

# Resources & Performance Scrutiny Board

## Report on the Council's Contract Management Procedures, Policies and Strategy

Tuesday 20 July 2010

### Report of Head of Finance

#### PURPOSE OF REPORT

To explain the current contract management procedures in place across the Council and provide four upcoming tenders from which the Resources & Performance Scrutiny Board can choose one upon which to focus on over the coming year.

This report is public

#### **Recommendations**

---

The meeting is recommended to consider:

- (1) The current contract management procedures in place;
- (2) Choosing one of the four upcoming tenders put forward upon which the Board can focus on over the coming year.

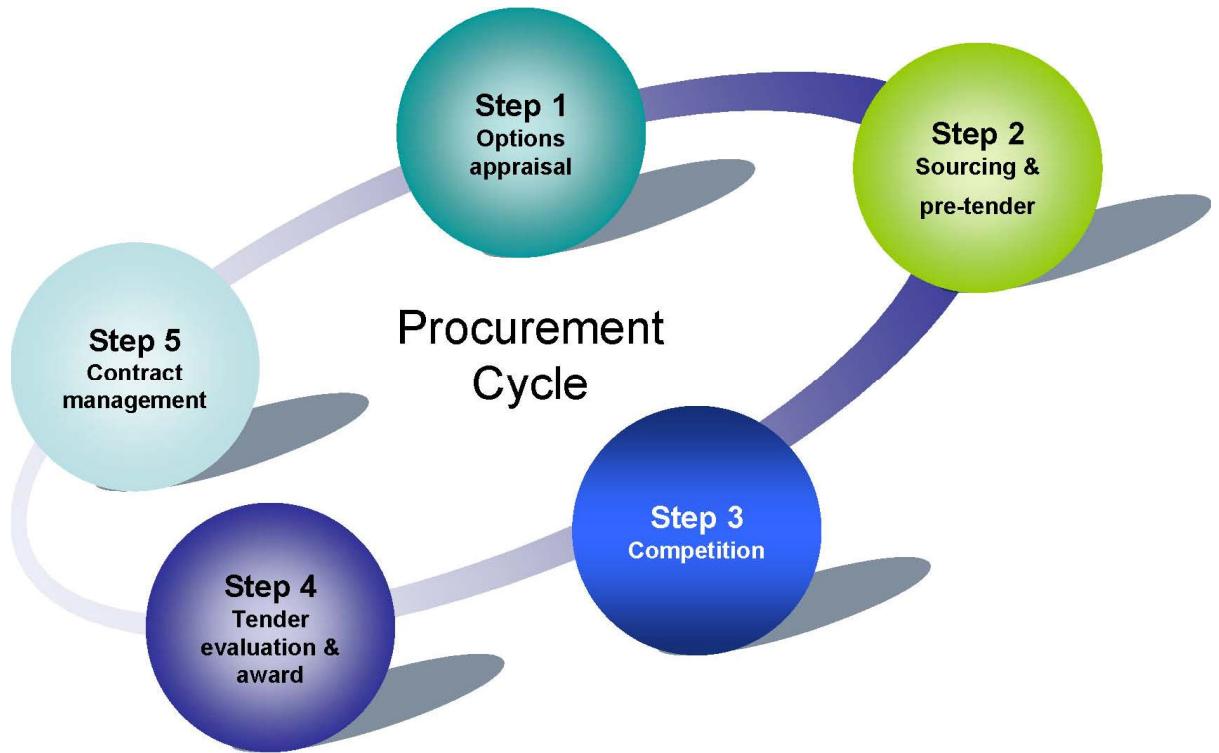
#### **Details**

---

##### **Introduction**

- 1.1 The Council has exploited the benefits of contemporary procurement practice by investing in the formation of a Corporate Procurement Team in 2008 that operates under an innovative "invest to save" initiative, with annual targets ensuring the operation is both "self funding" and providing additional returns.
- 1.2 Procurement has a very strong link with finance, contract management, compliance and efficiencies and so the Council positioned the Corporate Procurement Team within finance under the direction of the Head of Finance.
- 1.3 The Corporate Procurement Team have been increasingly successful in driving home the point that procurement is the cradle to grave, whole lifetime

process of acquiring goods, services and works for the Council and (as per the diagram below) that contract management is a vital part of the procurement process and as much a key to the success of a project as the letting of the contract itself.



