

FINANCE AND EFFICIENCY PORTFOLIO DECISION RECORD

11th December 2007

The meeting commenced at 10.00 a.m. at the Avondale Centre, Hartlepool

Present:

Councillor Robbie Payne (Finance and Efficiency Portfolio Holder)

Officers: Graham Frankland, Head of Procurement and Property Services
John Morton, Assistant Chief Financial Officer (Financial Services)
Jo Wilson, Democratic Services Officer

50. Council Tax Base 2008/9 *(Chief Financial Officer)*

Type of decision

Non-key

Purpose of report

To seek approval to the calculated Council Tax base for 2008/9 which will be used for council tax billing purposes.

Issue(s) for consideration by Portfolio Holder

Following an amendment to the Local Government Finance Act 1992 a full Council meeting was no longer required to adopt the council tax base and the matter could be dealt with by the relevant Cabinet Member. The report provided details of the Council's responsibilities for determining the council tax base, explained the tax base calculation and showed details of the calculation for 2008/09. Statements showing calculations were attached to the report as appendices.

Further details were provided to the Portfolio Holder of a company which the Council would be using to check the validity of one-person household claimants, who get a 25% reduction on their Council Tax bill. Datatank would charge a £3,000 flat fee for the matching of data against a credit reference agency database followed by £70 for each fraudulent claim they uncover. Given the savings this could lead to this amount was felt to be acceptable.

The Portfolio Holder requested that officers write out to all Councillors with reference to the Council Tax Base for 2008/9, highlighting the Council's sustained improving performance in collection of Council Tax which was allowing the Council to assume for council tax setting purposes a collection rate of 99% which would maximise the tax base, suppressing the level of

Council Tax for the people of Hartlepool.

Decision

That the Council Tax Base for 2008/9 be approved.

51. Strategic Partnering Contract for LEA Works, Planned Maintenance and Minor Building Works *(Head of Procurement and Property Services)*

Type of decision

Non-key

Purpose of report

To review the performance of the Partnering Contract and to request the Portfolio Holder's approval to the re-tendering of the Partnering arrangement.

Issue(s) for consideration by Portfolio Holder

In 2001 the Resources Board approved a recommendation that all LEA Condition Works and Corporate Planned Maintenance Work be procured by a Partnering approach. A Partnering Contract was subsequently let. And in 2004 Contract Scrutiny Panel agreed to the appointment of MMP Construction Ltd and Gus Robinson Ltd as partners for this contract in conjunction with the In-House Contractor. However MMP Construction went into administration in 2006 so RI Construction was appointed as a replacement as they had been fourth in the original evaluation.

The 3-year contract commenced on 1st November 2004 with an option for a 1-year extension which was agreed by all parties at the Strategic Partnership Annual Review meeting in October 2007. The Portfolio Holder was advised that this contract had worked well to date and had provided savings or added value to most projects undertaken. Clients had taken advantage of this contract for some projects over the £100,000 threshold where a quick turnaround was required and Portfolio Holder permission had been given.

The results of the performance review showed that 44 projects had been completed in 2006/07, the vast majority by the Neighbourhood Services Department and Gus Robinson Development Ltd. There had been 90% client satisfaction with product, 87% client satisfaction with service and 14% defect free. Cost and time predictability of both contractors were above the industry standard.

The terms of the contract also allowed for periodic market testing to assess value for money. A recent exercise involving Catcote Primary School had been submitted to external quotations and the lowest quotation was written £203 of the in-house teams' original submission. This quotation had been submitted by one of the partners and was felt to be a clear indication that the Partnering contract provided value for money.

The Portfolio Holder was asked to approve the extension of the current contract for one year and the re-tendering of the contract. An extension to the current contract would cover the interim period between 31st October 2007 and the date the proposed new contract commences. Details were given as to the specifics of the proposed new contract including procedures for the evaluation of tenders. Financial implications were also set out.

The Portfolio Holder queried why the cost predictability rates for the in-house service provider were not as good as those provided by outside companies. The Head of Procurement and Property Services commented that he felt some work needed to be done on getting initial cost estimate accurate but this did depend upon accurate information from clients. He felt it might be preferable to keep overall standards high by taking on fewer projects. The Portfolio Holder asked if there was a dedicated officer in place to deal with school projects and was advised this was the case for general maintenance work. More work needed to be done with schools on this partnering contract. to ensure value for money and satisfaction with projects.

Decision

1. That the results of the performance review and recent marketing test exercise be noted
2. That the extension of the existing agreement to cover the interim period between 31st October 2007 and the date the new arrangement commences be approved
3. That the proposals for re-tendering using the partnering approach be approved and that minor building works throughout the Council up to a limit of £100,000 be included in this contract.

52. Managed Print Service *(Head of Procurement and Property Services)*

Type of decision

Non-key

Purpose of report

To provide an update on the Managed Print Service procurement project.

Issue(s) for consideration by Portfolio Holder

The Managed Print Service (MPS) broadly covers the provision and operation of printers and photocopier used by the Council in its premises. A procurement project had identified that significant savings could be delivered by modernising and rationalising the current imaging environment at the Council. Northgate Information Systems had subsequently been approached to investigate the delivery of cashable efficiencies with the introduction of a revised MPS. Details were given of the Council's key business objectives for this project.

The investigation had provided considerable and detailed insights into current arrangements, confirming that there were significant opportunities to reduce costs and increase efficiencies. A detailed set of design criteria had been discussed and agreed and following a competitive tender exercise Hewlett Packard was selected as providing the most advantageous bid for hardware. A draft implementation plan had been formulated which would be agreed as soon as possible following formal commencement of the project. This plan was expected to take no more than 16 weeks to be implemented. It was also suggested that further development of MPS be scheduled for 2008.

