

STOCKTON-ON-TEES BOROUGH COUNCIL

CABINET RECOMMENDATIONS

PROFORMA

Cabinet Meeting12th June 2014

1. Title of Item/Report

NEPO Transformation

2. Record of the Decision

Consideration was given to a report on the revised arrangements for the leadership and management of the NEPO Service and Regional Collaborative Procurement.

The North East Procurement Organisation (NEPO) was responsible for organising collaborative contracts through which councils purchase goods and services. It was governed through a Shared Services Arrangement entered into on 28th October 2010 by the 12 local authorities in the North East (the "LA12"). Gateshead was the host authority for NEPO (i.e. employing the NEPO staff and holding its financial assets) and supports its work with the provision of a range professional and support services. The LA12 pay an annual subscription to contribute to NEPO's costs.

Following an extensive review during 2013, and subsequent reports to the Regional Chief Executives' Group, the Executive Subcommittee of NEPO, and to the ANEC Leader's and Elected Mayors' Board it was resolved to take steps to improve its efficiency and effectiveness, including exploring options, and then to set up arrangements, for the purpose of transforming the way in which regional procurement will be delivered in future.

Consequently it was agreed to:-

- Create a revised accountability structure and strengthen member involvement with the NEPO Service via ANEC (the Association of North East Councils Ltd).
- Clarify strategic leadership through ANEC's management structure and governance.
- Improve the operational relationships between NEPO and the LA12.

- Improve credibility for NEPO and provide clarity about its new role and agree areas of common purpose managing delivery and harnessing collaboration.
- Apply a flexible approach to local sub regional and regional procurement using NEPO or alternatives within or outside of the region
- Clarify what activities and procurements should be led under the NEPO branding for the LA12
- Create sustainability for the NEPO Service via appropriate funding arrangements and business plans.

At its meeting on 9th April 2014 the Executive Sub-committee of NEPO approved a detailed report outlining new and revised functions and objectives for the NEPO Service and future collaborative procurement activity; it proposed establishing a new arrangement for the governance of the NEPO Service and for regional collaborative procurement generally via ANEC.

It was agreed that the NEPO Joint Committee should be disestablished by the LA12 and new governance and delivery arrangements for the collaborative procurement service be created under ANEC. Decisions were to be considered formally by ANEC and a final meeting of NEPO's Joint Committee will be convened.

These changes would require the LA12 to terminate the current Joint Committee arrangement and, through ANEC, agree a new arrangement under the Leaders and Elected Mayors' Group (as ANEC's Member Management Board) with strategic direction and advice available through the proposed member-led Collaborative Procurement Subcommittee advised by two lead Directors of Resources on behalf of the Directors of Resources Group. Under this proposal issues can if necessary be referred to the Regional Chief Executives' Group.

Local Authorities would appoint members to the NEPO Collaborative Subcommittee at Cabinet/Annual Council as appropriate.

The Leaders and Elected Mayors' Group of ANEC would have the following responsibilities:-

- Overarching responsibility for North East collaborative procurement activity and the NEPO Service.
- On the recommendation of the Collaborative Procurement Subcommittee, approval of the annual business plan, annual report and

work programme.

- Receive regular six-monthly updates from the NEPO Collaborative Procurement Subcommittee and;
- Receive reports on other relevant issues where necessary for decision.

The Collaborative Procurement Subcommittee would have the following responsibilities:-

- Develop an annual business plan and work programme for North East collaborative procurement activity including the existing regional service known as NEPO and to prepare and agree an annual report for approval by the Leaders and Elected Mayors' Group.
- Monitor and scrutinise the provision of collaborative procurement services and their budget.
- Monitor the range and effectiveness of collaborative procurement activity being undertaken generally.
- Provide the Leaders and Elected Mayors' Group with assurance on all aspects of internal controls and risk management.
- Keep under review appropriate strategic plans, a regional procurement strategy and an appropriate performance management framework.
- Ensure that there are appropriate and effective arrangements for stakeholder engagement in the NEPO service and;
- Ensure appropriate protocols and procedures are in place to secure the effective operation of the service and collaborative procurement across the north east.

Following completion of a staffing review staff transfer arrangements would be undertaken in accordance with TUPE regulations and all existing assets and contracts would be passed to ANEC Ltd under the terms of an agreement to be entered into between the 12 constituent authorities of NEPO and ANEC Ltd. The intention was for the new structure and governance to come into effect on 1 July 2014 and for TUPE to apply from 1 August 2014.

Gateshead Council had had a long and successful association with the provision of legal and financial support services to NEPO. ANEC Ltd had indicated that, subject to formal approval, it wished to continue with those arrangements going forward, at least for an initial period to support

a smooth transition to the new governance and service delivery model. Accordingly, and for that purpose, it was envisaged that a further agreement would be entered into between ANEC Ltd and Gateshead Council under which those support services arrangements would continue to be provided to them on similar terms as previously.

RESOLVED that:-

1. Subject to ANEC's formal agreement, the revised governance structure and staffing arrangements as outlined above for the administration of the NEPO Service and future collaborative procurement on behalf of the LA12 be agreed.
2. The Corporate Director of Resources be authorised, following consultation with the Cabinet Member for Corporate Management & Finance, to approve such further changes to the agreements envisaged by this report as he determines.

RECOMMENDED to Council that:-

3. Any consequential changes be made to its Constitution to give effect to these revised arrangements.
4. The Cabinet Member for Corporate Management and Finance be appointed to serve on the Collaborative Procurement Subcommittee of ANEC.

3. Reasons for the Decision

These proposals will serve to improve the capacity and capability of the LA12 collectively and Stockton individually to maximise the benefits of engagement in collaborative procurement both regionally and locally. In so doing they mesh effectively with Stockton's own ambitions to generate the local economy and make the best use of resources.

4. Alternative Options Considered and Rejected

None

5. Declared (Cabinet Member) Conflicts of Interest

None

6. Details of any Dispensations

N/A

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

Midnight on Friday, 20th June 2014

Proper Officer
16 June 2014