 at 6.30  
p.m.  
Civic Suite, Town Hall, Runcorn**

A handwritten signature in black ink that reads 'David Wall'.

**Chief Executive**

**BOARD MEMBERSHIP**

Councillor Martha Lloyd Jones (Chair)	Labour
Councillor Andrea Wall (Vice-Chair)	Labour
Councillor Marjorie Bradshaw	Conservative
Councillor Ellen Cargill	Labour
Councillor Alan Lowe	Labour
Councillor Andrew MacManus	Labour
Councillor Tony McDermott	Labour
Councillor Ged Philbin	Labour
Councillor Norman Plumpton Walsh	Labour
Councillor Joe Roberts	Labour
Councillor John Stockton	Labour

*Please contact Angela Scott on 0151 511 8670 or e-mail [angela.scott@halton.gov.uk](mailto:angela.scott@halton.gov.uk) for further information.*

*The next meeting of the Board is on Wednesday, 21 November 2018*

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

**Part I**

<b>Item No.</b>	<b>Page No.</b>
<b>1. MINUTES</b>	<b>1 - 6</b>
<b>2. DECLARATION OF INTEREST</b>	
Members are reminded of their responsibility to declare any Disclosable Pecuniary Interest or Other Disclosable Interest which they have in any item of business on the agenda, no later than when that item is reached or as soon as the interest becomes apparent and, with Disclosable Pecuniary interests, to leave the meeting during any discussion or voting on the item.	
<b>3. FRAUD AND CORRUPTION - UPDATE REPORT</b>	<b>7 - 12</b>
<b>4. PROCUREMENT STRATEGY - UPDATE REPORT</b>	<b>13 - 24</b>

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

**BUSINESS EFFICIENCY BOARD**

*At a meeting of the Business Efficiency Board held on Wednesday, 25 July 2018 at the Civic Suite, Town Hall, Runcorn*

Present: Councillors M. Lloyd Jones (Chair), Wall (Vice-Chair), M. Bradshaw, E. Cargill, A. Lowe, MacManus, McDermott, Philbin, Joe Roberts and J. Stockton

Apologies for Absence: Councillor N. Plumpton Walsh

Absence declared on Council business: None

Officers present: E. Dawson, M. Murphy, A. Scott and S. Baker

Also in attendance: Georgia Jones and Mark Heap, Grant Thornton (External Auditors)

**ITEMS DEALT WITH  
UNDER DUTIES  
EXERCISABLE BY THE BOARD**

**BEB1 CHAIR'S ANNOUNCEMENTS**

*Action*

The Chair welcomed Georgia Jones and Mark Heap from the External Auditors (Grant Thornton) to the meeting.

The Chair also welcomed Councillor Andrea Wall as the newly appointed Vice Chair for 2018/19; thanked Councillor Joe Roberts for his previous service as Vice Chair of the Board; welcomed Councillor Alan Lowe back to the Board following his Mayoral Year; and welcomed newly appointed Members Councillors Ellen Cargill and Marjorie Bradshaw.

**BEB2 MINUTES**

The Minutes of the meeting held on 7 February 2018 were taken as read and signed as a correct record.

**BEB3 EXTERNAL AUDIT FEE – 2018/19**

The Board considered a report of the Strategic Director, Enterprise, Community and Resources, which provided Members with details of the scale of fees for the external audit work for 2018/19.

The Board was advised that the Local Audit Accountability Act 2014 provided a new framework for local public audit following the closure of the Audit Commission. As a result, the Council opted-in to a procurement arrangement undertaken by Public Sector Audit Appointments Limited (PSAA), from which Grant Thornton were appointed as the Council's external auditors for five years commencing 1 April 2018. It was noted that the PSAA would now oversee the audit contracts and their responsibilities included the setting of fees and the monitoring of the quality of the auditors' work.

The letter attached to the report set out the details of the audit fee proposed by the PSAA, along with the scope and timing of external audit work and the team from Grant Thornton that would be working on the audit. It was confirmed at the meeting that the certification fee for the Housing Benefit Subsidy claim for 2018/19 would be £8,500.

RESOLVED: That the 2018/19 audit fee and the scope and timing of the planned external audit work be noted.

Strategic Director  
- Enterprise,  
Community and  
Resources

BEB4 2017/18 STATEMENT OF ACCOUNTS, AUDIT FINDINGS REPORT AND LETTER OF REPRESENTATION

The Board considered a report of the Operational Director, Finance, which sought confirmation of the Council's 2017/18 Statement of Accounts (the latest version of which was enclosed with the agenda) and the report of the Audit Findings of the External Auditor (Grant Thornton) on the 2017/18 financial statements. The report also sought approval of the Council's Letter of Representation.

It was reported that the Statement of Accounts set out the Council's financial performance for the year in terms of revenue and capital spending and also presented the year-end financial position as reflected in the balance sheet. The key elements were detailed in the report.

It was noted that in overall net terms, the Council reported an overspend of £1.026m on the 2017/18 revenue budget. Capital expenditure was £114.7m, which was 99.4% of the total capital programme allocation. It was further noted that School Balances at 31 March 2018 totalled £3.8m, with £0.4m of unspent schools related funding held centrally to be carried forward into 2018/19.

