

WEST DUNBARTONSHIRE COUNCIL

Report by the Executive Director of Corporate Services

Corporate and Efficient Governance Committee - 26th May 2010

Subject: Competitiveness Review

1. Purpose

- 1.1** This report provides Members with a competitiveness position statement on the 5 services prioritised by Corporate Services for competitiveness review.

2. Background

- 2.1** Following the 2009 Best Value Progress Audit and the production of KPMG's action plan, it was agreed at the 30 September 2009 Council meeting that a new workstream group be established to focus on overseeing the implementation of the corporate competitiveness action plan, improve activity-based costing, improve benchmarking (research, data collection, training and analysis).

- 2.2** The Corporate Management Team (CMT) then agreed that initially five priority service areas be identified by each department in order to take forward this work. It was agreed that the key actions would be to:

- review priority service areas and produce initial position statements
- produce appropriate benchmarking reviews in reports to respective committees detailing appropriate performance indicators
- analyse comparator data and its quality
- undertake peer reviews

- 2.3** The priority service areas identified by the Executive Director of Corporate Services were:

- Contact Centre
- Legal Services
- Printing Services
- Procurement
- Recruitment

- 2.4** On 7 April 2010 a report was submitted to the Audit and Performance Review Committee presenting a draft competitiveness framework, which report was noted by the Committee. The competitiveness framework noted that:

“all the views must assess the scope for alternative means for providing the service, identify potential options for service delivery and develop a methodology for assessing these options for future means of service delivery, which incorporate customer needs, costs and quality of services. All services will require demonstrating that they are competitive by showing evidence of the following in position statements:-

- The service meeting and responding to customer needs and expectations
- The service comparing well with the best, with continuous, measurable and sustainable service improvement
- Identification and assessment of the options, opportunities and potential which the external market might offer
- A methodology to measure or compare options available, and the likely impact on competitiveness, service to customers, quality and costs
- The rationale and justification for the best value service delivery decision, showing how it proves that the service is competitive, to the satisfaction of customers, elected Members and auditors/inspectors
- An action plan with time frames to deliver the improvements and changes identified.

3. Main Issues

3.1 Benchmarking within Corporate Services across Local Authorities is generally at an early stage. There has been significant focus on centralising decentralized support services. Some services have access to benchmarking information while others have found it difficult to find meaningful comparative information.

3.2 Contact Centre

The Clyde Valley Support Services Workstream is progressing with identifying areas where there may be opportunities to work closer together and thus will provide further benchmarking opportunities.

Service Profile

3.2.1 The contact centre was established in 2007. It provides the first point of contact for a variety of service areas which resolve customer enquiries on first contact where possible. This releases departmental expertise to deal with more complex problems.

3.2.2 The contact centre now receives over 15,000 calls per month and has a staffing resource of 12 full time equivalents.

Benchmarking Arrangements

3.2.3 The contact centre produces a number of statistics including local performance indicators which are recorded in the covalent system. This allows performance to be continually measured. The measurements of performance are: telephone performance, calls resolved at first contact, customer satisfaction and value of payments taken.

3.2.4 The West Dunbartonshire contact centre is an active member of the Scottish Local Authorities Contact Centre Group. This group consists of Scottish Local Government contact centre managers who regularly update and compare benchmarking information, mainly focussing on services provided. The Contact Centre Manager is continuing to work with this group to improve the quality of the information provided. This will include the number of services delivered, the technology used to deliver service and the measurement of customer satisfaction.

Competitiveness

- 3.2.5** The contact centre management team continuously review their existing service performance for improvement. However, at this stage, the contact centre has no cost benefit measurements which demonstrate the service is competitive against like for like organisations, including internal departments providing similar services.
- 3.2.6** Cost indicators are being evolved which will allow comparison with other providers of this service and demonstrate continuous improvement.

Future Service Delivery

- 3.2.7** The telephone infrastructure has been upgraded within the contact centre. This has allowed the amalgamation of the switchboard and contact centre and has increased the percentage of calls resolved at the first point of contact.
- 3.2.8** The contact centre management team has been actively looking at new business areas to continue to develop the contact centre. Directors have identified and agreed areas with a high degree of telephone contact which will be reviewed with a view to transfer.
- 3.2.9** The Improving Council document asks for all frontline services to be delivered through the contact centre.
- 3.2.10** Technology is continually improving and the contact centre management team has been testing the ability to provide services from home. Home working is gradually becoming a realistic option for delivery of services and this is likely to have a positive impact on service delivery costs due to reduction in need for office space and associated costs.
- 3.2.11** Development of Service Level Agreements with user departments will lead to the further measurement of quality and reliability of the service. In addition, compliance against the agreed service standards will be another area of development taken forward by the Contact Centre

Key Actions

- 3.2.12** To:
- continue to identify and develop services for transfer to contact centre
 - continue to monitor performance and quality
 - increase volume of transactions to reduce unit cost
 - continue to develop cost indicators
- Compare Competitiveness in terms of quality and cost with the Public and Private Sector

3.3 Legal Services

- 3.3.1** This service was chosen for examination as there is already external market for some of its services.

