

# **FINANCE AND PROCUREMENT PORTFOLIO**

## **DECISION SCHEDULE**



**Thursday, 2 December 2010**

**at 10.00 am**

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

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

**1. KEY DECISIONS**

No items

**2. OTHER ITEMS REQUIRING DECISION**

- 2.1 Bid For External Funding To Increase The Number Of Young People (Aged 14-19) Accessing Education, Employment And Training - *Assistant Director (Resources)*
- 2.2 Collaborative Procurement Of Insurance Covers - *Assistant Director (Resources) and Chief Customer & Workforce Services Officer*
- 2.3 Store 200 Middleton Grange Shopping Centre – Hartlepool Access Group/Shopmobility – *Assistant Director (Resources)*

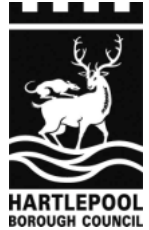
**3. ITEMS FOR INFORMATION**

- 3.1 Chief Executives Departmental Plan 2010/11 – 2<sup>nd</sup> Quarter Monitoring Report - *Chief Finance Officer and Chief Solicitor*

## **FINANCE AND PROCUREMENT PORTFOLIO**

Report to Portfolio Holder

2 December 2010



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

**Subject:** BID FOR EXTERNAL FUNDING TO INCREASE  
THE NUMBER OF YOUNG PEOPLE (AGED  
14-19) ACCESSING EDUCATION,  
EMPLOYMENT AND TRAINING

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### **SUMMARY**

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

The purpose of this report is to seek confirmation of the Portfolio Holder's prior approval of an exception to the Council's Contract Procedure Rules in respect of the sub contracting arrangements pertaining to a Council bid for external funding.

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

Hartlepool Borough Council has been invited to tender for external funding to increase the number of young people (aged 14 -19) accessing education, employment and training. The Council is required to bid in partnership with a number of local providers to maximise the strength of the bid.

If successful, the tender could result in approximately £600,000 of external funding being allocated to the Council.

This report seeks confirmation of the Portfolio Holder's approval to grant an exception to the Council's Contract Procedure Rules in relation to the selection of the partners to be named in the tender submission and any future allocation of funding in respect of this project.

This report also details the measures that have been taken by the Corporate Procurement Team to ensure a level of competition and transparency consistent with the nature and value of the project.

**3. RELEVANCE TO PORTFOLIO MEMBER**

This project relates to the selection of sub-contractors to be named in a Council submission for external funding. The very tight timescales required to submit this bid did not permit a full procurement exercise to be undertaken. The Portfolio Holder is being asked to authorise an exemption to the Contract Procedure Rules to allow the Council to maximise the possibility of securing external funding.

**4. TYPE OF DECISION**

Non-key

**5. DECISION MAKING ROUTE**

Finance and Procurement Portfolio Meeting 2 December 2010

**6. DECISION(S) REQUIRED**

Portfolio Holder is requested to:

- (i) confirm authorisation of an exception to the Contract Procedure Rules in relation to the selection of sub-contractors to support a Council bid for external funding.
- (ii) note the measures taken, within a tight timescale, to ensure a competitive, transparent and auditable procurement process.

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

**Subject:** BID FOR EXTERNAL FUNDING TO INCREASE  
THE NUMBER OF YOUNG PEOPLE (AGED  
14-19) ACCESSING EDUCATION,  
EMPLOYMENT AND TRAINING

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## **1. PURPOSE OF REPORT**

- 1.1 The purpose of this report is to seek confirmation of the Portfolio Holder's prior approval of an exception to the Council's Contract Procedure Rules in respect of the sub contracting arrangements pertaining to a Council bid for external funding.

## **2. BACKGROUND**

- 2.1 The Council, via Economic Development, has been invited to tender for £613,000 of external funding to enable young people aged 14 – 19 to engage in education, employment and training.
- 2.2 Cross-departmental work has been undertaken with officers from Child and Adult Services to prepare this tender submission. This was required to be received by the funding body by 25 November 2010.
- 2.3 The tender submission required named sub-contractors who will work alongside the Council if the tender submission is successful.
- 2.4 The bid authors requested input from the Corporate Procurement Team to ensure compliance with the Council's Constitution. Given that the very tight timescales did not permit a competitive procurement to take place, an exception to the Contract Procedure Rules was sought from the Portfolio Holder.
- 2.5 It is envisaged that the Council will be informed of the outcome of this bid in early January 2011.

