

## On Good Terms!



### A Corporate Scrutiny Committee Working Party Report on the Use of Contractors

July 2010

*Final Report, together with written evidence*

## Use of Contractors Working Party



***Cllr P Purver  
Chairman***



***Cllr Richichi***



***Cllr Saffell***

The council's scrutiny committees examine, in detail, selected areas of the council's work, responsibilities and policies.

The aim is to find out if there are ways in which the council could be doing things better and to influence national issues.

This report is the result of an examination of a particular subject. It sums up how the scrutiny committee carried out the examination, its findings and considerations, conclusions and recommendations for any improvements.

## Contents

<b>SUMMARY, CONCLUSIONS AND RECOMMENDATIONS</b> .....	<b>5</b>
<b>BACKGROUND</b> .....	<b>7</b>
<b>AREAS OF WORK</b> .....	<b>7</b>
<b>EVIDENCE GATHERING</b> .....	<b>7</b>
BACKGROUND EVIDENCE .....	7
ORAL EVIDENCE .....	8
<b>ISSUES CONSIDERED</b> .....	<b>8</b>
CONTRACT PROCESS .....	8
DIRECT EMPLOYMENT .....	8
LOCALISM .....	9
<i>Distance</i> .....	9
<i>Environment</i> .....	9
<i>Employment</i> .....	9
<i>Business Awareness</i> .....	9
CAPACITY.....	9
OTHER ISSUES .....	9
CONCLUSIONS .....	10
<i>Process</i> .....	10
<i>Localism</i> .....	10
<i>Environment</i> .....	10
<i>Awareness</i> .....	10
<i>And Finally</i> .....	10
<b>RECOMMENDATIONS</b> .....	<b>10</b>
<b>APPENDICES - EVIDENCE</b> .....	<b>13</b>
LIST OF WITNESSES.....	13
<i>Tuesday 15 December 2009</i> .....	13
<i>Wednesday 3 March 2010</i> .....	13
<i>Tuesday 13 July 2010</i> .....	13
LIST OF WRITTEN EVIDENCE .....	13



## Summary, conclusions and recommendations

The Corporate Scrutiny Committee, in response to a Member suggestion to consider the Council's use of contractors appointed Councillors P Purver, V Richichi and A Saffell to the Use of Contractors Working Party.

The working party had benefit of written evidence and oral evidence from Council Members and officers, a number of local community groups and members of the public.

The evidence we heard and a useful and informative discussion.

We would like to thank all those who have helped us with our work, particularly Viv Bolland, Procurement and Partnership Manager and Chris Lambert, Head of Housing and his team who attended our meetings.

Helped by all the evidence before us, we have been able to examine the Council's procurement process in detail.

We feel able to dispel the perception that the Council does not achieve value for money with its contracts.

We would recommend that,

**R1. The Corporate Scrutiny Committee notes that the working party has examined the Council's procurement and contracting process and found it to be robust.**

We would like to see more Council contracts involving local businesses, workers and materials and were pleased that the Council arranges events to inform local businesses of the opportunity to tender for council contracts and familiarise them with the process involved.

**R2. The Council continues efforts to ensure that local businesses are aware of opportunities to participate in the Council's contracting process.**

We would also like to see local businesses and suppliers involved to reduce the environmental impact of the Council's contracts. To this end, we would recommend that the Council follows the work undertaken by EMDA with a view to incorporating appropriate terms within future contracts.

**R3. The Council pursues the work undertaken by EMDA relating to the possible inclusion of environmental impact criteria in contracts**

We feel that we have completed the work for which the working party was established and present this report and recommendations.

**4. The Corporate Scrutiny Committee dissolves the Use of Contractors Working Party**



## Background

1. At a meeting held on 17 November 2009 the Corporate Scrutiny Committee considered the Council's use of contractors, a topic suggested by Councillor C Meynell.
2. Councillor Meynell suggested that there was a perception locally and nationally that councils did not achieve good value for money from their use of contractors
3. In response, the Corporate Scrutiny Committee appointed Councillors P Purver, V Richichi and A Saffell to a Use of Contractors Working Party.

