

## CABINET ITEM COVERING SHEET PROFORMA

**AGENDA ITEM**

**REPORT TO CABINET**

**30 SEPTMEBER 2010**

**REPORT OF CORPORATE  
MANAGEMENT TEAM**

### **CABINET DECISION**

**Corporate Management and Finance – Lead Cabinet Member – Councillor Laing**

#### **NORTH EASTERN PURCHASING ORGANISATION REVISED CONSTITUTION AND ‘SHARED SERVICES’ ARRANGEMENT**

1. Summary

The North Eastern Purchasing Organisation (NEPO) is responsible for organising collaborative contracts through which Councils purchase goods and services. The purpose of this report is to consider and agree a revised Constitution and revised ‘Shared Services’ Arrangement following the endorsement of a new Business Plan for the organisation by the ANEC Leaders and Elected Mayors Board on 15 June 2010. The Business Plan identifies a route map to improving and expanding collaborative procurement in the region.

2. Recommendations

It is recommended that Cabinet:

1. Approves the revised Constitution for the Joint Committee for the North Eastern Purchasing Organisation, as set out in **Appendix B**.
2. Authorise the Head of Legal Services to finalise the terms and enter into the revised ‘Shared Services’ Arrangement for the North Eastern Purchasing Organisation.
3. Appoints two members to serve on the Joint Committee, one of whom is the Executive Member with responsibility for procurement.

3. Reasons for the Recommendations/Decision(s)

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

4. Members’ Interests

Members (including co-opted Members with voting rights) should consider whether they have a personal interest in the item as defined in the Council’s code of conduct

**(paragraph 8)** and, if so, declare the existence and nature of that interest in accordance with paragraph 9 of the code.

Where a Member regards him/herself as having a personal interest in the item, he/she must then consider whether that interest is one which a member of the public, with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice the Member's judgement of the public interest (**paragraphs 10 and 11 of the code of conduct**).

A Member with a prejudicial interest in any matter must withdraw from the room where the meeting considering the business is being held -

- in a case where the Member is attending a meeting (including a meeting of a select committee) but only for the purpose of making representations, answering questions or giving evidence, provided the public are also allowed to attend the meeting for the same purpose whether under statutory right or otherwise, immediately after making representations, answering questions or giving evidence as the case may be;
- in any other case, whenever it becomes apparent that the business is being considered at the meeting;

and must not exercise executive functions in relation to the matter and not seek improperly to influence the decision about the matter (**paragraph 12 of the Code**).

**Further to the above, it should be noted that any Member attending a meeting of Cabinet, Select Committee etc; whether or not they are a Member of the Cabinet or Select Committee concerned, must declare any personal interest which they have in the business being considered at the meeting (unless the interest arises solely from the Member's membership of, or position of control or management on any other body to which the Member was appointed or nominated by the Council, or on any other body exercising functions of a public nature, when the interest only needs to be declared if and when the Member speaks on the matter), and if their interest is prejudicial, they must also leave the meeting room, subject to and in accordance with the provisions referred to above.**

**AGENDA ITEM**

**REPORT TO CABINET**

**30 SEPTEMBER 2010**

**REPORT OF CORPORATE  
MANAGEMENT TEAM**

**CABINET DECISION**

**NORTH EASTERN PURCHASING ORGANISATION  
REVISED CONSTITUTION AND 'SHARED SERVICES' ARRANGEMENT**

**SUMMARY**

To consider and agree a revised Constitution and revised 'Shared Services' Arrangement for the North Eastern Purchasing Organisation, following the endorsement of a new Business Plan for the organisation by the ANEC Leaders and Elected Mayors Board on 15 June 2010.

**RECOMMENDATIONS**

It is recommended that Cabinet:

1. Approves the revised Constitution for the Joint Committee for the North Eastern Purchasing Organisation, as set out in **Appendix B**.
2. Authorise the Head of Legal Services to finalise the terms and enter into the revised 'Shared Services' Arrangement for the North Eastern Purchasing Organisation.
3. Appoints two members to serve on the Joint Committee, one of whom is the Executive Member with responsibility for procurement.

**DETAIL**

1. The North Eastern Purchasing Organisation (NEPO) is responsible for organising collaborative contracts through which Councils purchase goods and services. It comprises a small number of staff managed by the Head of Procurement of Gateshead Council, and is governed through a Joint Committee of 36 members drawn from the 12 Councils in this region. Member Councils pay an annual subscription to contribute to its costs.
2. NEPO has performed well over recent years and has developed a good reputation for delivering savings through contract rebates and lower prices, which are estimated to exceed £5m per annum. Nevertheless it has been recognised for some time by the Joint Committee that only a relatively small proportion of local authority contracts are organised collaboratively, and that considerable scope exists to develop the role of NEPO further. It has been estimated by the North East Regional Improvement and Efficiency Partnership that potential savings in excess of £25m per annum could be generated by 2012/13 through collaborative procurement by NE Councils, and this is especially important in the light of public spending reductions that are likely to impact on local authorities over the next few years

3. In October 2008 the Joint Committee agreed to commission with the NE-IEP an assessment of its own capacity, capability and organisational arrangements to determine the scope for increasing the volume of collaborative procurement between Councils. Initial options were considered by the Joint Committee in October 2009, following which it was agreed that a Business Plan should be commissioned to enable a decision on the future governance arrangements of NEPO to be reached by the summer of 2010.
4. In line with this decision, and following extensive consultation, a detailed Business Plan for the development of NEPO was finalised earlier this year. 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.
5. In summary the Business Plan proposes:
  - A strengthened set of strategic objectives for NEPO, with additional emphasis on the role public expenditure can play in developing the regional economy.
  - A refreshed Joint Committee, with two members drawn from each member council; one of whom it is recommended is the Portfolio Holder covering procurement and/or the council's Procurement Champion
  - A new Executive Sub-Committee to monitor performance and ensure robust delivery
  - New Scrutiny and Audit Sub-Committees
  - A revised operating model with an enhanced officer structure, led by a full time Director, based on adopting a regional strategic category management approach to procurement, with significantly greater supplier engagement and support
  - A 'hub and spoke' arrangement, with member Councils undertaking work of a regional nature on a cost reimbursement basis
  - A transitional period until 31 March 2012 during which the Joint Committee will:
    - Maintain current annual subscriptions, with any additional running costs being met by the NE-IEP and an increased level of retained rebates from contracts
    - Review the funding/subscription model by 31 March 2011, so as to enable a new arrangement to be in place by 1 April 2012
    - Review the performance and viability of the new organisation through an Officer Advisory Group of Chief Executives or other Senior Directors responsible for procurement
    - Review the current Host Authority and accommodation responsibilities currently carried by Gateshead Council by March 2011, with any change taking effect from April 2012
    - Consider the future branding of NEPO by 31 December 2010
6. An Executive Summary of the Business Plan is attached at **Appendix A**.
7. 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. (**NOTE:** An appointment of Director of NEPO took place on 30 July 2010, and the successful candidate will take up the post on 4th October 2010)
8. The inaugural Annual General Meeting of the newly constituted Joint Committee is due to take place on 28 October 2010.
9. In view of the above, it is necessary to make significant amendments to the existing NEPO Constitution under which the Joint Committee currently operates, and to update the 'Shared Service' Arrangement between member Councils. These documents have been the subject of detailed consultation with legal officers from all member Councils.
10. Each Council is also required to nominate two members to serve on the Joint Committee, one of whom is recommended to be an Executive Member with responsibility for procurement and/or the Councils Procurement Champion

## CONSTITUTION

- 11 The revised constitution brings into effect the recommended governance changes set out in the agreed business plan. The significant features are as follows:
- A Joint Committee of 24 Members, rather than 36 members, with a new set of functions to develop the long term strategy for regional strategic procurement, approve business plans and ensure organisational effectiveness through its sub-committees
  - A new Executive Sub-Committee of 12 members, comprising Executive Members from each council with responsibility for procurement, to review performance and monitor the effectiveness of the organisation, and to take on such strategic duties as are delegated by the Joint Committee
  - A new Scrutiny Sub-Committee of 6 members to develop and deliver an annual programme of scrutiny reviews of procurement activity within the organisation
  - A new Audit Sub-Committee of 6 members to provide the Joint Committee with assurance of the efficient and safe operation of its affairs
  - An extended tenure for Chairs and Vice Chairs from one year, up to two years to facilitate consistency and longer term planning
  - An Officer Advisory Board of the Chief Executive or Senior Director with responsibility for Procurement from each Council, to ensure that the regional agenda is being pursued effectively and that the Joint Committee is meeting the objectives of each Council
  - More extensive delegation to a full time Director to manage the new organisation, determine contracts and represent Councils in national discussions concerning procurement activity, within the overall strategic framework set by members

