

# Public Document Pack



## Business Efficiency Board

Wednesday, 27 November 2013 at 6.30  
p.m.  
Civic Suite, Town Hall, Runcorn

A handwritten signature in black ink, appearing to read 'David W R', positioned above a faint rectangular stamp.

**Chief Executive**

### **BOARD MEMBERSHIP**

<b>Councillor Alan Lowe (Chairman)</b>	<b>Labour</b>
<b>Councillor Martha Lloyd Jones (Vice-Chairman)</b>	<b>Labour</b>
<b>Councillor Arthur Cole</b>	<b>Labour</b>
<b>Councillor Mike Fry</b>	<b>Labour</b>
<b>Councillor Darren Lea</b>	<b>Labour</b>
<b>Councillor Tony McDermott</b>	<b>Labour</b>
<b>Councillor Andrew MacManus</b>	<b>Labour</b>
<b>Councillor Norman Plumpton Walsh</b>	<b>Labour</b>
<b>Councillor Joe Roberts</b>	<b>Labour</b>
<b>Councillor Gareth Stockton</b>	<b>Liberal Democrat</b>
<b>Councillor Kevan Wainwright</b>	<b>Labour</b>

*Please contact Michelle Simpson on 0151 511 8708 or e-mail [michelle.simpson@halton.gov.uk](mailto:michelle.simpson@halton.gov.uk) for further information.*

*The next meeting of the Board is on Wednesday, 26 February 2014*

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

**Part I**

<b>Item No.</b>	<b>Page No.</b>
<b>1. MINUTES</b>	
<b>2. DECLARATION OF INTEREST</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. CORPORATE RISK REGISTER - PROGRESS COMMENTARY</b>	<b>4 - 28</b>
<b>4. PROCUREMENT STRATEGY 2013-2016 BI-ANNUAL REPORT</b>	<b>29 - 39</b>
<b>5. SCHEDULE 12A OF THE LOCAL GOVERNMENT ACT 1972 AND THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985</b>	
<b>PART II</b>	
In this case the Board has a discretion to exclude the press and public and, in view of the nature of the business to be transacted, it is <b>RECOMMENDED</b> that under Section 100A(4) of the Local Government Act 1972, having been satisfied that in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information, the press and public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraphs 3 of Part 1 of Schedule 12A to the Act.	
<b>6. INTERNAL AUDIT QTR 2 PROGRESS REPORT</b>	<b>40 - 97</b>

***In accordance with the Health and Safety at Work Act the Council is required to notify those attending meetings of the fire evacuation***

***procedures. A copy has previously been circulated to Members and instructions are located in all rooms within the Civic block.***

**REPORT TO:** Business Efficiency Board

**DATE:** 27 November 2013

**REPORTING OFFICER:** Strategic Director – Policy & Resources

**PORTFOLIO:** Resources

**SUBJECT:** Corporate Risk Register – Progress  
Commentary

**WARDS:** Boroughwide

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

1.1 To provide the Board with an update on progress on the mitigating actions taken in relation to the Corporate Risk Register for 2013 / 2014.

### **2.0 RECOMMENDATION: That the Board**

**(1) review the robustness of the Corporate Risk Register and the adequacy of the associated risk management arrangements; and**

**(2) Note the progress being made.**

### **3.0 SUPPORTING INFORMATION**

3.1 Risk is defined as being the threat that an event or action will adversely affect an organisation's ability to achieve its objectives and to successfully execute its strategies. Risk Management is defined as the process by which risks are identified, evaluated and controlled.

3.2 The Council recognises that it has a responsibility to manage both internal and external risks as a key component of good corporate governance and has prepared a Corporate Risk Register to minimise the risks of damage or loss. The Board approved the Register for 2013/14 on 22 May 2013.

3.3 The purpose of Corporate Risk Register is to ensure that the council maximises its opportunities whilst minimising and controlling the associated risks in delivering the council's vision and services for Halton;

3.4 The risks have been grouped under the following headings:

Budget Reductions  
Safeguarding Children and Adults  
Mersey Gateway  
Community Expectations  
Capacity and Resilience

Architectural Landscapes  
Partnerships  
Funding and Income Generation and  
Fraud

#### **4.0 POLICY IMPLICATIONS**

4.1 The register provides a framework through which the Council effectively manages the actual and potential opportunities and threats that may affect the achievement of its strategic priorities and operational objectives.

4.2 As part of the annual Business Planning process, each Directorate will be refreshing their own Risk Registers and this will also be the basis of an annual progress report to members.

#### **5.0 OTHER IMPLICATIONS**

5.1. Failure to manage corporate risks could have significant implications for the Council, as identified in the Register.

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

6.1. Council Priorities - Corporate effectiveness and business efficiency

#### **7.0 RISK ANALYSIS**

7.1 Failure to review and monitor the performance of the Corporate Risk Register could result in service development opportunities being lost and existing service delivery being compromised.

#### **8.0 EQUALITY AND DIVERSITY ISSUES**

8.1 Within the risk register there are a number of implications for Equality and Diversity issues, e.g. Budget Reductions and Capacity and Resilience

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

There are no relevant background documents.

