

# **CONTRACT SCRUTINY COMMITTEE AGENDA**



**Monday, 7 December 2009**

**at 10.00 am**

**in Committee Room A, Civic Centre, Hartlepool**

**MEMBERS: CONTRACT SCRUTINY COMMITTEE:**

Councillors Atkinson, Fleet, Flintoff, Griffin, Morris, Plant, Richardson, Simmons and Young.

- 1. APOLOGIES FOR ABSENCE**
- 2. TO RECEIVE ANY DECLARATIONS OF INTEREST BY MEMBERS**
- 3. MINUTES**
  - 3.1 To confirm the minutes of the meeting held on 23 November 2009
- 4. ITEMS FOR INFORMATION**
  - 4.1 Review Of The Strategic And Operational Leadership Of Collaborative Procurement - *Assistant Director (Procurement and Asset Management)*
- 5. ANY OTHER ITEMS WHICH THE CHAIRMAN CONSIDERS ARE URGENT**
- 6. LOCAL GOVERNMENT (ACCESS TO INFORMATION) (VARIATION) ORDER 2006**

## EXEMPT ITEMS

Under Section 100(A)(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that it involves the likely disclosure of exempt information as defined in the paragraphs referred to below of Part 1 of Schedule 12A of the Local Government Act 1972, as amended by the Local Government (Access to Information) (Variation) Order 2006

### 7. **TENDERS TO BE OPENED**

- 7.1 Children's Fund Tender (CRN 397) (para 3) – *Commissioning and Contracts Manager*
- 7.2 Domestic Abuse Support (CRN 426) (para 3) – *Commissioning and Contracts Manager*
- 7.3 Father's Support (CRN 427) (para 3) - *Commissioning and Contracts Manager*
- 7.4 Mental Health (CRN 428) (para 3) – *Commissioning and Contracts Manager*
- 7.5 Parents' Support (CRN 429) (para 3) – *Commissioning and Contracts Manager*
- 7.6 Substance Misuse (CRN 430) (para 3) - *Commissioning and Contracts Manager*
- 7.7 Provision of Assessment and Services to Carers in Hartlepool (CRN 408) (para 3) - *Commissioned Services Manager*

### 8. **ANY OTHER CONFIDENTIAL ITEMS WHICH THE CHAIRMAN CONSIDERS ARE URGENT**

# **CONTRACT SCRUTINY COMMITTEE**

## **MINUTES AND DECISION RECORD**

23 November 2009

The meeting commenced at 10.00 a.m. in the Civic Centre, Hartlepool

**PRESENT:** Councillor Atkinson (In the Chair);  
Councillors Flintoff, Young

In Accordance with council Procedure Rule 4.2, Councillor C Akers Belcher was in attendance as substitute for Councillor Simmons and Councillor Rogan was in attendance as substitute for Council Richardson

**OFFICERS:** David Hart, Strategic Procurement Manager  
Roger Kennedy, Quantity Surveying Team Leader  
Paula Bass, Revenues Manager  
Marian Williams, Senior Legal Assistant (Litigation)  
Sarah Bird, Democratic Services Officer

### **90. Apologies for Absence**

Councillors Fleet, Griffin, Dr Morris, Plant, Richardson and Simmons.

### **91. Declarations of Interest**

None.

### **92. Minutes of the Meeting held on 9 November 2009**

Confirmed.

### **93. Printing Framework – Strategic Procurement Manager**

The Strategic Procurement Manager informed Members of the tender process that had been followed in relation to this framework. Local small and medium enterprises had been encouraged to bid for the contract by direct contact with them as well as advertisements being placed in the Hartlepool Mail. A particular benefit of using local companies was that printing jobs could be collected or delivered quickly. The contract had been split into three lots (Corporate Printing Stationery, General Printing Stationery and Corporate Documents). Five suppliers had been selected for each lot and included at least 2 Hartlepool firms in each lot. One of the criteria had been responsiveness i.e. how quickly jobs could be turned around and local firms had scored well on this criteria. The Authority's print room would be co-ordinating the need for the work which

would be used for overflow which could not be handled by the in-house team.

A Member queried how much work would be given to companies and it was estimated that there would be up to £40,000 worth although it was likely to be spread out between various companies.

A Member asked what was the rationale behind having 5 companies in each lot and was informed that using the e-procurement system, the 5 firms would be given details of the specifications for the contracts and would respond via email as to whether they could cope with the work.

