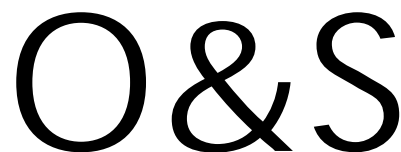


USE OF CONTRACTORS WORKING PARTY

North West Leicestershire



Senior Scrutiny Officer: Keith Gordon (01530 454538)

Overview and Scrutiny
Committed to Improvement

Next meeting: 6.30 p.m. on 3 March 2010

Venue: Council Chamber, 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. MINUTES	
To confirm minutes of meeting held on 2 February 2010	3
3. USE OF CONTRACTORS	
The report of the Senior Scrutiny Officer.	5
4. USE OF CONTRACTORS IN THE HOUSING SERVICE	
The Head of Housing will be in attendance	11

Circulation:

Councillor P Purver (Chairman)
Councillor V Richichi

Councillor A Saffell

USE OF CONTRACTORS WORKING PARTY MEETING MINUTES

Tuesday 2 February 2010 – 6.30 p.m.
Board Room

Attendees

Councillors

P Purver (Chairman)
V Richichi, and A Saffell.

In attendance R Woodward

Officers

Keith Gordon, Senior Scrutiny Officer

1. Apologies for Absence.

There were no apologies for absence.

2. Declarations of Interest

Councillor P Purver declared a personal and prejudicial interest as the employee of a company that undertakes a small amount of irregular contract work for the Council.

3. Use of Contractors

The Senior Scrutiny Officer presented information relating to Place Shaping and Service Transformation.

In referring to the use of sub-contractors, members sought confirmation of the controls exercised by the council of their standards. Members also sought confirmation of the council's ability to require successful bidders to use local workers and materials when possible.

Members wished to be assured that the council explored possible partnership arrangements with other authorities when instructing contractors/consultants.

Members noted the situation regarding information relating to Housing and Street Management. It was **AGREED** to invite the Head of Housing to the next meeting

It was **AGREED** that heads of department be asked to supply details of the consultants and contractors instructed and approximate costs; these details to be circulated to members of the working party to enable appropriate officers to be invited to the next meeting.

4. Date of Next Meeting

It was agreed that the next meeting be held on 3 March 2010
The meeting closed at 7.30 p.m.

LEGAL AND DEMOCRATIC SERVICES

MEMORANDUM

FROM: Jane Cotton - Legal Services Manager

Our ref: Is/exw

TO: Ketih Gordon, Senior Scrutiny Officer

Your ref: .

DATE: 17 February 2010

USE OF CONTRACTORS SCRUTINY EXAMINATION - EXTERNAL LEGAL ADVISORS

Why we use external advisors

Legal services budget for external legal advice in 2009/2010 is approx £31 K. Some legal work is also funded by clients, and in 2009/2010 the spend has been approximately £69k including £44k for the Packington Nook planning Inquiry.

The legal service only uses external Legal Advisors where the demand cannot be met in house. This is generally -

1. Where the advice required is of a highly specialised and generally high-risk area **and** there is no "in-house" suitable Legal expertise. In such cases specialist Barristers or solicitors are used. Recent examples include advice on complex and high risk planning matters (e.g. the Coalville Retail applications, the East Midlands Airport application and the River Mease SAC), or complex commercial land transactions.
2. To act as advocate for the Council in other complex or high risk contentious matters where there is no in house expertise eg planning inquiries (eg the Packington Nook inquiry) and complicated housing possession or anti-social behaviour cases. In such cases both parties usually use Barristers. However the Service does most of it's own advocacy including injunctions, appeals, trials and prosecutions.
3. Where there is in-house expertise but no capacity, AND the work can be paid for by 3rd parties, such as s106 work and some property work. In 2007-8 a new Legal Post was created to deliver this work in-house, to be funded by recovering the 3rd party fees. However, before a post holder could be recruited there was a significant drop in Property and Section 106 work (an impact from the recession) and so a risk that this post would not be cost neutral. Based on risk, a decision was made that this work should continue to be outsourced at no cost to the Council and the post was deleted. There is therefore, no inhouse capacity to carry out the Section 106 work, and no expertise to deliver the complex property work. The value of the work in 2009/2010 was £25k.

How we chose our advisors

The decision who to use is made jointly by Legal Services and the Client Service. Which expert to use can vary depending on the nature of the work, but can vary - for example nationally recognised QCs were used for the Coalville Retail applications, the East Midlands Airport application, and the River Mease issue (as the other parties were all using QCs and a less experience barrister would not have sufficient knowledge or expertise to effectively represent the Council against a QC.) In other cases local barristers or Solicitors with equivalent experience have been used and these are either procured using a Legal Framework Agreement (ensuring there has been a competitive procurement exercise) or 3 quotes have been obtained and the supplier is the cheapest, **or** the supplier offers a discount against market rates.

