

AGENDA

AUDIT COMMITTEE MEETING



Date: Thursday 14 April 2011
Time: 6.30 p.m.
Venue: Town Hall, High Street,
Maidstone

Membership:

Councillors Butler, Horne (Chairman), Nelson-Gracie, Mrs Smith and Warner

Page No.

1. Apologies for Absence
2. Notification of Substitute Members
3. Notification of Visiting Members
4. Disclosures by Members and Officers
5. Disclosures of Lobbying
6. To consider whether any items should be taken in private because of the possible disclosure of exempt information
7. Minutes of the meeting held on 21 March 2011 - to follow

Continued Over/:

Issued on 6 April 2011

The reports included in Part I of this agenda can be made available in **alternative formats**. For further information about this service, or to arrange for special facilities to be provided at the meeting, **please contact DEBBIE SNOOK on 01622 602030**. To find out more about the work of the Committee, please visit www.maidstone.gov.uk

Alison Broom

**Alison Broom, Chief Executive, Maidstone Borough Council,
Maidstone House, King Street, Maidstone, Kent ME15 6JQ**

8. Discussion Item - Public Sector Procurement 1 - 2

PART II

To move that the public be excluded for the items set out in Part II of the Agenda because of the likely disclosure of exempt information for the reasons specified having applied the Public Interest Test.

- | | Head of Schedule 12A
and Brief Description | |
|---|--|--------|
| 9. Report of the Assistant Director of Regeneration and Cultural Services - Maidstone Museum East Wing Development Contract | 3 – Financial/Business Affairs
5 – Legal Professional Privilege/Legal Proceedings | 3 - 15 |

AUDIT COMMITTEE

14 APRIL 2011

Discussion Item on Issues Raised in Computers & Law Magazine of SCL, Dec/Jan 2011 Edition

1. The Chairman circulated an article extracted from the above magazine entitled "Public Sector Procurement – A Storm is Threatening" and has asked for a note on the issues raised in the article and how the Council is dealing with them.
2. Whilst the article begins by discussing recent developments and issues in the procurement of Information and Communications Technology (ICT) by the public sector, it goes on to discuss a perceived malaise in the wider arena of public procurement.
3. The issues raised include:
 - Protracted procurement programmes
 - Lengthy and complicated documents
 - Excessive bid costs
 - Too much reliance on consultants and lawyers
 - Expected benefits and outcomes are unclear
 - Risk adverse specifications
 - Unfair allocation of risk onto the supplier

The consequences are considered to be reduced competition, exclusion of smaller suppliers and higher costs of the goods and services being procured, and public money being wasted on things that do not improve performance or realise efficiencies in the services to be delivered.

4. The article suggests that the solutions are:
 - Standardise documentation – don't reinvent the wheel every time
 - Keep specifications simple
 - Identify outcomes and expected benefits at the earliest stage possible
 - Do not rely on consultants and lawyers
 - Ensure proper selection and award criteria
 - A fairer allocation of risk
 - All whilst ensuring a compliant, transparent and simple to use process
5. Following these principles are key elements in procurement best practice. In terms of risks for Maidstone Borough Council, failure to follow these principles would constrain the Council's ability to get best value, compromise the quality of goods and services being sought and even lead to challenge from unsuccessful or disenfranchised bidders.
6. The Council has a dedicated procurement unit that has been in place for around ten years, and by doing so, is able to ensure that the risks identified above are managed by:

- Attending specific training on changes in procurement legislation and directives
 - Encouraging staff to attain professional procurement qualifications
 - Attending selected "continuing professional development" conferences
 - Developing and improving standardised pre-qualification questionnaires and invitations to tender
 - Agreeing and publishing clear selection and award criteria at the earliest opportunity
 - Working closely with service managers to ensure that the specifications are output based, are as simple as possible and identify outcomes and expected benefits
 - Risks are allocated to those best able to deal with them
 - Avoiding the need to engage external procurement consultants; external lawyers are rarely engaged and then only on the drafting of the most complex terms and conditions of contract
 - Maintaining a continuity of procurement knowledge and experience, and using it to achieve continuous improvement
 - Ensuring that small and local businesses are not excluded through restrictive procurement thresholds
 - Balancing aggregation of demand to achieve economies of scale with opportunities for small and medium enterprises
7. Using these arrangements we believe that the Council has secured the right level of services at competitive prices in a fully legally and compliant way that has stood up and will continue to stand up to any challenge, and has achieved a good balance between consortium purchasing and buying from small and medium enterprises. All this has been achieved without the need for procurement consultants but by employing people directly who have the necessary experience in the first place and who are capable of developing any further skills required. We believe we are a model of procurement excellence in Kent and have been identified as such by our peers on various occasions, who frequently contact us for advice and assistance.

David Tibbit FRICS
Property & Procurement Manager
Maidstone Borough Council

31 March 2011

Agenda Item 9

By virtue of paragraph(s) 3, 5 of Part 1 of Schedule 12A of the Local Government Act 1972.

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