## 'SHARED SERVICES' AGREEMENT

12. A revised 'Shared Services' Agreement establishes the formal relationship between member Councils, as required by the agreed Business Plan. The significant features are as follows:
- Commencement of the 'Agreement' on 28 October 2010
  - Agreement that Gateshead Council will act as Host Authority for NEPO until at least 31 March 2012, subject to a decision by the ANEC Leaders and Elected Mayors Board before 31 March 2011 on the arrangements thereafter
  - An obligation by member Councils not to withdraw from regional contracts following a commitment to participate, without the prior agreement of the Joint Committee
  - An agreement to share relevant data, and to support regional working on a cost reimbursement basis
  - A freeze in the annual member subscription to NEPO until 31 March 2012, with any additional running costs being met from NE-IEP funds and rebate income
  - A review of the funding/subscription model by 31 March 2011, so as to enable a new arrangement to be in place by 1 April 2012
  - The admission of other local authorities or public sector organisations to become NEPO members, by unanimous agreement of the Joint Committee
  - A biannual report by the Joint Committee to the ANEC Leaders and Elected Mayors Board on outcomes
  - Shared liabilities, other than those arising from gross negligence, gross misconduct or persistent breach of law or duty
  - Withdrawal of membership subject to 6 months notice, expiring on 31 March in any given year

## CONCLUSION

13. The above changes to NEPO represent 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 requires 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.

## **FINANCIAL IMPLICATIONS**

14. The current member subscription to NEPO is made up of an annual fee of £30k plus a level of retained contract rebates amounting to approximately £2k. The fee and retained rebates are used to cover the costs of NEPO with any excess rebate returned to Stockton BC. This amounted to £153k in 2008/09 and is used to help fund the Corporate Procurement Unit.
15. The Business Plan includes a freeze on the member subscription up to 31<sup>st</sup> March 2012 when a new funding/ subscription model should commence. In the meantime, it is expected additional rebate income produced as a result of more collaborative contracts arranged through NEPO will fund any increases in costs. These should be offset by savings made through better contracts for the supply of goods and services.

## LEGAL IMPLICATIONS

16. Public Procurement is regulated through the Public Contracts Regs 2006 (as amended) with the aim of ensuring fair and transparent processes and decision making and equality of opportunity to all Member states across the EU.

## RISK ASSESSMENT

17. This shared service arrangement is categorised as low to medium risk. Existing management systems and daily routine activities are sufficient to control and reduce risk.

## SUSTAINABLE COMMUNITY STRATEGY IMPLICATIONS

18. Effective procurement is seen as a key driver to delivering efficiency savings and improving services and therefore impacts on all areas of the Community Strategy. Procurement can be used to generate community benefits, in particular economic development opportunities for Stockton.

## EQUALITIES IMPACT ASSESSMENT

19. This report has been subject to an Equality Impact Assessment and has been judged to have a positive impact.

## CONSULTATION INCLUDING WARD/COUNCILLORS

20. Briefing with the portfolio holder for Corporate Management and Finance.

**Name of Contact Officer: Julie Danks**  
**Post Title: Corporate Director of Resources**  
**Telephone No. 01642 527007**  
**Email Address: [Julie.danks@stockton.gov.uk](mailto:Julie.danks@stockton.gov.uk)**

Education related?

No

Background Papers

Business Plan – Regional Governance Review of Collaborative Procurement – 8 June 2010

Ward(s) and Ward Councillors:

N/A

Property

N/A



# **REGIONAL GOVERNANCE REVIEW OF COLLABORATIVE PROCUREMENT Executive Summary**

**v2.2 [final]  
8 June 2010**



# **REGIONAL GOVERNANCE REVIEW OF COLLABORATIVE PROCUREMENT**

## **NEW DEMOCRATIC AND ORGANISATIONAL ARRANGEMENTS** **June 2010**

### **EXECUTIVE SUMMARY**

1. Local Government in the North East spends vast sums of public money on the procurement of a wide range of goods and services. This expenditure helps deliver services and supports the local and regional economy by offering trading opportunities for local firms. Effective and efficient procurement is therefore essential to the social and economic wellbeing of the region.
2. In October 2008, at an extraordinary meeting of the NEPO Joint Committee, it was agreed to jointly commission with the North East Improvement & Efficiency Partnership, a comprehensive assessment of existing regional procurement capacity, capability and organisational arrangements. Price Waterhouse Coopers [PWC] consultants were engaged to examine these issues. They subsequently conducted extensive consultations with all local authorities in the region, and produced a range of options for consideration. These options were considered by NEPO Elected Members and Chief Executives in October 2009, following which it was agreed that a full business plan should be developed, to enable a decision on the future governance arrangements to be reached by the summer of 2010.
3. The next few years will be very demanding for the whole of the public sector, particularly local authorities and Fire & Rescue services as they attempt to protect front line services in the face of funding reductions, demographic change and increasing customer expectations. Increasingly the focus of local authorities in attempting to resolve this dilemma is to ensure that back office functions, including the processes surrounding the procurement of goods and services, are being provided as efficiently and effectively as possible, through removal of waste and greater collaboration. It has been estimated that over £70m over the next five years could be saved in the North East region alone through regional collaborative procurement by local authorities.
4. The North East is ideally positioned to move forward quickly with this collaborative agenda. Unlike many regions, the North East has its own 'Public Sector Buying Organisation', the North Eastern Purchasing Organisation [NEPO], and an established Regional Improvement and Efficiency Partnership, [NE IEP], both of which form a solid base from which to develop a new strengthened approach to regional collaborative procurement. However, a recent analysis by the NE IEP highlighted some weaknesses in the sharing of information between individual member councils efficiency programmes. It concluded that opportunities are being lost to promote collaboration and to thus optimise and secure efficiencies.
5. PWC carried out an assessment of current procurement practice within individual councils in the North East and has pointed to 'differing levels of maturity' across the 12 local authorities. The work demonstrated substantial scope for improvement when compared with national benchmarks. Councils have expressed a willingness to work together at regional and sub regional level, with a shared purpose of delivering

greater financial savings and becoming more adept at managing and developing the supply chain, however to achieve this will require senior level commitment at Member and Chief Executive level.

6. Discussion with member authorities demonstrated a wish for:
  - ***A significant step change in the current procurement model by introducing a far stronger focus on commercial market and supplier management across major areas of local authority spending;***
  - ***A more strategic and collaborative approach to procurement through a new 'fit for purpose' organisation that can deliver required objectives at pace;***
  - ***A greater emphasis on category management to add value and stimulate the local and regional supplier base;***
  - ***Development of commercial and technical skills and business practices;***
  - ***Effective democratic governance;***
  - ***More independence from the host authority;***
  - ***Greater transparency of costs and benefits;***
  - ***Better performance management and reporting; and***
  - ***Ongoing supplier engagement and development to increase the opportunity of more public sector work being won by North East businesses.***
7. The current constitution of NEPO gives it a predominantly operational remit, focusing on day to day buying activities, rather than setting out a strategic framework for regional collaboration. **To meet the wishes of member councils a new organisation is required** with a much greater commercial focus, giving it flexibility to adapt quickly to changing circumstances and take advantage of opportunities as they arise.
8. **The business plan therefore proposes a new organisation, with a new set of strategic objectives.** The new organisation will have clear local, regional and national links to key organisations involved in the procurement and economic development fields, with a key role in developing the regional supply chain to enable the region to benefit from improved public sector contracting opportunities, as well as generating significant financial savings for member councils. This will require a greater level of understanding of local and sub regional priorities to ensure issues relating to the local economy are adequately considered. Its introduction will require additional investment, which it is proposed is funded from the financial benefits of greater collaboration and existing NE IEP resources. Although as detailed in paragraph 17 below, subscription fees will be frozen at 2009/10 levels until at least the end of the transition period (April 2012).
9. NEPO currently operates under a Joint Committee arrangement under the Local Government Act 1972. In setting up the new organisation it is recognised that significant changes are required to create a more commercial approach to business in the future. This will require five distinct functions to be recognised separately within the system of governance, i.e. strategic development, commercial decision making, performance management, gaining assurance and scrutinising efficiency & effectiveness.
10. This business plan has been built on the agreed outputs of the PWC report taking account of the views expressed by member councils, as follows:

- a. **Governance & Constitution** – refreshed / modernised Joint Committee;
- b. **Operating Model** – a Local Authority Procurement Unit;
- c. **Scope** – realigned NEPO / NE IEP model;
- d. **Funding** – investment model / dividend;
- e. **Supplier Engagement / Development** – inclusion of sustainable activities to increase the opportunity of more public sector work being won by North East businesses; and

f. **Branding** – review after new arrangements established (*not included in plan*).