## **3. CONSIDERATIONS**

- 3.1 The Council's Contract Procedure Rules state that projects with an aggregate total in excess of £25,000 should be subject to a competitive tender. However, Part A1 (ii) covering the Application of the Contract Procedure Rules permit the Portfolio Holder to grant an exception "*where the contract is for the provision of services to children or vulnerable persons*".

- 3.2 Given the tight timescales required in submitting this tender, and the Council's strategic necessity to identify new funding streams, the required selection of sub-contractors could not be conducted in full compliance with the Contract Procedure Rules without the prescribed exception. This would have delayed the submission of the bid beyond the deadline and excluded the Council from competing for much needed income.
- 3.3 The Contract Procedure Rules also state (Part A vii) that there is a procedure to be followed, even where an exception has been granted. The Portfolio Holder is asked to note the steps instigated by Corporate Procurement Team to ensure compliance with this Constitutional requirement.
- 3.4 An advert was published on the Council's website inviting expressions of interest from interested parties. Existing partners were also contacted to inform them of the opportunity. Interested parties were asked to provide a letter of support and a response to a qualification questionnaire. These responses were then evaluated by the bid authors using pre-determined criteria with the best performing bidders were named as sub-contractors in the Council's submission.
- 3.5 The process outlined in section 3.4 highlights that the Council took measures, within a very challenging timescale, to ensure a competitive and transparent process took place in the selection of potential sub-contractors. Detailed records of the selection process are available to satisfy any future audit requirements.
- 3.6 The content of this report has been shared with the Council's Chief Solicitor who supports the request for an exception to the Contract Procedure Rules.

#### **4. FINANCIAL CONSIDERATIONS**

- 4.1 The Council is bidding for £613,000 to deliver services to some of the town's most vulnerable young people in the period between January 2011 and December 2013.
- 4.2 It is proposed that some of this funding will be made available to those organisations who were selected to be a sub-contractor. This partnership approach ensured that the Council made a robust bid. Moreover, this collaborative approach will involve local partners who may have been affected by recent reductions in income resulting from budgetary cut-backs.

## **5. RECOMMENDATIONS**

### **5.1 Portfolio Holder is requested to:**

- (i) confirm an authorisation of an exception to the Contract Procedure Rules in relation to the selection of sub-contractors to support a Council bid for external funding.
- (ii) note the measures taken, within a tight timescale, to ensure a competitive, transparent and auditable procurement process.

## **6. REASONS FOR RECOMMENDATIONS**

- 6.1 Given the Council's need to secure external funding, the Corporate Procurement Team took the necessary steps to support this project. Whilst taking measures to ensure an open and competitive process, it was not feasible to undertake a complete procurement project in compliance with the Contract Procedure Rules. It is for this reason that the Portfolio Holder is to confirm authorisation for an exception to the Contract Procedure Rules.

## **7. CONTACT OFFICER**

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## **FINANCE AND PROCUREMENT PORTFOLIO**

Report To Portfolio Holder

2 December 2010



**Report of:** Assistant Director (Resources) and Chief  
Customer & Workforce Services Officer

**Subject:** COLLABORATIVE PROCUREMENT OF  
INSURANCE COVERS

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### **SUMMARY**

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

To seek approval to participate in a collaborative tender exercise with Redcar and Cleveland Borough Council for the procurement of insurance covers.

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

The report details the background to the service need and procurement route.

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

The Portfolio Holder has responsibility for the Council's procurement activities

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

Non key

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

Portfolio Holder Only.

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

The Portfolio Holder approves the participation of Hartlepool Borough Council in the collaborative exercise for insurance with Redcar and Cleveland Borough Council.

**Report of:** Assistant Director (Resources) and Chief  
Customer and Workforce Services Officer

**Subject:** COLLABORATIVE PROCUREMENT OF  
INSURANCE COVERS

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**1. PURPOSE OF REPORT**

- 1.1 To seek approval to participate in a collaborative tender exercise with Redcar and Cleveland Borough Council for the procurement of insurance.

