

AGENDA ITEM 3 - PROVISIONAL REVENUE AND CAPITAL OUTTURN 2024/25**Comments from Mr. A. Innes CC**

Following my attendance at Adults and Communities Scrutiny and the Scrutiny Commission meeting, I have some concerns around the management of vendors to LCC, and the design and management of tenders issued to the suppliers.

In the private sector it is normal for us to approach suppliers for cost saving proposals and in contract reductions, to “share the pain” of tightening budgets. A normal course of action would be to look at our largest vendors on a regular basis and look at how they are performing and look for ways of reducing our spend with these vendors. Cost Takeout (CTO) is a well-practised process where we look with the vendors at opportunities to reduce the cost of the service by making changes that help the supplier to reduce input costs. I would like to know if these initiatives take place. One of the overrun costs against budget was transport. In the detailed comments in the appendix to the Provisional Revenue and Capital Outturn 2024/25, it refers to additional transport costs due to lack of competition and previously escalating fuel costs not being recovered now that the fuel price has fallen. Fuel escalators are quite normal in transport markets and reflect both increases and decreases in fuel prices.

For the tendering of business to the open market, it is not normal to reveal your required prices as is the case proposed in the Home Care tender for Adult Social Care. I would recommend that the methodology be looked at to try and get either better rates, or if we insist on revealing prices, penalties for poor quality provision. The risk is all on us, not the vendor.

If we are leasing equipment consideration should be given to using capital to outright purchase equipment, or vice versa, dependant on the financial requirements at the time.

Andrew Innes CC
Councillor for Melton East
Scrutiny Commissioner

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