MINUTES OF PROCUREMENT TASK GROUP

11 JANUARY 2011

PRESENT:

Members of the Group: Councillors Mrs Kaur (Chairman), Mrs Bragg and Cranham

Officers: Doug Jones, Head of Business Transformation; Andy Smith, Works Services General Manager; Christine Fraser, Corporate Finance Business Analyst; Steve Ryder, Strategic Procurement Manager NBBC; Jason Husain, Senior Property Maintenance Inspector; Paul Ansell, Scrutiny Officer; Linn Enticott, Democratic and Scrutiny Services Officer.

1. MINUTES

The minutes of the meeting held 6 December 2010 were approved and signed by the Chairman.

2. APOLOGIES

Apologies were received from Councillor Srivastava.

3. DECLARATIONS OF INTEREST

There were none.

4. DISCUSSION WITH END USERS

At the last meeting of the group it had been agreed that consultation with end users should take place. With this in mind Andy Smith and Jason Husain attended the meeting to discuss the topics being raised by the review and give members a feel for the types of issues that were important to users of the procurement process. Tim Margerison was unable to attend but had taken part in a pre-meeting with the Scrutiny Officer to give his feedback in advance of the meeting. His comments are included in the minutes.

The areas of discussion and comments raised were as follows:

Contracts standing orders, including their ‘ updatability’ - how could they be improved?

The update to Contracts Standing Orders was due to be considered by Cabinet on 8 April. The next meeting of the group would focus purely on Contracts Standing Orders giving members an opportunity to make comments on the updated version before making an interim report to the Corporate Performance Committee. An interim report would be considered by Corporate Performance Committee on 11 February.

End users’ comments were as follows

- The document was considered to be of some importance but was not used on an everyday basis.
It was felt that regular refresher training on the content of the document would be useful for officers.

It required some updating to include the electronic tendering process and to highlight that the initial stage of the procurement process would be to liaise with the procurement team.

The financial levels had not been reviewed for some time. It was noted that the levels were determined by the value of the contract and not by officer grade.

The primary document level process is in line with European legislation but over and above these levels the Council sets its own guidelines.

It was noted that there were some instances where prices for commodities changed rapidly and did not allow officers time to follow the sealed bids process.

The group noted that the current guidelines meant there was a lot of work involved when only small amounts were involved and agreed that the levels quoted in the Contracts Standing Orders should be reviewed to make the process less onerous. Some flexibility also needed to be built in to allow for some known exceptions.

The current thresholds were too low and caused delays resulting in a reduction in service levels. These should be reviewed annually.

The group requested that a copy of the revised version of the Contracts Standing Orders be distributed before the next meeting.

Contracts database and compliance - thoughts on the Covalent solution

The group received a brief update on what was meant by a contracts database. Currently there was no record of existing contract details, dates or amounts involved and this meant it was possible that renewal dates could be missed. A database would be the cornerstone of the procurement process and would help customers to better understand requirements. It was planned that the existing Covalent system would be used to set up a database and feedback to users.

Members asked how long it would take to put this into place and were informed that populating the system would not take long but work would be needed on understanding where the contracts were. New contracts were already being entered onto the system.

It was suggested that a demonstration could be set up to allow the group to review the system and ensure the right software was being used.

Covalent could be unyielding but officers were now using it well.

There was a need for the process to be open and transparent to aggregate spending and strengthen existing contracts.

Covalent was not the best tool where construction contracts were concerned and the services of individual engineers or architects were required.

One point of view was that Covalent was a command and control tool that was antithetical to systems thinking – there were better tools for managing contracts.
In the past Covalent was a performance based tool but the systems thinking approach has changed that. It would be useful if the system could generate reminders for renewal dates.

Covalent should be thought of as a useful aide-memoire.

Plans were in place for Nuneaton and Bedworth Borough Council’s (NBBC) contracts to be entered onto the system, and also ESPO’s deal direct contracts. Officers would be able to view a whole framework of contracts, in certain cases avoiding the need to go out to tender.

