
NORTH EAST PROCUREMENT ORGANISATION

**Responsible Cabinet Member - Councillor Stephen Harker,
Efficiency and Resources Portfolio**

Responsible Director - Ada Burns, Chief Executive

SUMMARY REPORT

Purpose of the Report

1. This report gives details of the proposed changes to NEPO as a result of a review and asks Members to agree to the revised arrangements.

Summary

2. A review of NEPO took place during 2013. This included consideration of the functions of NEPO, the strategic lead and governance model, the future collaborative working model for NEPO and the future form and structure of NEPO
3. Subsequent reports have been considered by the Regional Chief Executives' Group, the Executive Subcommittee of NEPO, and the Association of North East Councils Leader's and Elected Mayors' Board.
4. The recommended changes are outlined in the main body of this report.

Recommendation

5. Members are asked to :
 - (a) Note and approve, subject to ANEC's formal agreement, the revised governance structure and staffing arrangements as outlined below for the administration of the NEPO and future collaborative procurement on behalf of the North East Councils.
 - (b) Authorises the Assistant Director (Chief Executive) to formalise and agree the revised arrangements that ANEC Ltd will have in respect of NEPO on behalf of the Council
 - (c) Appoint the Cabinet Member with the Efficiency and Resources Portfolio to serve on the new Collaborative Procurement Subcommittee of ANEC.

Reason

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

Ada Burns
Chief Executive

Background Papers

No background papers were used in the preparation of this report.

Luke Swinhoe: Extension 2055

S17 Crime and Disorder	There are no issues in relation to Crime and Disorder.
Health and Well Being	There are no issues in relation to Health and Wellbeing.
Carbon Impact	There are no issues that this report needs to address
Diversity	There are no issues relating to Diversity which this report needs to address
Wards Affected	This report affects all wards equally.
Groups Affected	There is no impact on any particular group.
Budget and Policy Framework	This report does not recommend any change to the Budget or Policy Framework.
Key Decision	No
Urgent Decision	No
One Darlington: Perfectly Placed	This report will help the Council in delivering its objectives
Efficiency	The revised arrangements for NEPO will result in a more effective organisation.

MAIN REPORT

Information and Analysis

7. The North East Procurement Organisation (NEPO) is responsible for organising regional collaborative procurements through which councils can purchase goods and services. It is governed through a shared services agreement entered into on 28th October 2010 by the 12 local authorities in the North East (the “LA12”). Gateshead Council is currently the host authority for NEPO. Gateshead employs the NEPO staff, holds the 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.
8. Following a 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 make a number of changes to NEPO and the delivery of regional procurement.
9. It was agreed to:-
 - (a) create a revised accountability structure and strengthen member involvement with the NEPO Service via ANEC (the Association of North East Councils Ltd)
 - (b) clarify strategic leadership through ANEC’s management structure and governance
 - (c) improve the operational relationships between NEPO and the LA12
 - (d) improve credibility for NEPO and provide clarity about its new role and agree areas of common purpose managing delivery and harnessing collaboration
 - (e) apply a flexible approach to local sub regional and regional procurement using NEPO or alternatives within or outside the region
 - (f) clarify what activities and procurements should be led under the NEPO branding for the LA12
 - (g) create sustainability for the NEPO Service via appropriate funding arrangements and business plans.

Governance and Funding Arrangements Proposals

10. At its meeting on 9th April 2014 the Executive Subcommittee 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.
11. 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

12. 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.
13. Local Authorities will appoint members to the NEPO Collaborative Subcommittee at Cabinet/Annual Council as appropriate.
14. The Leaders and Elected Mayors' Group of ANEC will have the following responsibilities:-
 - (a) overarching responsibility for North East collaborative procurement activity and the NEPO Service
 - (b) on the recommendation of the Collaborative Procurement Subcommittee, approval of the annual business plan, annual report and work programme
 - (c) receive regular six monthly updates from the NEPO Collaborative Procurement Subcommittee and
 - (d) receive reports on other relevant issues where necessary for decision.
15. The Collaborative Procurement Subcommittee will have the following responsibilities:-
 - (a) 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
 - (b) monitor and scrutinise the provision of collaborative procurement services and their budget
 - (c) monitor the range and effectiveness of collaborative procurement activity being undertaken generally
 - (d) provide the Leaders and Elected Mayors' Group with assurance on all aspects of internal controls and risk management
 - (e) keep under review appropriate strategic plans, a regional procurement strategy and an appropriate performance management framework
 - (f) ensure that there are appropriate and effective arrangements for stakeholder engagement in the NEPO service and

- (g) ensure appropriate protocols and procedures are in place to secure the effective operation of the service and collaborative procurement across the north east.

Staffing

- 16. Following completion of a staffing review, it is proposed that staff will transfer 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

- 17. ANEC Ltd has indicated that, subject to formal approval, it wishes to continue to use Gateshead Council for the provision of legal and financial support services, 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.