

POLICY & RESOURCES CABINET BOARD

5th JANUARY 2012

FINANCE & CORPORATE SERVICES

**REPORT OF THE HEAD OF FINANCIAL SERVICES
– H. JENKINS**

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PART 1

SECTION A – MATTERS FOR DECISION

ITEM 1

IMPLEMENTATION OF ELECTRONIC SOURCING SOFTWARE

1. Purpose of Report

The purpose of the report is to update members on the progress of the implementation of electronic sourcing software (eSourcing) and the proposed forward work plan for the further roll out of eSourcing software within the Corporate Procurement Unit.

2. Background

eSourcing is the generic phrase adopted that covers both electronic tendering & reverse electronic auctions (eAuctions)

eSourcing is a defined workstream within the Council's Strategic Procurement Review, aimed at helping to modernise and make best use of the Council's resources in the tendering process.

This method of tendering also forms part of the Welsh Assembly Government's xchangewales programme. The appointed software company for the eSourcing part of xchangewales which is named, eTenderWales, is Bravo Solutions.

A Business Case and implementation plan was produced for the introduction of e-tendering/auctions. A key part of the Business Plan identified that a structured roll out programme of the new methodology would need to be developed.

The migration of the tendering process from the traditional paper based process to a fully online electronic system poses a significant change in operational procedures for the Corporate Procurement department, which not only affects the internal operations of the department but also the supply market who will be tendering for Council business.

The objectives of the roll out plan were to

- Provide a structured and planned roll out programme of e-tendering software into the Council's operational tendering procedures
- Identify upcoming contracts to process through the e-tendering platform
- Identify and resolve the issues regarding supplier capability of participating in an e-tender / e-auction
- Identify the need to increase member awareness of the new electronic process and how it will effect their involvement

The implementation plan focused upon four contracts to be tendered on an electronic basis, these being:

- Security Services
- Skip Hire
- Educational & Social Care Transport
- Sponsorship Management Services

3. Benefits of eSourcing

In addition to the potential financial benefits available through eSourcing tools, there are a range of non-financial aspects that are worth noting. These benefits relate to process efficiencies and improved quality of service provision.

Improved collaborative working

Systems such as the eTenderwales software include collaboration functionality with version control allowing users in different departments to create, view and edit sections of the tender documentation simultaneously. Workflow functionality can also create email alerts that inform a user when a colleague has made a change, or when a supplier has posted a response. This eliminates the problems of failing to share paper-based tender documentation across multiple departments or sections.

Improved transparency and fairness with suppliers reducing the number of disputes

eSourcing tools provide a secure history of each tender from advert and tender creation to contract award. This history is a full audit trail that encourages openness and integrity in all contractual decisions. This benefit is critical for management internal audit departments to review the history of the awarding of a particular contract. The need for an audit trail to be secure and reliable is a requirement under the Freedom of Information Act 2000.

By using eSourcing tools the following scenarios will not occur:

- Responses arriving late as a result of courier delays;
- Responses arriving late as a result of incorrect addressing / routing; and
- Responses being rejected as a result of envelopes being stamped with supplier logos.

In each case, potential suppliers will be disqualified from the tendering process, potentially giving rise to disputes and negative feeling towards the authority.

Secure electronic document storage

The eTenderwales software incorporates a document management functionality. This enables all documents for a particular tender to be held in a logical structure for ease of retrieval.

Folder repositories usually include policies and procedures for tendering, standard terms and conditions, standard PQQs and previous ITTs and responses. These can be cross-referenced to encourage consistency with subsequent tenders, to assist with future negotiations or to monitor price and performance variations over time.

Faster tender evaluation

The eTenderwales software reduces the time spent analysing numerical information by a significant amount by capturing and analysis total cost figures submitted in the tender process which is particularly effective for fixed commodity contracts.

It also enables data to be downloaded into spreadsheet format for ease of manipulation.

Better supplier communication

Having a single site for potential suppliers to access and view all tender opportunities is beneficial to suppliers. Through the site, suppliers are able to see contract renewal dates, tender deadlines, status and the rationale for the eventual award of the contract. The site can be accessed 24 hours a day and is “self-service”, thereby eliminating the delays caused from waiting for authority procurement staff to return telephone calls.

The software also provides the functionality to notify all suppliers in a standardised manner. This ensures that there is no bias given to any one supplier and eliminates the need to contact all suppliers separately.

