

FINANCE AND PROCUREMENT PORTFOLIO DECISION SCHEDULE



Monday 7th March 2011

at 2.00 pm

**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 Release of Covenant Church of the Nazarene – *Assistant Director (Resources)*
- 2.2 Central Estate Community Forest – *Assistant Director (Resources)*
- 2.3 The Sale of Market Hotel – *Assistant Director (Resources)*

3. ITEMS FOR INFORMATION

- 3.1 Chief Executive's Departmental Plan 2010/11 – 3rd Quarter Monitoring Report – *Chief Finance Officer and Chief Solicitor*
- 3.2 Regeneration and Neighbourhoods Departmental Plan Monitoring Report – April to December 2010 – *Director of Regeneration and Neighbourhoods*

4. REPORTS FROM OVERVIEW OF SCRUTINY FORUMS

- 4.1 Call-in of Decision – Migration of Telephony Provision to Hartlepool Borough Council – *Scrutiny Coordinating Committee*
- 4.2 Migration of Telephony Provision to Hartlepool Borough Council – *Assistant Director (Resources)*

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 Place in the Park – Ward Jackson Park – Lease (para 3) – *Assistant Director (Resources)*
- 7.2 Proposed disposal of 65 Jutland Road, Hartlepool (para 3) – *Assistant Director (Resources)*
- 7.3 Throston Grange Site and Land at Clavering (para 3) – *Assistant Director (Resources)*
- 7.4 Briarfields (para 3) – *Assistant Director (Resources)*

FINANCE AND PROCUREMENT PORTFOLIO

Report To Portfolio Holder

7th March 2011



Report of: Assistant Director (Resources)

Subject: RELEASE OF COVENANT CHURCH OF THE NAZARENE

SUMMARY

1. PURPOSE OF REPORT

To seek approval for the release of a restrictive covenant over land at the Church of The Nazarene, Lowthian Road

2. SUMMARY OF CONTENTS

Background to the situation and current recommendations

3. RELEVANCE TO PORTFOLIO MEMBER

Portfolio Holder is responsible for land and property matters

4. TYPE OF DECISION

Non Key

5. DECISION MAKING ROUTE

Portfolio Holder only

6. DECISION(S) REQUIRED

Approval to release the restrictive covenant on the terms outlined in **Confidential Appendix 2. This item contains exempt information under Schedule 12A 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.**

Report of: Assistant Director (Resources)

Subject: RELEASE OF COVENANT CHURCH OF THE NAZARENE

1. PURPOSE OF REPORT

- 1.1 To seek approval for the release of a restrictive covenant over land at the Church of The Nazarene, Lowthian Road

2. BACKGROUND

- 2.1 In May 1991, the Council sold the land shown hatched on the plan attached at **Appendix 1** to the current owners. The land was transferred subject to a restrictive covenant limiting the use of the land to a church building or children's playground. The sale price was £27,000.
- 2.2 The land was not developed and has been disused for some years. It has therefore been a matter of concern for some time. Recently, action undertaken by Regeneration officers has resulted in interest being forthcoming from Three Rivers Housing Association to redevelop the site for affordable housing for sale (through shared ownership) and to let on social rent terms.
- 2.3 The Housing Association are hoping to deliver the development by potential under spend that may be secured from the Homes and Communities Agency by the end of March this year. They are therefore intending to submit a planning application very shortly. If they can't secure this under spend from the HCA to support the development, they will consider taking it forward in their future programme. If Three Rivers do submit a planning application in the near future, they are going to deliver flyers to nearby residents to give them information about the proposal. Discussions have also taken place with the residents' association and their view is the scheme is likely to be welcomed in the area.
- 2.4 In order for the development to go ahead, the site will be sold by the current owners to Three Rivers. The current owners act as trustees for the Church of the Nazarene and the proceeds of the sale will go to the Church. The proposed terms of this sale are set out in Confidential **Appendix 2. This item contains exempt information under**

Schedule 12A 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.

- 2.5 It will also be necessary for the restrictive covenant affecting the land to be released as otherwise Three Rivers will be in breach of it when they develop the land.
- 2.6 If HCA funding is not available in the short term and Three Rivers are not available to develop the property in the near future, consideration will be given to the best way to promote the early re-use/development of the site.

3. FINANCIAL AND LEGAL CONSIDERATIONS

- 3.1 The financial and legal considerations of this matter are contained in Confidential **Appendix 2. This item contains exempt information under Schedule 12A 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.**

4. RECOMMENDATIONS

- 4.1 It is recommended that approval is given to release the restrictive covenant on the terms outlined in Confidential **Appendix 2. This item contains exempt information under Schedule 12A 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.**

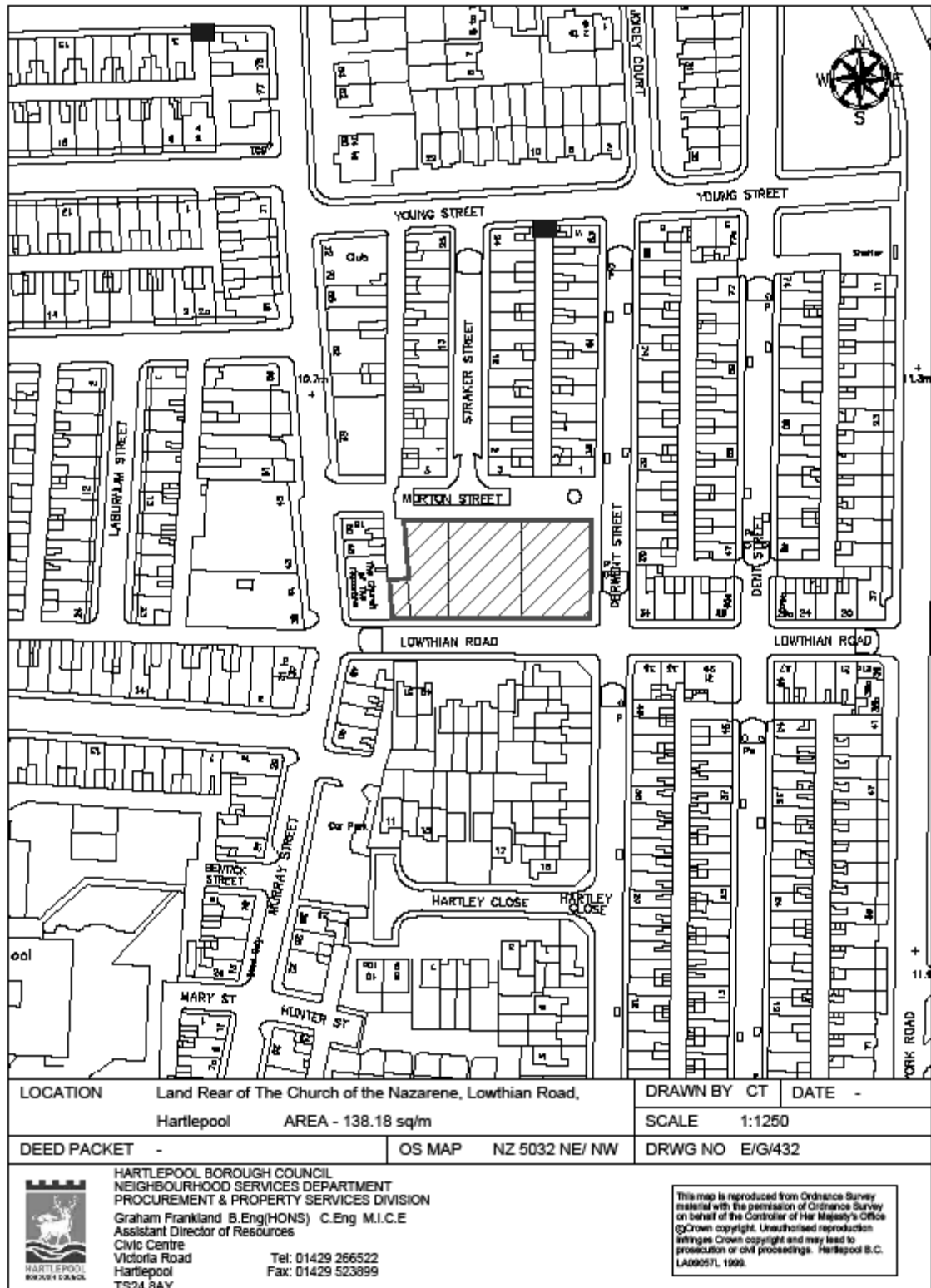
5. REASONS FOR RECOMMENDATIONS

- 5.1 Release of the covenant is necessary to enable the development to proceed.
- 5.2 The development will bring back into use a long disused parcel of land, will result in the provision of additional affordable housing and assist in the regeneration of this area of Hartlepool.
- 6.3 Attention is also drawn to the financial and legal considerations in Confidential **Appendix 2. This item contains exempt information under Schedule 12A 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.

