

Report to the Cabinet

Report reference: C-080-2010/11

Date of meeting: 18 April 2011



**Epping Forest
District Council**

Portfolio: Leader
Finance and Economic Development

Subject: Improvement East Efficiency Challenge Grant

Responsible Officer: Derek Macnab (01992 564051)

Democratic Services Officer: Gary Woodhall (01992 564470)

Recommendations/Decisions Required:

- (1) That Members accept the award of a grant of £150,000 from the Regional Improvement and Efficiency Partnership;**
- (2) That Members agree the programme of work to be funded by the grant as set out in the report; and**
- (3) That in order to expedite this work the requirements of Contract Standing Orders be waived for the procurement of the work.**

Executive Summary:

Improvement East, the Regional Improvement and Efficiency Partnership (RIEP) for the East of England, has awarded the Council a sum of £150,000 as part of their Efficiency Challenge Programme. This report seeks Member agreement as to the use of the funds and how specialist external advice is to be procured.

Reasons for Proposed Decision:

The Council's Medium Term Financial Strategy requires £1.3M of savings to be delivered in 2012/13. The Efficiency Challenge funding will increase the Council's capacity to fulfil this requirement.

If the work is to be completed promptly, to allow any recommendations to be implemented to achieve a full year benefit in 2012/13, there is insufficient time to conduct a normal procurement exercise. The resources being used are those of the RIEP and the choice of contractors suggested in the report is based on recommendations from the RIEP.

Other Options for Action:

To decline the award of the grant and return the funding or seek alternative providers of the consultancy services.

Report:

1. In October 2010, Improvement East the Regional Improvement and Efficiency Partnership launched an initiative to support Councils in the region to manage the impact on their budgets and services, anticipated and subsequently realised, as part of the Government's Comprehensive Spending Review. Following a benchmarking exercise, which analysed a wide range of comparative information, Improvement East identified Epping Forest District Council, as an authority eligible for financial assistance.

2. Improvement East Programme Managers have met with the Leader and Deputy Leader of the Council, the Acting Chief Executive and Director of Finance and ICT. This initial scoping meeting outlined the financial challenge facing the authority over the period of the Council's Medium Term Financial Forecast and gave greater context with respect to the current position regarding shared services etc.

3 As a result, Improvement East have offered a package of financial assistance to increase capacity, up to the sum of £150,000. It should be noted that whilst the sum has been broken down into indicative costed project packages, the Council is allowed a degree of flexibility as to how it spends the award. This is on the basis that the outcomes agreed by Improvement East are delivered. Although a light touch approach is being adopted by Improvement East, there is a formal evaluation required, where to a prescribed format, the Council will have to submit case studies at the end of the projects. The case studies will quantify the benefits and outline any key learning points. These are made available to other local authorities, to ensure that the outcomes can be shared.

4. The assistance offered has been packaged under 4 separate headings i.e. Strategy, Procurement, Income Generation and Cultural Change. It is important to appreciate that Improvement East do not directly procure the consultancy expertise they have identified to help deliver the individual projects. However, they do make specific recommendations, based on their experience of the consultancy market, and the specific products on offer. Therefore, whilst Improvement East have brokered introductions, the contractual arrangement with any external consultant engaged, would be directly between the Council and the relevant Consultant. Notwithstanding, Improvement East have stated that they have already satisfied themselves as to the Quality and Value for Money provided by the Consultants they have recommended.

Project Theme	Description	Consultant	Grant Awarded
1. Strategy	(i) Prioritised Resource Planning – a rapid approach to support the Council in actioning priority service outcomes within reducing resources. This exercise would identify the potential effects of current legislative changes such as Welfare Reform and the Localism Bill, as well as assisting the Council to identify the optimal future operating model to continue to meet service priorities and achieve the £1.3M level of savings identified in the Medium Term Financial Strategy for 2012/13.	Ernst and Young - Prioritised Resource Planning Model	£50,000
	(ii) A programme of public consultation	Primarily in-house	£15,000

