

 <b>FINANCE &amp; AUDIT SCRUTINY COMMITTEE</b> <b>10<sup>th</sup> FEBRUARY 2015</b>		<b>Agenda Item No.</b> <b>4</b>
<b>Title</b>	Review of Cultural Services Contracts Register	
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<b>Wards of the District directly affected</b>	All	
<b>Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?</b>	No	
<b>Date and meeting when issue was last considered and relevant minute number</b>		
<b>Background Papers</b>		

<b>Contrary to the policy framework:</b>	No
<b>Contrary to the budgetary framework:</b>	No
<b>Key Decision?</b>	No
<b>Included within the Forward Plan? (If yes include reference number)</b>	No
<b>Equality and Sustainability Impact Assessment Undertaken</b>	N/A

<b>Officer/Councillor Approval</b>		
<b>Officer Approval</b>	<b>Date</b>	<b>Name</b>
Chief Executive/Deputy Chief Executive	26/1/2015	Andy Jones
Head of Service		Rose Winship/Mike Snow
CMT		
Section 151 Officer		Mike Snow
Monitoring Officer		Andy Jones
Finance	26/1/2015	Sue Simmonds
Portfolio Holder(s)		Cllr Sue Gallagher Cllr Stephen Cross
<b>Consultation &amp; Community Engagement</b>		
Insert details of any consultation undertaken or proposed to be undertaken with regard to this report.		
<b>Final Decision?</b>	Yes/No	
<b>Suggested next steps (if not final decision please set out below)</b>		

## 1. **SUMMARY**

- 1.1 The report sets out the current position of the Cultural Services Contract Register, and highlights any issues which need to be addressed in the coming 12 months.

## 2. **RECOMMENDATION**

- 2.1 Finance and Audit Scrutiny Committee review the Cultural Services Contract Register attached as Appendix 1 and make observations as appropriate.

## 3. **REASONS FOR THE RECOMMENDATION**

- 3.1 The Cultural Services Contract Register allows members of the Finance and Audit Scrutiny Committee the opportunity to consider the robustness of the register, make appropriate suggestions on how the register could be improved, and consider the document within the context of promoting sound procurement practice across the Council.

## 4. **POLICY FRAMEWORK**

### 4.1 **Policy Framework**

Under the Council's Code of Procurement Practice, details of all contracts for the supply of goods, services and supplies should be held on the Council's central Contract Register. The Code also states the tender process to be used by officers when procuring goods and services.

### 4.2 **Fit for the Future**

By following the Council's Code of Procurement Practice in procuring goods, services and supplies, officers will be contributing to the Council's vision, and key policy priorities included within the Sustainable Community Strategy. The following specific benefits should arise:-

- The Council will be sure it is obtaining value for money from its expenditure, in the provision of all its services for local council tax payers.
- Opportunities will be given to local employers to tender for Council contracts, thus contributing to the Prosperity Agenda.
- It will be demonstrable that the Council, and officers, are operating fairly, in an open and transparent manner.

## 5. **BUDGETARY FRAMEWORK**

- 5.1 There are no direct budgetary implications arising from this report. All of the Council's expenditure should be made in accordance with the requirements of the Council's Code of Procurement Practice. This should help the Council to ensure that it achieves value for money from its expenditure through the correct tendering of contracts, and the subsequent management of those contracts.

## 6. **RISKS**

- 6.1 It is important that all procurement across the Council complies with the relevant procurement regulations and directives and also the Council's Code of Procurement Practice. By following this approach the Council will reduce the risk of challenge.
- 6.2 Contract Management is an important element of procurement. Contracts need

to be properly managed to ensure compliance with the service level agreements, whilst considering all relevant aspect that may affect the performance of the contract.

Also, it is important that contract managers pro-actively plan ahead to ensure the procurement of future contracts is properly managed.

## **7. ALTERNATIVE OPTION(S) CONSIDERED**

7.1 This report is not concerned with recommending a particular option in reference to others so this section is not applicable.

## **8. BACKGROUND**

8.1 The Terms of Reference for the Finance and Audit Scrutiny include "Promote value for money and good procurement practice". This is a role that the Committee has actively pursued. In carrying out this role the Committee appointed three of its members to act as Procurement Champions to assist and advise the Procurement Manager. Partly as a result of these actions, the status and knowledge of procurement has increased substantially across the organisation in recent years.

8.2 In March 2014 the Finance and Audit Scrutiny Committee requested that it review each departmental Contract Register in turn. These reviews were intended to follow the approach used to review the Risk Register, whereby the relevant Portfolio Holder and Head of Service are available to answer the Committee's questions.