6. CONTACT OFFICER

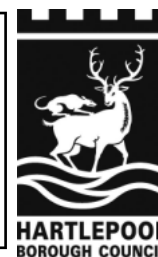
Philip Timmins BA Hons MRICS
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FINANCE AND PROCUREMENT PORTFOLIO

Report to Portfolio Holder

7th March 2011



Report of: Assistant Director (Resources)

Subject: CENTRAL ESTATE COMMUNITY FOREST

SUMMARY

1. PURPOSE OF REPORT

To seek the Portfolio Holder's approval to plant a community forest on public open space land on the Central Estate.

2. SUMMARY OF CONTENTS

The report outlines the background and current situation.

3. RELEVANCE TO PORTFOLIO MEMBER

Portfolio Holder has responsibility 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

It is recommended that the proposal to plant a community forest on public open space land on the Central Estate be approved by the Portfolio Holder.

Report of: Assistant Director (Resources)

Subject: CENTRAL ESTATE COMMUNITY FOREST

1. PURPOSE OF REPORT

- 1.1 To seek the Portfolio Holder's approval to plant a Community Forest on public open space land on the Central Estate.

2. BACKGROUND

- 2.1 The Central Estate Neighbourhood Action Plan Forum and Central Estate Management Organisation (CEMO) have worked with officers from Hartlepool Borough Council and Groundwork North East to arrange the planting of a community forest on public open space land on the Central Estate with funding from the Forestry Commission.
- 2.2 The Forestry Commission's English Woodland Grant Scheme (EWGS) provides grant support for landowners wanting to create new woodland, particularly where it enhances the woodland's environmental and social value.
- 2.3 The proposed site extends to 1 hectare and is designated as public open space. The site is shown hatched on the plan at **Appendix 1**. It is currently not used intensively by members of the local community. The land would continue to be designated as public open space following the planting. It is highly unlikely that the land has any potential for development.

3. PROPOSALS

- 3.1 It is proposed to apply to plant a community forest on the area identified in **Appendix 1** using grant monies from the English Woodland Grant Scheme (EWGS). Current rates of grant assistance are £3,800 per hectare for areas surrounding urban areas with public access.
- 3.2 The overall cost to plant the proposed community forest on the Central Estate is as follows:

Mow out paths in grass areas to clearly	
Define whip planting zones	£431.00
'Dot' spray planting locations for 1,400 whips	£280.00

Supply and lay mulch mats	£1,442.00
Supply/plant whips	£1,195.00
'Beat Up' after first year assuming a loss of 15%	£410.00
Total	<u>£3,758.00</u>

- 3.3 The planting of the small 'whip' trees will be undertaken in conjunction with Central Correctors, a local youth group, members of the Central Estate Management Organisation (CEMO) and the Central Estate NAP Forum. It is envisaged that this involvement of the local community will help promote a sense of ownership of the forest and therefore help to deter vandalism.

4. FINANCIAL AND RISK IMPLICATIONS:

- 4.1 The initial planting of the woodland should be covered by the grant. There will thereafter be a liability for maintenance. This will not be covered by the grant except for the first year "beat up". The intention is, however, to continue to involve the local community in maintaining the woodland, and thus keep costs to a minimum.
- 4.2 There is currently a cost incurred in maintaining the land. Parks and Countryside and neighbourhood management have been consulted regarding the proposed scheme and are aware of the implications of the scheme in relation to future maintenance costs.
- 4.3 There is some risk that additional maintenance costs will be incurred due to vandalism or excessive natural tree loss. It is hoped that the involvement of the local community will, as noted above, greatly discourage vandalism.

5. RECOMMENDATIONS

- 5.1 It is recommended that the proposal to plant a community forest, with the funding described above, on the Central Estate be approved by the Portfolio Holder.

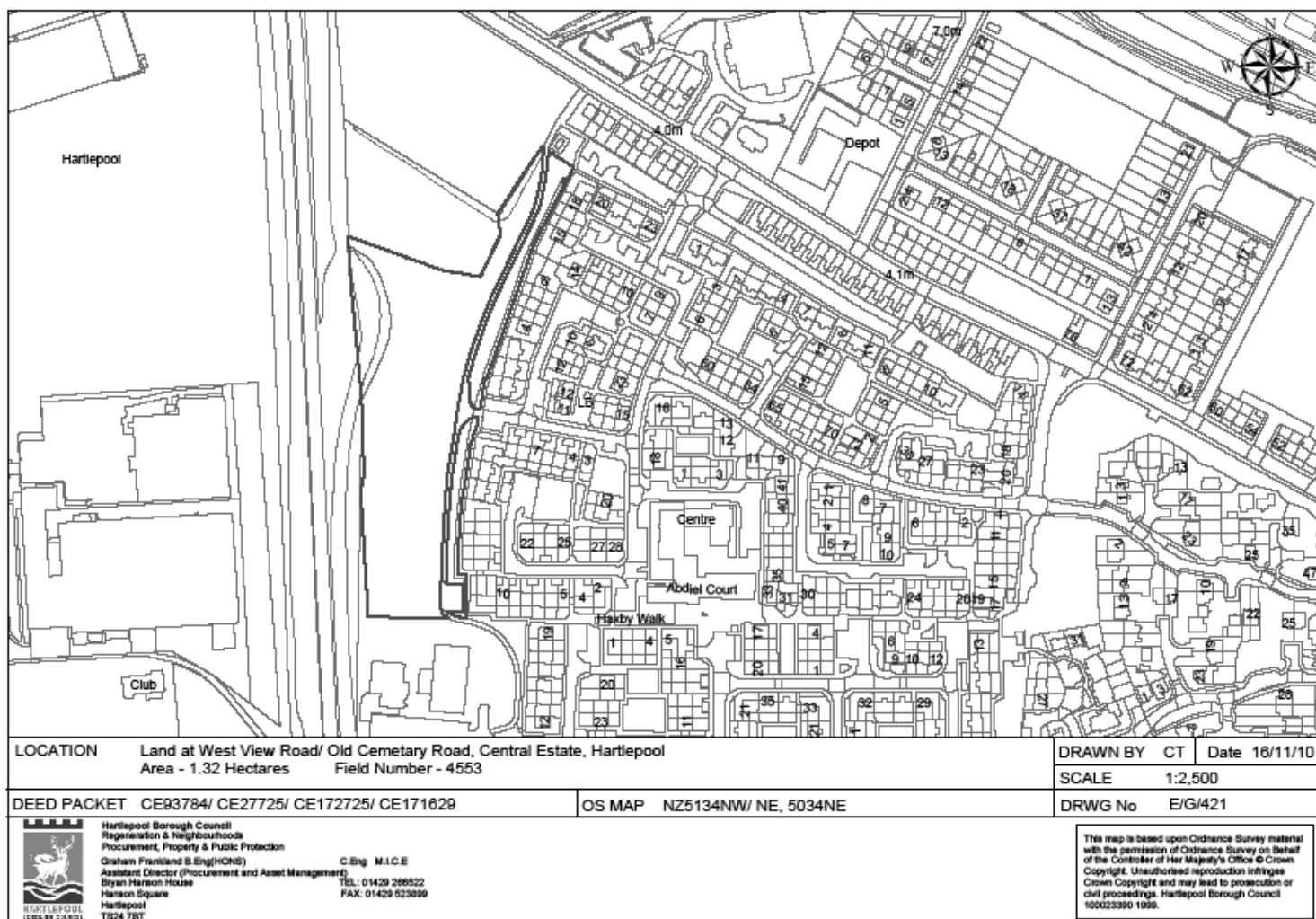
6. REASONS FOR RECOMMENDATIONS

- 6.1 The successful planting of a community forest on this land will create a new native woodland area, utilise an underused area of public open space for the benefit of the local community, increase the sequestration of carbon and increase the tree cover not only on the Central Estate but also within the Borough.
- 6.2 The grant should cover the entire cost of the planting.

7. CONTACT OFFICER

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Regeneration and Neighbourhoods (Resources)
Estates Section

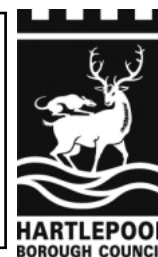
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FINANCE AND PROCUREMENT PORTFOLIO

Report to Portfolio Holder

7th March 2011



Report of: Assistant Director (Resources)

Subject: THE SALE OF MARKET HOTEL

SUMMARY

1. PURPOSE OF REPORT

To seek approval for the sale of the property

2. SUMMARY OF CONTENTS

Background to the disposal of the property and current proposals and terms for its sale.

3. RELEVANCE TO PORTFOLIO MEMBER

Portfolio Holder has responsibility 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

That approval is given to the granting of an option for the sale of the building on the basis of the terms outlined in the report.