The External Auditor presented the Audit Findings report which summarised the findings from the 2017/18

external audit. Section 3 of the report also presented the external Auditor's findings on the Value for Money (VFM) conclusion. It was noted that the Council had proper arrangements in all significant respects to ensure it delivered value for money in its use of resources.

RESOLVED: That

- 1) the draft Letter of Representation in Appendix 1 be approved and any subsequent additions or amendments be approved by the Operational Director, Finance, in liaison with the Chair of the Business Efficiency Board;
- 2) the External Auditor's draft 2017/18 Audit Findings Report in Appendix 2 be received and any subsequent additions or amendments be approved by the Operational Director, Finance, in liaison with the Chair of the Business Efficiency Board; and
- 3) the Council's draft 2017/18 Statement of Accounts in Appendix 3, be approved and any subsequent additions or amendments be approved by the Operational Director, Finance, in liaison with the Chair of the Business Efficiency Board.

Operational  
Director - Finance

**BEB5 DRAFT ANNUAL GOVERNANCE STATEMENT 2017/18**

The Board considered a report of the Strategic Director, Enterprise, Community and Resources, which sought approval of the draft Annual Governance Statement (AGS) for 2017/18.

It was noted that the AGS, attached at Appendix 1, provided an overview of the governance framework in place for 2017/18. A key aspect of the AGS was the identification of areas where the Council's governance arrangements would need to be developed.

The report detailed the process followed in producing the AGS; this was noted as being the same as in the previous year, being led by a group of Officers that had key roles in the maintenance and development of the Council's governance framework. Once approved, the AGS would be signed off by the Council Leader and Chief Executive.

RESOLVED: That the revised version of the Annual Governance Statement 2017/18 be approved.

Strategic Director  
- Enterprise,  
Community and  
Resources

*(N.B. Councillor John Stockton declared a Disclosable Other Interest in the following item of business as he was a Governor of St Martin's Primary School)*

**BEB6 INTERNAL AUDIT ANNUAL REPORT - 2017/18**

The Board considered a report of the Divisional Manager, Audit, Procurement and Operational Finance, which summarised the work of Internal Audit during 2017/18 and presented an opinion on the effectiveness of the Council's overall risk management, control and governance processes.

It was noted that the Public Sector Internal Audit Standards (PSIAS) required the Head of Internal Audit to deliver an annual audit opinion and report which could be used to inform the Annual Governance Statement. There was a requirement for the Internal Audit Annual Report to provide details of the internal audit Quality Assurance and Improvement Programme (QAIP). The purpose of QAIP was to enable an evaluation of the internal audit activity's conformance with professional standards and an evaluation of whether internal auditors applied the Code of Ethics. It was reported that the results of the QAIP provided assurance that internal audit activity had been undertaken in 2017/18, in accordance with the relevant professional standards.

RESOLVED: That the Board notes and approves the Internal Audit Annual Report 2017/18.

**BEB7 CORPORATE RISK REGISTER 2018/19**

The Board considered a report of the Strategic Director, Enterprise, Community and Resources, on the updated Corporate Risk Register for 2017/18.

The Board was advised that the Council recognised its responsibility to manage both internal and external risks as a key component of good corporate governance. At Directorate level, arrangements were in place for the high risk mitigation measures on the Directorate Risk Registers to be viewed and updated mid-year, in line with Directorate Business Plans. Progress was then reported to Management Team and Policy and Performance Boards.

It was reported that the Risk Control Measures had been reviewed and updated in line with current changes within the Authority and as proposed by managers and internal stakeholders. The risks had been grouped in order of priority, as set out in the report. It was noted that the risks had been reprioritised so that people (community and staff) took priority.

RESOLVED: That

- 1) the progress of actions and comments raised be noted; and
- 2) the robustness of the Corporate Risk Register and the adequacy of the associated risk management arrangements be noted.

Strategic Director  
- Enterprise,  
Community and  
Resources

BEB8 SCHEDULE 12A OF THE LOCAL GOVERNMENT ACT 1972 AND THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

The Board considered:

- 1) whether Members of the press and public should be excluded from the meeting of the Board during consideration of the following item of business in accordance with Section 100A (4) of the Local Government Act 1972 because it was likely that, in view of the nature of the business to be considered, exempt information would be disclosed, being information defined in Section 100 (1) and paragraph 3 of Schedule 12A of the Local Government Act 1972; and
- 2) whether the disclosure of information was in the public interest, whether any relevant exemptions were applicable and whether, when applying the public interest test and exemptions, the public interest in maintaining the exemption outweighed that in disclosing the information.

RESOLVED: That as, in all the circumstances of the case, the public interest in maintaining the exemption outweighed that in disclosing the information, members of the press and public be excluded from the meeting during consideration of the following item of business in accordance with Section 100A(4) of the Local Government Act 1972 because it was likely that, in view of the nature of the business, exempt information would be disclosed, being information defined in Section 100 (1) and paragraph 3 of

Schedule 12A of the Local Government Act 1972.

