

Scrutiny of Major Contracts

Purpose

- 1 To respond to the request of the Management Committee to allow consideration of a possible approach to engaging with the future review of major contracts.

Background

- 2 The Management Committee at its last meeting received the report of its rapid scrutiny exercise on the Highways and Streetscene Contract (BBLP). During discussion the issue of how the Environment Select Committee had engaged with development of this contract and its potential role in monitoring deliver and future performance was raised. There was a suggestion that the re-establishment of the major contracts task groups, perhaps in a reworked format, under each select committee could provide a useful forum for the future.
- 3 The Management Committee felt it would be appropriate to discuss the broader issue at its next meeting. This report therefore provides this opportunity by rehearsing some of the past issues but also touching on current thinking on procurement and commissioning in the Council.

Major Contracts

- 4 Previously each of the select committees had their own task group reviewing delivery and performance of all contracts over £1m per annum (or multiple contracts with a single supplier) in their respective areas. This was built into the Corporate Procurement Strategy with contractors made aware of the need to produce an annual report (alongside one by the client-side) and to engage with the scrutiny process. At the time this approach was regarded as best practise and reflected in national publications. The Scrutiny Team responded to many enquiries and the Scrutiny Manager invited to speak nationally on the matter. However thinking moved on within the Council and these were abolished following a review with a revised, streamlined approach adopted in July 2011. The reasoning described in the report at the time was:

“The rationale to change the current scrutiny arrangements in this area is driven by the need for a more focussed and professional approach to future

commissioning and procurement. This is intended to support securing efficiencies and savings in the overall spend for the authority. The agreed approach by the (then) OS Liaison Board presents the opportunity to continue to scrutinise this priority area effectively, recognising the capacity and resources available. With this in mind the Liaison Board resolved that future scrutiny of procurement and commissioning would be dealt with by way of one dedicated Procurement and Commissioning Task Group which would report directly to the Organisation and Resources Select Committee. The focus of work would move away from individual contract reviews to the overall procurement and commissioning programme as a component of the Business Plan.”

- 5 The select committees retained the ability to respond to outsourced and commissioned service issues by exception, although for a period the Children’s Services Select Committee decided to retain a dedicated task group. The process was fully aligned following the comprehensive review of overview and scrutiny arrangements by Council in May 2012.
- 6 Since then the select committees have focused attention on the harmonisation and transformation of services including outsourced and commissioned provision. This has involved councillors in developing more of the strategy and policies associated with future direction rather than monitoring delivery and performance. The latter performed by the professional client-side through comprehensive, specialist processes.

What is needed?

- 7 The questions that now need to be asked (as with any overview and scrutiny activity) are:
 - What evidence is there to support a change?
 - What value is added to the issue including the benefit to service users and communities (outcomes)?
 - Is there sufficient councillor interest and capacity and officer support to deliver an extended approach?
- 8 The idea of operating by exception was demonstrated in the way overview and scrutiny requested consideration of the initial concerns about an aspect of the BBLP contract. Would the existence of a major contract task group under the Environment Select Committee have influenced the contract and prevented these concerns beyond the high-level engagement with the main committee? However members view this, it could be argued that it may at least have provided an established forum for early consideration.
- 9 In order to get a feel for the volume of potential activity, the appendix to this report lists all contracts over £1m per annum (estimated on current year

spend). It may be that the Management Committee would wish to take a view about what should constitute a major contract should it decide to pursue an extended approach?

- 10 The Management Committee will be aware that the Cabinet Member for Finance, Performance, Procurement, Risk and Welfare Reform has invited overview and scrutiny to engage with the development of the Council's approach to the corporate management of procurement and commissioning as part of his review (see current OS work programme). As some members will recall OS has a long-standing interest in procurement and most recently was consulted about revised arrangements to introduce category management in December 2012. Following the recent senior management restructure the Council's Procurement Team is now part of the new Corporate Office and by implication will strengthen the implementation of procurement alongside policy, business planning, performance and democratic services.
- 11 The Management Committee will also be aware that significant corporate procurement savings targets have been allocated to service base budgets in 2014/15 and will require monitoring – initially by the Financial Planning Task Group.

Conclusion

- 12 It is open for the Management Committee to take a view about the direction it may wish to take for future engagement in major contracts. It will wish to be mindful of the value it can bring to existing arrangements and the capacity to deliver it. It will need to demonstrate how any extended approach links to the priorities in the Business Plan and is outcome focused. It will also be aware of the invitation from the Cabinet Member for OS engagement described in paragraph 10 above and how this might ultimately impact on the monitoring of major contracts.
- 13 A first step could be the creation of a single-body under the Management Committee perhaps with representation from each of the select committees to undertake some initial high-level reviews (with criteria and direction set by the Management Committee) and to then scope an approach for the future based on experience. It could also act as the group to respond to the Cabinet Member's invitation on the review of the corporate management of procurement and commissioning.

Recommendation

- 14 To note the issues raised in this report in response to the request of the Management Committee at the last meeting following consideration of the rapid scrutiny report on the BBLP contract.

13 To take a view on how it wishes to proceed based upon the conclusion made in this report.

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Background Papers: None

Appendices: Appendix A - Vendor Summary