

Item No.	Classification: Open	Date: 14 March 2016	Meeting Name: Strategic Director of Finance and Governance
Report title:		Recommendation from call-in: Gateway 2: Contract award approval - consolidated repairs and maintenance services contract for the council's operational estate	
Ward(s) or groups affected:		All	
From:		Overview and Scrutiny Committee	

RECOMMENDATION

1. That the Strategic Director of Finance and Governance reconsiders his decision to award the consolidated repairs and maintenance services contract for the council's operational estate to Kier Facilities Services Limited.

BACKGROUND INFORMATION

2. The contract award approval was called in by the chair of Overview & Scrutiny Committee, supported by other members of the committee. The chair's reason for call-in was:
3. *I would like to call-in this decision because I believe there is evidence that the decision maker may not have taken the decision in accordance with the principles of decision making as set out in the constitution, with particular reference to the need for "clarity of aims and desired outcomes".*

On 26th January 2016, Council Assembly passed a motion which, among other things, called on the Cabinet to "Make provision in Southwark Council's public tendering procedures to exclude black-listers from public contracts if they are either still blacklisting or have not put into place genuine actions agreed by the blacklisted workers or their representatives concerning past blacklisting activities."

While I realise the council motion has not yet been to cabinet, it was supported by almost all councillors and therefore I anticipate that the cabinet is likely to accept it into policy.

The decision has been to award this contract to Kier Facilities Services Ltd, a subsidiary of Kier Group Plc. Kier is a company which has engaged in blacklisting in the past and it is very unclear if they have "put into place genuine actions agreed by the blacklisted workers or their representatives concerning past blacklisting activities". Therefore, I believe there is a risk that this decision conflicts with the Council Assembly motion and should be called in for further scrutiny.

4. Overview & Scrutiny Committee met on 9 March to hear the call-in. The committee heard from Matthew Hunt, Head of Corporate Facilities, and from representatives of Kier Facilities Limited. The committee examined the legal and procurement

guidance council officers work to in respect of blacklisting, and the process that had been followed for this contract. They questioned the Kier Facilities representatives about the company structure, whether the human resources function is shared across the group of companies and the company's position on blacklisting.

5. The council constitution requires Overview & Scrutiny to set its concerns out in writing in the event that it refers a decision back. The concerns in this case are as follows:

- The January council assembly motion on blacklisting had not been adequately taken into account as it had not yet been adopted by the council's cabinet. It was uncertain whether this would have led to a different outcome on the contract award.
- The Kier Group shares its human resources policies across its subsidiary companies – reducing the separation between Kier Facilities and other parts of the group.
- The procurement process had not examined the relationship between parent and subsidiary companies, and the decision maker should do so as part of the reconsideration.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Overview and Scrutiny Committee Agenda 9 March 2016	Scrutiny Team 160 Tooley Street London SE1 2QH	Shelley Burke 020 7525 7344

APPENDICES

No.	Title
None	

AUDIT TRAIL

Lead Officer	Shelley Burke, Head of Overview & Scrutiny	
Report Author	Shelley Burke, Head of Overview & Scrutiny	
Version	Final	
Dated	11 March 2016	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments sought	Comments included
Director of Law and Democracy	No	N/a
Strategic Director of Finance and Governance	No	N/a
Cabinet Member	No	N/a
Date final report sent to Constitutional Team	11 March 2016	