- 1.4 However, in spite of successes in the adopting of robust contract management procedures in areas such as the supply of agency staff, vehicle spare parts, the provision of the Banbury Health Centre and the outsourcing of the Council's internal audit services, similar to the vast majority of local authorities, contract management continues to be an area that requires development. In recognition of this need one of the ten key action points for the 2010/11 Corporate Procurement Action Plan is the clarification and improvement of the Council's contract management function.
- 1.5 This brief report aims to outline from a corporate procurement aspect where we are and provide four contracts from which the Resources and Performance Scrutiny Board can choose one (or more if the Board so desires) upon which to focus over the coming year.

#### **Where we are now**

- 1.6 For all projects where procurement are involved contract management is included in the stakeholder questionnaire, used at project inception meetings, to emphasize the importance of considering performance management within the tendering process, within the specification, the terms & conditions and the bidder's response document.
- 1.7 Contract management activities can be broadly grouped into three areas.
  - *Service delivery management* ensures that the service is being delivered as agreed, to the required level of performance and quality.

- *Relationship management* keeps the relationship between the two parties open and constructive, aiming to resolve or ease tensions and identify problems early.

- *Contract administration* handles the formal governance of the contract and changes to the contract documentation.

All three areas must be managed successfully if the arrangement is to be a success.

- 1.8 Contract management procedures across different contracts vary depending up the needs of the service and by whom the contracts have been set up. There are a lot of very good contract management procedures and performance mechanisms in place across service areas, but to date there has not been a corporate approach or consultation to ensure onward going best practice and a culture of lessons learnt.
- 1.9 Moving forward the Procurement team together with the Assured Services Manager are undertaking a consultation exercise with the objective of putting forward a corporate plan and accompanying quick reference manual to help further develop contract management across the Council.

### **Tenders on which to focus**

- 1.10 The following contracts are suggestions – copy of current contracts register attached for view of all contracts currently declared to procurement with a lifetime value of £10,000 and above:
  - Bodicote Old House Refurbishment – procurement process just under way.
  - Buildings Maintenance – there are no formal contracts in place, as work is currently quoted for on an individual basis. This new tender – scheduled to be in place for 31<sup>st</sup> March 2011 will commence with a combined market engagement and supplier development workshop – aiming for early September 2010.
  - Supply of Tyres for Vehicle Fleet – the re-tender date has been extended while an additional options appraisal is undertaken with the aim of having the contract in place for 1<sup>st</sup> January 2011.
  - Landscape Maintenance – the new contract isn't due to be in place until 1<sup>st</sup> April 2012 but due to complexity of working with other parties the process is due to start in earnest in December 2010.

### **Proposals**

- 2.1 The Procurement Manager's recommendation is that the Resources & Performance Scrutiny Board focus on the new Buildings Maintenance contract as they will be able to see how the process – including options appraisal – is undertaken from start to finish with the final focus on contract management.

## Conclusion

- 3.1 Contract Management is an area ripe for development and forms one of the key milestones of the contract process. Additional savings in respect of Council staff resources, streamlining of process, more efficient delivery of the service and reduced expenditure over the lifetime of the contract can be achieved if contract management is included in the options appraisal stage and carried through to contract management fulfilment.

## Implications

---

- Financial:** Financial Effects: There are no adverse financial effects on the Council by implementing the Corporate Procurement Strategy and Action plan 2010/11 and the accompanying contract management procedures.  
Comments to be checked by Karen Curtin, Head of Finance, 01295 221551.
- Legal:** Legal work very closely with procurement to ensure that our processes are compliant and not open to challenge and the Action Plan is compliant with the recently revised Contract Procedure Rules.  
Comments to be checked by Liz Howlett, Head of Legal and Democratic Services/Monitoring Officer 01295 221686
- Risk Management:** If the Council fails to continue to support the implementation of the programme of activities in respect of procurement, there is a risk efficiency savings will not be achieved. A number of the actions relate to developing good practice for the commissioning of goods and services, by implementing sophisticated procurement practices as well as using market intelligence the Council will be able to fully demonstrate it has strategies in place to consistently secure value for money.  
Comments to be checked by Karen Curtin, Head of Finance, 01295 221551.

## Wards Affected

---

All

## Corporate Plan Themes

---

An Accessible, Value for Money Council

## Executive Portfolio

---

**Councillor James Macnamara**  
**Portfolio Holder for Resources and Communications**

### Document Information

---

Appendix No	Title
Appendix 1	Contracts Register
<b>Background Papers</b>	
Corporate Procurement Strategy and Action Plan for 2010/11	
<b>Report Author</b>	Viv Hichens, Corporate Strategic Procurement Manager
<b>Contact Information</b>	01295 753747 <a href="mailto:viv.hichens@Cherwell-dc.gov.uk">viv.hichens@Cherwell-dc.gov.uk</a>