

On Good Terms!



**A Corporate Scrutiny Committee Working Party Report on the
Use of Contractors
Record of Meetings**

July 2010

Contact:
Keith Gordon
Senior Scrutiny Officer
North West Leicestershire District Council
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USE OF CONTRACTORS WORKING PARTY

North West Leicestershire



Overview and Scrutiny
Committed to Improvement

Senior Scrutiny Officer: Keith Gordon (01530 454538)

Next meeting: 6.30 p.m. on 13 JULY 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	-
Members are reminded that under the Code of Conduct, 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 18 May 2010	3
4. PROCUREMENT	-
The Procurement and Partnership Manager will respond to questions and provide clarification for Members.	
5. USE OF CONTRACTORS	-
To consider evidence, conclusions and recommendations.	

Circulation:
Councillor P Purver (Chairman)
Councillor V Richichi

Councillor A Saffell

USE OF CONTRACTORS WORKING PARTY MEETING

MINUTES

Tuesday 18 May 2010 – 6.30 p.m.
Council Chamber

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. Minutes

The meeting noted the minutes of the meeting held on 3 March 2010 as a correct record.

4. Use of Contractors

The Senior Scrutiny Officer presented a summary of the evidence received by the working party.

During discussion Members expressed concerns relating to;

- The basis of the percentage of work undertaken by the Direct Labour Organisation (DLO) and ensuring that use of the contractor is only to fulfil the demand that the DLO cannot.
- Consideration of the environmental implications on awarding contracts to distant contractors
- Possible reduced prices to obtain contracts, that were later increased
- Ensuring that the Council was not too 'risk adverse' and followed closely and did not go beyond the legal requirements when letting contracts

Members felt that it was necessary to extend the original timetable for the examination to fulfil the remit of the working party and requested that the Procurement and Partnership Manager be invited to a future meeting of the Working Party to assist Members and respond to some of the matters discussed. Members

also requested further information relating to the identification of contractors used by service and the length of each contract detailed.

During discussion, Members referred to several matters relating to the housing repairs contract that were without the scope of the working party. Members were advised that some of these matters could be drawn more appropriately to the attention of the forthcoming Housing Repairs Working Party.

The meeting closed at 7.30 p.m.

USE OF CONTRACTORS WORKING PARTY MEETING MINUTES

Tuesday 13 July 2010 – 6.30 p.m.
Council Chamber

Attendees

Councillors

P Purver (Chairman)
V Richichi, and A Saffell

Officers

Vivien Bolland, Procurement and Partnership Manager, Keith Gordon, Senior Scrutiny Officer

1. Apologies for Absence.

There were no apologies for absence.

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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. Minutes

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4. Procurement

The Procurement and Partnership Manager responded to questions posed by Members by way of clarification of evidence received by the working party.

In response to Members' questions the Procurement and Partnership Manager confirmed that;

- Work under the housing repairs contract was allocated between the contractor and the Direct Labour Organisation (DLO) on a basis of time and that use of the contractor was only to fulfil the demand that the DLO cannot.
- Although contract regulation prevents preference being given to local contractors attention can be given to the management of the environmental impact of the fulfilment of the contract. Distant contractors might deliver the contract through a local office or the use of local workers.
- Provision for variation of the contract is made within the original contract to prevent unforeseen advantage being taken of changes to the contract.
- A balance is necessary between bureaucratic adherence to risk aversion and ensuring value for money for public money. Checks are made on tendering companies consistent with the size and risk of the contract.
- The Council does not have a list of preferred suppliers but does develop

partnerships and does notify known suppliers of forthcoming contracts to ensure that they are aware of opportunities.

During general discussion, Members considered themes conclusions and recommendations arising from the work of the working party. The Senior Scrutiny Officer undertook to prepare a draft report based upon these discussions and circulate to members for approval.

The meeting closed at 7.30 p.m.

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North West Leicestershire



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Council Chamber

Attendees

Councillors

P Purver (Chairman)

In attendance R Woodward

Officers

Keith Gordon, Senior Scrutiny Officer, Amanda Harper, Head of Housing Management, Chris Lambert, Head of Housing, Andy Nickels, Housing Maintenance Service Manager and Emma Sparkes, Service Manager - Performance & Business Support

1. Apologies for Absence.

Apologies for absence were received from Councillors V Richichi, and A Saffell.

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Arising from the minutes the Senior Scrutiny Officer referred to responses to questions raised at the previous meeting circulated at the meeting.

A member referred to perceived benefits of employing local contractors including employment during difficult financial times. The Head of Housing informed members that the contract process and fixed cost contracts ensured that the Council achieved the best value for money.