11. In terms of **governance and constitution** a refreshed Joint Committee is proposed, however **a decision is required on whether the membership should be 24 or 12 Members**; one or two from each member council, each option would include a powerful Executive made up of Portfolio Holders and / or Procurement Champions. Full remits are provided in the detailed business plan, with a new set of key objectives designed to create a dynamic strategic and leadership approach to regional collaborative procurement. Recommendations include the option to extend future tenures of the Joint Committee Chair and Vice Chair for a maximum of two years (although it would be anticipated that following the forthcoming AGM a new Chair and Vice Chair would be appointed in the first instance), to significantly expand Chief Officer delegation and create an Officer Advisory Board of local authority Chief Executives or senior Finance Directors, representing a fundamental change to current governance arrangements. Roles of **audit and scrutiny** would also be included.
12. In terms of the **operating model and scope of operation**, an enhanced officer structure for the new organisation is proposed, based on adopting a regional category management approach which includes significantly greater supplier engagement and support. This has major differences to the existing structure and remit of NEPO. A greatly enhanced operating model, whilst also increasing the volume of collaborative contracts dealt with on behalf of the region, will require additional specialist support. The proposals include a full-time Chief Officer, Regional Category Specialists and a 'Business' function to ensure the focus on performance and good business practice is maintained, together with sustaining additional elements that been developed by the NE IEP, where appropriate. A transitional period to 31 March 2012 is proposed during which the new organisation will develop its strategic influence in the region and introduce a new '**hub and spoke**' arrangement' under which member councils will undertake key regional activities.
13. In terms of **funding**, full costs and benefits of the revised and increased operating model for the new organisation are presented. In response to the increased volume of contracts administered and new functions of the organisation, running costs of the independent procurement unit will rise; however these also include an allowance for work done by member councils under the hub and spoke arrangement. The increase to running costs arises from the anticipated additional resources required to negotiate and manage significantly greater, in both value and quantity, collaborative contracts, which could initially increase from approximately £177m to in excess of £500m, as well as sustaining the developmental role of the NE IEP and providing essential strategic support to the Regional Development Agency in building the regional economy. Additional costs are more than covered by the significantly increased financial savings from new collaborative procurements, **which by 2012/13 are**

**estimated by the NE IEP to be £26.5m from the first 10 priority areas of spend to be identified for regional collaborative procurement, through a category management approach.**

- 14 The business plan recognises that the new organisation will need to include sustainable and long term arrangements for supplier development activities so that there is ongoing opportunity for more public sector work to be won by North East businesses. ONE NorthEast have already provided their commitment to the new organisation and work is currently ongoing to secure additional financial support for this element, which would help to offset any increase in running costs, as detailed in paragraph 13 above.
15. **The appointment of any key staff will only be made once the Chief Officer has determined the true requirements of the new organisation**, and associated costs will not be greater than that stated in Table F of the full business plan. **Appointments will be made only on the basis of need**, and a range of contract arrangements will be considered, which would include, up-skilling of existing staff, fixed term appointments, new recruitments, secondments and/or buying in short term specialists as and when required, appropriate to need. Existing NEPO staff will be incorporated in the new organisation.
16. **Gateshead Council currently undertake a range of duties as the Accountable Body** for NEPO under a “host” authority model. Throughout the consultation process one key issue has been to **review the host authority status** and to ensure that the staff are not co-located with any existing Procurement team, to ensure independence. It is therefore recommended that a review takes place within the six months following approval of this business plan, to address the Accountable Body status and ongoing accommodation needs. Gateshead Council has agreed to continue to undertake these duties during the interim period. All local authorities will be invited to “volunteer” to undertake any or all of these roles.
17. The business plan recognises the risks that member councils may perceive from a major change of this nature, especially during a period of financial stringency. It therefore proposes that **the current annual NEPO subscription of circa £30k per member council is frozen and maintained at the current 2009/10 level**, during the transitional period to March 2012, and that:
  - additional running costs in 2010/11 are met from NE IEP resources;
  - additional running costs in 2011/12 are met from the benefits of additional collaborative procurement; and,
  - the performance and viability of the new organisation is reviewed by the Officer Advisory Group during the transitional period, to enable member councils to determine whether their long term requirements are being met.
18. A **review of the funding / subscription model**, including any associate member fees etc., will be required and undertaken within the first six months following approval of this business plan, and it is expected that this would be complete by early January 2011, with recommendations for a more appropriate ongoing funding mechanism proposed.
19. The move to a **category management** approach, as detailed in Appendices K, L & M of the business plan, **will always allow for individual councils to ‘opt out’** of any

specific collaborative arrangements, based on their individual needs and priorities. However, any such decision must be taken by the Chief Executive or Director of Finance (or equivalent) based upon all relevant information available. A category management approach doesn't mean always aggregating spend at a regional level. It will however allow for each local authority to better determine the most appropriate approach for them individually to take on each case, based on better information, analysis and thus providing a range of options for consideration.

20. Each authority will be required to agree a **revised Constitution** for the new organisation, which would encompass the revisions recommended within this business plan. It is proposed that a draft report and constitution are compiled and circulated for approval by all 12 individual authorities. **Agreement is being sought no later than 30 September 2010.**
21. In order to ensure that no momentum is lost in implementing the recommendations in the business plan, to oversee the appointment of the new Chief Officer and to secure the early benefits and outcomes as highlighted, it is recommended that **interim management arrangements** are implemented.

## **KEY RECOMMENDATIONS**

1. **The implementation date of this business plan immediately follows its final approval, with a move to new working arrangements and appointment of key staff as soon as possible during 2010/11.**
2. **The appointment of any key staff will only be made once the Chief Officer has determined the true requirements of the new organisation, and the associated costs will not be greater than that stated in Table F. Appointments will be made on the basis of need, and a range of contract arrangements could be considered, which would include, fixed term appointments, secondments and/or buying in short term specialists as and when required, appropriate to need.**
3. **The purpose and objectives of the new organisation, as set out in paragraph six of this business plan, be agreed.**
4. **That a decision is reached on whether the new organisations Joint Committee consists of 12 or 24 Members, with one (or two) Members drawn from each member council, as set out in paragraph 7.1.**
5. **The Joint Committee has the powers and duties specified in Appendix E [i] through to E [iv] and in paragraph 17 of the business plan.**
6. **The Chief Officer delegation scheme set out in paragraph 7.2 of the business plan be agreed.**
7. **An Officer Advisory Board comprising a Chief Executive or senior a Director with line responsibility for Procurement from each member council be formed in accordance with paragraph 7.3 of the business plan, to be chaired by a designated Chief Executive.**

- 8. If the option is agreed for 12 Members to make up the Joint Committee, then the roles of audit and scrutiny would be undertaken by the Officer Advisory Board.**
- 9. Bi-annual reports will be made by the Chief Officer into the ANEC Leaders & Elected Mayor's Board.**
- 10. The services of Gateshead Council as the Accountable Body and host authority in respect of accommodation be retained for the transitional period of the new organisation, and that by 1 April 2011 the Joint Committee reviews the options available for these services and makes a decision on their longer term provision as from 1 April 2012.**
- 11. The first 10 areas of spend shown in Appendix J [i] should be reviewed as a priority in the first instance, using a category management approach, and that the remaining areas of spend shown in Appendix J [ii] should form part of the future work plan for the new organisation.**
- 12. Member councils pay an equal subscription to the new organisation during the transition period to March 2012, frozen at the current level set in 2009/10, with a review of future funding / subscription models to be undertaken within the first six months of operation, with clear recommendations made for implementation from 1 April 2012, which includes a review of the associate members fee / process.**
- 13. The performance and viability of the new arrangements be reviewed by the Officer Advisory Group during the transitional period, to enable member councils to determine whether their long term requirements are being met.**
- 14. The new Chief Officer will review and make recommendations, by 31 December 2010 on the future branding of the new organisation.**
- 15. The agreement by each individual local authority to a revised Constitution is required as soon as possible following approval of this business plan. Chief Executives are required to ensure that an appropriate report is taken through its Executive by 30 September 2010.**
- 16. Interim management arrangements will be put in place to ensure a speedy implementation to the recommendations / content of this business plan, prior to the appointment of a new Chief Officer.**

## Appendix B

### CONSTITUTION OF THE JOINT COMMITTEE

#### 1. **NAME**

- 1.1 The Joint Committee shall be known as the North Eastern Purchasing Organisation ("NEPO").

