

REPORT OF THE SCRUTINY COMMITTEE FOR AUDIT AND BEST VALUE

The Audit and Best Value Scrutiny Committee met on 18 November 2009.
Attendances:-

Councillor Sparks (Chairman)
Councillors Bennett, Birch, Ensor, Lambert and Whetstone

1. Scrutiny Review of procurement with local small and medium sized enterprises (SMEs) in East Sussex – final report

1.1 The Audit and Best Value Scrutiny Committee has completed its Scrutiny Review of County Council procurement with local, small and medium sized enterprises (SMEs) in East Sussex. A copy of the Committee's report has previously been circulated to all Members and is available on request from Mary Clarke (Tel: 01273 481587).

1.2 Previously, at its meeting on 19 June 2008, the Audit and Best Value Scrutiny Committee established a Scrutiny Review Board to: (a) investigate the extent to which the Council's procurement processes offer 'a level playing field' to local SMEs who wish to access contract opportunities with the Council; (b) test whether the procurement processes designed to increase value for money and the participation of SMEs in East Sussex are working in practice; and (c) make recommendations to enhance processes as appropriate. The Project Board comprised Councillors Tutt (Chairman) Ensor, Gadd and Whetstone.

1.3 An interim report of the Review Board containing a summary of progress with the review together with the interim findings and recommendations of the Project Board was published in March 2009 and reported to the Cabinet on 28 April 2009. The full report of the Review Board now contains all the detailed findings based on the evidence gathered by the Scrutiny committee's Review Board.

1.4 The Audit and Best Value Scrutiny Committee of 18 November 2009 **recommends** to the County Council –

- Contracting departments should publish clear information on the Council's website, and elsewhere as appropriate, about how the select list process operates, to include: a) the list of approved contractors, subdivided into categories where appropriate b) the procedure by which firms are called off the list to deal with ad hoc work or invited to tender c) The principle of rotation being used including who decides how to allocate each piece of work and the factors used.

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- Contracting departments should publish clear details about how the framework system operates including: a) the list of framework contractors for every framework b) the procedure by which contracts are allocated to framework companies.
- All information published by the Council on its website about procurement processes, and details of select lists should include an email contact address to enable SMEs to communicate with the Council more easily.
- Council departments to be encouraged to arrange 'meet the buyer' events for SMEs where benefits can be identified: such informal meetings would enable two way communication: from the Council about the types of contracts and subcontracts coming up, also to involve the framework contractors; and from suppliers about the kinds of contracts they would be interested in.
- Contracting departments should publish forward procurement plans, together with lists of contracts awarded and forthcoming opportunities available that are likely to be of interest to SMEs; this will assist SMEs to better assess whether to engage in the procurement processes of the County Council.
- To welcome, endorse and actively promote the Property Services Supply Chain Readiness Network initiative, with Member engagement, and for Audit and Best Value Scrutiny Committee to monitor its impact over time on East Sussex based SMEs.
- a) Ensure that the nature and impact of the '25% of turnover rule' is clear in the documentation available to SMEs. b) Provide assurance that there is sufficient flexibility in the operation of the rule to ensure that any individual company is not unnecessarily disadvantaged.
- a) To welcome the promotion and development of web based systems for publicising and advertising contracts. In addition, to endorse the use of electronic auctions for easily specified, low-risk procurement. b) To endorse the Council's current position that electronic tendering has the potential to disadvantage some SMEs who may not be sufficiently e-enabled to respond electronically for certain complex contracts, and should therefore not be the sole access channel for participation.
- Property Services officers to review the structure, feasibility and benefits of refreshing or eliminating the Council's property related select lists once the Tier 2 and 3 contractor frameworks are in place at the end of 2009, with particular reference to specialist suppliers.

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- a) To welcome the investigations being carried out to assess whether the Council can provide cost effective top-up public liability insurance for SMEs and report progress to Audit and Best Value Scrutiny Committee in due course. b) To welcome the flexible approach which permits a reduction of insurance cover below the default £10m for low-risk contracts, and ensure that procurement managers are made aware of this opportunity. Annual monitoring reports to Audit and Best Value Scrutiny Committee to include details of all contracts where flexibility has been exercised.

[See also report of the Cabinet, paragraph 5.1, page 13]

PAUL SPARKS
Chairman

18 November 2009