**2. BACKGROUND**

- 2.1 Hartlepool Borough Council and Redcar & Cleveland Borough Council have a number of insurance contracts for a variety of different types of risk which are scheduled to terminate in 2011. Recent insurance industry articles suggest that by consolidating procurement arrangements across authorities savings through economies of scale may be achievable.
- 2.2 Redcar and Cleveland Borough Council have offered to lead on the procurement process, although this in no way reduces Hartlepool Borough Council's control over the process and ultimate outcomes.
- 2.3 The proposed way forward requires that a broker is used to act as an advisor and intermediary during the tender procedure. Both Redcar and Hartlepool currently use a broker called Marsh and in initial discussions they are recommending that the 'negotiated procedure' is undertaken. This negotiated procedure enables the Councils to enter into a discussion with potential insurers and to literally negotiate specifications and charges.
- 2.3 It is proposed that the contract start date will be 1<sup>st</sup> July 2011 for a period of 3 years with an optional extension of 2 x 12 months. The tender documentation will be prepared jointly by both Councils and will be undertaken via the regional e-tendering system. Representatives from both Council's Procurement and Insurance Teams will have access to the e-tendering site to assist in the evaluation.



**3. FINANCIAL AND RISK CONSIDERATIONS**

- 3.1 The proposed procurement collaboration will reduce the procurement costs and drive value for money over a larger volume of work.
- 3.2 The Council will still remain responsible for its element of the services and will continue to manage the provider in the normal way post tender.

**4. RECOMMENDATIONS**

- 4.1 The Portfolio Holder approves the participation of Hartlepool Borough Council in the collaborative exercise for insurance with Redcar and Cleveland Borough Council.

**5. CONTACT OFFICER**

**David Hart - Strategic Procurement Manager**  
**Regeneration & Neighbourhoods**  
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## **FINANCE AND PROCUREMENT PORTFOLIO**

Report To Portfolio Holder

2<sup>nd</sup> December 2010



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

**Subject:** STORE 200 MIDDLETON GRANGE SHOPPING  
CENTRE – HARTLEPOOL ACCESS GROUP/  
SHOPMOBILITY

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### SUMMARY

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

To seek approval to take a lease of a storage unit and to sublet to Hartlepool Access Group trading as Shopmobility

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

Background of the case and recommendations

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

Portfolio Holder is responsible for the Council's land and property assets.

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

Non Key

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

Portfolio Holder only

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

Approval to take a lease of a storage unit and to sublet to Hartlepool Access Group trading as Shopmobility.

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

**Subject:** STORE 200 MIDDLETON GRANGE SHOPPING CENTRE – HARTLEPOOL ACCESS GROUP/ SHOPMOBILITY

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**1. PURPOSE OF REPORT**

- 1.1 To seek approval to take a lease of a storage unit and to sublet to Hartlepool Access Group trading as Shopmobility

**2. BACKGROUND**

- 2.1 Portfolio Holder will be aware that Hartlepool Access Group (HAG) has leased a shop unit for a number of years from which they operate the Shopmobility service. Portfolio holder will also be aware that their lease was recently renewed for a further 5 years at a peppercorn rent.
- 2.2 In addition to the shop, HAG also lease a storage unit in the shopping centre where the scooters are stored overnight. Unfortunately it is located some distance from the shop and it is therefore quite time consuming to move the scooters each day.
- 2.3 HAG now have the opportunity to lease a store much nearer the shop, the use of which would greatly reduce the time spent moving the scooters back and forth each day. As is the case with the shop, it is proposed that the Council take a lease of this unit and immediately sublet to HAG. Outline terms have been agreed with PPG Metro and are included in **Confidential Appendix 1. (Information relating to the financial or business affairs of any particular person (including the authority holding that information)). (Para 3).**

**3. PROPOSALS**

- 3.1 It is proposed to take a lease from PPG of the unit known as Store 200 Middleton Grange Shopping Centre and to sublet to HAG.

**4. FINANCIAL CONSIDERATIONS**

- 4.1 Given that HAG will cover the cost of both PPG Metro and Council legal and surveying work, there will be no net costs to the Council in taking and granting the leases.
- 4.2 The service charge cost will also be passed on to HAG as sub-tenant.

**5. RECOMMENDATIONS**

- 5.1 It is recommended that the lease is taken from PPG on the terms outlined in the report and the sublease granted to HAG.

**6. REASONS FOR RECOMMENDATIONS**

- 6.1 The current storage arrangements are not satisfactory for HAG and the new store would greatly reduce the time required to move the scooters to the shop each day. HAG also have some grant funds to carry out some necessary improvement work to the store.
- 6.2 There should be no net cost to the Council.

