

## **SLOUGH BOROUGH COUNCIL**

**REPORT TO:** Overview and Scrutiny Committee  
**DATE:** 2<sup>nd</sup> February 2023  
**CONTACT OFFICER:** Clare Priest – Head of Commercial services  
**WARD(S):** All

### **PART I**

### **FOR DECISION**

## **TASK AND FINISH GROUP REPORT – REVIEW OF CONTRACT MANAGEMENT**

### 1. **Purpose of Report**

Effective overview and scrutiny should provide constructive ‘critical friend’ challenge, amplify the voices and concerns of the public, be led by independent people who take responsibility for their role and drive improvement in public services.

An Overview and Scrutiny Task and Finish group on contract management was convened in November 2022 to review three contracts and to make recommendations to improve contract management at Slough Borough Council.

The report seeks approval of the report attached at Appendix 1, including the recommendations made.

### 2. **Recommendation(s)/Proposed Action**

The Committee is recommended to:

1. Review and comment on the report attached at Appendix 1.
2. Agree the recommendations within the report for submission to Cabinet.

### **Commissioner Review**

*The task and finish group has produced a well-researched and useful report. All involved should be congratulated. The recommendations are supported as their implementation will be a significant step in meeting the Direction.*

### 3. **Slough Corporate Plan**

The Council’s priorities for 2022-25 are:

- A council that lives within our means, balances the budget and delivers best value for taxpayers and service users
- An environment that helps residents live more independent, healthier and safer lives
- A borough for children and young people to thrive

- Infrastructure that reflects the uniqueness of Slough's places and a new vision for the town centre

This report supports all the priorities in the council's plan because procurement and contract management activity consider:

- stakeholder engagement
- efficient commissioning and sourcing arrangements
- best value considerations, including social and environmental value, as well as economic

#### 4. **Other Implications**

##### (a) Financial

The recommendations of the task and finish group are seeking to ensure that the Council's limited resources are used to their best effect.

##### (b) Risk Management

The Council will take a risk-based approach to the management of contracts. Contracts will be risk assessed to ensure that those highest risk contracts have a robust contract plan in place, which is managed by the contract owner, and supported by the contract management support lead in the commercial team

The commercial team will use the council's risk management framework to ensure that any risks of strategic importance are escalated to the directorate or corporate risk register and mitigating actions are managed accordingly.

##### (c) Legal Implications

The Council is under a general Duty of Best Value<sup>1</sup> to "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness." The development of commercial function, will enable the Council to fulfil its best value duties. These arrangements will secure continuous improvement regarding economy, efficiency and effectiveness and overall value, including social value and will be considered in the procurement and contract management process.

##### (d) Equalities Implications

The Best Value Statutory Guidance states that authorities should avoid "gold plating" the Equality Act 2010 and should not impose contractual requirements on private and voluntary sector contractors over and above the obligations in the Act. This includes seeking to remove unnecessary paperwork and obstacles to contract compliance thereby making it easier for small and medium firms and the voluntary sector to apply and bid for contracts, and lowering costs to taxpayers.

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<sup>1</sup> Section 3 of the Local Government Act 1999 (as amended by s137 of the Local Government & Public Involvement in Health Act 2007)

## 5. **Supporting Information**

An Overview and Scrutiny Task and Finish group on contract management was convened in November 2022 to review three contracts and to make recommendations to improve contract management at Slough Borough Council. Following a shortlisting and risk assessment process, three contracts were selected for review:

- GateOne
- Matrix
- Osbourne

The key lines of enquiry were used at each evidence gathering session to ensure there was a consistent approach to scrutiny of the contracts being reviewed. "Evidence packs" were compiled in advance containing information on each contract.

### **GateOne**

Gate One were procured as the Council's "delivery partner" to work with the Council as part of its transformation programme in June 2019. The transformation programme was not successful and discussion focussed on lessons learned to ensure this situation does not arise again

### **Matrix**

Matrix is the Council's contract for the supply of temporary labour, it was explained how services are being provided through a hybrid model and how the contract is managed.

