

# FINANCE AND EFFICIENCY PORTFOLIO

## DECISION SCHEDULE



Friday, 7 November 2008

at 10.00 am

in Committee Room B,  
Civic Centre, Hartlepool

Councillor Payne, Cabinet Member responsible for Finance and Efficiency will consider the following items.

1. **MINUTES OF THE MEETING HELD ON 23 SEPTEMBER 2008** (*previously circulated*)  
  
Matters arising – Blakelock Road (*Director of Adult and Community Services*)
2. **KEY DECISIONS**  
None
3. **OTHER ITEMS REQUIRING DECISION**
  - 3.1 Proposed Extensions and Alterations to Stranton School Sports and Arts Centre - *Head of Procurement, Property and Public Protection*
4. **ITEMS FOR INFORMATION**
  - 4.1 Procurement Update And Actions - *Head of Procurement, Property and Public Protection*
5. **REPORTS FROM OVERVIEW OF SCRUTINY FORUMS**  
None
6. **LOCAL GOVERNMENT (ACCESS TO INFORMATION) (VARIATION) ORDER 2006**

### EXEMPT ITEMS

Under Section 100(A)(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that it involves the likely disclosure of exempt information as defined in the paragraphs

referred to below of Part 1 of Schedule 12A of the Local Government Act 1972, as amended by the Local Government (Access to Information) (Variation) Order 2006

**7. KEY DECISION**

None

**8. OTHER ITEMS REQUIRING DECISION**

8.1 8/9 Church Street - *Head of Procurement, Property and Public Protection and Head of Community Safety and Prevention*

8.2 Briarfields Update - *Head of Procurement, Property and Public Protection*

8.3 Amenity Land Adjoining The Hartlepool 6<sup>th</sup> Form College - *Head of Procurement, Property and Public Protection*

**FINANCE & EFFICIENCY PORTFOLIO**  
Report to Portfolio Holder  
7 November 2008



**Report of:** Head of Procurement, Property and Public Protection

**Subject:** PROPOSED EXTENSIONS AND ALTERATIONS TO STRANTON SCHOOL SPORTS AND ARTS CENTRE.

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SUMMARY

**1.0 PURPOSE OF REPORT**

To request the Portfolio holders permission to an exception of the Contract Procedure Rules in orders in respect of the procurement of the proposed construction works at Stranton School Sports and Arts Centre.

**2.0 SUMMARY OF CONTENTS**

Outline the reasoning behind the request to the exception.

**3.0 RELEVANCE TO PORTFOLIO MEMBER**

Falls within the remit of the Portfolio Holder.

**4.0 TYPE OF DECISION**

Non Key Decision.

**5.0 DECISION MAKING ROUTE**

Finance and Efficiency Portfolio Holder 7<sup>th</sup> November 2008.

**6.0 DECISION(S) REQUIRED**

That the Portfolio holder approves the decision for an exception to the Contract Procedure Rules.

**Report of:** Head of Procurement, Property and Public Protection

**Subject:** PROPOSED EXTENSIONS AND ALTERATIONS TO STRANTON SCHOOL SPORTS AND ARTS CENTRE.

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## **1.0 PURPOSE OF REPORT**

1.1 To request the Portfolio holders permission to an exception of the Contract Procedure Rules in orders in respect of the procurement of the proposed construction works at Stranton School Sports and Arts Centre.

## **2.0 BACKGROUND**

2.1 The children services department along with Stranton School have identified the need to create additional space to allow the centre to provide base for the services and also to improve office and reception facilities for the centre.

2.2 Funding for the scheme is being provided by three budget sources, these being: Children Services, NDC, and Devolved capital from Stranton School

2.3 Funding from NDC which amounts to approx £42k needs to be spent before the end of March 2009 and cannot be carried over into the next financial year.

2.4 Under normal circumstances we would be required to invite tenders in accordance with the Contract Procedure Rules. In this event we would not be able to meet the tight timescales required to achieve the required financial spend and therefore an exception to the CPR's is required in this instance.

## **3.0 PROPOSALS**

3.1 To procure the works through the LEA partnership contract which has already been competitively tendered to speed up the procurement process and therefore achieve the financial spend deadlines

#### **4.0 FINANCIAL IMPLICATIONS**

- 4.1 An estimate for the work has been prepared by the in HBC quantity surveyors which indicates a construction value of approx £255K.
- 4.2 Estimates through the Partnership will be tested for value for money and to ensure the costs are within budget.

