

PROVISION OF FINANCIAL MANAGEMENT SERVICES**REPORT OF THE CHIEF FIRE OFFICER****For Approval****1. PURPOSE OF REPORT**

- 1.1 To inform Members of the current situation in relation to the existing service level agreement (SLA) with Hartlepool Borough Council (HBC) for the provision of financial, payroll and audit services which is due to expire on 31/03/2022.
- 1.2 To seek a contract extension for the financial services SLA with HBC to 31/03/2024.

2. RECOMMENDATIONS

- 2.1 It is recommended that Members note the current situation in relation to the existing service level agreement (SLA) with Hartlepool Borough Council (HBC) for the provision of financial, payroll and audit services which is due to expire on 31/03/2022.
- 2.2 It is recommended that Members approve the contract extension for the financial services SLA with HBC to 31/03/2024

3. BACKGROUND

- 3.1 Cleveland Fire Authority entered into an SLA with Hartlepool Borough Council in April 2014, for the provision of financial management services which includes the following:
 - Payroll services
 - Internal audit
 - Income collection services
 - Payment of accounts including employee expenses
 - Accounting and financial management services
 - VAT and tax accounting services
 - Levying of precepts
 - Financial management advice and information
 - Cash flow management and banking services
- 3.2 The agreement has been extended a number of times previously at the Fire Authority's discretion as set out in the SLA and in accordance with the Authority's contract procedure rules.

- 3.3 In order to tie in with the expiry of the agreement on 31/03/2022, it was planned that during financial year 2021/2022 a thorough assessment of the financial services marketplace would be carried out as well as a detailed options appraisal regarding future contract provision. However due to the impact of COVID-19 both in terms of being able to source relevant market information and having the capacity to undertake the work, there is insufficient timescale to undertake a comprehensive review and subsequent options appraisal project.

4 PROCUREMENT POLICY NOTE 01/20 RESPONDING TO COVID-19

- 4.1 As a result of the impact of COVID 19, the Government published a procurement policy note (PPN) in March 2020 setting out information and associated guidance on the public procurement regulations and responding to the coronavirus, COVID-19, outbreak.
- 4.2 The PPN notice made clear that in these exceptional circumstances, contracting authorities may need to procure goods, services and works with extreme urgency which would be permitted using regulation 32(2)(c) under the Public Contract Regulations 2015.
- 4.3 Further information regarding Regulation 32 states that an allowance would be made for an exemption from the Regulations for provision of emergency supply as well as allowing for contract extensions under regulation 72 as a result of delayed sourcing activity during these exceptional circumstances.
- 4.4 By using regulation 72 as the main rationale for extending the current SLA with HBC for a further period it confirms that the extension period has been entered into compliantly as a result of circumstances which the Authority could not have foreseen.
- 4.5 The risk of any legal challenge with this decision is minimal as the decision is fully compliant and based on sound commercial judgement, a suitable notice with regard to the extension period will be published on the relevant Government portal ensuring openness and transparency with the decision.

5. FINANCIAL IMPLICATIONS

- 5.1 The financial services SLA continues to deliver value for money to Cleveland Fire Brigade with the arrangement being more of a strategic partnership arrangement with the sharing of key financial systems such as Integra and Myview payroll.
- 5.2 Without a thorough assessment of the current service and the financial services market place in general, a comprehensive options appraisal cannot be carried out. The resource and timescale required to complete this piece of work is of significant importance as the full impact regarding the economic (cost of change) and technical impact of any potential change of supplier cannot be assessed fully.

6. **EXTENSION TO EXISTING ARRANGEMENTS WITH HBC FOR FINANCIAL MANAGEMENT SERVICES**

- 6.1 In order to allow for a thorough assessment of the market place it is recommended that Members approve an extension of the existing contract with HBC for the financial services SLA with HBC to 31 March 2024.

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