#### 2. **INTERPRETATION**

- 2.1 In this Constitution and in the Arrangement, the following expressions have the following meanings unless inconsistent with the context:

- 2.1.1 "Annual General Meeting" shall mean the annual general meeting of NEPO;
- 2.1.2 "Associate Member" shall mean those members who at the date hereof are currently Associate Members of NEPO or who currently benefit from subsisting contractual arrangements
- 2.1.3 "Best Value Duty" shall mean the duty imposed on the Councils by Part 1 of the 1999 Act under which the Councils are under a statutory duty to continuously improve the way their functions are exercised, having regard to a combination of economy, efficiency and effectiveness and to the guidance issued from time to time by the Secretary of State for Communities and Local Government;
- 2.1.4 "Business Day" shall mean any day other than a Saturday or Sunday or a bank or public holiday in England;
- 2.1.5 "Chair of the Joint Committee" shall mean the Member who is appointed to chair the Joint Committee;
- 2.1.6 "Change in Law" shall mean any change in law (which shall include laws, regulations, statute or statutory provision) which comes into effect after the Commencement Date that specifically impacts upon the delivery of the NEPO Service or increases the cost of providing the NEPO Service;
- 2.1.7 "Clerk to the Joint Committee" shall mean the officer who is designated by the Host Authority for the time being to provide administrative and secretarial support for the Joint Committee;
- 2.1.8 "Commencement Date" shall mean 28 October 2010;
- 2.1.9 "Confidential Information" shall mean any information which has been designated as confidential by any Party in writing or that ought to be

considered as confidential (however it is conveyed or on whatever media it is stored) including information which relates to the business, affairs, properties, assets, trading practices, services, developments, trade secrets, Intellectual Property Rights, know-how, personnel, customers and suppliers of any Party and all personal data and sensitive personal data within the meaning of the Data Protection Act 1998;

- 2.1.10 "Contribution" shall mean the sums payable as further detailed in Schedule 3 to the Shared Services Arrangement by each of the Parties reflecting the cost of provision of the NEPO Service;
- 2.1.11 "Councils" shall mean those local authorities which appoint elected members to the Joint Committee, as set out in section 4 of this constitution;
- 2.1.12 "Deficit" shall mean any operating deficit arising for the NEPO Service after discharging all NEPO Costs;
- 2.1.13 "Director" shall mean the officer designated by the Joint Committee to have responsibility for the day to day management of the Shared Services Arrangement;
- 2.1.14 "DPA" shall mean the Data Protection Act 1998;
- 2.1.15 "Elected Mayors Board" shall mean the Leaders and Elected Mayors who are members of ANEC, the Association of North East Councils
- 2.1.16 "Employees" shall mean the employees employed wholly or mainly in the provision of the NEPO Service;
- 2.1.17 "Exempt Information" shall mean any information or class of information relating to this Arrangement which may fall within an exemption to disclosure under FOI Legislation;
- 2.1.18 "FOI Legislation" shall mean the Freedom of Information Act 2000 and subordinate legislation made under this and the Environmental Information Regulations 2004;
- 2.1.19 "Host Authority" shall mean the Council designated as Host Authority under the provisions of the Shared Services Arrangement from time to time;
- 2.1.20 "Information Request" shall mean a request for information under the FOI Legislation;



- 2.1.21 "Intellectual Property Rights" shall mean all patents, trademarks, copyrights, moral rights, rights to prevent passing off, rights in design and all other intellectual and industrial property rights, in each case whether registered or unregistered and including applications or rights to apply for them and together with all extensions and renewals of them and, in each and every case all rights or forms of protection having equivalent or similar effect anywhere in the world;
- 2.1.22 "Local Authority" shall mean as defined in section 270 Local Government Act 1972
- 2.1.23 "Member" shall mean a member of the Joint Committee;
- 2.1.24 "NEPO Cost" shall mean all costs incurred in the operation of the NEPO Service, including but not limited to costs in relation to accommodation, staff, assets, administration, utilities and any other costs notified by the Host Authority to the Parties from time to time;
- 2.1.25 "NEPO Officers" shall mean those officers appointed by the Joint Committee to manage the day to day operation of the NEPO Service;
- 2.1.26 "NEPO Service" shall mean the service as set out in the Shared Services Arrangement and such other services as may be agreed between the Parties from time to time;
- 2.1.27 "Officer Advisory Board" shall mean the officer advisory board as identified in this constitution;
- 2.1.28 "Pension Scheme" shall mean the Local Government Pension Scheme;
- 2.1.29 "Personal Data" shall mean Personal Data as defined in section 1 of the DPA;
- 2.1.30 "Public Body" shall mean as defined in section 1(4) of the Local Authorities (Goods and Services) Act 1970
- 2.1.31 "Rebate Receipts" shall mean the sums received as a result of the rebate charges funded by suppliers related to the purchase of goods, works and services under any contract with that supplier;
- 2.1.32 "Relevant Transfer" shall mean a relevant transfer for the purposes of the Transfer of Undertakings (Protection of Employment) Regulations 2006 as amended or modified from time to time;
- 2.1.33 "Section 151 Officer" shall mean the officer designated by a Local Authority as the person responsible for the proper administration of its

financial affairs, as required by section 151 of the Local Government Act 1972;

- 2.1.34 "Shared Services Arrangement" shall mean the arrangement entered into by the Councils to establish and participate in a joint committee to provide a procurement hub service known as the North Eastern Purchasing Organisation (NEPO);
- 2.1.35 "Surplus" shall mean any operating surplus arising from the NEPO Service after discharging all NEPO Costs;
- 2.1.36 "Transition Period" shall mean the period from the Commencement Date until 31 March 2012;
- 2.1.37 "TUPE" shall mean the Transfer of Undertakings (Protection of Employment) Regulations 2006;
- 2.1.38 "VAT" shall mean value added tax;
- 2.1.39 "Vice Chair of the Joint Committee" shall mean the Member who is appointed by the Joint Committee to be its Vice Chair;
- 2.1.40 "Year" shall mean each consecutive period of twelve (12) calendar months', the first commencing on 1 April and ending on 31 March;
- 2.1.41 "1999 Act" shall mean the Local Government Act 1999.

2.2 References to any laws, regulations, statute or statutory provision, statutory post or position include, unless the context otherwise requires, a reference to the laws, regulations, statute or statutory provision, statutory post or position as amended, supplemented, replaced, modified or re-enacted;

2.3 References to persons will be construed so as to include bodies corporate, unincorporated associations and partnerships;

2.4 References to singular includes the plural and vice versa and references by way of male pronoun shall include references to female pronouns and vice versa.

### 3. **OBJECTIVES**

3.1 The objectives of the Joint Committee are to:

- 3.1.1 Lead or facilitate on collaborative procurement for the Councils through a commercial approach to procurement activities, determining appropriate procurement strategies, adding value, removing duplication and streamlining procurement landscape through common policies, procedures, systems and processes;

- 3.1.2 Work innovatively and at pace to deliver the required outcomes for the Councils as set out in an approved business plan;
- 3.1.3 Generate a positive impact for local sub regional and regional communities and suppliers;
- 3.1.4 Seek ways to maximise financial savings for the Councils;
- 3.1.5 Co-ordinate the management of regional procurement strategies to ensure a consistent approach and equitable distribution of effort between the Councils;
- 3.1.6 Deliver efficient and effective collaborative procurement arrangements including contract management for all the Councils;
- 3.1.7 Continually seek new areas of collaboration e.g. social care, construction etc;
- 3.1.8 Understand the needs of individual Councils and the sub regions, paying particular attention to the diversity of, and impact on, the local and sub regional economy when considering sourcing strategy outputs;
- 3.1.9 Build on existing links to provide more streamlined and integrated support to other regional bodies,e.g. the regional development agency/local enterprise partnership etc., as appropriate;
- 3.1.10 Help to energise the supply market and recommend appropriate approaches to market;
- 3.1.11 Stimulate common alignment of master and sub-categories of spend between the Councils to develop strategic category sourcing strategies, understand markets and thus build innovative solutions to ensure the Councils meet their Best Value Duty;
- 3.1.12 Research, develop, stimulate and create regional supply markets for current and future requirements and improving market intelligence, with particular regard to energising local sub regional and regional business development and opportunity, working with the third sector and small medium enterprises;
- 3.1.13 Become a regional centre of best practice for all collaborative procurement activity;
- 3.1.14 Implement and maintain a rigorous and transparent performance management framework;

- 3.1.15 Keep under review opportunities to collaborate with other public sector organisations to enhance efficient procurement;
- 3.1.16 Keep under review the capacity and capability of professional procurement officers in the region; provide tailored training and development opportunities;
- 3.1.17 Provide on demand and at economic cost, discretionary procurement services to a Councils, if required;
- 3.1.18 Contribute to national public sector procurement agendas through NEPO's membership of regional and national purchasing consortia and purchasing frameworks and other public bodies and agencies;
- 3.1.19 Report through the ANEC (Association of North East Councils) Leaders & Elected Mayor's (or similar) board, performance and savings, at appropriate intervals, expected to be no more than bi-annually.

