

'Recession to Resurgence'

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Procurement Conference 7 July 2009

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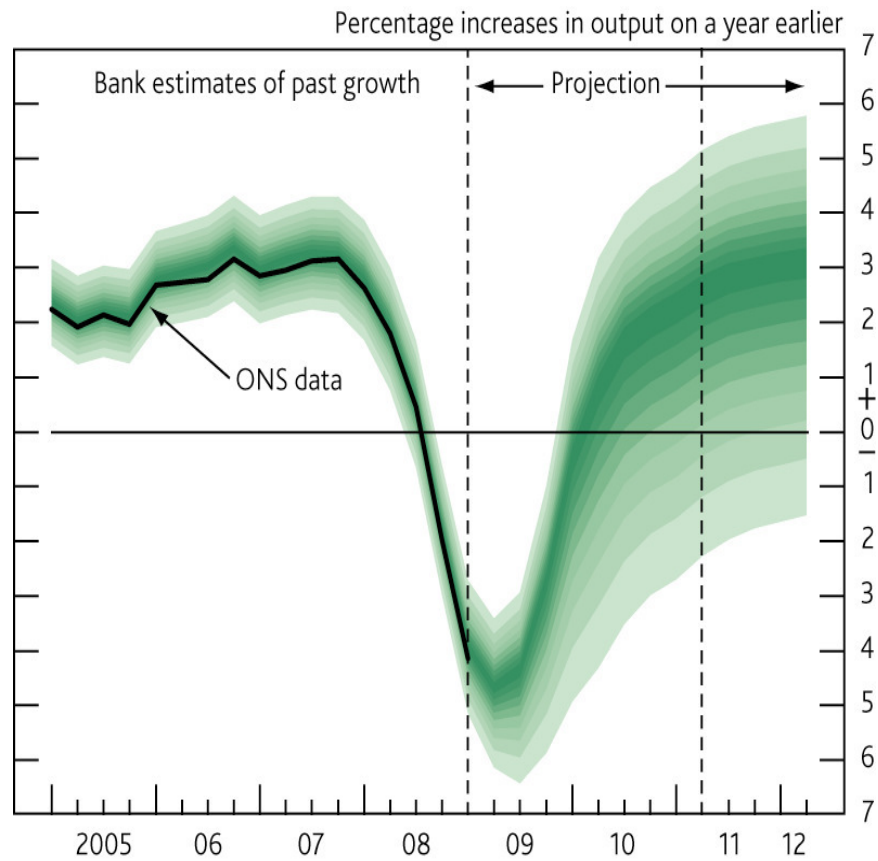


Recession to Resurgence

- National Economic Picture
- Staffordshire Economy
- County Council Response
- The State of the Public Finances
- Challenges
- Opportunities
- Resurgent Procurement

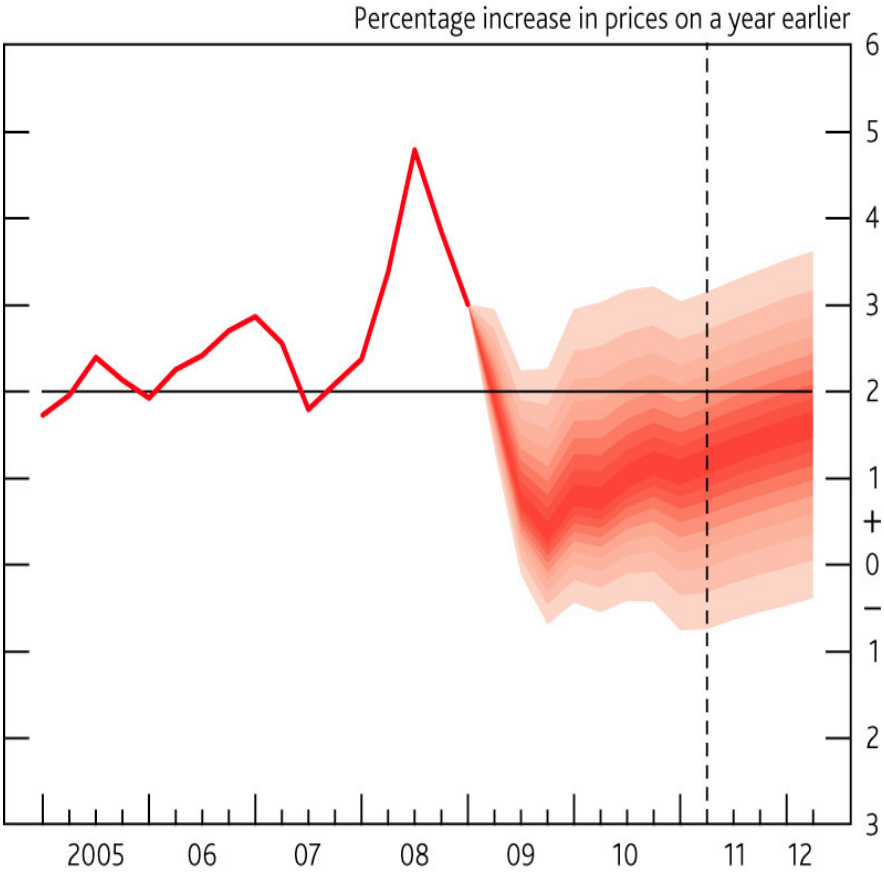
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Bank of England - GDP Forecast