#### **5.0 RECOMMENDATIONS**

- 5.1 That the Portfolio holder approves the decision for an exception to the Contract Procedure Rules

#### **6.0 CONTACT OFFICER**

- 6.1 Colin Bolton, Building Consultancy Manager, Tel: 01429 523399, email: colin.bolton@hartlepool.gov.uk

## **FINANCE & EFFICIENCY PORTFOLIO**

Report to Portfolio Holder

7 November 2008



**Report of:** Head of Procurement, Property and Public Protection

**Subject:** PROCUREMENT UPDATE AND ACTIONS

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### SUMMARY

#### **1. PURPOSE OF REPORT**

To provide an update to the Portfolio Holder on procurement developments and activities.

#### **2. SUMMARY OF CONTENTS**

The report outlines some of the key developments and activities that are currently taking place.

#### **3. RELEVANCE TO PORTFOLIO MEMBER**

Portfolio Holder is the Procurement Champion.

#### **4. TYPE OF DECISION**

Non-key decision.

#### **5. DECISION MAKING ROUTE**

Portfolio Holders only.

#### **6. DECISION(S) REQUIRED**

That the Portfolio Holder notes the progress to date.

**Report of:** Head of Procurement, Property and Public Protection

**Subject:** PROCUREMENT UPDATE AND ACTIONS

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## **1. PURPOSE OF REPORT**

1.1 To provide an update to the Portfolio Holder on procurement developments and activities.

## **2. TALL SHIPS 2010**

2.1 The preparation for the Tall Ships event planned for August 2010 has commenced. Over the course of the next 2 years the Tall Ships Project Team with guidance from the Procurement Section will need to purchase a wide range of goods/services, e.g., hiring marquees/generators, stewardship/visitor management, fencing/barriers, toilet provision, staging. A Procurement representative has already provided a training session to the Project Teams which gave an overview of the correct procedures to follow when tendering goods/services.

2.2 One of the more complicated procurements for the event is the Park and Ride Service. In order to stimulate and gauge local interest a 'Park and Ride Consultation Event' is being planned where prospective contractors for the service will be invited to attend. The format of the event will be overview of the Tall Ships Project, and summary of procurement procedures within the Authority plus an insight into our current thinking on Park and Ride with maps and plans available and then a chance for individual companies to speak to Event Technical staff one-to-one in breakout rooms.

2.3 In order to help business gain more of an appreciation of local authority procurement processes linked to the Tall Ships Project, two workshops have been arranged at Hartlepool's Maritime Experience. The sessions will be both a general explanation of how the Council procures and then more specific information about the types of goods and services needed for the event.

2.4 The estimated gross costs of the Tall Ships Project are expected to be in excess of £3m, and the procurement of goods and services required will be carried out using Hartlepool Borough Council's procurement regulations.

2.5 An external consultant has been contracted by Hartlepool Borough Council to develop the sponsorship strategy for the Tall Ships project and to generate over £340,000 in private sector sponsorship income together with in-kind contributions.

2.6 The Council's procurement procedures in respect of all standard tender arrangements are to be followed as necessary, however we are faced with a

number of situations which fall outside of normal practice in relation to the sponsorship package developments.

- 2.7 Offers are now being made by companies who wish to provide goods and services which the project requires as an in-kind contribution or as part of a sponsorship package for example a company would like to provide the project with Captains' gifts to the value of £3,500 in exchange for marketing and PR opportunities. Another company have offered £10,000 for a site on the Tall Ships' Village to have a beer/entertainment tent.
- 2.8 The proposed process for approving and accepting these proposals is that all offers under the £5,000 threshold are approved by the Tall Ships' Project Manager and all offers over £5,000 are brought to the appropriate Portfolio Holder approval. The Mayor as Portfolio Holder for the Tall Ships project could deal with some specific items but where there is a strategic procurement implication then the Finance and Efficiency Portfolio Holder would be more appropriate.
- 2.9 A report on this subject has also been submitted to the Regeneration and Liveability Portfolio Holder.