BEB9 INTERNAL AUDIT PROGRESS REPORT

The Board considered a report of the Divisional Manager, Audit, Procurement and Operational Finance, which provided Members with a summary of internal audit work completed since the last progress report in February 2018. The report also highlighted matters relevant to the Board's responsibilities as the Council's Audit Committee.

It was noted that a total of 22 Internal Audit reports had been finalised since the last progress report, and this figure included audits from both the 2017/18 and 2018/19 Audit Plans. An overall assurance opinion was provided for each audit engagement. It was reported that work was well underway on the 2018/19 Audit Plan, with approximately 24% of the total planned days for the year being completed.

There had been two changes to the work planned for the year and details of these and the reasons were set out in the report for Members' information.

Work completed in Quarter 1 also included the annual audit undertaken for the Manchester Port Health Authority, which was reported directly to the Port Health Authority Board.

RESOLVED: That the update on progress against the 2018/19 Internal Audit Plan be received.

*Meeting ended at 8.00 p.m.*



**REPORT TO:** Business Efficiency Board

**DATE:** 26 September 2018

**REPORTING OFFICER:** Operational Director - Finance

**PORTFOLIO:** Resources

**SUBJECT:** Fraud & Corruption Update Report

**WARD(S):** Borough-wide

### **1.0 PURPOSE OF REPORT**

1.1 The Business Efficiency Board is responsible for monitoring and reviewing the adequacy of the Council's anti-fraud and anti-corruption arrangements. The purpose of this report is to update the Board with details of developments in regard to those arrangements.

**2.0 RECOMMENDATION:** That the report be noted.

### **3.0 SUPPORTING INFORMATION**

3.1 This report provides:

- A summary of reported fraud and corruption from 2017/18;
- A summary of the whistleblowing complaints received;
- Details of the 2018/19 National Fraud Initiative;
- Details of ongoing and planned anti-fraud work

### **4.0 REPORTED FRAUD & CORRUPTION 2017/18**

4.1 As in previous years, the level of identified fraud in Halton remains relatively low compared to other authorities of a similar size and profile. However, the fraud risks faced by the Council are largely the same as those faced by other authorities delivering the same services and functions. It therefore remains important that the Council is not complacent about the risk of fraud.

4.2 The Council faces fraud risks both internally and from members of the public. The main areas of the Council's business that are susceptible to fraud and corruption are:

- Insurance claims
- Procurement
- Accounts payable
- Council Tax - Single Person Discount

- Council Tax Reduction Scheme
- Payroll / Pensions / Recruitment
- Direct Payments
- Adult Social Care - Financial Assessments
- Business Rates
- Grants to individuals / organisations
- Cash handling
- Expenses
- Blue Badges

4.3 A summary of the frauds / attempted frauds detected in 2017/18 is summarised in the table below:

<b>Fraud Type</b>	<b>No.</b>	<b>Value</b>	<b>Outcome</b>
Insurance	1	£9,250	Claim rejected - No actual loss.
Procurement (Mandate fraud)	1	£5,748	Attempt to fraudulently amend supplier bank details prevented - No actual loss
Adult social care fraud (Direct Payments)	1	£19,000	Support package reduced and recovery of overpaid Direct Payment being sought
Financial abuse	1	£7,000	Financial abuse of vulnerable adult - Convicted in Crown Court received eight months custodial prison sentence. Loss was to the individual rather than the Council.
Council Tax	148	£44,540	Overpayments stopped / Council tax bills amended and sums owed being recovered.
<b>Total</b>	<b>151</b>	<b>£85,538</b>	

NB – Council Tax frauds include:

- Council Tax Reduction incorrectly claimed
- Single Person Discount incorrectly claimed

4.4 The number of identified frauds and attempted frauds in 2017/18 is broadly comparable to 2016/17 when 139 frauds / attempted frauds were identified. However, the actual value of the frauds / attempted frauds is significantly lower, as the 2016/17 figures were skewed by a small number of significant frauds relating to Business Rates and Adult Social Care.

4.5 Details of the frauds / attempted frauds detected have been reported to CIPFA in their annual Fraud and Corruption Tracker, which is used to inform the national picture relating to fraud and corruption.

**5.0 WHISTLEBLOWING**

5.1 The Council operates a Whistleblowing Policy (the Confidential Reporting Code) that allows employees, agency workers and contractors to raise any concerns confidentially through a variety of channels. All complaints received are assessed and further investigations undertaken where appropriate.

5.2 Five whistleblowing complaints were received during 2017/18, which is one fewer than in 2016/17. The following table summarises the nature of the complaints, the action taken and the outcome.

<b>Allegation</b>	<b>Action taken</b>	<b>Outcome</b>
An anonymous allegation was received relating to the quality of care provided by an external care provider.	Investigated	The Council subsequently introduced additional contract monitoring with the provider, including a full Quality Assurance programme.
Employee working for another employer whilst off sick	Investigated	No case to answer
Theft	Investigated	No case to answer
Abuse of the flexi-scheme	Investigated	No case to answer
Dignity at work issue	Investigated	No case to answer

5.3 The Council also operates a confidential reporting system through which members of the public can submit any concerns relating to fraud, misconduct or other issues. This is actively promoted through the Council’s fraud awareness activities.

