

CABINET ITEM COVERING SHEET PROFORMA

AGENDA ITEM

REPORT TO CABINET

12 JUNE 2014

**REPORT OF CORPORATE
MANAGEMENT TEAM**

CABINET / COUNCIL DECISION

Corporate Management & Finance – Lead Cabinet Member – Councillor Harrington

NEPO Transformation – Introduction of New Arrangements for the Leadership & Governance of the NEPO Service and Regional Collaborative Procurement

1. Summary

The purpose of the report is to consider and agree revised arrangements for the leadership and management of the NEPO Service and Regional Collaborative Procurement.

2. Recommendations

It is recommended that Cabinet:

1. Approve, 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.
2. Cabinet authorise the Corporate Director of Resources, 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.

It is recommended that Council:

3. Make any consequential changes to its Constitution to give effect to these revised arrangements.
4. Appoint one member to serve on the Collaborative Procurement Subcommittee of ANEC.

3. Reason for the Recommendations/Decisions

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. Members' Interests

Members (including co-opted Members) should consider whether they have a personal interest in any item, as defined in **paragraphs 9 and 11** of the Council's code of conduct and, if so, declare the existence and nature of that interest in accordance with and/or taking account of **paragraphs 12 - 17** of the code.

Where a Member regards him/herself as having a personal interest, as described in **paragraph 16** of the code, in any business of the Council he/she must then, **in accordance with paragraph 18** of the code, 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 and the business:-

- affects the members financial position or the financial position of a person or body described in **paragraph 17** of the code, or
- relates to the determining of any approval, consent, licence, permission or registration in relation to the member or any person or body described in **paragraph 17** of the code.

A Member with a personal interest, as described in **paragraph 18** of the code, may attend the meeting but must not take part in the consideration and voting upon the relevant item of business. However, a member with such an interest may make representations, answer questions or give evidence relating to that business before the business is considered or voted on, provided the public are also allowed to attend the meeting for the same purpose whether under a statutory right or otherwise (**paragraph 19** of the code)

Members may participate in any discussion and vote on a matter in which they have an interest, as described in **paragraph 18** of the code, where that interest relates to functions of the Council detailed in **paragraph 20** of the code.

Disclosable Pecuniary Interests

It is a criminal offence for a member to participate in any discussion or vote on a matter in which he/she has a disclosable pecuniary interest (and where an appropriate dispensation has not been granted) **paragraph 21** of the code.

Members are required to comply with any procedural rule adopted by the Council which requires a member to leave the meeting room whilst the meeting is discussing a matter in which that member has a disclosable pecuniary interest (**paragraph 22** of the code)

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SUMMARY

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RECOMMENDATIONS

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DETAIL

1. The North East Procurement Organisation (NEPO) is responsible for organising collaborative contracts through which councils purchase goods and services. It is governed through a Shared Services Arrangement entered into on 28th October 2010 by the 12 local authorities in the North East (the "LA12"). Gateshead is currently 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.
2. 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.

3. 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.

Governance and Funding Arrangements Proposals

4. 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.
5. 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 are yet to be considered formally by ANEC and a final meeting of NEPO's Joint Committee will be convened.
6. These changes will 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.
7. Local Authorities will appoint members to the NEPO Collaborative Subcommittee at Cabinet/Annual Council as appropriate.
8. The Leaders and Elected Mayors' Group of ANEC will 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.

9. The Collaborative Procurement Subcommittee will 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.

Staffing

10. Following completion of a staffing review staff transfer arrangements will be undertaken in accordance with TUPE regulations and all existing assets and contracts will 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 is for the new structure and governance to come into effect on 1 July 2014 and for TUPE to apply from 1 August 2014.

Support Services

11. Gateshead Council has had a long and successful association with the provision of legal and financial support services to NEPO. ANEC Ltd has indicated that, subject to formal approval, it wishes 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 is envisaged that a further agreement will be entered into between ANEC Ltd and Gateshead Council under which those support services arrangements will continue to be provided to them on similar terms as previously.

FINANCIAL IMPLICATIONS

12. The revised governance structure and staffing arrangements will provide more transparency and accountability to charges incurred by the LA12 in the funding of NEPO. Although the budget for NEPO is to be finalised it is expected that, compared to the 2011/12 business case, savings in the region of £125,000 will be achieved. The exact saving to the Council will be determined by the funding model, but is likely to be in the region of £25,000 on 2013/14 costs.

LEGAL IMPLICATIONS

13. Not applicable

RISK ASSESSMENT

14. Not applicable.

SUSTAINABLE COMMUNITY STRATEGY IMPLICATIONS

15. Collaborative working of the kind envisaged in this report will support and enhance existing corporate sustainability initiatives and policies

EQUALITIES IMPACT ASSESSMENT

16. Not applicable.

CORPORATE PARENTING

17. Not applicable

CONSULTATION INCLUDING WARD/COUNCILLORS

18. This report has potential implications for all areas and wards.

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