



PROCUREMENT

Report to: STAR Joint Committee
Date: 2nd May 2017
Report for: For Decision
Report of: Head of Strategic Procurement

Report Title

Finance Update

Summary

The purpose of this report is to provide the STAR Joint Committee with an update on the STAR Procurement financial position; including budget, income target and income generation for the 2017-18 financial year

Recommendations

- The recommendation of this report is that the Joint Committee:
- Reviews and comments on the contents of this report
- Confirms the income target for 2017-18, including both STAR Council contributions and SLA income targets

Contact person for access to background papers and further information:

Name: Elizabeth McKenna
Phone: 07811 983687

Background

Table with 2 columns: Impact Category and Description. Rows include Financial Impact, Legal Impact, Human Resources Impact, Asset Management Impact, E-Government Impact, Risk Management Impact, and Health and Safety Impact.

Consultation

No public consultation required

Reasons for Recommendation(s)

The report provides an update on the budget for 2016-17 and planned budget for 2017-18 and also provides an update on the reserves. Through reputation and delivery STAR's income generation is increasing year on year. This report details the income generated in 2016-17 and provides the current forecast, including income target, for 2017-18. The report also provides an update on Service Level Agreements (SLAs) and temporary staff recruited to deliver those SLAs.

1. Budget

- 1.1 The final budget outturn for 2016-17 will be provided at the end of April 2017.
- 1.2 The current forecast indicates that the budget for 2016-17 will be at breakeven point and that there will be no residue to be transferred into reserves for 2017-18.
- 1.3 The net expenditure revenue budget for 2017-18 is set to be the equivalent of the 2016-17 requirements - £1,304k. This requires both STAR Board and STAR Joint Committee approval.
- 1.4 The current reserve balance is £131k. Due to the appointment of the new Director of Procurement in January 2017, requirements of the Business Plan 2017-20 being taken to Board in April and Joint Committee in May and changes to the current Legal SLA in development, the STAR Senior Management Team proposes to retain the reserve balance. STAR SMT will provide a board paper at a later date to establish the plan for these reserves.

2. 2016-17 Income

2.1 The total income for 2016-17 is £206,795; the following table provides the details of that income:

Source	Type	Total Income
SSK	Annual SLA	£10,000
Link4 Life	Annual SLA	£14,000
Trafford Leisure	One-off project	£500
Schools	Buy back	£32,000
Stockport - DbD	Secondment agreement	£23,625
NW Libraries Consortium	Annual SLA	£13,000
Stockport Homes - CRM	One-off project	£3,000
Stockport Homes - HR	One-off project	£4,150
Stockport Together CCG	One-off project	£9,700
Salford	One-off project	£4,920
Parkfield Primary	One-off project	£1,050
Woodley School	One-off project	£1,925
St Margarets	One-off project	£1,925
HMR CCG	LD Ethical Procurement	£25,000
NM CCG	LD Ethical Procurement	£20,000
SMCCG	LD Ethical Procurement	£20,000
Trafford CCG	LD Ethical Procurement	£22,000
		£206,795

2.2 The income of £87,000 for Learning Disability (LD) Ethical Procurement is funding from the CCGs within Greater Manchester (GM) to run the LD Ethical Procurement on behalf of the 10 Authorities and 12 CCGs within GM.

2.3 STAR did not have an income target in 2016-17. As income generation is increasing, and following discussions with the STAR Board, it was decided to incorporate a target for 2017-18.

3. Forecast Income 2017-18

3.1 The current forecast income for 2017-18 is £156,500 the following table provides the details of that forecasted income:

Source	Type	Total Income
SSK	Annual SLA	£5,000
Link4 Life	Annual SLA	£14,000
Schools	Buy back	£32,000
NW Libraries Consortium	Annual SLA	£26,000
Work & Health	One-off SLA	£67,500
Dunham Massey	One-off SLA	£4,000
Stockport Together	One-off SLA	£8,000
		£156,500

3.2 The forecast income of £67,500 for the one off SLA for Work and Health Programme is a fee to run the procurement for the GM Devolved programme funded by DWP and EU funding to enable the unemployed citizens of GM to find employment.

3.3 The £8,000 for Stockport Together is not fully agreed at the time of writing this report; however STAR will receive income for this SLA.

3.4 There is an agreed additional income of £3,500 for Trafford Youth Trust however at the time of writing this report the figure had not been finalised and so is not included in the table above.

3.5 The funding of the 2 procurement officers that have been recruited on fixed term contracts to cover the SLAs for Work and Health Programme and the Stockport Together Programme are covered in the table above.

4. Income Target

- 4.1 The income target for 2017-18 will guarantee that the unfunded posts of 2 procurement officers that were appointed in 16/17 and pension increases from 2016-17 will not have a detrimental effect on the budget.
- 4.2 The 2 permanent posts and pension increases are at a cost of £87,000 and so the proposed income target for 2017-18 is £87,000.

5. Recommendations

- 5.1 It is recommended that:
 - 5.1.1 Reviews and comments on the contents of this report
 - 5.1.2 Confirms the income target for 2017-18, including both STAR Council contributions and SLA income targets