S:\Lega\Jane Cotton\Memo -ext work

SCHEDULE OF CONTRACTOR PAYMENTS 2007/08 AND 2008/09 - STREET MANAGEMENT

SERVICE	CONTRACTOR	2007/08		2008/09	
		AMOUNT	WORKS	AMOUNT	WORKS
Car Parks	Cuckoo Gap Ltd	£1,175	General maintenance	£3,246	General maintenance
	Highway Lighting & Signs	£1,382	Lighting maintenance	£6,417	Lighting maintenance
	Premier Road Surfacing Ltd			£10,034	Resurfacing - High St car park, Measham
Linden Way Depot	Airmec H2O Ltd	£150	Water/legionella testing		
	Porchester Electrical	£925	Provision of lighting to depot lorry park		
	Cuckoo Gap Ltd	£8,650	Improvements to car park entrance		
	Amdinistrator of TJ Riley Ltd	£20,963	Retention on new depot contract		
	Electract Ltd			£149	Electrical maintenance
Public Conveniences	R J Palmer	£3,660	Plumbing repairs/maintenance	£461	Plumbing repairs/maintenance
	Walter Moss & Son	£1,182	Buildings repairs/maintenance	£638	Buildings repairs/maintenance
	Airmec H2O Ltd	£711	Legionella testing		
	Baden Knifton Elec Services	£741	Electrical repairs/maintenance	£1,378	Electrical repairs/maintenance
	G Harrison (Buildrite) Leics Ltd	£26	Buildings repairs/maintenance		
	DSK Engineering Services Ltd			£150	Repairs to gates
Waste Management	Clovis Lande Associates Ltd	£15,660	Cover for recycling bay at depot		
	Cuckoo Gap Ltd			£40,237	Lorry park at Linden Way depot
	Cuckoo Gap Ltd			£13,640	Depot access road improvements
	Electract Ltd			£2,930	Electrical maintenance
Green Spaces	T H Heath Contracts Ltd	£1,195	Specialist mowing to Coalville urban forest park		

Coalville Memorials	Walter Moss & Son	£11,082	Building works to Clock Tower, Memorial Square		
	Baden Knifton Elec Services			£372	Elec. repairs to Memorial Square floodlights
Cemeteries (Special Exp area)	JNB Electrical	£172	Electrical repairs/maintenance		
	T & T Construction	£1,100	Resurfacing of footpaths	£6,900	Resurfacing of footpaths
	AW Last Ltd			£573	Gates, seats & litter bins
Parks & Rec Grounds (Special Exp area)	Airmec H2O Ltd	£3,453	Water/legionella testing	£1,619	Water/legionella testing
	Highway Lighting & Signs	£742	Owen Street rec ground - floodlights		
	JNB Electrical	£2,409	Electrical repairs/maintenance at pavilions	£170	Electrical repairs/maintenance at pavilions
	KSN Northage & Co Ltd	£76	Plumbing repairs/maintenance at pavilions		
	PLM Electrical	£325	Electrical repairs/maintenance at pavilions		
	AW Last Ltd	£544	External painting of pavilions		
	Hornseby Plant Hire Ltd	£2,543	Resurfacing of footpaths at Coalville park		
	Terry Storer	£2,725	Painting of playground equipment		
	Timber Link Fencing Ltd	£5,297	Fencing and gates at Whitwick park		
	Harvey & Clark Ltd	£5,152	Refurbishment of Whitwick park toilets		
	T & T Construction	£5,450	Millfield Rec Ground car park works		
	T & T Construction	£6,450	Driveway improvements at Owen St. Rec	£13,370	Resurfacing of footpaths at Coalville park
Glen Farroe Ltd			£715	Bowling green irrigation systems maintenance	
Cuckoo Gap Ltd			£5,973	Footpaths & landscaping to Cropston Drive play area	

Land Drainage	Cuckoo Gap Ltd		£2,924	Watercourse maintenance
Street Furniture	Cuckoo Gap Ltd		£217	General repairs
TOTAL		£103,940	£112,113	