### **Osbourne**

Osbourne is the Council's repairs maintenance and investment contract for the Council's housing stock. The discussion focussed on the mechanisms in place to review performance of the Osbourne contract including the role of the operational and strategic management boards.

Several themes were identified by the task and finish group as lessons learned for the review:

- Procurement
- Key Performance Indicators
- Dedicated contract management
- Re-Procurement
- Reporting and risk assessment
- Problem resolution

In reviewing the key themes, the Task and Finish group have made the following recommendations in the report:

- The start of the procurement process must be well managed, with clear outcomes and deliverables in the procurement specification, which include outcomes-based deliverables, gateways, monitoring, timelines, milestones and reporting.

- When assessing tenders for work they should be scored against the outcomes and deliverables in the specification and the results retained as evidence.
- Where authority is delegated to Officers for the award of a high value/high risk contract, this should be in consultation with the lead member. Members must be properly consulted with evidence of decisions in writing and their agreement clearly sought.
- Council staff must follow a proper governance process, as set out in the updated Contract Procedure Rules, including having an effective and up to date forward procurement plan.
- Cabinet reports for procurement must set out the evidence base for a particular recommendation and have an effective options appraisal as part of the report. Consideration should be given to phasing procurement and reserving future decisions to Cabinet for high value / high impact commissioning.
- Contracts on the Council's contract register must be risk assessed to identify the scale of the risk for each contract. This should be done using a standardised risk assessment matrix that considers contract value, business value and impact, sourcing and contractual complexity, and performance. This will ensure that mitigations are put in place to proactively manage risks.
- There must be a dedicated contract manager for high-value/impact contracts identified through the risk assessment process. This officer should be appropriately trained and should have responsibility for monitoring the contract and ensuring compliance with the contractual requirements. The officer should keep records of contract meetings and should convene formal monitoring meetings as required by the contract. The officer should raise any risks with the relevant Executive Director. The officer should have access to legal and finance advice, as required, to assist with their role.
- Meaningful Key Performance Indicators must be developed for contracts and reviewed and followed up regularly at contract review meetings to ensure that any performance issues are discussed and challenged accordingly. For more significant commissioning arrangements, contract review meetings should include operational and strategic meetings with key officers in attendance. These meetings should be confidential to allow for full and frank discussion, with opportunity to agree minutes to be put in the public domain where updates are to be provided to a formal member meeting. If a contractor is invited to attend a formal Member meeting, consideration should be given to allowing this to take place in Part 2 to allow for a more detailed discussion about any issues.
- A standardised framework for contracts should be implemented, which includes a contract management plan for each contract, tailored to take account of value and impact of the contract. This considers important mechanisms for the management of a contract, including roles, responsibilities and governance, dispute resolution, key performance indicators, and exit plans.

- When commissioning management consultancy, consideration should be given to the payment mechanism and if this is on a time and materials basis, there should be close monitoring of the value being delivered via this arrangement and consideration of alternatives, such as recruiting in-house resource.
- When commissioning services, ensure that decisions are informed by data, including benchmarking data where available, to demonstrate value for money for Slough's residents.
- Ensure there is an effective mechanism to review commissioning activity, including reviewing whether the arrangement delivered on the intended strategic aims and capturing any lessons learned. Regular reports should be presented to CLT and the Lead Member responsible for contract management.

6. **Comments of Other Committees**

Cabinet will be asked to consider the recommendations of the Task and Finish Group when making decisions on a variety of matters.

7. **Conclusion**

The Task and Finish Group welcome feedback on its report and hope that the themes, lessons and recommendations will be taken into account by the Council.

8. **Appendices Attached**

Appendix 1 –Report by the Overview and Scrutiny Task and Finish Group on Contract Management

9. **Background Papers**

None