Report of: Assistant Director (Resources)

Subject: THE SALE OF MARKET HOTEL

1. PURPOSE OF REPORT

- 1.1 To seek approval for the sale of the property

2. BACKGROUND

- 2.1 Portfolio Holder will be aware that the property was purchased by the Council in October 2009 using Homes and Communities Agency grant funding. with a view to demolition. The site would then be incorporated as part of the adjoining housing scheme.
- 2.2 Due to the listed status of the property, English Heritage are reluctant to approve demolition unless there has been a thorough attempt to identify an appropriate user who would be prepared to refurbish the building, retaining the listed features and bring it back in to viable use.
- 2.3 Following consultation with English Heritage, the property was placed on the market in September 2010. No asking price had been quoted, the property has simply been offered on the basis of “offers invited”. On the advice of English Heritage and as previously reported, the small piece of land to the side of the Hotel has been included with the property.
- 2.4 The property has been advertised both locally and nationally.
- 2.5 A number of viewings have taken place. However, to date only one offer has been received.

3. PROPOSALS

- 3.1 It is proposed to accept the offer which has been put forward for the purchase of the property subject to agreement of a buyback clause. The terms of the offer are outlined in the Confidential **Appendix 1**. **This item contains exempt information under Schedule 12A 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.**

4. FINANCIAL AND RISK CONSIDERATIONS

- 4.1 The offer received for the property is considered to reflect fully the market value of the property.
- 4.2 The buyback clause has been proposed in order to mitigate the risk of the purchaser not proceeding with a suitable scheme of refurbishment and re-use.
- 4.3 Whilst some other parties have expressed some interest in the building, they have not made any offers to date. The property has been on the market for approximately 6 months. If the offer were refused and other offers were not forthcoming English Heritage may consider that the Council have failed to discharge its obligation and continue to withhold consent for the building to be demolished.
- 4.4 Although the purchasers have not yet concluded a scheme of conversion it is likely to include a combination of retail and residential use. It is important that the Council are confident that the purchaser will both undertake the refurbishment within a reasonable period of time and that it complies with the listing requirements and complements the Council's own assets in the area.
- 4.5 In order to achieve the required outcomes it has been agreed that the Council enter into an option agreement with the proposed purchaser for a period of 6 months to enable them to develop proposals and seek appropriate planning consent prior to sale.

5 ASSET MANAGEMENT CONSIDERATIONS

- 5.1 The attention of the Portfolio Holder is drawn to the Asset Management element of the Business Transformation programme. The decision by Cabinet of January 2009 requires a commercial, proactive approach to be taken on Asset Management issues.
- 5.2 The decision to adopt a commercial approach to asset management requires the Council to realise the full value of any properties or property rights that it disposes of.

6. RECOMMENDATIONS

- 6.1 That approval is given to the granting of an option for the sale of the building on the basis of the terms outlined in the report.

7. REASONS FOR RECOMMENDATIONS

- 7.1 The offer fully reflects the market value of the property (including the adjoining area of undeveloped land situated on the corner of Lynn Street and Surtees Street).

- 7.2 The proposed purchasers have experience of refurbishing run-down properties in secondary locations and are likely to be in a position to complete a suitable renovation within 12 to 18 months of purchase.

8. CONTACT OFFICER

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FINANCE AND PROCUREMENT PORTFOLIO

Report to Portfolio Holder

7 March 2011



Report of: Chief Finance Officer and Chief Solicitor

Subject: CHIEF EXECUTIVES DEPARTMENTAL PLAN
2010/11 – 3RD QUARTER MONITORING
REPORT

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 9 month period ending 31 December 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 7 March 2011.

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 – 3RD QUARTER MONITORING
REPORT

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 31 December 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 22 February 2011.

THIRD 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. These include 52 actions and 33 KPIs that are the responsibility of the Corporate Strategy and Customer and Workforce Services Divisions and are not included in this report.

Of the remaining 23 actions and 2 KPIs, 15 actions and 1 indicator are the responsibility of the Finance Division, and the remaining 8 actions and 1 indicator 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 31 December: -

Table 1 – Progress made on Actions included in 2010/11 CED Departmental Plan

		Finance	Legal Services	Total
	Target achieved	4	2	6
	On track to achieve target	10	6	16
	Progress acceptable	1	0	1
	Intervention Required	0	0	0
	Target not achieved	0	0	0
	Total	15	8	23

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 15 actions that were the responsibility of the Finance Division. 14 of these (93.3%) have been assessed as already being completed or being on track to achieve target. The remaining action (6.7%) has been assessed as having made acceptable progress.
13. In the period up to and including 31 December 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 31 December 2010 all actions have already been completed or as being on track to achieve target.
15. In the period up to and including 31 December 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

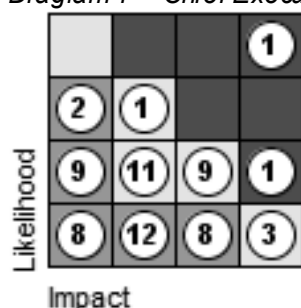
Risk Monitoring

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 minimised 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
<p>Likelihood</p> <p>Impact</p>	CED R044	Loss of Grant Funding	Finance Division	Grant Settlement confirmation received from Central government and reported to Cabinet on 7 February 2011.
<p>Likelihood</p> <p>Impact</p>	CED R060	Delivery of an effective Corporate Service	Legal Services	

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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3.1 APPENDIX A

HARTLEPOOL BC
RISK ASSESSMENT MATRIX AND VALUE GUIDES

		IMPACT			
LIKELIHOOD		1 Low	2 Medium	3 High	4 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**

FINANCE AND PROCURMENT PORTFOLIO

Report to Portfolio Holder

7th March 2011



Report of: Director of Regeneration and Neighbourhoods

Subject: REGENERATION AND NEIGHBOURHOODS
DEPARTMENTAL PLAN MONITORING
REPORT - APRIL TO DECEMBER 2010

SUMMARY

1. PURPOSE OF REPORT

To inform the Portfolio Holder of the progress made against the Regeneration and Neighbourhoods Departmental Plan 2010/11 over the period April to December 2010.

2. SUMMARY OF CONTENTS

The progress against the key actions and performance indicators, along with latest position with regard to risks contained in the Regeneration and Neighbourhoods Departmental Plan 2010/11.

3. RELEVANCE TO PORTFOLIO MEMBER

The Portfolio Holder has responsibility for performance management issues in relation to some aspects of the Regeneration and Neighbourhoods Departmental Plan, covering those areas which fall within the scope of this portfolio.

4. TYPE OF DECISION

Non-key.

5. DECISION MAKING ROUTE

Portfolio Holder meeting 7th March 2011.

6. DECISION REQUIRED

The Portfolio Holder is requested to:

- Note the progress of key actions and performance indicators along with the latest position with regard to risks.
- Approve the proposed Action date change.

Report of: Director of Regeneration and Neighbourhoods

Subject: REGENERATION AND NEIGHBOURHOODS
DEPARTMENTAL PLAN MONITORING
REPORT - APRIL TO DECEMBER 2010

1. PURPOSE OF REPORT

- 1.1 To inform the Portfolio Holder of the progress made against the Regeneration and Neighbourhoods Departmental Plan 2010/11 over the period April to December 2010.






2. BACKGROUND

- 2.1 The Portfolio Holder has responsibility for performance management issues in relation to some aspects of the Regeneration and Neighbourhoods Departmental Plan, covering those areas which fall within the scope of this portfolio.
- 2.2 The Departmental Plan sets out the key tasks and issues along with an Action Plan to show what is to be achieved by the department in the coming year.
- 2.3 The Council's Covalent performance management system is used for collecting and analysing performance data in relation to both the Corporate Plan and Departmental Plans. The system is also used to monitor Risk Management across the council as part of the Performance Management Framework.
- 2.4 Where appropriate more detailed service plans are also produced detailing how each individual section contributes to the key tasks and priorities contained within the Regeneration and Neighbourhoods Departmental Plan and ultimately those of the Corporate Plan. These plans are managed within the department.

3. THIRD QUARTER PERFORMANCE






- 3.1 This section looks in detail at how the Department has performed in relation to the key actions and performance indicators that were included in the Regeneration and Neighbourhoods Departmental Plan 2010/11.
- 3.2 On a quarterly basis officers from across the department are requested, to provide an update on progress against every action and performance indicator contained in the performance plans.

- 3.3 Officers are asked to provide a short commentary explaining progress made to date, and asked to traffic light each action based on whether or not they will be, or have been, completed within target as set out in the plans. The traffic light system is: -

-  Completed
-  On track
-  Progress acceptable
-  Intervention required
-  Target not achieved

- 3.4 Within the Departmental Plan there are a total of 28 actions and 8 performance indicators for which the Portfolio Holder has responsibility. Table 1, below, summarises the progress made, to the 30th September 2010, towards achieving these actions.