All employed due to specialist skills not available within the Council

HOUSING - Performance and Business Support/Older Persons/Housing Management

Consultant / Contractor	Nature of work	Cost	Reason used	Comments
Tunstall Telecom	To undertake upgrading work to our on site Older Persons emergency call out system technology throughout the district to ensure this is compliant with digital telephone exchange technology (21CN programme)	£121,000	Existing technology is Tunstall supplied	The existing equipment was supplied and maintained by Tunstall, and following a competitive process they submitted the lowest tender for the work.
Housing Quality Network Ltd.	To undertake development of 30 year HRA Business Plan.	£10,000	HQN are market leaders in Housing Finance consultancy and have worked with the Council on various projects for over 5 years.	Provision of £30k was made in the 09/10 HRA budget to fund this work. The work has been undertaken at a significant saving on this, and is due to be completed in the next month.
Printsearch	Produce new and replacement rent payment cards.	£6,000	Lack of in house facilities/technology	To produce rent payment cards for tenants to use at post offices as part of the new payment system that was introduced when the Cash Office closed.
Jardine Lloyd Thompson	To provide Tenant's Content's Insurance cover.	£48,000	Provision of insurance cover is not a core business activity of the Council.	Costs are recharged to tenants for a weekly fee, with the Council obtaining an income in the form of a "management fee". The contract to supply this service has just been retendered and the new supplier from 1/4/10 will be offering equivalent cover the existing scheme at a significant reduction in costs to the tenant.

Jeff Sutton	To undertake Repairs business improvement review.	£5,000	Lack of in house expertise and resource.	Process mapping and Business Process Re-engineering (BPR) expertise used to redesign the responsive repairs process and streamline the delivery of the service.
Superclean	Undertake cleaning of all 14 Sheltered Housing Schemes.	£65,000	Most cost effective way to deliver the service	Service introduced when sheltered scheme Resident Warden were withdrawn in 2006. Residents had been use to an exemplary service from on site Resident Wardens due to the significant amount of their time that was available to undertake this work. The introduction of a best practice recommended output based specification (which did not stipulate the amount of time the contractor needs to be "on site") and a new contractor has been a source of concern for some residents, and we continue to seek a balance between service quality affordability, and contract compliance. The contract is currently being retendered and it is likely this will be undertaken in future though a County Council ESPO arrangement.

Housing Maintenance

Consultant/Contractors name	Nature of work	Costs 2009-10	Reason used	Comments
G Purchase Ltd	Approximately 20% of responsive and voids repairs, with the remaining proportion being undertaken by the Councils DLO.	£720,000	To manage the delivery of the responsive repairs and voids service and provide additional capacity for peak workload periods	Contract currently being retendered for start date in July 2010.
<u>Framework Agreement</u> G Purchase Ltd Seddon Frank Haslam Milan Leicestershire County Council (stair lifts)	Major Adaptations to disabled tenants homes following applications to us under the terms of the Aids and Adaptations policy.	£620,000	Represents the most effective and efficient way to deliver the required works to tenants homes.	09/10 budget includes capacity to clear backlog from 2005/06 onwards (now completed). Annual future allocation expected to be circa £200k.
Leicestershire County Council	Maintenance of Stair lifts installed as Aids and Adaptations to tenants homes – part of a cross County agreement via ESPO.	£26,000	Service Level Agreement with County Council Occupational Health Service.	
Dodd Group	Housing Planned Investment Programme 2009/10 - Re-wires and consumer units upgrades	£970,000	Represents the most effective and efficient way to deliver the required works to tenants homes.	Contractor selected following mini tender from the Fusion 21 framework agreement reflecting procurement best practice.

Apollo Group	Housing Planned Investment Programme 2009/10 - Roofing	£600,000	Represents the most effective and efficient way to deliver the required works to tenants homes.	Contractor selected following mini tender from the LHC framework agreement reflecting procurement best practice.
Wrekin Windows	Housing Planned Investment Programme 2009/10 - Replace windows with UPVC double glazing	£1,000,000	Represents the most effective and efficient way to deliver the required works to tenants homes.	Contractor selected following mini tender from the LHC framework agreement reflecting procurement best practice.
Plastel	Housing Planned Investment Programme 2009/10 - Replace front and rear doors to housing stock	£280,000	Represents the most effective and efficient way to deliver the required works to tenants homes.	Contractor selected following mini tender from the LHC framework agreement reflecting procurement best practice.
Seddon (Painting)	Contract for up to 7 year for Pre-paint repairs and painting/staining. Contract awarded in 2009.	£280,000	Represents the most effective and efficient way to deliver the required works to tenants homes.	Contractor selected following formal tender process and contract award approved by Cabinet/Council.
Kinetics	Annual gas appliance servicing.	£174,000	Represents the most effective and efficient way to deliver the required works to tenants homes	Contract originally held by Thorpete, who went into administration in 2009. Kinetics bought the company and took on the remaining months of the contract which is currently being retendered.
Elite	Annual solid fuel appliance servicing.	£57,000	Represents the most effective and efficient way to deliver the required works to tenants homes.	Contract currently being retendered with packaging options available for gas and solid fuel works to be bid for.

