

AUDIT COMMITTEE AGENDA



Thursday 14 June 2012

at 1.00 pm

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

MEMBERS: AUDIT COMMITTEE:

Councillors C Akers-Belcher, Ainslie, Dawkins, Hall, Shields, Turner and Wells

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 16 May 2012 *(to follow)*
4. **ITEMS FOR DISCUSSION/DECISION**
 - 4.1 Role and Remit of an Audit Sub-Committee - *(Chief Solicitor, Assistant Chief Executive and Assistant Director, Resources)*
 - 4.2 Tenders for Passenger Transport and Design and Printing Services – *(Assistant Director, Resources)*
5. **ANY OTHER ITEMS WHICH THE CHAIR 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 item 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 Provision of Mentoring Services (Contract Ref: 604) – *Procurement and Category Manager (para 3)*

8. ITEMS REQUIRING DECISION

No items

9. ANY OTHER CONFIDENTIAL ITEMS WHICH THE CHAIRMAN CONSIDERS ARE URGENT

AUDIT COMMITTEE

14 June 2012



Report of: Chief Solicitor , Assistant Chief Executive and Assistant Director (Resources)

Subject: ROLE AND REMIT OF AN AUDIT SUB COMMITTEE

1. PURPOSE OF REPORT

- 1.1 To agree the role and remit and determine the future arrangements for the convening of a Sub Committee of the Audit Committee.
- 1.2 To consider the potential amendments to the Contract Procedure Rules in relation to electronic tenders as detailed in Section 4 of the report.

2. BACKGROUND

- 2.1 Following the recent approval of Council at its meeting held on 12 April 2012 in relation to the review of member support and community engagement it was resolved that the Contract Scrutiny Committee should no longer form part of the governance arrangements of the Council. However, the remit of this Committee would essentially transfer (other than where there was an element of duplication) to the Audit Committee. Further, that a Sub-Committee of Audit Committee would be created, amongst other matters, to open tenders. It was agreed that the Sub-Committee should consist of three Members of Audit Committee and that arrangements be confirmed at the first meeting of the Audit Committee.

3 POTENTIAL ROLE & REMIT

- 3.1 It is advised that the role and remit of such a Sub Committee could be as follows:-
 - to receive and examine tender lists
 - to open and record tenders
 - to periodically review its effectiveness and report its findings to the Audit Committee

- 3.2. As there is the potential for such a Sub-Committee to meet with some regularity it is suggested that membership be drawn from amongst the Audit Committee (covering at least two political groups) with a composition of three members, which is consistent with other Sub-Committees operating within the Council's governance arrangements. It is also suggested that the Sub-Committee be selected from amongst Audit Committee members of a fixed composition of 3 members. Where there may be a potential of a member having a conflict of interest it would be open to the Sub Committee to operate through the Council's Procedures relating to the use of substitutes. Based on current political balance calculations the make-up of the Sub Committee should be:-

2 Labour Members
1 Independent Member

4. ELECTRONIC TENDERS

- 4.1 The Council is moving towards seeking quotations and tenders via electronic means.
- 4.2 This is materially changing the way in which tenders are submitted and subsequently opened.
- 4.3 Previously the Contract Scrutiny Committee opened both written and electronic tenders at their fortnightly meetings, however, the complexity and length of time to open electronic tenders gives rise to the need for the Audit Committee to reconsider this matter. This would also include making recommendations to the Constitution Committee for amendments to the Contract Procedure Rules (and thereafter to full Council).
- 4.4 Using electronic tenders, including electronic auctions, does provide for a much more efficient tender process and much work has been done with the Council's suppliers to assist them in electronic submissions and changes to procurement procedures. Presentations have been given to the Hartlepool Business Forum and the Federation of Small Businesses as examples.
- 4.5 The Chief Solicitor and the Assistant Director (Resources) have considered a number of options and the former's experience with how the Fire Authority successfully handles such issues has been used as a guide.
- 4.6 It is suggested, therefore, that the Committee consider a number of possible changes to the Contract Procedure Rules as follows:-
- 4.6.1 That electronic tenders should be opened by a Chief Officer (or representative), a Member of the Procurement Team and the Chair of the Audit Committee / Sub-Committee (or nominee(s)) at his/her discretion. The results of the tender to be reported to the Audit Sub-Committee for formal receipt and recording in line with its remit.