Financial implications showed significant savings could be expected.

The Portfolio Holder referred to the current print procurement procedures and requested that they be tightened. The Head of Procurement and Property Services confirmed that he would do this via the MPS Stage 2 review of the Council's in-house print unit and a review of external printing providers. It might be that eventually all print jobs would initially be sent to the Council print room with only those functions they were unable to perform passed on to external providers, possibly as part of a framework contract which could include the current local providers.

Decision

That the implementation of the Managed Print Service procurement project be endorsed.

53. Procurement Function *(Head of Procurement and Property Services)*

Type of decision

Non-key

Purpose of report

To note the approach to procurement, the development of the function and the savings both corporately and within services.

To strengthen and secure the funding of the Corporate Procurement Unit.

Issue(s) for consideration by Portfolio Holder

The Corporate Procurement Unit was established in 2005 as part of the Council's major restructure. The lead for corporate procurement was taken on by the Head of Procurement and Property Services.

The Corporate Procurement Unit had identified where savings could be made at both corporate and service level including stationery, furniture, mobile phones, transport and managed print services. The current target for procurement savings was £0.7million per annum and action to date had achieved an ongoing rate of £0.5million savings with further action required to

increase this rate up to the targeted level. The demand on the procurement service was increasing and if the full benefits of procurement were to be delivered dedicated staffing and funding would be required. The risk of not achieving savings had been identified in the Strategic Risk Register and it was suggested that an additional appointment of procurement professional could provide capacity to achieve current savings targets. This was expected to cost approximately £40,000 per annum. £20,000 for a part time post had been included in the 2008/09 budget process.

Last year's Comprehensive Performance Assessment (CPA) judgement highlighted the need to strengthen procurement capacity and the Council's strategic approach to review of services and delivery of savings. Possible funding solutions, including the use of £50,000 within the reserves earmarked for procurement initiatives, were detailed which would enable progress to be made at the earliest opportunity. It would then be possible to remove the £20,000 pressure from the 2008/9 budget process.

The Portfolio Holder queried the definition of procurement professional and was advised that this would be someone qualified in procurement who would be able to examine the Council's spend in detail with procurers and suppliers in order to achieve savings and put in place formal contracts. It would be possible to train an existing member of staff to an acceptable level but this would take some time and could affect targets. An additional post of this kind would also release other officers to carry out more effective work to support the Council's efficiency strategy.

The Portfolio Holder acknowledged that these actions could have been taken without executive approval. He congratulated the Chief Financial Officer and Head of Procurement and Property Services for their honesty in bringing this item to his Portfolio and reluctantly approved the recommendations.

Decision

That the proposals to strengthen the Council's procurement capacity be approved together with the funding strategy as detailed in the report.

54. Chief Executive's Departmental Plan 2007/08 – 2nd Quarter Monitoring Report *(Chief Financial Officer, Chief Solicitor and Head of Procurement and Property Services)*

Type of decision

Non-key

Purpose of report

To inform the Portfolio Holder of the progress made against the Chief Executive's Departmental Plan 2007/8 in the second quarter of the year 2007/08.

Issue(s) for consideration by Portfolio Holder

The Departmental Plan Update set out the key tasks and issues within an Action Plan showing what is to be achieved by the department in the coming year. The plan also described how the department contributes to the Organisational Development Improvement priorities as laid out in the 2007/08 Corporate Plan. Of 70 actions within the Finance and Legal Services Divisions and Procurement and Property Services 63 had been, or were on target to be, completed. The seven actions not expected to be completed were all the responsibility of the Finance Division and details were given as to why these had not been completed. Of the 6 performance indicators within the Finance Division 1 was not expected to be achieved by the end of the year despite improving performance and changes to arrangements being made.

The Portfolio Holder noted the progress being made but urged officers to hit the targets set wherever possible.

Decision

That the achievement of key actions and second quarter outturns of performance indicators be noted.

55. Irrecoverable Debts (Housing Benefits Overpayments) (Chief Financial Officer)

Type of decision

Non-key

Purpose of report

To seek the Portfolio Holder's approval to write-out a number of Housing Benefit Overpayments which are now considered to be irrecoverable.

Issue(s) for consideration by Portfolio Holder

The Council's financial procedure rules provide that any debt due to the Council of £1,000 or more can only be written-out with the express permission of the Portfolio Holder. Overpayments of Housing benefit are often difficult to recover and recovery can take a number of years. The Council's performance in terms of recovery of benefit overpayments compares well with other Councils. In 2006/7 over 53% of the total value of Benefit overpayments outstanding from previous years were collected plus the new overpayments that occurred in 2006/7. However certain debts become irrecoverable and the Portfolio Holder was asked to agree to their write-out.

Details of the specific Housing Benefit and Council Tax Benefit Overpayment debts over £1,000 and the reasons why each debt was considered appropriate for write out were attached to the report as confidential appendices. All debts had been scrutinised and further monitoring and recovery work would continue and individual debts would be reinstated if

circumstances changed.

The Portfolio Holder asked if written-out debts would be re-pursued should this become a possibility. The Assistant Chief Financial Officer confirmed this, and in response to further queries advised that he would get detailed information on a particular overpayment contained in the confidential appendices back to the Portfolio Holder.

Decision

That the write-out of the attached Housing Benefit Overpayments be approved for the reasons detailed.

J A BROWN

CHIEF SOLICITOR

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