

REPORT TO THE MEETING OF THE EXECUTIVE 26 JULY 2017

PORTFOLIO: FINANCE

REPORT FROM ASSISTANT DIRECTOR, COMMERCIAL SERVICES

SUBJECT: CONTRACT MONITORING 2016/17

1 DECISION BEING RECOMMENDED

- 1.1 That the contents of the report be noted.

2 REASON/S FOR RECOMMENDATION

- 2.1 To report the process and outcomes of contract monitoring for six of the Council's most significant contracts, in terms of contract value and risk. The requirement for this report is set out in Section 22 of the Council's Contract Procedure Rules (CPR) and follows recommendations from External Audit.

3 SALIENT INFORMATION

- 3.1 Following the external audit carried out by BDO, it was identified that there were areas of Contract Monitoring that required improvement. The audit made Recommendations to develop robust procedures and ensure senior officers were more proactively monitoring the application of Contract Monitoring procedures. The need to monitor, evaluate and review contracts is also highlighted in Section 22 of the Council's Contract Procedure Rules
- 3.2 The Council's Contract Procedure Rules set out the process for managing contracts and is part of the strategy to ensure that the Council achieves Best Value in the way it spends money.
- 3.3 The Management and Monitoring of Contracts which is referred to in the Contract Procedure Rules and Procurement Strategy are two different processes, these differences are detailed below:
- Contract Management is the day to day management of the Contract, including negotiation, variations, ensuring compliance with the specification and terms and conditions, and processing orders to enable invoices to be paid on time.
 - Contract Monitoring is reviewing the supplier's performance of the Contract against the Key Performance Indicators (KPIs) and agreeing steps to improve performance where necessary.
- 3.4 In the last 12 months the following training has been delivered as part of the strategy to ensure the CPR is adhered to:

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- (1) Contract Procedure Rules: To understand the need to meet public sector rules for Procurement.
 - (2) Financial Regulations: To understand the need for strict budgetary control over the Council's funds.
 - (3) Contract Monitoring: To understand that the Council requires best value from its Contracts and how to achieve this.
- 3.5 Initial Contract Monitoring training has already been completed, with further sessions planned for later in the autumn to again highlight the principles of Contract Management and sound Contract Monitoring. At this training, officers will receive a Contract Monitoring toolkit, which will assist them with the full process of monitoring their contracts.
- 3.6 The Council's Contracts should be monitored by the Contract Managers through good communication, and attending regular meetings with the Contractors. At these meetings contract performance against the Key Performance Indicator's should be discussed and recorded, along with core items including Safeguarding, Health and Safety and opportunities for efficiencies.
- 3.7 In order to confirm the Council is getting best value from its contracts, formal reporting of the outcomes of contract monitoring for a number of key contracts will be provided to Council Members on an annual basis.
- 3.8 This report has been compiled to outline the process and outcomes of contract monitoring for the following contracts for the period April 2016 – March 2017:
- ICT
 - Street Scene
 - Waste
 - Leisure
 - Grounds Maintenance
 - Materials Recycling Facility
- 3.9 The reports for each of these contracts can be found at Appendix A. These Contracts were selected based on their high value and or risk. The appendices contain information that is commercially and legally sensitive in terms of contract monitoring.
- 3.10 The contract reports provide information regarding the length and annual value of each contract, commentary on the actions taken to monitor the contracts and key performance indicators (KPIs).

- 3.11 KPIs should be regularly monitored and reviewed by the Contract Monitoring Officers to ensure they are still appropriate and challenging, the addition of new KPIs should also be considered following changes in service delivery as appropriate.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 Contract monitoring is a crucial process to ensure contracts are performing as per the specification; as such there is no alternative in this case.

5 RISK IMPLICATIONS

- 5.1 Failure to effectively monitor contracts leaves the Council vulnerable to receiving sub optimal service and associated risks.

6 RESOURCE IMPLICATIONS

- 6.1 The Contract monitoring procedures should lead to tight control of the major contracts within the Council. Through good communication, clear objectives and measures against agreed KPI's, the Council should be able to maintain its current levels of service whilst continuing to look for additional savings through efficiencies and commercial discussions, to help achieve the aim of becoming financially self-sustaining by 2021.

7 LEGAL IMPLICATIONS

- 7.1 None in relation to this report. However, any breaches of contract will be dealt with under the terms of each individual contract.

I confirm that the above recommendation does not depart from Council policy and that appropriate consideration has been given to any budgetary and legal implications.



LT Lead Officer Signature: _____

Assistant Director, Commercial Services

Background Papers:-

None.

For further information please contact Paula Jarvis (Senior Procurement Consultant), Lauren Quigley (Procurement Assistant) or Vanessa Yuen-Roberts (Procurement Co-ordinator) on:-

Phone: 01702 318023 / 01702 318080

Email: procurement@rochford.gov.uk

If you would like this report in large print, Braille or another language please contact 01702 318111.