

Subject:	Provision of Financial Services to South Downs National Park Authority		
Date of Meeting:	19 January 2017		
Report of:	Executive Director of Finance & Resources		
Contact Officer:	Name:	David Kuenssberg	Tel: 29-1333
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Ward(s) affected:	All		

FOR GENERAL RELEASE

1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 This report asks the committee to note that the council has successfully re-tendered for a 3-year contract for the continued provision of financial services to South Downs National Park Authority and to give approval to enter into the contract as required by the council's Financial Regulations.

2. RECOMMENDATIONS:

That the Policy, Resources & Growth Committee:

- 2.1 Authorises the Executive Director of Finance & Resources to enter into a 3-year contract, with a possible 2-year extension, for the continued provision of Corporate Financial Services to the South Downs National Park Authority from 1 April 2017.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 The council's Finance, HR and Internal Audit services currently provide services to the South Downs National Park Authority under a contract entitled 'Corporate Financial Services'. The contract has been running since 2012 and is due to expire on 31 March 2017 following a two-year of extension to the contract. The contract includes:

- S151 Chief Finance Officer – this is currently provided by Nigel Manvell, the council's Assistant Director Finance & Deputy S151 Chief Finance Officer;
- Financial Ledger and Purchasing Systems;
- Production of Annual Financial Statements;
- Financial Management business partnering services and advice;
- Annual and medium term budget preparation, planning and support;
- Banking, Credit and Income Collection Services;
- Treasury Management Services;

- Accounts Payable Services (payment of suppliers);
- Payroll Services;
- Internal Audit Services and Reviews.

3.2 The tender for a new contract to run from 1 April 2017 was advertised in summer 2016 and the council submitted a bid in accordance with the published procurement timetable. Following an evaluation process, the council was recently notified that it has been successful and has been awarded a 3-year contract, including S151 Chief Finance Officer services, from April 2017. The provision of these services will be on substantially the same basis as the current contract and will not require additional resources to meet its terms. The provision of these services is consistent with Orbis partnership principles and can be continued to be delivered from within the partnership.

3.3 Over the 3 years, the contract is valued at £713,700 (£237,900 per annum) and therefore, under Standard Financial Procedure E.3.5, the approval of Policy, Resources & Growth Committee is required. The specified threshold is £500,000.

3.4 The income from the current contract has contributed to support service savings and is already budgeted for across Finance, HR and Internal Audit, given that the council has provided this service for the last 5 years. The new contract price will be £25,950 per annum lower than the current contract price, which was necessary to ensure a competitive and successful bid. This reduction has been matched by resourcing and cost efficiencies achieved over the life of the current contract and will not result in a pressure on the council's budget.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

4.1 Not agreeing to enter into this contract would mean the loss of £237,900 income per annum to the council. While some resource savings could be made as a result, it is unlikely that savings would amount to more than 50% of the loss of income, particularly in the shorter term, resulting in a pressure on the council's budget of at least £120,000 per annum, thereby adding more than £360,000 to the General Fund budget gap over the next 3 years.

5. COMMUNITY ENGAGEMENT & CONSULTATION

5.1 No consultation has been undertaken in relation to this report.

6. CONCLUSION

6.1 The existing provision of Corporate Financial Services to the South Downs National Park Authority provides considerable income to the council and, through efficiencies in delivery of the service, a significant contribution toward costs that has contributed to support service savings over the period of the current contract. Agreeing to the new contract ensures that this income source is preserved and that no additional pressure is placed on the council's General Fund budget.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 The contract with SDNPA is estimated to have provided a minimum net contribution of £120,000 per annum to support service costs and therefore supported savings in these service areas. Successfully bidding for the re-tendered contract for the next 3 years ensures the savings are sustainable over the medium term. The contract value of £237,900 and associated costs of providing the services within the contract have been factored into the budget for 2017/18 onwards. The contract value (bid) is £25,950 lower than the previous contract and this has been achieved through cost efficiencies. The potential for a 2 year extension to the contract could provide sustainability for the next 5 years.

Finance Officer Consulted: James Hengeveld

Date: 06/01/17

Legal Implications:

- 7.1 The Council has the power to enter into the arrangements set out in this report by virtue of the Local Authorities (Goods and Services) Act 1970 which permits local authorities to provide administrative, professional and technical services to other public bodies on a commercial basis.

Lawyer Consulted: Elizabeth Culbert:

Date: 06/01/17

Equalities Implications:

- 7.2 There are no equalities implications arising from this report.

Sustainability Implications:

- 7.3 There are no sustainability implications arising from this report.

SUPPORTING DOCUMENTATION

Appendices:

1. None

Documents in Members' Rooms

1. None

Background Documents

1. A copy of the contract is held by Legal Services