Table1 – Regeneration and Neighbourhoods Departmental Plan 2010/11 progress summary

	Departmental Plan (Finance and Procurement Portfolio)	
	Actions	PI's
	12	1
	14	2
	0	4
	2	1
	0	-
Annual	-	-
Total	28	8

- 3.5 It can be seen from the above table that 14 of the actions for which the Portfolio has responsibility have been highlighted as being on track to achieve target, with a further action progressing within acceptable limits.
- 3.6 Two of the actions contained within the plan for which the Portfolio holder has responsibility have been identified as Intervention required. It is intended to continue with these actions and as such Officers have proposed revisions to the due dates. Details of these actions along with the revised dates can be found in the table overleaf.

Ref	Description	Comments / reason for date change	Revised date
RND OD008	Develop and implement the integration of Housing and Public Protection, Authority Public Protection (APP) Systems.	A business case for this work to commence has been developed and approved. Work has now started with full implementation expected by end of March 2011.	Mar 11
RND OD010	Secure funding and ensure new cremators (associated mercury abatement equipment) are installed and operating at Stranton Crematorium	Due to the complexities involved in this scheme it will take longer than originally anticipated. A revised project timetable is being developed to ensure that the new cremators are installed and operating before the new regulations come into force in December 2012.	Dec 12

3.7 The remaining 12 actions have been marked as completed.

3.8 It can also be seen that 3 of the Performance Indicators have been highlighted as being 'on track' or completed with 4 indicators highlighted as progressing within acceptable limits.

3.9 The remaining indicator, is highlighted as 'Intervention required' and relates to waste management. Details of this indicator is shown in the table below.

Indicator	Outturn	Target	Comments
NI 193 - Percentage of municipal waste land filled	13.8%	6%	The percentage of waste landfilled has reduced from that reported in Quarter 2, however there has also been further shutdowns within the third quarter. A new transfer agreement with Sita is now being utilised reducing the amount of waste directed to landfill

3.10 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 responsible officers assess the risks identified within the Department's Risk Register.

3.11 The Portfolio Holder has responsibility for 5 of the risks identified with the departmental plan with none identified as high (Red) risk

3.12 The diagram below shows the distribution of risks according to their risk rating.

		2	
1		2	

Impact

4. RECOMMENDATIONS

4.1 The Portfolio Holder is requested to:

- Note the progress of key actions along with the latest position with regard to risks.
- Approve the proposed Action date change.

5. CONTACT OFFICER

Stephen Russell
Systems & Performance Manager
Regeneration and Neighbourhoods Department
Hartlepool Borough Council
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FINANCE AND PROCUREMENT PORTFOLIO HOLDER

7 March 2011



Report of: Scrutiny Co-ordinating Committee

Subject: CALL-IN OF DECISION - MIGRATION OF
TELEPHONY PROVISION TO HARTLEPOOL
BOROUGH COUNCIL

SUMMARY

1. PURPOSE OF REPORT

- 1.1 To report the outcome of the Scrutiny Co-ordinating Committee meeting on the 5 November 2010 (adjourned and reconvened on the 12 November 2010 and 28 January 2011) at which consideration was given to the 'Call-In' of the following decision taken by the Finance and Procurement Portfolio Holder on 12 August 2010, as per the Authority's Call-In procedure:-

Minute No. 13 – Migration of Telephony Provision to Hartlepool Borough Council

"The Portfolio Holder noted the content of the report and agreed to proceed with the migration of telephony services to Supplier A subject to satisfactory agreement being reached on the removal of costs from the ICT contract between Hartlepool Borough Council and Northgate and confirmation of service performance checks. The Portfolio Holder requested a further report be given to him."

2. SUMMARY OF CONTENTS

The report outlines the views of the Scrutiny Co-ordinating Committee in relation to the 'call-in' of the decision taken by the Finance and Procurement Portfolio Holder on 12 August 2010 in relation to the 'Migration of Telephony Provision to Hartlepool Borough Council'.

3. RELEVANCE TO CABINET

3.1 As per the Authority's Call-In procedure, the Finance and Procurement Portfolio Holder is required to consider the Scrutiny Co-ordinating Committee's comments and respond to them. In considering comments the Finance and Procurement Portfolio Holder has two options in terms of a way forward:-

- (i) Reaffirm the original decision, or
- (ii) Modify the original decision.

4. TYPE OF DECISION

4.1 Non key decision.

5. DECISION MAKING ROUTE

5.1 The decision making route is as follows:

- Scrutiny Co-ordinating Committee meetings on the 27 August 2010, 5 November 2010, 12 November 2010 and 28 January 2011; and
- Finance and Procurement Portfolio Holder meeting on 7 March 2011.

6. DECISION(S) REQUIRED

6.1 To note the views expressed by the Scrutiny Co-ordinating Committee in response to the 'call-in' of the decision taken on the Finance and Procurement Portfolio Holder; and

6.2 To reaffirm or amend the decision taken by Finance and Procurement Portfolio Holder on the 12 August 2010 (minute no. 13 refers), setting out the reasons for doing so in response to the issues raised by the Scrutiny Co-ordinating Committee.

Report of: Scrutiny Co-ordinating Committee

Subject: CALL-IN OF DECISION - MIGRATION OF
TELEPHONY PROVISION TO HARTLEPOOL
BOROUGH COUNCIL

1. BACKGROUND

- 1.1 At the Finance and Procurement Portfolio Holder on 12 August 2010, a report was submitted in relation to the 'Migration of Telephony Provision to Hartlepool Borough Council' (copy attached at **Appendix A**). Following consideration of the report / information provided the Finance and Procurement Portfolio Holder made the following decision:-

Minute No. 13 (copy attached at **Appendix B**) – Migration of Telephony Provision to Hartlepool Borough Council

"The Portfolio Holder noted the content of the report and agreed to proceed with the migration of telephony services to Daisy Group plc subject to satisfactory agreement being reached on the removal of costs from the ICT contract between Hartlepool Borough Council and Northgate and confirmation of service performance checks. The Portfolio Holder requested a further report be given to him."

- 1.2 The Scrutiny Co-ordinating Committee gave initial consideration to a 'call-in' notice in relation to the decision (as outlined in Section 1.1 above) at its meeting on the 27 August 2010. Following consideration of the information provided, the Committee accepted the 'call-in' on the basis that the decision had been taken in contravention of the principles of decision making (as outlined in Article 13 of the Constitution) – specifically in respect of parts:-

- v) best value;
- viii) due consideration of options available to the decision taken; and
- xi) efficiency.

- 1.3 A further meeting of the Scrutiny Co-ordinating Committee was convened on the 5 November 2010, which went on to be adjourned and reconvened on the 12 November 2010 and 28 January 2011, to give full consideration to the 'call-in'. A copy of the full minutes of these meetings is attached at **Appendix C**, with a summary of the outcomes of discussions outlined in Section 2 of this report.

2. KEY ISSUES / CONCERNS

- 2.1 The Scrutiny Co-ordinating Committee met on the 5 November 2010 (reconvened on the 12 November and 28 January 2011) to determine whether it agreed with the members submitting the call-in notice. The Committee discussed in detail the decision and expressed views as follows:-

- a) The Committee, on the 5th November 2010 and 15 November 2010, received detailed information and analysis of the procurement position to assist in consideration of the Call-in. Following consideration of the information provided Members:-
 - i) Agreed with the proposal contained within the report that the most appropriate way forward would be to renegotiate with the current supplier, with a view to securing savings in line with those anticipated with moving supplier;
 - ii) Agreed that should these negotiations prove unsuccessful, agreement would need to be sought from the Finance and Procurement Portfolio Holder on the most appropriate route to take in relation to the migration of the telephony provision. Members felt strongly that in this event a competitive procurement process should be undertaken; and
 - iii) Agreed that further discussion was needed in order to conclude consideration of the Call-In and looked forward to receiving a further report on the outcome of renegotiations with the current supplier.
- b) The Committee received a further report, on the 28 January 2011, in relation to the outcome of negotiations with the current supplier and the procurement process in relation to the telephony service: During the course of discussions, the Committee:-
 - i) Noted that negotiations with the current provider had been unsuccessful and welcomed indications that its recommendation that a competitive procurement process be pursued had already been taken forward (with both price and quality being taken into consideration to ensure the Council achieved best value as well as the requisite savings).

2.2 In concluding consideration of the Call-In, Members were strongly of the view that:-

- i) The principles of decision making had been contravened, reinforcing the grounds for the call in;
- ii) The initial process had not been transparent in that the contract had not been subject to the correct tendering process and alternative options pursued;
- iii) The initial process did not represent best value and that other providers had not had an opportunity to conduct the same exercise as the proposed provider; and
- iv) A tightening up of the procurement process was needed in future to ensure issues of this nature did not reoccur.