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Bank of England – CPI Forecast



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Rising Unemployment

Increase in claimant count (Jobseekers Allowance) in year to May 2009

- Staffordshire - up by 133%
- West Midlands – up by 80%
- Great Britain – up by 88%

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Rising Unemployment across Staffordshire

Increase in claimant count (Jobseekers Allowance) in year to May 2009

- Tamworth - up by 162%
- Cannock Chase - up by 160%
- Lichfield - up by 157%
- Staffordshire Moorlands - up by 141%
- East Staffordshire - up by 140%
- Stafford - up by 117%
- Newcastle-under-Lyme - up by 106%
- South Staffordshire - up by 104%

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County Council Response

- Paying our Suppliers in 10 Working Days
- Rent Freeze for Business Enterprise Centres
- Bring forward Capital Programmes
- Tipping Street Development in Stafford
- Major Investment Programmes in pipeline;
Building Schools for the Future
Energy from Waste plant

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Challenges

- The State of the Public Finances!
- National Political Debate: Investment or Cuts?
- Institute of Fiscal Studies Analysis

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Government Spending Plans in Budget 2009

Some Good News

- 'The 2010-11 local authority formula grant and the police grant will remain as announced in the local government finance settlement'.
- Local government is expected to deliver a further 1% of efficiency savings beyond the level of savings committed to at CSR07, with 'all savings recycled back to front-line services'.

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Budget 2009: Spending Review 2011- 2014

But...

- Real terms growth in spending on public services of just 0.7% from 2011/12 onwards (down from 1.8% at last budget)
- This increase includes funding costs of additional government borrowing and rising social security spending
- Institute for Fiscal Studies view...“these headlines conceal a grim picture for the next Spending Review in which all government departments will be facing a real terms cut of 2.3% in annual revenue funding and a 17.3% cut in annual capital spending from 2011/12 until 2016/17!

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CSR07 (Confirmed to 2010/11)

Real Increases in Spending

- Health
- Children, Schools, Families
- Local Government (+4.6%)
- Innovation, Univs & Skills
- Home Office & Justice
- Culture, Media, Sport
- International Development
- Scotland, Wales, N.Ireland

Real Cuts in Spending

- Transport
- Defence

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SR 2010: Behind the Headlines 2011-14

Real Increases in Spending

- International Development

Real Cuts in Spending

- Health
- Children, Schools, Families
- Local Government (-2.3%)
- Innovation, Univs & Skills
- Home Office & Justice
- Culture, Media & Sport
- Scotland, Wales, N.Ireland
- Transport
- Defence

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Implications for Staffordshire....

- Major financial challenge for our budgets (and our public service partners especially from 2011/12 onwards...)
- Plus: pressure to keep Council Tax low
- Means we can't wait until 2011/12 and need to start planning now and get ahead in our budget/service planning process for 2010/11!

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County Council Track Record of Delivery

- £50 million savings in past 3 years
- Improved services and performance
- Lowest Council tax increase for 14 years
- Significant contribution from procurement

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Procurement Contribution

- £5m Cashable Savings Banked
- £15m Non-Cashable Savings Delivered
- Sustainable Procurement Strategy
- Balanced Scorecard

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Staffordshire Procurement: Balanced Scorecard

Finance

- Cashable savings
- Non cashable savings
- Effective budget management

Customers

- Customer satisfaction
- Client added value
- Effective supplier performance

People

- Personal Performance Review
- People satisfaction
- Skills, knowledge and expertise

Processes

- Category strategies
- E-tendering, tender times
- Influence on spending

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Opportunities

“Tightening finances can be helpful and frugality drives innovation”

- Collaboration across public agencies
- Shared costs and expertise
- Not just buying better but doing better
- How to go beyond cheaper prices and cashable efficiency savings

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Resurgent Procurement

Beyond Efficiency and Cash Savings

- Reduce costs YES.....but that's not enough!
- Make every pound spent work harder and deliver more.....added value
- Drive innovation through commissioning, procurement and in contracts
- Promote creativity in service delivery
- Use local supply chains, local labour, apprenticeships
- Focus on sustainability and life cycle costs

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Doing More with Less...

“Make taxpayers money work as hard as the taxpayer worked to earn it in the first place”

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