# Corporate Risk Register

Lead Strategic Director: **Ian Leivesley**

Risk Management Coordinator: **Tony Dean**

Register Completion Date: **November 2011**

Register Review Date: **March 2014**

Progress update: **As at 20<sup>th</sup> September  
2013**

## Table of Contents

1.....	<b>R</b>
<b>isk - Budget Reductions</b> .....	3
Progress Report for Budget Reductions .....	4
2.....	<b>R</b>
<b>isk - Safeguarding Children and Adults</b> .....	5
Progress Report for Safeguarding Children and Adults.....	6
3.....	<b>R</b>
<b>isk – Mersey Gateway</b> .....	7
Progress Report for Mersey Gateway.....	8
4.....	<b>R</b>
<b>isk – Community Expectations</b> .....	9
Progress Report for Community Expectations .....	10
5.....	<b>R</b>
<b>isk – Capacity and Resilience</b> .....	11
Progress Report for Capacity and Resilience .....	12
6.....	<b>R</b>
<b>isk – Architectural Landscapes</b> .....	13
Progress Report for Architectural Landscapes.....	14
7.....	<b>R</b>
<b>isk - Partnerships</b> .....	15
Progress Report for Partnerships .....	16

8.....	<b>R</b>
<b>isk – Funding and Income Generation</b> .....	17
Progress Report for Funding and Income Generation.....	18
9.....	<b>R</b>
<b>isk - Fraud</b> .....	19
Progress Report for Fraud .....	20
Version Control .....	21
Appendix 'A' – Scoring Mechanism .....	22

### BUDGET REDUCTIONS

Item	Identified risk	Impact <sup>1</sup> (Severity)	Likelihood (Probability)	Score (I x L)	Council Priority Area(s)
1	Failure to effectively align resources to corporate objectives and strategic requirements leads to a lack of focus on priorities resulting in failure to deliver objectives and the possibility of varying degrees of challenge	4	4	16	Corporate effectiveness and business efficiency

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Score (I x L)		
<ul style="list-style-type: none"> <li>• Link the budget process to Service Planning</li> <li>• Service Planning and maintain a robust overview of statutory obligations and prioritise accordingly</li> <li>• Review of Corporate Priorities / Community Plan</li> </ul>	3	3	9	6 monthly	Strategic Director Policy & Resources (Ian Leivesley)

<sup>1</sup> For scoring mechanism see Appendix 'A'



<ul style="list-style-type: none"> <li>• Communication of Priorities to Staff/Members/ Managers to achieve buy-in</li> <li>• Medium Term Financial Strategy</li> <li>• Budget Risk Register</li> <li>• Smarter procurement to generate savings</li> <li>• Efficiency Programme service delivery</li> <li>• Explore the potential for collaboration with neighbouring Local Authorities</li> <li>• Internal - Equality Impact Assessment process established</li> </ul>					
--	--	--	--	--	--

**Progress Commentary as at 23rd September 2013**

**1. Budget Reductions**

- The Directorate Business Plans are aligned with the annual budget process
- Key service objectives and performance targets follow the determination of annual Directorate Budgets and take account of available resources
- The development of the plans take account of existing statutory responsibilities and the Corporate Priorities of the Council
- Existing performance management and monitoring arrangements have the flexibility to take account of emerging statutory responsibilities and, as a result, any resulting impact to be integrated into service activity as and when the need arises
- Quarterly performance monitoring arrangements were re-designed in 2011 to better reflect the needs of the receiving audience and now include Directorate and Priority based reports. These inform Management Team and Elected Member scrutiny committees of the progress of pre-determined actions and performance targets
- The annual review of Directorate Plans are undertaken with the budget setting process and involves consultation with Elected Members concerning the areas of priority and key actions for the forthcoming financial year

### SAFEGUARDING CHILDREN AND ADULTS

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Score (I x L)	Council Priority Area(s)
2	Inability to support and protect children and adults to ensure that they are healthy, safe and have the opportunity to reach their potential	4	3	12	A Healthy Halton / Employment, learning and skills / Children and Young People / A Safer Halton

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Score (I x L)		
<ul style="list-style-type: none"> <li>Halton's Children's and Adult's Safeguarding Boards are fully operational, they operate with statutory guidance and its resources provided as agreed</li> <li>Representatives from the Children's and Adult's Safeguarding Boards work in partnership and attend at corresponding boards</li> </ul>	4	2	8	6 monthly	Strategic Directors – Communities (Dwayne Johnson) & Children and

<ul style="list-style-type: none"> <li>• The Adults Board has revised its terms of reference and membership and has set its priorities for the forthcoming year</li> <li>• New Adults Safeguarding teams are now in place</li> <li>• Children’s Board continue to work with strategic groups within the borough to ensure accountability and effectiveness of safeguarding</li> <li>• Children’s Board produces an annual report containing priorities and including measurement on the effectiveness of arrangements. Progress tracked via the HSCB Business Plan</li> </ul>					Enterprise (Gerald Meehan)
---	--	--	--	--	-------------------------------

**Progress Commentary as at 23rd September 2013**

**2. Safeguarding Children and Adults**

- Halton’s Integrated Children’s and Adult’s Safeguarding Boards are fully operational, they operate with statutory guidance and its resources provided as agreed
- Representatives from the Children’s and Adult’s Safeguarding Boards work in partnership and attend at corresponding boards
- The Adults Board has revised its terms of reference and membership and has set its priorities for the forthcoming year
- New Adults Safeguarding teams are now in place
- Children’s Board continue to work with strategic groups within the borough to ensure accountability and effectiveness of safeguarding
- Children’s Board produces an annual report containing priorities and including measurement on the effectiveness of arrangements. Progress tracked via the HSCB Business Plan

### MERSEY GATEWAY

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Score (I x L)	Council Priority Area(s)
3	Lack of effective project management leads to uncontrolled costs, delays and lack of credibility resulting in cancellation/delay of the project. Potential abortive development cost	4	3	12	Halton's Urban Renewal

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Score (I x L)		
<ul style="list-style-type: none"> <li>Project Structure based on PRINCE2 control procedure under the governance of the Mersey Gateway Executive Board, chaired by the Leader, providing authority and policy direction to the Chief Executive as Senior Responsible Owner (Chair of the MG Officer Project Board)</li> <li>Dedicated project team established under the leadership of an</li> </ul>	4	2	8	6 monthly	Chief Executive (David Parr)