4. Use of Contractors

The Senior Scrutiny Officer presented information relating to Legal Services, street Management, internal Audit, Finance and Leisure. He reminded the meeting of the working party's terms of reference and the progress made in meeting them.

In response to Members' questions, the representatives of the Housing Service informed the meeting that;

- Housing repairs were largely covered by council employees but in order to deal with the variation in demand for repairs a contractor was used to cover

the work beyond the capacity of the Direct Labour Organisation (DLO). The DLO currently covered about 80% of the work. Officers were currently exploring ways of increasing that percentage while retaining the flexibility of the use of a contractor.

- It is not always possible to complete necessary works in one visit but this is done whenever possible.
- While every attempt is made to make appointments convenient to the tenant for work to be done, this is not always possible. Officers are investigating ways to improve the appointment system.
- A stock condition survey of 30% of the housing stock was used to indicate work needed across the stock. Extrapolation from the 30% was not always accurate and unnecessary work was occasionally scheduled and not identified as unnecessary until a site visit took place. As additional data was collated the stock condition database and work scheduling became more accurate.

The Head of Housing recognised the benefits of an efficient and effective procurement service that gave confidence to those responsible for employing contractors that contracts were correctly let and offered best value to the Council.

Members' paid tribute to the respect with which the Housing Service received queries from Members and the helpful way in which staff responded.

The meeting closed at 7.35 p.m.

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The Head of Housing will be in attendance	

Circulation:
Councillor P Purver (Chairman)
Councillor V Richichi

Councillor A Saffell

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:I Lega V 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

Finance

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.

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.

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- It is not always possible to complete necessary works in one visit but this is done whenever possible.
- While every attempt is made to make appointments convenient to the tenant for work to be done, this is not always possible. Officers are investigating ways to improve the appointment system.
- A stock condition survey of 30% of the housing stock was used to indicate work needed across the stock. Extrapolation from the 30% was not always accurate and unnecessary work was occasionally scheduled and not identified as unnecessary until a site visit took place. As additional data was collated the stock condition database and work scheduling became more accurate.

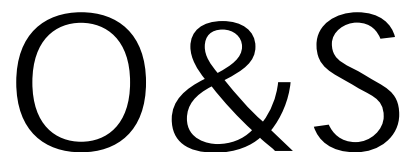
The Head of Housing recognised the benefits of an efficient and effective procurement service that gave confidence to those responsible for employing contractors that contracts were correctly let and offered best value to the Council.

Members' paid tribute to the respect with which the Housing Service received queries from Members and the helpful way in which staff responded.

The meeting closed at 7.35 p.m.

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 2 February 2010

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.

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3. MINUTES	
To confirm minutes of meeting held on 15 December 2009	3
3. USE OF CONTRACTORS	
The report of the Senior Scrutiny Officer.	7

Circulation:
Councillor P Purver (Chairman)
Councillor V Richichi

Councillor A Saffell

USE OF CONTRACTORS WORKING PARTY MEETING MINUTES

Tuesday 15 December 2009 – 6.30 p.m.
Board Room

Attendees

Councillors

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

Officers

Viv Bolland, Procurement and Partnership Manager, 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 – An Introduction

The Senior Scrutiny Officer outlined the proposed work plan for the working party.

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. Contracts – An Introduction to the Subject

The Procurement and Partnership Manager gave a presentation (copy attached as Appendix 1).

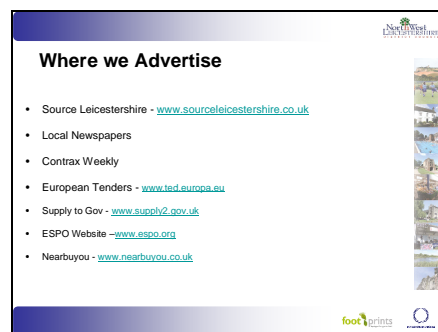
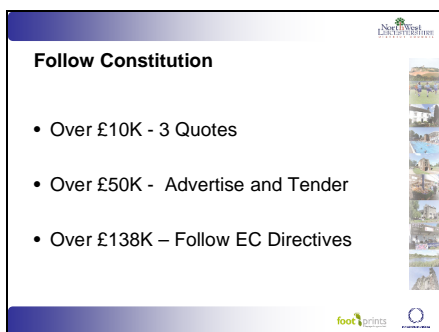
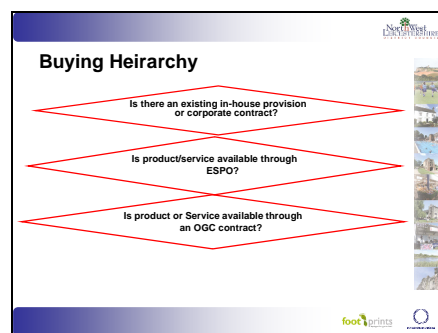
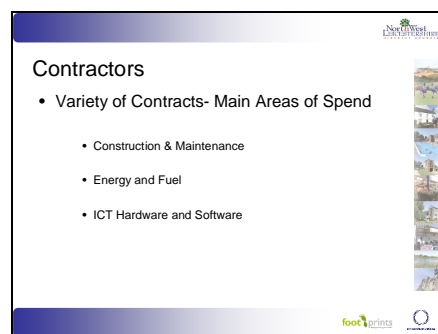
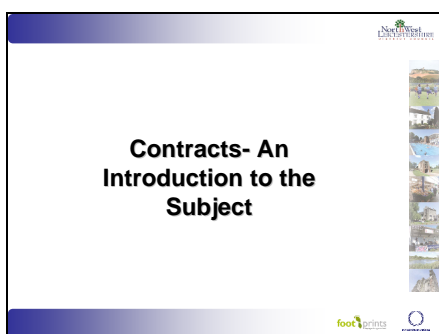
Members noted the procedures followed in letting contracts, the advantages of purchasing in partnership and the imposition of criteria and performance levels.

