

NORTH LINCOLNSHIRE COUNCIL/NORTH EAST LINCOLNSHIRE COUNCIL

**JOINT COMMITTEE FOR SHARED SERVICES
BETWEEN NORTH LINCOLNSHIRE AND
NORTH EAST LINCOLNSHIRE COUNCILS**

PROCUREMENT (PANNEL) SHARED SERVICE

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 To consider an enhanced vision for the procurement (PANNEL) shared service between North Lincolnshire Council and North East Lincolnshire Council.
- 1.2 The key points are:
- The PANNEL shared service was launched in 2006
 - Significant benefits and outcomes have been achieved for both councils over the last 10 years
 - An enhanced vision to align the service with the wider shared services programme is presented for the committee's consideration and approval

2. BACKGROUND INFORMATION

- 2.1 Procurement Alliance North & North East Lincolnshire - PANNEL - was launched on 1 April 2006 as one of the first procurement shared services in the local government sector.
- 2.2 Its primary aim was "*to deliver better value from procurement through existing resources*". The initiative recognised the significant range of synergies that existed between NLC and NELC at that time, including:
- similar level of procurement spend and profile
 - similar supply base
 - same key systems
 - symmetry of small strategically focused procurement teams
 - strong support from staff for integrated working
 - shared challenges creating a positive strategic fit
- 2.3 The specific outcomes sought from the shared service included:
- improved savings through economies of scale and joint procurement
 - streamlined and joint processes and systems
 - streamlined and joint policy and governance frameworks

- improved resilience and business continuity capabilities
- shared skills, expertise and learning
- improved staff development and retention

2.4 For a number of years PANNEL operated effectively with progress reports provided to both councils' cabinets at annual intervals evidencing a wide range of significant financial and non financial outcomes through collaborative working, including:

- extensive range of joint procurements spanning key categories of spend
- achievement of procurement savings targets c. £1m p.a.
- joint procurement strategy
- joint contract procedure rules
- shared policy framework e.g., social value, sustainability
- shared systems: SCMS/YorTender/ProSpend
- shared guide for suppliers
- shared category management model
- creation of "Buy4 Northern Lincolnshire" (local supplier engagement initiative)
- centres of specialist expertise, skills and knowledge
- improve service resilience and business continuity

2.5 The team's efforts were recognised at regional and national level, including:

2009 Winner - LGY&H Yorkshire & Humber Transforming Through Efficiency
 2009 Highly Commended – Third Sector Compact Awards
 2008 Finalist - LGC Procurement Award
 2008 Finalist - MJ Awards Best Use of Resources

2.6 In recent years a number of changes have impacted the model, notably the creation of a centralised commissioning and procurement structure at NELC and management and other associated staffing changes at NLC.

2.7 Despite these challenges the arrangement has continued and significant outcomes are still being realised demonstrating the strength of the relationship, the value of the benefits it delivers and the general cogence of the original business case. Latterly the service has shaped its operations around a modern category management model with specific category managers managing portfolios of procurements across both councils in common areas such as transport, fleet, agency staff and office solutions.

2.8 Recent reorganisation of corporate functions at NELC alongside the wider NELC/NLC shared services programme have presented opportunities to review and re-launch PANNEL. Accordingly an enhanced vision has been produced, informed by the strategic objectives of the wider programme.

2.9 The enhanced vision for the PANNEL shared service can be articulated as follows:

- build on the success and significant progress made over the last 10 years
- engender a true "one team - one service" ethos
- embed category management as a business partnering based functional delivery model
- enhance commercial trading capabilities to provide investment in skills, training and additional capacity
- improve linkages with commissioning strategy, initiatives and programmes

2.10 Further work will be necessary to implement this vision and a further report will be presented for consideration by the joint committee in April 2016.

3. OPTIONS FOR CONSIDERATION

3.1 To note and approve the vision and emerging direction.

3.2 To reject the proposals/propose changes.

4. ANALYSIS OF OPTIONS

4.1 The vision has been developed across both councils drawing on experience from the last 10 years together with the objectives of the wider shared services programme.

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

5.1 The focus of the new vision is to ensure that PANNEL continues to provide procurement best practice supporting the delivery of significant cash-releasing savings from a combined annual procurement spend of £260m.

6. OUTCOMES OF INTEGRATED IMPACT ASSESSMENT

6.1 Not applicable at this stage.

7. OUTCOMES OF CONSULTATION AND CONFLICTS OF INTEREST DECLARED

7.1 Not applicable at this stage.

8. RECOMMENDATIONS

8.1 It is recommended that the Joint Committee notes the emerging vision; and

8.2 Receives a further report regarding the implementation of this vision in April 2016.

REPORT FROM THE SHARED SERVICES BOARD

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Date: 8 December 2015

Background Papers used in the preparation of this report - Nil