<p>experienced Project Director supported by class leading professional advisers</p> <ul style="list-style-type: none"> <li>• Routine project assurance undertaken, including the appointment of specialist non-executive directors on the OPB, which is reinforced by external Gateway Reviews(4Ps) and HM Treasury scrutiny at specific project milestones. For example:- Gateway 2 project review undertaken and action plan dealing with recommendations agreed with Mersey Gateway Officer Project Board</li> <li>• Effective relationship with Government Departments (as co funders for MG) maintained by both Department for Transport and HM Treasury being represented on the Officer Project Board</li> <li>• Delivery within the Funding framework agreed with Government reviewed at regular intervals and managed through the Mersey Gateway Risk Register</li> <li>• The Office Project Board and Project Team have been reinforced with additional specialist procurement advisers to reduce delivery risk</li> <li>• Three bidding groups have been selected and the competitive market for construction will drive value for money</li> <li>• Draft Final Bids submitted in November 2012 have been assessed to ensure compliance with the Council requirements and that prices are within the limits set in the funding agreement with Government</li> <li>• The Competitive phase of procurement is expected to be closed in February when Final Tenders will be invited to be submitted in April. A preferred Bidder planned to be announced in spring 2013</li> <li>• The Project Board reviews the Mersey Gateway Risk Register every 6 weeks</li> </ul>					
---	--	--	--	--	--

**Progress Commentary as at 23rd September 2013**

**3. Mersey Gateway**

- The competitive dialogue procurement process was carried out to plan leading to the selection of the Preferred Bidder (the consortium Merseylink) in June 2013
- The Preferred Bid satisfies the funding terms agreed with the Department for Transport which reduces delivery risk significantly
- The final stage of procurement is now taking place with the aim of reaching Financial Close in December 2013
- Negotiations with the Department for Transport on the Final Funding Approval are progressing as expected
- Project Board continues to review the Mersey Gateway Risk Register every 6 weeks

**COMMUNITY EXPECTATIONS**

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Score (I x L)	Council Priority Area(s)
4	Failure to effectively realise community expectations could lead to damage to the Authorities reputation and credibility resulting in negative views towards the transparency of the decision making process	4	3	12	Corporate effectiveness and business efficiency

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Score (I x L)		
<ul style="list-style-type: none"> <li>• Community Engagement Strategy promotes joint communications from all partner organisations and the public</li> <li>• Local Government Organisation lobbies on a regional and national footing that provides a coordinated approach to disseminate information</li> <li>• Halton 2000 and Resident surveys conducted that assist to not only</li> </ul>	3	2	6	6 monthly	All Strategic Directors

<p>establish community expectations and also disseminate information to communities. Results are communicated to Management Team and relevant managers</p> <ul style="list-style-type: none"> <li>• Equality Impact Assessments to be completed for protected groups</li> <li>• Any decisions to cease or amend service provision, direct engagement with communities to invite views followed by early warning of intended actions</li> <li>• Increase use of social media consultation</li> <li>• Area Forums as a medium for communications and consultation</li> <li>• Target consultation exercises for specific projects</li> <li>• Engagement through local Strategic Partnerships</li> <li>• Elected member surgeries</li> <li>• Effective use of local media</li> </ul>					
--	--	--	--	--	--

**Progress Commentary as at 23rd September 2013**  
**4. Community Expectations**

- Budget consultation continues to take place at Area Forums
- Customer Intelligence Unit (CIU) is now established and is directed by services to carry out consultations to assess customer feedback about a particular service or activity
- CIU has the ability to increase public consultation, thereby assisting to facilitate public involvement in decision making
- So far in 2013 the CIU has carried out 50 consultations some of which include:
  - Halton2000 – the annual citizen panel survey around service specific consultations – this has been distributed to around 1,700 residents in Halton
  - Castlefields resident survey – distributed to around 1,000 residents
  - Urgent Care (Widnes walk in centre/Halton Hospital), around 300 responses
  - Anti Bullying survey – distributed to all schools

- Library Strategy Consultation – available for all residents to feedback
  - Welfare Reforms Consultation – available for all residents to feedback
  - Adult Carers Consultation Event
- The CIU is also making more use of Social Media, which also assists with expediting communications, and is producing monthly reports on information received from over 18,000 social media followers
  - In order to underpin the Community Engagement Strategy, a consultation database has been developed in order to assist to coordinate consultations across partnerships
  - Efficiency reviews take account of critical front-line services. As a result some reviews have recommended the redeployment of resources to front-line services and have made greater savings from none front-line services

### CAPACITY AND RESILIENCE

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Score (I x L)	Council Priority Area(s)
5	Inability of the Council to sustain the delivery of services in line with Council Priorities as a result of the impact of budget cuts	3	4	12	Corporate effectiveness and business efficiency

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Score (I x L)		
<ul style="list-style-type: none"> <li>• Service reviews around more efficient ways of working including the redirection of resources where appropriate and greater use of technology</li> <li>• Focus the delivery of services on priorities and legal responsibilities through effective Service Planning</li> <li>• Delivery of training courses in Stress Management and Managing Resilience to Change</li> <li>• Risk assessing, monitoring and support mechanisms for work related stress</li> </ul>	2	3	6	6 monthly	All Strategic Directors



<ul style="list-style-type: none"> <li>• Agile Working policy</li> <li>• Business Continuity Planning</li> <li>• Launch of Healthy Workforce portal</li> <li>• People Plan approved with the main aim 'to provide a skilled, knowledgeable and competent workforce who can deliver efficient services now and in the future'. The plan contains 4 key objectives and progress is monitored at a number of forums</li> </ul>					
---	--	--	--	--	--

**Progress Commentary as at 23rd September 2013**

**5. Capacity & Resilience**

- The priorities of the Council are cascaded down into the action plans of Directorates, Departments, Teams and individual members of staff thereby realising the alignment of day to day activities and strategic priorities of the Council
- Healthy Workforce Portal launched in February 2013
- A review of workforce skills between years 2011 and 2012 indicates that the most occurring highest qualification has risen from Level II to Level III
- The Employee Recognition and Rewards scheme has been updated with new entry categories
- An Organisational Succession Plan is being developed identifying the requisite skills and knowledge for staff in 3 to 5 years
- The corporate Business Continuity Management Plan has been approved
- There has been an increase in the number of Stress Management courses and the introduction of a new Stress Risk Assessment system, which encourages anonymous responses thereby delivering a meaningful process
- Business planning forms an integral element of the Council's well established and proven performance management framework

