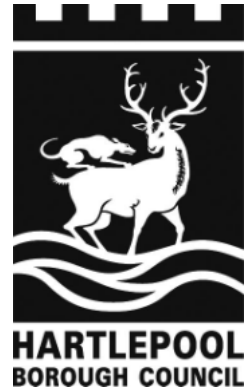


# FINANCE AND PERFORMANCE PORTFOLIO

## DECISION SCHEDULE



**Tuesday, 23 March 2010**

**at 10.00 am**

**in Committee Room C,  
Civic Centre, Hartlepool**

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

**1. KEY DECISIONS**

No items

**2. OTHER ITEMS REQUIRING DECISION**

- 2.1 Empty Shops Fund "Ship In A Shop" Project – *Assistant Director (Housing and Regeneration)*
- 2.2 Wesley Square Car Parking Arrangements – *Director of Regeneration and Neighbourhoods*
- 2.3 Car Parking VAT – Legal Costs – *Chief Financial Officer*
- 2.4 Single Status Agreement Appeals – *Chief Personnel Officer*
- 2.5 Community Asset Management Transfer Policy – *Assistant Director (Resources)*
- 2.6 Commissioning And Procurement Strategy 2010 – 2011 – *Assistant Director (Resources)*

**3. ITEMS FOR INFORMATION**

No items

**4. REPORTS FROM OVERVIEW OF SCRUTINY FORUMS**

No items

**5. 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

**6. KEY DECISION**

No items

**7. OTHER ITEMS REQUIRING DECISION**

- 7.1 Former Adult Training Centre, Warren Road (Para 3) – *Assistant Director (Resources)*
- 7.2 Agricultural Land At Seaton Dunes, Seaton Common (Para 3) – *Assistant Director (Resources)*
- 7.3 Community Drop-In Centres, 11 Mansepool Close and 122 Northgate (Para 3) – *Assistant Director (Resources)*

## **FINANCE AND PERFORMANCE PORTFOLIO**

Report To Portfolio Holder

23 March 2010



**Report of:** Assistant Director (Housing and Regeneration)

**Subject:** EMPTY SHOPS FUND “SHIP IN A SHOP”  
PROJECT

---

### **SUMMARY**

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

To inform the Portfolio Holder of the Empty Shops Fund and seek approval to use a vacant shop unit within Middleton Grange Shopping Centre for the “Ship in a Shop” initiative.

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

The report provides a background to the Empty Shops Fund and details the “Ship in a Shop” project that involves bringing a vacant Middleton Grange Shopping Centre unit back into use for 6 months, with the aim of enhancing the vibrancy of the Shopping Centre.

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

Property licence agreements fall under the remit of the Finance and Performance Portfolio Holder who oversees the Council’s land and assets.

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

Non-Key

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

Finance and Performance Portfolio meeting on the 23 March 2010.

**6. DECISION(S) REQUIRED**

The Portfolio Holder is requested to:

- Approve the use of a vacant shop unit within Middleton Grange Shopping Centre for the Multi-Use Drop-in “Ship in a Shop” Initiative.
- Provide consent for a licence agreement to be completed with PPG Metro, the owners of Middleton Grange Shopping Centre, for the use of the unit for 6 months.

**Report of:** Assistant Director (Housing and Regeneration)

**Subject:** EMPTY SHOPS FUND “SHIP IN A SHOP” PROJECT

---

**1. PURPOSE OF REPORT**

- 1.1 To inform the Portfolio Holder of the Empty Shops Fund and seek approval to use a vacant shop unit within Middleton Grange Shopping Centre for the “Ship in a Shop” initiative.

**2. BACKGROUND**

- 2.1 Hartlepool was one of 57 local authorities to benefit from a £3 million fund made available by the Department for Communities and Local Government to address empty shops in town centres, which have increased in number due to the economic recession. The award for each area is £52,631.
- 2.2 The Regeneration and Economic Development Portfolio Holder, at the 27 November 2009 meeting, approved the principle of the development of a number of a number of projects for the Empty Shops fund, which aim to reduce the impact of vacant shop units within the town centre.
- 2.3 The projects include an expansion of the indoor market initiative within Middleton Grange Shopping Centre, a Multi-Use Drop-in Unit at Middleton Grange Shopping Centre and smaller scale initiatives aimed at improving the appearance of vacant shops in the town centre.

**3. MULTI-USE, DROP-IN “SHIP IN A SHOP” INITIATIVE**

- 3.1 The Multi-Use Drop-in project is planned to run from 6 April-27 August 2010. The project will comprise a number of elements that are designed to enhance the vibrancy of Middleton Grange Shopping Centre, temporarily bring a vacant shop unit back into use for 6 months and provide complementary activities in the lead up to the Tall Ships event in August 2010.
- 3.2 The shop will contain a variety of components including a “Ship in a Shop” which involves the construction of a glass and steel ship by a local artist, a community art gallery, and an information centre where voluntary and public sector organisations will be able to promote their services.

- 3.3 A professional artist will be appointed to develop and build a major piece of artwork within the shop. The making of the “Ship in a Shop” will be carried out in full public view, with the artist engaging with the public through talks and workshops, so that the public will be involved in the design and creation of the art work. Preliminary workshops will be held focusing on creative writing and glass design techniques.
- 3.4 The shop unit will also incorporate an exhibition space where there will be a programme of community exhibitions to showcase work from community groups and schools. An information centre to provide information and updates to the public on the Tall Ships event will also be established.
- 3.5 Following discussions with Middleton Grange Shopping Centre the former Jonathan James unit on level one has been identified as the location for the project. Middleton Grange Shopping Centre have offered to waive costs for the duration of the project subject to the project paying utility costs. A licence agreement will be drawn up between Hartlepool Borough Council and Middleton Grange Shopping Centre for the use of the unit.
- 3.6 Significant levels of match funding have been awarded to the project from both the Arts Council and the Social Care Reform Grant Fund. £27,000 has been awarded from the Arts Council’s Grants for the Arts fund and £31,314 has been secured from the Social Care Reform Grant fund, which will contribute towards staffing and marketing costs. £10,000 has been allocated from the Empty Shops Fund to contribute towards the project.

#### **4. FINANCIAL IMPLICATIONS AND RISK**

- 4.1 There are no direct financial implications to the Council. The Empty Shop Funding is in the form of a grant, which is unringfenced, revenue grant. In terms of project delivery, close liaison with the Shopping Centre management team and other partners should help to minimise the risk of delivery. A Licence agreement will be signed between Middleton Grange Shopping Centre and Hartlepool Borough Council for the use of the unit for 6 months. The shop unit will be surveyed for defects before the agreement is signed.

#### **5. RECOMMENDATIONS**

The Portfolio Holder is requested to:

- 5.1 Approve the use of a vacant shop unit within Middleton Grange Shopping Centre for the Multi-Use Drop-in “Ship in a Shop” Initiative.

- 5.2 Provide consent for a licence agreement to be completed with PPG Metro, the owners of Middleton Grange Shopping Centre, for the use of the unit for 6 months.

**6. CONTACT OFFICER**

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## **FINANCE AND PERFORMANCE PORTFOLIO**

Report To Portfolio Holder

23 March 2010



**Report of:** Director of Regeneration and Neighbourhoods

**Subject:** WESLEY SQUARE CAR PARKING  
ARRANGEMENTS

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### **SUMMARY**

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

The purpose of the report is to seek approval to rationalise the land ownership and car parking arrangements within Wesley Square in order to reduce conflicts of interest with surrounding users.

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

The report outlines the complex land ownership within Wesley Square and details the existing roles and responsibilities for the permit parking scheme in the Square.

The report details the issues created by the current parking arrangements within Wesley Square and seeks approval to rationalise the current arrangements by reducing the Council's responsibility for parking management and enforcement.

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

Changes to the current lease arrangements fall under the remit of the Finance and Performance Portfolio Holder

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

Non-key



## 5. DECISION MAKING ROUTE

Finance and Performance Portfolio Meeting on the 23 March 2010. (Transport and Neighbourhoods Portfolio meeting on 15 March, 2010. for the associated revocation of the Parking Order).

## 6. DECISION(S) REQUIRED

- The Portfolio Holder is requested to approve the surrender of the lease for the car parking bays identified cross hatched on the attached plan (shown on **appendix 1**) in order to reduce HBC's responsibility for car parking in Wesley Square given the issues that the current arrangements present.
- The Portfolio Holder is requested to approve the granting of a licence to the Grand Hotel to operate car parking enforcement in the car parking bays currently allocated to them under the terms of the lease that HBC will retain

**Report of:** Director of Regeneration and Neighbourhoods

**Subject:** WESLEY SQUARE CAR PARKING  
ARRANGEMENTS

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## **1. PURPOSE OF REPORT**

- 1.1 The purpose of the report is to seek approval to rationalise the land ownership and car parking arrangements within Wesley Square in order to reduce conflicts of interest with surrounding users.

## **2. BACKGROUND**

- 2.1 The current parking arrangements within Wesley Square are a result of an agreement between Hartlepool Borough Council, Jomast, the Grand Hotel, and the Hartlepool Mail dating back to when land assembly for the creation of the square was being undertaken in the 1990s.
- 2.2 Jomast, who own the freehold of the site, lease a number of bays (shown on **Appendix 1**) to Hartlepool Borough Council, who enforce restrictive permit controlled parking within the framework of a legal parking order. Under the terms of the lease a designated number of parking spaces are allocated to the users identified above and the parking arrangements have not changed since the creation of the Square. All parking provision is via permits; the Square does not serve as a general public car park.
- 2.3 HBC operates parking enforcement under the terms of The Traffic Management Act 2004. The legislation changed in May 2006 and as a result HBC suspended parking enforcement as it was considered the new regulations no longer provided jurisdiction to enforce under such circumstances.
- 2.4 It is widely recognised that enforcement in the Square is required in order to protect the interests of the surrounding users who are entitled to parking permits. Jomast have expressed concern at the current arrangements especially given their plans to refurbish the Wesley and create a hotel. Jomast have therefore brought in a private enforcement company to patrol the areas within the curtilage of the site but outside of the existing legal orders, however the extent of this enforcement is limited.

- 2.5 The interests of other users also need to be protected through the effective management of the car parking arrangements. It is important that the allocation for the Grand Hotel be retained given the limited spaces available in the Square in order to support their business, especially given the limited parking available within the surrounding area.

### 3. PROPOSALS

- 3.1 To rationalise the current parking arrangements and remove the Council's responsibility for the management and enforcement of car parking within Wesley Square it is proposed to surrender the lease of the identified spaces. This will allow Jomast who own the freehold of the land to employ a private contractor to enforce parking controls. The Portfolio Holder for Transport and Neighbourhoods will be asked to revoke the existing Off Street Parking Order for this site.
- 3.2 Following negotiations by officers and Jomast it is proposed to grant the Grand Hotel a licence to operate parking enforcement on the land currently leased to HBC that will not be surrendered. This will help to protect their business interests. The existing parking space allocations for the Hartlepool Mail will also be retained. This will form part of the licence agreement.
- 3.3 It is proposed that HBC will still retain an interest in the ownership of some of the site, (shown on **Appendix 2**) predominantly the public realm surrounding the fountain as it is important that this area is maintained to a high standard given its prominent location. This will also help to secure any future redevelopment opportunities if required. However there are no current plans to refurbish this area. Connectivity or public realm improvements may be required in this area in future years. HBC retaining an interest in the land will assist in facilitating this.
- 3.4 In summary, it is recognised that the retained availability and management of the parking spaces in the Square is important for the continued viability of the businesses and buildings around the Square. The complicated ownership and parking management arrangements, however, do not make for the most effective and efficient operation of the Square, especially in the light of changed parking legislation. The proposals in this report will rationalise those arrangements. Discussions with the businesses concerned are continuing and any update will be reported verbally at the meeting.

### 4. RECOMMENDATIONS

- 4.1 The Portfolio Holder is requested to approve the surrender of the lease for the car parking bays identified on the attached plan (shown on

appendix 1) in order to reduce HBC's responsibility for car parking in Wesley Square given the issues that the current arrangements present.

- 4.2 The Portfolio Holder is requested to approve the granting of a licence to the Grand Hotel to undertake enforcement in the identified bays that will be retained by HBC.