4. Implementation of eSourcing

Static and Mobile Guarding Security Services

This contract has yet to be tendered. Internal delays on the specification of individual sites plus discussion over whether SWTRA would be permissible to join the contract have held up the tendering process. It is anticipated that the tender will be conducted in early 2012. The value of the contract is circa £360k per annum based on current expenditure.

Skip Hire

This contract will not be tendered in the immediate future. Since the transfer of the housing stock to NPT Homes, the demand for skip hire has dramatically reduced to a fraction of its previous value. Discussions with the Council’s in house service for skip provision have indicated that the bulk of the hire provision can be met by them without the need to engage with outside contractors. The value of the contract after the removal of NPT Homes sites and other sites which can be met by the in house provision is now only around £10k per annum.

Sponsorship Management Services (Roundabout Advertising)

This contract has been tendered and awarded successfully. Two suppliers submitted bids and the contract was awarded to Immediate Solutions. There was no local interest in the tender opportunity due to the service being specialised in nature with only a handful of companies conducting the service nationally.

The contract involved seeking a management company to run a scheme involving 17 roundabouts and 9 footbridges. The roundabouts include all those which are considered feasible for the erection and maintenance of sponsorship signs in terms of their size and construction and the associated Health & Safety issues. The roundabouts are grouped in 3 areas – Margam / Port Talbot / Sandfields, Neath and the upper Swansea Valley. The footbridges are all in the Port Talbot / Sandfields area, with the exception of 1 at Alltwen, Pontardawe.

The contract is expected to generate around £51,000 worth of net revenue per annum to the Council. The contract commenced on the 4th April 2011.

Educational & Social Care Transport

The tendering of transport services was split into three distinct contracts; these being:

- Special Education Needs & Social Services Transport
- Mainstream Education Transport
- Various Transport (incorporating SEN, Social Services, Mainstream Education & Local Bus routes)

The contracts were all conducted through the eTenderWales portal and also made use of electronic reverse auctions to further deliver cashable savings.

SEN Contracts £445k

Social Care Contracts £72k

Mainstream Contracts £420k

The above savings are annual figures which are split over two financial years. There will also be savings in relation to the ‘Mop Up’ tender but this has yet to be finalised.

The majority of transport operators that tendered for these services were based in the Neath Port Talbot area, with other bidders based in neighbouring Authorities such as Swansea and Bridgend.

5. Supplier Support

Educational & Social Care Transport

Due to the change in the way the tender was being conducted (electronically rather than paper based), various support was provided by the Council's own Economic Development team and the Supplier Development Service (SDS) which included:

- Two supplier briefing days held at the Towers Hotel, Jersey Marine hosted by the Supplier Development Service. These events allowed the Council to provide interested suppliers with a background of the eTenderWales systems, detail on the tendering procedures and were attended by a total of 113 attendees representing 92 businesses.
- eTenderWales workshops providing training on the use of the system which were attended by 33 individuals representing 28 businesses.
- eAuction workshops providing training on the use of eAuctions which were attended by 48 individuals representing 33 businesses.
- One to one support was also provided to 13 businesses by the Supplier Development Service.
- Economic Development staff provided one to one support for a number of bidders which included assisting them in completing their documentation, help and advice on health & safety information required and allowing bidders the use of Council facilities such as scanners and IT equipment in order to submit their bid.

Of the feedback received from the suppliers who attended these events and received the support, the feeling among the majority of the attendees was that the events were either classified as 'excellent' or 'good'.

All of the above events were free of charge to both the Council and the suppliers attending as they were funded fully by the SDS.

6. Feedback from the supply market

Educational & Social Care Transport

Economic Development and the SDS have coordinated feedback on the recent transport tenders. Feedback on the areas are detailed below:

Feedback on eTenderWales

Some complaints were received that “we are taxi drivers not IT specialists”. Whilst this is understandable, as many suppliers had never previously used a system of this kind and the change in tendering method was quite daunting for some; with the training and support being offered by the Council and SDS, by the end of the process, most suppliers were familiar with the navigation of the system and the ability to upload and submit documents.

Feedback on eAuctions

The use of the eAuctions proved a more contentious point among the taxi operators and there was a general feeling that they were simply being used to drive the prices down as low as possible and to squeeze their profit margins.

Whilst the auctions delivered further savings on top of the submitted tender prices, the decision to use them in future tender processes needs to be carefully considered on the level of achievable savings that can be returned and the nature of the supply market surrounding the tender.