5.4 In 2017/18, 114 referrals were received which is nearly double the number received in 2016/17. The increase is thought to have arisen as a result of the increased fraud awareness activities undertaken during the year.

5.5 A summary of the referrals is provided below:

- 39 referrals related to Housing Benefit / Disability Living Allowance / Universal Credit / Working Tax Credits. These were referred to the Single Fraud Investigation Service (SFIS) for investigation, operated by the DWP

- 57 referrals related to Council Tax / Council Tax Reduction (ten of which related to Single Person Discounts)
- Six referrals related to tenancy fraud
- Five referrals related to Blue Badges
- Four referrals related to Business Rates
- Two referrals related to social care fraud
- One related to an alleged procurement fraud

5.6 All referrals received are assessed and investigations undertaken where sufficient information is provided. The outcomes from these investigations have been included in the 2017/18 fraud figures provided earlier in this report.

## **6.0 NATIONAL FRAUD INITIATIVE 2018/19**

6.1 The National Fraud Initiative (NFI) is a sophisticated data matching exercise which matches electronic data within and between participating bodies to prevent and detect fraud. NFI is now managed by the Cabinet Office having formerly been managed by the Audit Commission.

6.2 The most recent NFI exercise undertaken in 2016/17 enabled participating organisations to prevent and detect over £300 million of fraud and error. The cumulative outcomes from when NFI commenced in 1996 now stand at £1.69 billion. The Council's outcomes from that exercise were reported to the Board in November 2017.

6.3 The Council is currently in the process of submitting datasets for the 2018/19 NFI exercise. These include data relating to:

- Blue badges
- Creditors history
- Concessionary travel passes
- Creditors standing
- Council tax reduction scheme
- Housing benefit claimants (provided by the DWP)
- Market traders
- Personal budgets (direct payments)
- Personal alcohol licence
- Payroll
- Private residential care homes
- Taxi drivers
- Waiting lists
- Council Tax
- Electoral register
- Pensions

- Housing tenants
- Right to buy
- Students eligible for a loan (provided by SLC)
- Business rates (pilot exercise)

6.4 The data for the Business Rates pilot has already been submitted to the Cabinet Office and the matches are scheduled to be received by the end of September. The other datasets are to be submitted in October and the matches are expected by the end of January 2019.

## **7.0 ONGOING ANTI-FRAUD WORK**

7.1 In July 2017, as part of the Finance Department restructure the Council's two Fraud Officers moved into the Audit, Procurement & Operational Finance Division and are now located within the Audit & Investigations Team.

7.2 This arrangement is working well and the team has developed an ongoing plan of work which includes:

- Developing and rolling out an anti-fraud campaign (Stamp Out Fraud);
- Delivering fraud awareness training to the social care teams;
- Presenting case studies of social care frauds to the CIPFA Northwest Fraud Group;
- Preparing and submitting the datasets for NFI 2018;
- Investigating the output from the pilot data matching exercise on Business Rates;
- Contributing to the work of the regional and national anti-fraud networks;
- Assessing and investigating all fraud referrals received.

7.3 In November 2017, the Business Efficiency Board approved the Council's Fraud Sanction and Prosecution Policy. This allows the Council to impose a financial penalty where a person has supplied incorrect information or failed to notify the Council of a change of circumstances. It also allows the option to offer a financial penalty as an alternative to prosecution.

7.4 This policy is now being applied in practice and to date nine penalties have been issued totalling £840.

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

8.1 The responsibilities of public sector entities in relation to the prevention and detection of fraud and error are set out in statute, standards and other guidance.

Local authorities also have a statutory duty to make arrangements for the proper administration of their financial affairs.

8.2 There are no direct financial implications arising from this report.

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

### **9.1 Children and Young People in Halton**

The maintenance of an effective framework to minimise the risk of fraud and corruption contributes to the achievement of all the Council's priorities.

### **9.2 Employment, Learning and Skills in Halton**

See 9.1

### **9.3 A Healthy Halton**

See 9.1

### **9.4 A Safer Halton**

See 9.1

### **9.5 Halton's Urban Renewal**

See 9.1

## **10.0 RISK ANALYSIS**

This report highlights specific actions that the Council has already taken, and continues to take, to minimise the risk of fraud. Failure to maintain effective counter fraud measures would result in the Council being susceptible to an increased risk of financial loss.

## **11.0 EQUALITY AND DIVERSITY ISSUES**

None

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

None

**REPORT TO:** Business Efficiency Board

**DATE:** 26 September 2018

**REPORTING OFFICER:** Strategic Director – Enterprise, Community & Resources

**SUBJECT:** Procurement Strategy – Update Report

**PORTFOLIO:** Resources

**WARD(S):** Borough-wide

### **1.0 PURPOSE OF REPORT**

To provide an update on progress with delivery of the Council's Procurement Strategy 2016-19 as at 31 August 2018.

