

REPORT TO: POLICY AND RESOURCES COMMITTEE ON 5TH AUGUST 2008

SUBJECT: DEMONSTRATING COMPETITIVENESS

BY: CHIEF FINANCIAL OFFICER

1. REASON FOR REPORT

- 1.1 To provide the Committee with a report on the work undertaken across the Council relating to demonstrating competitiveness of Council commercial operations during 2007/08.
- 1.2 To provide the Committee with the work plan for 2008/09 relating to demonstrating competitiveness for consideration.
- 1.3 This report is submitted to Committee in terms of Section A(42) of the Council's Administrative Scheme to ensure that the administrative and management processes of the Council are designed to make the most effective contribution to achieving the Council's objectives.

2. RECOMMENDATION

2.1 It is recommended that the Committee:

- (a) Consider and note the reports of work undertaken during 2007/08 to demonstrate the competitiveness of the Council's commercial operations;**
- (b) Agree to remove Social Work Training from the list of commercial operations;**
- (c) Approve the work plan for demonstrating competitiveness of commercial operations for 2008/09.**
- (d) Note that the ongoing requirement for reporting on demonstrating competitiveness will be considered by the Council's Corporate Management Team as part of the development of the Council's performance management arrangements.**

3. BACKGROUND

- 3.1 The Council's framework for demonstrating competitiveness of the Council's commercial operations was approved by the Policy Committee on 24th October 2007. The framework was established in response to one of the action points arising from the Audit Scotland Best Value Review.
- 3.2 In the last Report, Members were advised that the framework seeks to assure the Council, interested parties and its Auditors, that the Council is able to demonstrate that its commercial operations are competitive. It was agreed that an annual plan would be prepared to provide details of the relevant review work for the Commercial Operations as follows:
- Recent review work completed.
 - Planned review work in the year ahead.
 - Planned review work in future years.

It was agreed that the review work would include (and not be restricted to) the following:

- Benchmarking Costs.
- Benchmarking Processes.
- Market Testing.
- Partnership Arrangements.
- Efficiency Reviews
- Continuous Improvement Reviews.
- Best Value Reviews (now superseded by Efficiency Reviews and Continuous Improvement Reviews).

4. 2007/08 REPORT

- 4.1 The report on progress against the approved workplan for 2007/08 is attached as **APPENDIX A** to this report. Members will note that a lot of work is undertaken on an ongoing basis to challenge the competitiveness of Council commercial operations.
- 4.2 The Council's framework for demonstrating competitiveness of commercial operations is part of a much wider set of arrangements relating to best value. In the context of financial performance, the following arrangements are relevant:
- (i) Financial Planning – comprehensive review by Members of detailed budget allocations and consideration of target outcomes.

- (ii) Financial Monitoring – scrutiny of revenue and capital quarterly monitoring reports and year end accounts.
- (iii) Designing Better Services – Phase 1 – Review of Council services to compare against leading practice identified by the Improvement Service and independent consultants.
- (iv) Efficient Government – Identification of efficiency savings, monitoring of implementation and annual reporting.
- (v) The requirement for all Significant Trading Operations to achieve breakeven over each 3 year period – results for 2007/08 reported to Council on 2nd July 2008.

5. WORKPLAN FOR 2008/09

- 5.1 The workplan for 2008/09 is attached as **APPENDIX B** to this report. Members are asked to review the workplan. The “Contestability Assessment Table” produced by the Association of Public Sector Employers (APSE) is attached as **APPENDIX C** to assist with the review process.
- 5.2 The factors listed in paragraph 3.2 above remain relevant for the Council’s overall approach to demonstrating competitiveness in 2008/09.

6. SUMMARY OF IMPLICATIONS

(a) Corporate Development Plan/Community Plan/Service Improvement Plan

This Report is consistent with the Corporate Development Plan commitment to the competitiveness, trading and discharge of local authority functions.

(b) Policy and Legal

This Report relates to the legal requirement to deliver Best Value.

(c) Resources (Financial, Risks, Staffing and Property)

This Report describes an additional layer of reporting that is required as part of the overall demonstration of Best Value.

(d) Consultations

The information in **APPENDIX A** to this Report has been provided by the Service Managers responsible for administering and managing those services.

The Efficient Government Working Group has been involved in the development of the framework for Demonstrating Competitiveness.

7. CONCLUSION

- 7.1 The Council needs to be able to provide assurance that commercial operations are provided competitively. **APPENDIX A** reports on the position for 2007/08 and **APPENDIX B** provides the workplan for 2008/09.
- 7.2 The completion of this report is a new burden for the Council and the value of the report is questionable given the resources required to produce, collect and report the relevant information. The Chief Executive is currently leading a review of the Council's performance management arrangements and the requirement to continue to collate and report on demonstrating competitiveness as a separate annual report will be considered as part of the review.

Author of Report: Mark Palmer, Chief Financial Officer – Ext 3103
Background Papers:
Ref: MP/LJC/448322/447706/447709/355432