Service Profile

- 3.3.2** Legal Services provide a full range of Legal services to Council Committees, departments and its associated bodies.
- 3.3.3** It employs 14 qualified solicitors and 4 support staff including a qualified paralegal.
- 3.3.4** Annually it provides legal and procedural advice to over 100 Council committee meetings, reviewing thousands of reports. Over the last 3 years it has provided negotiation expertise and advice in major projects and procurement worth in excess of £140m, advice in equal pay claims in excess of £8m and helped to secure capital receipts in excess of £20m. It has supported confirmed capital projects in excess of £50m over the next 3 years.

Benchmarking Arrangements

- 3.3.5** There is no national or regional network for benchmarking the cost or quality of this service in Scotland. Due to the non standard nature of legal work a cost per hour is the usual method of valuating cost, allied to customer surveys to try and evaluate quality.
- 3.3.6** The Law Society of Scotland produces an Annual Cost of Time Survey which provides detailed financial information on private practice costs and charges, including the breakeven hourly rates of different legal firms. The 2009 survey is being prepared and, in the interim, the information from the 2008 survey will be used and extrapolated. Fees charged by outside firms for particular types of work can also be used for further comparison purposes.
- 3.3.7** The 5 UK audit agencies are developing standard high level performance indicators for legal services and is part of SOLAR (the Society of Local Authority Lawyers and Administrators in Scotland), West Dunbartonshire's legal team has been involved in development of these.
- 3.3.8** The existing statutory performance indicators covering legal services have been removed and legal services will develop new performance indicators through the service review and operational planning processes.
- 3.3.9** An extensive client survey will be undertaken to be followed by service improvement workshops utilising data collected from the survey, time recording and financial analysis. The procurement of a system to collect this information would have capital investment implications.

Competitiveness

- 3.3.10** Output measures are difficult to measure due to the breadth and diversity of the work.
- 3.3.11** Legal services intend to introduce a time recording pilot to establish the hourly rate of the in-house team.
- 3.3.12** The Law Society of Scotland 's Annual Cost of Time Survey has been used in the past to demonstrate the Legal Service's competitiveness.

3.3.13 Experience in other local authorities is that the hourly rate of in-house teams is invariably half the hourly rate of private sector comparators.

3.3.14 Direct and indirect costs per employee type are being developed. Costs of outputs identified in the time recording pilot will be compared where applicable with other service providers to gauge competitiveness.

Future Service delivery

3.3.15 Consideration will be given to developing and strengthening in-house expertise in

- Procurement Practice
- Projects and infrastructure
- Construction Law
- Contentious employment
- LLPs/JVs /Service Sharing
- Licensing

3.3.16 Review and consider the value added in the use of external legal advisers

3.3.17 Identify gaps within in-house expertise

3.3.18 Develop a framework for agreement on employing external expertise

3.3.19 Remove “Non value added” work to be carried out internally.

3.3.20 Consider managed outsourcing of “Non value added” work to private contractors.

3.3.21 Consider shared services for areas of particular expertise

Key Actions

3.3.22 Legal services have identified key actions to establish the competitiveness of its service in 2011 as follows;

- Complete financial benchmarking exercise utilising Law Society data by 30 April 2010 (later if 2009 survey figures become available).
- Undertake survey of client groups by 30 May 2010.
- Options Appraisal and Value Management, Process Mapping and Process re-design (to include feedback from survey) – July 2010.

3.4 Printing & Finishing / Reprographics Service

Service profile

- 3.4.1** The Council's printing and finishing services are currently provided by Finance and ICT. It provides a bulk printing and finishing facility to all Council departments. The finishing facility includes enveloping and insertion of enclosures for all bulk print runs and pressure sealing of Council cheques and payslips. This service has 1 full time equivalent staff resource and output volumes are approximately 1.2m per annum.
- 3.4.2** The reprographic service is provided by LARS and is operated by 2 full time staff and one part time resource. The service provides mono and colour photocopying, laminating, finishing and typesetting work for Apple Mac packages and currently co-ordinates external printing requirements for service departments. There are approximately 2 million reprographic and external printing items carried out per annum.

Benchmarking Arrangements

- 3.4.3** In order to test the cost and quality of the current in-house service, a questionnaire was sent to a number of suppliers inviting them to provide information as part of a benchmarking exercise.
- 3.4.4** The questionnaire was sent out to ten third party suppliers, four local authorities and one police constabulary requesting indicative costs and their ability to undertake the service currently provided in-house.
- 3.4.5** Of the three returns received there were no returns from other Local Authorities although four authorities advised that their services were partially or fully outsourced. Opportunities for sharing the service with other public services have been considered but found to be difficult to resource in a competitive environment.

