

# Minutes

## *PROCUREMENT TASK & FINISH GROUP*

**MINUTES OF THE PROCUREMENT TASK & FINISH GROUP HELD ON MONDAY 13 DECEMBER 2010, IN MEZZANINE ROOM 1, COUNTY HALL, AYLESBURY, COMMENCING AT 2.00 PM AND CONCLUDING AT 3.55 PM.**

### **MEMBERS PRESENT**

Mr H Cadd, Mrs L Clarke, Mrs M Clayton, Mr M Phillips (C), Ms J Puddefoot, Mr R Reed and Mr B Roberts

### **OFFICERS PRESENT**

Ms S Turnbull and Mrs E Wheaton

### **1 APOLOGIES FOR ABSENCE / CHANGES IN MEMBERSHIP**

Apologies were received from Mr Doug Anson, Mrs Margaret Aston and Mr Steve Kennell.

Mrs Diane Rutter sent her apologies for agenda item 3.

### **2 DECLARATIONS OF INTEREST**

Martin Phillips is Chairman of Youth Amersham.

Jenny Puddefoot is Chairman of Youth Concern, Aylesbury.

Lesley Clarke is Chairman of Youth Action.

### **3 PROCUREMENT AND THE VOLUNTARY & COMMUNITY SECTOR**

The Chairman introduced Cora Carvey, Chief Executive Officer at Community Impact Bucks.

Ms Carvey started by saying that she recognised that the world is an ever changing place and there is a need for honesty and transparency. She said that Council specifications tend to be quite process driven and felt that the pipeline does not look far enough ahead. She explained that it takes a lot of time and effort to out together a consortium which also requires a lot of honesty and transparency on the part of those who are taking part.



INVESTOR IN PEOPLE



Ms Carvey went on to say that the voluntary sector is known for its innovation and she said that she would like to see the specification be more outcome focussed and to focus on achievements. She would also like to see the TUPE requirements to be under-written as part of the process. Ms Carvey said that she would be very willing to assist the County Council in designing tender specifications which are attractive to the voluntary sector.

During her presentation, Ms Carvey made the following main points and Members asked the following questions.

- The same system should be used for monitoring the contract to ensure there is consistency across the board.
- Competitive tendering should only be used when absolutely necessary as it is costly to go through the whole tender process.
- A change in service provider means there can be a delay in service delivery because new volunteers need to be found.
- Leicester County Council and Sheffield County Council have developed very good E-tendering sites. They have also received lottery funding to build a consortium to ensure effective tendering takes place.
- A Member agreed that the focus of all specifications should be on outcomes. In terms of competitive tendering, as a Local Authority, there is a duty to get value for money therefore if the Council does not go out to tender, then it cannot prove this. The Member felt that there should be a change in protocols and expressed concern that the Council may not always be getting value for money. Ms Carvey responded by saying that she completely understands the requirements for competitive tendering but she said that it would be helpful if the weighting could be given to the different criteria in the process.
- A Member felt that the focus should be on best value and not cost.
- A Member said that competitive tendering is very difficult as there is a need to support voluntary organisations against the need to demonstrate value for money.
- Ms Carvey explained that Community Impact Bucks (CIS) does look at ways for local groups to compete competitively so that the money stays within the County. She said that CIS works closely with the County Council to try and achieve it.
- A Member commented that as all contracts need to be closely monitored, it is easier to monitor one large organisation than lots of smaller ones. Another Member went on to say that this is not always the case as the focus of monitoring should be on the outcomes, therefore it should not matter how many organisations are involved in the process.
- A Member felt that there needs to be a paradigm shift. The focus should be on outcomes as long as the specification is correct. If the outcomes are being achieved, then it should not matter how it is delivered.
- Ms Carvey provided Members of an example of a successful consortium. She explained that the consortium was built before the tender came about so the consortium was well placed to bid for the work. It was a process driven specification and they used the expertise of two local organisations. The model which was used to win the work was successful and the consortium have gone on to win other contracts. It helps to build robustness and professionalism.
- A Member asked what the average length of a contract should be. Ms Carvey explained that 3 years is the minimum length of a contract as it provides enough time for systems and processes to be set up. Sometimes there is a 2 year extension to a contract and there is usually a one year exit clause as part of the contract.
- A Member asked whether the County Council has many contracts with the voluntary sector. Ms Carvey explained that there is one contract which is due to expire in March 2012 – it was a 3 year contract which was then extended by 2 years and it is now in its 4<sup>th</sup> year.