### ARCHITECTURAL LANDSCAPES

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Score (I x L)	Council Priority Area(s)
6	Changes to the Architectural Landscape of other public sector organisations that could potentially lead to the deterioration of services, in particular for the most vulnerable groups	3	4	<b>12</b>	A Healthy Halton / Employment, learning and skills / Children and Young People / A Safer Halton / Corporate effectiveness and business efficiency

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Score (I x L)		
<ul style="list-style-type: none"> <li>• Maintain an overview of external influences involving political, economic, social, technological, legislative and environmental factors</li> <li>• Review services in line with Council Priorities, whilst protecting the most vulnerable</li> <li>• Protect interests by being part of the processes leading to the delivery of new</li> </ul>	3	2	<b>6</b>	6 monthly	All Strategic Directors

<p>arrangements</p> <ul style="list-style-type: none"> <li>• The transfer of Public Health has led to the development of a partnership proposal to improve the efficiency and effectiveness of health and adult social care through the Health and Wellbeing Board</li> <li>• Seminars have taken place around the new arrangements, i.e. Influential Localism, Education, Health &amp; Social Care, Social Values, Welfare Reform and Police and Social Responsibility Acts</li> <li>• The potential impact on resources of schools moving to Academy status has been monitored by working early with schools to understand the level of risk</li> </ul>					
---	--	--	--	--	--

**Progress Commentary as at 23rd September 2013**  
**6. Architectural Landscapes**

- Both the Corporate Plan and the Sustainable Community Strategy are subject to periodic review in order to ensure that the priorities of the Council remain aligned to community needs and take account of emerging local and national circumstances
- The HSPB continues to monitor the external influences and coordinates the different responses with its partners
- The HSPB has produced an information leaflet for the community on the changes created by welfare reform
- The Police and Crime Commissioner has been appointed
- The transfer of Public Health has now taken place
- Negotiations for the Combined Liverpool City Region Combined Authority are on-going and it has been endorsed by the government

### PARTNERSHIPS

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Score (I x L)	Council Priority Area(s)
7	Ineffective and poorly controlled partnerships with statutory and non statutory organisations will lead to a lack of accountability and ineffective use of resources resulting in a failure to meet the needs of and improve outcomes for local communities. In particular partnership work could be at risk where funding streams have discontinued	3	4	12	A Healthy Halton / Employment learning and skills / Children and Young People / A Safer Halton

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Score (I x L)		
<ul style="list-style-type: none"> <li>Halton Strategic Policy Board (HSPB) facilitates interagency collaboration and cooperation to maximise available resources in the pursuit of agreed strategic goals</li> <li>Effective use of local media</li> </ul>	2	2	4	6 monthly	Chief Executive (David Parr)

<ul style="list-style-type: none"> <li>• Specialist Strategic Partnership Boards covering each of the 5 Strategic Priorities now established</li> <li>• Current Government policy promotes collaborative working in the public sector in order to deliver more efficient public services, e.g. community budgets</li> <li>• Halton Safeguarding Boards fully operational (see 5 below)</li> <li>• Establish a performance framework through which progress in addressing key strategic outcomes can regularly and routinely monitored and provides flexibility for other issues to be considered</li> <li>• Service efficiency by sharing resources</li> <li>• Joint Sustainable Community Strategy approved between Halton public, private and voluntary Sector organisations and agencies. It lasts until 2026</li> </ul>					
---	--	--	--	--	--

**Progress Commentary as at 23rd September 2013**  
**7. Partnerships**

- Performance reports provide information concerning activities being undertaken to progress individual performance measures and are received and reviewed by both SSP's and the HSPB
- Partnerships predominantly operate through the HSPB and continue to provide a coordinated approach to services. Examples of partnerships include,
  - Asset Management Working Group exploring the potential for efficiency savings and improved services through the coordination and sharing of assets with partner organisations
  - Inspiring Families creating greater collaboration between schools, Police and Social Services
- Progress in relation to targets contained within the Sustainable Community Strategy is undertaken at half-year and year-end

### FUNDING AND INCOME GENERATION

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Score (I x L)	Council Priority Area(s)
8	Failure to maximise and identify funding opportunities in light of government cuts resulting in a potential challenge of the Councils capacity to delivery its priorities	3	3	9	A Healthy Halton / Employment, learning and skills / Children and Young People / A Safer Halton

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Score (I x L)		
<ul style="list-style-type: none"> <li>• Develop and seek alternative untapped funding opportunities</li> <li>• Horizon scanning for external funding sources and signpost as appropriate</li> <li>• Work in partnership with 3<sup>rd</sup> sector to share funding streams</li> <li>• Current funding programmes - managers to ensure that they are aware of when funding comes to an end and, where necessary, explore other opportunities for new funding streams</li> <li>• Funding streams relevant to Halton based projects continue to be identified</li> </ul>	2	2	4	6 monthly	All Strategic Directors

<p>either by External Funding or by relevant parties</p> <ul style="list-style-type: none"> <li>• Directorates have prioritised main projects that require funding for the forthcoming year</li> <li>• External Funding have presented a range of external and income generating options through the budget setting process</li> <li>• Become commercially focussed to protect current funds and effectively use them</li> <li>• Establish trading and income generation possibilities</li> </ul>					
---	--	--	--	--	--

