

MINUTES OF CJC MEETING AT 1100 ON FRIDAY 29 SEPTEMBER - CIPFA OFFICES, 3 ROBERT ST

Present – Carl Allen (CP), Derek Collins (BSA), Malcolm Dawes (ACES), Sipi Hameenaho (CoopsUK), Richard Harbord (IRRV), Parvis Khansari (CSS), John Serle (SOCITM), Julian Smith (secretary) and Will Werry (chair)

Apologies - Bob Atkins (APA), Gary Barnes (APSE), John Blair (APSE), John Bradley (BSA), Tim Date (ACSeS), Ossie Dodds (PSnet), Louise Dunne (IPF), Brian Jervis (SCQS), John Layton (CIPFA), Henry Merritt (LGA), Mair Molteno (LGA), Michael Murphy (TAG), Phil Stepney (ADSS), Richard Schmidt (CIPFA)

CJC working arrangements - officers to draft a note for circulation to members for comment

Version 5 of the Standing Guide

revised Parts 12 etc (Advertising) and Part 25 (Framework Agreements) agreed for inclusion in Version 5 (and for posting meanwhile on the CJC website) subject to

- ◆ adding after 25.09 that although authorities are free to minimise the information about terms give in contract notices for framework agreements, the resulting uncertainties tend to be bad for prices
- ◆ adding after 25.18 notes of the additional types of work and additional quantities which can be ordered using framework agreements

Guide to Service-Sharing & Economies of Scale - all Parts approved for immediate publication subject to

- ◆ at 09.16, stressing the need to base decisions on business cases including assessments of whatever comparative data is available
- ◆ at 11.11, deleting the words in brackets, and re-wording to make clear that the greatest cost drift is likely to on contracts with the lowest tenders
- ◆ noting in 12.09 that all economies of scale are subject to the law of diminishing returns, and the need to make a business case using the best information available to identify the point when diseconomies begin; and that service areas need to be the right geographical shape as well as size
- ◆ enlarge on 12.26.1 that authorities can insist on all lots being priced but that big contractors normally price whole contracts more competitively than the sum of the lots
- ◆ in Part 14 adding the same point as at 25.19 of the Standing guide above
- ◆ adding in 14.44 that higher procurement costs can in some circumstances outweigh lower tenders, and retainers may be a satisfactory way of pricing intermittent services
- ◆ adding after 15.09 that the more information tenderers can be given about their risks, the better for prices
- ◆ deleting 16.07.1
- ◆ warning after 16.14 of the danger of breaching the prohibition of State Aid if (pension-protected) seconded workforces help contractors to grow their businesses; that the numbers of secondees who may be returned to authorities would be all the greater if businesses are grown; and that contractors have no incentive to minimise redundancies among secondees
- ◆ adding in Part 17 that authorities need both parent company guarantees and adequate performance bonds for SPVs
- ◆ expand 17.27 to 17.29 to note the advantages of LLPs as to VAT liability; unrestricted ability to trade; freedom from the provisions of the Local Government and Housing Act 1989; and providing a basis for service sharing (to be explored also in Part 04)
- ◆ explaining in 17.31 that the disadvantages referred to are not for NPMBs, but for contractors seeking such status

Next CJC publications

Agreed – to draft briefs also for the PFI and Prudential Borrowing; and the Use of Wellbeing Powers, and the Social Factors in Commissioning & Procurement

Calendar of Meetings for 2006 & 2007 noted as follows - all at 1100 in CIPFA offices, Robert Street

24 November 2006	26 January 2007	30 March 2007	25 May 2007
27 July 2007	28 September 2007	30 November 2007	

Approved and signed



Will Werry, chair, 29 September 2006