## 5. CONTACT OFFICERS

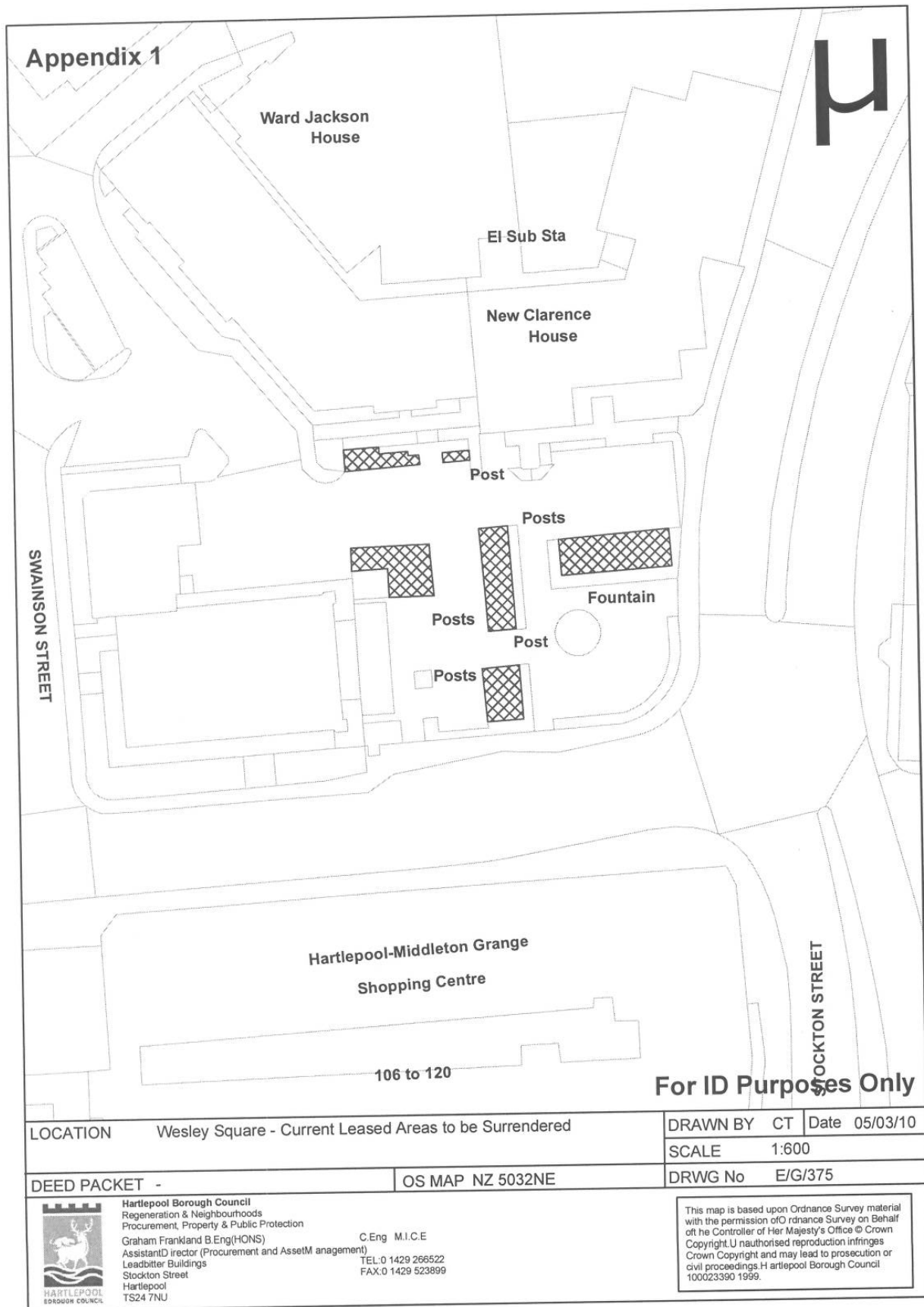
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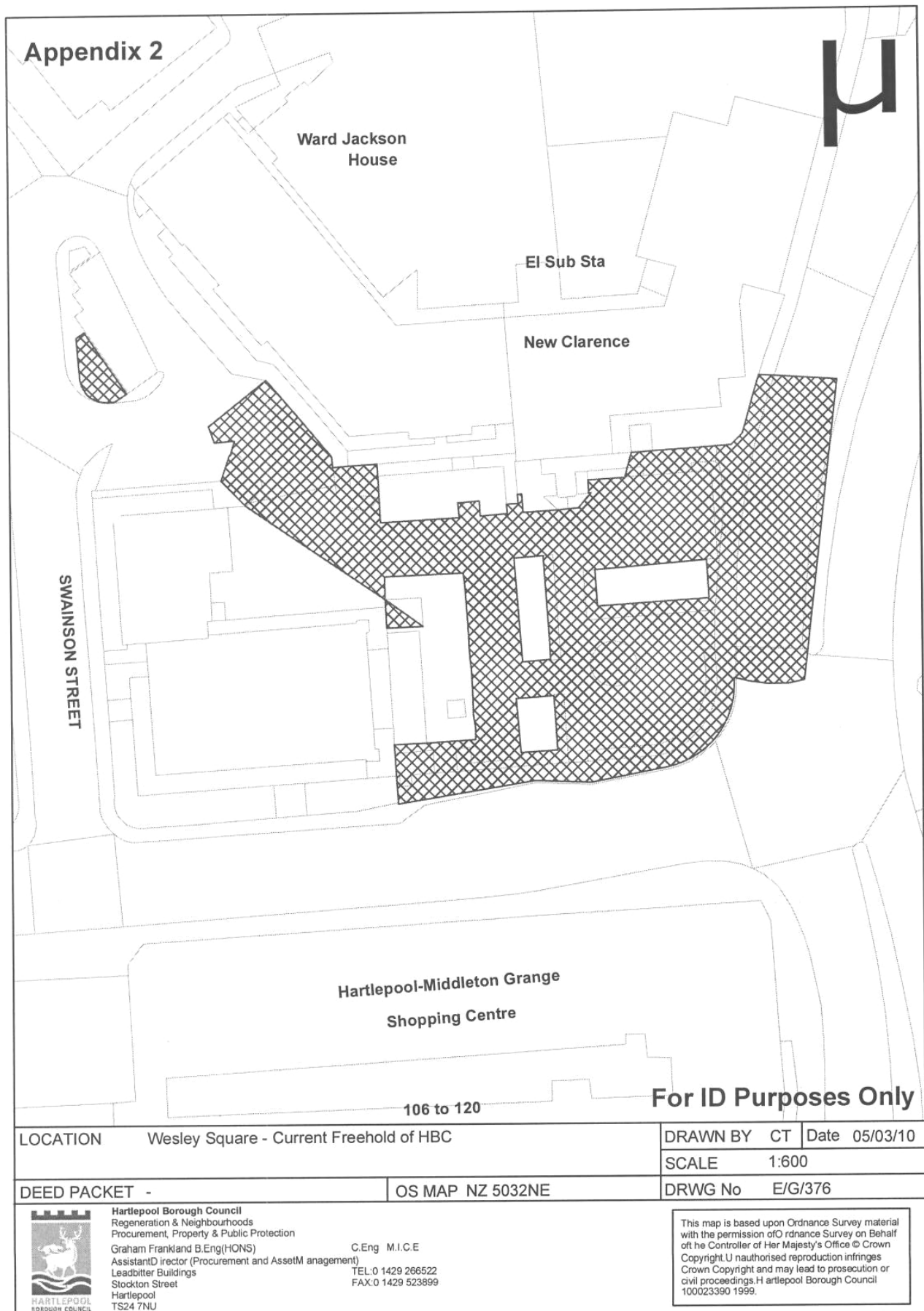
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## APPENDIX 1



## APPENDIX 2



## **FINANCE & PERFORMANCE PORTFOLIO**

Report to Portfolio Holder

23 March, 2010



**Report of:** Chief Financial Officer

**Subject:** CAR PARKING VAT – LEGAL COSTS

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### SUMMARY

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

- 1.1 To seek approval to contribute towards the Car Parking VAT legal costs.

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

- 2.1 The report sets out the background to the legal case involving off-street car parking income and VAT and the request for local authorities to contribute towards the legal costs of the case.

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

- 3.1 The Portfolio Holder has responsibility for finance matters including VAT.

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

- 4.1 Non-key decision.

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

- 5.1 To Portfolio Holder only.

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

- 6.1 To approve the proposal to contribute £10,000 towards the national car parking VAT 'Fighting Fund'.

**Report of:** Chief Financial Officer

**Subject:** CAR PARKING VAT – LEGAL COSTS

---

**1. PURPOSE OF REPORT**

- 1.1 The report sets out the background to the legal case involving off-street car parking income and VAT and the request for local authorities to contribute towards the legal costs of the case.

**2. BACKGROUND**

- 2.1 The Council has been asked to contribute towards the legal costs of the case of 'HMRC vs The Isle of Wight and Others'. This is a legal case concerning off-street car parking income and VAT. The Council is one of 130 authorities with an interest in this case and if the case is won it could mean local authorities can reclaim VAT on car parking income.
- 2.2 The case is focused on issues such as whether councils are operating under a specific legal regime and whether they are in competition with the private sector, either nationally or on a local basis. There are currently four Councils involved with the litigation who have already incurred significant legal costs. These authorities are now relying on financial support to take the case forward. Without financial support the case will be lost by default.
- 2.3 At this point it is not possible to say how much will be needed from each Council. It has been suggested that an amount of £10,000 per Council would be appropriate, with the understanding that if amounts raised exceeds the amount required it would be refunded pro-rata. This cost of investing in the case succeeding is very small compared to the sums which the Council could gain in the event of success.
- 2.4 The case is currently at the stage of an Appeal against the Tribunal which previously decided in favour of HMRC. The funding requested is to meet the costs of the Appeal if HMRC are the ultimate winners. This is the latest stage of a long running legal dispute which has previously been to the European Court of Justice and the High Court before being referred back to the Tribunal.
- 2.5 The legal advisors to the Isle of Wight & Others believes that the authorities have a better prospect of success than HMRC. As the Council could benefit significantly if this case is successful it is recommended that the Council agrees to contribute towards the legal



appeal costs. It is suggested that this contribution is funded from windfall income obtained from assisting a care home provider obtain VAT refunds.

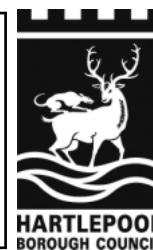
### **3. RECOMMENDATION**

- 3.1 It is recommended that the Portfolio Holder authorises the use of the windfall income generated from assisting care home in obtaining a VAT refund to make a contribution of £10,000 towards the car parking VAT legal appeal of the case involving 'HMRC vs The Isle of Wight & Others'.

## **FINANCE AND PERFORMANCE PORTFOLIO**

Report to Portfolio Holder

23 March 2010



**Report of:** Chief Personnel Officer

**Subject:** SINGLE STATUS AGREEMENT APPEALS

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### **SUMMARY**

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

To provide an update on progress on appeals received and obtain ratification of Appeals Panel outcomes in respect of High Priority Appeals.

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

The report provides a background to the Appeals Procedure together with an update on the progress of appeals received and requests ratification of Appeals Panel outcomes in respect of High Priority Appeals

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

Corporate Issues.

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

Non Key.

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

Portfolio meeting only.

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

To note progress on appeals received and ratify Appeals Panel outcomes in respect of High Priority Appeals.

**Report of:** Chief Personnel Officer

**Subject:** SINGLE STATUS AGREEMENT APPEALS

---

## **1. PURPOSE OF REPORT**

- 1.1 To provide an update on progress on appeals received and obtain ratification of Appeals Panel outcomes in respect of High Priority Appeals.

## **2. BACKGROUND**

- 2.1 The Single Status Appeals Procedure was agreed at the Performance Portfolio Holder meeting on 27 June 2008.

- 2.2 The agreed procedure provides

- “The Executive Member with responsibility for HR will be regularly advised of appeals received and progress made in dealing with them” and
- “All Appeal Panel outcomes must be ratified by the Executive Member with responsibility for HR or Governors (Governing Body, Pay Review Committee or Appeals Committee), as appropriate, prior to any changes being implemented.”

- 2.3 Provision for the ongoing costs of appeal outcomes has been made in the Council's base budget since 2007/08 to meet the cost of implementing any successful appeals from 1 April 2007. This provision was initially set at £400,000, inclusive of employers national insurance and pension costs, for 2007/08. This figure has been increased in the budget by the annual cost of living pay award and at 2009/10 prices amounts to £415,000. Schools have made separate provision in their own budgets for appeals by school staff.

## **3. PROGRESS ON APPEALS**

- 3.1 Appeals currently received and not yet dealt with are shown in the following table.

Department	Intention to Appeal submitted but appeal not submitted yet	Appeals Received/Priority				
		High	Medium	Low	Very Low	Total
Chief Executive's	0	8	60	4	3	75
Child and Adults	0	32	64	54	7	157
Regeneration and Neighbourhoods	0	28	60	54	7	149
Schools	0	5	6	6	0	17
<b>Total</b>	<b>0</b>	<b>73</b>	<b>190</b>	<b>118</b>	<b>17</b>	<b>398</b>

3.2 Outcomes for High Priority Appeals have previously been ratified as follows

	Pay band increased on Appeal and Outcome Ratified (no of employees affected)	Pay band stayed the same on Appeal and Outcome Ratified (no of employees affected)	Pay band decreased on Appeal and Outcome Ratified (no of employees affected)	Ongoing Financial Impact for the Council at the maximum of the Pay Band (inc. Employers costs)
Chief Executive's	2 (3)	7 (12)	0 (0)	£12687.50
Child and Adults	3 (3)	11(17)	1 (1)	£7260.50
Regeneration and Neighbourhoods	2(2)	9(13)	1(3)	£5261.25
Schools	0 (0)	3 (3)	0 (0)	0
<b>Total</b>	<b>7(8)</b>	<b>30 (45)</b>	<b>2 (4)</b>	<b>£25209.25</b>

#### 4. APPEAL PROCESS

4.1 Administrative arrangements are in place to process the appeals and ensure employing departments are engaged in the process and Job Evaluation analysts are able to comment on claims.

4.2 Appeals will be prioritised in accordance with the Single Status Agreement as follows:

Priority	Type of Appeal	Due for Completion
<b>High</b>	Appeals received from current employees who are continuing to	December 2009

	receive protection at 1 July 2008/Appeals which do not need an Appeals Panel to meet/ Appeals from employees who leave the Council from areas where job losses are needed/ Appeals from employees who retire from the Council due to ill health and the Teesside Pension Fund Doctor (for LGPS members) or the Council's Occupational Health Advisor (for non LGPS members) has determined that they meet the Local Government Pension Fund Tier 3 Ill Health criteria	
<b>Medium</b>	Appeals received from current employees who were receiving protection prior to 1 July 2008/Appeals received from current employees who do not gain initially	September 2010
<b>Low</b>	Appeals received from current employees who gained initially	January 2011
<b>Very Low</b>	Former employees	March 2011

- 4.3 Additional temporary resources have been allocated to assist with processing appeals. It should be noted that any increase in appeals as a result of recent or proposed restructures etc. could impact upon the ability to meet this timetable.
- 4.4 Since your last meeting the Appeals Panel has met on 3 occasions and has agreed outcomes, subject to ratification, in respect of 23 appeals (relating to 36 jobholders).
- 4.5 In determining the appeal outcomes, the Appeal Panels have considered the submissions made by appellants as well as 'sore-thumbing' the original evaluation. This is essential to ensure the robustness of individual evaluations and the job evaluation scheme as a whole. Whilst there are 3 possible overall outcomes (pay band increases, pay band remains the same or pay band decreases), this may mask changes to particular factor levels and/or 'tidying up' evaluations.
- 4.6 A summary of the outcomes, of the Appeals Panels, subject to ratification is set out below

	Pay band increased on Appeal and Outcome Ratified (no of employees affected)	Pay band stayed the same on Appeal and Outcome Ratified (no of employees affected)	Pay band decreased on Appeal and Outcome Ratified (no of employees affected)	Ongoing Financial Impact for the Council at the maximum of the Pay Band (inc. Employers costs)
Chief Executive's	0(0)	2(3)	0 (0)	0
Child and Adults	1 (1)	3(11)	0 (0)	£4180.00
Regeneration and Neighbourhoods	1(1)	15(19)	1(1)	-£2015.00
Schools	0 (0)	0 (0)	0 (0)	0
<b>Total</b>	<b>2(2)</b>	<b>20 (33)</b>	<b>1 (1)</b>	<b>£2165.00</b>

4.7 As indicated above, the Portfolio Holder is responsible for ratifying the outcomes in respect of Council employees whereas Governors are responsible for ratifying the outcomes in respect of school employees. Similarly, the Council is responsible for any changes in employee costs for Council employees whereas schools are responsible for any changes in employee costs for school employees (hence no ongoing costs are identified above in respect of school employees)

4.8 Further details of the outcomes of individual appeals is included in the "Not for Publication" Appendix A attached to this report.

**This item contains exempt information under Schedule 12A of the Local Government Act 1972, (as amended by the Local Government (Access to Information)(Variation) Order 2006) namely, Information relating to individual.**

4.9 Assuming the outcomes for Council employees are ratified, a running total of £27,374.25 of the ongoing budget provision of £415,000 will have been utilised. The additional back pay costs will be reported once the outcomes have been processed through payroll.

4.10 The Portfolio Holder will continue to receive regular reports regarding the appeals programme and appeal outcomes for Council employees that require ratification before they can be implemented and Portfolio Holder ratification is being sought as part of this report. Appeal decisions for school employees require Governor ratification before they can be implemented and arrangements are being made to obtain such ratification in respect of appeals from school employees.

4.11 Trade unions will be updated regularly at the monthly Single Table Meeting with Hartlepool Joint Trade Unions Committee

Representatives regarding the appeals programme and appeal decisions which have been ratified.

- 4.12 Work will commence on processing Medium Priority Appeals once a short review of processes and other arrangements has been concluded.

## **5. RECOMMENDATION**

- 5.1 The Portfolio Holder notes the progress made and ratifies the Appeals Panel Outcomes in respect of Council employees (as detailed in the “Not for Publication” schedule attached to this report).

## **6. REASONS FOR RECOMMENDATIONS**

- 6.1 The Appeals Procedure is an integral part of the Single Status agreement and requires that the Executive Member with responsibility for HR be regularly advised of and progress made in dealing with appeals received and ratifies the outcomes of Appeals Panels in respect of Council employees.

## **7. BACKGROUND PAPERS**

Cabinet report 23 December 2007.

Cabinet report 27 May 2008.