- 2.3 During the course of discussions, the Committee also identified the potential opportunity to explore Members' future IT requirements as part of the telephony procurement process. The Committee was advised that the intention of the current telephony procurement exercise was to examine line rental and although it would not include specific IT equipment requirements, the issue of ensuring adaptability / compatibility to accommodate possible future changes to IT equipment would be included. The Committee acknowledged this position and reiterated the need for a full review of Members' IT equipment requirements, which it was felt should be included in any future equipment procurement exercise.

3. RECOMMENDATIONS

- 3.1 That the Committee disagreed with decision of Minute 13 (as outlined in Section 1.1 of the report), on the following grounds, and refers it back to the Finance and Procurement Portfolio Holder for further consideration:-
- i) The principles of decision making had been contravened, reinforcing the grounds for the call in;
 - ii) The initial process had not been transparent in that the contract had not been subject to the correct tendering process and alternative options pursued; and
 - iii) The initial process did not represent best value and that other providers had not had an opportunity to conduct the same exercise as the proposed provider.
- 3.2 That the Finance and Procurement Portfolio Holder be advised that the Committee welcomed the procurement exercise currently being undertaken in relation to telephony provision.
- 3.3 That in reconsidering his decision, the Scrutiny Co-ordinating Committee recommend to the Finance and Procurement Portfolio Holder that:-
- (i) The formal procurement process (as laid down in the Constitution) should be followed at all times to prevent an issue of this nature reoccurring again;
 - (ii) The current telephony procurement exercise should include a requirement for the new system to be adaptable / compatible with possible future changes to IT equipment.
 - (iii) A full review of Members' IT equipment requirements should be carried out and that this should be included in any future equipment procurement exercise.

BACKGROUND PAPERS

The following background paper was used in the preparation of this report:-

- (i) Hartlepool Borough Council's Constitution;
- (ii) Call-In of Decision: Migration of Telephony Provision to Hartlepool Borough Council – Briefing Note – Scrutiny Co-ordinating Committee (27 August 2010);
- (iii) Agenda and Minutes – Finance and Procurement Portfolio Holder (12 August 2010); and
- (iv) Agenda and Minutes – Scrutiny Co-ordinating Committee (5 November 2010, 12 November 2010 and 28 January 2011).

CONTACT OFFICER

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FINANCE AND PROCUREMENT PORTFOLIO

Report to Portfolio Holder

12th August 2010



Report of: Assistant Director (Resources)

Subject: MIGRATION OF TELEPHONY PROVISION TO
HARTLEPOOL BOROUGH COUNCIL

SUMMARY

1. PURPOSE OF REPORT

To inform Portfolio Holder of the recent evaluation of the cost of telephony services provided to Hartlepool Borough Council by British Telecom (BT), and to advise of the recommendation to migrate service provision from BT to Daisy Group plc.

2. SUMMARY OF CONTENTS

This report outlines the potential to achieve savings on telephony costs across the council by relocating the service to a more cost effective provider for Hartlepool Borough Council

3. RELEVANCE TO PORTFOLIO MEMBER

Falls within the remit of the Portfolio Holder

4. TYPE OF DECISION

Non Key

5. DECISION MAKING ROUTE

Finance and Procurement Portfolio then Scrutiny Coordinating Committee.

6. DECISION(S) REQUIRED

That the Portfolio Holder notes the contents of this report and agrees to proceed with the migration of telephony services to Daisy Group PLC subject to satisfactory agreement being reached on the removal of costs from the ICT contract between HBC and Northgate.

Report of: Assistant Director (Resources)

Subject: MIGRATION OF TELEPHONY PROVISION TO
HARTLEPOOL BOROUGH COUNCIL

1. PURPOSE OF REPORT

- 1.1** To inform Portfolio Holder of the recent evaluation of the cost of telephony services provided to Hartlepool Borough Council by British Telecom (BT), and to advise of the recommendation to migrate service provision from BT to Daisy Group plc.

2. BACKGROUND

- 2.1** In light of the current budget pressures upon the authority it was felt prudent to undertake some analysis of the cost of providing telephony services to HBC to determine whether any cost savings could be achieved.
- 2.2** HBC currently procure telephony services directly from BT's Office of Government Commerce (OGC) contract securing the most cost effective tariffs available from BT. In the past other providers have been able to undercut the cost of BT services, however further investigation of these service providers have left concerns or unanswered questions over the quality of service and customer service. Given the potential risk and impact to services the decision was made to leave services with BT.
- 2.3** Daisy Group plc have recently won a significant number of public sector contracts and now provide services, or are in the process of competing for them, for the majority of Local Authorities in the Tees Valley:
- Stockton and Middlesbrough are now customers of Daisy;
 - Redcar and Cleveland, Darlington, Sunderland and South Tyneside are in direct discussion with Daisy to migrate services.
- 2.4** This, along with a number of reference sites Daisy have offered, gives HBC confidence in the quality of services provided to Local Authority and wider Public Sector customers

3. FINANCIAL CONSIDERATIONS

- 3.1 In order to understand the potential savings offered by migrating the telephony service to Daisy, a direct cost comparison between the Daisy Tariff and our incumbent supplier, BT, was undertaken. The analysis identified that potential savings of circa £25K per annum are available by migrating to Daisy from BT based on our telephone usage in the previous year.

4. CONTRACTUAL AND PROCUREMENT CONSIDERATIONS

- 4.1 Current costs for the Council telephony are split between those directly billed to the Council and those that transferred to Northgate in 2001 as part of the Information Technology Alliance. HBC finance continue to work through the current mechanism and budgets for internally recharging telephony costs and to revise these to ensure future costs for telephony are easily understood and can be recharged with clarity allowing the relevant savings to be defunded from budget(s).
- 4.2 In order to simplify the billing and invoicing process for telephony services the Council intends to remove the element of service and associated costs from the Northgate contract and consolidate all costs and contracts directly to the Council. The Council have approached Northgate to negotiate the necessary costs from the base service fee and although detailed discussions are still to take place to determine the costs to be removed, Northgate have indicated their agreement to this, allowing the Council to access potential savings from the Daisy contract.
- 4.3 Daisy is an OGC approved supplier, and therefore has been through the relevant procurement checks and competition to prove value for money and fulfil regulations.

5. RISK IMPLICATIONS

- 5.1 There are 2 significant areas of risk that HBC need to mitigate before any migration of services can take place, these are:
- Potential loss of service to HBC during the migration process
 - Poor level of service from the new supplier
- 5.2 HBC have asked the proposed supplier to provide assurances to mitigate the identified areas of risk and have received a number of references from customers of Daisy to satisfy HBC's concerns in respect of the above.

- 5.3 Feedback from other Local Authorities has been positive and provides confidence in the company.

6. RECOMMENDATIONS

- 6.1 That the Portfolio Holder notes the contents of this report and agrees to proceed with the migration of telephony services to Daisy Group PLC subject to satisfactory agreement being reached on the removal of costs from the ICT contract between HBC and Northgate.

7. CONTACT OFFICER

John Bulman, ICT Contract Manager. Tel 284159

FINANCE AND PROCUREMENT PORTFOLIO DECISION RECORD

12 August 2010

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

Present:

Councillor Robbie Payne (Finance and Procurement Portfolio Holder)

Officers: Graham Frankland, Assistant Director (Resources)
Sarah Bird, Democratic Services Officer

13. Migration of Telephony Provision to Hartlepool Borough Council – *Assistant Director (Resources)*

Type of decision

Non key.

Purpose of Report

To inform the portfolio of the recent evaluation of the cost of telephony services provided to Hartlepool Borough Council by British Telecom (BT) and to advise of the recommendation to migrate service provision from BT to Daisy Group plc.

Issues for Consideration

The report outlined the potential to achieve savings on telephony costs across the council by relocating the service to a more cost effective provider for Hartlepool Borough Council.

Daisy Group plc currently provide services for Stockton and Middlesbrough Borough Councils. Other Authorities in the Tees Valley are in discussion with Daisy regarding migration of services. Analysis had identified a potential saving of £25,000 if Daisy were to provide the telephony provision for the Authority. Negotiations were currently ongoing with Northgate in relation to current service costs but it was expected that this would be finalised imminently. Daisy Group plc is an OCG approved supplier, and has therefore been through the relevant procurement checks and competition to prove value for money.

The Portfolio Holder asked what the current cost of service provision was with BT and the Assistant Director (Resources) agreed to provide him with this information. He also asked whether there would be scope

for procurement as a Tees Valley Authority Group and was informed that if other authorities decided to proceed with using Daisy it could be an option in future. Although the report had identified a risk that there may be a potential lost of service to HBC during the migration process, this was unlikely to occur. The contract could be initially for one year, but is flexible and could be extended if required.