### **2.0 RECOMMENDATIONS: That the progress achieved to date in delivering the Council's Procurement Strategy 2016-2019, be noted.**

### **3.0 SUPPORTING INFORMATION**

#### Procurement Strategy Update

3.1 The Board approved the Council's current Procurement Strategy in June 2016. The strategy follows the format commended by the Local Government Association's "National Procurement Strategy for Local Government in England" and is based around four key themes:

- Making Savings
- Supporting Local Economies
- Leadership
- Modernising Procurement

3.2 Appendix 1 to this report provides an update in regard to progress against the strategy. Significant progress has been made in implementing the strategy and all areas of focus have been addressed and now form part of the Council's standard procurement practice.

3.3 It is however important to note that a number of the areas contained within the strategy are ongoing activities that will be further developed over time. In particular, the Procurement team is continuing to work with partners, particularly across the Liverpool City Region, in order to make best use of the combined procurement resource to improve efficiency, innovation and achieve better outcomes from procurement.

3.4 There have already been a number of positive outcomes from the increased collaboration across the Liverpool City Region. 81 collaborative contracts are already in place and work is ongoing identifying further opportunities. Price

benchmarking has also been completed on a number of common contracts, which has identified a number of savings opportunities.

3.5 Looking ahead, the Council's Procurement Strategy will need to be updated to take account of the LGA's recently published National Procurement Strategy for Local Government in England 2018 entitled 'Delivering the ambition'. The strategy builds upon the previous national strategy and has three key themes:

- **Achieving Community Benefits**
  - Obtaining social value
  - Engaging local SMEs and micro-businesses
  - Enabling VCSE (voluntary, community and social enterprises)
  
- **Showing Leadership**
  - Engaging councillors
  - Engaging senior managers
  - Working with partners
  - Engaging strategic suppliers
  
- **Behaving Commercially**
  - Creating commercial opportunities
  - Managing contracts and relationships
  - Managing strategic risk

3.6 Work will shortly commence on reviewing the 2018 National Strategy and associated toolkit and assessing the Council's maturity in each of the key areas. This assessment will then be used to inform an update of the Council's own Procurement Strategy and to agree objectives and set local goals. An updated version of the strategy will then be presented to the Board in 2019.

#### Wider impact of procurement activity

3.7 The Council's procurement activity continues to benefit the local economy and provide opportunities for a wide range of potential suppliers, such as SME's both local and national. SMEs are defined as being companies with fewer than 250 employees and a turnover of less than £50 million. Research indicates that SMEs play a major role in creating jobs and generating income for those on low incomes.

3.8 Spend data from 2017/18 demonstrates that the Council's procurement activity makes a significant contribution towards supporting SMEs and the local economy:

- In terms of revenue expenditure, 86% of the suppliers used by the Council were SMEs (1,632).
- Total spending with SMEs was £61.6m, which represents 69% of influenceable spend (£88.7m).
- The Council spent £21.0m with 315 Halton based suppliers. This represents 24% of influenceable spend (£88.7m). Of those suppliers,



306 were SMEs were local to Halton, which is a slight increase from 301 in 2016/17.

- 3.9 Social value is another area where the Council is successfully using its procurement activity to achieve additional economic, social and environmental wellbeing benefits from its contracts at no extra cost. Social value is firmly embedded into the Council's procurement processes and the Procurement Team has established a comprehensive system to manage and monitor the delivery of social value commitments made by suppliers.
- 3.10 Appendix 2 to this report provides details of the current social value gains that are being delivered as a result of procurement activity. It helps to demonstrate how the money the Council spends on the delivery of services is also used to secure wider benefits for the local community.

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

- 4.1 Effective procurement practice helps to reduce the costs associated with undertaking procurement. It also helps to realise cashable savings from more robust procurement activity. As such, effective procurement forms a key element of the Council's Medium Term Financial Strategy.
- 4.2 There are no other financial or policy implications arising directly from this report.

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

##### **5.1 Children and Young People in Halton**

Effective procurement practice helps to realise cashable savings from the Council's influenceable spend. This contributes to a better use of resources and thereby contributes to the delivery of all the Council's priorities.

##### **5.2 Employment, Learning and Skills in Halton**

See 5.1 above

##### **5.3 A Healthy Halton**

See 5.1 above

##### **5.4 A Safer Halton**

See 5.1 above

##### **5.5 Halton's Urban Renewal**

See 5.1 above

#### **6.0 RISK ANALYSIS**

- 6.1 There are no risks resulting directly from this report. However, the adoption of robust procurement practice protects the Council from challenges to its procurement activities and helps to secure value for money.




