

Scrutiny Review Initiation Document

Introduction

This document is for use by councillors and officers writing an outline for a proposed review to be undertaken by the Overview and Scrutiny Committee (OSC). The document should provide detailed information written in collaboration with officers of the relevant service area and Democratic Services.

A detailed scope will be provided for any work commissioned by the OSC to ensure that there is a clear understanding by all parties of what the work will involve. It is particularly important that the resources required to undertake the work and the associated timescales are fully considered to ensure that there is sufficient capacity for the matter to progress in a timely way.

Initiation Approval Process

1. Agreement in principle

A review may be proposed by any member of the council but if not from a member of the OSC the proposal should informally be supported by such a member.

Depending on when a proposal is made, it will be circulated to members of the OSC either at a committee meeting, work programme meeting or by email for agreement in principle.

2. Prepare Initiation Document

If agreed in principle, a working party or individual member of the OSC will work with the Scrutiny Officer to prepare an Initiation Document, this may involve the relevant Heads of Service and the original member who proposed the review if not a member of the OSC.

3. Approval at Committee

All work in the name of the OSC must have the approval of the Committee. Once prepared, the Initiation Document will be presented to the OSC for agreement at the next opportunity. The committee will decide when the review is to be scheduled taking account of any recommendation from the Initiation Document.

4. Commence Review

Subject to the approval of the Committee the review may commence within the scope set out in the Initiation Document.

The format of the review may take various forms, anticipated processes should be outlined in the Initiation Document, but these may be varied as the review progresses.

Initiation Document Particulars

Initiation Document Authors:

Cllr Andrew Hickey (Draft)
Cllr David Hayward (Review)
Cllr Marguerita Morton (Review)
Cllr Godfrey Bland (Review)
Mark O'Callaghan, Scrutiny and Engagement Officer (Review)

Review Title:

Buying and running third-party services.

Council Services:

Relevant Service Area:	Various (including Procurement, Parks, Waste, Leisure)
Responsible Portfolio Holder:	Cllr Tom Dawlings, Leader of the Council and Portfolio Holder for Finance and Governance (Procurement) Cllr Jane March, Portfolio Holder for Culture and Leisure (Parks, Leisure) Cllr Andy Fairweather, Portfolio Holder for Communities and Wellbeing (Waste)
Responsible Director:	Lee Colyer, Director of Finance, Policy and Development (Procurement) Paul Taylor, Direct of Change and Communities (Parks, Waste, Leisure)

What is the fundamental question being asked?

How might the council improve the delivery of major contracts?

- Is the council procuring and running third party service contracts as efficiently and effectively as possible?
- Are all feasible alternatives being considered during procurement?
- What improvements can be made to increase resident and other stakeholder confidence in service provision?
- What improvements can be made to increase Member involvement in relevant policy making and the selection of third-party suppliers?

Background to the issue:

The council has several large (in proportion of overall spending) and long-term contracts with third parties including (in order of upcoming renewal):

- parks and sports pitch maintenance
- sports centre operation
- waste and recycling.

The services associated with these contracts are high profile with residents and other stakeholders and there are one or more examples of questionable or variable service delivery quality associated with these contracts.

There is also the impression that suppliers are unable to be fully held to account for service quality, or that holding them to account might put service delivery at risk.

Many council services are procured from external providers rather than delivered by in-house staff.

The Overview and Scrutiny Committee believe that O&S is the most suitable channel for this work with its ability to look across portfolios and directorates at the end-to-end process of securing and running third party service contracts.

Lines of enquiry:

The task and finish group will aim to fully understand the following broad topics with the aim of improving outcomes for residents and other stakeholders:

1. Existing policy and policy options the council might consider in future and the pros and cons of these options.
2. Procurement regulations, constraints and available room for flexibility.
3. How third-party contracts are managed post contracting and options for improvement.
4. Contextual consideration such as staffing, skills and budget constraints, pandemic implications, medium term economic implications, market implications and future economic outlook

Lines of enquiry will include:

- How members might become more involved in shaping procurement policy and in particular shaping the Social Value of contracts including local/regional supplier inclusion.
- What changes might be desirable with a more flexible procurement environment.
- The effectiveness of the Council in negotiating and managing third party contracts with sophisticated national and multi-national suppliers.
- The effectiveness of the Council in shaping KPIs and SLAs on large contracts.
- How well contracts are 'snagged' early in their implementation.
- The effectiveness of the Council in reviewing contract performance and acting on such reviews.
- The efficacy of the end-to-end process of securing and running third party services whereby the procurement function is separated from the service delivery functions.
- How contract remediation is managed and might be improved.

The lines of enquiry will be supported by the following information gathering process:

- working examples of contracts for services that are in place or in the process of being negotiated.
- Commentary from both the council officers and the contract service providers on how contracts have been negotiated and run with the aim understanding what both officers and suppliers would seek to improve if they could.
- Examples of how third-party contracts are procured and managed in other councils with the opportunity to speak to other council officers would be welcomed.

The task and finish group will undertake several panel interviews covering the four broad topics highlighted above. The constituency of these panels to be decided. Consideration will be given to the fact that some third-party information may be commercially sensitive and some or all panel interviews may need to be in camera.

Existing/Previous related work:

This is a new topic of review.

Current level of understanding:

Task and finish group members have received the following briefings to date:

- Members' briefing on Procurement in 2019
- O&SC briefing from mid-Kent Services in February 2022

Task and finish group experience includes:

- Procurement and running of outsourcing contracts in the private sector

Scope:

IN	OUT
<ul style="list-style-type: none"> • The end-to-end process of buying and running third party contracts • Contracts of material visibility/value to residents and other council stakeholders • Procurement of contracted out services • Ongoing management of contracted out services 	<ul style="list-style-type: none"> • Review of individual contract terms and conditions • Smaller contracts for day-to-day internal business support (e.g., software as a service or other smaller IT contracts) • Contracts for the provision of physical goods or consumables

Expected Depth of Review:

Type of review	Tick anticipated review type
Officer report (may also be used as an introduction to a deeper review)	
Task and Finish Group report	✓
Full Committee Hearing	
Bespoke review (provide details)	

Schedule/Timetable:

This review is aimed at continuous improvement of council services and as such aims to provide longer term benefits rather than immediate returns. Nevertheless, the review timetable needs to consider the timing of large contract renewals/re negotiations (to be advised) and factor these into its delivery deadline.

What does success look like?

Defined and measurable actions that the council can take to improve third-party contract procurement and management or confirmation that the existing process is fit for purpose.

Approval**Approval Timetable**

Initiation Document submitted	29 March 2022
Committee approved	Enter date of committee meeting