

**Written statement of a key decision**  
**Cabinet member finance and corporate services**

<b>Title</b>	<b>Approve payment for Hoople Services 2019/2020</b>
Decision maker	Cabinet member finance and corporate services Information about cabinet, including the names and contact details of the cabinet members, can be found here: <a href="http://councillors.herefordshire.gov.uk/mgCommitteeDetails.aspx?ID=251">http://councillors.herefordshire.gov.uk/mgCommitteeDetails.aspx?ID=251</a>
Date of decision	16 September 2019
Report exemption class	Open
Reason for being a 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 concerned. A threshold of £500,000 is regarded as significant.
A notice was served in accordance with Part 3 (Key decisions) of The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.	
General exception or special urgency (as defined in the constitution)	No
Purpose	To approve payments to Hoople for services as specified in the Hoople service level agreement for 2019/20 and establish the overarching agreement (the Hoople Services Contract) which sets out the contract between Hoople and the council for 2019/20 onwards following the expiry of the prior agreement.  Hoople provides a range of service to the council, including revenues and benefits, finance, human resources, ICT, training and education, and reablement services, they also assist the council in its management of ICT applications that are provided to the council by others. These services support the operation of the council across all directorates. The cost to the council of services provided by Hoople in 2019/20 is expected to be £5.699m. The services that Hoople are to deliver in each financial year are described in an annual plan, which is known as the Hoople service level agreement or the 'Hoople SLA'. As a teckal company those services are to be provided to the council at cost with no profit element. For 2019/20 the overarching agreement (the Hoople Services Contract) which sets out the contract between Hoople and the council is to be re-

	<p>established following the expiry of the prior agreement. The expired agreement has been reviewed for any contractual mechanisms, which refer to processes that are still deemed to be active. These being moved into a current document overarching the annual Hoople SLA document. Amongst other things that agreement sets out the payment mechanism through which payment will be made to Hoople. That payment mechanism is entirely compatible with the arrangements that are necessary for the council to maintain the teckal exemption under which this provision must operate. As such approval of the new overarching agreement is also sought in order to enable Hoople to be paid for the services specified in the Hoople service level agreement for 2019/20, or the agreed variant thereof. This new overarching agreement will then be the subject of regular review.</p> <p>The recommendations put forward enable the client/provider relationship between the council and Hoople to continue on a sound contractual footing, they enable the services that Hoople are commissioned to provide to be fully described, adjusted as may be required to support the council's operations and then paid for to the extent that they have been provided.</p>
<p><b>Decision</b></p>	<p><b>That:</b></p> <ul style="list-style-type: none"> <li><b>(a) the acting assistant director for highways and transport be authorised to finalise the Hoople Services Contract, taking the form in Appendix 1 the term of which will run until terminated, the annual value of which will be in accordance with each year's Hoople SLA;</b></li> <li><b>(b) the Hoople Services Contract be reviewed on a frequency no less than 5 years.</b></li> <li><b>(c) subject to finalising the Hoople Services Contract, the acting assistant director for highways and transport be authorised to finalise and sign the Hoople SLA for 2019/20 attached at Appendix 2 at a value of c£5.669m;</b></li> <li><b>(d) the acting assistant director highways and transport be authorised to agree, in accord with the Hoople Services Contract, and the authority obtained by relevant budget managers, any in year adjustments to the Hoople SLA for 2019/20;</b></li> <li><b>(e) the acting assistant director for highways and transport be authorised to approve payments to Hoople in accord with the Hoople Services Contract for those services planned as the SLA for 2019/20, this within the approved annual budgets for the services therein;</b></li> <li><b>(f) until such time as the Hoople Services Contract is signed off, the acting assistant director for highways and transport be authorised to approve payments to Hoople in accord with the contractual obligation established by the 2018/19 Hoople SLA; and</b></li> <li><b>(g) In the event that a Hoople SLA for 2020/21 is not agreed by 1 April 2020, the acting assistant director for</b></li> </ul>

	<p><b>highways and transport be authorised to approve payments to the value of £2m to Hoople for the period up to end June 2020 in accordance with the Hoople Services Contract for those services that Hoople must continue to deliver to maintain the council's operational capability.</b></p>
Reason for the decision	<p>As set out in the report. Documents relating to this decision are available at  <a href="http://councillors.herefordshire.gov.uk/mglIssueHistoryHome.aspx?IId=50030234">http://councillors.herefordshire.gov.uk/mglIssueHistoryHome.aspx?IId=50030234</a></p>
Options considered	<ol style="list-style-type: none"> <li>1. That alternative service provision for all or part of the services described in the Hoople SLA is sought from other external provider(s). This is not recommended as the council's opportunity to support partnership arrangements across the public sector through its established model for the provision of excellent business support services will be constrained. Further, it is considered unlikely that the council's costs, in regard to its back office services will be no less than that which can be provided by Hoople as an 'in house' company with no profit element. Such services would have to be the subject of regular procurement, the cost of which is avoided by maintaining a teckal exemption. An options appraisal and procurement(s) would have to be progressed before this option could be taken, with Hoople continuing to deliver services in accord with existing contractual obligation during transition.</li> <li>2. That service provision for all or part of the services described in the Hoople SLA is provided in house through directly employed staff. This is not recommended as the council's opportunity to support partnership arrangements across the public sector through the provision of excellent business support services will be lost in regard to those elements of service provided in house. Further, it is considered likely that the council's costs, in regard to its back office services will increase as all associated operational overheads would have to be directly supported by the council, as opposed to overheads being shared amongst other public sector partners and Hoople's clients. An options appraisal would have to be progressed before this option could be taken, with Hoople continuing to deliver services in accord with existing contractual obligation during transition.</li> <li>3. That the Hoople Service Contract is not progressed, with all contractual requirements being accommodated within each year's Hoople SLA. This is not recommended as this approach will distract from the focus on service planning through the annual SLA and detract from the ability to re-establish and maintain a robust contractual arrangement. As a consequence the council's ability to address all current and future risk will, most likely in time, be eroded by this approach.</li> <li>4. In any event, Hoople will need to be paid in accord with current contractual obligation for the services that are being delivered, that obligation having been established in the 2018/19 Hoople SLA all in accord with the decision to Approve payment for Hoople services for 2018/19, taken on 14 September 2018.</li> </ol>

	<p>Whilst authority to pay in accord with this SLA is sought to ensure that the council can meet its contractual obligations, continuing to deliver in accord with the 2018/19 SLA, beyond the time necessary to enable the Hoople Services Contract and/or the 2019/20 Hoople SLA to be established, is also an alternative option. This is not recommended as a standalone option as, in anything other than the short term, the provision established by the 2018/19 Hoople SLA will not align with the needs of the council.</p>
<p>Declarations of interest (see ▪ below)</p>	
<p>Call-in expiry date (decisions are not subject to call-in where special urgency provisions apply)</p>	<p>20 September 2019</p>

<p>Councillor: .....</p> <p>Cabinet member finance and corporate services (Councillor Liz Harvey)</p>	<p>Date 16 September 2019</p>
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- a record of any conflict of interest declared by any executive member who is consulted by the member which relates to the decision;
- and
- in respect of any declared conflict of interest, a note of dispensation granted.