Performance Portfolio report 27 June 2008

Performance Portfolio report 26 September 2008

Performance Portfolio report 2 February 2009

Performance Portfolio report 26 February 2009

Performance Portfolio report 17 April 2009

Finance and Performance Portfolio report 14 July 2009

Finance and Performance Portfolio report 5 November 2009

Finance and Performance Portfolio report 23 February 2010

## **8. CONTACT OFFICER**

Wally Stagg

Organisational Development Manager

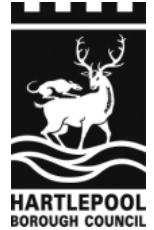
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[wally.stagg@hartlepool.gov.uk](mailto:wally.stagg@hartlepool.gov.uk)

## **FINANCE AND PERFORMANCE PORTFOLIO**

Report To Portfolio Holder

23 March 2010



**Report of:** Assistant Director (Resources)

**Subject:** COMMUNITY ASSET MANAGEMENT  
TRANSFER POLICY

---

### **SUMMARY**

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

To provide a draft Community Transfer Policy based on current national good practice guidelines and seek approval to enter in to further consultation to develop the policy further prior to formal adoption by the Council

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

Outlines the principles of Community Asset Transfer and sets out the Council's approach to managing a proactive policy to encourage suitable transfers and enable sustainable social enterprise.

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

Portfolio Holder has a responsibility for the Council's land and property assets.

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

Non key.

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

That the Portfolio Holder acknowledges the requirement for the Council to develop a Community Asset Transfer Policy as part of the Asset Management Plan and endorses the draft policy attached as **Appendix 1** and grants approval for detailed consultation to be undertaken.



**Report of:** Assistant Director (Resources)

**Subject:** COMMUNITY ASSET MANAGEMENT  
TRANSFER POLICY

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## **1. PURPOSE OF REPORT**

- 1.1 To provide a draft Policy document setting out the Councils approach to Community Asset Transfer and seek approval to enter into further internal and external consultation prior to formal adoption by the Council.

## **2. BACKGROUND**

- 2.1 The Government has been promoting the concept of asset transfer to communities to further develop active communities and viable community based enterprises through a number of different reports since 2003. In 2006 a report from the Office of the Deputy Prime Minister (ODPM) recommended the need to promote more widely the benefits of and opportunities for community ownership and management of land and property assets. This was further emphasised in the Quirk Review – ‘making assets work’ – in May 2007.
- 2.2 Pressures on local authority finance have focussed attention on the opportunity for the voluntary sector/community groups to deliver services in a more cost effective manner whilst at the same time developing active communities.
- 2.3 Community and voluntary groups are themselves being made aware of the Government’s promotion of asset transfer through organisations such as the Development Trust Association.

## **3. WHAT IS ASSET TRANSFER?**

- 3.1 Asset Transfer refers to local communities’ ability to acquire land and buildings from the local authority property portfolio, either at market value or at a discount, in order to deliver local services that meet local needs. For the authority to choose to forgo the financial benefits of market disposal it is necessary for the community group to demonstrate added value and benefit by contributing to sustainable community objectives.

- 3.2 Community benefits include the ability to plan, create wealth, accumulate income and generate a surplus for the community as well as restore buildings and deliver social, economic and environmental benefits. Redevelopment or refurbishment of a building can attract other investments as well as provide local employment and purchasing opportunities.
- 3.3 Transfer of an asset can provide the opportunity to lever more resources into a community and provide a more accessible and responsive base from which to deliver local services. It should strengthen the local community and provide a channel for user and community communication and advanced neighbourhood regeneration plans.
- 3.4 The community association can benefit from greater financial stability and build confidence through having ownership (or long term security through a lease) of a physical asset. This financial sustainability can help the organisation become less dependent on grants, provide collateral for further borrowing and opportunities for further growth.
- 3.5 Typically organisations that would be considered appropriate are voluntary and community groups/associations, town or parish councils, trusts or charities, social enterprise or regeneration groups.

#### **4. CURRENT POSITION**

- 4.1 The Council is active in working with Community organisations to make best use of property resources. In liaison with Hartlepool People a successful bid was made to the Government's Community Asset Transfer Funding leading to the transfer of the Peoples Centre and £1m of refurbishment works.
- 4.2 In recent months transfers have been approved with other community/charitable organisations i.e. Hartlepool Carers, Hartlepool Voluntary Development Agency and Manor Residents.
- 4.3 Whilst the transfers to-date have followed a consistent and risk based approach it is proposed that a policy is endorsed and put in place to cover all future transfers.

#### **5. RISK IMPLICATIONS**

- 5.1 Not every building or piece of land will be an asset for the community, in fact some will represent liabilities (e.g. poor condition, wrong size, location/configuration are listed or expensive to maintain) creating a drain on resources, generate too little income and potentially set the group up for failure. To mitigate this risk, the community group will

need to provide a robust business plan that is deemed to be achievable. Equally, the authority should be forthright in its assessment of the buildings condition and the future maintenance liabilities.

- 5.2 It is also recognised by the communities assets fund, and applications for grant requires there to be 'robust business plans that aim for long term financial sustainability'.
- 5.3 Community access to assets should not be restricted through the process of transfer, and legal agreements should be in place to ensure they are not sold on or privately appropriated except with the authorities consent and relevant financial clawback provisions.
- 5.4 There is also a risk, that the Governments initiative will create expectation within community groups that a host of property will be made available to them. Our property portfolio is subject to regular review and any surplus property will be disposed of through the normal procedures.

## **6. EQUALITY AND DIVERSITY ISSUES**

- 6.1 A Diversity Impact Assessment will be undertaken as part of the consultation on the policy.

## **7. THE POLICY**

- 7.1 The Policy, attached as **Appendix 1**, will form part of the asset management plan.
- 7.2 The Council will consider as part of the asset planning process ways of achieving community objectives recognising that 'best consideration' in terms of asset use and disposal is not always measured simply in monetary terms. The Council will where appropriate and compatible with the asset management plan, include as part of the evaluation of surplus property assets, the option of community management or ownership where such disposal is likely to contribute to the economic social or environmental wellbeing of its area.

## **8. RECOMMENDATIONS**

- 8.1 That the Portfolio Holder acknowledges the requirement for the Council to develop a Community Asset Transfer Policy as part of the Asset Management Plan and endorses the draft policy attached as **Appendix 1** and grants approval for detailed consultation to be undertaken.

**9. CONTACT OFFICER**

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**HARTLEPOOL**  
**BOROUGH**  
**COUNCIL**

**Draft**  
**Community**  
**Asset Transfer**  
**Policy**

## Community Asset Transfer Policy

### Part 1 Background and General Principles

- 1 Background
- 2 National Policy Context
- 3 Aims of Community Transfer
- 4 What is Asset Transfer?
- 5 Why do we need a Policy?
- 6 The power to transfer
- 7 Benefits of Asset Transfer
- 8 What are the risks of asset transfer to the community?

### Part 2 Community Asset Transfer Policy

- 1 What Principles do we adhere to?
- 2 What assets are available for transfer?
- 3 What assets are not available for transfer?
- 4 On what basis will be transfer an asset?
- 5 Which groups are eligible for asset transfer?
- 6 What proposed uses are acceptable?
- 7 How will we assess an asset transfer proposal?
- 8 What is the Asset Transfer Process?

### Part 3 Appendices

- |            |  |
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| Appendix 1 | Types of Tenure in Asset Transfer        |
| Appendix 2 | Risks and Potential Solutions            |
| Appendix 3 | Community Asset Transfer Evaluation Tool |
| Appendix 4 | Expression of Interest Form              |

Part 1	Background and General Principles
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## 1 Background

The purpose of the Strategy is to set a transparent and positive framework to enable where appropriate, asset transfer from Hartlepool Borough Council to the Third Sector to happen.

A core purpose of the Council is to help people to help themselves. An effective way of achieving this is to empower community groups and enterprises to help them deliver their own solutions to local needs and demands for services. This will have both social and economic benefits. The transfer of buildings or land to well organised and supported community groups and enterprises will greatly assist in optimising community activity in local areas.

## 2. National Policy Context

**National Policy Context**

- 2.1 The Local Government Act 2000 introduced the power for local authorities to promote economic, social and environmental well-being. Building strong relationships with community groups can help local authorities to fulfil this role. The Local Government White Paper “*Strong and Prosperous Communities*”, October 2006, signalled opportunities for communities to manage and own local public buildings. It highlighted the role asset management or ownership can play in empowering communities, as well as being a means of securing external investment.
- 2.2 Subsequently the Quirk review, “*Making Assets Work - Community Management and Ownership of Public Assets*”, May 2007, concluded that transferring public assets to communities leads to more responsive services that meet local people's priorities and creates more confident, empowered communities with greater civic spirit.
- 2.3 Other documents such as, „Together we can – the Community Development Challenge“ and „Change Up“, the Government's strategy for voluntary and community sector infrastructure and capacity building, have all encouraged local authorities to create and support community partnerships.
- 2.4 There is now a high level of support and recognition from Government that asset transfer can create more confident and empowered communities and increase the number of sustainable community/voluntary sector groups. The Government want Local Authorities to help empower local people and organisations to transform land and buildings into vibrant community spaces and support the development of a thriving Third Sector.

3. Aims & Benefits of Community Asset Transfer

- 3.1 The aim of the Council's approach to Community Asset Transfer is to derive the widest public value that can be achieved in relation to delivering social outcomes.
- 3.2 Benefits associated with any application for asset transfer will be assessed in terms of the economic, social or environmental well being of the community. These may include some of the following examples of the type of benefits that can/could be associated with an asset transfer:

***For the local community***

Improved community engagement;  
Area-wide benefits;  
Economic development and social enterprise;  
Improvements to local services;  
Value for money;

***For the Council***

Develop effective partnerships within communities to deliver services;  
Provide a more accessible and responsive base from which the third sector can "reach" into the community and deliver services;  
Leverage of external funding, that the public sector cannot apply for, to improve assets for the benefit of communities;  
Facilitate restoration and restore historic buildings;  
Help strengthen „community anchors“;  
Provide a catalyst for regeneration of local areas;  
Provide a potential source of rental income;  
Result in lower ongoing costs;  
Help to progress neighbourhood regeneration plans;  
Provide appropriate, locality based building management solutions

***For Third Sector Organisations (voluntary and community sector)***

Physical assets can provide towards a sustainable future;  
Strengthen organisation's confidence;  
Strengthen the organisation's community ties;  
Strengthen the organisation's ability to raise money. There may be access to funding to refurbish the building or to support staff training and development;  
Support greater financial sustainability and help the organisation to escape short term grant-dependency;  
Social economy organisations can alter or modify a building to better suit their needs to a greater extent than if they were merely tenants.



#### **4. What is Asset Transfer?**

- 4.1 Asset transfer relates to local communities ability to acquire land and buildings either at market value or at a discount in order to deliver services that meet local needs, and is seen as one way in which local authorities can support the development of Community organisations and thereby meet their wider strategies for renewal and improved delivery of services at local level.
- 4.2 Although asset transfer is often perceived as the choice between transfer to a social economy organisation or the sale of the asset by the Council to raise capital, the choice is in fact between the capital expenditure in other services made possible as a result of the sale and the services that would be provided by the community.
- 4.3 Asset transfer can be considered in four main ways:-
- (1) Concessions – transfers at less than best market value of surplus property where there are limited future opportunities, mainly in areas where the financial sustainability of the organisation taking on responsibility for the asset will be difficult;
  - (2) Procurement with concession – transfers at less than best market value of non surplus property as part of a partnering arrangement where there is a benefit that is considered justification for the concession;
  - (3) Sale – transfers of surplus property at market value including the possibility that, at the same price, one purchaser may provide opportunities for gaining greater social value although there may be more risk; and
  - (4) Procurement – transfers of non-surplus property at market value as part of the delivery of Council services by a third party.

All of these will be possible where the organisation taking on the asset can attract sources of finance that are not available to the Council.

#### **5. Why do we need a Policy?**

- 5.1 In terms of our existing approach, a number of asset transfers have occurred over the years during which time policies have changed and this means that the asset transfers have been dealt with on a case by case basis.
- 5.2 The most common form of asset transfer has been the granting of a long lease (21 years plus) of land or buildings to enable an organisation to carry out community activities. The form of lease is usually an FRI lease (Fully Repairing and Insuring) which puts all of the responsibility onto the organisation for the care and repair of the asset. As a concession, the rent is usually set at a peppercorn and this normally represents a “disposal at less than best value” for which specific additional

dispensation and approval applies. Appendix 1 identifies the most common types of tenure in asset transfer and the associated advantages and disadvantages.

- 5.3 This policy therefore sets out a pro-active approach to Community Asset Transfer by which any community organisation wishing to acquire an asset can follow and understand and work through to ensure that the asset transfer best fits with the communities requirements and those of the Council.
- 5.4 This policy will apply to any new applications for transfer of assets but will also apply to any renewals or renegotiation of terms of existing leases for community uses.

## **6. The power to transfer**

- 6.1 The legal context for asset transfer is contained under Section 2 of the Local Government Act 2000, whereby every local authority has the power to undertake actions it considers are likely to achieve the economic, social or environmental well-being of the area. The specific provision for asset transfer is provided under the Local Government Act 1972, as amended by the General Disposal Consent (England) 2003.

## **7. What are the risks of asset transfer to the community?**

- 7.1 Asset transfer can strengthen the organisations community ties and its ability to raise money. As the main focus is likely to be a community based initiative or sustaining economic regeneration, there may be access to funding to refurbish the building or to support staff training and development.
- 7.2 However, not all buildings or land are suitable for transfer, and some may be a drain on resources and generate too little income. Any one running a public building has to be confident that they can meet a raft of regulations covering public health and safety (such as Legionella and Asbestos) and disabled access requirements.
- 7.3 Appendix 2 highlights the areas of risk and proposes a number of mechanisms to manage them.

## 1 What principles will we adhere to?

- Community empowerment;
- Area-wide benefits;
- Building the capacity of the Third Sector and encouraging a sustainable Third-Sector;
- Economic development and social enterprise;
- Improvements to local services;
- Value for money;
- Benefits to the local community, Council and other public service providers and the Organisation taking ownership.

- The fundamental aspiration of the policy is community empowerment achieved through community led asset transfer.
- We view our policy on community asset transfer as part of a long-term programme of support to, and partnership with, the Third Sector.
- We will take a strategic approach to asset transfer through regular reviews of the community transfer potential of its assets, and the establishment of priorities linked for example, to priority regeneration schemes, the exit-strategies from regeneration schemes, or the potential of particular high-profile cases etc.
- We will seek to implement the policy proactively (through awareness raising, outreach and support etc) to encourage appropriate groups to take on an asset, linked to on-going programmes of support to the Third Sector.
- Any proposed asset transfer must support the aims and priorities of the Council..
- We are committed to implementing a transparent corporate process for asset transfer including a clear point of first contact and clear stages and timescales for each party.

- We will designate an Asset Transfer Officer, who will help to shape discussion and provide support for a project. This individual will be the first point of contact for asset transfer and may be appointed on a case by case basis according to the proposed transfer.
- No guarantee of 'exclusivity' on a first come first served basis when considering asset transfer, inviting other expressions of interest, as appropriate, in relation to any proposed asset transfer.
- We will adopt an agreed method of assessing the benefits of the transfer, (linked to corporate priorities) which allows a comparison with market disposal (Community Asset Transfer Evaluation Tool (Appendix3));

## **2. What assets are available for transfer?**

In the context of this policy an asset is land or buildings in the ownership of the Council and does not include infrastructure assets or plant and machinery..

The Asset must be:

- In the freehold ownership of the Council.
- Not currently needed or identified for future investment, or used for direct service delivery, which could best be provided directly by the authority rather than through the community.
- Fit for purpose and would not impose an unreasonable liability to the Third Sector organisation or the Council.
- Suitable for community transfer as the sole or one of the viable options following an options appraisal by the Council. This process will be adopted in response to requests or properties identified through internal reviews.
- Available to deliver the strategic priorities of the Council.
- Suitable for transfer or management and not be contrary to any obligation or restrictive covenant placed on the Council

Proposals for asset transfer can be split into three main categories

### Surplus land and buildings

The asset has been declared surplus to operational requirements and has either been proactively marketed to the general public or specifically to the Community and Voluntary Sector, or a reactive response to the disused asset has been made by the Community group.