#### 4. **MEMBERSHIP OF NEPO**

- 4.1 Each of the following Councils (hereafter referred to as "the Councils") shall appoint two Members (being elected members of that Council) as its nominated Members of the Joint Committee:
  - 4.1.1 The Council of the City of Sunderland ("Sunderland");
  - 4.1.2 The Borough Council of Gateshead ("Gateshead");
  - 4.1.3 The Council of the City of Newcastle upon Tyne ("Newcastle");
  - 4.1.4 The Council of the Borough of North Tyneside ("North Tyneside");
  - 4.1.5 The Council of the Borough of South Tyneside ("South Tyneside");
  - 4.1.6 Northumberland County Council ("Northumberland");
  - 4.1.7 Hartlepool Borough Council ("Hartlepool");
  - 4.1.8 Middlesbrough Borough Council ("Middlesbrough");
  - 4.1.9 Redcar and Cleveland Borough Council ("Redcar and Cleveland");
  - 4.1.10 Stockton on Tees Borough Council ("Stockton");
  - 4.1.11 Durham County Council ("Durham");
  - 4.1.12 Darlington Borough Council ("Darlington").

- 4.2 Each of the Councils shall appoint its Members to the Joint Committee by giving notice in writing to the Clerk to the Joint Committee.
- 4.3 A Local Authority which is admitted as a new Party to the Shared Services Arrangement shall have the right to appoint two of its elected members as its nominated Members of the Joint Committee and shall do so by giving notice in writing to the Clerk to the Joint Committee.
- 4.4 A Public Body which is admitted as a new Party to the Shared Services Arrangement shall have such representation (if any) as the Joint Committee shall think fit
- 4.5 Each Council may nominate one or more substitute Members to attend any meeting in place of an appointed Member from that Council, subject to notice being given to the Clerk to the Joint Committee before the start of the meeting.
- 4.6 Each Member of the Joint Committee shall be appointed to the Joint Committee annually, subject to the following:
- 4.6.1 Each of the Councils may remove any of its appointed Members or substitute Members of the Joint Committee and appoint a different Member or substitute to the Joint Committee by giving written notice to the Clerk to the Joint Committee.
- 4.6.2 A Member shall cease to be a Member of the Joint Committee if he or she ceases to be a Member of the Council appointing him or her.
- 4.7 Any casual vacancies howsoever arising shall be filled by the Council from which the vacancy arises by notice in writing sent to the Clerk to the Joint Committee.
- 4.8 Each Member of the Joint Committee shall act in the overall interests of the Joint Committee.
- 4.9 Each Member of the Joint Committee shall comply with the Members' Code of Conduct of and relevant training programmes of their Council when acting as a Member of the Joint Committee.
- 4.10 The Host Authority or Authorities shall be appointed by the Joint Committee.

## **5. MEETINGS OF THE JOINT COMMITTEE**

- 5.1 The functions of the Joint Committee shall be to :
- 5.1.1 Develop, approve and keep under review long term strategies setting out the future direction of NEPO;

- 5.1.2 Approve annually the medium term business plans, annual budgets and annual accounts (including the annual governance statement following consideration by the Audit Sub-Committee);
- 5.1.3 Agree the level of annual contributions from member councils;
- 5.1.4 Adopt this constitution and then to consider, approve and keep under review at the Annual General Meeting the constitution and Shared Services Arrangement of NEPO, including its standing orders, financial procedure rules and the officer delegation scheme and to carry out such actions as are required by these rules save that in the inaugural year the said documents shall be prepared by 31<sup>st</sup> January 2011;
- 5.1.5 Appoint annually at the Annual General Meeting an Executive Sub-Committee, and receive minutes or reports highlighting any areas that require action by the Joint Committee;
- 5.1.6 Appoint annually at the Annual General Meeting an Audit Sub-Committee and a Scrutiny Sub-Committee of 'Non-Executive' Members and receive minutes or reports highlighting any areas that require action by the Joint Committee and on completed scrutiny reviews;
- 5.1.7 Approve and keep under review the code of corporate governance and associated documents, including a register of corporate and commercial risk, following recommendations by the Audit Sub-Committee;
- 5.1.8 Receive reports as appropriate from the Chair of the Officer Advisory Board on issues of concern to member councils that cannot be resolved directly with the Director;
- 5.1.9 Delegate to an Executive Sub-Committee a duty to keep business operations under continuous review through a robust performance management framework, and take such actions as are necessary to adhere to approved business plans and annual budgets;
- 5.1.10 Approve an annual programme of Scrutiny Reviews, following a recommendation by the Scrutiny Sub-Committee;
- 5.1.11 Approve the senior management structure;
- 5.1.12 Provide for the appointment of the Director through an appropriate ad-hoc Appointments Sub-Committee of up to 5 members, and make appropriate arrangements for his/her annual appraisal by the Executive Sub-committee;

- 5.1.13 Keep under review the scope and cost of 'accountable body' duties provided by member councils, and the location, scale and standard of staff accommodation;
- 5.1.14 Appoint the Host Authority or Authorities on such terms and for such period(s) as it considers appropriate;
- 5.1.15 Receive reports from the Director on changes to the national procurement landscape, and its potential effects on the economic, social and environmental wellbeing of the region, and to make such amendments to strategic plans as are appropriate;
- 5.1.16 Receive reports and take action to resolve potential skill shortages in the procurement field through the development of a regional development and training programme;
- 5.1.17 Receive an annual report from the Director containing summary details of previous year's contracts and any significant changes in business planning for the following year;
- 5.1.18 Support and promote the creation of appropriate partnership arrangements, including other public sector buying organisations, the OGC, CLG and the regional development agency;
- 5.1.19 Keep under review the corporate identity and branding of NEPO;.
- 5.1.20 Ensure that an appropriate member development programme is provided to facilitate the work of the Joint Committee and its sub-committees;
- 5.1.21 Provide member councils with an annual report on NEPO's activities;
- 5.1.22 Exercise such other responsibilities as are provided for under this constitution.
- 5.1.23 and in the case of any of these functions the Joint Committee may in its discretion delegate the same to the Executive Committee

5.1.24

5.1.25

5.2 The Joint Committee shall hold an Annual General Meeting to carry out the following business:

5.2.1 To elect the Chair of the Joint Committee when the post is vacant;

5.2.2 To elect the Vice Chair of the Joint Committee when the post is vacant;

- 5.2.3 To determine the date, time and venue of meetings of the Joint Committee and the Executive Sub-Committee for the following year.
- 5.3 The Joint Committee shall hold its next Annual General Meeting on 28 October 2010. In 2011 and every future year when the Joint Committee exists, the Joint Committee shall hold its Annual General Meeting in June.
- 5.4 The Joint Committee shall hold ordinary meetings quarterly unless otherwise determined by the Joint Committee.
- 5.5 The Clerk to the Joint Committee may call extraordinary meetings of the Joint Committee by giving at least three clear days' written notice to the Members of the Joint Committee for the purposes of resolving urgent matters arising between the quarterly meetings of the Joint Committee. The Clerk to the Joint Committee must call a meeting of the Joint Committee if at least half of the Councils in membership request it.
- 5.6 Each Member shall have one vote. . Each Member may arrange for his/her vote to be exercised by any Member or substitute Member whom his/her Council appoints to the Joint Committee or nominates as a substitute. For the avoidance of doubt no officer shall be allowed to exercise a vote.
- 5.7 The Clerk to the Joint Committee shall send to all Members of the Joint Committee copies of the agenda for each meeting of the Joint Committee no later than five clear Business Days before the date of the relevant meeting. This shall not apply to extraordinary meetings of the Joint Committee which the Clerk to the Joint Committee calls at less than five clear Business Days notice, in which case the Clerk to the Joint Committee shall send to all Members of the Joint Committee printed copies of the agenda as soon as reasonably practicable and shall make copies available at the meetings.
- 5.8 The Clerk to the Joint Committee shall arrange for written minutes to be taken of each meeting of the Joint Committee. The Clerk to the Joint Committee shall circulate the minutes to Members of the Joint Committee no later than 14 Business Days after the date of the relevant meeting and shall present them to the Joint Committee at its next meeting for approval as a correct record. If the Joint Committee confirms that the minutes contain an accurate record of the previous meeting, those minutes shall be signed by the Chair.
- 5.9 A meeting of the Joint Committee shall require a quorum of one half of the Members who are entitled to attend and vote, provided that at least half of the Councils are represented.
- 5.10 If at the expiration of 15 minutes after the time specified for a meeting a quorum shall not be present, then unless otherwise agreed by the majority of members present, no meeting shall take place and the meeting shall stand



adjourned until the day and time fixed for the next ordinary meeting unless an extraordinary meeting is, in the meantime, convened for the purpose in pursuance of this constitution.