Members expressed interest in means by which local businesses can be made aware of opportunities for them to tender for council contracts.

The meeting closed at 8.00 p.m.

Contracts – An Introduction to the Subject

A presentation by Viv Bolland, Procurement and Partnership Manager



Tender Process –

- Pre tender meeting
- Advert
- Pre Qualification
- Tender
- Evaluation- MEAT
- Approvals
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How We Ensure Quality & Price

- Evaluation Criteria
- Setting out our priorities
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ICT Hardware, Software

- OGC e Auction- PC hardware
- OGC/ ESPO/ NHS PASA - software

Supplier Development

- Workshop in May to explain the tendering process and offer suppliers help in gearing up to deliver Public Sector Services

Achievements

- Energy 12K
- Energy Perf Certs 24K
- PC's 13K
- HPIP 800K
- Agency 24K
- Paper 2K
- Insurance 70K

Questions?

Place Shaping

Consultant	Nature of work	Cost	Reason used	Comments
Baker Associates	Undertake Strategic Environmental Assessment/Sustainability appraisal to support core Strategy	£5,225	Lack of in house expertise and resource	
Baker Associates	Undertake Habitats Regulations assessment in support of Core Strategy	£2,735	Lack of in house expertise	
WSP Development and Transport	To undertake transport assessment work to support core Strategy using PTOLEMY model	£48,200	Lack of in house expertise and PTOLEMY model specifically developed by Highways Agency to assist Local Authorities in preparation of Local Development Frameworks	
Three Dragons and Roger Tym and Partners	To undertake Affordable Housing Viability study to inform Core Strategy	£10,000	Lack of in house expertise	This work was commissioned jointly with 4 other authorities in Leicestershire. The cost reflects NWLDC contribution
TEP	Landscape Character Assessment to inform Core Strategy	£20,118.75	Lack of in house expertise	
Water Cycle Study	Entec to inform Core Strategy	£19,765.69	Lack of in house expertise	
Roger Tym and Partners	Partial review of Employment Land Study as part of Core Strategy	£9,605	Lack of in house expertise	

Atkins*	Strategic Flood Risk Assessment as required by PPG25 and to inform Core Strategy	£14,967	Lack of in house expertise	
IT Power	Climate Change study to inform Core Strategy	£6,000	Lack of in house expertise	This work was commissioned jointly with 6 other authorities in Leicestershire. The cost reflects NWLDC contribution
Roger Tym and Partners	Update of Retail Capacity Study to inform Core Strategy	£6,500	Lack of in house expertise	
Reed Construction and Property	Site assessments to inform Strategic Housing Land Availability Assessment	£5,236.50	Lack of in house resource at the time	
TCCS (Tony Vincent)	Assisting with work associated with regeneration of Coalville Town Centre	£54,904.34	Lack of in house resource at the time	
SLJ Solution*	To check draft Business Directory	£750	Lack of in house resource at the time	Production of Business Directory committed prior to January 2008.
EW Consulting	Interim Head of Place Shaping	£53,314	Delays in restructure and recruitment process	
EW Consulting	Parish Council training	£1,000	Lack of resource	
The Millward Partnership	Checking of structural calculations and occasional dangerous structures advice	£4-6k per year		
Resolution Ltd	Occasional maintenance of Submit-a-Plan (on line submission system) outside of contract terms	max £1000/yr		Excluding software updates to the system
JB Tool Hire	Provision of HERAS fencing at dangerous structures	£2000 per year		Recharged to owner of property