Non-surplus land and buildings

The asset has not been declared surplus and a speculative proposal has been put forward by a Community group to take on the asset. The policy does not explicitly exclude any asset from potential transfer to a COMMUNITY group and leaves this open for decision on a case by case basis. However, schools and related premises, operational assets, and office space wholly occupied by Council services are unlikely to be considered suitable for transfer.

Occupied land and buildings

COMMUNITY groups occupying Council land and buildings may approach the Council to take on management or ownership of the building, usually at a less than best consideration.

**3. What assets are not available for transfer?**

We will not:

- Transfer or let a building at a discount where taking part in religious activities is essential in order to participate in or benefit from the proposed services and activities.
- Consider an asset transfer of land or buildings that is required by the Council to deliver its objectives – such as schools.
- Consider an asset transfer or lease of a building that has a limited lifespan, unless the proposal includes a redevelopment scheme.

**4. On what basis will we transfer an asset?**

In view of the diverse nature of assets within our ownership, there is no one transfer methodology that suits all circumstances.

Nature of tenure offered will be determined on case by case basis having regard to the particular circumstances of the project, strength of the applicant and sustainability of the business case etc.

Asset transfers will generally be by means of leases or licences. Freehold transfer will only be considered in exceptional circumstances, and must be the subject of a specific report to Portfolio Holder to gain approval,

The decision whether to charge an open market consideration (ie market rent or market value for the sale) for the benefit of an interest in an asset will be determined on a case by case basis. Factors influencing such a decision will include; proposed uses, extent of revenue producing opportunities, benefits to the community.

Any transfer at a discount will be accompanied by a Service Level Agreement (SLA) identifying the benefits and how these will be monitored and measured, together with the remedies available to both parties if the SLA is not met. The SLA would clearly set out the respective roles and responsibilities of each party together with appropriate milestones to address the risks identified above and outcomes to be delivered by the project. It is important an exit strategy should also form part of this document. The nature of tenure offered would be linked to milestone events.

In all cases involving transfer of ownership / occupation appropriate legal mechanism will be put in place to protect the Council's financial position such as restrictions on use, or reversion clauses. For example in the case of a long-term lease appropriate clauses (step-in rights) will be written in to the lease whereby the asset would revert to the Council in circumstances such as:-

- In the case of bankruptcy;
- In the case of corruption;
- If the anticipated benefits of transfer are not realised (i.e. the SLA is not achieved); or
- If the organisation wishes to develop and move into bigger premises.

## **5. Which groups are eligible for asset transfer?**

We will consider asset transfer to Community and Voluntary Sector groups. Appropriate groups may be area-based, based around particular social groups or have some other 'community of interest'. Groups must be able to demonstrate good governance and an appropriate legal structure.

The Applicant must:

- Be community-led, i.e. its governance arrangements must ensure that it has strong links with the local community and that members of the community are able to influence its operation and decision-making processes;
- Be a Community and Voluntary Sector organisation - i.e. it must be a legal entity which is:- Non-governmental - not part of the statutory sector;
- Exist for community / social / environmental / economic benefit;
- Be non-profit distributing - it must reinvest any surpluses to further its social aims / community benefits;
- Have community benefit objective;
- Be appropriately constituted, for example, a registered charity, a community interest company or a charitable incorporated organisation, a not for profit company; a co-operative. Such constitution allows the management / ownership of buildings and or provision of services;

- Demonstrate good governance by operating through open and accountable co-operative processes, with adequate monitoring, evaluation and financial management systems;
- Demonstrate it has the skills and capacity within or available to its managing body to effectively deliver services and manage the asset;
- Embrace diversity and work to improve community cohesion and reduce inequalities;
- Be engaged in economic, environmental or social regeneration in Hartlepool Borough Council or is providing a service of community benefit in line with the Council's core priorities:
- Demonstrate management experience and or expertise;
- Have a management proposal which includes a specific plan on health and safety issues and compliance with legislation and any statutory requirements arising from ownership or management of the building and or running a service;
- Demonstrate how they will address any capacity buildings requirements within their organization;
- Provide copies of the accounts of the organisation;
- Have been established for a number of years and or have a track record of delivering services or property management; and
- Have a clear purpose and understanding of the activities it wishes to deliver.

#### **6. What proposed uses are acceptable?**

Each proposed use will be assessed on a case by case basis but must be in line with the following:-

- Demonstrably help in the delivery of our Corporate Plan, corporate needs and facilities for the use by the people of Hartlepool;
- Ensure extensive and inclusive reach into the community and will be open to all;
- Maximise opportunities for income generation to ensure sustainability, for example, through social enterprise and the hiring of space and facilities; and
- Must be a need and demand for the activities being proposed and consideration is given whether or not this is being satisfactorily addressed by another organisation.

**7. How will we assess an asset transfer proposal?**

The asset transfer decision is essentially a choice between:-

- Retaining the status quo;
- Expenditure on other services made possible as a result of a “commercial disposal”; and
- The benefits generated by transfer of the asset to one or other community group (if there are competing proposals).

In assessing proposals for asset transfer, we will attempt to measure the relative benefits and risks of these three options in order to justify its decision and the level of discount proposed. It will relate these benefits to our priorities such as the key objectives in Our Plan.

The asset transfer decision involves the assessment of a number of criteria including considering the options arising from:

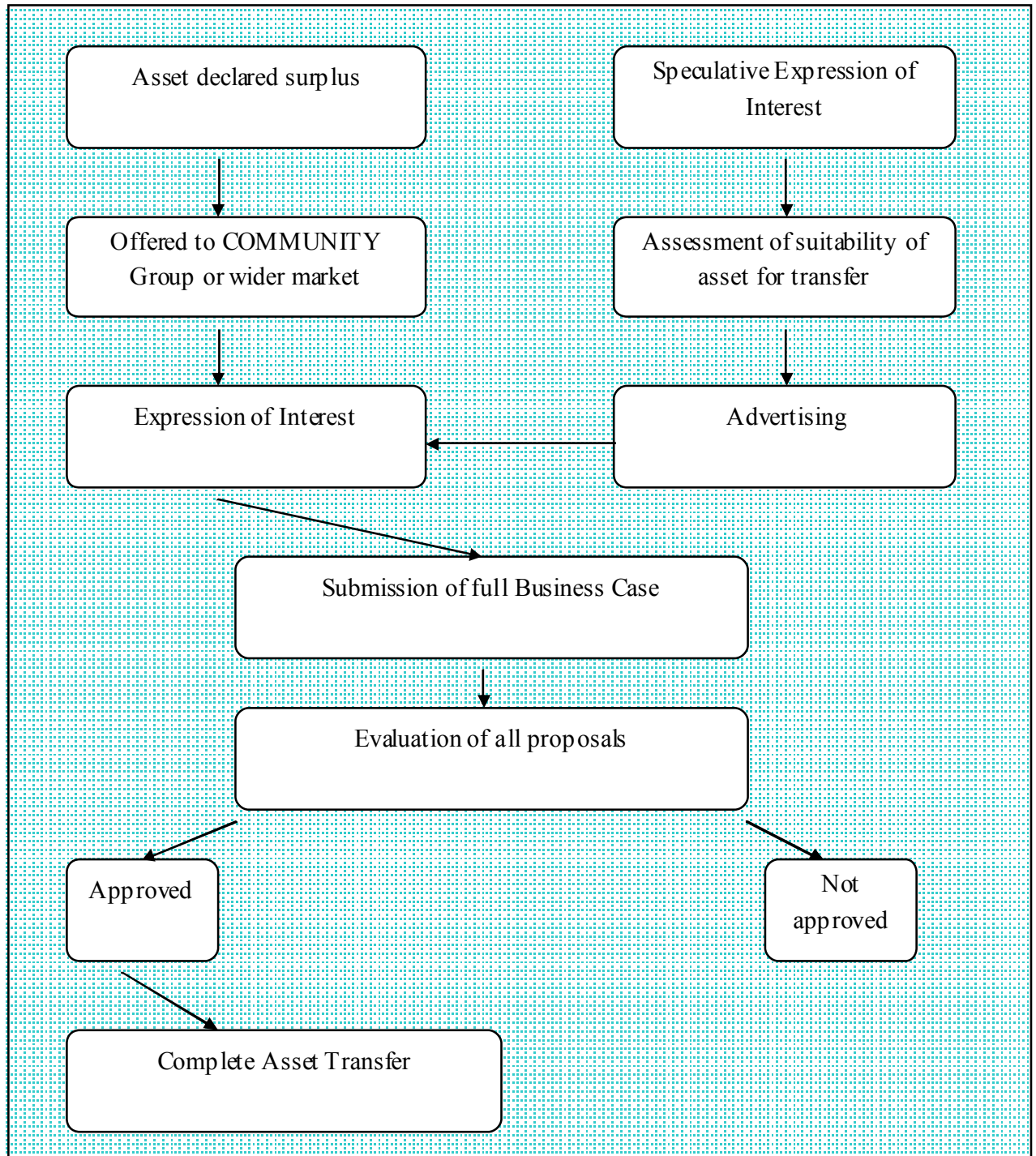
- Raising of capital receipts for future investment in direct service provision;
- Benefits to respective parties eg Council, Community, Third Sector generated by the transfer of the asset to the community;
- Loss of any existing income;
- Potential loss of opportunity costs arising from transfer; and
- Retention of assets for direct service delivery

**8. What is the Asset Transfer Process?**

There are a number of stages involved in the Asset Transfer Process and these are shown as a flowchart on diagram 1 overleaf.



**Diagram 1      Asset Transfer Process**



### **Stage 1 Asset Transfer Request**

This is the initial stage and flags a Community group's interest in a particular building or piece of land. The opportunity can arise either by the Council making available an asset or a specific request from a Community group.

The request should be submitted on the "Expression of Interest Form" (Appendix 4). Additional supporting information can be included if thought necessary.

### **Stage 2 Assessment of suitability of asset for transfer**

In the event that the asset has not been previously declared surplus then an initial assessment will need to be undertaken to determine whether the asset is suitable for Community Asset Transfer.

This assessment will be undertaken by the Asset Transfer Officer in accordance with the general principles at sections 2 and 3 above and referred to SCRAP/Portfolio Holder for consideration.

The applicant will be informed of the decision.

### **Stage 3 Advertising of opportunity**

The policy states that we will not consider requests for transfer on a first-come, first-served basis. If a request for an asset is made and the asset has not been previously offered to either the wider market or Community groups, then following the decision that the asset is suitable for transfer the opportunity to acquire the asset will be marketed.

The marketing period will be appropriate to the asset and will be a minimum of 6 weeks. During the marketing period, expressions of interest should be submitted by other COMMUNITY groups and business cases be developed from all interested parties.

### **Stage 4 Submission of Full Proposal and Business Case**

Fundamental to the success of any transfer is the applicant(s) demonstrating to us that they have a clear rationale backed by a robust business-case of their ability to manage the asset effectively. This needs to include an assessment of the financial and organisational capacity of the organisation.

COMMUNITY groups applying for consideration to be given to asset transfer, will be required to submit a formal application which, depending on the scope and scale of the asset concerned will include some or all of the following:

- Organisational Details - Capacity of the organisation to manage the asset;
- Use Statement - Details of how proposed use will be monitored including any fall back arrangements;

- Benefits Statement - Benefits to the Council, the organisation and the wider/community;
- Business Case

As a minimum, the business case will need to clearly identify:-

- At least 5 years revenue or capital funding plans and projections of managing and operating the asset;
- How it will invest in and maintain the asset including a specific plan as to how all health and safety responsibilities will be met;
- The planned outcomes and benefits to result from the asset transfer;
- Demonstrate a community governance structure with capability to sustain asset transfer and has identified necessary capacity building requirements within their organisation;
- Whether they would wish to start on the phased transfer of the asset and agreed milestones to justify progression to the next phase;
- Where transfer is requested at less than market value either freehold or leasehold the applicant has justified and quantified the benefits to the community and Council to justify the subsidy. The Council will separately need to satisfy that any transfer is within its legal and financial powers;
- Any sources of finance asset transfer will release or attract;
- Track record of delivering services and or managing property;
- Financial sustainability and forward planning; and
- Have established how much space is required and its potential usage

## **Stage 5 Review of Proposal**

Each proposal will be reviewed in line with the Community Asset Transfer Evaluation Tool (Appendix 3). This provides a clear mechanism for review and enables competing business cases to be assessed against each other.

The evaluation will consider areas such as:-

- How the need for proposed transfer and use of asset has been identified – what needs will the transfer meet?;
- Assessing the benefits as a result of transfer– what will be different and how it will be measured;
- Capacity of the Community Group to acquire and manage the asset – reference to any accreditation's achieved e.g. Community Matters 'visible' standards or Development Trust Association 'healthcheck';
- Business case for future uses for the asset e.g. cashflow forecasts;
- Type of transfer sought and why;
- Statement from current vesting department supporting the proposal;
- Terms of any legally binding Service Level Agreement or any other legal agreement;
- Capacity building plan and how this will be delivered; and

- Details of how the proposed use of the asset will be monitored and details of 'fall back' arrangements should the transfer prove to be not sustainable;

The assessment will also identify the potential risks of transfer. The Quirk report recognised that there was a clear consensus between the public sector and third sector that risks exist. It is therefore important that both ourselves and the receiving organisation are sufficiently equipped to understand, assess and manage the risks that are inherent in the process of asset transfer. Therefore this policy should be mindful of the work undertaken by the Quirk Review and DTA in addressing such issues. The risk will be assessed following our policy on managing risk.

### **Stage 6 Decision**

Following evaluation the applicant(s) will be advised of the decision and the rationale behind the decision will be discussed. In some instances it may be that there is merit in the proposal but additional work is required to further develop the proposal and we will work with the applicant to develop this.

Decisions relating to either proposals to transfer at market value at less than best consideration (discount) will be required from the Portfolio Holder for Resources,

### **Stage 7 Complete Asset Transfer**

Following agreement to transfer the asset we will agree detailed terms with the COMMUNITY group. The process is likely to differ with each transfer so project management arrangements are put in place to ensure that the scheme is properly resourced and supported, and to ensure all the necessary documentation and arrangements such as planning consents and lease/freehold transfer arrangements are in place.

If a lease is proposed, this will set out conditions of use there are certain circumstances under which we would reserve the right to intervene, for instance when conditions of lease or Service Level Agreement / Partnership arrangement are at risk of not being met. Monitoring arrangements and a key contact/liaison officer in the Council will be established for all transfers. The key contact officer will usually be an officer from the service most relevant to the services/activities delivered by the COMMUNITY organisation.

It is important that at this stage the COMMUNITY group is appropriately and independently advised on the legal transfer and the implications thereof.

When all necessary documentation and arrangements are put in place the asset transfer is complete.