### **3. AGENCY CONTRACT**

- 3.1 Since April 2006, the Authority has used the NEPO (North Eastern Purchasing Organisation) Agency Contract; this is due to expire at the end of December 2008. The contract is a framework arrangement and departments 'call off' their requirements as and when. The buy-in for this arrangement has been mixed and the use of the contract has been difficult to monitor and control; with many departments using companies not on contract and departments duplicating work by producing their own contracts for agency staff. In many cases, officers who procure agency workers do not understand how charges are structured and consequently agencies are taking advantage and overcharging. Therefore, scope exists to reduce spend on agency workers. The Scrutiny Coordinating Committee has recently examined this subject and their final report is awaited.
- 3.2 In April 2009, NEPO is to renew the arrangement with a 'vendor neutral' contract, i.e., one master company is appointed who then sources the staff required for a management charge. On reviewing this arrangement it appears that this may not give Hartlepool best value, in terms of an upfront management fee, suppliers out of the locality and greater costs. More detailed work on the cost implications is being undertaken.
- 3.3 Another option open to the Council is a Tees Valley collaboration. The main advantages being the five Tees authorities can manage/monitor their own local arrangement and there will be a greater chance of local companies and personnel being employed. The contract is being formulated by Stockton and Darlington and will commence April 2009. It will be a four year framework contract with an optional two 12 month extensions. It is suggested that this



maybe the preferred route for the Council.

- 3.4 The contract will encompass both blue and white collar workers and includes the following 'categories' accountancy and finance, administration and clerical, human resources, ICT, leisure and hospitality, technical services (highways, engineering and constructions), asbestos removal services, trade workers, refuse park and building cleaning, children and education and social care and health
- 3.5 In order to realise any savings and adopt a change of culture with regard to the uses of agency staff, changes are needed to the current method of engaging agency workers. A proposal is being formulated, informed by comments from the Scrutiny examination to look at providing a centralised in house team to manage the engagement. This would encourage greater discipline and control with set protocols in the use of agency staff.
- 3.6 A further report will be provided on developments.

#### **4. POSTAL SERVICES**

- 4.1 A review of postal services is one of the Council's corporate efficiency projects. In addition to Scrutiny Coordinating Committee have examined the services and the Action Plan was agreed by Cabinet in January 2008.
- 4.2 Since the review the following process/procedures have been adopted:-
- A standard approach has been adopted throughout the Authority with regard to postal procedures.
  - A procedure for processing incoming and outgoing post has been finalised.
  - A standard envelope size is being used
  - Departments have been discouraged to the use of envelopes for internal and Councilors' post with the exception of confidential items
  - The use of standard class post
- 4.3 Another area Scrutiny requested for review was the use of an alternative postal provider. In October 2008, a six month trial commenced with TNT. By using this company the Authority hope to save approximately 12% on all postal budgets. The current annual budget is approximately £130k.

#### **5. MANAGED PRINT SERVICES (MPS)**

- 5.1 MPS Phase 1 was implemented between January and March 2008 across the main administration buildings and other selected buildings. Generally the implementation and operation has gone well including the service provided by Northgate.

- 5.2 A review of Phase 1 is being undertaken which will also cover the quantification of savings and how they are apportioned / budgets reduced across departments.
- 5.3 The Central Services Manger is now looking at the effect of Phase 1 on the operation of the Council's in-house Print Unit which is a major element of Phase 2. There may be outcomes from the review that could be addressed in the Business Transformation Programme e.g. any potential to centralise printing operations / costs / budgets etc. or ICT developments.
- 5.4 Consultation with users and a review report by Northgate will take place through November and December.
- 5.5 MPS Phase 2 is due to commence and will include rolling out printers, etc., to other buildings, review the functionality of the printers and reviewing the Internal Print Unit.
- 5.6 A review will also take place of the expenditure on external printing across the Council and this may result in tender opportunities.

## **6. ELECTRONIC PROCUREMENT**

- 6.1 In a move towards electronic procurement progress has been made in terms of trialling an electronic tendering system. The system is called 'Pro-Contract' and will eventually replace the manual paper-based tender process. The benefits of moving to an electronic system include:-
- Companies will register once to access all contracting opportunities within the Authority;
  - Companies will be notified by email of any suitable tenders/contracts and relevant documents they may be interested in;
  - Companies will be able to access documents immediately by logging into the system;
  - Reduction in paper and associated printing and postage costs;
  - Reduction in administrative tasks related to the tender process.
  - All tender documents will be exchanged in an electronic format.
- 6.2 A trial is anticipated within the Neighbourhood Services Property Services Division, and once a successful trial has been undertaken the plan is to extend the trial to wider, more extensive tender exercise. Processes and procedures will have to be reviewed within various Departments of the Council in order to adapt to the receipt of electronic tenders.
- 6.3 An extension in the use of purchase cards has taken place within food procurement where there were many invoices for small values. Work has been undertaken with additional suppliers so that this form of transaction can be developed.