**Progress Commentary as at 23rd September 2013**  
**8. Funding and Income Generation**

- The use of the Chest within Procurement is now established for all spending by services for over £1K. It is delivering an annual savings target for the Council year on year and for every £5M that passes via the Chest, there is at least £500K of cost reduction
- A comprehensive review of the Council’s commercial estate was completed and recommendations concerning asset disposal were approved by Executive Board
- 9 Funding Bulletins are sent out on a monthly basis to both internal colleagues, and partner organisations, giving the latest information on funding sources
- A funding update relevant to local authority bids is included in the Policy Briefing
- External Funding also provides information on specific funding streams via bespoke training sessions, for both internal and external officers
- Strategic Directors develop priority schemes for funding support
- External Funding continues to explore opportunities for income generation and this year has secured £764,000 in external funding

### FRAUD

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Score (I x L)	Council Priority Area(s)
9	Inadequate control systems lead to an increase in fraud and financial loss	3	3	9	Corporate effectiveness and business efficiency

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Score (I x L)		
<ul style="list-style-type: none"> <li>• Rigorous pre-employment checks of new employees</li> <li>• Dedicated Housing Benefit / Council Tax Benefit anti-fraud section</li> <li>• A continuous internal audit of the Council's systems and services</li> <li>• Participation in the National Fraud Initiative</li> <li>• Whistleblowing arrangements</li> <li>• Development of HBMS and HBMS scans allow better matching and checking with other national databases</li> </ul>	3	2	6	6 monthly	Strategic Director Policy & Resources (Ian Leivesley)



<ul style="list-style-type: none"> <li>• Annual reporting of counter fraud measures and activities reported to the Business Efficiency Board</li> <li>• Joint working takes place with the Department for Work and Pensions helps with detecting Housing Benefit and Council Tax Benefit fraud</li> <li>• Procurement policy has ensured procurement processes meet Standing Orders</li> <li>• National Fraud initiative</li> </ul>					
---	--	--	--	--	--

**Progress Commentary as at 23rd September 2013**

**9. Fraud**

External

- In 2012/13 the Benefits Investigation Unit issued 31 cautions, 22 administrative penalties and achieved 37 successful prosecutions
- Annual update report on fraud and corruption to be presented to the Business Efficiency Board on 19 September

Internal

- No employee fraud identified in 2012/13
- E-learning module on the Bribery Act rolled out to raise awareness of bribery and corruption risks
- E-learning module on fraud awareness in development and to be released shortly
- Review and re-launch of the Council's whistleblowing arrangements planned for later in the year
- National Fraud Initiative data matches are currently under investigation



### Version Control Record

Version	Date Created	Date of Amendment:	Nature of Amendment	Date of Next Review:
1.0	13.10.11			
1.1		28.8.12	Progress Commentary	28.3.13
2.0		13.3.13	Reviewed and updated	13.10.13
2.1		20.9.13	Progress Commentary	28.3.14

## Scoring Mechanism

Once the business risks are identified and analysed they are scored by multiplying the impact and likelihood. They will then establish a final score (or significance rating) for that risk:

Risk Score	Overall Rating
11-16	High
5-10	Medium
1-4	Low

Those that have been placed in the red boxes are the primary or **Top Risks** followed by the **medium** and **low** risks.

Measures to control the risks are identified from the following options;

1. Reducing the likelihood; or
2. Reducing the impact; or
3. Changing the consequences of the risks by,
  - Avoidance
  - Reduction
  - Retention
  - Transference; or
4. Devising Contingencies, i.e. Business Continuity Planning

The risks are scored again to establish the effects the measures have once implemented on reducing the risks and identify a score rating for residual risks.

<b>REPORT TO:</b>	Business Efficiency Board
<b>DATE:</b>	27 November 2013
<b>REPORTING OFFICER:</b>	Strategic Director, Policy and Resources
<b>SUBJECT:</b>	Procurement Strategy 2013-2016 Bi-annual report
<b>PORTFOLIO:</b>	Resources
<b>WARD(S):</b>	Borough-wide

## **1.0 PURPOSE OF THE REPORT**

- 1.1 The purpose of this report is to update Business Efficiency Board as required on the Council's Procurement Strategy 2013-2016 targets and measurements.

## **2.0 RECOMMENDATION: That the content and position statement regarding progress with meeting targets and measures be noted.**

## **3.0 SUPPORTING INFORMATION**

- 3.1 The Council's Procurement Strategy provides a structured approach to procurement, in order to ensure efficient processes are followed which will deliver reduced costs whilst maintaining or improving service delivery. The Procurement Strategy commenced rollout from June 2013 once approval was granted by the Board.

### **3.2 The Story so far**

Halton continues to deliver savings from procurement year on year. What has underpinned our success is the central team working across all spend areas of the Council and utilising our innovative Risk Based Sourcing (RBS) approach for spend below EU financial thresholds. All spend above £1K will go via the Chest for sourcing.

This brings process efficiency such as reducing officer time, speed of contract award and delivers full transparency as well as delivers benefits the business community in terms of a quick and simplified way to market which is open and transparent for all. This also brings identified reduction in cost as most spend now passes via the procurement Division to be sourced via the Chest. This brings the best deal to the table, takes account of risk, assesses and evaluate on price and quality to ensure we maintain high service excellence and we don't compromise on price.

Our commercial concept has been again recognised nationally with Halton BC being awarded 'Outstanding Achievement in Procurement' from Society of Procurement Officers (SOPO) 11<sup>th</sup> November 2013. Our Head of Procurement was invited to deliver evidence at a Select Committee in the House of Commons on 28<sup>th</sup> October 2013 for the inquiry into local government procurement.

We are also trading our services into other public sector bodies such as Sefton MBC who have engaged with us to align their whole procurement approach with ours. This could lead to a more collaborative approach to procurement and deliver greater efficiencies and savings by procuring together. We are also delivering a pilot to Halton Clinical Commissioning Group (HCCG) who are delighted with the process and effectiveness of our procurement and have already seen savings in excess of £120K from three tender exercises. We hope to secure these relationships and others to develop an income stream from 14/15.

### 3.3 Forwards look 2013 and beyond

#### **The Commercial Approach**

Over the next three years we will continue with this commercial approach to procurement underpinned by six key Building Blocks.