## Appendix 1 Types of Tenure in Asset Transfer

<b>Types of Tenure</b>	<b>Advantages</b>	<b>Disadvantage</b>
<b><u>Freehold</u></b>  Buying the property as full owner through a legal document entitled a “conveyance”	Security of ownership; Creates sellable asset Independence Can use asset to help raise debt and equity/funding Not subject to service charges Freedom to improve or redevelop the asset, and to attract grants to do so.	Expense of purchase Cost of repairs and insurance May not be sellable if in poor condition or deeds forbid it It is much harder for a local authority to restrict future use of premises than with other forms of tenure
<b><u>Long Leasehold</u></b>  Buying a lease of 22 years or more and paying a premium (initial capital payment) then a low annual ground rent. Lessee has all the responsibilities of a freehold owner	Security of ownership Creates sellable asset Independence Can use asset to help raise debt and equity/funding Not subject to service charges Local Authorities can restrict future use of the premises using covenants placed on any lease	Expense of purchase Cost of repairs and insurance May not be sellable if in poor condition or deeds forbid it
<b><u>Lease</u></b>  Taking a lease for a fixed period of years at an annual or ‘rack’ rent	Security of tenure (usually) rights under the Landlord and Tenant Act 1954. Local Authorities can restrict future use of the premises using covenants placed on any lease. In some cases rent may be low or at a peppercorn. In some cases maintenance costs may be shared with landlord. The local authority may be better disposed to granting discretionary rates relief.	Expense of rent and service charges (which may increase regularly) Cost of repairs and insurance Shorter leases limit a groups ability to improve premises and to raise funds for improvements

**Appendix 1**

<u>Tenancy Agreement</u>	Easily terminated by the tenant. Rent may be cheaper Often less responsibility for repairs / insurance. May have security of tenure. More likely to have discretionary rates relief	May be restrictions on use of premises Makes fundraising more difficult
<u>Licence to Occupy</u>	As with a tenancy agreement, excepting no security of tenure. May be exempt from business rates. May allow a new group a chance to demonstrate its capacity to operate and its case for occupying the premises on a more secure basis	May be restrictions on use of premises. Local Authority may often need to give only a short notice period
<u>Tenancy at Will</u>	As with licence to occupy	As with licence to occupy
A licence to occupy at the discretion of the owner. Tenant may be evicted at any time on as little as 24 hours notice		

## Appendix 2 Risks and Potential Solutions

<b>Risk</b>	<b>Potential Solution</b>
Organisation does not have the capacity/skills to take over and manage the asset	Agree Service Level Agreement at the outset incorporating skills audit and management plan, organisational development plan, detailed business plan, ongoing management plan, marketing plan, level of support offered and agreed at the outset
Community organisation cannot raise the cash needed to purchase or refurbish the asset offered	Identify extent of repair cost by detailed survey, prepare detailed business plan, identify and secure funding sources, phased transfer in line with finances available
The ability of the Council to support a particular project is limited by state aid rules or other restrictions or legal constraints which will impact on organisation's operation of the asset	Identify up front any issues that need to be addressed and allow time in programme for resolution
Inability of the community organisation to manage the asset effectively	Robust business plan identifying secured revenue streams, agreed organisational development plan, skills audit and training development plan
Asset not used in public interest, taken over by an unrepresentative or unaccountable minority, access to the asset is not inclusive	Adoption of ongoing Service Level Agreement, or other legal agreement. Local Authority to ensure management group reflects diversity of local community interest
Community organisation is not able to invest in the asset to meet its longer term liabilities for upgrading and cyclical maintenance	Robust long term business plan. Agreed organisational development plan. Organisation has demonstrated appropriate financial skills or access thereto. Minimise liabilities through appropriate legal structures.
Reliance of smaller receiving organisations on volunteers through lack of resources or professional/support staff	Adequate support/advice on organisational structure /management. Use of role descriptors for trustees.
Fragmented ownership of assets across an area could impair strategic objectives of local authority and/or its LSP partners	Council adopting strategic approach to use of its asset base. Use of LSP to engage /encourage joint working



**Appendix 1**

Confusion and lack of awareness over roles, responsibilities and liabilities between landlord and community organisations	Use of Service Level Agreement at the outset setting out roles and responsibilities of each party.
Community empowerment objectives of the receiving organisation are vague, weak, or not aligned to those of the Council	Organisation needs to undertake community needs survey to assess the needs /interests of the community; working in partnership with other groups
The Council does have sufficient capacity either financially or through personnel to support the initiative	Support for the third sector should be part of a broader partnership with the third sector. Role of local authority to be set out in Service Level Agreement

## APPENDIX 3 COMMUNITY ASSET TRANSFER EVALUATION TOOL

## Appendix 1

Name and Address of Asset	
UPRN / UBRN	
Status of Asset (as Per Asset Register)	
Current Use	
Ward	
Asset Transfer Applicant	
Proposed Terms Of Transfer	Freehold / Leasehold    Market Value / Discounted

Final Score And Recommendation	
Completed By	
Date Completed	
Date of Review By Asset Management Group	
Cabinet Date	
Decision	
Decision And Feedback Given To Applicant	

### Evaluation Mechanism

The following evaluation tool is used to assess asset transfer proposals by community and voluntary sector (COMMUNITY) organisations. It may also be used to evaluate proposals for shorter term leases to COMMUNITY organisations. The tool may be adapted on a case by case basis as appropriate.

The tool is used at Stage 5 of the asset transfer process to broadly evaluate the suitability of the proposal.

#### Scoring

Each section is scored out of 25. Scores should be applied as follows.

0	Unacceptable to the Council
5	Requires significant improvement to be acceptable to the Council
10	Requires minor improvement to be acceptable to the Council
15	Acceptable to the Council for this stage of the process but with identifiable shortcomings which may be improved
20	Represents a very good response
25	Represents an excellent response

N.B. Scoring 0 or 5 for the sections indicated in the table overleaf will result in immediate failure of the application.

#### Overall Score

The scores are totalled. The maximum overall score is 250. The score determines the recommendation as follows:

Score	
0-50	Proposal is unacceptable
51-100	Proposal requires significant improvement to be acceptable to the Council
101-150	Proposal requires minor improvement to be acceptable to the Council
151-200	Proposal represents a very good use of the asset
201+	Proposal represents an excellent use of the asset

**SUMMARY OF OVERALL PROPOSALS**

Details of use and circumstances	Specify relevant details.
Is the asset currently occupied?	<i>Add details including: name and relevant information about occupant ; length of time of current occupancy; any lease arrangements;</i>
How is the asset currently used?	<i>Add details including Main and any subsidiary uses, any services offered; level of use; identity of user-groups; and whether of local, borough-wide or wider significance.</i>
Is the condition of the asset known?	<i>Add details, with estimated costs of any repairs/maintenance. Identify how recent this information is.</i>
Is the asset suitable and/or sufficient for its current use?	<i>Add details, including whether the asset complies with the Disability Discrimination Act. What is the most suitable use for this asset?</i>
Is there any other organisation affected by the ownership of the asset?	<i>Add details including in relation to existing freehold/leasehold arrangements, other contractual arrangements or any funding associated with the asset where conditions on its use or ownership may apply.</i>
Does the Council have any plans for the asset?	<i>Add details.</i>
Are there any other circumstances directly relevant to potential transfer?	<i>Add details, for example housing stock transfer, existing contractual or financial obligations on the asset, covenants on the asset, etc.</i>

**1. DELIVERABILITY**

Assessment Criteria		Score each section out of 25	Comments
<b>Governance</b>	Governance Proposals		
See 1.1	<ul style="list-style-type: none"> <li>▪ Inclusivity</li> <li>▪ Track Record</li> <li>▪ Constitution</li> </ul>		
<b>Robustness and Business Plan</b>	Assessment of organisation in relation to: <ul style="list-style-type: none"> <li>▪ Viability of business plan</li> <li>▪ Detailed, costed proposals</li> <li>▪ Amount of capital funding for project (secured, conditional, speculative)</li> <li>▪ Amount of revenue funding for project (secured, conditional, speculative)</li> <li>▪ Professional team / support</li> <li>▪ Delivery Programme</li> </ul>		
<b>Planning and design</b>	Assessment of whether: <ul style="list-style-type: none"> <li>▪ Proposal is acceptable in accordance with current planning policy</li> <li>▪ Planning permission likely to be (or has been granted)</li> <li>▪ Design is accessible: equality of access regardless of age, disability, ethnicity, or social grouping.</li> </ul>		
<b>Total score out of 75</b>			

**2. BENEFITS**

	Assessment Criteria	Score each section out of 25	Comments
<b>Contribution to Our Plan</b>  See 2.1	Assessment of how well the proposals contribute to Our Plan Priorities / Themes / Objectives		
<b>Contribution to neighbourhood priorities</b>  See 2.2	Assessment of how the proposals fit with neighbourhood priorities such as:-  Complementing or duplicating existing services or activity in a locality Fill a gap in provision locally Improvement to local services		
<b>Community benefits</b>  See 2.3	Assessment of proposals in relation to:-  Community Empowerment Promoting a sustainable community and voluntary sector		
<b>Equal Opportunities and Diversity</b>  See 2.4	Assessment of the potential to make a positive impact in accordance with our Diversity and Equality Statement.		
	<b>Total score out of 100</b>		

**3. VALUE FOR MONEY**

	Assessment Criteria	Score each section out of 25	Comments
<b>Value for Money</b>	Assessment of how the proposals will:-  Present and opportunity for a 'non-operational' asset to be used. Represent the best use of the asset particularly in the medium to long-term		
<b>Economic development and social enterprise</b>  See 3.1	Assessment of how the proposals will improve the economic and social offer in the locality.		
<b>Financial Implications</b>  See 3.2	Assessment of the financial implication of the transfer in relation to:-  Repair and Maintenance Budgets Disposal Cost – Market Value or Discounted Continued Council commitment to the asset Create efficient savings Opportunity Costs Funding commitments Release of restrictive covenants		
	<b>Total score out of 75</b>		

## **Additional Guidance**

Questions / areas to consider when evaluating each proposal.

### **1 Deliverability**

#### **1.1 Governance**

- Does the organisation have a Constitution?
- Is the organisation a Registered Charity?
- Is the organisation a Registered Company?
- How long has the organisation been established?
- How is the organisation managed?
- How is the organisation governed?
- Does the organisation have an Equal Opportunities policy?
- Does the organisation have insurance?
- Does the organisation have an Annual Report?
- Does the organisation have audited Annual Accounts?
- Is there a supporting statement available from 2 referees?

#### **1.2 Robustness and Business Plan**

- Capacity of recipient to manage asset - *What level of expertise in facilities management exist within the potential recipient? What is the capacity of the recipient to take on ownership and management effectively?*
- Potential for the asset to become a financial liability for recipient - *Are the costs of running and maintaining the facility known, and are they understood by the potential recipient? Have they got a business plan that sets out how they plan to use the asset?*
- Capacity of recipient to deliver promised services/outcomes - *Is there a robust business plan in place? Has the potential recipient got a track record in this area? Does the potential recipient have sufficient capacity to deliver what they propose?*



- Potential for ongoing Council liability - *What are the implications of the transfer in terms of maintenance and health and safety? Are responsibilities clear? What are the insurance arrangements?*
- Does the organisation have the necessary expertise to take on the asset (now and in the future).

### **1.3 Planning and Design**

- Conflict with other legal, regulatory constraints - *Is the asset a listed building? What are the implications of this? Are there any other regulatory or planning constraints that affect the asset or an area that includes the asset?*

## **2 Benefits of Transfer**

### **2.1 Contribution to Our Plan**

#### Priority theme – Lifelong Learning & Skills

Key objectives:

1. Improve educational achievement among young people.
2. Increase the number of young people in education, employment or training through improved engagement.
3. Safeguard our children and young people

#### Priority theme – Health & Care

Key objectives:

4. Reduce health inequality.
5. Transform services for adults and older people

#### Priority theme – Strengthening Communities

Key objective:

6. Tackle anti-social behaviour and reduce criminal damage.
7. Re-design our services to improve neighbourhood delivery in disadvantaged communities.

#### Priority theme – Jobs & the Economy

Key objectives:

8. Tackle worklessness and poverty.
9. Deliver improvements in our towns and villages.
10. Create a regeneration blue print for the whole Borough.

11. Reduce our carbon footprint.
12. Grow our tourism potential to deliver economic and cultural opportunities.
13. Promote an integrated, efficient public transport system.

Priority theme – Business Improvement

Key objective:

14. Deliver our top 10 business improvement projects.

## **2.2 Contribution to Neighbourhood Priorities**

- Improve or safeguard a service that would otherwise be lost?
  - Present an opportunity to deliver specific council priorities (for example from the Sustainable Community Strategy or LAA)

## **2.3 Community Benefits**

- Create a more direct connection between the asset and local people
- Enable the local community to respond to local issues
- Strengthen local identity
- Provide a means for local citizens and groups to access additional resources
- Improve capacity/sustainability of an organisation (e.g. by being able to borrow against the asset, or create a revenue stream from the asset)
- Add value by creating opportunities for individual organisations to work together, for example using the asset as a 'hub'.
- Potential loss of existing community services - *What are the implications of the transfer of the asset in relation to current service provision and community facilities? Does the transfer create any risk to continued provision in the longer term. Can appropriate safeguards be identified that would maintain the asset for community benefit (e.g. restricting use, modifications and/or sale of the asset)*

## **2.4 Equal Opportunities and Diversity**

- Potential to disadvantage particular individuals or impact negatively on the local community or communities of interest – Complete Equality and Diversity Impact Assessment.

- Potential for a negative impact on community cohesion - *What is the potential impact of transfer on the local community? Are there existing tensions affecting the community?*
- Capture of asset by unrepresentative / extremist minority - *Are there safeguards in place in the short, medium and long-term that will prevent the asset from being used to the detriment of the wider community?*
- Transfer contravenes State Aid rules - *Is there any potential that the transfer could distort competition and affect trade between EU Member States?*

### **3 Value for Money**

#### **3.1 Economic development and social enterprise**

- Bring additional investment into Hartlepool Borough Council (e.g. through grants unavailable to the Council)
- Improve existing economic activity within the local area
- Encourage social enterprise

#### **3.2 Financial Implications**

- Lack of value for money - *Are the opportunity costs understood? Are the potential benefits clear and supported by a strong business case? Do the benefits exceed the costs?*
  - Conflict with other funders - *Is there any funding associated with the asset where conditions on its use or ownership may apply?*
-

Appendix 4 Expression of Interest Form

**EXPRESSION OF INTEREST**  
**[property]**

---

Name of organisation: .....

Registered Charity or Registered Company No: .....

Daytime Contact Details: .....

.....

Post Code: ..... Daytime Tel No: .....

---

For what purpose do you intend to use the building? .....

.....

.....

---

**Form to be returned to:-**

The Estates Manager  
Neighbourhoods & Regeneration Department  
Hartlepool Borough Council  
Leadbitter buildings  
Stockton Street  
Hartlepool  
TS24 7NU

(01429) 523387 for queries

## **FINANCE AND PERFORMANCE PORTFOLIO**

Report To Portfolio Holder

23 March 2009



**Report of:** Assistant Director (Resources)

**Subject:** COMMISSIONING AND PROCUREMENT  
STRATEGY 2010 - 2011

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### **SUMMARY**

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

To provide an update and seek endorsement of the Commissioning and Procurement Strategy for 2010 - 2011.

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

The report highlights the background and significance of the strategy its key objectives and make links with the Community Strategy, Business Transformation and value for money.

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

Portfolio Holder is the procurement champion.

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

Non-key decision.

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

Portfolio Holder only.

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

- i) The Portfolio Holder endorses the Commissioning and Procurement Strategy for 2010 - 2011.

**Report of:** Assistant Director (Resources)

**Subject:** COMMISSIONING & PROCUREMENT STRATEGY  
2010 - 2011

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## **1. PURPOSE OF REPORT**

- 1.1 To provide an update and seek endorsement of the Commissioning and Procurement Strategy for 2010 - 2011.
- .