TecServe	Service and maintain fire and intruder alarms and emergency lighting.	£15,000	Lack of in house resource, due to specialist nature of units involved.	Various locations and offices throughout the District.
Cope Safety Management	Carry out role of CDM Co-ordinator under CDM Regulations for all projects and works requiring this level of supervision.	£32,000	Lack of in house resources, and flexibility of workload makes contracting out this work the most cost effective option, currently.	
Cresswells	Architectural Design – specifically for major external Adaptations and extensions	£10,000	Lack of in house resources, and flexible workload patterns makes contracting out this work more economical than undertaking it in-house.	
KSA	Structural Engineer – specifically for Measham Road Oakthorpe – to support coal mining related subsidence claims to Coal Authority	£2,500	Lack of in house resource and expertise.	KSA have been working with us on this ongoing monitoring and negotiation process for three years.

USE OF CONTRACTORS IN NORTH WEST LEICESTERSHIRE

TERMS OF REFERENCE

A Working Party;

- 1 Establish the policy (and legal) background against which the council employs contractors
- 2 Establish the extent to which the Council employs contractors
- 3 Examine the justifications for employing contractors
- 4 Establish the perceived benefits, resultant outcome(s) and costs of the use of contractors
- 5 Ensure adequate arrangements are in place to monitor service delivery by contractors
- 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 Report by the meeting of the Corporate Scrutiny Committee scheduled to be held on 19 May 2010*

*Following amendments to calendar of meetings, the working party will report to the meeting on 8 June 2010

Contractors used in Internal Audit in 2009/10:

RSM Tenon - £1,000 - conducting the Disabled Facilities Grant Audit - reason: staff absences

RSM Tenon - £2,000 - conducting Concessionary Travel Audit - reason: audit in partnership with other Leicestershire district councils

Consultant	Nature of work	Cost	Reason used	Comments
Arlingclose	Treasury Management Advisors	£9,000 pa	Expertise not available in house	Selected after competitive quotes
PWC	Accountants	£8,000	Expertise to advise on changes to accounting practice and financial reporting (SORP)	Selected after competitive quotes.
		£5,000	Expertise on implementation of International Financial Reporting Standards (IFRS)	Selected after competitive quotes.

Finance

Use of Contractors

Consultant/Supplier	Nature of work	Cost	Reason used	Comments
Service Contracts at HLC & HPLC				
Technogym	Gym/fitness equipment	£10,466	best contract	due 1st April 2010
PHS Group	Sanitary and waste disposal	£6,280	best contract	Contract renewal date June 2010
PHS Group	Hand dryers	£3,125	best contract	Contract ongoing
Hytrac Lifts	Lifts contract	£530	contract for lifts	Renewed Oct 2010 at HPLC & Mar 2011 at HLC
Complete Cooling Systems	Air conditioning	£2,850	contract for air conditioning	ongoing
ADT	Intruder Alarm, Fire Alarm system	£2,000	best contract	ongoing renewed HP Feb 10, renewal due HLC Dec 10
Dormer UK Ltd	Automatic doors	£880	best contract	ongoing renewed HP Jan 10, renewal due April 10 HLC
Airmec	Legionella testing & legionella risk assessmt	£3,980	best contract	ongoing renewal Feb & Aug 2010
Technical Surfaces	Ball court sweeps	£4,235	best contract	ongoing
Chubb (Initial Electronic Security)	Fire extinguishers testing	£1,435	best contract	ongong, renewal Oct 2010
Scan Coin	Coin counter	£660	best contract	contract terminated but will use as & when reqrd
Gladstone MRM	Tiles, software support & On line bookings	£7,700	contract with system	ongoing
BOC Ltd	Defib oxygen	£850	best contract	ongoing
Radio Protection Services	Pool Drown Alarm	£980	service contract	ongoing - renewal due April 2010
ATP Carpets	Carpets	?		replacing as and when required
Herbert Baggaley Construction	buildings works	?	Procurement	normally scheduled works
Roc Sol Construction	buildings works	?	Procurement	normally scheduled works
J Tomlinson	buildings works		Refurbishment	normally scheduled works
Alf Wright & Sons	decorating works	?	Procurement	normally scheduled works
Service contracts used at HPLC				
Hamworthy Heating	Hamworthy Boiler Service	£1,750	contact with boiler	Due Oct 2010
Granada Microcare	Telephone system	£700		ongoing renewal Aug 2010
Quadrant	CCTV rental, maintenance & monitoroing	£800	best contract	ongoing renewal April 2010
ADT	Redcare	£250	best contract	ongoing renewal Sept 2010
Instyle	Spinning bikes	£230	best contract	renewal due July 2010
Calbarrie Ltd	Portable Appliance testing	£250	best contract	renewal due July 2010
Siemens	Heating & AC control system	£2,050	best contract	renewal due Aug 2010
Mood Media	fitness room music system	£500	best contract	renewed Jan 2010
Trampoline Promotiions	Trampoline service	£175	best contract	renewal due April 2010
Evac Chair	Evacuation chair service	£80	best contract	ongoing - renewal due May 2010
Acorn Mechanical	Outdoor pool boilers	£470	best contract	ongoing - renewal due April 2010
Sunrise	Disabled hoist	£290	service contract	ongoing - renewal due April 2010
Forge Leisure	Pool cover x 2	£490	service contract	ongoing - renewal due April 2010
GE Capital	Polyvend selection machine	£634	service contract	ongoing
Cadbury	Vending machine	£245	service contract	ongoing
Direct Electrical Supplies	electrical repairs to equipment			as and when required
Merisons	Outdoor pool works	£800	required maintenance	as and when required

