

REPORT TO: Business Efficiency Board

DATE: 26 September 2012

REPORTING OFFICER: Strategic Director, Policy and Resources

PORTFOLIO: Resources

SUBJECT: Work Plan – Contract Review Duties

WARDS: Borough-Wide

1.0 PURPOSE OF THE REPORT

1.1 To set out the work plan in relation to the Board's additional responsibility in relation to the Council's contractual arrangements.

2.0 RECOMMENDATION: That the Board agree to the arrangements and work plan set out in the report.

3.0 SUPPORTING INFORMATION

3.1 The Board has had two Seminars to discuss and consider how it might fulfil its new power and duty. It is proposed that it be undertaken in two ways. The first is to undertake a review of the Council's Procurement Strategy. In undertaking the review the Board should have regard to the CIPFA Guidance in this area which states:

“There are a number of ways in which the audit committee is likely to review the effectiveness of the organisation's management of its commissioning and procurement risks.

- Oversight of the control framework. For example whether the organisation has up to date and effective strategies and policies in place.
- Review of risk registers and major commissioning and procurement risks.
- Review of governance arrangements over partnerships and shared services.
- Review of the governance and assurance arrangements for major projects that involve procurement.
- Review of the internal audit plan and reports. The audit committee should consider the extent to which they cover these risks.
- The assurances that underpin the Annual Governance Statement are likely to cover commissioning and procurement activity.”

3.2 Any revised Procurement Strategy will need also to reflect the recent changes in legislation brought about through the Localism Act 2012 and the Public Services (Social Value) Act 2012. It is suggested that this piece of work be undertaken by the full Board, although it may, again, be helpful to meet in ‘Seminar’ mode to develop that new Strategy. It is proposed that as the current Strategy runs out in 2013 the Board sets itself the objective of having its new Strategy formally adopted at the Board meeting on 27 March 2013.

3.3 It is proposed that the second piece of work the Board undertake is the review of the contract process followed under EU Procurement Legislation. This will enable the Board to:

- Fully understand the complexities and risks involved in such a process.
- Identify opportunities for improvements in those processes, where they are in the gift of the Council.
- Take the learning of that activity into the development of the new Procurement Strategy.

3.4 To achieve this it is proposed that the Board split into two working groups as follows:

Group 1

Cllr Lowe – Chair/Group Lead
Cllr McManus
Cllr Cole
Cllr Plumpton-Walsh
Cllr Wainwright
Cllr Fry

Group 2

Cllr Lloyd-Jones – Vice Chair/Group Lead
Cllr Roberts
Cllr Lea
Cllr McDermott
Cllr Ratcliffe

3.5 Each group would then review a full EU compliant contract in order to undertake a “Cradle to Grave” review. It is proposed that the following contracts be looked at:

Group 1

Contract:	Domiciliary Care
Current Value:	£3.6M pa
Current Length of Contract:	4 Years
Expiry Date:	31.3.2013
Directorate:	Communities
Directorate Lead Officer	Angela McNamara

Group 2

Contract:	Bus Routes Contract
Current Value:	£1.3M plus unknown routes
Current Length of Contract:	2 + 2 Years
Expiry Date:	Various 2013/14
Directorate:	Policy and Resources
Directorate Lead Officer:	Geoff Hazlehurst/Ian Boyd

3.6 The role of the working groups would be to review the effectiveness of the Council's procurement process by assessing:

- Value for money.
- The potential for savings.
- Processes and practice for selection and award of contracts.
- The law and standing orders.
- That risks have been managed.

3.7 As any procurement process is an active and dynamic one, if for any reason, the timetable for the contracts above changes, then the appropriate group should be free to select another. Regular reports will be brought to the Board on the progress and observations of each group.

4.0 POLICY IMPLICATIONS

4.1 It is important, given the current financial constraints on the Council, that its procurement processes are as efficient and effective as they can be. This will play its part in protecting frontline services.

5.0 OTHER IMPLICATIONS

5.1 This new responsibility compliments the other roles the Board has in ensuring the Council has procedures in place to provide value for money to local people.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 **Children and Young People in Halton**
Employment, Learning and Skills in Halton
A Healthy Halton
A Safer Halton
Halton's Urban Renewal

- 6.2 Proper procurement processes support the Council in achieving the aims and objectives set out in the Community Strategy and the Council's priorities.

7.0 RISK ANALYSIS

- 7.1 The role and work plan is set out in such a way that it minimises any risk that it delays the tendering and contracting timetable in line with EU Law.

8.0 EQUALITY AND DIVERSITY ISSUES

- 8.1 There are no equality and diversity issues related to this report.

9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

- 9.1 There are no background papers under the meaning of the Act,