## **2. BACKGROUND**

- 2.1 At its meeting on 24 January 2005 Cabinet approved the revised Procurement Strategy for the Council. The Portfolio Holder has received annual reports to update the strategy the last being approved by the Portfolio Holder on 26 March 2009 where the Council brought together its commissioning and procurement strategy.
- 2.2 The strategy is significant in bringing together several national agendas and setting them in a local context. Key drivers include: -
- The Local Government White Paper – Strong and Prosperous Communities
  - The Comprehensive Spending Review
  - The Government's Operational Efficiency Programme
  - The Council's Efficiency Strategy and Business Transformation Programme
  - Hartlepool's Community Strategy
- 2.3 Current Government legislation and regulations firmly identify the future role of Local Government to be that of commissioner of services, with service provision being obtained from the most economic, efficient and effective sources, whether they be within the public, private or voluntary sectors, and/or combinations or partnerships thereof. The thrust of the legislation is to improve outcomes for local people.
- 2.4 Commissioning must be undertaken within a framework provided by both national and locally determined strategies, policies and objectives.
- 2.5 Commissioning is the process of specifying, securing and monitoring services to meet individual and/or group needs, both in the short and long term. As such it covers not only the service procurement process but also a strategic approach to shaping markets to meet future needs.

- 2.6 It should include a process that ensures that service providers are able to:
- Be flexible in order to meet individual circumstances;
  - Deliver the outcomes identified for service users in a consistent manner;
  - Be responsive to person centred planning;
  - Demonstrate high standards at reasonable costs;
  - Respond to minority needs (whether of culture, disability, gender, etc)
  - Maximise the social inclusion and independence of individuals and groups;
  - Be experienced as seamless by service users.

### **Commissioning and Procurement Framework**

- 2.7 The components of the commissioning framework are inter-related but can be as follows:

- **Needs Analysis**  
Identifying the needs of individuals and/or groups through the analysis of management information, statistics, service user feedback, etc.
- **Consultation**  
Consultation will be carried out whenever considered appropriate and the process will involve consulting local people, groups, organisations and regional and national bodies where considered appropriate.
- **Service Specification**  
Having undertaken the necessary analysis and consultation an assessment of the needs of individuals and/or groups will be undertaken and plans prepared to meet those needs. The frequency, quality, level, etc of the necessary service provision will be included in service specifications which will support the plans.
- **Service Level Agreement / Contract Management**  
Service specifications will form the basis for service level agreements, where in-house service provision is in place and for formal contracts where external provision is envisaged.
- **Performance Management**  
Monitoring and controlling service provision against that specified and taking corrective action as necessary.
- **Financial Allocation and Control**  
Ensuring that the appropriate level of finance is made available and monitoring and controlling expenditure and income against budgets, taking corrective action as necessary.
- **Market Making**  
Being creative and innovative to stimulate markets where they currently exist and to create new markets for service providers as appropriate.

- **Collaborative Commissioning and Procurement**  
Partners working together to use their knowledge, expertise and purchasing power to their best advantage.
- **Option Appraisal**  
Making the decision to “buy” based on a consideration of all available options
- **Procurement**  
The activity of purchasing goods, services and works.
- **Decommissioning of Services**  
Planning and managing the reduction in service activity in line with commissioning objectives. This will be undertaken in consultation with providers, service users, workforce, trades unions and other stakeholders to produce an exit strategy.

### **Procurement Framework**

- 2.8 The Council is seeking to deliver this framework through a centralised procurement function (CPF) set up as part of Business Transformation. The CPF will provide advice and support through the Commissioning and Procurement cycle as well as undertaking tendering exercises. A “Category Management” approach will be followed with key category managers working with lead procurement officers across the Council (and in the sub region and region).

## **3. COMPREHENSIVE AREA ASSESSMENT AND USE OF RESOURCES FRAMEWORK**

- 3.1 The Council will be judged on how we commission services that provide value for money and deliver outcomes for local people.
- 3.2 In order to deliver the outcomes required we need to show that the Council:
- Has a clear vision of intended outcomes for local people which shapes its commissioning and procurement, and is based on an on going analysis and understanding of needs;
  - Involves local people, partners, staff and suppliers in commissioning services;
  - Seeks to improve the customer experience, quality and value for money of services through service redesign, making effective use of IT;
  - Understands the supply market and seeks to influence and develop that market;
  - Evaluates different options (internal, external and jointly with partners) for procuring services and suppliers; and
  - Reviews the competitiveness of services and achieves value for money, while meeting wider social, economic and environmental objectives.



- 3.3 The Commissioning and Procurement framework provides the foundation for delivery and through Business Transformation we will develop the procurement function and implement the revised Strategy to achieve the outcomes.

#### 4. COMMISSIONING AND PROCUREMENT STRATEGY

- 4.1 The integrated Commissioning and Procurement Strategy for 2010 - 2011 is attached to this report as **Appendix 1**. The Strategy takes account of both guidance nationally and the key principles identified in the previously agreed strategy for Hartlepool.
- 4.2 The Strategy has five key objectives. These are:
- To improve the efficiency and effectiveness of the Council's procurement activity in order to achieve Best Value
  - To improve the management of procurement through the increased use of strategic procurement management information
  - To ensure continuous improvement in the Council's procurement activity
  - To use the Council's buying power to support local regeneration and economic development and drive innovation in the design, construction and delivery of service, whilst adopting best practice in complying with diversity, equality and human rights legislation
  - To ensure that the Council's procurement reflects best practice in the adoption of environmentally sustainable standards and procedures, where this is consistent with Best Value.
- 4.3 The Strategy is supported by the Council's 5 year Procurement Plan last approved by the Portfolio Holder on 23 February 2010.
- 4.4 A prioritised action plan for the Corporate Procurement Group to ensure good cross council working is included as Appendix 4 of the Commissioning and Procurement Strategy and the key priorities are:-
- Transition to category management
  - Improve compliance and performance
  - Training
  - Communication
- 4.5 A prioritised action plan for the Corporate Procurement Function is also included in Appendix 5 of the strategy. This will provide a work programme for the team and feed into the Service Plan. The key priorities are:-
- Transition to category management
  - Establish and secure savings
  - Ensure legal compliance and adoption of best practice – making use of collaborative activities where available
  - E procurement
  - Management information / reporting
  - Communication

## **5. CONSIDERATIONS**

- 5.1 The Portfolio Holder is the Council's Procurement Champion and it is therefore important that updates and developments are considered at appropriate times.
- 5.2 The revised Draft has been prepared to include strategic improvement and has been the subject of consultation with the Corporate Procurement Group.
- 5.3 The Corporate Procurement Group made up of Senior Officers from all departments is now well established and will ensure that the strategy and its delivery are embedded in departments.
- 5.4 The Corporate Procurement Unit will work along side the Corporate Procurement Group to ensure the Key Aims and Objectives identified in the Strategy are achieved over the next three years.
- 5.5 The Strategy will be shared with our suppliers and partners and will be available on the Council's Website.
- 5.6 There is a major review of the NEPO/Regional Improvement in Efficiency Programme being undertaken which will consider how collaborative sourcing can be improved. This needs to be considered in terms of the long term saving requirements of the Council and the need to have local solutions for Hartlepool to achieve local community and economy benefits.

## **6. CONCLUSIONS**

- 6.1 The Commissioning and Procurement Strategy is reviewed on an annual basis and the opportunity has now been taken to include our commissioning framework within it. In considering the coming year we will be going through a period of change, in particular, the Business Transformation Programme included a major review of the commissioning and procurement function of the Council in order to drive out further efficiency savings.
- 6.2 This implementation will include the reviewing and aligning of our Commissioning Framework and our Sustainable Procurement Strategy with further reports on development being presented to the Portfolio Holder.

## **7. RECOMMENDATIONS**

- i) That Portfolio Holder endorses the Commissioning and Procurement Strategy for 2010 - 2011.

# Commissioning & Procurement Strategy 2010 - 2011



## Foreword

Improving the way in which Councils across the country commission and buy goods and services is a key factor in modernising local government.

Hartlepool Borough Council is working to utilise new procedures and systems to ensure we secure the best services in a cost effective and timely way.

The benefits of taking this approach are clear:

- The Council will improve the efficiency and effectiveness of procurement activity by standardising procedures and implementing Procurement systems.
- The delivery of customer services will be supported by the best available support services and goods, at the best prices.
- Businesses will find it easier to work with the Council, and will gain access to a broader market place.

**This strategy seeks to rise to the challenge of a genuinely joined-up approach to Commissioning and Procurement and we fully support the strategy on behalf of our staff, our citizens, and our local businesses.**

Councillor Robbie Payne  
Portfolio Holder for Finance and  
Efficiency and the Council's Procurement Champion.

## 1. VISIONS AND AIMS

Hartlepool Borough Council (HBC) spends, through commissioning and procurement, approximately £80 million a year. It is the Council's responsibility to use this money in the best possible way to achieve its objectives.

The purpose of this strategy is to set out how we are changing procurement and commissioning within HBC to better achieve our Key Strategic Commissioning and Procurement objectives (KSCPO's) and to reflect the pressing needs of the Council's Business Transformation programme.

The Council's Key Commissioning and Procurement objectives are detailed in Appendix 1.

This is the second Hartlepool strategy paper that covers both commissioning and procurement. Although these two activities are very different, operating at different levels in different markets, both have the fundamental objective of using external and sometimes internal resources in the best possible way to meet needs and deliver outcomes.

### 1.1 Procurement

Procurement in HBC, like procurement in other public sector organisations, has three objectives. The first is value for money, defined by the Office of Government Commerce (OGC) as the optimal combination of whole life costs and quality to meet the end user requirement. The second is transparency and accountability.

HBC procurement must not only be fair, and meet the requirements of Public Procurement law, but also must be seen to achieve these standards. The third is to support Council Strategy and Policy; these are explored further in the document.

### 1.2 Commissioning

HBC has a critical local role to co-ordinate the work of government departments to meet the needs of Hartlepool citizens. Commissioning in Hartlepool is built on the frameworks supplied by relevant government departments. To achieve best results, we co-operate with other organisations, using the relevant government framework. Each government department publishes its own commissioning cycle.

## Appendix 1

### 1.3 Improving procurement and generating savings or opportunities for savings

This strategy also takes into account the national picture on improving procurement, including the Gershon efficiency review of 2004, the National Procurement Strategy produced by the Regional Centres of Excellence in 2006, and the Government's Operational Efficiency Programme.

Effective procurement is about deciding on the method and technique best suited to each market-place, building on a strong understanding of service user and policy requirements.

The Council's Business Transformation Programme includes re-shaping the Corporate Procurement Function (CPF) to deliver this range of appropriate approaches, under the umbrella of category management.

The re-shaped CPF has the role of supporting Business Transformation as it applies to other parts of the council in their relationships with in-house providers, and third party providers in the private, public and voluntary sectors.

## 2. COMMISSIONING & PROCUREMENT – PRINCIPLES AND POLICIES

To support achievement of council outcomes, and of business transformation, this strategy sets out key commissioning and procurement principles and policies that will be followed across the council. They are that:

- Commissioning and Procurement decisions will be taken at the appropriate distance from the service user. In every area, officers will consider carefully whether service users can and should take procurement decisions themselves or in groups, or whether (for reasons of value for money) the service user's council point of contact, or that person's manager, or indeed the CPF, should take procurement decisions.
- We will co-operate with other organisations, including purchasing consortia, where appropriate. We will consider for each category and service the extent to which a market is local, regional, national or international, whether it crosses from local government into the NHS or other arms of government, and build our collaborative strategies appropriately. In doing this we will take into account advice from relevant organisations, including the Regional Improvement and Efficiency Partnership. The North East Procurement Strategy has also adopted the category management approach and our strategy fits well with theirs.
- We will make appropriate use of supply chain partnership, working long term with suppliers in markets where this brings us value for money. In other markets, we will make use of competition, even encouraging market entry where that improves value for money. We will use appropriate planning tools and risk management approaches to help us to determine which strategy is likely to work in which area.
- We will take and review "make or buy" decisions on the basis

## Appendix 1

of fully costed services and thorough market analysis. We will take account of our in house skills, what the market has to offer, and analysis of market trends.

- At all times we will make appropriate use of Hartlepool markets in line with the aims of the Buy North East campaign.

### 2.1 Value for money

Value for money is the optimum combination of whole life costs and quality to meet the end user requirement. Cost is only part of the equation; to deliver both optimum cost and quality CPF seeks to make use of the latest best practice. Across the UK and elsewhere in the world Category Management is now recognised as best practice in procurement and has delivered savings of 10- 30% in other large organisations.

#### 2.1.1 Category Management

CPF is implementing this in the first half of 2010 and details of the planned structures are provided in Appendix 3.

Category management has two key elements:

- Firstly it will mean a cross Council team, led by a category manager, considers how to get value for money from the market place for the whole Council spend in a market/spend area (such as utilities). The category manager must have or develop an understanding of the particular markets he or she is dealing with and of council spend in those markets.
- The second element is the concentration on procuring outcomes. For example, a category manager will lead a cross functional team, including department staff, to consider the goods and services procured in order to make communities feel safer. They will decide if there are different, more effective and/or efficient ways, to buy works, goods and services to achieve that outcome. They will also take account of broader Council procurement policy such as on sustainability.
- Procuring outcomes also encourages suppliers to innovate, offering their own solutions to HBC issues. Category management demands accurate information on Council spend, and staff with strong procurement and sector knowledge who are also skilful at working with a wide range of people inside and outside the council.
- Each category will have its own procurement or commissioning strategy or strategies.
- Category Management starts with a data-driven, rigorous evaluation of the options available to the organisation in order to achieve its desired outcomes. This analysis gives us the optimal strategy within the constraints of the category supply market. The objective is to reach a point where all, or a very high percentage of the



## Appendix 1

organisation's spend within a category is being channelled through approved arrangements to achieve value for money.

### 2.2 Transparency and accountability

CPF is committed, on behalf of HBC, to competition as the normal procurement route for most goods and services, with exceptions (in line with Public Procurement law) where the market makes this appropriate e.g. through the awarding of grants.

The Council is committed to a mixed economy of provision because it considers that services and supplies should be delivered by the public, private or voluntary organisation that is best able to meet the Council's corporate objectives.

### 2.3 Supporting Council Strategy and Policy

#### 2.3.1 Corporate Plan and Strategic Themes

The Commissioning & Procurement Strategy must be seen in the context of the Council's Community Strategy and the Council Plan.

This commissioning & procurement strategy is designed to help deliver that plan.

#### 2.3.2 Supporting Council Policy

HBC is committed to using a mixed supply base to help stimulate

innovation and value for money. This requires an understanding of the suppliers' perspective and marketing the Council to the supply chain. Added value is delivered by SME's, the voluntary and community sector, social enterprises, and minority businesses. Category Management is not necessarily always about aggregation and consolidation. A diverse and competitive supply base will also encourage capacity improvements to meet new or emerging requirements.

This Commissioning and Procurement Strategy supports council policy in the following areas:

- SME's - To help small business, voluntary and community organisations (Third Sector) the council has a compact of principles and a purchasing guide to increase access to HBC's contracts. Small contracts (£25,000 to OJEU level) are advertised on both Supply2Gov and the Council website.
- SUSTAINABILITY – We will make use of the Marrakesh prioritisation process – as part of a pre-procurement risk assessment approach. All procurement staff are trained in this methodology.
- EQUALITY & DIVERSITY - We will promote Equalities and Diversity in all our category strategies, implementing the Equality Impact Needs Assessment process to protect our service users and citizens of Hartlepool.

## 3. DELIVERY OF THIS STRATEGY

### 4.1 Review of progress on the previous strategy actions

As was stated in the Visions and Aims section of this document, this is the second Commissioning and Procurement Strategy developed by Hartlepool Borough Council – both of which have been underpinned by the same Key Strategic Commissioning and Procurement objectives (KSCPO's) – see Appendix 1.

In the last strategy these objectives were addressed through the identification of a number of aims, all of which were developed into specific actions. Significant progress has been made in achieving these aims over the last 12 months and details of progress against these is provided in Appendix 2.