## Areas of Work

4. We have referred to the council's Constitution and Contract procedure Rules and received evidence from officers in order to;
  - a. Establish the policy (and legal) background against which the council employs contractors,
  - b. Establish the extent to which the Council employs contractors,
  - c. Examine the justifications for employing contractors,
  - d. Establish the perceived benefits, resultant outcome(s) and costs of the use of contractors,
  - e. Ensure adequate arrangements are in place to monitor service delivery by contractors,

- f. Consider improvement in the use made by the council of contractors, in the value for money achieved and the resulting outcomes,
- g. Report to the meeting of the Corporate Scrutiny Committee on 19 May 2010<sup>1</sup>

## Evidence Gathering

5. We met on five occasions, received written evidence and heard from a number of witnesses.
6. All the evidence and papers relating to our meetings are available on the Council's website or on request.

## Background evidence

7. In preparation for our meetings, we were able to read the Council's Constitution and Contract Procedure Rules.
8. We asked each Council department to provide details of contractors employed.
9. We feel that, from the data received, we were able to assess the extent to which the Council employs contractors and for what purposes.
10. We invited relevant officers to attend meetings to enable us to explore specific areas of work further.

---

<sup>1</sup> Due to the need for an additional meeting of the working party for clarification of evidence, we shall now submit the report to a meeting on 21 September 2010.

## Oral Evidence

11. For our first meeting, we received an introductory report and a presentation by Viv Bolland, Procurement and Partnership Manager covering the contracting process that set the scene for the examination.
12. We were interested to hear of the procedures followed in letting contracts, the advantages of purchasing in partnership and the setting of criteria and performance levels<sup>2</sup>.
13. We were interested also to hear of the way in which the Council is able to ensure that local businesses are aware of opportunities for them to tender for Council contracts<sup>3</sup>.
14. Chris Lambert, Head of Housing told us of the re-letting process for the housing responsive repairs contract
15. He recognised the benefits of an efficient and effective procurement service that gives confidence to those responsible for employing contractors that they let contracts correctly and offer good value to the Council.
16. All of our witnesses were constructive and helpful to our examination.
17. We would like to thank all those who gave us evidence.

---

<sup>2</sup> Source: Evidence, Viv Bolland, Procurement and Partnership Manager

<sup>3</sup> Source: Evidence, Viv Bolland, Procurement and Partnership Manager

## Issues Considered

### Contract Process

18. We studied at length the processes through which the Council lets contracts.
19. There are internal requirements to ensure good governance and regulatory requirements ensuring that the Council lets contracts fairly<sup>4</sup>.
20. The Council is subject to regulation more tightly, in how it lets contracts than the private sector<sup>5</sup>.
21. We feel that this has contributed to some misconceptions regarding the process.

### Direct Employment

22. We looked further at occasions when services were employing, on a number of occasions, consultants in the same field.
23. We wondered whether the Council could obtain better value by direct employment in-house.
24. In fact, consultants are frequently specialists and a different specialism within the same discipline is often required<sup>6</sup>.
25. This restricts the viability of direct employment.
26. We feel that the Council should explore the opportunity for shared

---

<sup>4</sup> Source: Evidence, Viv Bolland, Procurement and Partnership Manager

<sup>5</sup> Source: Evidence, Viv Bolland, Procurement and Partnership Manager

<sup>6</sup> Source: Evidence, Written evidence from all departments

employment with other authorities for appropriate skills.

### Localism

#### Distance

27. We were concerned that materials and workers employed on Council contracts travelled considerable distances to the place of work<sup>7</sup>.
28. Our concerns related to both a wish to support local businesses, particularly smaller businesses, and the environmental impact of these journeys.
29. We recognise the contract requirements that restrict the Council's ability to limit the location of suppliers or contractors to the local area.
30. Indeed, those tendering might have local depots from which they service the contract<sup>8</sup>.

#### Environment

31. We welcomed the work that EMDA<sup>9</sup> is undertaking exploring the inclusion of environmental impact within contract criteria<sup>10</sup>.

#### Employment

32. We would like to see a requirement for contractors to employ local workers included in contracts, where this is possible.