The situation regarding ‘throwbacks’ (where a bidder won an auction and subsequently ‘threw back’ the route to the Council due to them not wishing to service it as they had won alternatives routes also) provided an administrative headache for the Environment’s Passenger Transport and Procurement teams as lower ranked bidders had to be contacted to be subsequently offered the work. However this process would have happened whether the tender was conducted electronically or through a more traditional paper based approach as operators bid for more routes than they are able to service.

However, it must be stated that participation in the eAuctions were not mandatory for the taxi operators. They were invited to submit their best price at tender stage which is then taken through to the eAuction, whereby they can further reduce their bid if they so choose, after finding out where they stand in an anonymised pricing rank order.

Sponsorship Management Services

Both suppliers that bid for the tender were issued with a feedback questionnaire regarding their thoughts on the eTenderWales site. Neither chose to respond.

The tender process operated smoothly though with no problems being encountered as a result of using the electronic system.

7. Forward eSourcing Workplan

The following contracts, as part of the Procurement team's forward contract plan, are proposed to be conducted electronically:

Ongoing Transport Contracts

The transport market is dynamic and fast moving due to the ongoing changes in the need for routes to be introduced or removed based upon passenger demand. This will result in a continuous need to tender routes and it is proposed that all new tenders for transport be issued electronically.

Corporate Training Provision

This contract was previously awarded in 2008 as a Social Services training framework prior to the Council's training department becoming a centralised unit. Procurement are currently in discussions with the Training & Development Unit regarding the re-tender of the training framework and opening up to a more corporate wide approach.

This tender previously attracted a lot of interest (60+ bids received) and would therefore suit being conducted electronically in order to cut down on the amount of documents being received in hard copy.

There is likely to be significant local and regional interest in the tender and it is proposed that supplier briefing days and support from the Supplier Development Service is provided to tenderers free of charge.

Security Services

As mentioned earlier in the report, the security services contract was planned to be tendered in the initial implementation stage. This will now aim to be tendered in early 2012. Again, there is likely to be a lot of local and regional interest in the tender and it is proposed that supplier briefing days and support from the Supplier Development Service is provided to tenderers.

8. Recommendations

That Members approve the forward eSourcing work programme, as detailed in Section 6.

Reasons for Proposed Decision

To ensure the Authority complies with the European Union Procurement Directive and the Council's Contract Procedure Rules.

List of Background Papers

None.

Wards Affected

All

Officer Contact

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COMPLIANCE STATEMENT

IMPLEMENTATION OF ELECTRONIC SOURCING SOFTWARE

Implementation of Decision

The decision is proposed for implementation after the three-day call in period.

Sustainability Appraisal

Community Plan Impacts

Economic Prosperity	-	Positive
Education & Lifelong Learning	-	No Impact
Better Health & Well Being	-	No impact
Environment & Transport	-	No impact
Crime & Disorder	-	No impact

Other Impacts

Welsh Language	-	No impact
Sustainable Development	-	Positive
Equalities	-	No impact
Social Inclusion	-	No impact

Consultation

There has been no requirement under the Constitution for external consultation on this item.

ITEM 2

COUNCIL TAX - RECOVERY OF COSTS

1. Purpose of Report

To determine the level of costs to be recovered from council taxpayers in respect of the issue of summonses and the granting by the Magistrates of liability orders.

2. Background

The legislation governing the administration of council tax provides that reasonable costs may be recovered:

- on the issue of a summons
- on the granting by the Magistrates of a liability order.

Current costs are recovered as follows:

- on the issue of a summons - £38.00
- on the granting of a liability order - £22.00

It is normal policy to review the level of costs charged on an annual basis, and to increase those costs broadly in line with inflation. It is recommended, therefore, that the following level of costs be charged for 2012/13:

- on the issue of a summons - £39.00
- on the granting of a liability order - £23.00

This represents an overall increase of 3.34%, which compares with an increase of 5.4% in the Retail Price Index from November 2010 to November 2011. In the current economic climate, it is considered that this is a reasonable increase.

3. Recommendation

It is recommended, therefore, that the costs be increased with effect from 1st April 2012 to the following:

- on the issue of a summons - £39.00
- on the granting of a liability order - £23.00

Reason for Proposed Decision

To contribute towards the costs of recovering debt.

List of Background Papers

Council Tax (Administration & Enforcement) Regulations 1992

Wards Affected

All

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COMPLIANCE STATEMENT
COUNCIL TAX - RECOVERY OF COSTS

Implementation of Decision

The decision is proposed for implementation after the 3 day call-in period.