**7.0 EQUALITY AND DIVERSITY ISSUES**



7.1 None


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


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





## Procurement Strategy 2016-2019 – Progress Statement



Key Areas:		'RAG' August 2018	LGA recommendation and/or HBC approach:	Position statement – August 2018:
<b>Making Savings:</b>	<b>Category Management:</b>		<ul style="list-style-type: none"> <li>• Maximising the value of spend</li> <li>• Using standard specifications</li> <li>• Spend and supplier analysis</li> <li>• Holistic approach across the organisation</li> <li>• Regional approach across LCR</li> </ul>	<ul style="list-style-type: none"> <li>• A full category management approach is employed by the Procurement team. This provides quality expenditure and supplier data, which helps to amalgamate spend and rationalise suppliers, thereby providing greater opportunity to deliver savings from procurement activity</li> <li>• The category management approach adopted by Halton has been shared with LCR partners and is recognised as best practice.</li> </ul>
	<b>Performance monitoring and Transparency:</b>		<ul style="list-style-type: none"> <li>• Effective by sharing commercial and performance data</li> <li>• Compliance with the Transparency code</li> <li>• Built in risk and evaluation assessment</li> <li>• Open up markets for local, SMEs and VCSE's to run services or manage public assets</li> </ul>	<ul style="list-style-type: none"> <li>• Commercial and performance data on common goods and services is routinely shared with partner organisations across the City Region and across the North West.</li> <li>• The Council is fully compliant with the requirements of the Transparency Code.</li> <li>• Risk and evaluation assessment is built into the Halton procurement process.</li> <li>• Ongoing commitment to spend above £1K being advertised via The Chest to open up markets to a wider range of potential suppliers, such as local companies, SME's and VCSE's.</li> </ul>
	<b>Risk and Fraud Management:</b>		<ul style="list-style-type: none"> <li>• Identify and reduce fraudulent procurement practices (pre and post procurement and through supply chain)</li> </ul>	<ul style="list-style-type: none"> <li>• All procurement activity over £1K goes through the Procurement team and is advertised via The Chest</li> <li>• 'Funnel' in place – captures Purchase Orders without a</li> </ul>

Key Areas:		'RAG' August 2018	LGA recommendation and/or HBC approach:	Position statement – August 2018:
			<ul style="list-style-type: none"> <li>• Pre procurement controls</li> <li>• Post procurement (contract management)</li> <li>• Supplier relationships</li> <li>• Supply chain</li> </ul>	<p>contract to allow Procurement team intervention</p> <ul style="list-style-type: none"> <li>• Segregation of procurement role from commissioners/buyers</li> <li>• Robust controls are in place regarding new supplier setups.</li> <li>• Whistleblowing arrangements are included as part of standard contract conditions.</li> <li>• Regular internal audit coverage of procurement activity and contract management arrangements</li> </ul>
	<b>Demand Management:</b>		<ul style="list-style-type: none"> <li>• Reduce overall costs</li> <li>• Reduce oversupply</li> <li>• Supply and demand – relevant and proportionate</li> </ul>	<ul style="list-style-type: none"> <li>• Effective category management and engagement with commissioners assists demand management by allowing review and scrutiny of spend across the organisation.</li> <li>• Alternative ways of meeting customer or client department needs are routinely considered and explored as part of the Council’s commissioning and procurement processes.</li> <li>• Procurement team involvement in all spend &gt;£1K providing greater opportunity for greater scrutiny and challenge.</li> <li>• Controls in place to prevent ‘maverick’ spend:               <ul style="list-style-type: none"> <li>- Subjective codes lockdown to contracted supplier/budget code.</li> <li>- Contract register linked to Agresso.</li> </ul> </li> </ul>
	<b>Partnering and Collaboration:</b>		<ul style="list-style-type: none"> <li>• Deliver savings by aggregating spend through effective collaboration or via a shared service on common goods and services without compromising the need for social value and providing opportunities for local businesses.</li> </ul>	<ul style="list-style-type: none"> <li>• LCR Procurement Efficiency Workstream established and led by Halton’s Strategic Director – Enterprise, Community &amp; Resources. The focus of the workstream is on realising cashable savings from collaborative procurement activity.</li> <li>• Terms of Reference for the workstream agreed and regular meetings taking place.</li> </ul>


Key Areas:		'RAG' August 2018	LGA recommendation and/or HBC approach:	Position statement – August 2018:
			<ul style="list-style-type: none"> <li>• Set out the approach to partnering and collaboration in the corporate procurement strategy.</li> <li>• Explore opportunities to procure through existing routes to market and each key procurement activity is objectively justified.</li> <li>• Consider the business case for new models of delivering procurement services.</li> <li>• Maximise the use of all available procurement resources, including across council boundaries.</li> </ul>	<ul style="list-style-type: none"> <li>• 'Open Clauses' now being incorporated in all relevant contracts to allow other LCR authorities access to those contracts.</li> <li>• Specific categories of spend allocated to LCR member authorities who are acting as 'lead' authority for those categories. This helps share out the workload and avoids duplication of effort.</li> <li>• LCR Procurement Catalogue created providing visibility of 81 existing LCR collaborative contracts in a central document.</li> <li>• Price benchmarking completed on a number of common contracts identifying opportunities for 'quick wins', e.g. catering, utilities, agency workers.</li> <li>• Data cleansing work ongoing to improve visibility of third party spend and common suppliers/categories. This will assist the identification of further collaborative opportunities for the remainder of 2018-19 and 2019-20.</li> </ul>
	<p><b>Contract Supplier Management:</b></p> <p style="text-align: right;"><b>&amp;</b></p>		<ul style="list-style-type: none"> <li>• Define category management roles for Procurement and client departments</li> <li>• Demonstrate the effectiveness in gaining most value from contracts</li> <li>• Develop supplier relationships to maximise outputs from contracts</li> <li>• Continuous improvement throughout the life of contracts</li> </ul>	<ul style="list-style-type: none"> <li>• Effective category management drives aggregation and provides greater opportunity to realise savings through increased internal collaborative procurement.</li> <li>• Value from contracts maximised by open competition and inclusion of social value where relevant and proportionate.</li> <li>• Supplier review meetings held for relevant contracts involving Procurement team and / or commissioners.</li> <li>• Procedures in place to monitor delivery of social value commitments from procurement activity.</li> <li>• Robust procedures established to monitor and enforce internal compliance in regard to 'on contract spend'</li> </ul>