Competitiveness

- 3.4.6** The in-house printing services was subject to a benchmarking exercise with a number of external suppliers.
In order to compare the returns received a marking scheme based on quality; cost and service delivery was prepared.
The following table summarises the service delivery/quality of outcomes. The in-house service currently use equipment which is nearing the end of its useful life and it is acknowledged that investment in new equipment may improve the in-house overall scores.
- 3.4.7** It should also be noted that the benchmarking exercise was not subject to the rigours of a tender evaluation exercise and results may be subject to change should this happen.

3.4.8 While it was uncertain if parts of the service were competitive, an assessment of this was complicated by the fact that (a) a private sector bid might well have been more expensive once TUPE costs were included and (b) a comparison could only proceed on the basis that new machinery would be provided for the in-house team. Such machinery could produce economies and further opportunities for the team to expand the work carried out.

Table 1- Service delivery outcomes

	WDC	Company A	Company B	Company C
Percentages	73%	78%	83%	42%

Future service delivery

3.4.9 A report was submitted to the Corporate and Efficient Governance Committee on 24 March 2010 which advised that the printing, finishing and reprographics services were in the process of merging to provide a more efficient in-house service and recommended that a competitive tendering exercise be carried out to ascertain whether the rationalised services be retained in-house or out-sourced.

3.4.10 The Committee agreed to continue with the amalgamation of the printing and reprographic service to achieve efficiencies. They recommended that the Council fund the capital purchase of new printing machinery to replace the present obsolete machinery, in a phased manner. A further benchmarking exercise was requested within five years.

Key Actions

3.4.11 The process of merging the printing, finishing and reprographics services will continue and further benchmarking exercise will take place within a five year timeframe. The capital purchase of new printing machinery will be phased in an appropriate way.

3.5 Procurement

Service Profile

3.5.1 Procurement and purchasing are carried out on a largely decentralised basis within each of the four Executive Directorates

3.5.2 The Corporate Procurement team comprises;

3 Corporate procurement staff who provide procurement support to all departments on a range of services.

2 Buyers

1 Purchase Card Officer

1 Administrator

3 e-Procurement Project Officers designated to rolling out e-Procurement across the Council.

- 3.5.3** Procurement has a target of £500k for producing efficiency savings in 2009/10, while e-procurement has a spending target of £2m over the same period.

Benchmarking Arrangements

- 3.5.4** An annual programme of procurement capability assessment commenced in October 2009 and 29 out of the 32 councils were assessed by external assessors from the Local Authority Centre of Procurement Expertise.
- 3.5.5** The objective of the assessment is to measure councils' progress against the 12 procurement attributes identified in the McClelland Report, primarily to allow councils to develop their own focussed improvement plans but also to allow performance to be benchmarked against the national average. In the initial assessment, the average score for overall procurement status across the sector was 22.6%. West Dunbartonshire was one of eleven councils to achieve a score within the 11-20% bracket.

Competitiveness

- 3.5.6** A suite of best practice indicators for public sector procurement has been developed by the Scottish Government. These indicators identify key performance areas for core deliverables, key processes and organisational capacity. Appendix 1 identifies West Dunbartonshire's performance against the Scottish average for each of the indicators.
- 3.5.7** Procurement staff are currently compiling the same data for the year 2008/09 and the year-on-year comparison will be used to measure improvement and evaluate competitiveness with other Councils.
- 3.5.8** The key actions in 2010/11 to establish the competitiveness of the procurement service are to identify the individual priority areas for improvement from the capability assessment and to implement a revised strategy and structure that will enable these improvements to be delivered.
- 3.5.9** In addition the indicator "Annual Spend with Collaborative Contracted Suppliers as % of Core Spend" has been adopted into the Corporate Services Plan as a primary indicator and will be monitored through Covalent.
- 3.5.10** Work is ongoing to develop robust models to quantify savings and benefits as well as processes to monitor stakeholder satisfaction.

Future service delivery

- 3.5.11** It is recognised that the current structure is not delivering the most efficient and effective procurement service for the Council.

A number of alternative models are being considered to meet the Council's strategic and operational needs;

These include;

- Centralisation/decentralisation
- Category /Commodity management
- Shared service / collaborative approach as appropriate.

Key Actions

3.5.12 To:

- Continue to develop robust models to quantify savings and benefits
- Continue to monitor performance, quality and cost of service
- Continue to roll out e-procurement and purchasing cards.