It was often the case that officers were working in isolation and spending money on contracts that could have been linked.

Members asked how the information would be set up on Covalent and were informed that all the contracts would be entered as one list but there would be several entry points to allow a variety of searches which would enable users to easily tap into the information.

**Policy and strategy, including external collaboration**

- Officers were in favour of collaboration and thought this could be even wider.

- It was noted that the OGC website and ESPO were widely used though they were more suited to the procurement of supplies of products rather than work-related contracts, for example a roofing contract. The users felt that the process was simple and savings in officer time were made.

- Officers gave examples of collaboration with other councils and advised that considerable sums had been saved.

- It was felt that obtaining the services of consultants for specific expertise was not easy to get through collaborative arrangements. A pick and mix approach was needed allowing officers flexibility to go their own way when required.

**Procurement toolkit and checklist**

- It was acknowledged that this document was very detailed. It had been a good piece of work when it was first introduced but had since become too complicated.

- The section of the toolkit most relevant to users could be contained in a single page.

- Services tended to have their own specialised documents to supplement or replace those included in the toolkit.

- The group asked if the document could be condensed and was informed that the necessary documents would be available to download from Covalent which would, in time, become the primary source for documentation.

- Officers commented that purchase orders no longer quoted the terms and conditions on the reverse, and this was being reviewed.
Strategic aims – are we fulfilling them?

- It was generally agreed that there was awareness and we were getting there.
- There was a high degree of non-compliance.
- By the final stage of the review the answer to this would be yes.

Is the council getting good VFM?

- Once the database is set up on Covalent then the Council should start seeing the savings there are to be made.
- It was recognised that value for money did not mean buying the cheapest.

Is there the right amount of central skills and resources?

- Procurement officers are there to offer expertise, discipline and legal guidance. There was no intent to take away from the knowledge and responsibilities of any officers.
- There are often peaks in workloads and the setting up of a central database will allow better planning to take place.
- There is a growing need for procurement officers to spend time on seeking out what new opportunities are being created and new contracts being undertaken.
- Officers have a good working relationship with the procurement team.
- The end users have the knowledge of what they need but should be aware of the point at which they need to refer matters to procurement. This could be covered by training.
- The construction areas are often more specialised but procurement can still help by offering advice.

Are we procuring in a socially responsible way?

The general opinion was that the Council did its best to achieve this.

Could efficiency savings could be increased?

- This was not infinite. It must be recognised that contractors need to make a profit to exist.
- Members raised concerns of possible overcharging by contractors once they have a contract with the council. Officers commented that scheduled price rates were used but it came down to individual officers to ensure they were aware of getting value for money. Experienced officers can recognise reasonable charges.
- Monitoring needed to take place.
- Tendering and going to the market every three years was the first stage. The second stage would be to manage the contracts. Low bids must be taken into account and these low bids must be challenged to ensure they are sustainable.
5. **PLANNING FOR 8 FEBRUARY 2011 MEETING**

Deborah Tyrrell, the solicitor responsible for updating the Contracts Standing Orders, would be present at the next meeting and would explain the differences between the new and the old versions.

The group requested that copies of the draft version be distributed as soon as possible prior to the next meeting.

It was agreed that the Steve Ryder would liaise with Deborah Tyrrell to ensure that the latest processes regarding e-tendering were included, along with some legislative changes that needed to be incorporated. Steve Ryder described circumstances that made the deadline for the next meeting particularly challenging, but he would do his best to meet it.

Members were asked to forward to Paul Ansell any comments they wished to make on the draft Contracts Standing Orders.

6. **DATES OF FUTURE MEETINGS**

It was agreed that the Task Group’s next two meetings be held as detailed below.

i) 5.30pm Tuesday 8 February 2011  
ii) 5.30pm Wednesday 23 March 2011

CHAIRMAN