- 4.6.2 That in the case of electronic auctions the Chair of the Audit Committee / Sub-Committee will be advised of the e auction event dates and times and arrangements made to accommodate him / her or his nominee(s) at the live auction event. E-auctions are expected to be used only on an occasional basis.
- 4.6.3 At an Audit Sub-Committee meeting, in advance of the e auction event, a report will be presented which explains the structure of the e-auction event and the evaluation criteria which will be implemented.
- 4.6.4 Following the e-auction event, a summary report will be compiled and presented to the next appropriate meeting of the Audit Sub-Committee so that the results can be formally received and recorded.
- 4.7 Audit Committee's considerations and recommendations for amendments to the Contract Procedure Rules to be submitted to Constitution Committee are welcomed.

5. **RECOMMENDATION**

The Committee is requested to:-

- (i) Approve the role/remit of the Audit Sub-Committee.
- (ii) Agree the proposed composition of the Audit Sub- Committee and consider nominations to the Sub-Committee.
- (iii) Consider the potential amendments to the Contract Procedure Rules in relation to electronic tenders as detailed in Section 4 of the report.

6. **CONTACT OFFICERS**

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AUDIT COMMITTEE

14 June 2012



Report of: Assistant Director (Resources)

Subject: TENDERS FOR PASSENGER TRANSPORT AND
DESIGN AND PRINTING SERVICES

1. PURPOSE OF REPORT

- 1.1 To confirm the processes agreed with the chair in relation to special arrangements necessary for dealing with Passenger Transport Services and Design and Print Services Framework Tenders.
- 1.2 The arrangements were required due to the time lapse between the first Audit Committee and the tender return dates and the complex nature of the tenders themselves (including coach and taxi services).

2. BACKGROUND

Passenger Transport Services

- 2.1 The Passenger Transport Tender includes the many routes that are required to deliver the Home-to-School transport service.
- 2.2 This is an electronic tender but is of a complex nature in relation to the number of providers, routes and combinations of "lots".
- 2.3 The tender will take the form of a two stage process the first being electronic submissions of expressions of interest, pre qualifying information and a base price for the different lots and routes a supplier might want to bid for.
- 2.4 The second stage is an electronic auction whereby those providers that qualify in the assessment at stage one will bid against other bidders for their chosen lots in a "live" situation in a fixed period of time. This process will take place over a number of days as there are a wide range of routes and combinations involved.
- 2.5 The e auction process has proved to have produced good results with competitive pricing in other Local Authorities. Stockton Borough Council are also following this methodology.

- 2.6 The Tenders were received on 25th May 2012 and needed to be progressed so that the Stage 1 assessment and preparations for e auction could be made. In addition there is a need to complete the selection process, meet successful tender and award contracts prior to the end of schools' summer term. 25 companies have applied for a combination of lots.
- 2.7 Due to the complex nature of the process the Chair agreed to officers opening the submissions after the closing date and to complete the Stage 1 assessment which will take until 14th June 2012.
- 2.8 The Committee is asked to endorse the Chair's action and to formally note receipt and record that tenders have been received from 25 companies as detailed in **Appendix 1**.
- 2.9 The e auction will be ran week commencing 25th June 2012 and in line with the Chair's agreement Members of the Committee are invited to attend Council Chamber on 26th June 2012 from 10am to 10.30am (coach services) and Committee Room B on 29th June 2012 at the same time (taxi services) to view the e auction "live".
- 2.10 Once completed the outcome of the e auction will be reported to the Committee so it can be formally received and recorded.

Design and Print Services

- 2.11 A large number of suppliers were expected to bid for a variety of design and print services that supplement other in-house print team's provision. This is also an electronic tender.
- 2.12 Due to the large number of submissions and the complex nature the Chair agreed to officers opening submission after the closing date and to commence assessment thereafter.
- 2.13 The Committee is asked to endorse the Chair's action and to formally note receipt and record that tenders have been received from 40 companies as detailed in **Appendix 2**.

4. FUTURE OPENING ARRANGEMENTS AND E TENDERS

- 4.1 As the number and complexity of e tenders increase it is proposed that the Committee will need to consider future arrangements and how these can be integrated with the remit of the Audit Sub Committee and the Council's Contract Procedure Rules. There is a report elsewhere on the agenda to consider these issues.