Sustainability Appraisal

Community Plan Impacts:

Economic Prosperity	No impact
Education and Lifelong Learning	No impact
Better Health and Well Being	No impact
Environment and Transport	No impact
Crime and Disorder	No impact

Other Impacts:

Welsh Language	No impact
Sustainable Development	No impact
Equalities	No impact
Social Inclusion	No impact

Consultation

There has been no requirement under the Constitution for external consultation on this item.

ITEM 3

BUSINESS RATES - RECOVERY OF COSTS

1. Purpose of Report

To confirm the level of costs to be recovered from business ratepayers in respect of the issue of summonses and the granting by the Magistrates of liability orders.

2. Background

The legislation governing the administration of business rates provides that reasonable costs may be recovered:

- on the issue of a summons
- on the granting by the Magistrates of a liability order.

Current costs are recovered as follows:

- on the issue of a summons - £39.00
- on the granting of a liability order - £31.00

It is normal policy to review the level of costs charged on an annual basis, and to increase those costs broadly in line with inflation. However new regulations limit the combined total charged to £70.00.

Therefore the level of costs remain unchanged for 2012/13 as below:

- on the issue of a summons - £39.00
- on the granting of a liability order - £31.00

3. Recommendation

It is recommended that Members retain the costs as follows:

- on the issue of a summons - £39.00
- on the granting of a liability order - £31.00

4. Reason for Proposed Decision

To contribute towards the costs of recovering debt.

List of Background Papers

The Non-Domestic Rating (Collection & Enforcement) (Local List) Regulations 1989

Wards Affected

All

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COMPLIANCE STATEMENT

BUSINESS RATES - RECOVERY OF COSTS

Implementation of Decision

The decision is proposed for implementation after the 3 day call-in period.

Sustainability Appraisal

Community Plan Impacts:

Economic Prosperity	No impact
Education and Lifelong Learning	No impact
Better Health and Well Being	No impact
Environment and Transport	No impact
Crime and Disorder	No impact

Other Impacts:

Welsh Language	No impact
Sustainable Development	No impact
Equalities	No impact
Social Inclusion	No impact

Consultation

There has been no requirement under the Constitution for external consultation on this item.

PART 2
SECTION B – MATTERS FOR INFORMATION

ITEM 4

TREASURY MANAGEMENT MONITORING 2011/12

1. Purpose of Report

This report sets out treasury management action and information since the previous report.

2. Rates of Interest

Bank base rates continue to be at an all time low of 0.5% (since 5th March 2009) and detailed below are the changes in the bank base rate since April 2008.

Effective Date	Bank Rate
10 April 2008	5.00%
08 October 2008	4.50%
06 November 2008	3.50%
04 December 2008	2.00%
08 January 2009	1.50%
05 February 2009	1.00%
05 March 2009 to date	0.50%

The following table provides examples of external borrowing costs as provided by the Public Works Loans Board as at 14th December 2011.

	Equal Instalments Of Principal		Annuity		Maturity	
	Previous 7 Nov	Current 14 Dec 11	Previous 7 Nov 11	Current 14 Dec 11	Previous 7 Nov 11	Current 14 Dec 11
	%	%	%	%	%	%
5-5.5 years	1.79	1.56	1.79	1.57	2.39	2.17
10-10.5 years	2.39	2.17	2.42	2.20	3.40	3.25
20-20.5 years	3.40	3.25	3.51	3.37	4.12	4.03
35-35.5 years	4.02	3.92	4.15	4.05	4.33	4.25
49.5-50 years	4.25	4.16	4.32	4.23	4.27	4.19

3. General Fund Treasury Management Budget

The following table sets out the treasury management budget for 2011/12 and consists of a gross budget for debt charges i.e. repayment of debt principal and interest, and interest returns on investment income. The net general fund budget totals £16.270m.

General Fund	2011/12 Budget £'000
Debt Charges	17,210
Investment Income	
- Total	-1,140
- Allocated to Balances	200
- General Fund	-940
Net General Fund	16,270

4. Borrowing

No new loans have been arranged and this in line with the Treasury Management Strategy for 2011/12.

5. Investment Income

In line with the Council's Investment Strategy, the 2011/12 budget for investment income is £1.14m and income generated to date totals £0.984m. Members should note that all investments are classified as 'specified' i.e. up to 12 months and are currently with the major banks including Barclays, Lloyds Group, Bank Santander, Clydesdale, RBS and the Nationwide Building Society. The Council also has a number of investments with Local Authorities.

