

FINANCE AND PROCUREMENT PORTFOLIO DECISION RECORD

7 OCTOBER 2010

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

Present:

Councillor Robbie Payne (Finance and Procurement Portfolio Holder)

Also Present: Councillors Dr George Morris and Ray Wells.

Officers: Graham Frankland, Assistant Director (Resources)
 David Hart, Strategic Procurement Manager
 Dale Clark, Estates and Asset Manager
 Sally Robinson, Assistant Director of Children's Services (Safeguarding
 and Specialist Services)
 Ian Merritt, Head of Commissioning and Children's Trust
 David Cosgrove, Democratic Services Team

24. Acquisition of an e-Quotation System for Implementation across the Council *(Assistant Director (Resources))*

Type of decision

Non-key.

Purpose of report

To seek approval from Portfolio Holder to procure a web-based e-quotation system for use corporately across the Council.

Issue(s) for consideration by Portfolio Holder

The Assistant Director (Resources) reported that implementation of the e-quotation system will create a web based electronic directory of local businesses, which would be used by Council officers when sourcing goods and services with a value below the prevailing tender threshold. The system would allow businesses to register online and provide information on the goods and services they provide. All potential suppliers and providers would be able to register on the system at no cost.

The database would be split into two - one database for Hartlepool based companies and one for companies outside Hartlepool. The Hartlepool based companies would be prioritised when Council officers (buyers) are sourcing goods and services. Where possible, 3 out of 4 quotes would be obtained

from the local suppliers list with a fourth quote obtained from an organisation on the list of companies outside of Hartlepool. For clarity, the requirement within the Procurement Procedure Rules to obtain an appropriate number of quotes and secure value for money remains. The option for the previous successful supplier (regardless of location) to also be selected by the 'buyer' was available.

For procurements over the prevailing tender threshold the Council would continue to follow its normal tender process, however, the Council was now in the process of migrating this manual activity over to the North Eastern Purchasing Organisation (NEPO) supplier portal for electronic tendering. European and UK Procurement regulations would also continue to be met where required.

The initial cost of the proposed solution would be £5,000 + vat for the first year and the following year would be a maximum of £10,000 + vat. The proposal is based on an existing system which is currently being used successfully at Sunderland City Council (SCC) and it was requested that the Portfolio Holder approve an exemption to the contract procedure rules allowing a single quotation action to be taken in the procurement of this solution.

There are a number of alternative solutions available in the marketplace, however, initial enquiries into these have indicated that they are significantly more expensive than the system used by SCC.

The Portfolio Holder sought assurances that there would be the ability to involve as many local suppliers as possible. The Strategic Procurement Manager indicated that there was an ability to set the parameters of the system. The Assistant Director (Resources) indicated that there would be an event organised for local suppliers to show them the new system and encourage them to join.

Decision

1. That the exemption to the Council's contract procedure rules to enable the above e-quotation system to be procured without undertaking a competitive quotation exercise be approved.
2. That the procurement of the e-quotation system as reported be approved, subject to the satisfactory resolution of any technical/security issues.

25. Corporate Procurement Developments – Review of Contract Procedure Rules and E-Procurement *(Assistant Director (Resources))*

Type of decision

Non-key.

Purpose of report

To inform the Portfolio Holder of a variety of proposed changes and

developments to corporate procurement practices and to seek comment and endorsement of the proposals.

Issue(s) for consideration by Portfolio Holder

The Strategic Procurement Manager reported that as part of the Council's ongoing development of its systems and processes the Contract Procedure Rules (CPRs) were reviewed from time to time to ensure they reflect the changing procurement landscape and any other identified requirements. The last review took place in 2008 therefore a review was now due to reflect changes and developments which have taken place in the intervening period.

The report contained proposals for a number of amendments to the Council's constitution which were designed to enable several significant improvements in how the procurement function was executed within the Council and also to clarify certain areas of current practice for the benefit of those in the Council engaged in procurement activities.

