

Corporate and Communities Overview and Scrutiny Panel Wednesday, 4 November 2015, County Hall Worcester - 10.00 am

		Minutes
Present:		Mr C B Taylor (Chairman), Mr S R Peters (Vice Chairman), Mr S C Cross, Mrs P E Davey, Mr R C Lunn, Mrs E B Tucker and Mr P A Tuthill
Also attended:		Mr A I Hardman, Leader of the Council with Responsibility for Finance Mrs E A Eyre Sander Kristel (Director of Commercial and Change), Peter Bishop (Strategic Commissioner, Service Transformation), Jo Charles (Head of Commercial), Stella Wood (Overview and Scrutiny Officer) and Suzanne O'Leary (Democratic Governance and Scrutiny Manager)
Available Papers		The Members had before them A. The Agenda papers (previously circulated) B. A copy of the Commercial Team's new staff structure (circulated at the meeting) A copy of documents A and B will be attached to the signed Minutes.
145	Apologies and Welcome	Apologies were received from Mr M H Broomfield.
146	Declarations of Interest and of any Party Whip	None.
147	Public Participation	None.
148	Commissioning Process - Update	The Director of Commercial and Change, the Head of Commercial and the Strategic Commissioner - Service Transformation were invited to provide an update on: <ul style="list-style-type: none">• the development of the Commercial Team; and• in relation to already commissioned services such as the Design Unit, ICT Managed Services and

IBS Schools, how the quality of service provided is being monitored.

The Leader/Cabinet Member for Finance also took part in the discussion.

Development of the Commercial Team

The Director and Head of Commercial updated the Panel on the development of the Commercial team which included progress to date, the vision for 2020 and how success would be judged as outlined in the agenda report. In addition to the detail in the report, the Panel was advised that:

- A standardised approach to commissioning and contracting across Worcestershire County Council did not necessarily mean that all services would be commissioned in the same way – there would be a variety of different models.
- There were currently 60 staff in the Commercial Team, which had been developed to effectively support the Strategic Commissioners with the commissioning of their services. Staff whose roles were defined as providing 'Centralised Commissioning Support' had moved in from existing Directorates. A copy of the new staff structure was circulated at the meeting. In summary, the Commercial Team was responsible for commercial, market, and procurement management as outlined in paragraph 6 of the agenda report (and as per Appendix 1 of the agenda report):
 - Commercial management – all Contracts were now listed in one place which helped with the management of the contracts register. The team supported the ongoing review of existing contracts to ensure value for money throughout their lifecycle. A draft Procurement Plan was being finalised to allow prioritisation to ensure best value for money and to monitor the upcoming activity of commissioning on a rolling 12 month basis. Having a good relationship with the service provider or supplier was of key importance in managing and maintaining commercial relationships.
 - Market management – the Council tried to ensure there was a vibrant supplier market to

commission services from. Where there was none, the local supply chain and volunteering would be encouraged.

- Procurement management – included ensuring: legal compliance; compliance with the Council's Standing Orders; and positive outcomes underpinned by performance management across the organisation.

Early achievements included securing Liberata as the preferred provider for Transactional HR and Finance Services. It was anticipated that a contract would be awarded later this year subject to due diligence. Another early achievement was supporting the Worcestershire Youth Music Service to become a Company Limited by Guarantee with charitable status. This was a good example of where a commercial contract would not be most appropriate.

Other early achievements included: the launch of Place Partnership Ltd.; developing a market engagement strategy to support future transport and Fleet provision; and, working with the Institute of Public Care to undertake a robust analysis of market risk around adult social care providers both locally and nationally.

During the ensuing discussion, the following main points were raised:

Members felt that better value for money could often be achieved by changing supplier and asked if the number of new suppliers was monitored. It was explained that the number was not currently measured although the Council did proactively encourage providers to take part in the procurement process. The Council would normally have to wait until the end of a contract to change supplier. The commercial team would always seek a percentage reduction at the end of contract. It was confirmed that the Council had a number of framework contracts enabling spot purchases where necessary to achieve better value for money.

Members highlighted their role as the 'go to' person in the local community and asked how they would know which officer to contact if residents complained about service from a commissioned service. It was explained that the Council was still responsible for the service regardless of whether it was commissioned or delivered in house. For commissioned services, the strategic commissioners would be the first point of contact.