- A Member asked Ms Carvey whether she has seen much evidence of charities combining. She responded by saying that some charities are joining forces and gave an example of the Priory Centre which is made up of 4 independent organisations. Citizen's Advice have set-up a consortium. Economies of scale are starting to be made.
- A Member commented that the County Council should be encouraging consortiums as administration costs can be decreased. Ms Carvey went on to say that if the contract is awarded to an out-of-County organisation, it can result in the loss of smaller organisations who operate in the County. She went on to say that you can put a caveat in the contract whereby the main, larger organisation has to give some of the work to smaller organisations.
- E-procurement does allow for contracts to be broken into smaller pieces and can then be opened up to smaller organisations.
- A Member asked Ms Carvey whether she had any experiences of bad monitoring of contracts. Ms Carvey responded by saying that to monitor a contract effectively, you needed to monitor all the different funding streams. She went on to say that there are different methods of collecting information and presenting the outcomes. There needs to be consistency in the way the information is gathered in order to make the reporting back on the contract meaningful.
- A Member asked whether Ms Carvey felt that there was sufficient training available to those organisations who tender for new contracts. Ms Carvey explained that there is lots of training available. She said it costs a lot of money to put together a tender. A model of working needs to be carefully drafted.
- There are companies that will go into organisations and help to write tender documents. Ms Carvey went on to say that you can buddy up with people to share experiences. She stressed the importance of getting a pipeline up and running so that you are aware of when contracts are going to come up.
- Plain English is very important.
- Councils need a clear policy framework for working with SMEs (Small Medium Enterprises).
- Transparency of invoices is important as this assists with showing who the suppliers are.
- The Contract Management Framework (CMF) has been developed by the central commissioning team and the decision has been taken to adopt it but it has not been rolled out yet. It has been piloted with the Adults and Family Wellbeing service area. A Member expressed disappointment that the framework had been agreed as they challenged the level of Member involvement in drafting the framework.

The Chairman thanked Ms Carvey for her very informative presentation.

#### **4 STRATEGIC DIRECTOR AND CABINET MEMBER FOR RESOURCES**

[Marion Clayton and Lesley Clarke leave the meeting at 2.55pm]

The Chairman welcomed Gillian Hibberd, Strategic Director for Resources and Business Transformation and Frank Downes, Cabinet Member for Resources.

During discussion, the following questions were asked and concerns raised.

- A Member asked what the status of the Contract Management Framework (CMF) was as the Member felt that it makes a number of assumptions which they felt unsure about. The Member felt that it was a done deal and it was about to be rolled out to other service areas. The Strategic Director explained that the CMF is a document to help the service areas to improve their contract management and better manage the process. She went on to say that there is an acceptance that the number of contracts will

increase in future, therefore there was a need to improve the quality and effectiveness of contract management.

