

# STOCKPORT, TRAFFORD AND ROCHDALE (STAR) JOINT COMMITTEE

1 OCTOBER 2014

## PRESENT

Councillor A. Brett (Rochdale) (in the Chair).

Councillors P. Myers (Trafford) and I. Roberts (Stockport) (Vice-Chairman).

### In attendance

S Robson	-	Director of STaR Shared Procurement
S Houston	-	Director of Corporate and Support Services (Stockport)
I Duncan	-	Director of Finance (Trafford)
P Kane	-	Director of Finance (Rochdale)
R Smithson	-	Democratic Services Officer

## 1. GOVERNANCE

### (a) ELECTION OF CHAIRMAN AND VICE CHAIRMAN

RESOLVED:

- a) That Councillor Brett be appointed Chairman of the STaR Joint Committee for Municipal year 2014/15
- b) That Councillor Roberts be appoint Vice Chairman of the STaR Joint Committee for Municipal year 2014/15

### (b) JOINT COMMITTEE CONSTITUTION

The Constitution of the Joint Committee was reviewed by the Committee. In response to a Member's query it was explained that as paragraph 2 of the constitution was written, only another Executive Member from each of the respective Authorities could stand in as a substitute member for the appointed Committee Member. It was recognised that greater clarity was needed on how substitute members could be appointed to the Committee.

In regard to Paragraph 3 of the constitution the Chairman expressed the view that the position of Chairman should be rotated amongst the 3 authorities on an annual basis.

In regard to Paragraph 33, the Director of Procurement (STaR) explained that in practice she was working to the regulations and rules of each of the 3 Authorities.

A Member questioned how the Scrutiny Process would fit in with regard to this Joint Committee. Would this Committee make decisions subject to the Call-In process and if so how would this work in practice. This issue was referred to Trafford Legal and Democratic Services for a response.

RESOLVED: That the constitution be noted

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**(c) FREQUENCY OF MEETINGS AND ATTENDEES**

RESOLVED: That

- a) The Joint Committee meet 4 times a year.
- b) The next meeting would be held at Stockport on the 20 January 2014.

**2. PROPOSED PERFORMANCE FRAMEWORK - FOR COMMENT**

A number of points and Comments were made by the Committee on a proposed Performance Framework including:

- Joint Procurement by the 3 Authorities would see greater use of cross border companies.
- Use of local firms was a key issue for each of the Local Authorities with a recognised need to ensure Local businesses were in a position to bid for Council Contracts on the same terms as other businesses.
- Contracts below £50,000 were a priority in terms of identifying a new approach in procurement procedures.
- The use of local firms could be more cost effective to the 3 local authorities with the delivery of savings through the location of firms in relation to services required e.g. delivery of social care.

**3. PROPOSED REPORT FORMAT - FOR COMMENT**

**(a) CORPORATE REPORTS: BUDGET REPORT AND RISK REGISTER**

The Director of Procurement for STaR Shared Procurement submitted a report to the Joint Committee outlining the STaR Revenue Budget Monitoring 2014/15 – Period 4 (April 2014 – July 2014 inclusive). The STaR Risk Register was also outlined to the Joint Committee.

RESOLVED: That the reports be noted.

**(b) MILESTONE REPORT: SOCIAL VALUE - STATEMENT OF INTENT**

The Director of Procurement STaR Shared Procurement submitted a report to the Committee. The document was an initial statement of intent regarding how social value and local benefit will be embedded within the ethos, principles and processes of the STaR procurement organisation.

In response to queries it was explained that:

- There was a need to engage the market place in a way that made clear the Local Authorities were listening to the ideas and concerns of businesses.
- Going forward and where appropriate STaR procurement will consult with companies engaged in the procurement process to understand where

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improvements can be made to the process to make it more proportionate and accessible for SME's.

RESOLVED: That the report be noted.

**(c) KEY PERFORMANCE INDICATORS - TEMPLATE & KPI'S**

A template of the Key Performance Indicators for STaR procurement was submitted to the Committee. In response to Members' queries it was explained that:

- It was expected that 'waivers' would only be used in rare circumstances. Officers at any of the 3 Authorities would be discouraged from not following the procurement process and would have to have strong reasons not to. Legally all procurement had to comply with Public Contract Regulations 2006, (OJEU regulations).
- Key Performance Indicators focused on objectives for STaR and Corporate Priorities for the three Councils. A range of Performance Indicators were behind the KPI's to ensure all necessary data capture.

