

Item No. 6.	Classification: Open	Date: 14 July 2016	Meeting Name: Audit, governance and standards committee
Report title:		Report on retrospective contract-related decision	
Ward(s) or groups affected:		All	
From:		Strategic Director of Finance and Governance	

RECOMMENDATIONS

1. That the audit, governance and standards committee note the retrospective contract decision detailed in the report.
2. That the audit, governance and standards committee note the actions taken by the strategic director of children's and adult services as set out in paragraph 10 to ensure that the risk of future retrospective contract decisions is minimised for the future.
3. That the audit, governance and standards committee consider whether it would wish to make recommendations to help improve future decision-making.

BACKGROUND INFORMATION

4. Where an approval to a contract decision has been sought retrospectively and has an estimated value of more than £100,000, there is a requirement under contract standing order 4.7 to submit a report to the audit, governance and standards committee. The report should set out the circumstances and manner in which the decision was taken, for the purpose of obtaining guidance to inform future decision making.
5. This requirement applies to decisions relating to the approval of a procurement strategy (Gateway 1 or GW1), decisions relating to the approval of a contract award (Gateway 2 or GW2) and decisions relating to the approval of a variation or extension to a contract (Gateway 3 or GW3) decisions.
6. On 6 June 2016, the strategic director of finance and governance approved retrospectively variations to the contract to provide for the home visiting special educational service for pre-school children who have significant learning difficulties or complex needs and their families. This service is known as a portage service. The contract was awarded to through a variation to the independent voluntary organisation, KIDS, through a Gateway 1 & 2 report. The chair and vice-chair of the audit and governance committee were made aware of this decision on the same day.

KEY ISSUES FOR CONSIDERATION

7. The Gateway report relating to the variation decision (attached at Appendix 1) sets out the nature of the portage contract, its values and timelines, including the extensions to the contracts required.

8. The report explains that a review of the portage service was conducted to compare what was provided in Southwark with services in other London councils. Although the review included consideration of bringing the service in-house, it was concluded that this had significant disadvantages and would not offer best value for money.
9. Although this review did not significantly delay the process, the committee was made aware at its meeting in February 2016 of significant pressures in the commissioning and contract monitoring team. In the period July-September 2015, fourteen officers in commissioning and contract monitoring (of a team establishment of thirty-one officers) left the council under the voluntary severance scheme. This included the commissioning officer responsible for this procurement. Unfortunately, the member of the team who then took over this task subsequently experienced a lengthy period of sickness absence. With attention focused on the ongoing provision and monitoring of the service, the associated governance processes, including formal decision taking and report sign-off, were not followed through in a timely manner.
10. To help ensure that workloads are managed more effectively in the future and due attention is paid to governance requirements, the commissioning team are implementing a report tracker so that the team knows when, where and at what stage any report is, including approval deadlines. This will also follow through post-decision, so that the contracts register is updated.
11. The commissioning team is being maintained at its current establishment level. It is not expected to be adversely affected by the current voluntary severance round.

Summary

12. Officers in the legal and procurement sections have discussed and agreed the conclusions set out above.
13. In relation to the contract set out in the report, monitoring shows that KIDS continues to perform satisfactorily against the performance targets.

Policy implications

14. There are no policy implications arising from this report.

Community impact statement

15. This report is not considered to contain proposals that would have a significant impact on any particular community or group.

Resource implications

16. There are no direct resource implications in this report.

Consultation

17. There has been no consultation on this report.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Constitution 2015-16	Constitutional Team, Tooley Street, Second Floor	Victoria Foreman 020 7525 5485

APPENDICES

No.	Title
Appendix 1	Gateway 1&2: Procurement Strategy Approval and Award of Contract: Special Educational Needs and Disabilities - Portage Service

AUDIT TRAIL

Lead Officer	Duncan Whitfield, Strategic Director of Finance and Governance	
Report Author	Jo Anson, Head of Financial and Information Governance Dick Frak, Interim Director of Commissioning, Children's and Adults Services	
Version	Final	
Dated	27 June 2016	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Corporate Contract Review Board	Yes	Yes
Director of Law and Democracy	No	No
Strategic Director of Finance and Governance	N/A	N/A
Cabinet Member	No	No
Date final report sent to Constitutional Team		27 June 2016