

REPORT TO: POLICY AND RESOURCES COMMITTEE ON 5 JULY 2011

SUBJECT: DEMONSTRATING COMPETITIVENESS

BY: CHIEF FINANCIAL OFFICER

1. REASON FOR REPORT

- 1.1 To provide Members with a report on the work undertaken across the Council relating to demonstrating competitiveness of Council commercial operations during 2010/11.
- 1.2 To provide Members with the work plan for 2010/11 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 Members:

- (a) **Consider and note the reports of work undertaken during 2009/10 to demonstrate the competitiveness of the Council's commercial operations;**
- (b) **Approve the work plan for demonstrating competitiveness of commercial operations for 2011/12.**

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. 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.
- 3.2 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 for the year ahead, and future years if known.

It was agreed that the review work would include (but 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 - Best Value Reviews (now superseded by Efficiency Reviews and Continuous Improvement Reviews).
- 3.3 All activities of the Council were reviewed, and classified as trading activities or otherwise, as part of the review of Significant Trading Operations reported to Policy & Resources Committee on 22nd June 2010. The framework for Demonstrating Competitiveness covers all trading operations.

4. 2010/11 REPORT

- 4.1 The report on progress against the approved workplan for 2010/11 is included in **APPENDIX A** to this report. Members will note that a considerable amount 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. Phase 2: targeted review of areas where significant improved performance is considered to be achievable. Phase 3: implementation of recommendations.
 - (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.

5. **WORKPLAN FOR 2011/12**

- 5.1 The workplan for 2011/12 is included in **APPENDIX A** to this report.
- 5.2 The factors listed in paragraph 3.2 above remain relevant for the Council's overall approach to demonstrating competitiveness in 2011/12.

6. SUMMARY OF IMPLICATIONS

(a) Single Outcome Agreement/Service Improvement Plan

This report is consistent with the Single Outcome Agreements – Continuous Improvement.

(b) Policy and Legal

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

(c) Financial Implications

There are no financial implications arising from this report.

(d) Risk Implications

There are no risk implications arising from this report.

(e) Staffing Implications

There are no staffing implications arising from this report.

(f) Property

There are no property implications arising from this report.

(g) Equalities

There are no Equalities issues arising from this report.

(h) Consultations

All information in Appendix A has been provided by the service managers for each commercial operation.

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 2010/11 and provides the workplan for 2011/12.

Author of Report: Lorraine Paisey, Principal Accountant – Ext 3213

Background Papers:

Ref: LP/LJC/952216/952326