

Decision maker:	Assistant director environment and place
Decision date:	Tuesday, 12 June 2018
Title of report:	Hoople service level agreement (SLA) 2018/19
Report by:	Growth and place programme manager

Classification

Open

Decision type

Non-key

Wards affected

(All Wards);

Purpose and summary

To approve the first quarter payments in relation to back office services provided by Hoople, pending the finalisation of the Service Level Agreement for 2018/19.

Recommendation(s)

That:

- (a) Payments to Hoople for back office service provision for the period April to end of June 2018 are made in line with the terms agreed in the SLA for 2017/18 until the revised SLA for 2018/19 is approved.**

Alternative options

1. None. The provision of back office services (Revenues and Benefits, Finance, HR, ICT and Training) are essential to the running of the organisation. Hoople will incur the costs associated with the provision of these services during the period and it is appropriate for the Council to make these payments under the Shared Services Agreement.

Key considerations

Background

2. 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.
3. 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

4. The council commission services with Hoople through a strategic service level agreement with services provided at cost with no profit element. The Hoople SLA for 2017/18 was approved in July 2017 with an expected revenue expenditure for the year of £5.545m.
5. As part of supporting the Medium Term Financial Strategy of the Council, Hoople was asked to deliver efficiency improvements to deliver a reduction in the Council’s back office service costs for 2018/19. The revenue expenditure through the Hoople SLA for 2018/19 is expected to be £5.116m. This represents a reduction on the previous year and can be contained within existing budgets and provides for a range of services covering ICT, Human Resources, payroll, recruitment, training support, finance, revenues and benefits. The detailed Service Level Agreement for 2018/19 is currently in draft form and being reviewed by the Council’s lead commissioners for each service area. It is expected that this will be finalised by June to enable formal sign off in July. In the meantime, performance will be monitored through regular reporting in relation to the draft SLA based on the SLA agreed for 2017/18.
6. Until the SLA for 2018/19 is approved payments to Hoople by the council will be made according to the terms agreed in the SLA for 2017/18.

Community impact

7. 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.
8. 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

- 9 Under section 149 of the Equality Act 2010, the ‘general duty’ on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to –

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 10 The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. There are currently no specific changes identified that affect any individuals with protected characteristics and therefore we do not believe that this decision will have an impact on our equality duty.
- 11 The impact on equality of each specific organisational change or project identified as a result of changes to the Hoople SLA will be subject to an equality impact assessment.
- 12 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.

Resource implication

- 13 The Hoople SLA for 2018/19 is still under discussion. Negotiations are continuing to define the level of service required to balance the council's requirements for increased efficiencies against its service delivery requirements within the available budget.
- 14 The recommendation of this report is to continue to pay Hoople in accordance with the SLA in place for 2017/18 with the payments adjusted to bring them in line with the draft SLA for 2018/19. Any correction required to bring payments into line with the new regime will be made in the first payment after the revised SLA is approved. Approval of the revised SLA is expected in June 2018 and will be the subject of a further report.
- 15 In line with the council's requirement for efficiency savings the Hoople SLA for 2018/19 is expected to total £5.116m compared to the out turn of the SLA budget for 2017/18 of £5.499m, a one off credit of £46k was agreed for ICT projects. Services are provided to the council at cost with no profit element. The currently expected cost of the revised SLA can be entirely contained within existing support services budgets.
- 16 The payments to Hoople are based on an equal profile through the year. Based upon the above annual budgets, the payments for the first quarter, approved by this report, cover the above elements and are expected to total up to £1.3million.

Legal implications

- 17 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.
- 18 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: the Council exercises a decisive influence over both strategic objectives and significant decisions of Hoople; and more than 80% of Hoople's activities are carried out in the performance of tasks entrusted to it by the Council.

- 19 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

- 20 The provision of back office services is essential to the continued running of Herefordshire Council. By approving the recommendations and confirming the SLA for 2018/19, this will ensure business continuity.

Consultees

- 21 None

Appendices

None

Background papers

None