

MINUTES

FINANCE AND RESOURCES OVERVIEW AND SCRUTINY

22 OCTOBER 2019

Present:

Councillors: Chapman
Guest
Tindall
Adeleke
Barrett
Mahmood
Mahmood (Chairman)
Sinha
Claughton
Symington
Taylor

Officers: N Howcutt Assistant Director – Finance and Resources
B Hosier Group Manager – Procurement and Contracted Services
A Linden Procurement Team Leader
T Angel Corporate and Democratic Support Officer (Minutes)

Also in attendance:

Councillor Williams – Leader of the Council and Portfolio Holder for Corporate and Contracted Services
Councillor Elliot – Portfolio Holder for Finance and Resources

The meeting began at 7.30 pm

1 MINUTES

It was agreed not to sign the minutes of the meeting held on 11 September 2019 as members were unaware that the minutes had been published. The minutes will be signed at the next meeting.

2 APOLOGIES FOR ABSENCE

There were no apologies for absence.

3 DECLARATIONS OF INTEREST

There were no declarations of interest.

4 PUBLIC PARTICIPATION

There was no public participation.

5 **CONSIDERATION OF ANY MATTER REFERRED TO THE COMMITTEE IN RELATION TO CALL-IN**

None.

6 **ACTION POINTS FROM THE PREVIOUS MEETING**

It was agreed that the actions from the previous meeting would be carried over and discussed at the next meeting in November.

7 **FINANCIAL REGULATIONS UPDATE**

N Howcutt provided the committee with a presentation on the financial regulations update.

Councillor Adeleke sought clarification that an officer could sign off a decision under £100k without the Portfolio Holder or Leader being involved. N Howcutt explained that the decision would be made by the S151 officer and would inform the Portfolio Holder. It would also be included in the budget monitoring report that is presented to Cabinet and Council. He added that they also had to follow grant conditions. Councillor Adeleke queried if the involvement of the Portfolio Holder and Leader was for information purposes only or if they were able to influence the decision. N Howcutt advised it was for information only.

Councillor Claughton asked if the committee were shown the original budgets or the revised budgets in the performance data. N Howcutt advised they were provided with both and were also shown the reconciliation between the both.

Councillor Tindall asked if it would be normal practice that any decisions made under these arrangements would be reported to the next meeting of this committee. N Howcutt said these decisions were fully transparent in OSC and Cabinet reports.

The Chairman asked if the update was Dacorum specific or if it was a requirement by Government. N Howcutt advised that the financial regulations should be reviewed every year but that wasn't a requirement; he said they chose to do it and felt it was a prudent approach. He added that the changes were Dacorum specific, and that from his experience Dacorum had a low level of officer approval.

The Chairman thanked N Howcutt for his presentation.

8 **REVIEW OF COMMISSIONING PROCUREMENT STANDING ORDERS AND COMMISSIONING PROCUREMENT STRATEGY**

B Hosier introduced the report and explained that the commissioning and procurement strategy sets our strategic direction from a procurement perspective within the council, and our standing orders were a set of rules and regulations to ensure we comply with all EU and UK legislation and local policies. Typically our standing orders were reviewed annually at officer level but if there were any major

changes they would need to consult this committee, Cabinet and Council. He added that the standing orders form part of the Councils Constitution.

He explained that there was a National Procurement Strategy that had been put together by the LGA (Local Government Association) and it was recommended that Dacorum adopt that strategy. He said the strategy had moved on since the 2014 version and had a much more flexible approach. Following consultation, it also reflected Local Governments priorities for the next few years. He drew attention to the diagram within the report which he hoped gave a snapshot of what the strategy focused on.

Councillor Tindall referred to paragraph 1.5 relating to the level of maturity in each area. He asked if the LGA had provided guidance to local councils as to what level of maturity they should aim for. B Hosier advised that he and Andrew Linden had self-assessed. He said they had been very honest about where they felt each service was at but also council wide. He said the review was undertaken in 2018 so we would have moved on since then.

Councillor Claughton queried why we were relaxing procedures in relation to the lower levels of work, and what assurances can they give that this isn't being done to save staff costs. B Hosier advised there was a dedicated team of four professionally qualified officers within procurement and there was only a certain amount of projects they can be involved with and spend time working on during the day. He said if they were working on low value procurements they wouldn't get the value back for the officer time like you would for the higher value and more complex procurements. He said we would get a far better return council wide by focusing resources on the bigger contracts. N Howcutt added that we needed to ensure we receive maximum value for money for our procurement team. He advised that the levels hadn't been changed for eight years so we were not talking about significant increases when you take in to account natural inflation over those years.

Councillor Guest said that she welcomed raising the threshold if that is going to simplify and speed up the process. She also felt it was good to support local businesses. B Hosier agreed they wanted to support local businesses as much as possible.

