

REPORT HEADING: NEW POST: CONTRACTS OFFICER**EXECUTIVE**

Councillor Elaine Woodburn

MEMBER:**LEAD OFFICER:**

Pat Graham, Head of Development Operations

REPORT AUTHOR:

Pat Graham, Head of Development Operations

Summary and Recommendation:

Members are requested to support the creation of a new Contracts Officer Post as detailed in sections 3 and 4.

1. INTRODUCTION

- 1.1 The purpose of this report is to enable the continuation of the Contracts Function of the Contracts and Property (C&P) team. At present, all Contracts entered into this authority are prepared by our Contracts and Property Manager with support from Legal Services. In addition to management duties, the C & P Manager also handles the finance of major projects, supervises the procurement function and co-ordinates the work of the Surveyor and Properties Officer, and is responsible for Strategic Asset Management. This is a significant workload and the scale and nature of the contracts work has grown significantly and beyond the reasonable expectation of one officer, particularly a manager.

2 CURRENT SITUATION

- 2.1 There are succession planning issues for this team and the appointment of a Contracts Officer is the first step in giving the work of this team some security and continuity. The C & P Manager is eligible for retirement in March 2010, should he leave there is no one in his team or the organisation with the skills to backfill. Should he seek to reduce hours, the preference would be for the remaining resource to be focused upon other areas, for example asset management which requires attention. The team is further vulnerable as the Surveyor is past retirement age and working on a part time temporary basis, an arrangement that is mutually beneficial, but not sustainable. In addition, the number of contracts we have entered into has significantly increased in recent years, 36 contracts were entered into across the organisation the last twelve months, reflecting both the strategic direction of the organisation, and also the amount of work associated with contract management which has developed significantly.

- 2.2 The increase in workload is as a result of two factors. Firstly tighter procurement and closer financial monitoring, in accordance with the requirements of the Audit Commission, and the communication of Contracts and Standing Orders has led to greater awareness in our commissioning role and a greater understanding of the need for a formal contract. Secondly, our commissioning role has also increased as we are a more proactive organisation in terms of regeneration and maintaining the flexibility to the skills we have access to, this is likely to increase further in the future.
- 2.3 The Audit Commission are looking at how we cost and monitor our contracts to determine that our processes comply with legal requirements, that we achieve value for money, that we comply with our Equality and Diversity Policy throughout the process and that we consider the full life costs of each project. We must also monitor the project through its delivery and upon completion against agreed milestones and undertake post project appraisal. Each contract therefore brings additional work, which is currently the sole responsibility of the C & P Manager.
- 2.4 From March 2010 this post will reduce to 3 days per week. Whilst we accept this proposal the issues are:
- The team will have no permanent/full time manager
 - The Contracts function will be greatly under resourced and the organisation, and our performance in this area will be compromised as a result.
 - Areas of development (procurement and asset management) will be compromised
 - The Surveyor may choose to leave at any time.

3 THE PROPOSAL

- 3.1 To address the increasing contracts work load and an increasing commissioning role, we consider the most efficient way of addressing these succession issues is to begin with the creation of a new Contracts Officer post. The post has been through the Job Evaluation process and total cost (including on costs) of the post would be £31k.
- 3.2 We have considered whether there is merit in contracting out the post. However, considering the volume of work, and ongoing monitoring and management responsibilities and external fee arrangements we believe that this options would be more expensive.

**4 FINANCIAL AND HUMAN RESOURCES IMPLICATIONS
(INCLUDING SOURCES OF FINANCE)**

4.1 There is existing capacity within the budget to fund this post. It is proposed that revenue funding is diverted from the Miscellaneous Buildings budget in order to fund this post on a permanent basis. The number of miscellaneous buildings have reduced over the past year, for example, we no longer have long term maintenance liability at Saltom Pit, ongoing expenditure at Ginns will be reduced post demolition and we have disposed of other properties that had ongoing maintenance and security issues. Whilst acknowledge that we could always spend more on our remaining buildings, given our current financial position, and on balance, it is considered that this is a more necessary and beneficial use of the £31k and would avoid this necessary post presenting as a budget pressure in these difficult times.