**7. CONTACT OFFICER**

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## **FINANCE AND PROCUREMENT PORTFOLIO**

Report to Portfolio Holder

2 December 2010



**Report of:** Chief Finance Officer and Chief Solicitor

**Subject:** CHIEF EXECUTIVES DEPARTMENTAL PLAN  
2010/11 – 2<sup>ND</sup> QUARTER MONITORING  
REPORT

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### SUMMARY

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

To inform the Portfolio Holder of the achievements made against the Chief Executive's Departmental Plan for 2010/10 for the 6 month period ending 30 September 2010.

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

The progress made against the actions contained in the Chief Executives Departmental Plan 2010/11 that are the responsibility of the Finance Division and the Legal Services Division.

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

The Portfolio Member has responsibility for those service areas covered by this report.

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

Non-key

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

Portfolio Holder meeting 2 December 2010.

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

Achievement on actions and indicators be noted.

**Report of:** Chief Finance Officer and Chief Solicitor

**Subject:** CHIEF EXECUTIVE'S DEPARTMENTAL PLAN  
2010/11 – 2<sup>ND</sup> QUARTER MONITORING  
REPORT

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### **PURPOSE OF REPORT**

1. To inform the Portfolio Holder of the progress made against the key actions identified in the Chief Executive's Departmental Plan 2010/11 for the period up to 30 September 2010.

### **BACKGROUND**






2. The 2010/11 Chief Executive's Departmental Plan was agreed by Cabinet at the meeting on 10 May 2010.
3. The Chief Executive's Departmental Plan 2010/11 sets out the key tasks and issues within an Action Plan to show what is to be achieved by the department in the coming year. It provides a framework for managing the competing priorities, communicating the purpose and challenges facing the department and monitoring progress against overall Council aims.
4. The Council's Performance Management System (Covalent) is used to collect and analyse performance against the actions and targets detailed in the Corporate Plan, the three Departmental Plans, the Local Area Agreement Delivery and Improvement Plan as well as Service and Operational Plans. The system is also used to monitor Risk Management across the council within the Performance Management Framework. The information in the system was used to prepare this report.
5. This report includes information relating to the Finance Division and the Legal Services Division only. Information relating to the Corporate Strategy Division and the Customer and Workforce Services Division has been reported separately to the Performance Portfolio Meeting on 24 November 2010.

### **SECOND QUARTER PERFORMANCE**

6. This section looks in detail at how the Finance Division and the Legal Services Division have performed in relation to the key actions and performance indicators that were included in the Chief Executives Departmental Plan 2010/11. On a quarterly basis officers from across the department are asked, via Covalent, to provide an update on

progress against every action contained in the Departmental Plan and, where appropriate, every Performance Indicator (PI).

7. Officers are asked to provide a short commentary explaining progress made to date, and asked to identify the expected outcome of each action/PI set out in the Departmental Plan. The following traffic lights are used within Covalent: -






	Target achieved
	On track to achieve target
	Progress acceptable
	Intervention Required
	Target not achieved

8. We would expect the majority of action and PIs to be assessed as “Target achieved” or “on track to achieve target”. Where issues have been encountered that will result in a slight delay (actions) or may result in a specific target being narrowly missed (PIs) officers will have adjudged progress to be “acceptable”. Where officers consider more lengthy delays occurring or have assessed a PI as being likely to miss target these actions and PIs will be assessed as “Intervention Required” or “Target not achieved” – and where this is the case more detail will be provided later in this report.

## OVERVIEW OF PERFORMANCE

9. Within the Chief Executives Department there were a total of 75 actions and 35 Key Performance Indicators (KPIs) identified in the 2010/11 Departmental Plan. Of these, 20 actions and 1 KPI are the responsibility of the Finance Division, and 8 actions and 1 KPI are the responsibility of the Legal Services Division. However neither of these KPIs can be monitored on a quarterly basis so this report only includes the actions that are the responsibility of the Finance and Legal Services Divisions. Table 1, below, summarise officers views on progress made to 30 September 2010: -

Table 1 – Progress made on Actions included in 2009/10 CED Departmental Plan

		Finance	Legal Services	Total
	Target achieved	4	1	5
	On track to achieve target	10	7	17
	Progress acceptable	1	0	1
	Intervention Required	0	0	0
	Target not achieved	0	0	0
	<b>Total</b>	<b>15</b>	<b>8</b>	<b>23</b>

\*Note: Legal Services have 7 actions yet to be updated

10. A total of 22 actions (96%) have been reported as having been completed or being on track to be achieved by their due date. The

remaining action (4%) have been assessed as making acceptable progress.

11. As previous explained there are no Key Performance Indicators that can be monitored quarterly which are the responsibility of the Finance Division or the Legal Services Division.

