

CABINET

17th March 2020

EXTENSION OF DELEGATION OF BUSINESS WORLD FINANCE SYSTEM

Report of the Strategic Director for Resources

Strategic Aim:	Sound Financial and Workforce Planning	
Key Decision: Yes	Forward Plan Reference: FP/310120	
Exempt Information	N/A	
Cabinet Member(s) Responsible:	Mr G Brown, Deputy Leader and Portfolio Holder for Planning, Environment, Property and Finance.	
Contact Officer(s):	Saverio Della Rocca, Strategic Director for Resources (s.151 Officer)	01572 758159 sdrocca@rutland.gov.uk
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Ward Councillors	N/A	

DECISION RECOMMENDATIONS

1. That Cabinet delegates to the Director of Resources in consultation with the Portfolio Holder for Resources the decision to extend the delegation of the provision for support and maintenance of the Resource Management System ('Business World') including payroll services to Herefordshire County Council for 10 years and to formalise these arrangements through signing of a variation to the original agreement approved by Legal Services.

1 PURPOSE OF THE REPORT

- 1.1 In February 2016, Cabinet gave approval for the Director for Resources to delegate the provision, support and maintenance of the Resource Management System ('Business World') to Herefordshire Council for an initial 5 year period (the agreement expires December 2021). In November 2017, the Council also asked Herefordshire to deliver its payroll service. This was covered under a separate

agreement.

- 1.2 This report asks for approval to extend the agreement for a further 10 years and to include payroll. Whilst there is still time left on the existing agreement, moving to an alternative option would take up to 18 months and hence approval is being sought now.

2 BACKGROUND AND MAIN CONSIDERATIONS

2.1 Current position

2.1.1 Herefordshire Council via its joint venture company Hoople Ltd provide the Council with Business World and provide ongoing support for the system (Helpdesk, Upgrades and maintenance). The system is located in their offices, using their existing infrastructure and operated under a hosted system model. Hoople also run the Council's payroll effectively processing changes and preparing a payroll file which is approved in Rutland.

2.1.2 Hoople Ltd is a joint venture company formed in 2011 and currently owned by Herefordshire Council and the Wye Valley NHS Trust. Hoople provide back office services, including HR, Finance, Revenue and Benefits, Training and IT to their shareholders and other public sector partners. Their current customers include local schools and academies, a registered charity running sport and leisure centre and other public sector bodies local to the area. Recently, Lincolnshire County Council have signed a deal with Hoople to deliver Business World to replace its existing arrangement with Serco.

2.1.3 Prior to the signing of the delegation agreement, the service was delivered in house. The rationale for the original decision was based on:

- Cost savings;
- Improving resilience;
- Improving access to expert resource; and
- Mitigating business continuity risk.

2.1.4 Current performance is very good (system availability runs at 100%, development request are deal with promptly, upgrades are completed with minimal disruption, payroll performance is good) and costs have been maintained within the original budget – there have been no cost increase or additional charges sought.

2.1.5 Based on the alternatives available and cost savings already achieved, the current arrangement represents value for money and the Council believes there is no compelling reason to change.

2.2 Risk assessment

2.2.1 The Council has undertaken a risk assessment of extending the arrangement and believes the risk is low.

Risk	Mitigation	Net Probability	Net Impact
Council is unable to change the scope of services	Council can add/changes the scope services subject to approval and can also change performance levels if required. No changes have been made to date.	Low	Low
Delivery of service does not meet expectations	Arrangements for delivery and monitoring of service are set out in the agreement. Current performance is good. We are not aware of any issues that might indicate this could change.	Low	Low
Council unable to withdraw from the agreement	Both parties are allowed to withdraw from the agreement with suitable notice periods.	Low	Low
Cost of services increases beyond original agreement	The funding and cost sharing include provision for uplift. Current experience is that this is sufficient. No fee increase was proposed as part of any extension discussions.	Low	Medium
Lead authority for delivery does no longer has the capacity or capability to deliver.	Herefordshire has a long term agreement with Hoople for delivery of services. Hoople have now secured Lincolnshire as a client. Discussions with Herefordshire s151 Officer confirmed that the current arrangement is not under review. We are a low 'demand' client.	Low	Medium

3 CONSULTATION

3.1 Formal consultation is not required for any decisions being sought in this report.

4 ALTERNATIVE OPTIONS

4.1 Prior to making its original decision to delegate, the Council explored other options which remain valid today. These options have been revisited and an assessment made that none is preferable to the option proposed. A summary of considerations is given below.

Option	Comment	Preferable?
Deliver in-house	<ul style="list-style-type: none">• This was our previous model – was more expensive and there were technical problems• We would have to recruit (this was previously not possible)• Lack of resilience• Would involve procurement of a new system (one off project cost of c£100k+)• 12 month project required	No
Move to another external provider	<ul style="list-style-type: none">• 12-month project required and cost• Would involve a new system (one off project cost of £100k+)• Analysis indicates annualised costs would not be less than current charges• No system advantages would be gained based on current performance	No
Share with another local authority	<ul style="list-style-type: none">• 12-month project required and cost• Would involve a new system (one off cost likely to be less than external provider £100k+)• Analysis indicates annualised costs would not be less than current charges• No system advantages would be gained based on current performance	No

4.2 The proposed option presents the Council with a fully hosted, supported system and will continue to deliver annual revenue savings. Based on work completed, there is no reason to pursue other options further.

4.3 The 10 year agreement will give the Council certainty but does include a 1 year notice period for either party should the need arise.

5 FINANCIAL IMPLICATIONS

5.1 There are no financial implications arising from this decision.

6 LEGAL AND GOVERNANCE CONSIDERATIONS

6.1 The function is delegated to Herefordshire Council through a delegation agreement. In this case Herefordshire is lead authority and provide the required function through Hoople Limited.

6.2 The delegation of functions to another local authority is permissible under sections 101 and 102 of the Local Government Act 1972 and sections 19 and 20 of the Local Government Act 2000.

6.3 Herefordshire Council have given their agreement to the extension of the delegation subject to approval from Rutland. A variation agreement will be agreed with Legal Services.

6.4 The s151 Officer monitors overall service performance in liaison with Herefordshire Council officers.

7 EQUALITY IMPACT ASSESSMENT

7.1 An Equality Impact Assessment (EqIA) has not been completed because there are no service, policy or organisational changes being proposed.

8 DATA PROTECTION IMPLICATIONS

8.1 A data protection impact assessment has not been completed as there are no data protection implications.

9 COMMUNITY SAFETY IMPLICATIONS

9.1 There are no community safety implications.

10 HEALTH AND WELLBEING IMPLICATIONS

10.1 There are no health and wellbeing implications.

11 CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

11.1 The Council has an existing delegation agreement with Herefordshire Council

which will expire on 31 March 2022. The recommendation extends this delegation and will allow the Council to continue to enjoy the financial and non-financial benefits of services being delivered by another Council.

12 BACKGROUND PAPERS

12.1 None

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