Decision

The Portfolio Holder noted the content of the report and agreed to proceed with the migration of telephony services to Daisy Group plc subject to satisfactory agreement being reached on the removal of costs from the ICT contract between Hartlepool Borough Council and Northgate and confirmation of service performance checks. The Portfolio Holder requested a further report be given to him.

P J DEVLIN

CHIEF SOLICITOR

PUBLICATION DATE: 17 August 2010

SCRUTINY CO-ORDINATING COMMITTEE

MINUTES

5 November 2010

The meeting commenced at 2.00 p.m. in the Civic Centre, Hartlepool

Present:

Councillor: Marjorie James (In the Chair)

Councillors: S Akers-Belcher, C Akers-Belcher and Flintoff

Officers: Denise Wimpenny, Principal Democratic Services Officer

180. Apologies for Absence

Apologies for absence were submitted on behalf of Councillors Cook, Cranney, Griffin, London, A Marshall, McKenna, Preece, Richardson, Shaw, Simmons, Thomas and Wells

181. Inquorate Meeting

In the absence of a quorum, the meeting was adjourned. The Chair determined that the meeting be reconvened immediately following the conclusion of the Scrutiny Co-ordinating Committee scheduled for 2.00 pm on Friday 12 November 2010.

The meeting stood adjourned at 2.01 pm.

**Upon being reconvened on Friday 12 November
immediately following the conclusion of the Scrutiny Co-ordinating
Committee scheduled at 2.00 pm in the Civic Centre, Hartlepool**

Present:

Councillor Marjorie James (In the Chair);

Councillors Kevin Cranney, Ann Marshall, Arthur Preece, Carl Richardson,
Chris Simmons and Stephen Thomas

Resident Representatives:

Linda Shields and Angie Wilcox

Officers: Graham Frankland, Assistant Director (Resources)
 Joan Stevens, Scrutiny Manager
 Denise Wimpenny, Principal Democratic Services Officer

182. Apologies for Absence

Apologies for absence were submitted on behalf of Councillors Christopher Akers-Belcher, Stephen Akers-Belcher, Rob Cook, Bob Flinitoff, Sheila Griffin, Jane Shaw and Ray Wells.

183. Declarations of interest by Members

None.

184. Confirmation of the minutes of the meetings held on 24th September and 15 October 2010

Confirmed.

185. Responses from the Council, the Executive or Committees of the Council to Reports of the Scrutiny Co-ordinating Committee

None.

186. Consideration of request for scrutiny reviews from Council, Executive Members and Non Executive Members

None.

187. Forward Plan

None.

188. Consideration of progress reports/budget and policy framework documents

None.

189. Consideration of financial monitoring/corporate reports

None.

190. Call-in Decision: Migration of Telephony Provision to Hartlepool Borough Council – Briefing Note/Additional Information *(Scrutiny Manager/Assistant Director)*

The Scrutiny Manager provided Members with the relevant information relating to the Call-In of the Migration of Telephony Provision decision taken by the Finance and Procurement Portfolio Holder on 12 August 2010, in accordance with the Authority's Call-In procedure. The decision taken was that "The Portfolio Holder noted the content of the report and agreed to proceed with the migration of telephony services to Daisy Group plc subject to satisfactory agreement being reached on the removal of costs from the ICT contract between Hartlepool Borough Council and Northgate and confirmation of service performance checks. The Portfolio Holder requested a further report be given to him."

An extract of the relevant minute together with the report considered by the Portfolio Holder was submitted. Following the submission of an appropriate call-in notice (submitted as an appendix to the report) the Scrutiny Co-ordinating Committee, at its meeting on 27 August 2010, considered and accepted the notice. A report from the Assistant Director (Resources) was submitted which provided additional information on the Telephony Provision as requested by Members when the call-in notice was accepted.

The Assistant Director (Resources) referred Members to the additional information as set out in the report which included background information, financial considerations, details of performance checks on Supplier A, choice of proposed alternative as potential supplier, Northgate/Infrastructure risks, alternative providers together with conclusions and recommendations.

In conclusion, Members were advised that it was considered that the most appropriate way to proceed was to renegotiate with the current supplier with a view to securing savings in line with those anticipated with moving supplier. This was now a viable option following the Council's proposals to switch supplier in addition to concerns over the lack of response from the previous account manager. This had recently resulted in the authority being allocated a new account manager.

The Committee supported the proposal to renegotiate with the current supplier and it was therefore suggested that the meeting be adjourned pending receipt of the outcome of the renegotiations with the current supplier.

Recommended

- (i) The contents of the report, be noted.
- (ii) That the meeting stand adjourned pending receipt of the outcome of renegotiations with the current supplier.

191. Call-in Requests

None.

The meeting stood adjourned at 3.35 pm.

**Upon being reconvened on Friday 28 January
immediately following the conclusion of the Scrutiny Co-ordinating
Committee scheduled at 2.00 pm in the Civic Centre, Hartlepool**

Present:

Councillor Marjorie James (In the Chair);

Councillors C Akers-Belcher, Ann Marshall, Carl Richardson and Ray Wells

Resident Representatives:

Linda Shields and Angie Wilcox

In accordance with paragraph 4.2 (ii) of the Council's Constitution Councillor Worthy was in attendance as substitute for Councillor S Akers-Belcher

Officers: Graham Frankland, Assistant Director (Resources)
Joan Stevens, Scrutiny Manager
Denise Wimpenny, Principal Democratic Services Officer

192. Apologies for Absence

Apologies for absence were submitted on behalf of Councillors Christopher Akers-Belcher, Stephen Akers-Belcher, Rob Cook, Bob Flinitoff, Sheila Griffin, Jane Shaw and Ray Wells.

193. Declarations of interest by Members

None.

194. Call-in of Decision: Migration of Telephony Provision to Hartlepool Borough Council – Additional Information *(Director of Regeneration and Neighbourhoods)*

The Assistant Director (Resources) presented the report which provided background information relating to the call-in together with additional information regarding the procurement process in relation to telephony services.

Since the last meeting negotiations with the existing provider had been undertaken to establish whether they could secure the savings the Council were seeking as proposed by the Committee. These negotiations had proven to be unsuccessful and, as suggested by the Scrutiny Co-ordinating Committee at its last meeting, a competitive procurement process was now being pursued considering both price and quality to ensure the Council achieved best value as well as the requisite savings.

The report included details of responses received from seven providers and the results of the analysis by the ICT supplier. The results of the renegotiation with the current supplier and the competitive exercise were to be reported to the Finance and Procurement Portfolio Holder.

The Committee's comments on the report were sought for consideration by the Finance and Procurement Portfolio Holder.

Members reiterated the view expressed at the adjourned meeting on the 5 November 2010 that:-

- i) The principles of decision making had been contravened, reinforcing the grounds for the call in;
- ii) The initial process had not been transparent in that the contract had not been subject to the correct tendering process and alternative options pursued; and
- iii) The initial process did not represent best value and that other providers had not had an opportunity to conduct the same exercise as the proposed provider.

Members were pleased to find that these views had been taken on board and welcomed the initiation of a competitive procurement exercise looking at both price and quality to ensure the Council achieved best value. Over and above the views previously expressed by the Committee, Members recommended that a tightening up of the procurement process was needed in future to ensure issues of this nature did not reoccur.

Members also requested that Members' future IT requirements be examined as part of the telephony procurement process. The Assistant Director

highlighted that the current telephony procurement exercise would examine line rental and whilst it would not include specific IT equipment requirements the issue of ensuring adaptability / compatibility to accommodate possible future changes to IT equipment would be included. Members noted this and reiterated the need for a full review of Members' IT equipment requirements and that this should be included in any future equipment procurement exercise.

Recommended

That following the Committee's full and detailed consideration of the information provided, the Performance Portfolio Holder be advised of the Committee's following recommendations:-

- (i) Members welcomed the procurement exercise currently being undertaken in relation to telephony provision.
- (ii) That the formal procurement process (as laid down in the Constitution) should be followed at all times to prevent an issue of this nature reoccurring again.
- (iii) That the current telephony procurement exercise should include a requirement for the new system to be adaptable / compatible with possible future changes to IT equipment.
- (iv) That a full review of Members' IT equipment requirements should be carried out and that this should be included in any future equipment procurement exercise.

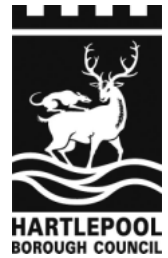
The meeting concluded at 4.30 pm.