5. RECOMMENDATIONS

- 5.1 The Committee are requested to endorse the Chair's actions in relation to the special arrangements for the tenders.
- 5.2 The Committee are requested to formally receive and record the tenders submitted in relation to Passenger Transport Services as detailed in **Appendix 1**.
- 5.3 The Committee are requested to formally receive and record the tenders submitted in relation to Design and Print Services as detailed in **Appendix 2**.

6. BACKGROUND PAPERS

- 6.1 There are no background papers.

7. CONTACT OFFICER

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Passenger Transport Services

Tender submissions were received from the following companies

Name	Location
23 Taxis Ltd	Hartlepool
35 TAXIS	Hartlepool
Ace Executive Travel	Peterlee, Durham
Andrew Steel	Hartlepool
Big Yellow Taxi	Hartlepool
Brian Anderson	Hartlepool
Cameron Radio Taxis	Hartlepool
Catcote School Business & Enterprise College	Hartlepool
Compass Royston	Stockton-on-Tees
Croft Coach Travel	Middlesbrough
D Wass Taxi Services	Hartlepool
D.Moore Taxis	Hartlepool
David Mackay	Hartlepool
F.J.Hugill	Hartlepool
Hudsons Taxis	Hartlepool
Jeff Anderson Coaches Ltd	Chilton, Durham
JJs Taxi	Hartlepool
LP Travel Ltd	Langley Park, Durham
Manor West Community Transport Ltd	Hartlepool
P & E Coaches	Hartlepool
Paul's Travel	Hartlepool
Rainbow Coaches	Billingham,
Richardsons Coaches	Hartlepool
Royal Cars	Thornaby
Streamline Radio Taxis Limited	Hartlepool

Design and Print Services

Tender submissions were received from the following companies:-

Supplier Name	Location	LOT 1 - Print	LOT 2 - Print & Design
Ad3 Envelope Printers Limited	Leeds	✓	×
Alphagraphics	Stockton	✓	✓
Atkinson Print	Hartlepool	✓	✓
Blp (Northern) Limited	Newcastle	✓	×
Blumilk	Newcastle		✓
Cliffe Enterprise	Eastbourne	✓	×
Design & Print - Durham County Council	Durham	✓	✓
Designxpress Ltd	Durham	✓	✓
DTW Advertising and Marketing	Guisborough		✓
E & P Creative Limited	Middlesbrough		✓
Gateshead Print	Gateshead		✓
Govtoday	Manchester		✓
Gowise Print	Norwich	✓	
HASL	Hartlepool	✓	✓
HPM Limited	Newton Aycliffe	✓	✓
Ink Print Management Limited	Avon	✓	
Loricas Solutions Limited	Sunderland	✓	✓
M Media & Design Limited	Stockton		✓
Metromail Limited	Seaham	✓	
Mosaic (Teesdale) Limited	Durham		✓
MWA	Richmond		✓
Ords Group	Hartlepool	✓	✓
Paragon Services	Yorkshire	✓	
Potts	Cramlington	✓	✓
Press Ahead Media - Marketing & Communications Limited	Sunderland	✓	✓
PRINT.UK.COM	Slough	✓	
Q Design Limited	Middlesbrough	✓	✓
Reactive Design Agency Limited	Hartlepool		✓
Room for Design	Northallerton		✓
Sodus Limited	Leicestershire		✓
Spark Creative Design Limited	Hartlepool		✓

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SPD Limitedcd	Gateshead	✓	
Statex Print Northern Limited	Newcastle	✓	
Stonebrook Print & Design Services Limited	Newcastle	✓	✓
Teesprint	Middlesbrough	✓	✓
The Edward Thompson Group	Sunderland	✓	✓
The Point Design	Newcastle		✓
Twist Design	Middlesbrough		✓
Willow Printing and Design Limited	Merseyside	✓	✓
Xivvi Limited	Hartlepool	✓	✓

Prices submitted ranged from:-

Lot 1 – Print Only - Letterheads, envelopes, booklets and posters from £12,086 to £34,134

Lot 2 – Design only from £1,472 to £16,800

Lot 2 – Design and Print from £19,603 to £40,795