Not all aims have been achieved in their entirety in the first 12 months and a significant number of these are ongoing targets. These areas have been carried over to the new action plans (see Appendices 4 & 5) in order that they continue to be developed and managed in accordance with the Council's KSCOP's.

### 4.2 Unified approach to commissioning and procurement

As most of the transactional element of purchasing is devolved to the

relevant service area, this strategy is designed for delivery by all Council Departments, not only the Corporate Procurement Function.

The CPF action plan to deliver the core of this strategy can be viewed at Appendix 5 and a key element of that is to influence other Departments to achieve a unified approach to procurement and commissioning.

In addition to the CPF action plan, the Corporate Procurement Group (CPG) also has an action plan, to deliver these cross council changes. Details are provided in Appendix 4.

### 4.3 Implementing and managing the strategy

This strategy will be used within the process of:

- ? Analysing Council expenditure
- ? Identifying and delivering effective solutions and efficiencies
- ? Business improvement reviews and Service Delivery option studies
- ? Reviewing categories and contractual arrangements

The strategy will be embedded into Department's day-to-day activities by:

- ? Information gathering
- ? Identifying and sharing good practice

**Appendix 1**

? Procurement Action Plans and performance indicators as part of Service Planning

strategy and Appendix 4 provides further detail of how they will do this.

? Providing training and support

As described in 4.2, the CPG has a critical role to play in embedding this

## Appendices

1. Key Strategic Commissioning & Procurement Objectives
2. Commissioning and Procurement Strategy Review 2009 - 2010
3. Category management structure
4. CPG Action Plan
5. CPF Action Plan

## Appendix 1.

# Key Strategic Commissioning & Procurement Objectives

<b>KSCPO1 - To improve the efficiency and effectiveness of the Council's procurement activity in order to achieve Best Value</b>
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i) To provide the most effective management and planning structure for procurement within the Council
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ii) To develop a procurement plan, based on the procurement strategy, setting out the Council's proposals for major procurement expenditure.
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iii) To exploit the benefits of partnership and joint working with other organisations.
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iv) To provide relevant procurement guidance and training for Council officers and members.
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v) To incorporate best practice procedures for risk management and project management throughout the procurement process, for example through the use of Gateway Reviews.
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vi) To exploit the benefits of new technologies, including e-Procurement, e-Tendering and purchasing cards to improve procurement efficiency and effectiveness
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<b>KSCPO 2 - To improve the management of procurement through the increased use of strategic procurement management information</b>
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i) To undertake a comprehensive analysis of existing Council procurement expenditure as a basis for developing specific priorities for performance improvement.
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ii) To develop systems for regular monitoring of Council procurement expenditure.
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iii) To develop procedures and processes for ensuring that procurement management decision-making becomes part of the Council's mainstream activity, at all levels of service planning.
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**KSCPO 3 - To ensure continuous improvement in the Council's procurement activity**

- i) To develop and adopt performance indicators that reflect the links between the Council's procurement activity and the aims and key strategic objectives of the procurement strategy.
- ii) To develop annual targets for procurement performance improvement using the adopted performance indicators
- iii) To ensure that the reporting of procurement performance is incorporated into all relevant service plans and strategic documents produced by the Council.
- iv) To ensure that the lessons learnt, and problems experienced during the undertaking of major contracts or procurements are recorded and disseminated to relevant officers and members of the Council.

**KSCPO 4 - To use the Council's buying power to support local regeneration and economic development and drive innovation in the design , construction and delivery of service, whilst adopting best practice in complying with diversity, equality and human rights legislation**

- i) To ensure that employees, service users and clients, the general public, or anyone involved in the delivery of Council services, are not subject to risks or hazards covered by the Health and Safety at Work Act.
- ii) To support the growth and development of local small and medium sized enterprises (SMEs) through the Council's procurement activity
- iii) To work with the market to deliver value for local taxpayers
- iv) To support the growth and development of local voluntary and community organisations in order to build their capacity to win and retain Council procurement contracts.
- v) To ensure that all Council suppliers comply with best practice, Council policy and relevant legislation covering Equality, Diversity and Human Rights.
- vi) To ensure that the Council sustains its commitment to being a "good employer", supporting a high quality, well-motivated workforce that is kept informed about any major improvement involving potential staff transfers, or reductions.

**KSCPO 5 - To ensure that the Council's procurement reflects best practice in the adoption of environmentally sustainable standards and procedures, where this is consistent with Best Value**

i) To ensure that goods and services procured by the Council result in minimum waste, minimum pollution, and minimum impact on the environment and biodiversity.

























ii) To ensure that all new built development undertaken by the Council, and the maintenance of existing buildings and outdoor spaces , takes account of environmentally responsible standards, whole life costing, and carbon reduction issues.

iii) To ensure that sustainability is considered at all stages of the procurement cycle, including the identification of a business case, drafting of specifications, contract award criteria, and contract management.

## Appendix 2.

# Commissioning and Procurement Strategy Review 2009 – 2010

The previously identified Key Strategic Commissioning and Procurement Objectives were distilled into a number of aims. The following chart details how the aims were mapped to the objectives:

	KSCPO1	KSCPO2	KSCPO3	KSCPO4	KSCPO5
<i>Collaborative Procurement</i>					
<i>Controls, Standards and Risk</i>					
<i>Efficiency and Value for Money</i>					
<i>E-Procurement &amp; Purchase Cards</i>					
<i>Equality and Diversity</i>					
<i>Information and Communication</i>					
<i>Partnerships</i>					
<i>Regeneration</i>					
<i>Sustainability and Environmental Management</i>					
<i>Training and Development</i>					



## Collaborative Procurement – *Actions achieved with further development to continue*



The Government has identified collaboration (joint working) as an important aspect of effective and efficient procurement. Collaboration may be within the public sector or it may be between ourselves and external suppliers. Our work locally, sub-regionally and regionally will provide opportunities to develop collaborative procurement.

**Main Aim** To improve the efficiency and effectiveness of services by working with a range of organisations to develop long-term relationships.

Current Position	Issues	Actions	Progress
<p>We are a member of a number of regional and sub-regional public and private sector groups that exist to share best practice and work on issues of mutual interest.</p> <p>We take part in local and national consortium arrangements.</p> <p>We have a track record of working with other public sector organisations,</p>	<p>Politics and systems affect each council's involvement in joint working.</p> <p>Risk assessment varies between councils and affects the level of their involvement in collaborative procurement.</p> <p>Legal and financial issues are approached differently by each council and affect the practicalities of joint working arrangements.</p>	<p>We will identify savings we could make through a variety of collaborative procurement routes.</p> <p>We will adopt partner arrangements that will support the Council in achieving the targets set out in the efficiency review.</p> <p>We will work with the Office of Government Commerce, Tees Valley Authorities, the Regional Improvement and Efficiency Partnership (RIEP) and other organisations to identify more opportunities for joint working.</p>	<p>We have carried out benchmarking exercises to ascertain the benefits available through a number of available collaborative contracts – e.g. Agency staff contracts (TV vs NEPO) and Paper (NEPO vs OGC). The results of these benchmarking exercises then formed part of our decision making processes.</p> <p>We are active participants in the work of the Tees Valley Joint Procurement Group and the RIEP with representation on various working groups and policy boards.</p> <p>Significant savings and efficiencies have been achieved by HBC through its ongoing participation in these collaborative groups</p>

## Controls, Standards and Risk - CPR work underway & documentation standardisation achieved

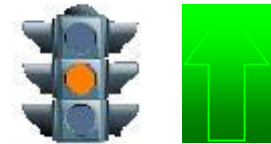


There are a number of restrictions relating to public sector procurement. Councils have a duty to their taxpayers to apply controls and consistent standards across the Council to provide value for money.

**Main Aim** To ensure that suitable controls are in place to maintain consistent high standards and make sure that risk is managed.

Current Position	Issues	Actions	Progress
<p>The main controls and standards that relate to procurement, currently include:</p> <ul style="list-style-type: none"> <li>- The Constitution</li> <li>- Contracts Procedure Rules</li> <li>- Procurement strategy</li> <li>- Procurement documents and guidance</li> <li>- European Union Directives and national regulations</li> <li>- Cross Departmental Officer Groups e.g. CPG and subgroups)</li> </ul>	<p>We need to make sure that we keep up to date with relevant changes.</p> <p>Our clients and suppliers need clear information on controls and standards.</p> <p>Controls and standards must allow a flexible approach to procurement.</p> <p>Controls and standards need to be regularly reviewed, based on experience gained</p>	<p>Corporate Procurement Group will review Contract Procedure Rules (CPR's) and report the review to Members.</p> <p>We will work with departments to make sure that controls and standards are streamlined, secure value for money and do not prevent new ideas.</p> <p>We will make sure there is greater co-ordination of skills across the Council by introducing corporate standard documents.</p>	<p>A Contract Procedure Rules Working Group has been set up and work has commenced on identifying a variety of areas which may benefit from amendments to the CPR's</p> <p>This will be an incremental approach to change which will tackle 'mandatory' changes first, then moving on to 'desirable' amendments.</p> <p>The Council has adopted the NERIEP Harmonised Documents for use in its tendering activities. We are an active participant in developing these to ensure their continued fitness for purpose.</p>

**Efficiency and Value for Money – *Apart from one action which is currently underway, all other actions have been completed***



The Government's Spending Review statement set local authorities a target for efficiency gains of 2.5% a year for three years (2005-2008). At least 50% of the efficiency gains should be 'cashable' so that they can be redirected to improve front-line services. Improved procurement is seen as a major influence on a council's ability to achieve its efficiency targets. The Comprehensive Spending Review 2007 has set 3% around cashable efficiency targets.

**Main Aim** We will use innovation and best practice, including the appropriate use of new technology and improved business processes, to achieve quality and efficiency benefits.

Current Position	Issues	Actions	Progress
<p>There has been a significant shift away from 'lowest cost' tendering so that quality considerations are now included as part of the assessment process.</p> <p>The 'savings' from Procurement are identified as part of the efficiency savings in the Annual Efficiency Statement.</p> <p>A programme of Corporate Procurement Projects are delivering savings.</p> <p>The Business Transformation Programme has been approved by the Council.</p>	<p>It is much easier to identify efficiency savings than it is to actually achieve those savings.</p> <p>The benefits identified need to be measured and included in our procurement processes.</p> <p>We need to improve the level and detail of procurement management information to identify and monitor efficiency savings effectively.</p> <p>Non-transactional services will be reviewed and this will include a business case for a procurement function to deliver further savings.</p>	<p>We will develop and promote guidance to departments on achieving efficiency through improved procurement.</p> <p>We will continue to use a mix of partnerships, collaborators contracts (price only, quality/price) to deliver maximum benefits.</p> <p>We will continue to make the required level of procurement efficiency savings over the next three years.</p> <p>We will complete our Spend analysis Project to identify opportunities for savings using a category management approach.</p> <p>A procurement "Centre of Excellence" will be formed.</p>	<p>The Council's Buyers Guide is currently under review.</p> <p>As described under 'Collaborative Procurement', we are making significant use of collaborative procurement arrangements as well as contributing directly ourselves.</p> <p>The newly constituted Corporate Procurement Function has been given a £135k annual savings target. Some savings have already been identified and these are being tracked on a savings register.</p> <p>Category Management spend analysis has been completed.</p> <p>The new Corporate Procurement Function has been formed and will be fully staffed from 1/4/2010.</p>

## Electronic Procurement and Purchase Cards - *Apart from one action which is currently underway, all other actions have been completed*



Electronic procurement (e-procurement) is essentially 'doing business' electronically.

E-procurement improves aspects of communication in the procurement process and reduces some of the costs associated with it.

### Main Aim

To make the best use of information and communications technology to improve efficiency & effectiveness and to reduce the cost of the procurement process for the Council and its suppliers, and to encourage suppliers to adopt e-procurement methods.

Current Position	Issues	Actions	Progress
Procurement information on our intranet and website is now well developed.	Departmental and supplier ability to use e-procurement technology is inconsistent.	We will develop a user-friendly database of corporate contract information available to all departments.	A range of corporate contract information is now available over the Council's intranet. Further contract information is available on the Contract Register.
Purchasing cards have been successful introduced into some departments.	There are different rates of progress, processes and priorities of partner councils and suppliers.	We will assess and develop appropriate e-procurement solutions, including e-tenders and e-auctions.	We have started to familiarise ourselves with the NEPO/Due North E-tender system although this has not yet been used in a live situation.
The approved list of contractors application form is available on-line and can be processed electronically.	The need for a regional, internet-based 'supplier and contract management system' is an area for development (via NEPO).	We will develop electronic orders and invoices, to reduce paperwork in the procurement process.	On-line ordering and consolidated electronic invoicing is in the process of being developed for use with the Corporate Stationery contract.
A new Financial Management System (FMS) has been introduced.	The new FMS e-series is now being implemented.	We will continue to introduce e-payment solutions such as purchasing cards, BACS and direct debit across the Council.	The Council's Finance Department have introduced a variety of e-payment processes.
Use of BACS and direct debits are increasing.		Tenders will be published on the Supply2.gov.uk website.	All tenders at the appropriate level are advertised on the Supply2.gov.uk website

## Equality and Diversity – Significant preliminary work completed but integration into Council processes not yet achieved



We can use our influence to promote a positive approach to equality and diversity. In our procurement processes, we will try to make sure that we give our suppliers advice on equality issues and make sure that contracts promote equality and diversity.

**Main Aim** To promote procurement practices and policies which contribute to our priorities on equality and diversity by providing information on equality issues and making sure we treat all tenders equally.

Current Position	Issues	Actions	Progress
Standard questions on equality are included in the Approved List application form and PQQ.	There are difficulties in extending our agenda on equality and diversity to suppliers.	We will contribute to the Council's work on Equality Standards for Local Government.	Significant work has been carried out by the Council as part of the RIEP working group covering Equality and Diversity in procurement.
A standard contract clause is included in contract terms and conditions.	We need to make sure that information about equality and diversity in procurement is provided across the Council.	We will contribute towards developing the Council's Equality and Diversity Strategy.	This work has not yet been integrated into the Council's procurement processes however it is intended for this to happen this year.
Contract documents meet the latest Equality and Diversity Regulations and Acts and information about this has been delivered to departments through workshops.		We will monitor equality within our suppliers organisations on a risk basis.	

## Information and Communication - *Apart from one action which is currently underway, all other actions have been completed*



Managing information efficiently is crucial to providing an effective and responsive service. Communication is an important part of managing information and makes sure that accurate and appropriate information is easily available between the Procurement Unit and client departments.

**Main Aim** To provide and encourage access to high-quality information about procurement for client departments.

Current Position	Issues	Actions	Progress
<p>The intranet site has been developed to include detailed guidance to 'simple' procurement processes.</p> <p>The internet site is maintained by the Procurement Unit and information is provided in an electronic format, where possible.</p> <p>Newsletters are produced regularly to keep staff informed of recent developments.</p> <p>The Procurement Unit produces guidance on a range of topics for internal and supplier use.</p>	<p>The Procurement Unit needs to be involved early in procurement.</p> <p>The Procurement Unit is not involved in departmental and all strategic decision-making.</p> <p>It is difficult to get accurate procurement management information. In particular, it is difficult to collect information on who places orders, and how much we spend on a given service.</p>	<p>The Procurement Unit will provide guidance on the intranet for the more complicated procurement process.</p> <p>The Corporate Procurement Group will produce a list of officers with significant procurement responsibilities so we can share information.</p> <p>The Corporate Procurement Group will continue to review operational procurement in departments and develop methods for collecting and receiving information.</p> <p>Spend Analysis will provide visibility across the Council.</p>	<p>Comprehensive guidance information is available to Departmental buyers via the Intranet.</p> <p>A list of contacts across the Council is being developed.</p> <p>The CPG have effectively secured information from around the Council for a wide variety of Corporate Procurement initiatives, including the development of the Corporate Procurement Function (CPF).</p> <p>Spend analysis has been completed and is assisting in the activity planning process within the CPF.</p>

## Partnerships – Actions achieved with further work to continue



We are committed to working with our partners and identifying new partnering opportunities.