CHAIR

FINANCE AND PROCUREMENT PORTFOLIO

Report To Portfolio Holder

7th March 2011



Report of: Assistant Director (Resources)

Subject: MIGRATION OF TELEPHONY PROVISION TO
HARTLEPOOL BOROUGH COUNCIL

SUMMARY

1. PURPOSE OF REPORT

The purpose of this report is to inform the Portfolio Holder of the proposed response to the outcomes of the call-in notice in relation to the above service, provide additional information regarding the procurement process and seek approval to the appointment of a service provider.

2. SUMMARY OF CONTENTS

The report provides details of the Scrutiny Co-ordinating Committee's Call-in investigation and outcomes including additional information and analysis presented to the Committee in relation to the original decision of the Portfolio Holder. The procurement process is explained and reviewed including an assessment of alternative providers and potential savings for the Portfolio Holder to consider in the appointment.

3. RELEVANCE TO PORTFOLIO MEMBER

Procurement of Services falls within the remit of the Portfolio Holder.

4. TYPE OF DECISION

Non key.

5. DECISION MAKING ROUTE

Finance and Procurement Portfolio, 7th March, 2011.

6. DECISION(S) REQUIRED

1. That Portfolio Holder notes the findings of Scrutiny Co-ordinating Committee's Call-in investigation.
2. That Portfolio Holder considers the response on the procurement process for Telephony Services.
3. That Portfolio Holder approves the assessment process and the appointment of Provider A.

Report of: Assistant Director (Resources)

Subject: MIGRATION OF TELEPHONY PROVISION TO
HARTLEPOOL BOROUGH COUNCIL

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to inform the Portfolio Holder of the proposed response to the outcomes of the call-in notice in relation to the above service, provide additional information regarding the procurement process and seek approval to the appointment of a service provider.

2. BACKGROUND

- 2.1 The Assistant Director (Resources) presented a report to the Finance and Procurement Portfolio Holder on 12th August 2010 recommending to proceed with the migration of telephony services to an alternative provider. The evaluation presented was noted and the Portfolio Holder agreed to proceed with the migration of telephony services to an alternative provider subject to satisfactory agreement being reached on the removal of costs from the ICT contract between Hartlepool Borough Council and Northgate and confirmation of service performance checks. The Portfolio Holder requested a further report be given to him.
- 2.2 Following the decision taken by the Finance and Procurement Portfolio Holder on 13 August 2010 a Call-In Notice was submitted to the Proper Officer by Members of the Council on the 20 August 2010. The Scrutiny Coordinating Committee at its meeting on 27th August 2010 accepted the 'Call-in' and requested further investigation.
- 2.3 In accordance with the request for additional information by the Scrutiny Co-ordinating Committee, the following supplementary information and analysis was presented to support and advise Members of the Committee and this is included in Sections 4 to 7. These sections are largely for the Portfolio Holder's information in fully explaining the reasoning and process behind the original decision.
- 2.4 A report from the Scrutiny Co-ordinating Committee is also included on the Agenda.

3. RESULTS OF THE SCRUTINY CO-ORDINATING COMMITTEE'S CALL-IN INVESTIGATION

3.1 Scrutiny Co-ordinating Committee considered a substantial amount of information over two meetings and at their meeting of the 28th January 2011 the investigation was completed with the following outcomes: -

- 3.1.1 The Committee felt the original procurement process was flawed in that options for choices of provider had been restricted and best value was not proven. Therefore re-enforcing the grounds for the call-in.
- 3.1.2 The Committee felt that a "tightening up" of procurement processes was required in this regard following formal laid down procedures.
- 3.1.3 The current telephony procurement exercise should include a requirement for the new system to be adaptable/compatible with possible future changes to IT equipment.
- 3.1.4 A full review of Members' IT equipment requirements should be carried out and that this should be included in any future equipment procurement exercise.

3.2 The Scrutiny Co-ordinating Committee was a valuable investigation and the Committee's recommendations have now been taken on board in considering alternative providers and will be used to shape future provision. The remaining sections of the report represent the additional work done in the procurement process as a result of the outcomes of the investigation.

3.3 In terms of the inter-relationship with the Council's ICT provider and a review of Members' IT equipment requirements, the concerns raised by the Committee will be highlighted for inclusion in the current examination and development of ICT provision and future contractual requirements. Discussions have taken place with the Assistant Chief Executive to raise these issues.

4. ADDITIONAL BACKGROUND INFORMATION PROVIDED TO SCRUTINY COORDINATING COMMITTEE ON PORTFOLIO HOLDER'S ORIGINAL DECISION

4.1 Previous to the current investigation the current provider had been approached on several occasions in relation to the service they provided and the associated costs. This was due to the ongoing requirement to make savings and also due to concerns regarding their performance. We requested a meeting with our current providers account manager to discuss our financial position and to raise some minor concerns over the current provider's responsiveness. During this meeting the current provider was asked what as our primary supplier of

telephony services they could do to assist. The current provider advised that the Council were already on their lowest tariff but offered to assist us by looking for unutilised lines and consolidating all billing information together onto a single bill to reduce the Council's management overhead for dealing with the current provider's invoices. Unfortunately the current provider acted on neither and despite several attempts by the Council to pursue this no response from the current provider was forthcoming.

- 4.2 It was concluded that significant deliverable savings should be sought from an alternate provider.
- 4.3 Therefore, in light of the current budget pressures upon the authority it was felt prudent to undertake some further analysis of the cost of providing telephony services to the Council to determine whether any cost savings could be achieved.
- 4.4 The Council currently procure telephony services directly from the current provider through the OGC contract. However, a competing provider, Supplier A, has recently won a significant number of public sector contracts and now provide services, or are in the process of competing for them, for the majority of Local Authorities in the Tees Valley and a significant number of other Local Authorities and public sector providers.
- 4.5 This information relating to current market activity raised the possibility that there were potential savings to be realised in relation to our current telephony arrangements.
- 4.6 As a result of their recent success and positive feedback received from other local authorities in relation to Supplier A, the decision was made to investigate what benefits adopting Supplier A as a telecoms provider would provide.
- 4.7 Following these investigations it was clear that Supplier A was able to provide the Council with an opportunity to accrue considerable savings, valued in the region of around £25k per annum (based on current usage patterns).
- 4.8 As part of the discussions with Supplier A it was necessary to understand the value of this contract to the marketplace so that the appropriate procurement route could be identified.
- 4.9 Specifically, the opportunity being made available to the market was for someone to manage the use of our existing infrastructure and networks for service delivery essentially acting as a 'middle man'. Many telephony vendors choose not to install their own cabling and telephone exchanges, instead they secure partnership arrangements with organisations like the current provider or Cable and Wireless who already have networks and infrastructure in place. Due to the potential

level of business these vendors can bring, these organisations are able to procure access to the current provider networks at greatly discounted cost, far in excess of those normally available to direct customers of the current provider.

- 4.10 The services remain on the existing networks and the only visible change to the end-user is that the billing comes from Supplier A at lower charges than the current provider and they provide one point of contact for customer service issues.
- 4.11 The structure of this arrangement is that the Council pay a reduced price for calls, payable to an alternative provider. The alternative provider in turn pays the current supplier for our calls and they make their commission by paying a slightly lower rate to the current supplier than they charge us. They are able to do this because they buy large volumes of the current provider's call-time and attract significantly discounted rates as described in 4.9.

5. FINANCIAL CONSIDERATIONS

- 5.1 In order to understand the potential savings offered by migrating the telephony service to an alternative supplier, a direct cost comparison between the alternative supplier tariff and our incumbent supplier was undertaken. The analysis identified that potential savings of circa £25K per annum are available by migrating to the alternative supplier from the current supplier based on our telephone usage in the previous year. The alternative supplier has also said they will carry out checks on unused or rarely used lines which may result in further savings. This made their offer more attractive.
- 5.2 Current costs for the Council telephony are split between those directly billed to the Council and those that transferred to Northgate in 2001 as part of the Information Technology Alliance. The total annual payment to the current supplier is in the region of £150k which, with the £25k savings suggested would give an annual saving of 17%.
- 5.3 In order to simplify the billing and invoicing process for telephony services the Council intends to remove the element of service and associated costs from the Northgate contract and consolidate all costs and contracts directly to the Council. The Council have approached Northgate to negotiate the necessary costs from the base service fee and although detailed discussions are still to take place to determine the costs to be removed, Northgate have indicated their agreement to this, allowing the Council to access potential savings from the alternative arrangement.
- 5.4 The proposed alternative supplier is an OGC approved supplier, and therefore has been through the relevant procurement checks and competition to prove value for money and fulfil regulations.

- 5.5 Given the low value of this contract to the marketplace and the positive feedback being provided by several other Tees Valley Local Authorities it was considered appropriate to follow the Council's prescribed procurement process and follow an informal process, making reasonable enquiries.
- 5.6 As a result of these enquiries the recommendation was made to engage the services of the alternative supplier, subject to performance checks.
- 5.7 The following sections outline areas that the Scrutiny Co-ordinating Committee requested to be examined at its meeting on 27th August 2010.