Councillor Symington suggested it would be useful to know the number of contracts that fall in to each of the categories. B Hosier agreed he could provide that information.

Action: B Hosier

Councillor Taylor asked what commodities were being procured to these values as he felt it was difficult to say whether these values were correct without knowing what we were actually buying. B Hosier advised we had a contracts register on our website which shows all our live contracts. He confirmed he would provide some guidance as to what we were buying.

Action: B Hosier

Councillor Adeleke referred to the diagram within the report. He sought clarification on the last column and asked how we created commercial opportunities. B Hosier explained it could be renting or leasing properties, use of our car parks and other assets. He said they would be looking at ways of generating additional income and creating opportunities for reducing our costs. Councillor Adeleke felt wary that we could become too commercially focused. B Hosier said this strategy was put together

after being consulted on with various other local authorities and it was about finding the right balance for us.

Councillor Claughton queried if there were any other documents that link to these as he didn't feel that the climate emergency was highlighted enough within these documents. B Hosier drew attention to the column in the diagram where it refers to the council's vision, priorities and corporate plan and said everything is there to support the delivery of the corporate plan. He said there wasn't a direct list but everything aligns to what the council wants to achieve and deliver and the climate emergency was part of that.

The Chairman referred to the diagram and asked for an explanation of what it actually tells us. B Hosier explained that the diagram showed all of the items that form part of the national procurement strategy and there were five scores that we can give ourselves. He advised that we then use the scores to set performance targets for the whole council and use those targets to monitor our progress. The Chairman felt that sustainability was missing. B Hosier advised that this document was produced in late 2017 to early 2018 and we had moved on since then but he said we could add that in if they wanted to as the strategy was flexible.

Councillor Claughton asked if the officers could contact the LGA regarding their thoughts to the climate emergency and procurement. The Chairman suggested this could delay the adoption of the strategy so he asked if B Hosier could update us as and when he can. B Hosier confirmed he would. **Action: B Hosier**

Councillor Adeleke suggested that a presentation on this item would be more useful in future. He then referred to page 122 where it stated that Team Leaders could sign off expenditure up to £25k with one quotation. He said he felt uncomfortable with this and felt they should require at least two quotations. B Hosier explained that the officer placing those orders would generally know what they're looking for and often have used the supplier/contractor before so they would know what standard of work they will expect. Councillor Adeleke noted that Group Managers are required to obtain three quotations. B Hosier said the idea was to make the process as efficient as possible. Councillor Adeleke felt it would make us more transparent for the public as £25k was a lot of money. B Hosier said it would cost us more in officer time for no benefit. N Howcutt said the vast majority of spend in the council is linked to larger, long term contracts such as stationary which has preferred suppliers. He advised that the officers acquiring the quotes were experienced and know what they're looking for. He highlighted that team leaders were required to obtain a minimum of one quote; if they believe that quote is too expensive they can get multiple quotes. He added that the budgets are set based on what we believe it costs to deliver a service so we must do everything we can to keep within our budgets. Councillor Adeleke suggested we safeguard ourselves by rewording it to say 'one or two quotes.' N Howcutt said we wasn't talking about huge contracts and felt it would be clearer for members once they have seen the volumes and values of the contracts.

Councillor Symington noted that the post contract review hits the minimum and asked if it was possible to increase that. She also referred to the diagram and asked how we intended to shift everything to mature level. B Hosier advised we had a service plan and objectives to enable us to move at a sustainable pace to maturity. He said we would monitor our performance and use that to develop that over the next four years.

The Chairman felt that local SME's were quite far down on the list. He said it was important to use and support local businesses. B Hosier said we use local SME's where possible but we had to be fair to everyone and sometimes the bigger companies give lower prices. N Howcutt said we were working and engaging with local SME's more frequently and over the next few years you will see us reporting on these developments and improvements.

The Chairman referred to the point of behaving commercially. He felt that could mean various things and suggested we could use 'adapting commercial prudence' instead. B Hosier said it was something to consider.

The Chairman asked what a concessions contract was. B Hosier advised that it was a contract that enables the contractor to make money from that contract, for example the cafe in the atrium.

The Chairman referred to page 32 regarding training for senior managers on procurement and he asked if there was a plan for that. B Hosier said the leadership team had undertaken procurement awareness training in the last couple of months which was carried out by A Linden. He said they were more than happy to attend a member development session to train members on commissioning and procurement. He added that his team undertook procurement awareness training as and when they are required to or legislation changes, etc.

Councillor Tindall noted a typo in paragraph 2.1 that should read one and not once.

Action: B Hosier

Outcome:

The Committee noted the main changes to the Commissioning & Procurement Strategy and Standing Orders.

9 WORK PROGRAMME

November: B Hosier advised that the Car Parking Charges item would be Part 1, not Part 2.

There were no further changes to the work programme.

The Meeting ended at 9.02 pm