5. IMPACT ON CORPORATE PLAN

5.1 Many of the objectives of the Corporate Plan are delivered and potentially monitored through the use of contracts. This is an enabling function.

List of Appendices Appendix A Business Case

List of Background Documents:

List of Consultees: Corporate Team

CHECKLIST FOR DEALING WITH KEY ISSUES

Please confirm against the issue if the key issues below have been addressed. This can be by either a short narrative or quoting the paragraph number in the report in which it has been covered.

Impact on Crime and Disorder	None
Impact on Sustainability	None
Impact on Rural Proofing	None
Health and Safety Implications	None
Impact on Equality and Diversity Issues	None
Children and Young Persons Implications	None
Human Rights Act Implications	None
Monitoring Officer comments	Under the Council's Constitution , which reflects legislation, the Executive is not able to appoint staff and the terms and conditions on which they hold office. This is currently delegated to officers. However, for this report, Executive is

	being asked to support a proposal.
S. 151 Officer comments	The resource pressure can be funded from a virement within the Property function's existing revenue budget. Contracts letting and monitoring requires appropriate resourcing.

Is this a Key Decision? No

APPENDIX A

APPENDIX A



COPELAND BOROUGH COUNCIL

CONTRACTS/PROGRAMME OFFICER

BUSINESS CASE

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1. Background

The Contracts and Property section is responsible for Asset Management (the management and maintenance of the Council land and property) and procurement of goods and services.

In April 2008 the Contracts and Property (C&P) section was transferred from the Finance Service Unit to the Development Directorate.

The Council has strengthened the Development Directorate with the appointment of two Heads of Service (Strategy and Operations) to revive the Service Unit and drive forward the Council agenda for regeneration.

At the same time a new Head of Finance has been appointed who has reviewed and developed financial reporting and management, confirming to managers their responsibilities for budgets and ensuring that Audit Commission requirements are met.

At the time of transfer it was anticipated that some changes in the service required of the C & P section but these had not been assessed at that point.

Since the transfer the post of procurement officer has been filled providing the necessary resources to develop this important area, with progress being made with the IDeA Marketplace and raising the profile of procurement in general.

The changes that have taken place in Council governance during the last 18 months have brought about a substantial increase in the number of contracts which the Council has entered into.

In summary terms during the last 12 months:

- contracts prepared are: 36
- value of contracts is £8,062,000

This increased activity has put considerable strain on the C & P resources with one individual dealing with these in addition to mainstream section activities and management.

As a result, in order to efficiently manage the section and provide the input into the area of contracts there is a need to provide adequate resources to enable continuing delivery, and to build on the work to date and strengthen and improve the service.

For this reason the post of Contract/Project officer is proposed, and this plan outlines the case for approval.

There are also succession planning issues within the C & P section with current manager reaching retirement age, and one surveyor over retirement age working part time.

At present there is no direct charge for the service provided and this should be reviewed.

2. Why the Project is Needed

This project supports the Council's business strategy, plans and programmes in the following ways:

The Council is striving to improve its performance and is aware of those areas where improvements can be made.