There are six areas for development, namely:

- (i) Quotation/Tender thresholds – There had been work carried out on a regional basis to harmonise, as far as possible, the quotation/tender thresholds used by the various north-eastern councils. An analysis had been made on the impact of any changes which was included in the report. The benefits and risks of increasing quotation thresholds were set out in the report.
- (ii) Supporting local businesses and third sector – The introduction of an IT based quotation gathering solution would provide the opportunity to support local businesses and third sector more effectively than could be achieved currently. The adoption of a requirement to offer opportunities to local businesses in the CPR's would ensure that quotation processes were configured in such a way as to ensure that this occurs.
- (iii) Quotation gathering processes - To support the raising of tender thresholds as described in paragraph (i) above, it would be necessary to introduce robust processes to support the quotation gathering activity which occurs for any sub-tender level procurement. IT based solutions were available, however, the introduction of these would require that certain activities were mandated. The inclusion of such mandates would be hugely important in ensuring that all procurement activities were carried out in an appropriate and proportional manner. The Portfolio Holder had previously endorsed the introduction of an e-quotation system and there was a separate report on the agenda to approve its purchase and implementation.
- (iv) Collaborative procurement – The current CPR's refer to the use of existing collaborative contracts, however, the wording is such that it does not allow procurers to easily make use of the wide range of collaborative procurement arrangements which currently exist and which had been developed to provide efficient options in terms of procurement process,

risk and value for money.

- (v) Completion/review of contract documents – There were a number of contract documents developed by Council staff which had not been issued to the Legal Department for review and completion. In order to ensure that all supply, service and works contracts of which Hartlepool Borough Council were a party were appropriately drafted and executed it was essential that this documentation was routed through the appropriate department. There was currently no requirement in the CPR's that such a referral took place and as a result this was an ideal opportunity to implement such a requirement.
- (vi) Instructions to Tenderers – In order to ensure procurers follow a consistent approach to setting out instructions to tenderers, it was proposed that the CPR's were strengthened by providing additional guidance.

Each of these development areas support the aims of the Council's Commissioning and Procurement Strategy. Changes to CPR's needed to be considered by the Constitution Working Group and Constitution Committee and approved by Council. In addition the views of the Contract Scrutiny Committee had been sought as part of the consultation.

The Portfolio Holder sought assurance that Hartlepool would be copying the model used by Sunderland in that two out of every three quotes obtained would be from local suppliers. The Strategic Procurement Manager indicated that there was a possibility to look at that kind of ratio though it was anticipated that three out of five would be local companies. There was the need not to be seen to be excluding competition from companies/suppliers from outside the area.

The Portfolio Holder indicated that he welcomed the raising of the tender threshold as it would give local suppliers an increased chance to bid for council work. The new system was also welcomed by the Portfolio Holder as being open and transparent.

Decision

1. That the proposed changes and developments in respect of the contract procedure rules and procurement be approved
2. That the proposed amendments to the Contract Procedure Rules be forwarded for consideration by the Constitution Working Group/Committee and Council.

26. The Market Hotel and Land Adjoining, Lynn Street, Hartlepool *(Assistant Director (Resources))*

Type of decision

Non-key.

Purpose of report

To advise the Portfolio Holder of the current situation and to seek approval to include land adjoining the Market Hotel in a potential sale.

Issue(s) for consideration by Portfolio Holder

The former Market Hotel was acquired on 2nd October 2009 on the instructions of the Regeneration section. The sum of £130,000 was paid for the freehold interest, the intention being to incorporate the property into the Charles Street housing development. A planning application was subsequently made dated 30th October 2009 to construct the houses and demolish the Market Hotel. As the building was listed the application was referred to English Heritage by the planning department, and a site visit took place on 3rd February. Subsequently, English Heritage formally objected to the application in a letter dated 9th March 2010. The planning application was eventually withdrawn and a fresh application made which excluded the Market Hotel from the development.

Following this, discussions took place between the Mayor, various planning and regeneration officers and English Heritage regarding the future of the site. The conclusion of these discussions was that the only course of action available was to place the property on the market for sale on a basis to be agreed with English Heritage. The purpose of marketing the property was to establish whether or not there is a viable use for the building. If the marketing exercise does not produce any purchasers who are willing and able to acquire the property and use it whilst preserving the special character of the building, alternative solutions will be considered for the site.

In order to progress this, various commercial property estate agents were contacted and three of them indicated that they would be willing to market the property on the Council's behalf, and provided fee quotes. Of these, the proposal from Greig Cavey Commercial Ltd was considered the most suitable given the type of property and was also the most competitive in relation to fees. The fee arrangement is detailed in Confidential Appendix 2 to the report. The appendix contained exempt information under Schedule 12A of the Local Government Act 1972, (as amended by the Local Government (Access to Information) (Variation) Order 2006) namely (para 3), information relating to the financial or business affairs of any particular person (including the authority holding that information). The proposal to instruct Greig Cavey was communicated to English Heritage on 4th June 2010. English Heritage had set some conditions on the sale including that it should be marketed for a full year.