Prince's Foundation for the Built Environment	Production of Coalville Regeneration Strategy	£50,000		Grant received from EMDA
Roger Tym and Partners	Retail impact assessments in Coalville and Ashby	??????	Lack of in house expertise	
Barton Willmore	Retail impact assessment , Coalville	??????	Lack of in house expertise	
Saville Bird Axon	Transport assessment, Coalville	??????	Lack of in house expertise	
Rupert Taylor	Noise consultant for East Midlands Airport runway extension application	??????	Lack of in house expertise	
Air Quality Consultants	East Midlands Airport runway extension	??????	Lack of in house expertise	
Andrew Coomb	Agricultural consultant	??????	Lack of in house expertise	
Sharps Redmore Partnership	Noise consultant for Packington Nook Inquiry	??????	Lack of in house expertise	
Jon Etchells Consulting	Landscape consultant for Packington Nook Inquiry	??????	Lack of in house expertise	

Service Transformation

Consultant	Nature of work	Cost	Reason used	Comments
Q2 Ltd	To carry out a review of the use of our Customer Relationship Management System	08/09 £8,600.00	lack of internal capacity and expertise in the use of CRM systems to carry out the review	
		09/10 £500.00		
Libby Carter	As part of our approach to Vacancy Management	08/09 £17,042.80		
		09/10 £5,779.60		
JD Consulting	To manage service transformation	08/09 £9,120.00		
JD Consulting	To undertake and business case evaluation for a shared services project - this will be funded externally	09/10 £9,120.00		
Hi Tech TEN	To undertake performance support and development whilst the performance post was empty, part of this has also been to provide specialist training to the successful candidate who started in October - this level of spend will not be repeated in forth coming years	09/10 £24,132.23		

Neighbourhoods and Communities	None instructed
Housing	Requested deferment will attend future meeting
Environmental Health Services	Temporary cover in office 1 week as required

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.

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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.

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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.

USE OF CONTRACTORS WORKING PARTY MEETING MINUTES

Tuesday 15 December 2009 – 6.30 p.m.
Board Room

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V Richichi, and A Saffell.

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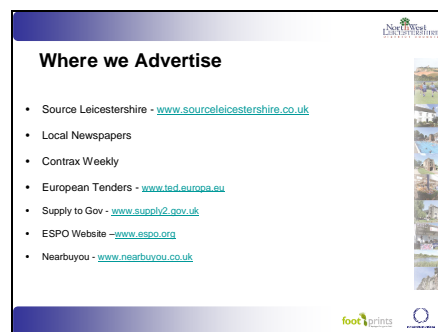
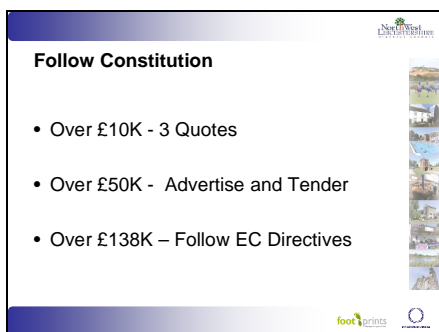
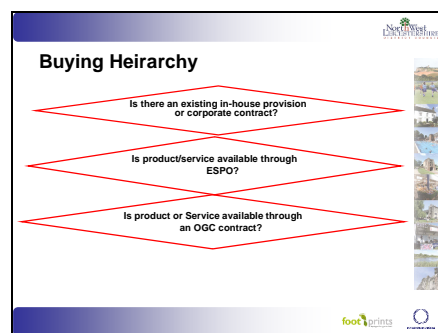
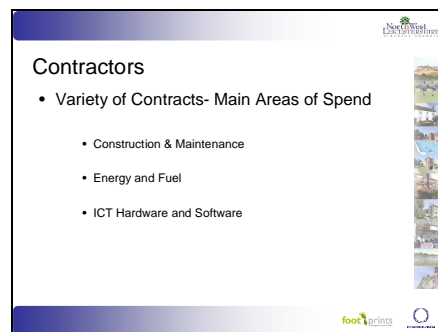
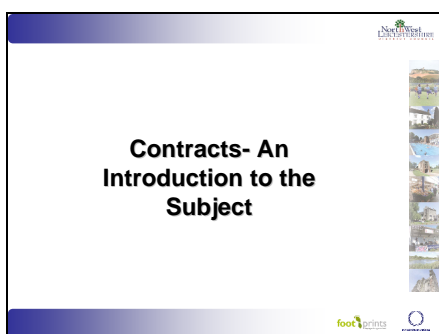
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