8.3 At this point it was highlighted that the Council's corporate Contract Register was incomplete. Since then, the Procurement Team have been working actively with Heads of Service to ensure that all contracts, and details relating to them, are included within the Register.

## **9. Cultural Services Contract Register**

9.1 The latest version of the Cultural Services elements of the Corporate Contract Register is set out in Appendix 1.

### **9.2 Contract Management in Cultural Services**

9.2.1 Cultural Services budget managers continue to work closely with the Procurement team to discuss the best approach for the variety of contracts and procurement activities required within the service area. The service manages a variety of different contract types as determined by the range of services delivered. These include:

- Direct Service delivery
- Purchase of goods
- Specialist services/consultancy
- Entertainment/performances

9.2.2 Section Heads are responsible for flagging up the need for a contract to be procured and will work with the procurement team representative to agree the best form of tender process to be followed. They will then continue to lead the process until the contract is awarded. Responsibility for day to day management of an individual contract is then delegated to the most appropriate officer within the team depending on the nature, scale and value of the contract.

9.2.3 The approach to the management of each contract depends on the contractual terms in place and the value of the contract. Broadly the following guidelines are applied for the 4 main types of contract awarded in Cultural Services.

### 9.3 Direct Service Delivery

9.3.1 This category includes the contracts awarded for management of the golf course, catering services in the Royal Pump Rooms and Jephson Gardens, car parking in Victoria Park for the Bowls National Championships, and Active Lifestyles in Warwick West (IMPACT project).

9.3.2 In most cases these are medium to high value contracts and therefore it is typical that they will be established through the process of formal tenders and in some cases qualifies for OJEU tendering. The process will be instigated by either the Head of Service or Section Head who will be the lead for the tender process from Cultural Services working with the Procurement Team, until the contract is awarded. The on-going management of the contract will then take the form of formal monitoring meetings between the contractor and appropriate Council officer. The length of contract will vary depending on the subject matter, ranging from 50 years in the case of the golf course contract, to 2 years in the case of the IMPACT project. In all contracts of this nature, the approach to contract monitoring is specified in the contract, details agreed with the contractor at the start of the contract, and records are kept for future reference. Any issues emerging through contract monitoring will be escalated to Head of Service as necessary, and the portfolio Holder informed of any areas of concern.

9.3.3 As these contracts near the end of their contract term, or at a point when the contract is considered to be unviable, discussions would take place regarding the need to re-tender for the service. This is picked up through the annual service plan process, but may be pre-empted if the standard of service declines to such an extent that the contract may be considered to be in breach. In both cases, officers would take the opportunity to consider the options available to them for future delivery of the service, and where necessary instigate the process to re-tender.

### 9.4 Purchase of Goods

9.4.1 The service area procures a wide range of goods, either for the delivery of services, or for resale to customers. These include but are not restricted to sports resale items, cleaning materials, security services and staff uniforms. Many of these require ongoing call off orders throughout the year, for which a contract is established whereby the appropriate quantities can be purchased as required, based on costs agreed in the contract. Some of these contracts are held as corporate contracts and therefore do not appear on the Cultural Services Contract Register.

9.4.2 These contracts are generally for lower value/high volume items which combine to create small/medium value contracts. Typically, three quotes or a mini tender process is used to award the contract. Monitoring of these contracts takes the form of the ongoing monthly budget monitoring carried out by budget managers who will be able to monitor the spend against budget, and the income generated by items which are resold to customers.

## 9.5 Specialist services/consultancy

- 9.5.1 From time to time, specialist advice of consultancy is required. Recent examples of this has been the consultancy support from Strategic Leisure for the Sports and Leisure options appraisal, the appointment of Neil Allen Associates to undertake the audit of leisure facilities and associated strategy documents, and The Research Solution to design and undertake independent surveys related to the National Bowls Championships.
- 9.5.2 Such services can be procured by an established framework, where appropriate frameworks exist. In the case of Strategic Leisure and Neil Allen, a formal tender process was conducted to test the market and identify the best solution. In the case of The Research Solution, the value of this work fell below the threshold for three quotes, so was awarded based on best value in the delivery of the requirement
- 9.5.3 The success of contracts of this type depends on clear specification of outputs at the tendering stage, a detailed evaluation process, followed by robust project management by the appropriate manager responsible for the work to ensure service levels are agreed and achieved.