The Portfolio Holder indicated that he did not believe there was little chance of a buyer being found for the building and requested that officers ensure that at the end of the purchase period required by English Heritage, all appropriate matters were in place to demolish the building.

Decision

1. That the Portfolio Holder endorses the marketing of the property on a for sale or to let basis in conjunction with the entry on the SAVE website
2. That Portfolio Holder approves the inclusion of the adjoining land in the marketing and disposal.

27. Local Government (Access to Information) (Variation) Order 2006

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 paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) Order 2006, namely, (para 3) information relating to the financial or business affairs of any particular person (including the authority holding that information

Minute 28 The Lodge, Ward Jackson Park.

Minute 29 Land at Easington Road.

Minute 30 Perth/Hurworth Compulsory Purchase of Properties.

28. The Lodge, Ward Jackson Park *(Director of Child and Adult Services and Assistant Director (Resources))*

Type of decision

Non-key.

Purpose of report

To seek approval from the Portfolio Holder for Finance and Performance, for the use of The Lodge, Ward Jackson Park.

Issue(s) for consideration by Portfolio Holder

Details of the issues considered by the Portfolio Holder are set out in the Exempt section of the decision record.

Decision

The Portfolio Holder's decision is set out in the Exempt section of the decision record.

29. Land at Easington Road *(Assistant Director (Resources))*

Type of decision

Non-key.

Purpose of report

To advise Portfolio Holder of the current situation in relation to the need to transfer land to Housing Hartlepool and to seek Portfolio Holder's views on the matter.

Issue(s) for consideration by Portfolio Holder

The Estates and Asset Manager reported that Housing Hartlepool had, during the course of 2010, demolished a large number of houses fronting Easington Rd in preparation for redevelopment of the site. The proposed redevelopment would provide 68 new residential units including both houses and bungalows.

The majority of the development would take place on land already owned by Housing Hartlepool, comprising the land formerly occupied by the now demolished houses plus some areas of mainly grassed open space. Both the houses and the open space formed part of the stock transfer in 2004.

The Council, however, owns two areas of land that Housing Hartlepool had included within the development area. The inclusion of these areas of land was not crucial to the overall development, but would allow for three more units to be built than would otherwise be the case.

The Portfolio Holder was requested to give consideration to three options for the transfer of the land to Housing Hartlepool; full commercial consideration, nil consideration subject to costs being met, and a reduced commercial consideration. Details of the financial considerations were set out in the report.

Decision

The Portfolio Holder's decision is set out in the Exempt section of the decision record.

30. Perth/Hurworth Compulsory Purchase of Properties *(Assistant Director (Resources))*

Type of decision

Non-key.

Purpose of report

The Report outlined the position with regard to outstanding purchases and sought approval to refer a valuation dispute to Arbitration under the Alternative Disputes Resolution process of the Royal Institute of Chartered Surveyors (RICS).

Issue(s) for consideration by Portfolio Holder

The Estates and Asset Manager reported that the area bounded by Raby Road, Brougham Terrace and Grainger Street, containing 199 houses and had been identified in 2003 as an area appropriate for regeneration having regard to its rundown state and poor housing standards. Funding provision was subsequently identified and purchases by agreement were instituted from 2004 onwards for owner occupiers alone. From 2009, purchases of investor owned properties had progressed. The Council resolved on January 11th 2010 to go forward by way of compulsory purchase powers.

An application to the Secretary of State for Homes and Communities had been made and the order advertised. A number of objections had been made within the consultation period. In order to resolve the outstanding disputes the options were either to refer the matter to the Lands Tribunal or refer it to Arbitration under the Royal Institution of Chartered Surveyors Alternative Disputes Resolution procedure. Officers were recommending the Royal Institution of Chartered Surveyors Alternative Disputes Resolution procedure.

The Portfolio Holder was concerned that the results of the disputes process would not be binding on all parties and the matter may still have to go to the Land Tribunal for resolution. Officers acknowledged that this was a risk but there would be an expectation from the Land Tribunal that some type of dispute resolution will have been sought.

Decision

That the report be noted and the referral of the example property to Arbitration under the Royal Institute of Chartered Surveyors Alternative Disputes Resolution procedure be endorsed.

The meeting concluded at 11.05 a.m.

P J DEVLIN

CHIEF SOLICITOR

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