- 5.11 If, during any meeting of the Joint Committee the Chair, after counting the number present declares that there is not a quorum present the meeting shall stand adjourned until the next ordinary meeting unless an extraordinary meeting is convened for that purpose.
- 5.12 The order of business shall be indicated in the agenda for the meeting and shall be in accordance with the procedure rules adopted by the Joint Committee.
- 5.13 Subject to the provisions of any enactment, all questions other than a question of whether to admit a Local Authority or Public Body as a new Party to the Shared Services Arrangement or a request for a change to the Joint Committee's constitution coming or arising before the Joint Committee shall be decided by a majority of the Members of the Joint Committee who are entitled to vote immediately present and voting thereon. A decision to admit a Local Authority or Public Body as a new Party to the Shared Services Arrangement shall require unanimous agreement of all Members. A decision to change the constitution of the Joint Committee shall require the agreement of Members representing at least two thirds of the Councils present and able to vote and shall be taken in accordance with paragraph 12 of this constitution.
- 5.14
- 5.15 Subject to the provisions of any enactment, in the case of an equality of votes the Chair shall have a second or casting vote but before exercising this, the Chair shall consider whether it is appropriate to defer the matter to the next meeting of the Joint Committee.
- 5.16 Any Member of the Joint Committee may request the Joint Committee to record the votes of individual Members of the Joint Committee on a matter for decision.
- 5.17 A Member when speaking shall address the Chair. If two or more Members wish to speak, the Chair shall call on one to speak. While a Member is speaking other Members shall remain silent.
- 5.18 A Member shall direct his/her speech to the question under discussion or to a personal explanation or to a point of order.
- 5.19 Only one amendment to a proposal may be moved and discussed at a time and no further amendment shall be moved until the amendment under discussion has been disposed of, providing that the Chair may permit two or more amendments to be discussed (but not voted on) together if circumstances

suggest that this course would facilitate the proper conduct of the Joint Committee's business.

- 5.20 If an amendment be lost, other amendments may be moved on the original motion. If an amendment be carried, the motion as amended shall take the place of the original motion and shall become the motion upon which any further amendment may be moved.
- 5.21 When a motion is under debate by the Joint Committee no other motion shall be moved except the following:-
- 5.21.1 To amend the motion;
  - 5.21.2 To adjourn the meeting;
  - 5.21.3 To adjourn the debate;
  - 5.21.4 To proceed to the next business;
  - 5.21.5 That the question be now put;
  - 5.21.6 That a Member be not further heard;
  - 5.21.7 By the Chair that a Member do leave the meeting;
  - 5.21.8 A motion under Section 100(A)(4) of the Local Government Act 1972 to exclude the public;
  - 5.21.9 To postpone consideration of the item.
- 5.22 A Member may move without comment at the conclusion of a speech of another Member, "That the Committee proceed to the next business", "That the question be now put", "That the debate be now adjourned", or "That the Committee do now adjourn", on the seconding of which the Chair shall proceed as follows:-
- 5.22.1 On a motion to proceed to next business; unless in his opinion the matter before the meeting has been insufficiently discussed put to the vote the motion to proceed to the next business;
  - 5.22.2 On a motion that the question be now put; unless in his opinion the matter before the meeting has been insufficiently discussed he shall first put to the vote the motion that the question be now put ;
  - 5.22.3 On a motion to adjourn the debate or the meeting; if in his opinion the matter before the meeting has not been sufficiently discussed and cannot reasonably be sufficiently discussed on that occasion put the adjournment motion to the vote.

- 5.23 Any motion moved under paragraph 5.21 (to amend the motion; to adjourn the meeting; to adjourn the debate; to proceed to the next business; that the question be now put; that a Member be not further heard; by the Chair that a Member do leave the meeting; a motion under Section 100(A)(4) of the Local Government Act 1972 to exclude the public; to postpone consideration of the item) must be seconded but it need not be reduced to writing. The mover may speak upon it but the seconder shall not be permitted to speak beyond formally seconding it. Upon any such motion being made, the mover of the substantive motion under debate at the time such motion is made may (without prejudice to his or her ultimate right of reply if the motion be not carried) be heard in reply for a period not exceeding five minutes, immediately after which the question shall be put without further debate.
- 5.24 If any motion mover under paragraph 5.21 (to amend the motion; to adjourn the meeting; to adjourn the debate; to proceed to the next business; that the question be now put; that a Member be not further heard; by the Chair that a Member do leave the meeting; a motion under Section 100(A)(4) of the Local Government Act 1972 to exclude the public; to postpone consideration of the item) is lost it shall not be competent to move a motion in the same or similar terms within a period of 30 minutes thereafter.
- 5.25 If a motion to adjourn the meeting is carried, the business on the agenda undisposed of shall be printed on the agenda of the next ordinary meeting or of such meeting as shall be specified.
- 5.26 If a motion to adjourn the debate is carried, the discussion shall be resumed at the next ordinary meeting, when the Member who moved the adjournment of the debate shall be entitled to speak first.
- 5.27 If a motion "that the question now be put" is carried, the motion or amendment under debate shall, subject to the right of reply of the mover of an original motion, be forthwith put.
- 5.28 When a motion to proceed to the next business is carried the question under discussion shall be considered as dropped.
- 5.29 A motion or amendment may be withdrawn by the mover with the consent of his or her seconder and of the Joint Committee, which consent shall be signified without debate, and no Member may speak upon it after the mover has asked permission for its withdrawal unless such permission shall have been refused.
- 5.30 Paragraphs 5.23 to 5.29 and 5.31 to 5.32 of this constitution may be suspended so far as regards any business at the meeting.
- 5.31 The following rules shall apply to the conduct of debate at meetings:-

- 5.31.1 Members arriving after a meeting has commenced or departing before a meeting has concluded shall show due respect to the Chair.
  - 5.31.2 No speech shall exceed ten minutes in the case of a mover of a motion or five minutes in any other case except by consent of the Chair.
  - 5.31.3 A Member who speaks shall direct his remarks strictly to the motion under discussion or to a personal explanation or a question of order. A point of order shall relate only to an alleged breach of a requirement of this constitution and the Member shall immediately specify the requirement and the way it has been broken. No Member may impute improper motives or use offensive expressions in reference to any Member.
  - 5.31.4 The ruling of the Chair on a point of order or the admissibility of a personal explanation shall be final and shall not be open to discussion.
  - 5.31.5 A member shall not address the meeting more than once on the same motion or amendment except upon a point of order or to offer a personal explanation. The mover of an original motion may, however, reply but he or she shall confine himself or herself strictly to answering points raised by previous speakers and shall not introduce a new matter into debate. After the reply the question shall be put forthwith.
  - 5.31.6 The Chair shall call the attention of the Member to continued irrelevance, tedious repetition, unbecoming language or any breach of order on the part of a Member and shall direct such a Member, if speaking, to discontinue his or her speech or, in the event of disregard of the authority of the Chair, to retire for the remainder of the meeting.
- 5.32 Where there are more than two persons nominated for any position to be filled by the Joint Committee and, on a vote being taken, no person receives more than half the votes cast, the name of the person having the least number of votes shall be struck off the list and a fresh vote shall be taken and so on until a majority of the votes cast is given in favour of one person.
- 5.33 If a Member of the Joint Committee has any personal interest in any contract, proposed contract or other matter, and is present at a meeting at which the contract, proposed contract or other matter is the subject of consideration, he or she shall, at the meeting and as soon as practicable after its commencement, disclose the fact and if the interest is also a prejudicial interest shall not take part in the consideration or discussion of the contract, proposed contract or other matter or vote on any question with respect to it but shall withdraw from the meeting whilst it is being discussed and voted on.

