MINUTES OF PROCUREMENT TASK GROUP
23 MARCH 2011

PRESENT:

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

Officers: Andy Smith, Works Services Manager; Steve Ryder, Strategic Procurement Manager; Christine Fraser, Corporate Finance Business Analyst; Scott Ashwood, Procurement Officer; Paul Ansell, Scrutiny Officer; Linn Enticott, Democratic and Scrutiny Services Officer.

13. MINUTES
The minutes of the meeting held on 8 February 2011 were approved and signed by the Chairman.

14. APOLOGIES
Apologies for absence from the meeting were received from Councillor Cranham.

15. DECLARATIONS OF INTEREST
There were none.

16. CONTRACTS DATABASE – PRESENTATION BY PETER AUGHTON, IMPROVEMENT OFFICER
The task group received a PowerPoint presentation concerning how Covalent could be used as a management system for the contracts database.

Further to the presentation the following points and questions were raised:

- In the past Covalent has only been used as a performance management tool to track action plans to support corporate planning. As the system is already in place there is very little cost involved in its use for managing a central contracts database.

- Rugby Borough Council (RBC) has given Nuneaton and Bedworth Borough Council (NBBC) two Covalent licences – one read-only and the other for editing – at cost price. When Stratford-on-Avon District Council (SDC) joins the partnership they will also have some form of Covalent licensing.

- It was intended that as and when other authorities join the partnership they will have read-only access to Covalent to allow authorities to be able to view each other’s contracts.

- Opportunities for collaboration are currently being explored with Coventry, Warwickshire and Solihull (CWS) alliance and they will also be introduced to Covalent. Solihull already has Covalent but had not explored the opportunity to use it to manage a contracts database. Having access to a much wider contracts database will allow RBC to increase its buying power.
• RBC is leading the way in using Covalent for this purpose and other authorities are now following its example.

There are two aspects that need to be managed: the contracts and the tendering and procurement aspect.

Contacts -

Covalent is capable of dynamic triggering which sends messages automatically to relevant officers in good time to enable contract time frames to be met.

Documents can be attached which allows relevant guidelines or additional information to be readily available.

The system allows notes to be added which assists in creating an audit trail.

The contract managers' details can be stored to allow ownership to be visible and ensuring important technical detail is correct. The information can be made available to any staff level as required.

Tendering and Procurement –

Covalent can act as a project managing tool to the open tender procedure. It will allow the progress of all tendering to be clearly visible.

The framework will consist of a template that will be attached to contracts. Time frames can be adapted as necessary.

Triggers will be automatically produced by the system and sent to relevant officers. This will ensure all procurement activity is carried out in an efficient and timely manner. If there is a problem then a message can be created to escalate the issue to a higher management level.

Other benefits of Covalent are -

• it would be possible to publish a contracts register on the RBC website;
• contract start and end dates would be visible and allow for better collaboration;
• as data can be stored electronically information on contracts will not be lost if responsible officers leave the council;
• it will be ‘fail safe’. The process will be overviewed by procurement officers and service heads;
• it will be possible to publish spends across Warwickshire which would enable RBC to pick out and target the best contracts and contractors as part of a wider collaborative group;
• procurement would become more strategic and would allow the council to analyse and plan before buying; and
• it would be possible to cross-reference and search the system by a variety of fields, for example, type of contract or name of contract.

Andy Smith, Works Services Manager, was asked to comment on the system as an end-user and responded by informing the group that Covalent was ideal for managing the contracts database. He commented that extensions to contracts had occurred in the past because managers had not planned ahead and this should not happen. Being able to receive trigger messages flagging up when contracts and actions are due will allow officers to effectively control contracts and the whole tendering process. There have been some negative experiences with Covalent because of the amount of officer time spent putting
information into the system and it then not being used by members or other officers. This would certainly not be the case with its use as a contracts database.

Other points raised were as follows:

- Covalent will empower users and enable the council to benchmark and renegotiate deals at better rates. It also means users can take control of the market place rather than the supplier.

- Councils will be able to check if they are being charged different rates to each other and by allowing a new strategic approach further savings can be made.

- Concerns were raised over the level of staff resource that would be needed to populate the system with existing contracts and tendering data. The group was informed that from the 1 April new contracts will be added as they occur and each service area will be added in turn starting with the housing service. Data on the tendering process will also be input.

- Finding all of the contracts in existence would also present a challenge. The contracts register maintained by Legal Services would be a useful information source.

- Covalent will be able to support any contract over its lifetime by raising triggers for aspects such as insurance and financial checks on suppliers.

- Possibilities existed for Covalent to be used for a wider range of tasks which could include licence agreements, service level agreements and protocol agreements though caution would be needed to ensure usage was kept simple so Covalent would not lose its impact.

- Commercially sensitive information would not be displayed. Access could be tailored by user level to maintain confidentiality.

The task group thanked Peter Aughton for his informative presentation and expressed support for the use of Covalent as a contracts database along the lines described.

17. **CONTRACTS STANDING ORDERS – OBSERVATIONS FOLLOWING CIRCULATION OF DRAFT**

The task group considered several observations on the standing orders relating to: Contracts Standing Orders not applying to use of internal resources; the minimum requirement for inviting competitive tenders when one of them is internal; retendering when there is a low response and one of the tenders is internal; and pre-tender market research and consultation.

Steve Ryder advised regarding the legality of the suggestions.

With regard to the use of internal resources, standing orders could be waived so long as there was an options appraisal and political agreement to the provision of the service internally. Members noted that the reference to ‘political agreement’ was intended to refer to an explicit decision by councillors as opposed to officers and should not be taken to mean ‘party political’.
The suggestion that only three tenders should be required when one of them was internal was resisted, as was the suggestion that, for high value contracts where there was a low response, there should be no requirement to retender if there was an internal tender.

With regard to market research, a distinction needed to be made between market research and discussing an invitation to tender preparation with a potential supplier. Legal Services would be able to advise on the legality of any proposed market testing.

It was noted that the final version of the constitution would be a flexible document that could be updated regularly.

The group noted that the Contracts Standing Orders would now be submitted to Council, amended with regard to the use of internal resources, and subject to minor presentational amendments.

18. **DATES OF FUTURE MEETINGS**

It was agreed that the task group’s next meeting be held at 5.30pm on Wednesday 18 May 2011.

CHAIRMAN