

Corporate and Communities Overview and Scrutiny Panel Tuesday, 23 October 2018, County Hall Worcester - 2.00 pm

Minutes

Present:

Mr C B Taylor (Chairman), Mr A D Kent, Mr R J Morris,
Prof J W Raine, Mr A Stafford and Mr R P Tomlinson

Also attended:

Ms K J May, Cabinet Member with Responsibility for
Transformation and Commissioning
Mrs E B Tucker, Group Leader 2017 Group

Andrew Spice (Director of Commercial & Commissioning)
Lynne Green (Commissioning Manager)
Andrea Blake (Commercial Contracts Manager),
Samantha Morris (Scrutiny Co-ordinator)
Alison Spall (Overview and Scrutiny)

Available Papers

The members had before them:

- A. The Agenda papers (previously circulated);
- B. The Minutes of the Meeting held on 23 July 2018
(previously circulated).

(A copy of document A will be attached to the signed
Minutes).

228 Apologies and Welcome

Apologies were received from Mrs M A Rayner and Mr R
M Udall.

229 Declarations of Interest and of any Party Whip

None

230 Public Participation

None

231 Confirmation of the Minutes of the Previous Meeting

The Minutes of the Meeting held on 23 July 2018 were
agreed as a correct record and signed by the Chairman.

232 Commissioning

The Director of Commercial and Commissioning (the
Director) provided an overview of the key themes of the
Report which were:

- Clarification on what was meant by commissioning
- Details of the Council's Operating Model and the Commissioning process
- Details of the Council's largest contracts
- An update on commissioning issues arising from recent audits considered by the Audit and Governance Committee.

The Panel was reminded that the stages in the commissioning process were:

- assessment of needs and desired outcomes
- design of the service, which involved an exploration of the possible alternative models which could meet the desired outcomes
- sourcing of a provider in line with the recommended delivery model; and
- the proactive management and review of the contract and the provider to ensure that the performance and savings outcomes were being achieved.

The Council had approximately 1500 contracts with suppliers, with a commercial spend of £494m in 2017/18 which included capital, revenue and pooled spending. The three largest contracts were Worcestershire NHS Health and Care Trust, Ringway Infrastructure Services and Mercia Waste amounting to over £100m between them. It was noted that at the other end of the scale, there were 2-3,000 individual care package contracts.

The Director referred to the recent external audit carried out by Grant Thornton and the management action that had taken place since, to ensure that effective Value for Money (VFM) arrangements were in place. This had included the establishment of a Commercial and Commissioning Board to oversee all of the arrangements including a thorough review of the larger contracts. The Panel was reassured that lessons were being learnt.

The Panel was informed that there was extensive detailed data available on many of the contracts, particularly for the more recent ones and that a number of Key Performance Indicators (KPI's) could be analysed in more depth if the Panel wished.

Main points of discussion

- A question was asked about the high number of small contracts in place and whether there should

be a rationalisation process to improve efficiency. The Director explained that there was a dynamic purchasing system in place and that each contract was competed for on the basis of price. There were also tools to assist with this process, including a system of category management which looked at what the Council wanted to buy and aggregated the spend to ensure that better VFM was achieved.

- In terms of the rationale for bringing IT Services back in-house, the Director explained that it was a well performing contract, which had benefitted from significant private investment. It had, however, recently been decided there was capability to support this service in-house and that it would be more cost effective to do so. The CMR added that best value was the key factor and that whichever option provided the right outcome for the right price was the best decision to ensure VFM. It was noted that the IT drop-in service was well received by staff and it was proposed to expand the service to other locations across the County Council.
- A member suggested that it appeared that the number of commissioned services was declining and it would be interesting to see some analysis of the reasons why services had been commissioned in the first place, what improvements had been made as a result of commissioning and then if the services had subsequently been brought back in-house the reasons why.
- The Commissioning Manager confirmed that in-house services were reviewed by the Commissioning Team, in order to determine whether in-house was the most cost effective way to provide a service.
- A Member drew attention to the Matrix Customer Service Management (CSM) contract and queried whether the amount of expenditure on agency staff was the best use of resources. The CMR explained that covering the 40% vacancy rate for social workers represented the majority of this unavoidable level of spend. She highlighted that a number of measures were in place to improve the situation and that these were starting to have an impact on the figures, as well as improving service delivery.
- The Director confirmed that although the Council didn't have International Standardisation Organisation (ISO) 9001 (quality management system for procurement), there were procedures in place to ensure compliance with the relevant regulations. The Commercial and Commissioning

Board was now in place, which would review processes to ensure transparency and that the automated processes had been carried out. In addition, the existing 2016 Procurement Strategy would be refreshed.

- The Panel was provided with an example of a contract liquidity spreadsheet which summarised the detail of a contract, when it was due to end and the commissioning plans. The Commissioning Manager stressed that it was a huge task to bring together the details of all commissioned services in one place, as the information was currently held by individual Directorates. Once completed, it would provide a valuable visual tool to ensure effective management of the overall commissioning process.
- Members queried the use of spreadsheets, when software tools were available to simplify this process. The Director agreed that a contract management tool would be the preferred option, but at the moment the work was focused on ensuring that a centralised accurate Register was in place, as this would be needed as a starting point for any new software system introduced in the future.
- In response to a members concern about the capacity to cope with a number of contracts ending at the same time, the Director advised that the process of gathering the information centrally wasn't yet complete, but it was anticipated that there would be spikes in demand at certain times but holding the information centrally would allow for early warning and appropriate planning to take place.
- A question was asked about the opportunities for the Council to work with District Councils to benefit from joint savings. The Commercial Contracts Manager advised that the Worcestershire Procurement Lead Board was in the early stages of looking at overlapping services to identify what opportunities there were. The Commissioning Manager also highlighted that a 'One Worcestershire' Group had been established to see how public bodies could benefit from more shared use of services, but it was a challenge to encourage all District Councils to become involved.
- In respect of the findings of the Grant Thornton Audit, the Director assured the Panel that lessons had been learnt and that the Council was learning from best practice across the country. Training of key personnel was vital and the strategic role of the Commercial and Commissioning Board would be crucial going forward.

- In these challenging financial times, a Member asked whether there was any scope for seeking reductions in the price of current contracts. The Director explained that, thankfully, there were not many inflationary uplifts in current contracts, but that it would be possible to invite providers to take a percentage reduction in contracts. Other cost-saving tools were also available to the Council, including the early completion of a contract.
- The ethical basis of the Council's commissioning process was raised. The Panel was assured that as the Council was an ethical organisation, this was integral to its policies and practices. There was an understanding that effective commissioning was co-produced and that companies were dealt with on a fair basis. The Panel was reminded that as part of the 2015 Regulations, the Council was required to check the financial sustainability of Companies it issued contracts to.

It was agreed that:

- The Panel would wish to have the opportunity to contribute to the review of the Procurement Strategy, when it took place.
- The Panel were keen to view the overall Commissioning Project Plan to enable them to scrutinise the key milestones, achievements etc. to see how improvements in services were being delivered. Linked to this, they would like to be made aware of the commissioning priorities that have been given to the Director of Commercial and Commissioning for the next six months, and to invite him to provide an update to the Panel in six months' time.
- The Panel would like to be advised as to which KPI's they should be monitoring with regard to commissioning.
- The Panel highlighted the opportunity for smarter and more efficient working with an appropriate contract management software tool and they would support this option being pursued as the earliest opportunity.

The meeting ended at 4.00 pm

Chairman