Key Areas:		'RAG' August 2018	LGA recommendation and/or HBC approach:	Position statement – August 2018:
				<ul style="list-style-type: none"> <li>• New online procurement system used to capture and monitor cost avoidance from improved contract management.</li> <li>• Contract register used to inform procurement activity in regard to contracts approaching expiry. This has recently been enhanced to capture specific Adults and Public Health contracts.</li> <li>• Internal audit undertaking specific reviews of contract management performance on significant contracts</li> <li>• Internal and external contract review to ensure continuous improvement and support cost recovery where appropriate</li> </ul>
<b>Supporting Local Economies:</b>	<b>Economic, Environmental and social value criteria in all contracts:</b>		<ul style="list-style-type: none"> <li>• Drive into all procurement where appropriate and proportionate.</li> <li>• Ensure social value features as part of the selection and award criteria.</li> <li>• Contract Management function to capture outcomes.</li> </ul>	<ul style="list-style-type: none"> <li>• Social value routinely applied to all procurement activity, where appropriate, in a proportionate manner</li> <li>• Robust contract management procedures in place to track social value gains.</li> <li>• Halton is seen as a lead in capturing and monitoring Social Value with knowledge shared with NHS and AGMA colleagues.</li> </ul>

Key Areas:		'RAG' August 2018	LGA recommendation and/or HBC approach:	Position statement – August 2018:
	Improving access for SME's and VCSE's:		<ul style="list-style-type: none"> <li>• Chest registration</li> <li>• Transparency of opportunity</li> <li>• Standardised documentation</li> </ul>	<ul style="list-style-type: none"> <li>• Procurement processes have been reviewed and streamlined to assist SME's in competing for tender opportunities.</li> <li>• KPIs in place to measure local spend and engagement with SME's.</li> <li>• Standard Selection Questionnaire (SQ) introduced to replace the traditional Pre-Qualification Questionnaire (PQQ). This is a mandatory requirement of the Public Contracts Regulations 2015 for all contracting authorities in England and Wales. The SQ has been developed to simplify the supplier selection process for businesses, in particular smaller firms.</li> </ul>
Leadership:	Commitment from the top:		<ul style="list-style-type: none"> <li>• Councillor Champion</li> <li>• Driver to implement Policy</li> </ul>	<ul style="list-style-type: none"> <li>• Councillor Wharton (Resources Portfolio Holder) nominated as Procurement Champion</li> <li>• Regular system of reporting to the Business Efficiency Board in place.</li> <li>• Strategic Director – Enterprise, Community &amp; Resources chairs the Liverpool City Region Procurement Efficiency Workstream</li> </ul>
	Commissioning:		Procurement and Commissioners working adopting aligned practices	<ul style="list-style-type: none"> <li>• Consistent procurement processes embedded and understood across the Council.</li> <li>• Procurement team works closely with client departments and are involved at an early stage in the commissioning process.</li> </ul>
Modernising Procurement:	e-Procurement:		<ul style="list-style-type: none"> <li>• Chest use – open competition &amp; transparency of process</li> <li>• E-invoicing</li> </ul>	<ul style="list-style-type: none"> <li>• E-tendering portal (The Chest) in place.</li> <li>• E-invoicing arrangements in place for contracts with a high volume of transactions.</li> <li>• Early payment options have been available since 2013 through the Supplier Incentive Scheme. This provides an</li> </ul>