Members felt the suggested KPIs were very good. This would create a transparent process with direct channelling of the selected data.

RESOLVED: That the report be noted.

**4. KEY ISSUES FOR DISCUSSION**

**(a) CORPORATE PROCEDURE RULES**

The Director of Procurement STaR Shared Procurement submitted a report to the committee. It was outlined that Contract procedure rules are in the process of being harmonised. The first draft of the document has been produced by Trafford Legal Services. Representatives from Stockport, Trafford and Rochdale (STaR) Councils are in the process of agreeing the format and content for the final draft. The STaR Board was looking for guidance from the Joint Committee as to their preferred approach to the consultation process. It was also highlighted that sub £50,000 procurement processes was a key issue to be discussed.

In response to Member's queries it was explained that:

- Currently any procurement less than £50,000 are not generally openly advertised.
- Advertising such opportunities would require additional resources to assess additional bids.
- It was felt advertising opportunities above £30,000 would increase the benefits to the Council though there may be an increased impact on resources as a result of additional bids to evaluate.
- The E-Tendering portal did allow firms to register themselves and an interest in applying for Authority contracts. Constructionline was also a

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business driven mechanism for allowing firms to show they met certain standards required for Council contracts.

- New European regulations were expected to be brought into English Law in the early part of 2015.
- In terms of the new Transparency Code, Councils are required to publish details of all tendered contracts over the value of £5000.

Members commented that there was a need to find the balance in terms of opening up the procurement process as much as possible and ensuring the procedures Council's had to go through such as call-ins and executive decision making did not negate the benefits. The impact of lowering the threshold to £30,000 would have to be monitored.

It was suggested a framework should be put in place for contracts worth under £30,000 to try and open it up as much as possible in a sustainable way. It was noted that in total there was significant sums being spent under the £50,000 threshold which illustrated the need for greater transparency.

In terms of the decision required members chose option A. This provided for the Joint Committee to be briefed on the paper prior to its consultation and approve the paper only after consultation. The benefits of this approach means that members are not asked to make a decision on the document until it has been fully consulted upon. Members did request sight of what went out for consultation

**RESOLVED:**

- a) That the report be noted
- b) That option A as outlined in the report be the approach to the consultation approach

**(b) NEW EUROPEAN PROCUREMENT LEGISLATION**

The Director of Procurement STaR Shared Procurement gave a report to the committee. The report explained that new EU Procurement Directives were formally approved by the EU in April 2014. The UK was still in the process of transposing these into UK law/regulations but despite stating that it intended to implement them before the end of 2014, it was more likely to be early 2015. This was in advance of the 2 year implementation period within the Directives. The report went on to provide a high level summary and interpretation of the new EU Procurement Directives at this time.

In response to proposed changes in the use of Frameworks and Dynamic Purchasing System Members expressed concern that this may lead to increased numbers of bidders for contracts beyond the point of manageable costs for the Local Authorities.

New initiatives which were intended to improve access to contracts by Small to Medium Sized Enterprises (SMEs) were generally welcomed however Members voiced concerns that whilst turnover ratios should not be used to exclude SMEs from a tender process, it could mean that there may be a greater financial risk for the Council when dealing with smaller firms on some larger contracts.

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In terms of how contracts could be split to make them more accessible by SMEs, there had been no guidance on this issue yet and it was expected that Government would leave it to each public authority to define how contracts would be split.

It was noted that the payment directly of sub-contractors was now possible for Local Authorities though this may cause additional problems if taken up as an option.

RESOLVED: That the report be noted.

**(c) TRANSPARENCY**

The report was submitted to the Committee by the Director of Procurement (STaR) Shared Procurement. The document was an initial review regarding the proposed enhancements to the transparency code and the proposed implementation plan.

RESOLVED: That the document be noted

**(d) PROCUREMENT STRATEGY**

The Director of Procurement STaR Shared Procurement gave a verbal update on the development of the Draft strategy for STaR. It was expected this would be ready by the end of October. The focus for the strategy would be the national principles of:

- Savings
- Supporting Local businesses
- Leadership
- Modernisation.

In terms of national checks on the Procurement Strategy it was noted that the Strategy would be presented at Council meetings. External Audit would be a check on the processes put in place by the Strategy with also the potential of the 'Secret Shopper system' coming into practice through Central Government.

RESOLVED: That the verbal report be noted.

**5. DATE OF NEXT MEETING**

The next meeting would be held on the 20 January 2015 at Stockport Council.

The meeting commenced at 6.05 p.m. and finished at 7.20 p.m.