

NORTH LINCOLNSHIRE COUNCIL

POLICY AND RESOURCES CABINET MEMBER

PANNEL STATEMENT OF PRINCIPLES

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 This report introduces an updated statement of principles which sets out the basis of the council's relationship with North East Lincolnshire Council for the provision of a joint procurement function - PANNEL.
- 1.2 The key points in this report are:
- Cabinet approved the development of a joint procurement function with NELC in 2006. The basis of the relationship underpinning the arrangement is set out in a "statement of principles".
 - An updated statement of principles has been produced to recognise changes to the shape and operation of the relationship over the last 6 years including the recent development of a new joint delivery model based on a category management strategy.

2. BACKGROUND INFORMATION

- 2.1 The council's shared procurement service with North East Lincolnshire Council, Procurement Alliance North & North East Lincolnshire (PANNEL), co-ordinates the £215m spent every year on supplies, services and works across both councils. The joint team has been operational for 6 years.
- 2.2 An updated statement of principles (appendix 1) has been produced to recognise changes to the shape and operation of the relationship during that period, including the recent development of a new joint delivery model based on a category management strategy.
- 2.3 Its purpose is to set out the nature and basis of the relationship with North East Lincolnshire Council for the provision of a procurement partnership and the shared aim of delivering on-going improvements in procurement performance. Specifically it sets out:
- principal objectives;
 - guiding principles for working together; and
 - monitoring and governance arrangements.

- 2.4 The statement of principles has no specific legal status. Its purpose can be summarised as follows:
- to set out the spirit, style and behaviour which the councils will adopt in all of their dealings with each other under the arrangement;
 - to summarise the objectives the partners wish to achieve; and
 - to acknowledge the innovative nature of the partnership and the joint commitment and investment of time and resources required to successfully deliver its targeted outcomes

2.5 The revised statement builds on the direction provided by the joint NLC/NELC procurement strategy which the cabinet member for policy and resources approved in November 2013.

3. **OPTIONS FOR CONSIDERATION**

- 3.1 **Option One:** Approve the revised statement of principles
Option Two: Modify or reject the revised statement of principles

4. **ANALYSIS OF OPTIONS**

4.1 **Option One:** Endorsement of the revised statement of principles would reinforce commitment to effective joint working with NELC.

Option Two: The statement of principles has been endorsed by officers across both councils.

5. **RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)**

- 5.1 The PANNEL relationship assists the council in securing economies of scale and operational efficiencies from its £100m annual procurement spend.
- 5.2 Regional benchmarking undertaken in 2013 identified the council's procurement function as "high performance/low cost", securing a value for money opinion.
- 5.3 In 2013 the procurement team was selected as finalists for the national SOPO "Outstanding Achievement Award" and "GO Innovation through Procurement" Award.
- 5.4 The arrangement is enabled through s113 of the Local Government Act 1972.
- 5.5 Professional advice has been sought from both councils insurance and legal teams as part of the development of the revised statement.

6. **OUTCOMES OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)**

- 6.1 An Integrated Impact Assessment has been undertaken previously and indicated no adverse impacts.

7. **OUTCOMES OF CONSULTATION AND CONFLICTS OF INTERESTS DECLARED**

- 7.1 The statement has been developed in consultation with procurement and legal technical specialists across both councils

8. RECOMMENDATIONS

8.1 That the updated PANNEL statement of principles is approved.

DIRECTOR OF POLICY AND RESOURCES

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DATE: 4 DECEMBER 2013

Background Papers used in the preparation of this report:

Procurement Strategy 2013 – 2016
PANNEL statement of principles (current)

STATEMENT OF PRINCIPLES

Introduction

This statement of principles sets out the basis of the joint relationship between North Lincolnshire Council and North East Lincolnshire Council for the provision of a procurement partnership: *Procurement Alliance North & North East Lincolnshire* (PANNEL).

