

SLOUGH BOROUGH COUNCIL

REPORT TO: Audit & Risk Committee

DATE: 11th December 2014

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WARD(S): All.

PART I **CONSIDERATION & COMMENT**

Update on Contracts and Improvements in Internal Approvals Processes

1. Purpose of Report

- 1.1. To provide an update on the contracts and improvements made in internal approval processes which will include an overview of the performance management and benchmarking activity that is now in place.
- 1.2. The report will not cover the programme delivery structure for Contracts Re- provision as this has been covered in the November workshop.

2. Recommendation

That the Committee note the progress that has been made through this update on contracts and improvements in internal approvals processes over the past twelve months.

3. Slough Joint Wellbeing Strategy Priorities

Priorities:

- Housing – A number of our Major Contracts relate to and are around the wellbeing strategy in the borough as part of our strategic priority around social housing
- Regeneration and Environment- A number of our Major Contracts relate to and are around the wellbeing strategy in the borough as part of our strategic priority around the environment in particular waste and recycling ,street cleansing and grounds maintenance
- Safer Communities – our Highways and Vinci Park Contracts as part of their focus consider improving safety as well as reducing the fear of crime in our communities.

4. Other Implications

(a) Financial

Details of the financial implications relating to this report are not highlighted in this report as the report responds to a specific request in relation to an update on

contracts and improvements in internal approvals processes in the last twelve months.

(b) Risk Management

There are a number of risks that should be managed as part of both the wider Contract Management and Procurement agenda which should be managed under the scope of partnership working, performance and contract management, continuous development and capacity building. There is also a risk relating the councils overarching contract management and procurement functions which must be managed that this Committee recognises.

Risk	Mitigating action	Opportunities
Property	This encompasses joint working including corporate and housing stock properties.	The Council requires all its properties to be maintained at a good standard linked to the Corporate Landlord function.
Health and Safety	Regular reviews of health and safety including safety audits and rigorous investigation of any incidents.	The Council is committed to a high standard of Health and Safety for its employees and residents and as such good health and safety regimes are essential in all its Contracts
Financial	Good Standards in Contract Management including performance analysis.	Improvements to the Procurement and Contract Management regimes require value for money assessments (including rigorous benchmarking activity) and an agreed proportion of any savings to be planned and reviewed.

c) Human Rights Act and Other Legal Implications

There are no Human Rights Implications arising from this report that need to be considered.

d) Equalities Impact Assessment

There is no identified need for the completion of an EIA relating to the content of this report. In relation to the Housing elements of our contracts we must by law allude to s149 Equalities Act 2010 in ensuring all voids are identified and stock modelled for potential adaptation

5. Supporting Information

There are a number of factors under this heading and it is essential that the effectiveness and robustness of governance and accountability are regularly reviewed and improvements are seen as an on- going cycle. The focus of activity over the past twelve months has been in the following areas;

5.1 Contract Procedure rules

The Council reviewed its Financial Procedure Rules earlier this year. Accordingly it was appropriate to update the Contract Procedure Rules and Procurement Operating Procedures (POP). The Contract Procedure Rules are complete but awaiting formal sign off. The objective is for these to be used as a specific tool for those involved in any Procurement activity in the future.

5.2 Use of In- tend

The Council now uses an e-tendering portal to advertise and carry out the tender process via SE Shared Services. There are many advantages of using this process both from a supplier and internal perspective e.g.

- Contracts transparency and register
- Documents can be easily downloaded
- Online communication and clarifications
- Placeholders make responding nearly fool-proof – no more missing documents

Training for users and 'super users' was carried out earlier this year and all procurement activity is now expected to go via this route.

5.3 Procurement Review Board

Procurement Review Board has focused over the last twelve months on ensuring compliance with Council Procedures and the robustness of the business cases that come to the Board for approval. Approval is required from the Board for requests to tender over £50k, exemptions for contracts not requiring selective or competitive tender and contract award. The Board now meets every three weeks and has an agreed terms of reference that defines its role. Spend data has now been complied according to spend on Place and People based Major Contracts and this is now a key area for further work and exploration.

5.4 Strategic Governance for Major Contracts

Members have already recognised that effective procurement and contract management requires strong and dynamic leadership from the top. The Contract Re-provision workshop held in November 2014 was extremely well attended and it is proposed to run additional workshops on this theme quarterly. As part of this process members commented on what they required as outcomes from Contract Re-provision of Corporate building maintenance and cleaning Contract as well as how they saw their role supporting or as members of the Contract Re-provision Board.

Governance has been a major area of focus and this has been reinforced by setting a requirement that for Place based Contracts the Strategic Contract Meetings take place with either a Strategic Director (ideally) or an Assistant Director. An integral part of this process has been to send out a strong message to Major Contract Managers about Contract Documentation and the recording of variations or contract extensions and where legal or procurement advice is required and must be complied with.