A Member asked whether it would be possible to feed back to the Committee how much work local firms had undertaken and was informed that this would be done after the contract had been in place for one year.

#### **Decision.**

The Committee received the report.

### **94. Local Government - Access to Information**

Under Section 100 (A)(4) of the Local Government Act 1972, the press and public were excluded from the meeting for the following items of business on the grounds that it convolved the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of the Schedule 12A of the Local Government Act 1972 as amended by the Local Government (Access to Information)(Variation) order 2006

Minute 95 – Café Extension at Surestart Building, Hindpool Close – para 3 information relating to the financial or business affairs of any particular person (Including the Authority holding that information)

Minute 96 – Printing and Mailing Service for Local Taxation Demands and Benefit Notifications - para 3 information relating to the financial or business affairs of any particular person (Including the Authority holding that information)

### **95. Café Extension at Surestart Building, Hindpool Close (Para 3) – *Quantity Surveying Team Leader***

Five tenders had been received in respect of this tender and these were opened in the presence of the Committee.

#### **Decision**

The Committee noted the opening of these tenders.

**96. Printing and Mailing Service for Local Taxation Demands and Benefit Notifications** - *Revenues Manager*

Two tenders had been received regarding this contract and these were opened in the presence of the Committee.

**Decision**

The Committee noted the opening of these tenders.

The meeting concluded at 10.25 am.

CHAIR

## CONTRACT SCRUTINY COMMITTEE

7 December 2009



**Report of:** Assistant Director (Procurement and Asset Management)

**Subject: REVIEW OF THE STRATEGIC AND OPERATIONAL LEADERSHIP OF COLLABORATIVE PROCUREMENT**

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### 1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to update the Contract Scrutiny Committee with the progress made by RIEP (Regional Improvement and Efficiency Partnership) Collaborative Procurement Board and NEPO (North Eastern Procurement Organisation) on the review of the strategic and operational leadership of collaborative procurement within the North East.

### 2. BACKGROUND

- 2.1 An extraordinary NEPO Joint Committee Meeting was held on 16<sup>th</sup> October 2008, at Gateshead Civic Centre to consider a proposal from the Regional Improvement and Efficiency Partnership to commission a joint piece of work to undertake a comprehensive assessment of the existing regional procurement capacity, capability and organisational arrangements.
- 2.2 The piece of work would determine the extent of the gap that needs to be filled to create a regional procurement delivery model that is fit for purpose to meet the significant procurement challenges facing all of the North East Local Authorities and contribute towards delivering the targets set out in the Regional Improvement and Efficiency Strategy.
- 2.4 A small steering group comprising the NEPO Chair, Councillor Walker; the NEPO Vice Chair; Councillor Kerr, the former NEPO Chair, Councillor Allan; a member of the RIEP Collaborative Procurement Workstream, Barry Rowland; the Procurement Programme Manager, Diane Nielson; and the NEPO Appropriate Officer, Mike Barker was established to

oversee this project and also to guide the work of the consultants that were appointed to undertake the review.

- 2.5 A report has now been produced by the appointed consultant, Price Waterhouse Cooper, and has previously been circulated to NEPO members suggesting a range of option and initial recommendations from the Steering Group on;

- Governance and Consultation
- Operating Model
- Branding
- Scope
- Funding

- 2.6 A workshop was held for the NEPO Joint Committee members, (Hartlepool B.C. representatives Councillors Sutheran, Laffey and Payne) at Gateshead Civic Centre on 11 September 2009 to consider the options further and the comments from the workshop have also been circulated to Members.

### **3. PROPOSAL TO DEVELOP A MORE DETAILED BUSINESS CASE**

- 3.1 The Steering Group has met since the workshop to refine the options further and it proposes that a detailed business case should be developed to establish an organisation based upon the following:

3.2 Governance and Constitution

The principle issue under this heading considered in the review was whether it was necessary to set up a new limited company to take over the governance and management of collaborative procurement within the region, or whether it was possible to achieve the aims referred to in para 2.2 with a new delivery model overseen by a revised joint committee. The Steering Group considered that the joint committee model was preferable to the establishment of a new company. One of the principle reasons for this view is that when acting as company directors, elected members are legally obliged to act in the interests of the company, rather than in the interests of their authority. It also recognised the need to develop and improve the existing arrangements, particularly the need for a smaller and more strategic governing body. It therefore proposes an alternative option that seeks to combine the preferred elements of both joint committee and company board model. Further detailed work can then be undertaken to explore an improved joint committee structure which could be established in a number of ways, including the options set out below.