Members should note the following position in relation to the recovery of monies from investments in Icelandic related banks:

Bank	Original Investment £m	Current Outstanding Investment £m
Glitnir	2.0	2.000
Heritable	9.0	3.093
KSF	3.0	1.056
Landsbanki Islands HF	6.0	6.000
	20.0	12.149

It is expected that The Supreme Court in Iceland will apply the positive decision on the test cases to all creditors in December, which will result in us receiving part a part repayment in relation to Landsbanki and Glitner in December / January. Arrangements have been made with Santander in order to receive these monies in various denominations and then convert to sterling.

6. Treasury Management Authorised Limits

A report was approved by Council on 7th December 2011 amending the investment limits as a result of the recent changes to bank credit ratings.

7. Exceeding Counterparty Limits

On 8th December an investment for £9 million was made to our RBS Deposit Account in line with the new approved counterparty limits, however due to a systems error by Santander this payment was transferred to an incorrect account. RBS were able to identify this payment and credited the correct account the next day, however after the problem was reported to Santander they also rectified the problem by making an additional payment of £9 million to RBS on 12th December. This resulted in the balance on the RBS deposit account being £21 million for 1 day. The balance was brought in line with approved limits on 13th December. Santander have agreed to cover the cost of lost interest and overdraft charge.

List of Background Papers

Treasury Management Files
PWLB Notice Number 482/11

Appendix

None

Wards Affected

All

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PART 3

SECTION C – MATTERS FOR MONITORING

ITEM 5

MAXIMISING ATTENDANCE AT WORK – PROGRESS UPDATE – CORPORATE SERVICES

1. Purpose of Report

To provide Members with a summary of sickness absence information and an opportunity to consider information from a specific service area within the Council.

2. Background

In 2010-11 the Council established a comprehensive Workforce Strategy to underpin its change programme. One of the elements of that Strategy was the reduction of sickness absence.

Whilst consideration had been given to reducing the cost of sickness absence by removing entitlement to sickness pay on the first three days of any period of absence, following negotiations with trade unions, the Council decided to take forward a review of the way in which sickness absence was being managed. That review was led by the Director of Environment and the Head of Change Management and Innovation. The approach was based on systems thinking principles with trade union representatives (full time officers and shop stewards) working alongside human resources professionals, service managers and employees to examine the underlying causes of sickness absence and then designing a new policy approach to addressing those underlying causes.

During 2010/2011 the Policy and Resources Scrutiny Committee recommended that service managers be invited to attend the relevant Scrutiny Committee meetings to discuss any issues around the sickness absence levels in particular services under their remit.

This initiative will continue during 2011/2012 and the information provided to Members today is in relation to Corporate Services.

Some of the issues Members may wish to address during the consideration of this report are:

- What is the background to the service? What types of activities are the staff involved in?
- What are the overall levels of absence for the service area, and what particular patterns have been identified? (eg is most absence of a short term duration, linked to long term absence of a small number of individuals, linked to particular kinds of ill-health etc);
- What management strategies are being used to help improve attendance at work? How well are these working?
- Are there any barriers to addressing absence that the Council could be addressing that are not covered by the revised policy and procedures?
- What are the associated costs if any in relation to sickness absence i.e. where someone is on long term sick and cover has to be arranged?

3. Recommended

That Members consider the information in relation to sickness absence and satisfy themselves that the revised policy is addressing any specific issues.

List of Background Papers

Workforce Strategy

Maximising Attendance at Work Policy

Wards Affected

All

Appendices

Appendix 1 – Summary of Corporate Services data for September 2010 through to September 2011

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Appendix 1

**F&CS – Corporate Services
Summary sickness patterns Sep-10 to
Sep-11**

Summary sickness Totals - Annual Sickness pattern		Sep-10	Oct 10	Nov 10	Dec-10	Jan-11	Feb-11	Mar11	Apr-11	May11	Jun-11	July 11	Aug11	Sep-11
	Number of employees (posts) with 3 or more instances of sickness within last year	3	4	4	4	3	2	2	1	2	2	2	3	3
1	Number of working days lost/shifts for those employees with 3 or more instances of sick in last year.	37	80	66	86	86	80	101	60	144	166	182	206	224
Annual Long Term Sickness Pattern		Sep-10	Oct 10	Nov-10	Dec-10	Jan-11	Feb-11	Mar11	Apr-11	May11	Jun-11	July11	Aug11	Sep-11
	Number of employees (posts) who are consecutively sick for 28 days or more	0	2	2	2	1	1	2	2	2	2	1	1	1
2	Number of working days/shifts lost for those employees who are consecutively sick for 28 days or more	0	37	81	125	88	108	154	198	241	285	217	256	37