

Item No. 8.	Classification: Open	Date: 14 September 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 adults' services and the director of regeneration 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 4.8 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 14 July 2016, the strategic director of children's and adults' services approved procurement strategies and the award of two contracts in respect of the supply and installation of modular classroom units at Summerhouse, to increase the capacity of the Summerhouse behavioural support provision, through a Gateway 1 and 2 report. One contract was for professional services and although both the procurement strategy and contract award approvals were retrospective, as its value is below the threshold of £100,000 (see paragraph 4 above), it has not been considered further in this report. The other contract, with a value of £154,687, was to supply and install the modular classrooms and the approval of the procurement strategy, albeit not the contract award itself, was a retrospective decision. The chair and vice-chair of the audit, governance and standards committee were made aware of this decision on 18 July 2016.

KEY ISSUES FOR CONSIDERATION

7. The Gateway report relating to the decision (attached at Appendix 1) sets out the nature of the contracts, their values and timelines.
8. Paragraph 19 of the appendix explains that the proposed procurement route was to run a competitive tender using a minimum of five contractors from the council's approved list and the procurement project plan is set out below paragraph 21 of the appendix. This shows that the tender process was carried out in spring 2016, with the tenders being returned by 18 May 2016 and the evaluation being completed by 22 June 2016.
9. The supply and installation of the modular classroom is a stand alone project and therefore not part of a wider programme of works. The regeneration department is delivering the scheme on behalf of children's and adults' services. The procurement strategy approval was not finalised before spring 2016 because the officer acting as the education client left the council and there was resultant miscommunication between the children's and adults' services and regeneration departments; each believing that the other would produce the necessary approval.
10. The lesson learned from this is that responsibility for producing all gateway reports must be clearly allocated to a named officer and this noted in the corresponding meeting note for reference.

Summary

11. Officers in the legal and procurement sections have discussed and agreed the conclusions set out above.

Policy implications

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

Community Impact Statement

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

Resource implications

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

Consultation

15. There has been no consultation on this report.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Constitution – Contract Standing Orders July 2016	Constitutional Team, Tooley Street, Second Floor	Constitutional Team 020 7525 7055

APPENDICES

No.	Title
Appendix 1	Gateway 1&2 - Procurement strategy approval and award of contract: Summerhouse behavioural support provision: the supply and installation of a modular classroom unit

AUDIT TRAIL

Lead Officer	Duncan Whitfield, Strategic Director of Finance and Governance	
Report Author	Jo Anson, Head of Financial and Information Governance Lee Wilson, Programme Manager, Capital Development	
Version	Final	
Dated	31 August 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		31 August 2016