It was suggested that the relevant Portfolio Holder was also a useful contact about resolving problems with services, although not all members felt this would be appropriate; Members found it useful to have a Highway Liaison Officer. Members asked if contact officers for each commissioned service could be clearly communicated to all councillors.

Members also felt it would be helpful to know the standard of service expected from a contract, to help them know whether that standard was being achieved when talking to residents.

The Council planned to have a robust operating model that focused on value and outcomes. The use of the local supply chain would always be encouraged and the commercial team would consider the impact on Open for Business outcomes and the local economy. 75% of Council spending on contracts was spent locally. The Council had used the 'Local Multiplier 3' (LM3) model to assess the impact of Council spending on the local economy. The LM3 score was currently 2.12 which meant that for every £1 spent by the Council, £2.12 in value was added to the local economy. The score had increased slightly from 2013/14 to 2014/15. The Council was also looking at the social value that local contracts brought to the County and it was hoped to build more of these in future.

Members asked when they would be able to access the draft Procurement Plan and it was hoped this would be later this year.

Members asked whether there had been any tenders where there had been a lack of interest from suppliers. It was explained that little interest had been anticipated to provide the Worcestershire Youth Music Service, which had been supported to become a Company Limited by Guarantee with charitable status.

Paragraph 9 of the agenda report outlined that 'Procurement Management would be focussing on the category management¹ of contracts including looking at forensic analysis of spend on complex contracts as well as tail spend across the organisation, supported by a review of the Council's procurement code to ensure it

¹ Category management is a way for the council to manage its buying activity by grouping together related products and services such as ICT (Information and Communication Technologies), vehicles or stationery, across the council and mapping them onto a supplier market.

was simplified and fit for purpose.' It was explained that tail spend was spending in the smaller low value contracts (typically below £5,000). It was resource intensive to analyse how better value for money might be achieved from tail spend, and the Council was considering buying in this analysis. . It was confirmed that the Council used procurement cards for purchasing small items although this did not necessarily bring down the cost of purchases.

Members asked, given that the outcomes of some contracts were quite long term, how appropriate performance indicators were decided in the interim. It was difficult to get the right balance between outcomes and key performance indicators; having a centralised support team in one place would help with this.

Members asked what was being done to assess the impact of the introduction of the Living Wage on the Council's budget. It was explained that the Commercial Team was working with the Institute of Public Care at Oxford Brookes University to undertake a robust analysis of market risk around adult social care providers both locally and nationally. Members of the Adult Care and Well-Being Overview and Scrutiny Panel planned to consider this report. Also, a Scrutiny Task Group was examining Commissioning: Staff Terms and Conditions. In relation to services within Commercial and Change Directorate that had already been commissioned i.e. the Design Unit, ICT Managed Services and IBS Schools, the Strategic Commissioner updated the Panel on how the quality of service provided was being monitored, and how these services were performing.

During the ensuing discussion, the following main points were made:

The Design Unit contract had been signed on 1 November 2015 while the latter two service contracts had been operating for just under a year.

Design Unit

Construction related design services were not included within the Joint Property Vehicle (JPV) and in February 2014, Cabinet endorsed the decision to offer the Property Design Unit as a single package to market. Cabinet approved Jacobs UK Ltd as the preferred bidder in June 2014. The contract was signed and staff transferred on 1 November 2014.

Current contractual performance for the Design Unit was generally good and new ways of working had been

introduced. Performance in a small number of areas needed improvements and plans were in place to achieve these. Such issues were considered normal for a new contract.

The Jacobs contract was managed on a day to day basis by Place Partnership on behalf of the Council. A Contract Manager managed the quality of the service provided by the contractor using a range of KPIs as summarised in paragraph 17 of the report.

If large numbers of KPIs were included in contracts this could significantly increase the cost. The preferred way to ensure good performance was to have fewer performance indicators and encourage providers to achieve the right outcomes through positive relationships and incentives.

A member had had a good experience with the Design Unit during the joint Town, District and County Council Malvern Library project and the Malvern Vale North site development, although felt there was some confusion in relation to the management of the Leigh-Bransford Primary School extension. It was confirmed that the Place Partnership would manage the whole extension project from beginning to end (not just the design or the Design Unit). A Member asked who was the client for the school extension and was advised that it was the school (albeit through a 3rd party i.e. the Place Partnership).