- 5.34 If it comes to the knowledge of an officer employed by any of the Councils that a contract in which he or she has a pecuniary interest, whether direct or indirect (not being a contract to which he or she is a party), has been, or is proposed to be entered into by the Host Authority on behalf of the Joint Committee, he or she shall as soon as practicable give notice in writing to the Joint Committee of the fact that he or she is interested therein.
- 5.35 No Member may at a meeting raise any matter of which prior notice has not been given to the Chair and the matter shall not, in any event be introduced unless the Members on being informed of it agree. If the Members do agree the matter may be raised only in the form of a question which, on an oral answer being given, shall be regarded as disposed of at that meeting and no decision binding the Joint Committee on any course of action shall be taken on any matter so raised.
- 5.36 The ruling of the Chair shall not be open for discussion.
- 5.37 Any member of the Councils who is not a Member of the Joint Committee is entitled to attend the Joint Committee but he/she shall not be entitled to vote, shall not take part in the consideration or discussion of any business, save by leave of the Chair and comments will be recorded only on the direction of the Chair.
- 5.38 Meetings of the Joint Committee will be open to the public except to the extent that they are excluded under paragraph 5.39.
- 5.39 The public may be excluded from a meeting of the Joint Committee during an item of business whenever it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that, if members of the public were present during that item, confidential information as defined in section 100A(3) of the Local Government Act 1972 or exempt information as defined in section 100I of the Local Government Act 1972 would be disclosed to them.
- 5.40 Subject to clause 5.40 any meeting of the Joint Committee which has sat continuously for three hours shall stand adjourned unless the majority of the Members present, by vote, determine to continue to sit.
- 5.41 The Chair may, at any time, if he or she thinks it desirable in the interest of order, adjourn a meeting for a time to be named by him or her.

## **6. CHAIRING THE JOINT COMMITTEE**

- 6.1 The Joint Committee shall appoint a Chair of the Joint Committee at every Annual General Meeting when the office of Chair is vacant.

- 6.2 The Joint Committee shall appoint a Vice Chair of the Joint Committee at every Annual General Meeting when the office of Vice Chair is vacant.
- 6.3 The Chair and Vice Chair shall be appointed from the Members of the Joint Committee and shall hold office for a period of two years, subject to the following:
- 6.3.1 The Chair and Vice Chair shall vacate their office as Chair or Vice Chair as applicable if he or she ceases to be an elected member of the Council which appointed him or her to the Joint Committee; or that Council terminates his or her appointment as a Member of the Joint Committee, or if his or her appointment as a Member of the Joint Committee expires and he or she is not re-appointed as a Member of the Joint Committee with immediate effect.
- 6.4 If there is a vacancy in the office of Chair or Vice Chair between the date of the Annual General Meetings of the Joint Committee, the Joint Committee shall appoint a Chair or Vice Chair as applicable at the next meeting of the Joint Committee.
- 6.5 If there is a quorum of members present but neither the Chair nor the Vice-Chair is present, the Members present shall designate one Member to preside as Chair for that meeting.

## 7. **THE EXECUTIVE**

- 7.1 The Joint Committee shall appoint an Executive Sub-Committee of 12 Members of the Joint Committee at each Annual General Meeting comprising those Members from each Council who have executive responsibility for procurement or the Council's nominated procurement champion.
- 7.2 The Executive Sub-Committee shall have the responsibility to:
- 7.2.1 Review the performance of NEPO in achieving its objectives through an examination of performance data and relevant performance indicators;
- 7.2.2 Determine and recommend to the Joint Committee a suite of performance indicators, including an annual target of rebate income and reduced prices that are expected for the following financial year;
- 7.2.3 Receive reports on spending against approved budgets and make such decisions as are necessary to ensure year-end targets are achieved;
- 7.2.4 Keep under review the division of work of a regional nature between NEPO and member councils, to ensure as far as possible an equitable distribution or a fair allocation of costs;

- 7.2.5 Examine periodically the take up of regional contracts by member councils, examine reasons for opt outs, and report its conclusions to the Joint Committee;
  - 7.2.6 Appraise the performance of the Director;
  - 7.2.7 Take urgent decisions where it is not practicable to call a full meeting of the Joint Committee, subject to reporting any decisions made, and the reasons for the urgency, to the next meeting of the Joint Committee.
- 7.3 The Executive Sub-Committee shall meet quarterly.
- 7.4 The Executive Sub-Committee shall appoint a Chair and Vice Chair of the Executive Sub-Committee at its first meeting.
- 7.5 The Chair and Vice Chair shall hold office for a period of two years, subject to the following:
- 7.5.1 The Chair and Vice Chair shall vacate their office as Chair or Vice Chair as applicable if he or she ceases to be an elected member of the Council which appointed him or her to the Joint Committee; or that Council terminates his or her appointment as a Member of the Joint Committee, or if his or her appointment as a Member of the Joint Committee expires and he or she is not re-appointed as a Member of the Joint Committee with immediate effect.
- 7.6 The Clerk to the Joint Committee shall send to all Members of the Executive Sub-Committee printed copies of the agenda for each meeting of the Executive Sub-Committee no later than five clear Business Days before the date of the relevant meeting.
- 7.7 The Clerk to the Joint Committee shall arrange for written minutes to be taken of each meeting of the Executive Sub-Committee. The Clerk to the Joint Committee shall circulate the minutes to Members of the Executive Sub-Committee no later than 14 Business Days after the date of the relevant meeting and shall present them to the Joint Committee at its next meeting for approval as a correct record. If the Executive Sub-Committee confirms that the minutes contain an accurate record of the previous meeting, those minutes shall be signed by the Chair.
- 7.8 A meeting of the Executive Sub-Committee shall require a quorum of one half of the Members who are entitled to attend and vote.

7.9 The order of business shall be indicated in the agenda for the meeting and the meeting shall be conducted in accordance with the procedure rules adopted by the Joint Committee.

8. **OVERVIEW AND SCRUTINY ARRANGEMENTS**

8.1 The Joint Committee shall appoint a Scrutiny Sub-Committee of 6 Members.

8.2 The Scrutiny Sub-Committee shall have the responsibility to:

8.2.1 Prepare and submit to the Joint Committee for approval an annual programme of scrutiny reviews;

8.2.2 Conduct scrutiny reviews in accordance with the approved programme;

8.2.3 Call witnesses and receive evidence as appropriate for each review;

8.2.4 Prepare a report following each review, setting out conclusions and recommendations, for submission to the Joint Committee;

8.2.5 Review periodically the response of senior managers to completed reviews;

8.2.6 Carry out reviews requested by the Executive Sub-Committee and the Joint Committee;

8.2.7 Present the findings of its reviews to the Joint Committee;

8.3 The Scrutiny Sub-Committee shall present its proposed programme of reviews to the Joint Committee every year and shall not undertake any reviews until it has the approval of the Joint Committee.

8.4 The members of the Scrutiny Sub-Committee shall be Members of the Joint Committee who are not a member of the Executive or the Audit Sub-Committees of the Joint Committee .

8.5 The Scrutiny Sub-Committee shall meet quarterly or more frequently when the Chair of the Scrutiny Sub- Committee decides this is necessary or on the written requisition of 3 members of the Scrutiny Sub-Committee. The Chair of the Scrutiny Sub-Committee shall ask the Clerk to the Joint Committee to call a meeting of the Scrutiny Sub- Committee by sending to all Members of the Scrutiny Sub-Committee printed copies of the agenda for each meeting of the Scrutiny Sub-Committee no later than five clear Business Days before the date of the relevant meeting.

8.6 The Scrutiny Sub-Committee shall appoint a Chair and Vice Chair of the Scrutiny Sub-Committee at its first meeting.



- 8.7 The Chair and Vice Chair shall hold office for a period of two years, subject to the following:
- 8.7.1 The Chair and Vice Chair shall vacate their office as Chair or Vice Chair as applicable if he or she ceases to be an elected member of the Council which appointed him or her to the Joint Committee; or that Council terminates his or her appointment as a Member of the Joint Committee, or if his or her appointment as a Member of the Joint Committee expires and he or she is not re-appointed as a Member of the Joint Committee with immediate effect.
- 8.8 The Clerk to the Joint Committee shall send to all Members of the Scrutiny Sub-Committee printed copies of the agenda for each meeting of the Joint Committee no later than five clear Business Days before the date of the relevant meeting.
- 8.9 The Clerk to the Joint Committee shall arrange for written minutes to be taken of each meeting of the Scrutiny Sub-Committee. The Clerk to the Joint Committee shall circulate the minutes to Members of the Scrutiny Sub-Committee no later than 14 Business Days after the date of the relevant meeting and shall present them to the Scrutiny Sub-Committee at its next meeting for approval as a correct record. If the Scrutiny Sub-Committee confirms that the minutes contain an accurate record of the previous meeting, those minutes shall be signed by the Chair.
- 8.10 A meeting of the Scrutiny Sub-Committee shall require a quorum of one half of the Members who are entitled to attend and vote.
- 8.11 The order of business shall be indicated in the agenda for the meeting and the meeting shall be conducted in accordance with the procedure rules adopted by the Joint Committee.

