

USE OF CONTRACTORS WORKING PARTY

North West Leicestershire



Senior Scrutiny Officer: Keith Gordon (01530 454538)

Overview and Scrutiny
Committed to Improvement

Next meeting: 6.30 p.m. on 15 December 2009

Venue: Board Room, Council Offices, Coalville

The Monitoring Officer would like to remind members that when they are considering whether the following items are exempt information under the relevant paragraph under part 1 of Schedule 12A of the Local Government Act 1972 they must have regard to the public interest test. This means that members must consider, for each item, whether the public interest in maintaining the exemption from disclosure outweighs the public interest in making the item available to the public.

AGENDA

Item	Page
1. APOLOGIES FOR ABSENCE	-
2. DECLARATION OF INTERESTS	-
Under the Code of Conduct members are reminded that in declaring an interest you should make clear the nature of that interest and whether it is 'personal' or 'prejudicial'.	
3. USE OF CONTRACTORS – AN INTRODUCTION	3
The report of the Senior Scrutiny Officer.	
4. CONTRACTS – AN INTRODUCTION TO THE SUBJECT Presentation By Procurement And Partnership Manager	-

Circulation:
Councillor P Purver (Chairman)
Councillor V Richichi

Councillor A Saffell

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

USE OF CONTRACTORS WORKING PARTY – 15 DECEMBER 2009

The Use of Contractors – AN INTRODUCTION

Background

- 1 Councillor Meynell suggested an examination of *‘The extent to which out-sourced contractors are employed by the Council, their perceived benefits, resultant outcome(s) and costs, and the justifications for having them’*.
- 2 He explained that *“The reason I wish to examine this area is that there is a strong perception from the general public (not just confined to my ward or [North West Leicestershire]) that large and perhaps unnecessary sums are spent in hiring- in professional expertise that could possibly be handled in-house by our own staff. Furthermore, it is my deeply held suspicion that the cost/benefit equation is not being met, that the fees and charges submitted by these contractors and consultants are ‘top dollar’ & yet at best we receive only moderate outcomes.”*
- 3 A scrutiny examination of the employment of contractors and consultants will inform the Council’s future policy and decisions relating to contracts and ensure that good use is made of council resources.
- 4 Although there are differences between contractors and consultants, the concerns expressed above relate to both in the respect that they both represent employment of outside talent to supplement or replace the work of officers. Hereafter in this report, the word ‘contractor’ will refer to contractors and/or consultants.

Working party

- 5 The Corporate Scrutiny Committee established a three-member working party and appointed Councillors P Purver, V Richichi and A Saffell.

Terms of Reference

- 6 The Corporate Scrutiny Committee approved the Terms of Reference for the Working Party
- 7 The Working Party;
 - 7.1 Establish the policy (and legal) background against which the council employs contractors.
 - 7.2 Establish the extent to which the Council employs contractors.
 - 7.3 Examine the justifications for employing contractors.

- 7.4 Establish the perceived benefits, resultant outcome(s) and costs of the use of contractors
- 7.5 Ensure adequate arrangements are in place to monitor service delivery by contractors
- 7.6 Make recommendations for the improvement in the use made by the council of contractors, in the value for money achieved and the resulting outcomes.
- 7.7 Report by the meeting of the Corporate Scrutiny Committee scheduled to be held on 19 May 2010.

Issues

- 8 The following issues are suggested for the working party to address and no doubt, others will arise as the examination progresses.
 - 8.1 If it is accepted that there is wide public perception that local authority use of contractors is wasteful and under-productive it is reasonable to examine the situation and ensure that this is not the case in North West Leicestershire.
 - 8.2 As North West Leicestershire is a small council, it cannot expect to employ every expertise in-house. The use of contractors to some extent, in some form is therefore unavoidable. It is important that the use is necessary and offers value for money and efficiency.
 - 8.3 The working party should ensure that one section of the council does not employ contractors when suitable expertise and capacity is available economically elsewhere within the council and that consideration is given to provision of expertise within the council, or within partnership, where demand across the council or partnership merits it.
 - 8.4 The working party will require a clear idea of the number and scale of contractors employed and in which areas of the council. This data is available council-wide.
 - 8.5 Depending upon the numbers involved, the working party can identify a sample of appropriate contracts to make a closer examination of the process, examination of the adoption and compliance with the National Procurement Strategy, Small Business Friendly Concordat and the recommendations of the Roots Review.

Meetings

- 9 It is suggested that a number meetings are held;
 - 9.1 **First** Introduction to subject; Council wide data; process for contract; interview procurement; identify sample contracts for further examination (two or three maximum);

- 9.2 **Second** written reports – interview Internal Audit, possible interview service heads;
- 9.3 **Third** Possible interview service heads;
- 9.4 **Fourth** Collation of conclusions and recommendations

Written evidence

- 9.5 In addition to collation of appropriate council data, the working group could invite relevant services to submit written evidence to this examination. The following bodies could be suggested initially;
- 9.6 Corporate Director ; Internal Audit, Procurement
- 9.7 Heads of Service
- 9.8 Comparative data from other authorities
- 10 All responses and written submissions will be reported to meetings of the working party.

Witnesses

- 11 The working group will invite witnesses to attend a meeting to expand upon written submissions and answer members' questions. The working group or the chairman of the group can identify these witnesses for each meeting once written evidence has been received and the examination progresses.

Options

- 12 The working group could identify options for the future use of contractors and make appropriate recommendations.

Keith Gordon, Senior Scrutiny Officer
December 2009

Background Papers: Report to and minutes of the meeting of the Corporate Scrutiny Committee held on 17 November 2009. Available at <http://minutes.nwleics.gov.uk:81/aksnwleicester/users/public/admin/kab14.pl?operation=SUBMIT&meet=9&cmte=COS&grpId=public&arc=71> or on request.