

Decision maker:	Cabinet member: corporate strategy and budget
Decision date:	6 July 2017
Title of report:	Hoople Service Level Agreement
Report by:	Assistant director environment and place

Classification

Open

Key decision

This is a key decision because it is likely to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function to which the decision relates.

Notice has been served in accordance with Part 3, Section 9 (Publicity in Connection with Key Decisions) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012

Wards affected

Countywide

Purpose

To consider the continued commissioning of back office services via Hoople (by agreeing the annual service level agreement)

Recommendation(s)

THAT:

- (a) the Assistant Director Environment and Place be authorised to finalise and sign the Hoople Service Level Agreement (SLA) for 2017/18 attached at Appendix 1; and,**
- (b) subject to Hoople maintaining its Teckal status, the Assistant Director Environment and Place be authorised to approve future annual Service Level Agreements with Hoople for the provision of back office services within approved budgets based upon the current budget levels taking account of inflation.**

Alternative options

- 1 The scope and level of service recommended to be commissioned through the SLA is

based on consultation with Directors and is based upon the back office requirements needed to support frontline services. A reduction in scope and levels of service is not recommended as this could have an adverse effect on overall service delivery and an increase is not considered necessary to support the organisation and would not be within allocated budgets.

Reasons for recommendations

- 2 In order to maintain and secure essential back office services relating to ICT, Finance, Revenues and Benefits, HR and Training.

Key considerations

Background

- 3 Hoople was created in 2011 by Herefordshire Council, the Wye Valley Trust and the then Herefordshire Primary Care Trust as a “Teckal” or “in house” company with a vision “to provide excellent business support services to the public sector and those who work with them”. Since 2011, Hoople has established itself as an effective organisation and has delivered significant cost savings to the shareholders.
- 4 Over the past two years, a number of changes have been introduced to ensure the company remains able to deliver back office services to the shareholders and other customers in the future. Herefordshire Council and Wye Valley Trust are the two remaining shareholders with 85% and 15% shareholding respectively. The reductions in management overheads were delivered in 2015/16 and the size of the company board was reduced to ensure the company focused on future priorities of the shareholders. The company board currently comprises, Andrew Cottom (Wye Valley Trust), Councillor David Harlow (Herefordshire Council) and Geoff Hughes (Herefordshire Council).
- 5 Hoople provides a platform for development of “One Herefordshire” partnership arrangements across the public sector in the county and the model remains consistent with supporting joint working through the NHS Sustainability and Transformation Planning Process, schools, apprenticeships and the new university for Hereford.

Provision of services to Herefordshire Council

- 6 The council commission services with Hoople through a strategic service level agreement with services provided at cost with no profit element. Performance of the services delivered through the SLA is currently reported and monitored in accordance with the Council’s Performance and Risk Opportunity Management (PROM) framework through Directorate performance processes on a monthly basis. Current requirements in relation to service volumes and key performance indicators are included within the SLA. These will be reviewed during the first half of the year and updated with service area commissioners to ensure that the service can be monitored effectively and to support service improvement in the future and inform the development of the SLA for 2018/19.
- 7 The revenue expenditure through the Hoople SLA for 2017/18 is expected to be £5.545m. This is contained within existing budgets and provides for a range of services covering ICT, Human Resources, payroll, recruitment, training support, finance, revenues and benefits. It takes into account the purchase of Agresso

services on behalf of Rutland Council. In addition to the SLA, additional services can be purchased during the year including the implementation of separately funded ICT improvement projects which will be subject to separate governance.

8 The final draft SLA for 2017/18 is attached at Appendix 1 and covers the following areas of service:

9 HR services

- Complex casework and case management
- HR Business Partner / Specialist HR support
- HR transactions and data management
- HR policy development
- Recruitment services including DBS checks (based on 160 posts recruited per year)
- Schools statutory services
- Payroll and pension services

10 Finance services

- Transactional Services, Creditors, Social Care Exchequer
- Management Accounts Service
- Year End and Other Technical Support
- Routine Insurance administration and annual recharging process
- HMRC, grant and other returns
- Strategic schools including funding formula, budgets, deficit school plans, schools forum, statutory returns