#### **1. Organisation**

Halton continues to recognise that procurement is a strategic function and is committed to placing it at the centre of its activities. This will be delivered through:

- Support from Elected Members, Business Efficiency Board and Management Team

#### **2. Governance and Process**

The Council will improve further its governance and processes to deliver greater efficiencies and streamlined procurement practices. This will be delivered through:

- An Annual review of Procurement Standing Orders
- Continuing to ensure procurement practices are efficient and remove any unnecessary activity for spend below EU value Thresholds
- Maintaining a risk based sourcing (RBS) approach for all spend from £1,000 up to EU value thresholds
- Ensuring we strive to push all spend above £1,000 via The Chest
- Deploying a Best and Final Offer (BAFO) approach where possible, to ensure we take every opportunity to drive the price down whilst maintaining quality in a controlled and fully auditable environment
- Continue with the scrutiny role performed by the Business Efficiency Board (BEB) and report biannually against this strategy

### **3. Demand Management**

The Council will continue to secure improvement in procurement engagement by securing full compliance with Standing Orders delivered through:

- Continuous review of our spend analysis, which will aid procurement planning across the organisation and with public sector partners to identify opportunities, prioritisation and to secure savings
- Further development of the capacity and capability of the Procurement Division through training and study Chartered Institute of Purchase and Supply (CIPS). This will ensure the Division is educated and skilled to manage procurement demand
- Continuation of a communication and education strategy internally to up-skill and educate the wider workforce

### **4. Market Engagement/Supplier Relationship Management (SRM)**

The Council will continue to develop further its relationships with the business Community and Voluntary Sector both locally and SMEs nationally in order to support local economic gains and investment into the SME market. We will also commence a review through of current supplier relationships in order to review overall commercial business relationships, contractual arrangements, specifications, rates and expected outputs to mutually agree benefits which will result in savings for the Council as the customer. This will deliver greater value, meet strategic objectives and add Social Value. This will have greater leverage if we work with public sector partners. This will be delivered through:

- A work stream to undertake a structured review of SRM across the organisation and where possible with public sector partners has now been established and will drive a 'root and branch' review of all Council contracts.
- Continuing with SME and Community and Voluntary Sector engagement both locally and regionally in order to train, support and develop a 2-way approach where we learn together and to underpin SRM.
- Supporting the Liverpool City Region (LCR) Charter for Employment and Skills through Procurement

### **5. Category Management**

The Council will continue with a Category Management approach to procurement by aligning business requirements across the organisation. It will continue to work with wider public sector partners in order to gain greater leverage, add value and maximise savings. This work has commenced with the alignment of procurement processes with a couple of neighbour Councils and could grow across the region and beyond. This will be delivered through:

- Reviewing our relationship with the Merseyside Procurement Partnership (MPP) – Members: Halton; Sefton; Liverpool; St Helens; Knowsley; Wirral; CW&C; Mersey Travel and Mersey Fire & Rescue. Re-establish with partners the commitment, purpose, accountability of this regional work stream in order to progress a category management approach based around geography

rather than organisation. Plus the consideration to align processes and rules in order to take a regional approach together.

- Further strengthening our relationship with Clinical Commissioning Groups to secure future trading relationships
- In addition to this as outlined in the Strategy, Halton Procurement Division are leading a proactive approach to capturing all opportunities by using the Category Management concept and undertaking a full review of spend in order to secure all spend via the Division. This will highlight opportunity, bring economies of scale within the organisation and allow us to partner with other organisations to procure together.

## **6. Purchase to Pay/ e Procurement**

The Council will continue with the development of Purchase to Pay (P2P) and e procurement solutions to control compliance within the organisation, improve payment terms in order to secure a seamless end-to-end process. This will be delivered through:

- Reviewing P2P processes to secure full compliance across the organisation
- Supporting business process improvement to enable early payments to SME's (This is currently being rolled out by our P2P team)

### **3.4 The Strategy contained targets and measures table, (see below). This contains a summary of our position in Halton as at November 2013 as a bi-annual review.**

#### **4.1 POLICY IMPLICATIONS**

4.1 None.

#### **5.0 OTHER IMPLICATIONS**

5.1 None.

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

6.1 The Procurement Strategy is designed to improve procurement practice across the Council, in order to reduce costs associated with procurement processes and to realise budget savings from more robust procurement activity. This supports the achievement of all of the Council's priorities.

#### **7.0 RISK ANALYSIS**

7.1 Given the financial constraints facing the Council, failure to identify and realise savings from more robust procurement practice may result in the Council not achieving budget savings targets. The Procurement Strategy and procedures surrounding it are designed to ensure that efficient procurement practices are operated across the Council.



