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## **CONTRACT REVIEW – REPORT OF THE MEMBER CONTRACT REVIEW WORKING GROUP**

### **1 SUMMARY**

- 1.1 This report brings to Members' attention the main recommendations now put forward by the Member Contract Review Working Group in respect of the Council's contract management process.

### **2 INTRODUCTION**

- 2.1 The Member Working Group, comprising Councillors Adams, Mr. Helson, Mason and Stebbing have now met on six occasions. Over that period, the Group has examined the following issues:-
- Lowest price versus quality and delivery
  - Programme of Works
  - Contingency plans
  - Project Management Methodology
  - Aggregation of Contracts
  - Internal recording of receipt of Tender
  - Communications
  - Rochford District Council – capacity/resources
- 2.2 As part of their investigations, the Group received presentations from another District Council, the County Council, a private contractor, and a Social Housing landlord on the contract management process and in particular around the issues identified above.
- 2.3 The Group has also taken on board references from the Finance & General Purposes Committee in respect of the Mill Hall (Minute 166/2001) and Audit Services Committee in respect of a Contracts Procedure Best Practice Guide (Minute 247/2001).

### **3 MAIN CONCLUSIONS/RECOMMENDATIONS TO COUNCIL**

- 3.1 On the basis of the work now carried out, the Working Party would put forward the following recommendations:
- 3.2 Recommendation 1
- 3.3 As part of the work around the modernising agenda and compiling a new constitution for the Authority, the Council should develop a procurement strategy, contract standing orders and financial regulations which recognise the trend towards partnering and negotiation.

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3.4 Recommendation 2

3.5 The new standing orders and regulations need to look at the issues of aggregation and disaggregation to reflect the above.

3.6 This recommendation arises out of consideration of the Mill Hall Contract.

3.7 Recommendation 3

3.8 The new standing orders and regulations need to look at the balance between lowest price versus quality versus time in terms of selection. It needs to be recognised that there will be occasions where quality and /or time may be the overriding factors.

3.9 This recommendation arises out of consideration of the Mill Hall Contract.

3.10 Recommendation 4

3.11 Large contracts (that is over £250,000) or contracts on sensitive sites, e.g. Mill Hall, Town Centres, Public Toilets, should be the subject of greater Member involvement in terms of the development of the specification and monitoring performance. The Town Centre Member Working Parties were seen as a good model for this. Within the new Committee structure, this role can be taken by the relevant overview and scrutiny committee – hence a specification could be considered by the overview and scrutiny committee. Within that context any resource issues and other matters of particular relevance can be considered. For example, the choice of materials, quality of finish and timing. Also, resources available to undertake the project and monitor its implementation. A report can be prepared for the relevant policy committee for decision. Monitoring can then be taken up by the overview and scrutiny committee both for the duration of the contract and any issues that may arise thereafter.

3.12 By way of example, if the public toilet upgrades had been handled in this way, the Community Overview and Scrutiny Committee of 9 Members could have considered the matter, looked at best practice elsewhere, examined potential upgrades possible, likely costs, timing, etc. and developed proposals, together with estimates of costings, for decision by the Community Services Policy Committee of 13 Members. The Overview and Scrutiny Committee could then have monitored progress and reviewed any issues arising from the final completion of the project.

3.13 This recommendation arises out of consideration of the Mill Hall contract.

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3.14 Recommendation 5

3.15 Reports submitted to Committee (both in the Overview & Scrutiny and Policy context) in respect of contracts should, wherever possible, include more details in relation to the quality of the work/service to be provided and the estimated duration of the contract. The key stages of the contract and any critical timeframes should be identified and shown graphically where appropriate.

3.16 This recommendation arises out of consideration of the Mill Hall Contract.

3.17 Recommendation 6

3.18 Where specific materials are required, initial investigations should take place at the preliminary stage to establish minimum/maximum delivery times. This information can then be included within the deliberations of the appropriate Overview and Scrutiny Committee.