11 Revenues and Benefits services

- Council tax administration
- Business rate administration
- Housing and council tax benefit administration
- Direct payments
- Debtors transactions

12 Training services

- e-learning system management
- Oversee placements of social work students in adults and children's services

- Support the work of the HSCB /HSAB Joint Workforce Development Group
 - Apprenticeships
- 13 ICT services
- Service Desk supporting users from 8:00 to 17:30
 - End User Support from 8:00 to 17:30
 - Desktop Out of Hours support 07:00 to 8:00, 17:30 to 22:00 Monday to Friday, 9:00 to 17:00 Saturday and Sunday (Business Critical Incidents only)
 - Data Centre, Server and Storage support (including backup and recovery)
 - WAN and LAN support
 - Infrastructure Out of Hours support (Business Critical Incidents only)
 - Hardware disposal
 - Email
 - Telephony
 - Remote Access Services
 - Application and database support for a defined list of applications
 - Procurement and Contract Management
 - Information Security Advice Guidance and Reporting, Incident Response
- 14 The range of services provided by Hoople are required on an on-going basis and represent essential services to support the wider business of the council. Overall budgets for back office services are set by the council as part of the annual budget setting process. Subject to ensuring that expenditure remains within these budget allocations and that Hoople retains Teckal status, it is recommended that the approval of future annual Service Level Agreements be delegated to the Assistant Director Environment and Place.

Community impact

- 15 The services delivered by Hoople underpin the delivery of the range of services provided by the council, and ensuring these services are provided in the most efficient and cost effective way supports the council's corporate plan aim of making the best use of the resources available to meet the council's priorities. It is also responsible for the Revenues and Benefits service which includes direct contact with council customers.
- 16 In addition, Hoople has become a provider to a range of community focussed organisations, offering the back office support that enables them to continue to

provide services.

Equality duty

- 17 This decision relates to the provision of back office services, Hoople is expected to carry out these services in accordance with the council's Equality duties.

Financial implications

- 18 The Hoople SLA for 2017/18 is expected to total £5.545m. Services are provided to the council at cost with no profit element. The cost of the SLA is entirely contained within existing support services budgets. The 2017/18 budget is constructed as follows:

	£000
2016/17 Budget	5,182
Staff Pay inflation	57
Pension contributions*	94
Apprenticeship levy	25
Additional externally funded services	77
Additional internally funded services	140
Hoople savings	(30)
2017/18 SLA	5,545

*Pension contribution pressure is subject to an assessment of the contribution requirement. Maximum requirement budgeted, but may be reduced.

- 19 The budget increase of £363k will be funded through external income (£77k) and existing council budgets (£286k).

Legal implications

- 20 Hoople Limited ("Hoople") is a local authority controlled company within the meaning of the Local Government and Housing Act 1989. Through a Shared Services Agreement and Overarching SLA dated 28 March 2013, supplemented by service-specific SLAs, the Council has engaged Hoople to provide a range of services to the Council with specific SLA which includes service levels, KPIs and provisions for managing deficient performance.
- 21 The provisions of Regulation 12 of the Public Contract Regulations 2015 ("the 2015 Regulations") apply to the relationship between the Council and Hoople Limited, allowing for the direct award of public contracts from the Council to Hoople Limited so long as the specific conditions set out by that regulation apply, in particular that:
- 22 the Council exercises a decisive influence over both strategic objectives and significant decisions of Hoople; and
- 23 more than 80% of Hoople's activities are carried out in the performance of tasks entrusted to it by the Council.
- 24 Whilst these circumstances apply, the Council is not required under the 2015 Regulations to competitively tender contracts which it awards to Hoople Limited.

Risk management

- 25 The provision of back office services is essential to the continued running of Herefordshire Council. By approving the recommendations and confirming the SLA for 2017/18, this will ensure business continuity.

Consultees

- 26 Consultation has been carried out regarding the content of the Hoople SLA with Directors and Assistant Directors to ensure that the services meet service Directorate requirements. Wye Valley Trust was consulted regarding their future commissioning arrangements and have committed to continuing to purchase ICT services from Hoople.
- 27 The views of Members and Group Leaders have been sought and no comments have been received.

Appendices

Appendix 1: Final draft Hoople Service Level Agreement 2017/18

Background papers

- None identified