Whilst this statement of principles has no legal status, its purpose can be summarised as follows:

- To set out the spirit, style and behaviours which the councils will adopt in all of their dealings with each other under the arrangement;
- To summarise the objectives that the partners wish to achieve; and
- To acknowledge the innovative nature of the partnership and the joint commitment and investment of time and resources required to successfully deliver its targeted outcomes

Principal Objectives

- To secure better value for money and achieve more efficient and effective use of resources from a combined procurement spend of £215m;
- To strive for continuous improvement and best practice in line with the aims and objectives specified in the joint procurement strategy;
- To improve performance and standing against regional and national milestones and indicators;
- To provide effective capacity and a resilient procurement support service to both councils;
- To maximise social value opportunities for Northern Lincolnshire from procurement activities;
- To provide a forum within which wider joint working, collaboration and shared services across both councils can be explored; and
- To develop a joint approach to the commercial development of the procurement function in order to maximise opportunities to secure external income sources that support core service delivery.

Guiding Principles

- Both councils will approach the relationship in a spirit of openness and trust; such that each keeps the other fully informed of significant and relevant developments at all times;
- Both councils will maintain the highest standards of professional conduct, probity, propriety and ethics at all times;
- Knowledge, learning, skills and resources will be pooled and shared wherever appropriate;
- Each council will receive broadly the same level of benefit and commit broadly the same level of resources in order to meet the objectives of the partnership; and
- The shared resourcing model will be outlined in the joint procurement strategy

Working Together

To deliver the key objectives and adhere to the guiding principles, the partners will work actively together to deliver their joint commitment of developing and implementing a category management based delivery model for procurement:

- Be strategic and “hands off” wherever possible, with a focus maintained on the things that matter;
- Harmonise strategy, policy and procedure and align processes, controls, systems and governance to create a single integrated procurement framework;
- Achieve annual cashable savings of at least £300k for each council together with non-cashable efficiencies and economies through combining volumes and leverage and by driving out inefficiency and duplication of effort;
- Focus on outcomes;
- Be friendly but business like;
- Be proactive rather than reactive;
- Respect council specific differences and needs;
- Create “one team” with “one culture”;
- Pool resource and skills to optimise available capacity;
- Deliver projects and developments to a mutually agreed brief, time-scale and standard;
- Share information openly and communicate effectively at all levels;
- Solve problems together and share the management of risk and rewards;
- Innovate, challenge and implement changes quickly and effectively;
- Be committed to continuous professional development;
- Support the skills and continuous professional development of all procurement specialists;
- Recognise and celebrate achievements and learn from mistakes; and
- Identify and share procurement best practice.

Monitoring and Governance

- A Joint Management Board (JMB), comprising senior officers from both councils will meet at least quarterly and oversee the performance of the joint relationship;
- Direction will be set through the joint procurement strategy with specific joint actions and projects set out in an annual PANNEL delivery plan;
- The lead procuring council will be responsible for applying their own procurement rules and take responsibility for ensuring that governance and legal requirements are met;
- Each council acknowledges and agrees that its use of the arrangement made between the councils with regard to the establishment and running of PANNEL is made under s113 of the Local Government Act 1972 and that where use is made of the arrangements it will be on the basis that any staff provided one council to the other will be placed at the disposal of the other council for the purposes of the functions of that other council, on such terms as may be agreed between them, including, but without limitation, the acceptance by the other council of full and complete responsibility for any action or omissions of the staff so disposed in furtherance of their functions.
- A joint work plan with key performance indicators will be developed annually and monitored by JMB;
- A review of performance and an update of the joint procurement strategy will take place annually;
- The partnership is not time limited but may be ended by either council with the agreement of JMB; and
- Reporting of savings performance will be undertaken in line with the agreed savings recording and reporting methodology.

SIGNATURES:

Signed.....	Signed.....
Date.....	Date.....
Simon Driver Chief Executive North Lincolnshire Council	Tony Hunter Chief Executive North East Lincolnshire Council
Signed.....	Signed.....
Date.....	Date.....
Cllr Neil Poole Portfolio Holder North Lincolnshire Council	Cllr Darren Billard Portfolio Holder North East Lincolnshire Council