## 7. REGIONAL PROCUREMENT

- 7.1 Current arrangements across the north east are changing with the formation of the North East Improvement and Efficiency Partnership (NEIEP) and a review of the North East Purchasing Organisation (NEPO).
- 7.2 NEPO has 12 full and 22 associate members but also collaborates with other consortia across the country.
- 7.3 NEPO's objectives are:-
- To improve by co-ordination local authority purchasing with the object of effecting savings in public expenditure for the benefit of its members
  - To facilitate the making of contracts for the supply of agreed items to all or some of the constituent authorities
  - To discuss all matters relating to purchasing and co-operation amongst the authorities
- 7.4 Benefits of NEPO include:-
- Economies of scale from combined purchasing power and reduced administration cost
  - Best practice shared
  - Regional procurement expertise is captured and shared
- 7.5 There are however some limitations:-
- Focus only on commodities
  - Governance structure out of date
  - Perceived lack of transparency between Gateshead and NEPO
  - Influences only 10% of regional spend (£150m out of £1.5B)
  - Lacks strategic vision and capacity
- 7.6 There are opportunities to review NEPO and combine roles with the NEIEP which is a merger of the North East Centre of Excellence (NECE) North East Connects and the North East Improvement Partnership. NEPO did of course work closely with NECE previously.
- 7.7 The roles of the organisations can be summarised as:-
- NEPO's role is to develop joint contracts for commodities
  - Former NECE's role was to develop and improve Strategic Procurement via a range of initiatives
  - NEIEP's role is to support, facilitate and challenge local authorities
- 7.8 NEIEP will be concentrating on programmes that include:-
- Policy and practice harmonisation
  - Category spend planning
  - Supplier interfaces
  - Spend analysis and contract intelligence
  - Capacity management and mobilisation

- 7.9 NEPO and NEIEP have put in place a joint commission for a strategic and operational leadership review. Key issues to be considered include:-
- Appropriate Governance Arrangements
  - Option for Delivery Models
  - Funding options to provide long term sustainability
  - Working relationships between any centralised body and individual authorities
  - Frameworks to provide both accountability and support, as well as building capacity/ capability
- 7.10 Further reports will be brought to the Portfolio Holder as regional procurement collaboration develops.
- 7.11 It is important to ensure that we benefit from regional collaboration but it is just as important to ensure that Hartlepool considers its local options (including Tees Valley Authorities) to promote local sustainability and employment.

## **8. BUSINESS TRANSFORMATION**

- 8.1 Findings from the review are currently being explored in order to produce a business case for the development of procurement across the Council. They include:-
- Third party spend needs developing to identify how much money is being spent on specific categories of spend and where
  - The Council has a limited amount of resource available within its central procurement function
  - The Council has some good procurement/commissioning practice in place but there is room for further development in areas such as during and monitoring contract compliance and maintaining a central contracts register
  - There are opportunities for procurement/commissioning savings in Adult Social Care and Children's Services
- 8.2 Existing arrangements include:-
- There is a corporate procurement group of senior officers in place that has a mixed penetration in departments – latterly this has improved
  - Commissioning in adults and children's is developing
  - There have been some problems in individual procurements, e.g., home to school transport
  - More visibility in making the 'right choices' is still required
  - Procurement is largely disaggregated across the Council
  - Delivery of savings/efficiencies has been slow due to resource issues and how we work across the Council.
- 8.3 The potential opportunities for the development of the procurement function across the Council are expected to emerge in December 2008.

## 9. SCHOOLS TRANSFORMATION

- 9.1 Input into the procurement of the ICT and Design and Build Contracts for the Building Schools for the Future programme is increasing. ICT documentation is being prepared in liaison with external advisors and advertisements will be placed in March 2009. An open day for interested parties has been arranged for 3<sup>rd</sup> December 2008. The ICT contract will follow the competitive dialogue process.
- 9.2 Design and Build documentation is also being developed using the national frameworks in place. The procurement process of engaging with the six named framework contracts for expression of interest will commence in August / September 2009.
- 9.3 Whilst procurement within BSF is very prescriptive the development of the Primary Capital Programme is more flexible and the Council will be much more in control. Cabinet have now agreed priorities for the programme and discussions have commenced with the Schools Transformation Team to agree the design and procurement processes for work in general, but for Jesmond Road specifically as a “new build”.
- 9.4 Further reports will be brought to the Portfolio Holder as the BSF and PCP programmes develop.