Key Areas:		'RAG' August 2018	LGA recommendation and/or HBC approach:	Position statement – August 2018:
				ongoing income stream for the Council and improved cash flow for participating suppliers.
	<b>New EU Directives (2015):</b>		Ensure the application of PCRs 2015 make processes quicker, simpler and less costly to run.	<ul style="list-style-type: none"> <li>• Full compliance in place and training delivered</li> <li>• The Council’s processes were streamlined ahead of the PCR 2015. This resulted in two ways of working:               <ul style="list-style-type: none"> <li>- Above EU threshold, and</li> <li>- Below EU threshold (using risk based sourcing)</li> </ul> </li> <li>• Significant process efficiencies have been achieved that has allowed a reduction in head-count in the Procurement team</li> </ul>
	<b>Commercialisation and Income Generation:</b>		<ul style="list-style-type: none"> <li>• Improve the commercial awareness of procurement staff to understand and realise the benefits from all funding streams including how contracts can be developed to generate income</li> <li>• Seek income generation opportunities from procurement related activity</li> </ul>	<ul style="list-style-type: none"> <li>• Procurement team has a high level of knowledge of funding streams, expenditure and commercial awareness that can influence income generation from procurement activity. The team are also encouraged and supported to further enhance commercial skills and demonstrate commercial behaviours.</li> <li>• Contracts are continuing to be ‘commercialised’ and gains captured and monitored as part of the contract management function, e.g. rebates/shared gains with partners and or contractor. Initial activity has focused on high value contracts but will be rolled out further as resources permit.</li> <li>• Increased income generation through uptake in participation in the Supplier Incentive Programme (the Council’s Early Payment Scheme) - Budgeted income £60k for 2018/19.</li> <li>• Reference to the Supplier Incentive Programme now incorporated within all contract documentation.</li> <li>• Increased use of procurement card for contracts with high volumes of invoices has resulted in increased rebate</li> </ul>



Key Areas:		'RAG' August 2018	LGA recommendation and/or HBC approach:	Position statement – August 2018:
				generation (percentage 'cashback' based on annual spend). <ul style="list-style-type: none"> <li>• Supplier statement reconciliations now routinely undertaken leading to recovery of unclaimed credit balances on supplier accounts – Budgeted income £21k for 2018/19.</li> </ul>
	<b>Supplier Innovation:</b>		<ul style="list-style-type: none"> <li>• Use more outcome based specifications to allow innovation</li> <li>• Pre-procurement market engagement</li> </ul>	<ul style="list-style-type: none"> <li>• The Council is increasingly making use of soft market testing to demonstrate supplier innovation at the early stages of the procurement cycle.</li> </ul>



**Key Achievements 2018 - 2019**  
**Selection of Key Indicators**

2018/19	Q1	Q2	Q3	Q4		Historical Totals
Social Value Key Indicators	Apr-June	July- Sept	Oct-Dec	Jan-Mar	Year to Date	
Number of work placements created (including Social Work)	6				6	78
Number of employment opportunities created and or secured for Halton Residents	16				16	168
Number of work placement days	117				117	816
Number of apprenticeship opportunities						16
Number of Welfare Rights surgeries provided	23				23	98
NEW - Number of service users benefiting from training to build core and wider key skills	7				7	7
Number of young people receiving First Aid Training						509
Number of young people recruited into service providers						9
Number of volunteers in recovery providing support to schools						54
NEW - Additional income received from local businesses to support local initiatives	£719				719	£719
Additional income secured for Halton Floating Support Service Users - Income generated through grants, community fundraising and external agencies.						£383,342
Additional income secured for Housing Related Support - Income generated through grants, community fundraising and external agencies.	£1,712				1712	£1,712
Money deployed for Halton service users from a provider's Emergency Fund						£936
Number of service users benefiting from a provider's Emergency Fund						105
Investment Pledge for Halton Communities						£14,199
Number of Winter Warmth Packs provided						86
Number of Christmas Packs provided						86
Organised Community Events**(schools, colleges and wider community).	812				812	817
NEW - Number of school/college meetings attended to support	1				1	1
Number of local schools supported with careers advice and mock interviews						12
Number of senior staff management hours donated to support local community groups and partnerships						400
Number of volunteering opportunities created for parents with young children to increase employability						18
Number of "Shopping on a Healthier Budget" sessions provided						25
Additional income secured for Halton families to help reduce child poverty						£409,952
NEW - Number of local agencies being worked with	1				1	1
NEW - Number of local community venues being utilised by providers	2				2	8
NEW - Number of organisations worked with to create wider volunteering opportunities	4				4	
NEW - Number of volunteers created and trained	4				4	47
NEW - Number of staff volunteer hours						52
NEW - Safe storage of medicines lock boxes provided to local residents						184
Number of volunteer health champions recruited and trained to provide peer support						11
Number of residents supported to use Public Transport						95
NEW - £ raised through fundraising for local charities						£4,016
NEW - Number of local suppliers used as part of supply chain	21				21	295
New - Number of Community groups supported to understand the service delivery - SDRM03						2
NEW - Number of shared activities and opportunities provided by community groups and external agencies	48				48	48
NEW - Number of EFT employer days dedicated to supporting local community initiatives						5
New - Number of local residents and wider of the local community who have positively engaged with the service	4				4	52
New - Number of activities created for disadvantaged people including long term unemployed ex offenders and people with disabilities. CREATIVE SUPPORT HALTON LODGE						
New - Number of disadvantaged people including long term unemployed, ex offenders and people with disabilities engaged with. CREATIVE SUPPORT HALTON LODGE						
New - Recruitment of young volunteers to Addaction who reside in the Borough	1				1	1
New - Number of marketing campaigns created to target Halton in respect of work opportunities and Uniqwin general presence						7