- The Commercial Board looks at contracts over £1/2 million and oversees the implementation of contracts. The larger contracts are approved by the Cabinet Members, for example, outsourcing projects. The Cabinet Member went on to explain that before it goes to Cabinet, the Leaders Advisory Group would discuss it and any issues are fleshed out at this stage.
- A Member said that they felt a basic level of commercial awareness is essential for all people who are involved in contracts. The CMF implies that tasks do not need to be undertaken by a commercial expert and the Member expressed concern about this. The Cabinet Member explained that the dividing line is thin as both sides need to be happy with the arrangements. If expertise is required, then it is brought in externally. The Member went on to say that he was referring to contract management and it states in the CMF that officers do not need commercial awareness but the Member felt that this skill is essential. The Member questioned whether the document was commercially sound. The Strategic Director explained that commercial awareness and contract management are both very important and getting people with the right skills is very important. She went on to say that Graham Collins wrote the document and suggested that any concerns about the document should be directed to him.
- The Cabinet Member said that, in the past, the technical skills have always been there but the contract management skills have been lacking in the past.
- A Member commented that the Task and Finish Group had heard from two heads of service to ascertain their take on contract management and it highlighted an absence of consistency in this area.
- The Cabinet Member explained that you have to have expertise in-house in order to be able to manage the contract properly. A Member went on to say that if you outsource to the right organisation then you need a professional contract manager. The Cabinet Member stressed that in his experience, you should never contract out a problem as this only compounds the issue. You need to retain the in-house expertise before you can effectively out-source.
- A Member asked who is responsible for managing the contract and for monitoring the contract. The Strategic Director explained that contract management responsibility lies with the service area who actually commissions the contract but they are supported by the central procurement team. The Member went on to say that when the Task and Finish Group heard from the Procurement Manager at Surrey County Council, she explained that the central procurement team takes responsibility for the contract and works with the service area in terms of monitoring its progress.
- A Member asked whether the people working in the contracts team are CIPS (Chartered Institute of Purchasing and Supply) qualified. The Strategic Director said that there are a number of people who are CIPS qualified and the contract managers in the service areas are being encouraged to take part in regular training.
- A Member asked whether it is standard practice for a Member Reference Group to be set up when a contract is being drafted. The Strategic Director responded by saying that it is not standard practice but there is a Member Steering Group and Policy Advisory Groups (PAGs) which engage and involve Members in the process. A Member commented that they thought PAGs had disappeared. The Cabinet Member explained that, in the past, each portfolio had a PAG who advised the Portfolio holder. There are now 3 PAGs which are still in existence – Localities, Places and People.
- A Member said that the Task and Finish Group had just heard an interesting presentation from Cora Carvey at Community Impact Bucks. She said that contracts which focus on process rather than outcomes are difficult for the voluntary sector. The Member asked for the Strategic Director's view on this. The Strategic Director responded by saying that the County Council does focus on process but this is driven by legislation. She went on to say that, where possible, the outcomes are outlined within the contract. She said that it is recognised that the process driven approach is prohibitive for the voluntary sector but a new E-procurement system has been launched

so it is hoped that this will help the voluntary sector. The Strategic Director also went on to say that the Big Society initiative will mean that it will be even more important for the voluntary sector to engage in the procurement process. The Cabinet Member said that the County Council does run seminars for SMEs on how to complete tenders.

- A Member said that if the County Council focuses on process, then it must make it hard to measure performance. Outcomes must be the most important thing the County Council measures.
- A Member expressed concern about the lack of Member Involvement in the contracts process and felt that there should be a role for Overview and Scrutiny to oversee major contracts. The Cabinet Member agreed that there could be a role for O&S, but it would very much depend on the contract.
- A Member felt that monitoring contracts was very important and Members should be kept informed on the monitoring outcomes of the larger contracts.
- A Member asked whether the contracts were flexible enough. The Strategic Director explained that competitive dialogue provides more flexibility.
- A Member felt that the specification must be written by an expert otherwise you are monitoring against the wrong specification. The Cabinet Member explained that you can over-specify when writing a tender document which can prohibit bidders from injecting their own ideas. The Strategic Director explained that category managers are aligned to the service areas so there is expert advice throughout the process.
- A Member said that the cheapest provider is not always the best so it is about quality as well as value for money. The Cabinet Member responded by saying that soft market testing is undertaken first to ascertain what is available in the marketplace at what price before they go to the Market fully.
- A Member felt that more transparency was needed and more Member Involvement at the initial stages of the process. The Cabinet Member said that steps are being made to improve contract monitoring and transformation is providing opportunities for change. It will get better in the future.

The Chairman thanked Gillian Hibberd and Frank Downes for their attendance and for answering the questions raised by Members.

## **5 DATE OF NEXT MEETING**

The next meeting is due to take place on Friday 21 January.

**CHAIRMAN**