## 9.6 Entertainment bookings

- 9.6.1 Where there is a need to procure the services from an entertainer, the requirement is perceived to be a sole provider and due to the nature of the requirement would not be feasible to carry a procurement exercise. Under this circumstance the requirement would be exempt under 6.4.4 of the Code of Procurement Practice.
- 9.6.2 Of the top 50 suppliers used by Cultural Services, by spend, 17 of these were "theatre shows/hires" which are exempt as described above.

## 9.7 Contracts due for review or new contracts in next 6 months

- 9.7.1 Following the report to the Executive in January 2015, work has now commenced on tendering for the delivery of car parking in Victoria Park during the National Bowls Championships for the next 4/5 years. The service was tendered for the one year only in 2014, in order to assess the impact of the new arrangements. Following the highly successful parking arrangements in 2014, it is considered beneficial to progress with a longer term contract which may realise some financial savings.
- 9.7.2 Work is currently ongoing to consider alternatives to the current box office system that manages ticket sales and hires for the Royal Spa Centre, Town Hall and some ticket sales for local arts organisations. The General Manager at the Royal Spa Centre has liaised with ICT colleagues and procurement colleagues to understand the options that are available to deliver a better service to customers, analyse sales data in order to allow more targeted marketing in the future, consider technology solutions that will allow the Council to operate as a ticket agency for other organisations, and have a "cloud based system" that is more robust and less of a risk to the Council's server.
- 9.7.3 The above 2 contracts are currently on the Procurement Plan and will be moved onto the Contracts Register once the contract is awarded.
- 9.7.4 The contract with Imagine, the production house who have produced and delivered the panto at the Royal Spa Centre expired after the 2014 panto. Work

is underway to consider the best approach for a future contract that will continue the good standard and financial success of productions that have been enjoyed in recent years.

9.7.5 A recent exercise lead by Finance to generate a list of total spend against creditors, demonstrated potential for new contracts to be established for bar and catering supplies and sports equipment. A further area for work in the future may be the supply of pool chemicals which will be picked up once the outcome of the Options Appraisal is concluded in sports and leisure.

## 9.8 Procurement training

9.8.1 Appropriate training on procurement and contract management is acknowledged as an essential element of the training programme in Cultural Services. Head of Service, section heads and Business Support Manager have all attended the 2 day Procurement training in the last 2 years. All budget managers in the service area and other appropriate staff are booked onto the Procurement Workshops scheduled for summer 2015 (Appendix 2).

9.8.2 It is acknowledged that further training for those monitoring contracts would be beneficial in the case of high value, high profile contracts. Discussions are ongoing with HR Manager and Head of Finance on the most appropriate approach to this training across the organisation.

**Corporate Procurement Training (Summer 2015)**

<p><b><u>Workshop 1 - Procurement Mythbusters</u></b>  <i>- this is aimed at anyone who has a delegated responsibility for procurement or those who support the process e.g. raising an order</i></p> <p>1.</p> <p>2. (Any individuals who are involved with procurement to attend this)</p>	<p><b><u>Workshop 2 – Advanced Procurement</u></b>  <i>- aimed at those who are actively involved with procurement and manage the delivery</i></p> <p>3. (For individuals that need more advanced knowledge of procurement they must attend Workshop 1 and then Workshop 2)</p>
<p>Duration – 3 hours          Planned for Jan to Feb 15 Dates TBC</p>	<p>Duration – 3 hours          Planned for May - June 15 Dates TBC</p>
<p>Content –</p> <ul style="list-style-type: none"> <li>• What is Procurement.</li> <li>• What part does it play in ensuring the Council delivers ‘best value’ in line with our corporate objectives.</li> <li>• Why is it so important to the Council, relating to our customers, taxpayers and suppliers, to follow procurement procedures and law.</li> <li>• Find out who is responsible for the key parts in the procurement life cycle within the Council and who to go to for help and advice.</li> </ul>	<p>Objectives –</p> <ul style="list-style-type: none"> <li>• Recognise how to obtain value for money for the procurement of goods, services and works.</li> <li>• Define where the external market influences our procurement processes and where the Council needs to focus its efforts.</li> <li>• Establish when different levels of expenditure apply to the procurement process.</li> </ul>

**Cultural Services attendees on both workshops:**

**Royal Spa Centre and Town Hall**

Deputy Manager  
 Customer Services Manager  
 Technical Services Manager  
 Operations Manager

**Heritage and Arts**

Operations Supervisor  
 Senior Curators (2)

**Sports & Leisure**

Sports & Leisure Manager (New starter Feb 2015)  
 Area Manager – Sports Facilities  
 Events Management Officers  
 Active Communities Officer