Use of Contractors

Consultant/Supplier	Nature of work	Cost	Reason used	Comments
Services contracts at HLC				
PHS Group	Dust Mats (at HLC)	£200	service contract	ongoing - renewal due April 2010
Portakabin	Portakabin hire	£2,509	service contract	ongoing
Pow Wow	Mains water cooler	£290	service contract	ongoing
Flowrod	Drains serice contract	£560	service contract	ongoing
Maestro International ltd	Water coolers	£670	service contract	ongoing - renewal due Nov 2010
ADT	CCTV	£325	service contract	ongoing
Parkers Electrical (Malcolm Elec)	Public entertainment licence inspections	£525	service contract	ongoing
Planet Platforms	Cherry picker	£470	service contract	ongoing
Neopost	Franking machine	£271	service contract	new contract from Jan 2010 best option
BT	back up line	£1,700	service contract	ongoing
Environmental Services	Flourescent tube disposal	£375	service contract	ongoing
Sunbed Association	Sunbed Affiliation	£90		ongoing, renewal due Dec 2010
ENER.G	Combined Heat & Power Unit	£7,700	service contract	ongoing, renewal due Jan 2011
ESG Controls	Pool air handling unit	£1,000	service contract	ongoing, renewal due Dec 2010
Munters	Pool dehumidifer	£1,050	service contract	ongoing, renewal due Mar 2011
CSS	Granudos unit	£1,340	service contract	ongoing, renewal due Mar 2011
Wellman Robey	Boilers	£990	service contract	ongoing, renewal due Mar 2011
Dalesauna	steam room	£550	service contract	ongoing, renewal due Mar 2011
Arjo	Pool hoist	£210	service contract	ongoing, renewal due Mar 2011
Quality Water Company	Water softener	£730	service contract	ongoing, renewal due Mar 2011
Autodosing Ltd	dishwasher	£250	service contract	ongoing, renewal due July 2010
Options Management	Hot drinks machine	£365	service contract	ongoing, renewal due Dec 2010
Coca Cola	Machine rental	£315	service contract	ongoing, renewal due Mar 2011

Use of Contractors Working Party

3 March 2010

Responses to matters raised at last meeting

- Q1 Members referred to a couple of contracts let to companies who were based some distance from this area, while recognising that the council cannot restrict contracts based on geographical location, is it possible for our contracts to include a clause requiring contractors to use local workers and materials wherever possible?
- A1 No, we are not able to do this. There are instances where labour is a specific part of the contract to require them to train a percentage of long term unemployed.
- Q2 When considering appointing contractors or consultants, particularly where does the council first consider whether existing staff could receive additional training to be able to undertake the work (the reason given for appointing a large number of the contracts was 'lack of in-house expertise')? We recognise that in this would not always be practical or cost effective.
- A2 When the need is identified, this is often considered prior to developing the specification and if felt appropriate would be included there. This was considered when we commissioned Energy Performance Consultants, whether to transfer skills to in house staff.
- Q3 Does the council also consider that if not practical to employ a specialist solely in NWLDC that it might be possible to employ one across a number of authorities?
- A3 We undertake a number of collaborative contracts not just for consultants. There is a framework contract in place for second tier consultants tendered by Leics City and Northants for the East Midlands, which is in some ways sharing expertise. With Shared Services, there is often the consideration of shared consultancy to undertake similar pieces of work, or sharing a joint piece of work.