

STOCKTON-ON-TEES BOROUGH COUNCIL

CABINET RECOMMENDATIONS

PROFORMA

Cabinet Meeting30th September 2010

1. Title of Item/Report

North Eastern Purchasing Organisation Revised Constitution and 'Shared Services' Arrangement

2. Record of the Decision

Cabinet considered a report relating to the North Eastern Purchasing Organisation (NEPO).

Members were reminded that the organisation was responsible for organising collaborative contracts through which Councils purchased goods and services. It comprised a small number of staff managed by the Head of Procurement of Gateshead Council, and was governed through a Joint Committee of 36 members drawn from the 12 Councils in this region. Member Councils paid an annual subscription to contribute to its costs.

It was explained that earlier this year, following extensive consultation, a detailed Business Plan for the development of NEPO was finalised. The Business Plan proposed a new organisation designed to expand the influence of NEPO in the region; to increase the level of financial savings substantially and to support the regional supply chain to benefit from better public sector contracting opportunities.

Members were provided with an Executive Summary of the Business Plan and noted a summary of the proposals.

The Business Plan was considered at an ANEC Leaders and Elected Mayors Board Meeting held on 15 June 2010. Leaders and Elected Mayors expressed their support for the approach taken in the Business Plan and agreed:

- The recommendations set out in the Business Plan
- In relation to governance, ... a member body of 12 Executive Members, 6 Scrutiny Members and 6 Audit Members – i.e. a Joint Committee of 24 Members with 2 from each Council
- The 12 local authorities in the region be asked to give approval,

through their Executives, to the new organisational and governance arrangements by no later than 30 September 2010. Detailed organisation structures and the operation of the 'hub and spoke' model to be developed by the Chief Officer in consultation with the 12 local authorities up to a maximum included within the Business Plan.

- The existing NEPO Joint Committee should continue to operate for an interim period, with an AGM for the new organisation being held in mid-October once approval from all 12 Authorities to the new constitution is in place.

- Subject to appropriate arrangements being made for member involvement in the process, Barry Rowland, Roger Kelly, Martin Ryan and George Garlick (or their nominated representatives) agree the process for recruitment of a Chief Officer, to interview candidates and to make the appointment.

It was noted that an appointment of Director of NEPO took place on 30 July 2010, and the successful candidate would take up the post on 4th October 2010.

It was explained that the inaugural Annual General Meeting of the newly constituted Joint Committee was due to take place on 28 October 2010.

In view of the above, it had been necessary to make significant amendments to the existing NEPO Constitution under which the Joint Committee operated, and to update the 'Shared Service' Arrangement between member Councils. Those documents had been the subject of detailed consultation with legal officers from all member Councils.

Each Council was also required to nominate two members to serve on the Joint Committee, one of whom was recommended to be an Executive Member with responsibility for procurement and/or the Councils Procurement Champion

The revised constitution brought into effect the recommended governance changes set out in the agreed business plan and details of the significant features were provided.

Members noted that a revised 'Shared Services' Agreement had been established and formalises the relationship between member Councils, as required by the agreed Business Plan.

It was considered that the changes to NEPO represented a real opportunity for the region to benefit substantially from additional and more strategically focused collaborative procurement, both in terms of

financial savings for member Councils, and to stimulate the regional economy. To bring the new organisation into being required agreement by all Council Executives of a revised Constitution and 'Shared Services' Agreement. As required by the ANEC Leaders and Elected Mayors Board, this needs to be completed prior to the inaugural AGM of the Joint Committee to be held on 28 October 2010.

RESOLVED that:-

1. the revised Constitution for the Joint Committee for the North Eastern Purchasing Organisation, as appended to the report be approved.
2. the Head of Legal Services be authorised to finalise the terms and enter into the revised 'Shared Services' Arrangement for the North Eastern Purchasing Organisation.
3. Councillor Laing and Councillor Mrs O'Donnell be appointed to serve on the Joint Committee.

3. Reasons for the Decision

To approve a new constitution and shared services agreement for the North Eastern Purchasing Organisation.

4. Alternative Options Considered and Rejected

None

5. Declared (Cabinet Member) Conflicts of Interest

None

6. Details of any Dispensations

Not applicable

7. Date and Time by which Call In must be executed

By no later than midnight on Friday 8 October 2010.

Proper Officer
04 May 2010