**8.0 EQUALITY AND DIVERSITY ISSUES**

8.1 None.

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

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

**Procurement Strategy 2013-2016**  
**Targets and Measurements**  
**Bi-Annual Report – November 2013**

Building Block	The What	Report Nov 2013
<p><b>1. Organisation:</b>  The Council continues to recognise that procurement is a strategic function and is committed to placing it at the centre of its activities</p>	<p>a. Support from Elected Members, Business Efficiency Board and Management Team</p>	<p>The Council continues to fully support the Procurement Strategy and this strategic function remains at the centre of our activities. Our commercial concept has also been recognised Nationally.  Examples:</p> <ol style="list-style-type: none"> <li>1. Halton BC being invited to provide evidence to the Select Committee as part of a Local Government inquiry into procurement, this was done in written form and Lorraine Cox was invited to attend at the House of Commons to present the evidence at the Public Inquiry on 28<sup>th</sup> October 2013.</li> </ol> <p style="text-align: center;"><a href="http://www.parliamentlive.tv/Main/Player.aspx?meetingId=14047">http://www.parliamentlive.tv/Main/Player.aspx?meetingId=14047</a></p> <ol style="list-style-type: none"> <li>2. Halton BC (Procurement Division) was awarded Outstanding Achievement in Procurement Award by Society of Procurement Officers (SOPO – National Body Public Sector). 11<sup>th</sup> November 2013.</li> </ol>
<p><b>2. Governance and Process</b>  The Council will improve further its governance and processes to deliver greater efficiencies and streamlined procurement practices</p>	<p>a. Annual review of Procurement Standing Orders</p>	<p>The Council continues to review its Constitution annually and Procurement are represented on the working group along with Legal and Audit.</p> <ol style="list-style-type: none"> <li>1. Executive Board has highlighted that there is an increase of waiver reports for approval and have asked that we review the Waiver elements of Standing Orders. (report to follow)</li> </ol>
	<p>b. Continue to ensure procurement practices are efficient and remove any unnecessary activity for spend below EU value Thresholds</p>	<p>The Councils Procurement Division continues to ensure practices are efficient and the removal of financial thresholds below EU thresholds has allowed in 12/13:</p> <ul style="list-style-type: none"> <li>• 53 procurement exercises to be undertaken as Requests for Quote rather than full tenders</li> <li>• This demonstrates a significant reduction of officer time as we are not bound by PCR 2006</li> <li>• 6% of tender value saved per exercise has resulted in process efficiency savings (officer time) of £289K to date.</li> <li>• This streamlined process allows speed to market, simplified processes for the business community to benefit from.</li> </ul> <p>For information; EU Directive is under review and there are a number of areas that may change in due course:</p>

		<p>Removal of separate part A and B exclusions, Shorter timescales for procurement processes, past performance can be included in evaluation criteria, Self-certification by suppliers via e-certis, award criteria base on Most Economic Advantageous Tender (MEAT) and not Lowest price, modifications to existing contracts – negotiation as long as it isn't a material change to the original contract advertised.</p> <p>Proposed for June 2014: Abolition on Part A and Part B service distinction, but a new approach to the procurement of social, health and education services.</p> <p>Other areas are being considered which we will inform Members as and when it becomes clearer.</p>
	c. Maintain risk based sourcing (RBS) approach for all spend from £1,000 up to EU value thresholds.	<p>The Procurement Division are continuing to drive compliance with Procurement Standing Orders to push all spend above £1K via the Chest in order to drive transparency and fair and equal opportunity to the business community.</p> <p>The approach is being upheld as exemplar nationally by SOPO and was a point of interest at the Public Inquiry Select Committee hearing 28<sup>th</sup> October 2013.</p> <p>We have engaged with Sefton MBC who intend aligning their procurement practices, processes, rules etc. to ours as they value the impact sourcing risk based brings to their organisation.</p>
	d. Ensure we strive to push all spend above £1,000 via The Chest (25% represents £5M of spend via the Chest (low value spend) – this delivers approximately £500K of cost reduction)	<p><b>Target: May 2014 - 35%</b> <b>May 2015 - 45%</b> <b>May 2016 - 55%</b></p> <p><b>Annual report to be provided on May 2014.</b></p>
	e. Deploy a Best and Final Offer (BAFO) approach where possible, to ensure we take every opportunity to drive the price down whilst maintaining quality in a	<p>BAFO has been established as part of our procurement practice and we have been monitoring the impact since May 2013 via our newly installed web based processes.</p> <p>Examples of success:</p> <ol style="list-style-type: none"> <li>1. Wifi Project – winner £51,303. BAFO brought a saving of £4,478.</li> <li>2. Weed spraying – winner £43,810. BAFO brought £3,586.</li> </ol>

	controlled and fully auditable environment	
	f. Continue with the scrutiny role by Business Efficiency Board (BEB) and report biannually against this strategy	<p>BEB scrutinised two tenders:</p> <ul style="list-style-type: none"> <li>Residual Waste tender – Tender undertaken twice; first time this was abandoned due to unsustainable bid and second process also abandoned because the bid submitted was in excess of current contractual arrangement.</li> <li>Local Bus Routes tender continued to award.</li> </ul> <p>Lessons learned: now operating as one group rather than two. A deeper understanding was gained by Members due to the risk and the legal advice to abandon the R/W tender.</p> <p>Currently the BEB are scrutinising Domiciliary Care tender, seal on the Chest to be opened by Portfolio Holder 15<sup>th</sup> November in order to allow evaluation of the tenders submitted. Bio Mass Request for Quote. 5 quotes received, evaluation has been undertaken by the client department and specialist consultants. Client department currently reviewing the quote submissions.</p>
<p><b>3. Demand Management</b> The Council will continue to secure improvement in procurement in engagement by securing full compliance with Standing Orders</p>	a. Continuous review of spend analysis which will aid procurement planning across the organisation and with public sector partners to identify opportunities, prioritisation and to secure savings	<p>The Procurement Division have invest time into cleansing data both on the Chest as well as Agresso our financial system to ensure:</p> <p>Categorisation of businesses is accurate i.e. SMEs and local suppliers via postcode. This allows us to report accurately on our data in terms of SME engagement and spend.</p> <p>Our spend data now forms a full part of work planning for the team as we have developed category management approach (see below) by using the data to show historic spend, value, supplier and category, measured against compliance with Procurement Standing Orders, in order to deliver full compliance and to capture all spend via the Chest above £1K.</p>
	b. Continued development of the capacity and capability of the Procurement Division through training and study Chartered Institute of Purchase	<p>Success since May 13: MSJ and KB have successfully gained CIPS Level 4</p> <p>Current position <b>May 2013:</b> CIPS Level 6 – 1 qualified CIPS Level 5 – 0 qualified</p>