### Main Aim

To develop a partnering approach between the Council and suppliers to create mutually advantageous, flexible and long-term relations based on continuous improvement.

Current Position	Issues	Actions	Progress
<p>The Council's already enters into the partnering approach in Information Technology and Construction (ICT).</p> <p>There has been some growth in partnerships in delivering supplies, services and capital projects.</p> <p>The Council has a strategic partnership for building maintenance and planned works.</p> <p>We have several commissioning partnerships across Children's and Adult Services.</p>	<p>We need a consistent approach to reviewing services and options, and for partnering opportunities.</p> <p>We need to make improvements for effective contract management to achieve the aims of partnership-working.</p> <p>BSF and PCP need to be delivered.</p> <p>There must be more clarity about how cost and quality will be measured so we can make a full assessment of success or failure.</p>	<p>We will regularly review our existing partnership arrangements to influence future partnership projects.</p> <p>We will measure and report on the costs and benefits of the partnering contracts currently in place.</p> <p>We will take a lead role in procuring the BSF and ICT management service, the BSF Design and Build contractor and PCP works.</p> <p>The Corporate Procurement Group will increase their involvement in departmental efficiency reviews to identify opportunities for partnership arrangements.</p>	<p>The suitability of partnership arrangements will now form part of the Category Management process in which we will analyse the Council's requirements and the nature of the supply markets we need to engage with.</p> <p>The BSF and ICT contracts are close to final award and Corporate Procurement resources have taken a lead role in the complex procurement process.</p> <p>Corporate Procurement is taking an active role in a number of Service Delivery Option (SDO) reviews which are currently underway as part of the Business Transformation programme – one possible outcome of which could be the introduction of partnership working.</p>



**Regeneration** – *Significant preliminary work completed but integration into Council processes not yet achieved*



Working with small and medium-sized enterprises (SMEs), social enterprises (SEs), voluntary and community sector suppliers, local suppliers, and black & ethnic-minority suppliers in the Council's procurement process will support the Council's local regeneration strategy, benefit the community and contribute to economic development

**Main Aim** To support local regeneration and redevelopment by providing high-quality information and encouraging a varied supply market.

Current Position	Issues	Actions	Progress
<p>The Council has signed up to the SME Concordat</p> <p>The Council supports small and local suppliers by:</p> <ul style="list-style-type: none"> <li>- publishing documents in clear English;</li> <li>- holding workshops, seminars and events with business support agencies; and</li> <li>- publishing tender opportunities on the internet.</li> </ul> <p>The Council encourages a varied and competitive supply market.</p>	<p>Councils are limited in their ability to favour local and small business.</p> <p>Procurements of a lower value are not widely advertised.</p> <p>It may be difficult for social enterprises, voluntary and Community sector suppliers and others to meet Council requirements relating to procurement.</p> <p>It can be difficult to make sure that joint working across the region supports small and local suppliers.</p>	<p>We will work with varied and local suppliers, and support them in working with the Council.</p> <p>We will introduce Targeted Training requirements into relevant procurements and development agreements.</p> <p>We will encourage our suppliers to use small firms and local labour.</p> <p>We will review Council spending to identify opportunities for supported business.</p> <p>We will be involved in the development of the Council's strategy for working with the voluntary and community sector.</p>	<p>Guidance has been issued to Departmental procurement staff advising that at least one local supplier should be included in quotation exercises.</p> <p>Work is underway to create a workflow system whereby Targeted Training receives early notice of forthcoming procurement exercises so that opportunities for training can be maximised.</p> <p>Meetings have taken place between Corporate Procurement and HVDA to look into how the third sector can be encouraged and supported in their efforts to win Council business.</p>



## Sustainability and Environmental Management – Significant preliminary work completed but integration into Council processes not yet achieved

Our procurement activities, and those of our suppliers, affect the local environment and have an influence on whether we achieve our sustainable and environmental aims.

**Main Aim** To reduce the negative effect on the environment of the products and services that we buy, we will achieve this by considering the effect of our decisions and by working with suppliers to make sure they have a similar commitment.

Current Position	Issues	Actions	Progress
<p>We meet our council-wide environmental standards.</p> <p>We ask suppliers whether they meet environmental regulations, and have environmental policies.</p> <p>A number of schemes support the buying of environmentally friendly products.</p>	<p>The pressure to provide 'more for less' may be a disincentive to buy environmentally friendly products.</p> <p>There is a view that environmentally friendly products may be more costly, or of inferior quality.</p> <p>Departments and suppliers are not always committed to sustainable procurement.</p> <p>It can be difficult to monitor the long-term effects of our procurement practices.</p>	<p>We will work with the Regional Improvement and Efficiency Partnership to develop a regional approach.</p> <p>We will make sure that sustainability is built into procurement processes and contracts</p> <p>We will contribute to the climate change agenda.</p> <p>We will produce and adopt a Sustainable Procurement Strategy.</p>	<p>The Council has representatives of the RIEP's Sustainability Working Group.</p> <p>Corporate Procurement staff either have been or shortly will be trained in the Marrakesh Task Force Sustainable Procurement methodology which will be incorporated into the risk management element of the procurement process.</p> <p>Procurement is represented on the Council's Carbon Footprint Reduction Group</p> <p>A working group has already produced a Sustainable Procurement Policy and work will shortly be commencing on the production of a Sustainable Procurement Strategy which will build on the principles of the policy.</p>

## Training and Development *Actions achieved with further development to continue*



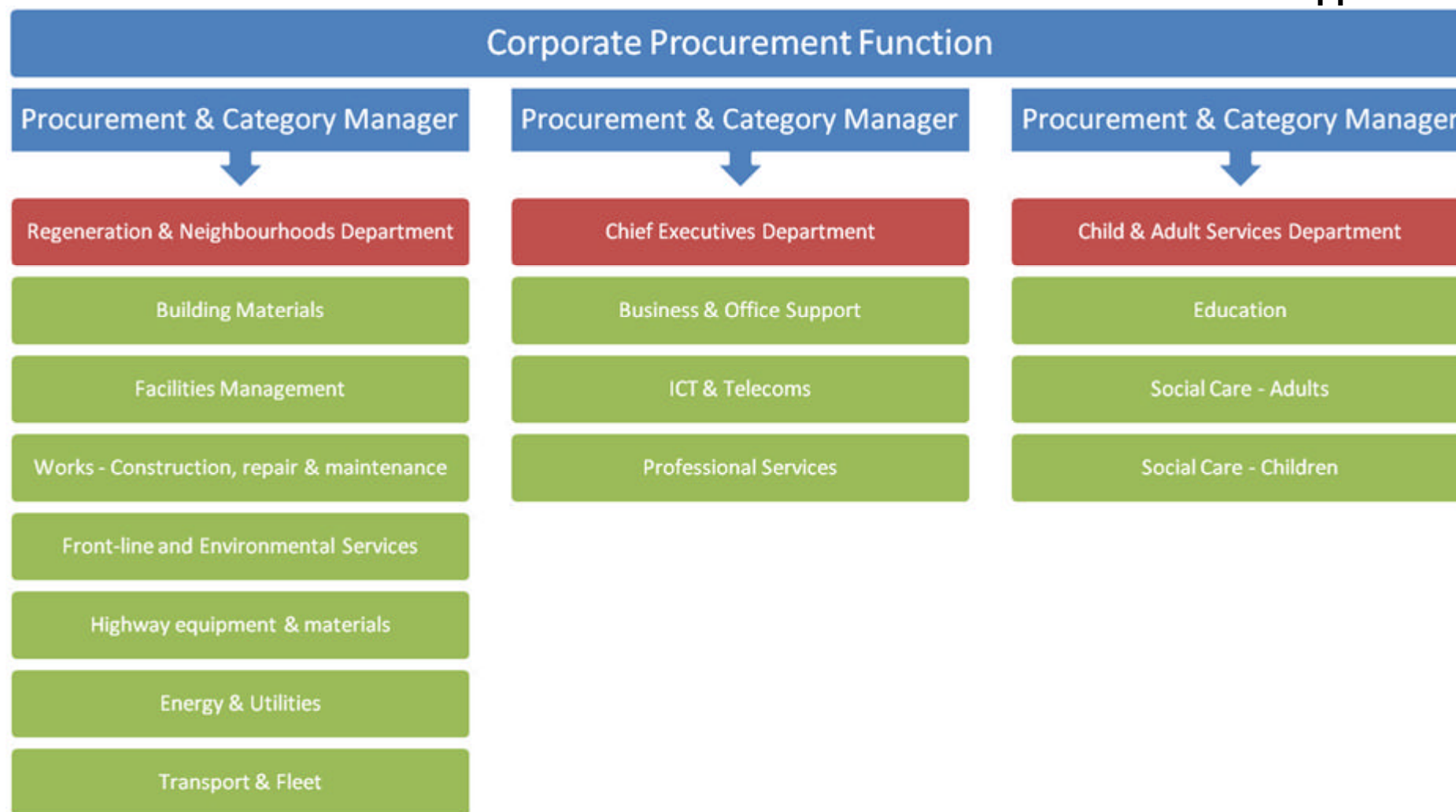
The key to effective public sector procurement is officers who are suitably trained and qualified to provide the necessary professional input. The level of expertise needed ranges from a formal procurement qualification and wide experience, to knowledge of basic procurement techniques.

**Main Aim** To make sure there is a structured approach to education, training and development for all officers with procurement responsibilities across the Council.

Current Position	Issues	Actions	Progress
<p>A procurement training and development plan has been produced.</p> <p>The Procurement Unit provides training across the Council on procurement procedures.</p> <p>All senior officers have been included in the Council's Leadership and Development Programme.</p>	<p>We need to ensure that staff are suitably qualified / trained to do their jobs.</p> <p>The high numbers of staff involved in procurement across the Council could result in high costs for providing training.</p> <p>The procurement-related knowledge, skills and experience of officers with procurement responsibilities vary across the Council.</p>	<p>We will develop a programme of procurement training.</p> <p>We will continue to include procurement in corporate training.</p> <p>All officers carrying out procurement projects are encouraged to study for a nationally recognised procurement qualification.</p>	<p>Training events have been produced and rollout has commenced, initially for Children's Department staff. Further events are planned.</p> <p>All members of the Corporate Procurement Function are either MCIPS qualified or are studying toward this professional qualification</p>

# Appendix 3

## Category management structure



## Appendix 4 CPG Action Plan

<b>Priority 1</b>	<b>Transition to Category Management</b>
Actions •	? Help to establish the category approach and move the perception of procurement from a policing role toward a more facilitative role.
	? Facilitating the introduction of category management by clarifying Departmental structure and nominating contacts for each category.
	? Sponsor development of category management within their areas of responsibility.
	? Consider the category strategies as they are developed and bring subject matter expertise to bear either from themselves or elsewhere in their areas of responsibility.
	? Communicate CPF operating arrangements to contract users.
<b>Priority 2</b>	<b>Improve Compliance and Performance</b>
Actions •	? Continue to assist with the compliance role.
	? Develop a strategy to deal with non compliance.
	? Through the CPF, implement a process to monitor compliance with corporate contracts. The process will report to CPG.
	? Through the CPF – Devise management information reports that support council needs.
	? Facilitate the provision of reports to the category manager, including transaction data so value for money and continuous improvement opportunities can be identified.
	? Set target improvement for various compliance areas.
<b>Priority 3</b>	<b>Training</b>
Actions	? CPG to assist with the identification of training needs and oversee the implementation of training plans
<b>Priority 4</b>	<b>Communication</b>
Actions •	? Agree an appropriate communications network.
	? Key stakeholders identified for each category.

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	? Work with the category manager and teams in opening doors / helping to release blocks in the system.
	? Overall Departmental contribution to the accuracy and maintenance of the relevant entries in the Contract Database.
	? Assist category managers to contact Departments
	? Communicating procurement policies and initiatives to senior staff within their Department



# Appendix 5

## CPF Action Plan

As with the previous Commissioning and Procurement Strategy this strategy seeks to meet the previously identified Key Strategic Commissioning and Procurement Objectives. The following chart details how the priorities of this strategy are mapped to the objectives:

	KSCPO1	KSCPO2	KSCPO3	KSCPO4	KSCPO5
Priority 1 – Transition to Category Management					
Priority 2 – Establish and secure savings					
Priority 3 – Legal compliance and best practice					
Priority 4 – E-procurement					
Priority 5 – Management information/Reporting					
Priority 6 – Communication					

### Ongoing activities rolled forward from 2009 – 2010 Strategy not detailed under Priorities 1 - 6

Controls, Standards and Risk					
E-Procurement & Purchase Cards					
Regeneration					
Sustainability and Environmental Management					
Training and Development					

<b>Priority 1</b>	<b>Transition to Category Management</b>
Actions •	? Category Teams established
	? Department key stakeholders identified and actively involved with Category Teams.
	? Scope of each category defined – incorporating information from 5-year procurement plan (including SDO's)
	? Category strategies completed
<b>Priority 2</b>	<b>Establish and secure savings</b>
Actions •	? Identify opportunities for savings.
	? Record opportunities on savings record and maintain up to date information.
	? Ensure savings are captured and where possible, budgets defunded
	? Report ongoing savings progress to CPG
<b>Priority 3</b>	<b>Ensure legal compliance and adoption of best practice – making use of collaborative activities where available</b>
Actions	? Develop and implement pre-procurement risk analysis process which covers financial considerations, issues surrounding nature of market, health & safety, equality & diversity, sustainability.
	? Develop and implement documentation to support the 'Request for Quotation' process.
	? Develop the procurement process to incorporate the above risk analysis process, whole life costing, sustainability, equality and diversity, 'Request for Quotation'.
	? Investigate feasibility of developing a corporate decision making tool to support the grant funding vs competitive procurement decision and follow this up with development and implementation if feasible.
	? Document the procurement process to assist with staff training activities – using this work to update the Council's Buyers Guide.

<b>Priority 4</b>	<b>E-Procurement</b>
Actions	? Develop capability and skills in relation to e-procurement and move to wholesale adoption of the technology for tender level activities by end of 2010/11 financial year
<b>Priority 5</b>	<b>Management Information/Reporting</b>
Actions	? Develop measures to assess/report on CPF and corporate performance against procurement targets described in this document and other corporate documents
<b>Priority 6</b>	<b>Communication</b>
Actions	? Agree an appropriate communications network and methods with CPG.

<b>Ongoing activities rolled forward from 2009 – 2010 Strategy not detailed under Priorities 1 - 6</b>	
Controls, Standards and Risk	? Continue work of Contract Procedure Rules Working Group ? Continue work with NERIEP on Harmonised document
E-Procurement & Purchase Cards	? Continue to investigate opportunities to reduce costs and generate efficiencies through the adoption of E-payment solutions
Regeneration	? Continue to develop processes to help SME's and Third sector organisations compete effectively for Council business ? Continue to work with Council departments to support the regeneration agenda
Sustainability and Environmental Management	? Develop and implement Sustainable Procurement Strategy
Training and Development	? Support Council staff in achieving their MCIPS qualification ? Continue rollout of procurement training

<b>Additional activities for 2010 - 2011</b>	
Controls, Standards and Risk	? Carry out activities to satisfy the requirements of the January 2010 report into Council procurement by the Internal Audit Service.