## 9. **AUDIT**

- 9.1 The Joint Committee shall appoint an Audit Sub-Committee of 6 Members.
- 9.2 The Audit Sub-Committee shall have the responsibility to:
- 9.2.1 Provide the Joint Committee with a reasonable assurance of the efficient and effective operation of the overall internal control environment within NEPO, through a systematic appraisal of its framework of internal controls, processes and data quality;
- 9.2.2 Consider the internal audit plans of the accountable body insofar as they relate to NEPO;
- 9.2.3 Recommend an annual governance statement to the Joint Committee for inclusion in the annual statement of accounts;

- 9.2.4 Ensure that the highest standards of probity and public accountability are demonstrated in the letting of contracts and by member councils;
  - 9.2.5 Ensure that an appropriate risk management strategy has been drawn up, to monitor that risk management procedures are being carried out effectively and to monitor key risks;
  - 9.2.6 Keep under review the actions of the Director in developing a code of corporate governance, including policies and procedures relating to anti-fraud and corruption;
  - 9.2.7 Review annually its terms of reference and report any additions and amendments to the Joint Committee;
  - 9.2.8 Submit to each Annual General Meeting of the Joint Committee a report of its activities during the previous year.
- 9.3 The members of the Audit Sub-Committee shall be Members of the Joint Committee who are not a member of the Executive or Scrutiny Sub-Committees of the Joint Committee.
- 9.4 The Audit Sub-Committee shall meet quarterly and additionally when the Chair of the Audit Sub-Committee decides this is necessary. The Chair of the Audit Sub-Committee shall ask the Clerk to the Joint Committee to call a meeting of the Audit Sub-Committee by sending to all Members of the Audit Sub-Committee printed copies of the agenda for each meeting of the Audit Sub-Committee no later than five clear Business Days before the date of the relevant meeting.
- 9.5 The Audit Sub-Committee shall appoint a Chair and Vice Chair of the Audit Sub-Committee at its first meeting.
- 9.6 The Chair and Vice Chair shall hold office for a period of two years, subject to the following:
- 9.6.1 The Chair and Vice Chair shall vacate their office as Chair or Vice Chair as applicable if he or she ceases to be an elected member of the Council which appointed him or her to the Joint Committee; or that Council terminates his or her appointment as a Member of the Joint Committee, or if his or her appointment as a Member of the Joint Committee expires and he or she is not re-appointed as a Member of the Joint Committee with immediate effect.
- 9.7 The Clerk to the Joint Committee shall send to all Members of the Audit Sub-Committee printed copies of the agenda for each meeting of the Audit Sub-Committee no later than five clear Business Days before the date of the relevant meeting.

- 9.8 The Clerk to the Joint Committee shall arrange for written minutes to be taken of each meeting of the Audit Sub-Committee. The Clerk to the Audit Sub-Committee shall circulate the minutes to Members of the Audit Sub-Committee no later than 14 Business Days after the date of the relevant meeting and shall present them to the Audit Sub-Committee at its next meeting for approval as a correct record. If the Audit Sub-Committee confirms that the minutes contain an accurate record of the previous meeting, those minutes shall be signed by the Chair.
- 9.9 A meeting of the Audit Sub-Committee shall require a quorum of one half of the Members who are entitled to attend and vote.
- 9.10 The order of business shall be indicated in the agenda for the meeting and the meeting shall be in accordance with the procedure rules adopted by the Joint Committee.

## 10. **OFFICER ADVISORY BOARD**

- 10.1 The role of the Officer Advisory Board is to facilitate effective links between officers of the Councils to ensure that the regional agenda is being pursued effectively and that the Joint Committee is meeting the objectives of each Council.
- 10.2 Each Council shall nominate one of its officers to be a member of the Officer Advisory Board. Any officer nominated by a Council shall be the Council's chief executive or a senior director with line responsibility for procurement.
- 10.3 The Officer Advisory Board shall appoint a Chair and Vice Chair from amongst the chief executive representatives.
- 10.4 The Officer Advisory Board shall meet when the Chair of the Officer Advisory Board decides this is necessary. The Chair of the Officer Advisory Board shall ask the Clerk to the Joint Committee to call a meeting of the Officer Advisory Board by sending to all members of the Officer Advisory Board by e-mail copies of the agenda for each meeting of the Officer Advisory Board no later than five Business Days before the date of the relevant meeting.

## 11. **EMPLOYEES**

- 11.1 The Director shall be authorised by the Joint Committee to:
- 11.1.1 Determine the establishment (other than the senior management structure) and manage the Employees so far as is necessary to facilitate the efficient management of the Joint Committee;
- 11.1.2 Negotiate terms and execute contracts in the name of the Host Authority;

- 11.1.3 Appoint staff within a budget agreed by the Joint Committee;
  - 11.1.4 Incur expenditure of a non-staff nature within a budget agreed by the Joint Committee;
  - 11.1.5 Research, develop and implement all relevant system requirements for the Joint Committee, including all future developments of the procurement portal and the setting of minimum requirements in respect of how the portal is used and data captured;
  - 11.1.6 Represent the Joint Committee in national discussions concerning procurement activity and take decisions in the interests of the Joint Committee concerning the participation of the Councils in national contracts;
  - 11.1.7 Determine which contracts to lead on behalf of consortia and which national contracts to recommend to councils in the region;
  - 11.1.8 Take decisions in the name of the Joint Committee where the Director has professional or managerial responsibility but this does not include decisions on any matters which have been reserved to the Joint Committee or a sub-committee of the Joint Committee;
  - 11.1.9 In consultation with the Chair and Vice Chair of the Joint Committee take decisions on matters of urgency between the meetings of the Joint Committee and the Executive Sub-Committee provided the decision is reported to the next meeting of the Joint Committee for information;
  - 11.1.10 Agree severance terms in accordance with the policies for the time being of the Host Authority.
- 11.2 The Host Authority shall designate one of its officers to undertake the role of Clerk to the Joint Committee.

## 12. **CHANGES TO THE CONSTITUTION**

- 12.1 No change may be made to the constitution of the Joint Committee unless it has been agreed at a meeting of the Joint Committee by Members representing at least two thirds of the Councils.
- 12.2 .
- 12.3 Each of the Councils may request a change to the constitution of the Joint Committee by sending to the Clerk to the Joint Committee:
  - 12.3.1 Details in writing of the proposed change to the constitution;

12.3.2 A request in writing for the Clerk to include the proposed change to the agenda for the next meeting of the Joint Committee.

12.4 When the Clerk to the Joint Committee receives a request for a change to the constitution of the Joint Committee, he or she shall add this to the agenda for the next meeting of the Joint Committee unless the next meeting is the Annual General Meeting. If the next meeting is the Annual General Meeting the Clerk to the Joint Committee shall add the request to the agenda for the next meeting after the Annual General Meeting.

12.5 If all Members representing all of the Councils present and able to vote at a meeting of the Joint Committee agree to a change to the constitution of the Joint Committee, the change shall take effect immediately after it has been agreed. The Clerk to the Joint Committee shall prepare a new version of the constitution as soon as reasonably practicable after the change has been agreed and shall circulate this to each Council. The costs associated with preparing and circulating the new version of the constitution shall be shared equally between the Councils.

13. **OTHER PROCEDURE RULES**

13.1 The Joint Committee may from time to time adopt such financial, procurement and other procedure rules as it may determine from time to time. In the event that the Joint Committee does not have an agreed policy or rules on an appropriate matter then the policy or rules of the Host Authority shall apply as appropriate to the Joint Committee from time to time.

13.2 In respect of contractual arrangements, the Joint Committee shall comply with the operational protocol for the administration of contract procurements which the Joint Committee has adopted under the provisions of the Shared Services Arrangement or any other operational protocol for the administration of contract procurements which the Joint Committee may from time to time adopt.