	to establish community priorities with respect to the budget savings of £1.3M in 2012/13. To include use of an on-line budget simulator, a special budget edition of the Forester supplemented by focus groups and existing community networks.	purchase of Budget Simulator Software.	
	(iii) Review of Future Democratic Arrangements for the Council to include the number of Councillors and review of efficiency potential through greater use of electronic technology.	In-House with potential for some limited external support as required.	£15,000
2.Procurement	(i) External support for benchmarking and potential market testing of grounds maintenance activities, to include the issue of current subsidy on County Council's Highways land.	External Consultants to be identified.	£10,000
	(ii) Review of options to assess feasibility of Building Control Service being placed on a more commercial basis.	External Consultants to be identified.	£10,000
3.Income Generation	Revenue Income Optimisation to include reviewing service areas to determine the possibility of charging. Exploring the options for charging at a premium for differential services. Ensuring that charges reflect not just incremental costs, but fully absorbs costs. Benchmarking of key areas such as parking charges. Reviewing opportunities for business to business trading, sponsorship and other sources of external funding.	Price Waterhouse Coopers	£40,000
4.Cultural Change	Management Development Programme to equip managers to respond to the rapidly changing environment they are now working in with respect to reduced resources, public expectations and legislative change.	Internally developed programme delivered by external trainers	£10,000
		TOTAL	£150,000

5. In order for the Council to maximise the benefit of this external support and be able to complete the various projects, in time to assist with the 2012/13 Budget process, it is necessary to proceed as quickly as possible. To this end, given that Improvement East have recommended two specific consultants who they have selected themselves, meet their tests of quality and value for money, a waiver of contract standing orders is being requested in order to procure their services without delay. If the waiver of contract standing orders with

respect to the request to seek alternative tenders is granted, both Price Waterhouse Coopers and Ernst and Young will be asked to submit specific proposals to the Council. If on evaluation they meet the Council's requirements their appointment will be confirmed by means of a Portfolio Holder report. If the proposals do not meet the expectations of the Council, the Council reserves the right to seek alternative consultants to assist. It is anticipated that any other pieces of external support required would fall below the £10,000 threshold.

Resource Implications:

Grant of £150,000 from Improvement East to be used to fund project costs.

Legal and Governance Implications:

A waiver of contract standing orders is sought to expedite the procurement of the work set out above. Contract Standing Order C4 requires that at least three quotations are obtained for contracts between £25,000 and £50,000. Contract Standing Order C10 sets out the requirements for contractor selection for contracts valued at more than £25,000. Contract Standing Order C14 is related specifically to the appointment of consultants. Contract Standing Orders C15 and C16 cover the receipt, custody and opening of quotations and tenders. Contract Standing Order C19 covers the acceptance of quotations and tenders exceeding £25,000 but not exceeding £50,000.

The Contract Standing Orders outlined above are the most relevant Contract Standing Orders, but to avoid the possibility of any other inadvertent breaches of Contract Standing Orders a waiver of Contract Standing Orders in their entirety is being sought.

Safer, Cleaner and Greener Implications

The review of grounds maintenance will have an effect on the environment of the District. The consultation exercise on budget priorities may raise issues with respect to Community Safety.

Consultation Undertaken:

Leader and Deputy Leader with Improvement East. Any proposals affecting staff will be subject to the Council's usual consultation arrangements.

Background Papers:

Correspondence with Improvement East to include offer of grant and evaluation requirements.

Impact Assessments:

Risk Management

The risk of not achieving value for money due to the lack of a competitive procurement exercise is reduced by Improvement East having already satisfied themselves of the quality and value for money offered by the suppliers for these specific projects.

The risk of not achieving the savings as set out in the Medium Term Financial Strategy is included as Risk 35 on the Corporate Risk Register. These projects will help the Council to manage effectively through a challenging period and achieve the necessary savings.

Equality and Diversity

Did the initial assessment of the proposals contained in this report for relevance to the Council's general equality duties reveal any potentially adverse equality implications? No

Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken? No

What equality implications were identified through the Equality Impact Assessment process?
N/A.

How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group?
N/A.