The Communication with Major Contracts Managers as to what their role is and what is required of them is on-going. At the start this took the form of monthly briefings led

by Interim Assistant Director (Contracts ,Commissioning and Procurement) and Strategic Director (Customer and Community Services) and Performance workshops led by the former. In recent months this focus has changed to understanding the lessons learnt from previous procurement activity as well as learning and understanding their role in the Strategic Commissioning Cycle being used for Contract Re- provision. The Strategic Commissioning Cycle is attached at Appendix 1 and highlights the four phases of training that is being run under the leadership of Interim Assistant Director Contracts, Commissioning and Procurement. The initial Contract Managers Group has also expanded and consideration needs to be given to further training of other managers in the council who have a responsibility for smaller contracts as well as Wellbeing/People based contracts.

5.5 Performance and Benchmarking

Performance and Benchmarking has been a key area of focus over the last twelve months with a concern that was endorsed from internal audit reports that the performance and benchmarking activity across the range of Place based Major Contracts was not always robust and consistency of approach varied from Contract to Contract .To build on the performance measures that were measured it was agreed that the Council would use Association of Public Sector Excellence (APSE) Performance Networks to ensure that appropriate performance measures were not only being used but benchmarked and targets set for improvements .Data was initially completed in January 2014 and the second submission was processed during the summer months. The second round of performance data and benchmarking is currently being published. Worthy of note was that Highways and Winter Maintenance was noted as one of the best performing services in UK for 2012/13 and Building Maintenance is currently being moderated as it has been shortlisted as a best performing service for the current year.

In terms of performance data available to the Council APSE's full list of services is:

- Building cleaning
- Building maintenance
- Cemetery and crematorium
- Civic, cultural and community venues
- Education catering
- Environmental Health
- Roads / highways
- Other (civic and commercial) catering
- Parks, open spaces and horticultural services
- Refuse collection
- Sports and leisure facility management
- Street cleansing
- Street lighting
- Transport operations and vehicle maintenance

The Council have provided data to date on:

- Building cleaning
- Building maintenance
- Parks
- Highways

- Refuse collection
- Street cleansing
- Street lighting
- Sports and leisure
- Cemeteries and crematoria

It is recognised that measuring supplier key performance is a significant component in achieving value for money. It is essential that the measures used are fit for purpose and used as an integral part of the contract managers duties and responsibilities. To demonstrate how data is used at the varying levels, including Slough residents, attached at Appendix 2 is the Waste Performance Framework which is part of the Amy Contract. The proposals for Street Cleansing are currently in the Committee process to improve performance review. The APSE data referred to above is being used to supplement the 'contractually agreed' measures for Grounds Maintenance and Highways.

5.6 Internal Audit Reports

Internal audit reports are a useful tool in reviewing any Contract Management and Procurement procedure or process.

In recent months the division has had a review of the Procurement Audit which resulted in an amber green outcome (previously a red) and implementation of the recommendations from the audit on the Amey Contract. There has been significant progress in the latter. Internal Audit as part of their on-going Contract review prepared a report on the Leisure Contract and the action plan following this audit is currently being finalised. There have been other follow up audits that have been completed over the period e.g. Atkins and Children's Services Procurement but these are currently reported and monitored by the relevant Assistant Director. It is recognised that progress on internal audit reports is covered as part of this committee's agenda.

5.7 Contracts, Commissioning and Procurement Division

The divisional structure went out to consultation in July 2014 and the structure was amended following this process with effect from 17th August 2014.

It was agreed that the Head of Major Contracts post would be put on hold for a period of three months and that the other vacant posts would be advertised.

The Council has not received any applications for the posts of Head of Contract Re-provision or Major Contracts Manager and Head of Procurement post is still vacant. Interim arrangements are currently in place for two Procurement Specialists and Assistant Director (Contracts, Commissioning and Procurement) posts, however one of the interim Procurement Specialists and the interim Assistant Director Contracts, Commissioning and Procurement contracts are due to terminate on 19th December 2014. The Avarto, Amey and Interserve Contract now report in via Contracts and Commissioning and Procurement Division and there are proposals for other Contracts as well in the future e.g. Leisure.

6. Comments of Other Committees

None.

7. Conclusion

It is recognised as part of this process that there is a requirement for a consistent, robust, skilled contract managers who understand how significant their role is in both ensuring the council can deliver efficiencies and value for money services that meet the needs of our residents accepting that budgets are diminishing. It is essential that Contract Management and Procurement skills are retained and continue to be developed by the Council to ensure that our aspirations are met.

8. Appendices Attached

- 1 – Strategic Commissioning Cycle
- 2 – Waste and Streets Performance Framework
- 3 – Contracts, Commissioning & Procurement structure chart

9. Background Papers

None.