Members were advised that Jacobs had retained local staff and local knowledge although this could be backed up with regional and national expertise where necessary. If Jacobs could not do a particular job or did not have capacity, the Council could go to another provider. The Council and Jacobs were happy to work flexibly in a range of ways to deliver desired outcomes.

ICT Managed Services

Cabinet had approved HP to manage the Council's ICT infrastructure on 25 September 2014. Staff transferred in February and the new operating model was effective from 2 March 2015.

There were 2 distinct elements to this contract, the first being day to day support of ICT infrastructure services, such as provision of laptops, printers, network and the Service Desk. New structures were planned to provide better support for mobile workers. The second element of the contract was Transition and Transformation (T&T). Some delays to improvements in telephony and

infrastructure had been caused by the Council's ageing IT infrastructure and work was ongoing to deliver further improvements.

IBS Schools

IBS Schools provided IT support to Worcestershire schools and academies. Capita Business Services were approved as the preferred buyer by Cabinet on 25 September 2014. Transition was completed as planned on 1 December 2014. All the savings planned as part of the contract had been achieved.

The commissioning of IBS Schools was not a traditional procurement process as schools bought the service from the Council. The County Council was divesting itself of the IBS Schools Business to achieve maximum value and ensuring the service would benefit Worcestershire Schools as outlined in the Cabinet paper (the financial offer from Capita Business Services Limited was in excess of £1m).

This contract had very effective governance structures. Formal monthly review meetings with the ICT Commercial and Contracts Manager were preceded by written monthly reports from the Service Manager at Capita, containing narrative on Service Level Agreements plus any major problems and changes. The relationship was very positive and overall the service was working well.

The support model had been different as the relationship for many of the services was now direct between the schools and Capita Business Services. This on occasion had resulted in longer than necessary fix times on some items. This was not unexpected when new parties and operating models come together. There had been some confusion initially over who was responsible for what. Actions had been agreed and this was now clearer leading to an improvements.

Learning and Achievement Services

Babcock Ltd was approved as the new provider of Learning and Achievement Services and the contract had started on 1 October 2015. Members felt that although this issue did not form part of the agenda, it should be considered as part of a wider discussion on the process of commissioning services.

A member had been contacted by a constituent who was one of a number of Special Educational Needs (SEN) teaching assistants who had been made redundant in March 2015. Since news of further redundancies

proposed by Babcock in Learning and Achievement, local residents had asked if this was a way for the County Council to avoid redundancy payments, and the member asked whether senior officers had been aware of Babcock's plans.

Members were advised that when commissioning services, the outcomes of what the contract should achieve were important and the contract with Babcock was a robust one. Considering the structure and staff numbers of a service provider was not the commissioner's role and the Council had not been aware of the structures and staffing numbers. The situation was that Babcock was currently consulting with staff on potential job cuts and discussions between Babcock and the County Council were being held. Given the significant cost savings this contract would bring to the Council, Members found it difficult to understand how fewer staff had not been anticipated.

Members asked how commissioners would know whether a provider could deliver the services required if they were not aware how many staff the provider would have. It was explained that pre-qualifying questionnaires were completed before providers were invited to tender. These enabled commissioners to see the activities and services provided elsewhere by the provider and an assessment of their capability to deliver would be made.

About 50 staff transferred from the Design Unit to Jacobs where there were no redundancies and about 50 transferred from ICT to HP. It was known that HP planned to restructure and the County Council had supported the redundancy process for affected staff.

It was confirmed that when Council staff were transferred to another organisation under TUPE, that organisation was responsible for any redundancy payments. It was understood that individual staff had a right to transfer. Members asked for further details of the terms and conditions of staff transferred under TUPE.

Comments to CMR

Members agreed to make the following comments to the Cabinet Member with Responsibility:

- Members asked if a named contact officer for each commissioned service be clearly communicated to all members. to enable them to fulfil their role as the 'go to' person in the local community.

- Members also asked to have an overview of what the expected standard of a service was to help understand whether that standard was being achieved.
- While Scrutiny Panels could look at how commissioned services were performing, there needed to be some mechanism for Members to understand how new contracts would be expected to work. It was suggested this was the role of this Panel.

The meeting ended at 11.25 am

Chairman