#### **Finance Division**

12. The plan contained 20 actions that were the responsibility of the Finance Division. 17 of these (85%) have been assessed as already being completed or being on track to achieve target. The remaining 3 actions (15%) have all been assessed as having made acceptable progress.

13. In the period up to and including 30 September 2010 the Finance Division: -

- Reviewed CIPFA and CLG guidance on Treasury Management
- Reviewed and reported on CIPFA guidance on the role of the CFO

#### **Legal Services Division**

14. The Departmental Plan contained 8 actions that were the responsibility of the Legal Services Division. For the period ending 30 September 2010 all actions have already been completed or as being on track to achieve target.

15. In the period up to and including 30 September 2010 the Legal Services Division: -

- Implemented the Audit recommendation contained in “Setting High Ethical Standards” report.
- Retained its Lexcel accreditation confirming that it meets all appropriate standards
- Successfully introduced the Petition Scheme and the first petition, on the topic of improving security measures at Stranton Cemetery, was considered by Council on 28 October 2010

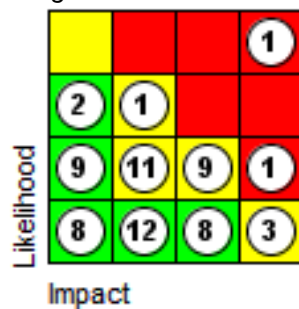
#### **Risk Monitoring**

16. It is the policy of Hartlepool Council to take an active and pragmatic approach to the management of risks that could prevent the achievement of corporate and departmental objectives. On a quarterly basis each division assesses the risk identified within the Chief Executive’s Risk Register. The Council’s approach acknowledges that the purpose is not to remove all risks (this is neither possible nor, in many cases, desirable), rather it is to ensure that potential ‘losses’ are prevented or minimise and that ‘rewards’ are maximised.



17. This summary is reported to the Portfolio Holder within the quarterly monitoring report to provide an overview of risks being addressed by the Chief Executives Department, as a whole. The Council's risk registers are currently being reviewed and it is not possible at this time to split the analysis by Division.
18. The diagram below shows the distribution of risks in the whole Chief Executives Departmental Risk Register according to their risk rating. Detail of the rating system is in **Appendix A**. There are a total of 65 risks. Only 2 of the risks are highlighted as a 'RED' risk, a further 24 risks are on an 'AMBER' status with the remaining 39 being at a low level 'GREEN' status.

Diagram 1 – Chief Executive Departmental Risk Register Heat Map



19. It is possible to identify the lead Division with responsibility for the two 'RED' risks, and both the Finance Division and Legal Services Division are responsible for one of the risks. Further details for each risk are shown below: -

Table2: Chief Executive Departmental Risk Register – Red Risks

Current Matrix	Code	Title	Managed by	Latest Note
	CED R044	Loss of Grant Funding	Finance Division	Addressed in budget strategy with 5% reduction per annum built into plans.
	CED R060	Delivery of an effective Corporate Service	Legal Services	Reviewed and no change required.

## RECOMMENDATIONS

20. Portfolio Holder is asked to note progress on key actions and KPIs and current rating of risks.

## CONTACT OFFICER

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**APPENDIX A**  
**HARTLEPOOL BC**  
**RISK ASSESSMENT MATRIX AND VALUE GUIDES**

		IMPACT			
LIKELIHOOD		1	2	3	4
		Low	Medium	High	Extreme
Almost certain	4	AMBER 4	RED 8	RED 12	RED 16
Likely	3	GREEN 3	AMBER 6	RED 9	RED 12
Possible	2	GREEN 2	AMBER 4	AMBER 6	RED 8
Unlikely	1	GREEN 1	GREEN 2	GREEN 3	AMBER 4

Use the following suggested value guides to help rate the level of the **controlled risk**.

**IMPACT**

Extreme	Total service disruption / very significant financial impact / Government intervention / sustained adverse national media coverage / multiple fatalities.
High	Significant service disruption/ significant financial impact / significant adverse Government, Audit Commission etc report / adverse national media coverage / fatalities or serious disabling injuries.
Medium	Service disruption / noticeable financial impact / service user complaints or adverse local media coverage / major injuries
Low	Minor service disruption / low level financial loss / isolated complaints / minor injuries

**LIKELIHOOD**

Expectation of occurrence *within the next 12 months* -

- **Almost certain**
- **Likely**
- **Possible**
- **Unlikely**