---

<sup>7</sup> Source: Evidence, Written evidence from all departments

<sup>8</sup> Source: Evidence, Viv Bolland, Procurement and Partnership Manager

<sup>9</sup> East Midlands Development Agency

<sup>10</sup> Source: Evidence, Viv Bolland, Procurement and Partnership Manager

### Business Awareness

33. The Council holds information events to let local businesses know of the opportunities to tender for Council contracts and to make them aware of the process required<sup>11</sup>.
34. We welcome this; it is helpful to local business and we would like to see these events continue.

### Capacity

35. The housing responsive repairs contract was an example of a contractor employed to absorb the variable demand above the capacity of the council employed DLO<sup>12 13</sup>.
36. We welcome this approach and feel it offers the Council maximum control over the contract while maintaining a flexible capacity to meet a demand led service.

### Other Issues

37. During our discussions, Members raised other issues relating to the housing responsive repairs contract.
38. These issues include response times and the quality of work, particularly involving subcontractors.
39. We feel that these issues were outside the remit of this working party and the Senior Scrutiny Officer will refer the comments to

---

<sup>11</sup> Source: Evidence, Viv Bolland, Procurement and Partnership Manager

<sup>12</sup> Direct Labour Organisation

<sup>13</sup> Source: Evidence, Chris Lambert, Head of Housing

the Responsive Repairs Working Party that is due to start work in the near future.

40. We are happy that the issues will receive the appropriate attention in this manner.

## Conclusions

### Process

41. Having examined the contract process within the Council we find it robust and fair.
42. We were pleased to receive comments that the procurement process gave heads of department a confidence that contracts complied with necessary regulatory requirements without introducing unnecessary burdensome bureaucracy<sup>14</sup>.
43. We feel able to dispel the perception to which Councillor Meynell referred that the Council does not achieve value for money with its contracts.

### Localism

44. While recognising the need for compliance with contracting regulation, we would like to see local businesses benefiting from Council expenditure providing that this also can offer value for money for the Council.

### Environment

45. Again, we recognise the need to ensure that the Council's tendering process is open to all, we feel that transportation of materials or

workers over larger than necessary distances has an adverse environmental impact.

46. Where possible Council contracts should require employment of local workers and use of locally produced materials.

### Awareness

47. Local businesses, particularly smaller businesses, could find the Council's contracting process daunting.
48. We welcome the efforts made to inform local businesses and feel that the Council should maintain and advertise these more widely.

### And Finally ...

49. We feel that we have completed the remit given to us and that the working party completes its work in presenting this report containing our recommendations.

## Recommendations

50. The Working Party recommends that;
  1. The Corporate Scrutiny Committee notes that the working party has examined the Council's procurement and contracting process and found it to be robust,
  2. The Council continues efforts to ensure that local businesses are aware of opportunities to participate in the Council's contracting process,
  3. The Council pursues the work being undertaken by EMDA relating to the possible inclusion of environmental impact criteria in contracts,

---

<sup>14</sup> Source: Evidence, Chris Lambert, Head of Housing

4. The Corporate Scrutiny Committee dissolves the Use of Contractors Working Party.
- 

### **Use of Contractors Working Party**

July 2010

Contact:

Keith Gordon

Senior Scrutiny Officer



## Appendices - Evidence

### *List of Witnesses*

#### **Tuesday 15 December 2009**

**Viv Bolland**, Procurement and Partnership Manager, North West Leicestershire District Council

#### **Wednesday 3 March 2010**

**Amanda Harper**, Head of Housing Management, North West Leicestershire District Council

**Chris Lambert**, Head of Housing, North West Leicestershire District Council

**Andy Nickels**, Housing Maintenance Service Manager, North West Leicestershire District Council

**Emma Sparkes**, Service Manager - Performance & Business Support, North West Leicestershire District Council

#### **Tuesday 13 July 2010**

**Viv Bolland**, Procurement and Partnership Manager, North West Leicestershire District Council

### *List of Written Evidence*

1. North West Leicestershire District Council Constitution incorporating Contract Procedure Rules <http://www.nwleics.gov.uk/pages/constitution>
2. Reports presented to meetings of the working party and minutes of its meetings can be found at [http://www.nwleics.gov.uk/pages/scrutiny\\_completed\\_examinations](http://www.nwleics.gov.uk/pages/scrutiny_completed_examinations)