- a. Option 1: Membership comprises one member per authority, with this preferably being the executive member with responsibility for procurement/resources, or an appropriate 'procurement champion', or:
- b. Option 2: Continue with a joint committee comprising three members from each authority, but establishing an 'executive' sub-committee comprising one members per authority, with this being the executive member with responsibility for procurement/resources or an appropriate 'procurement champion'.

A new consultation would be developed to implement the revised governance arrangements, which would be the subject of a new joint agreement among all twelve member Councils.

### 3.3 Operating Model

The principle issue under this heading was whether to continue with existing operating arrangements, with the NEPO officer team 'embedded' within a host authority, or whether an enhanced and better resourced 'procurement unit', with its own separate management structure independent of the host authority, would be preferable. The Steering Group recognised the need for a significant improvement in the commitment and resources required to develop the organisation, and felt a local authority procurement unit, 'owned' by all member authorities equally, and more independent of its host authority, was the way forward. Whilst a host authority would still be necessary as the employing and contracting body. It would be 'invisible' to the member authorities, as the unit would be managed by a newly appointed Commercial Director, who would report directly to the joint committee (or its executive sub-committee). Support services that the unit required (e.g., payroll, legal, financial, etc.) could be provided by any of the member authorities, or provided in-house. This would lead to a more autonomous operating model with greater flexibility than the current management arrangements enable.

### 3.4 Branding

The Steering Group considered whether to keep the existing NEPO branding or re-brand and re-launch the new organisation. It is proposed that the existing branding be retained in the short term, until the new organisation is created (and the new Commercial Director is in post). The issue of branding would then be further reviewed in consultation with the NEPO Joint Committee.

### 3.5 Scope

There is a wide range of potential options in terms of the scope of the organisation, but in summary the Steering Group recognised that the



existing scope of NEPO should be extended to include further commodity areas for consideration for collaborative procurement, e.g. construction, social care etc. This could be delivered through a hub and spoke arrangement, in order to utilise expertise within individual authorities. It is also proposed that the organisation takes on the delivery of appropriate elements of the RIEP's Collaborative Procurement Programme, particularly those that require future management and maintenance e.g. the maintenance of the harmonised policies and documentation, where appropriate.

### 3.6 Funding

Further work is required to determine the actual level of funding required, but the Steering Group considered that it is likely that initial investment will be needed to establish the new organisation, however it is envisaged that within a short period of time the organisation would become self funding.

## 4. **OTHER CONSIDERATIONS**

- 4.1 A great deal of progress has been made with the review to date, however it is now necessary to agree some principles in order to move forward and create a more detailed business case, which will ensure that the new organisation achieves the objectives set out by the Joint Committee and is sustainable. The business case will be developed to include:

- a. clarity over roles and responsibilities;
- b. detailed organisational structures;
- c. cost and benefits to authorities;
- d. level of commitment required; and,
- e. an implementation plan.

Once completed, this business case will be presented back to the NEPO Joint Committee at a future meeting.

- 4.2 This report has been taken to the Portfolio Holder for Finance and Performance and Councillor Payne commented as follows:

- There is a need for flexibility in any collaborative approach to procurement
- Local Authorities need to be able to opt in and out of collaborative procurements
- It is important that local businesses are not disadvantaged by any future procurement strategy
- Three Members from each authority should continue on any Joint Committee to allow for inclusivity to the authority
- Costs needs to be considered carefully in the option appraisal

## **5. RISK AND FINANCIAL IMPLICATIONS**

- 5.1 Any new collaborative strategy, including the organisation to deliver it, may have initial and ongoing cost implications which will need to be considered in the option appraisal.
- 5.2 Whilst collaborative sourcing can bring savings through economics of scale, it can prevent risks to the smaller local businesses and therefore the local economy. A flexible approach to get the best deal for Hartlepool will be required.

## **6 RECOMMENDATIONS**

- 6.1 The Contract Scrutiny Committee is asked to note the current proposals and that a more detailed business case will be developed to provide greater clarity over the proposals based on the options provided in this report.

## **7. CONTACT OFFICER**

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