3.6 Recruitment

Service profile

- 3.6.1** Recruitment is an integral part of the HR function, ensuring we attract high calibre applicants in order to deliver high quality services. The recruitment team works alongside managers to ensure that selection processes are designed to appropriately assess applicants' suitability to ensure "organisational fit". The team provide professional guidance and assistance to managers on all aspects of recruitment and selection, ensuring policy, procedure and practice are adhered to.
- 3.6.2** Recruitment goes beyond advertising and selection and includes arranging induction, contracts of employment, pre-employment checks etc. There is a central recruitment team of 5 employees, who undertake recruitment, selection and other HR administrative functions. It is estimated that the direct recruitment workload equates to 3 full-time equivalents. Within departmental HR teams, there will be an element of recruitment and selection processes undertaken.
- 3.6.3** In August 2008 the national recruitment portal was introduced for public sector bodies which resulted in significant process improvements with reduced costs. This portal also provides an opportunity to analyse applicant numbers and statistics and has resulted in increased applications.

Number of vacancies advertised	-	545 Posts
Number of application received	-	9,667 (94% received Online)
Number of paper application forms sent	-	1,076 (545 returned)

Benchmarking

- 3.6.4** Currently no benchmarking arrangements for recruitment are in place. The Council is actively involved in the COSLA Myjobscotland "Superusers" group and a number of Local Government HR groups and these avenues will be used to explore and develop service benchmarking.

Competitiveness

- 3.6.5** HR&OD Service is currently looking at developing Service Level Agreements (SLA) and benchmarking arrangements to determine better assessment for performance and competitiveness.
- 3.6.6** The Service also participated in the national procurement exercise to improve our competitiveness in recruitment advertising and our advertising contract was procured nationally through ScotlandExcel allowing the Council to select a best value provider.
- 3.6.7** The following performance indicators have been identified which will provide an opportunity for comparator information and it is proposed these indicators will be assessed for relevance going forward:-
- Average elapsed time (working days) from a vacancy occurring to the acceptance of an offer for the same post.
 - Cost of recruitment per vacancy.

Future Service Delivery

- 3.6.8** The HR&OD function is currently undergoing a restructure and a new service model has been developed. This will align departmental teams and will provide an opportunity to streamline a number of functions including recruitment.
- 3.6.9** It is proposed that the recruitment service will continue to explore other options for service delivery including :
- Shared Services,
 - Strengthening In-house expertise and market testing
 - All options will be considered within the competitiveness framework being developed.

Key Actions

- 3.6.10** To:
- Continue to explore benchmarking opportunities
 - Continue to monitor performance and quality
 - Continue to identify and develop meaningful financial measures of performance.

4. People Implications

- 4.1** There are no people implications.

5. Financial Implications

- 5.1** There are no financial implications.

6. Risk Analysis

- 6.1** The KPMG action plan identified issues and recommendations relating to “benchmarking-comparability and decision making”, and “benchmarking-data quality.” KPMG considered these two items to have a grade three (minor) priority rating. While grade three is less significant than grades one and two, KPMG consider that they merit attention. There is, therefore, a risk that a failure to respond to these issues will draw criticism and the possibility that they may be given greater priority in future reports.
- 6.2** The management response to the issues and recommendations made by KPMG identified actions and timescales which are on track, therefore, the risk of failing to respond to KPMG’s action plan is low.

7. Equalities Impact

- 7.1** No significant issues were identified in a screening for potential equality impact of these measures.

8. Conclusions and Recommendations

- 8.1** It is acknowledged that benchmarking is generally at early stages within Corporate Services and that centralization is the first priority.
- 8.2** Progress within the 5 priority services is at various stages of development.
- 8.3** It is recommended that Members note the progress to date and that officer’s report progress to future committees.

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Appendices: Scottish Government Best Practice 2007/08.

Background Papers: In-house Reprographics and Printing & Finishing
Competitiveness Testing - Item 09 Corporate & Efficient
Governance Committee - 24 March 2010

Benchmarks and Cost of Time –The 2008 Survey of Legal
Practices in Scotland – The law Society of Scotland

Value for Money in public sector corporate services.- A joint
project by the UK Public Sector Audit Agencies.

Wards Affected: All

Scottish Government Best Practice 2007/08:

	WDC Result	National Average
Annual cash saving achieved as % of core spend	0.92	0.83
Annual spend with contracted suppliers as % of core spend	15.96	22.69
Annual spend with collaborative contracted suppliers as % of core spend	9.4	8.15
% of Procurement staff MCIPS Qualified	20	25.32
% of Procurement staff with appropriate qualification	60	48.03
% of Procurement staff in training	60	27.73
% of spend actively influenced by Procurement staff	0.24	41
% of contract notices published electronically	100	87.66
% of contract award notices published electronically	100	83.94
% of tenders managed electronically	0	17.94
% of transactions carried out electronically	0.95	25.39