6. PERFORMANCE CHECKS ON SUPPLIER A

- 6.1 Additional performance checks in line with the original Portfolio Holder decision and the request of the Scrutiny Co-ordinating Committee have been undertaken.
- 6.2. Following SCC on 27th August, the Council have requested additional reference information to be provided from the proposed alternative supplier, as well as discussing with other Tees Valley Authorities to clarify their perception of services offered by this organisation. Responses were received from Stockton and Middlesbrough, both of which confirmed the view that the alternative supplier were providing savings and service improvements. The response from Stockton is given below:

"Our selection of Supplier A (the proposed alternative supplier) was based on some evaluation we did comparing them to our old supplier – (HBC current supplier), which showed that a quick saving could be made from a relatively simple switch to Supplier A. As our spend is not great we also spoke to a couple of reference sites to back this up, one of which had carried out a further competition which Supplier A (the proposed alternative supplier) won, & the other had conducted interviews/presentations where Supplier A (the proposed alternative provider) were ranked highest.

Our experience of the alternative provider so far has been excellent and we would have no problem recommending them to you. We have had one query to date which was resolved over the phone. Our previous supplier (HBC current provider) was frankly a complete nightmare to deal with as they seem incapable of resolving even the simplest of problems. If you need any further info please let me know"

- 6.3 The proposed alternative supplier also provided numerous written references covering Local Authority and Health customers, all of these were very positive about the service and benefits provided by them. Furthermore the following list of contacts was provided to the Council but it was felt that with the written responses and comments from Tees Valley authorities it would not be necessary at this time to make any contact with the individuals provided:

- London Borough of Newham
- Ipswich Borough Council
- Waveney District Council
- Stockton-on-Tees Borough Council
- Gosport Borough Council
- Corby Borough Council
- City of Bradford Metropolitan District Council
- Fylde Borough Council/Wyre Borough Council
- Richmondshire District Council
- London Borough of Havering
- London Borough of Barnet
- Norfolk Fire and Rescue
- Dorset Fire and Rescue
- South Downs Healthcare NHS Trust
- Suffolk Fire and Rescue
- North Yorkshire Fire and Rescue

6.4 In addition the following reassurances were extracts from those received from the proposed alternative supplier:-

- “The transfer of services to ourselves from the present supplier is completely seamless and invisible to the end-user. There is no drop or loss of service and no change to network or equipment involved. The lines remain on the British Telecom Openreach network as they are currently and it is exactly the same engineers who carry out repairs to the lines.
- We will provide one single consolidated monthly invoice for telephony charges and this will be tailored to our exact requirements.
- We will provide one point of contact for all customer service issues on the lines 24/7/365 and a dedicated account management team will be appointed to our account.
- Our contract period through Buying Solutions is as follows: the first three months is a Service Acceptance Test period. The minimum contract period is 12 months and then rolls forward on an annual basis. In order to terminate services, 90 days notice is required prior to the renewal date. The transfer of management of lines is completed within 10 working days.
- There is no change to network, equipment or infrastructure involved. The transfer of management of lines to ourselves is carried out remotely and is completely invisible to the end-user.”

6.5 The performance of the current supplier is outlined in 4.1.

7. CHOICE OF PROPOSED ALTERNATIVE AS POTENTIAL SUPPLIER SUPPORTING PORTFOLIO HOLDER'S ORIGINAL DECISION

- 7.1 The use of the OGC arrangement was considered the most appropriate for the following reasons:
- The value of the contract was low and under the Council's CPR's only reasonable enquiries were required
 - Feedback from other local authorities indicated that the proposed alternative provider could be accessed through the OGC arrangement and was capable of providing a high quality service as well as delivering significant savings.
 - The OGC option is pre-tendered and as such offers a quick, easy and cheap procurement route, as well as providing reassurance that suppliers were of a suitable standard.
- 7.2 There are several companies on the OGC list but due to the fact that reasonable enquiries would be sufficient to satisfy the requirements of the CPR's, and that we had received glowing testimony from other local authorities, we elected to secure a proposal from the alternative provider and to contrast this against the offering from our current supplier.
- 7.3 In discussions with Tees Valley colleagues they procured the alternative supplier because of the need to deliver savings and the overwhelming positive responses received when contacting reference sites provided to them by the alternative supplier. The local authorities we consulted with followed similar principles to Hartlepool Borough Council in relation to their procurement routes, essentially comparing the alternative supplier's offering with their current supplier.
- 7.4 The utilisation of the alternative supplier in line with other Tees Valley Authorities may also provide an opportunity to collaborate under a single contract to achieve further savings through economies of scale. This could be done whilst at the same time the Council would be able to manage, monitor and control our element of the contract.
- 7.5 In addition arrangements in Durham County have been explored and they confirmed that they also have a contract for a third party telephone calls/lines with the proposed alternative provider. Durham are happy with the service they are receiving and have had arrangements with the proposed alternative provider for about 6 years (this is the 3rd contract they have held).

8. NORTHGATE/ INFRASTRUCTURE RISKS

- 8.1 Following the Scrutiny Co-ordinating Committee meeting on 27th August 2010 and in line with the Portfolio Holder's original decision, discussions have taken place with Northgate to ensure all risks have been mitigated and systems will operate fully in any change. This includes discussions of any Northgate contractual issues.
- 8.2 No contractual issues or barriers exist to switching telephony provider. Northgate have advised the council to ensure if a switch is to take place we remain with an organisation that uses a Tier 1 Network to mitigate against any degradation of service.

9. ASSESSMENT OF ALTERNATIVE PROVIDERS

- 9.1 A report was presented to the Scrutiny Co-ordinating Committee on the 5th November 2010 which provided information and analysis of the procurement position to support and advise Members in their consideration of the Call-in. Following consideration of the information provided, Members supported the proposal that the most appropriate way forward would be to renegotiate with the current supplier with a view to securing savings in line with those anticipated with moving supplier. It was highlighted that if these negotiations did not prove fruitful then agreement would be sought with the Portfolio Holder on the most appropriate route to take and this could include a competitive procurement.
- 9.2 Negotiations with the existing provider have been undertaken to establish whether they could secure the savings the Council is seeking as proposed by the Committee.
- 9.3 The negotiations did not result in the level of savings envisaged and as an alternative and as outlined to Scrutiny Co-ordinating Committee at its last meeting a competitive procurement has now been pursued considering both price and quality to ensure the Council achieves best value as well as the requisite savings.
- 9.4 The Council has received responses from 7 providers, including revised pricing from the incumbent, in response to the mini competition off the OGC framework of suppliers. Each response was analysed to understand fully the level of potential savings, reputation in the market of each vendor and the level of perceived risk in migrating services to them. Furthermore it was deemed necessary to ensure that any technical considerations have been considered as part of this process. To this end each bid was analysed by our ICT supplier to provide a view on the technical risk of the service offered. After consideration it was determined that any provider who was vague about the technical solution were either more likely to be using proprietary or IP based

connectivity and this has significantly greater risk associated to the Council in the provision of services and continuity than using networks from known Tier 1 infrastructure providers as is currently the case. Tier 1 provision provides greater resilience and is deemed to be of significant importance in the provision of these services.

- 9.5 The results of the assessment are included in the report as confidential **Appendix 1. This item contains exempt information under Schedule 12A 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.**
- 9.6 By removing all the submissions that have an assessed significant risk factor, that is either High risk or medium risk assessments, submissions from the following providers: B, A, E were considered further.
- 9.7 The provider with the lowest value of savings was then eliminated leaving the Council with the final 2 providers (B & A). Following further assessment it was identified that neither bid carried any significant risk that would favour one submission over the other. Considering the change process which the Council is undergoing, any arrangement which provides greater flexibility (in the absence of any other identifiable risk) provides increased option for change and or further savings to be identified is a valid basis for decision. In considering savings and contract flexibility the submission from provider A delivered the maximum savings with the minimum contract term and it is suggested that A should be selected as the preferred provider to provide telephony services to Hartlepool Borough Council.
- 9.8 The annual savings of £30k will contribute to the Council's Business Transformation savings in 11/12 and therefore if the Portfolio Holder approves this course of action it will be necessary to progress as soon as possible to maximise savings.

10. RECOMMENDATIONS

1. That Portfolio Holder notes the findings of Scrutiny Co-ordinating Committee's Call-in investigation.
2. That Portfolio Holder considers the response on the procurement process for Telephony Services.
3. That Portfolio Holder approves the assessment process and the appointment of Provider A.

11. CONTACT OFFICERS

Graham Frankland, Assistant Director (Resources).
Joan Chapman, Corporate ICT Manager.
David Hart, Strategic Procurement Manager.