3.19 This recommendation arises out of consideration of the Mill Hall Contract.

3.20 Recommendation 7

3.21 In both contract documentation and pre-commencement meetings, the timetable, key milestones and lead times should clearly be addressed.

3.22 This recommendation arises out of consideration of the Mill Hall Contract.

3.23 Recommendation 8

3.24 The scheduling of all outdoor contracts should, where possible, be confined to the Spring to Autumn period and not spread into the Winter months, unless for exceptional reasons.

3.25 This recommendation arises out of consideration of the Mill Hall Contract.

3.26 Recommendation 9

3.27 The Council should purchase 6 signage boards for display by contractors to provide on site information for the public to identify the scheme as a Council project and to provide such information as contract duration, estimated completion and Council contact point.

3.27 Recommendation 10

3.28 The Council's Approved List of Contractors should include a rider at the bottom of the list stating that "The above companies have been vetted for inclusion on the approved list in terms of their financial standing, capacity, past performance and areas of expertise. However, the vetting has only been within those areas of work applied for and the inclusion of firms on the approved list should not be seen as an endorsement by the Council of the company or its workmanship".

3.29 Recommendation 11

3.30 Within the overall contracting process, Ward Councillors and Group Leaders should be advised in advance of the commencement of development works contracts within their ward and included in a quality feedback loop as part of the assessment of the success of that contract.

3.31 This recommendation arises out of the consideration of the Mill Hall Contract.

3.32 Recommendation 12

3.33 The attached contracts procedure (see Appendix) should be adopted across the Council for building and works contracts.

3.34 This recommendation relates to the reference from the Audit Services Committee.

3.35 Recommendation 13

3.36 That Essex County Council Highways be requested to arrange for its main highways contractor, Alfred McAlpine, to attend and give a presentation to the late November meeting of Transportation and Environmental Services Committee to explain its role under the Contract 2000 process in respect of the management and maintenance of the highway and footpath network within Rochford District.

**4 CRIME AND DISORDER IMPLICATIONS**

4.1 Nothing specific.

**5 ENVIRONMENTAL IMPLICATIONS**

5.1 The majority of the Council's external contracts are aimed at securing environmental improvements.

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**6 RESOURCE IMPLICATIONS**

- 6.1 The majority of the recommendations outlined above represent changes to existing working practices and procedures within the context of existing resources rather than requiring additional resources. Individual contracts may have additional resource implications, but these will be highlighted and determined in respect of that contract.
- 6.2 The changes to the contract process may result in lead in timescales on major or sensitive site contracts being extended, to ensure an adequate timeframe for input by Members in the preparation of specifications.
- 6.3 The signage boards will have a cost of approximately £3,000. These can be funded from contingency provision in the first instance.

**7 RECOMMENDATION**

It is proposed that the Committee **RESOLVES**

That this Committee resolves to agree to Recommendations 1 – 13 as outlined in this report. (CEX)

Paul Warren

Chief Executive

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**Background Papers:**

None

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## **APPENDIX**

### **CONTRACTS PROCEDURE**

#### Stages

1. Contract created
2. Property/site check entered
3. Consult client/tenant
4. Survey design/specification
5. Consult client/tenant
6. Statutory approval
7. Clarify key lead in times/materials
8. Check tenderers willing
9. Contractor approval
10. Invite tenders
11. Tender closing date
12. Check tenders received
13. Ward Councillors/Group Leaders notified
14. Leaseholders notified (where appropriate)
15. Approved contractor informed – letter of intent
16. Order date
17. Contract meeting
18. Contract start date
19. Advise client of contractor actual start date
20. Practical completion
21. Send satisfaction letter
22. Penultimate payment
23. Leaseholders invoiced (where appropriate)
24. Arrange audit
25. Ward Member/Group Leader feedback
26. Retention paid at end of defects period
27. Contract completed
28. Archive date