	and Supply (CIPS) subject to available resources. This will ensure the division is educated and skilled to manage procurement demand	CIPS Level 4 – 2 qualified <b>Studying:</b> CIPS Level 6 - 2 working towards CIPS Level 5 - 2 working toward CIPS Level 4 - 4 working towards (2 new starters)
	c. Continuation of a communication and education strategy internally to up-skill and educate the wider workforce	<b>Full year report to be presented in May 2014.</b> Workshops for internal officers planned for Jan-Mar 2014.
<b>4. Market Engagement/Supplier Relationship Management (SRM)</b> Halton will commence a review through a structured approach to developing supplier relationships in order to review overall business relationships, contractual arrangements, specifications, rates and expected outputs in order to mutually agree benefits which will result in savings for the Council as the customer. This will deliver greater value, meet strategic objectives and add Social Value. This will have greater leverage if we work with public sector partners.	a. Development of a work stream to undertake a structured review of SRM across the organisation and where possible with public sector partners	Supplier Relationship Management Review has been established as a work stream as part of the Efficiency Programme. Due to commence shortly. We have selected a pilot cohort of contracts; buildings maintenance; electrical and mechanical term contracts; security contracts and leisure contract. This will be conducted by the procurement team with support from the Efficiency Programme and will entail a commercial ‘root and branch’ review leading to a findings report and possible supplier negotiation.
	b. Continuing with SME and Community and Voluntary Sector (CVS) engagement both locally and regionally in order to train, support and develop a 2-way approach where we learn together and to underpin SRM	New engagement has been established with Halton and St Helens VCA (Sally Yeoman) we intend reviewing their Star Standard to establish if this could be used as a PQQ substitute to quality assure and to capture local sector organisations to quote or tender. This is work in progress and St Helens MBC have expressed an interest is participating with this opportunity.  A presentation has been delivered to the regional leads of VCAs and they were astounded as to the way Halton undertakes procurement and wish to be kept informed of further progress as they would like their Councils to adopt such practices.  There is an intention to deliver workshops possibly across Halton and St Helens VCA community in order to educate and support on Halton’s procurement, the law, the Chest, and use of the Star

		<p>Standard</p> <p>Halton Chamber of Commerce and Enterprise. Ashley McDonald has joined their procurement working group. Findings show that only 12% of the Members are registered on the Chest. The Chamber intends campaigning to their members and we have supported this with Chest training to the Chamber team.</p> <ol style="list-style-type: none"> <li>1. Attendance at bespoke "Meet the Buyer" events: Constructionline – 200+ Businesses Mersey Gateway – 104 Businesses</li> <li>2. Chest Registration increase July 2010: 279 May 2013: 650 Oct 2013: 749</li> <li>3. RFQs as at May 2013: 50 – as at Oct 2013: 119</li> <li>4. RFQ Awards as at May 2013: 22 – as at Oct 2013: 46</li> <li>5. Spend with SMEs for 2012/13 89% of our influential spend of £74M. (13/14 – will be provided in <b>May 2014</b>)</li> </ol> <p><b>Future targets May 2014</b> - to include a breakdown of SME spend, but into: Micro (0- 10 employees) - Particularly of interest of the Select Committee S Small (10 to 50 employees) M Medium (50 to 250 employees)</p>
	<p>c. Support the Liverpool City Region (LCR) Charter for Employment and Skills through Procurement</p>	<p><b>Target: May 14:</b></p> <ol style="list-style-type: none"> <li>a. Make contracts more accessible to local suppliers especially SME's</li> <li>b. Encourage local Businesses to make quality submissions</li> <li>c. Promote use by contractors of local supply chains</li> <li>d. Promote apprenticeships, jobs for unemployed-training by prime contractors and their supply chain.</li> </ol>
<p><b>5. Category Management</b> The Council will continue with a Category Management approach to procurement by aligning business requirements across the organisation. It will continue to work with wider public sector</p>	<p>a. Review our relationship with the Merseyside Procurement Partnership (MPP) – Members: Halton;</p>	<p>We are continuing to review our regional relationship, particularly now we are aligning our processes and practices with Sefton MBC. Other regional partners have expressed an interest in our approach. Our future success will depend of growth of more collaborative tender exercises to gain economies of scale.</p>

<p>partners in order to gain greater leverage, add value and maximise savings as we are too small to do this alone.</p>	<p>Sefton; Liverpool; St Helens; Knowsley; Wirral; CW&amp;C; Mersey Travel and Mersey Fire &amp; Rescue. Re-establish with partners the commitment, purpose, accountability of this regional work stream in order to progress a category management approach based around geography rather than organisation.</p>	<p>Team approach to category management has commenced by using our cleansed spend data to identify 936 suppliers to proactively seek to create procurement exercises and to establish more contractual arrangements across the Council. A report of findings will be presented in May 2014.</p>
	<p>b. Further strengthen our relationship with Clinical Commissioning Groups to secure future trading relationships</p>	<p>We are currently delivering a procurement pilot to Halton Clinical Commissioning Group which is proving highly successful and will aid wider category approach across partners to increase procurement efficiency and gain further economies of scale.</p> <p>We hope to secure a contract with HCCG for 2014.</p>
<p><b>6. Purchase to Pay/ e Procurement</b> Halton will continue with the development of P2P and e procurement solutions to control compliance within the organisation, improve payment terms to secure a seamless end-to-end process.</p>	<p>a. Review P2P processes to secure full compliance across the organisation</p>	<p>We work closely with the P2P team to ensure our processes support each other and drive compliance.</p>
	<p>b. Support business process improvement to enable early payments to SME's</p>	<p>This work stream is part of the Audit and Operational Finance Division. Therefore will be monitored and reported by their Divisional Manager. Since August 2013 they have secured 24 supplier sign ups to the EPS. The Procurement Division have supported this project and are promoting this via the Chest and this is included in all RFQs and Tender documentation.</p>

Document is Restricted



**Document is Restricted**

**Document is Restricted**

**Document is Restricted**

**Document is Restricted**

**Document is Restricted**

**Document is Restricted**

**Document is Restricted**

**Document is Restricted**



**Document is Restricted**

**Document is Restricted**

**Document is Restricted**

**Document is Restricted**

**Document is Restricted**