Provision of a Contracts/Programme officer will:

- address the areas of accountability (Audit Commission and Finance Service unit)
- demonstrate that the Council has robust policies and is applying these in practice
- provide the necessary support to Project managers to ensure proper planning and delivery of projects.
- Support the project managers in the delivery of the capital programme
- Assist the finance and procurement section in terms of demonstrating Value for Money through the tender and Contracts process

It addresses the increase in workload due to:

- tighter procurement and closer financial monitoring responding to Audit Commission requirements
- The communication of Contracts and Standing Orders has led to greater awareness in our commissioning role and a greater understanding of the need for a formal contract.
- The Council role as an enabler, particularly in regeneration areas where commissioning activity has increased significantly
- The need to better demonstrate and monitor the life cycle costs of the project
- The pressure the Authority is under in terms of needing to supplement the workforce at key times by introducing additional skills resource to the organisation
- In anticipation of the significant challenges facing us in terms of new economic activity in Copeland and in recognising the statutory role CBC has within this process, and what we need to have in place in order to fulfill this function in terms of skills and staffing contracts

- As the organisation considers its approach of moving away from delivery in commissioning and the contracts implications therein.

The key benefits of the post are:

- Provision of dedicated resource to assist managers throughout the organisation
- Ability to plan each contract within a corporate framework.
- Knowledge of public procurement practises to deal with advertisement of contracts including in the European Journal.
- Common prequalification Questionnaires
- Control and assistance with all aspects of tendering
- development of electronic tenders
- Use and development of standard contracts
- Progress with use of framework contracts, partnerships and shared services
- Assistance with monitoring key milestones within projects
- full life costing a must
- independent consideration of options for each project
- Will release capacity elsewhere to deal with other recognized priorities eg Asset Management
- To allow for succession planning

The chosen solution

The provision of the required resource could be obtained either internally or externally.

Due to the level of workload expected and the need for a detailed understanding of Council activities it is recommended that a permanent internal resource is obtained.

An external resource is considered to be too costly in recognition that there is adequate work to justify a permanent position (and based on out contract with Capita) and there is no guarantee of continuity.

3. Benefits

The project will bring benefits in terms of:

- Cost savings

A thorough consideration of project scope, full life cost and options will lead to economies in cost.

- Time and efficiency gains

Establishing the process on a corporate basis will streamline the time required and improvement in efficiency.

Putting resources into planning each project from inception will undoubtedly provide efficiency gains

- Improved quality

The provision of a dedicated resource will inevitably improve the quality of the enquiries and the resultant project

- Process improvement

At present the whole process of undertaking projects is dealt with by project managers as an add on to their jobs, having this resource will enable the entire programmes to be planned

- Enhanced controls

The key milestones for reporting will enable proper control of the progress of projects.

4. Benefits Realisation

Cost savings would be recorded at tender acceptance and can be estimated by comparing of actual tender cost (basic or full life) with last contract or with estimate and can be recorded. The benefits would be recorded and further checked at project review

Time and efficiency savings will occur and each project manager will benefit – these will be more difficult to measure.

Improving Quality should be demonstrable through comparing existing with actual, and through a reduction in corrective measures.

Process improvement has to be a given with the additional resources offered to managers who are struggling with project management.

Enhanced controls – these will be provided by the corporate working of the Contract/Programme officer and will be demonstrated by improved progress monitored through the milestones.

The savings made will be dealt with by reductions in capital scheme costs, and where revenue expected to be given up as efficiency savings within annual budgets and planning.

5. Costs/Timescales

The cost of employing a Contracts/Programme officer are, per annum.

Salary say max.	£26,016
NI	£1,873
Pension	£2,950
TOTAL	£30,839

In terms of timescale an officer can be appointed by year end December 2009, subject to approval. The post will be funded from an over provision in the revenue budget

6. Investment Appraisal

The return on the resource provided can be recovered in a number of ways:

- Where a specific project is to be undertaken a percentage fee can be applied to contribute towards the cost and built into capital/revenue budgets for each project.
- The cost can be recovered through an SLA.

As an example – if in the last 12 months the total salary of the proposed officer providing full time services towards the £8,062,000 was £30,839 the percentage fee would be 0.38 %. This is very low compared to the benefits.

- The price of each contract can be estimated or compared with the previous tender and a note retained of the change and reasons. This year alone there have been substantial savings in insurance, Banking and Treasury Services to which the Contract preparation and tendering process has contributed.