

To the Chair and Members of the Cabinet

PARTNERSHIP GOVERNANCE REPORT - Yorkshire Purchasing Organisation

| Relevant Cabinet Member(s) | Wards Affected | Key Decision |
|-----------------------------------|-----------------------|---------------------|
| Cllr Nightingale | All | No |

EXECUTIVE SUMMARY

1. As part of the Council’s approach to monitoring and evaluating its relationship with external organisations and partnerships this report provides details on activities undertaken by the following organisations: Yorkshire Purchasing Organisation (YPO)

EXEMPT REPORT

2. This is not an exempt report.

RECOMMENDATIONS

3. To note the feedback and comments in respect of the Council’s partnership arrangements with YPO.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

4. Reviewing the activities of partnerships where the Council or Executive appoints representatives helps to ensure alignment with Borough wide priorities, improved stewardship of public funds and public confidence that effective controls are in place to manage any relevant risks. Effective governance also ensures partnerships’ working contributes to the effective and efficient provision of services to the Public and the achievement of value for money.

BACKGROUND

5. At its meeting on 19th May 2017, the Council agreed that where it made appointments to external partnerships, a mechanism should be put in place to report back to the Council on the activities of that body in a consistent manner. As the Council increasingly works with partners to achieve common objectives and/or ensure effective stewardship of public funds this process will demonstrate greater transparency and accountability within partnership working.

6. Attached at Appendix A is a Partnership Governance Template relating to YPO this provides Members with an overview of key activities undertaken, any significant future activities and any significant governance or other issues.

OPTIONS CONSIDERED

7. Without consistent and effective information on their activities, it is more difficult for the Council to understand and register the effects of decisions made by partnerships and take action where appropriate on any decisions made / proposed. The option to do nothing, therefore, misses the opportunity / requirement to respond to the ever-growing incidence of partnerships working and strengthen the Council's control framework and its management of risks.

REASONS FOR RECOMMENDED OPTION

8. To regularly report back on the activities of partnerships provides an opportunity to strengthen governance arrangements, monitor the effectiveness of those arrangements and raise awareness of wider partnership activities.

IMPACT ON THE COUNCIL'S KEY OUTCOMES

9. Good partnerships governance has the following impacts on Council priorities

| | Outcomes | Implications |
|--|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| | <p>All people in Doncaster benefit from a thriving and resilient economy.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Creating Jobs and Housing</i> • <i>Mayoral Priority: Be a strong voice for our veterans</i> • <i>Mayoral Priority: Protecting Doncaster's vital services</i> | |
| | <p>People live safe, healthy, active and independent lives.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Safeguarding our Communities</i> • <i>Mayoral Priority: Bringing down the cost of living</i> | |
| | <p>People in Doncaster benefit from a high quality built and natural Environment.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Creating Jobs and Housing</i> • <i>Mayoral Priority: Safeguarding our Communities</i> • <i>Mayoral Priority: Bringing down the cost of living</i> | |

| | | |
|--|------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | All families thrive. <ul style="list-style-type: none"> • <i>Mayoral Priority: Protecting Doncaster's vital services</i> | |
| | Council services are modern and value for money. | The provision of robust partnership guidance ensures the stewardship of public funds. |
| | Working with our partners we will provide strong leadership and governance. | Strengthening partnership working by identifying, managing and reducing risk in order to enable strategic and operational partnerships and achieve all Council objectives. |

RISKS AND ASSUMPTIONS

10. Failure to review partnerships' and key internal groups' activities exposes the Council to risks that can impact on a number of levels as follows:
- Failing to ensure an effective Strategic Fit
 - Failing to identify and address the gaps and shortfalls in Relationships
 - Failing to fully assess and plan for the Organisational Impact the changes will have
 - Failing to robustly develop and test the Economic Case for partnership working
 - Reputational damage to the Council due to flawed partnerships
 - Conflicts of interest not being managed
 - Damaged relationships with partners.

LEGAL IMPLICATIONS

11. S 1 of the Localism Act 2011 provides a general power of competence which allows local authorities to do anything an individual can do, unless prohibited by law (and subject to public law principles). This power allows for the general oversight of the external organisation on which Council members and officers sit. It is important that where the Authority nominates officers or members to sit on external partnerships we have an on-going oversight of the governance standards of the partnerships. As a minimum, the partnerships should be aware and have policies reflecting the ethical standards of behaviour expected of public office holders.
12. It is essential that those the Council appoints to sit on outside bodies understand their duties and responsibilities in relation to their position on those bodies and the limit of any delegations they may enjoy. Further specific advice should be sought if they are in any doubt as to these matters.

FINANCIAL IMPLICATIONS

13. There are no specific implications within this report. Where financial implications arise in respect of the arrangements with YPO these are reviewed on a case by case basis. The expected dividend receivable in 2017/18 is £483k.

HUMAN RESOURCES IMPLICATIONS

14. There are no specific human resource implications within this report.

TECHNOLOGY IMPLICATIONS

15. There are no specific technology implications within this report

EQUALITY IMPLICATIONS

16. There are no equality implications associates with this report

CONSULTATION

17. There are no implications associates with this report

BACKGROUND PAPERS

18. Report to Council 19th May 2017: Governance Arrangements: Oversight And Transparency Of The Work Of External Partnerships And Council Committees.
Minutes of YPO meetings

REPORT AUTHOR & CONTRIBUTORS

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**PARTNERSHIP GOVERNANCE – REVIEW OF PARTNERSHIP ACTIVITY
TEMPLATE AND GUIDANCE NOTES**

1. NAME OF PARTNER ORGANISATION:

Yorkshire Purchasing Organisation (YPO)

2. OBJECTIVES OF THE ORGANISATION

YPO was established in 1974 to fulfil the supplies requirements of a number of local authorities. There are 13 founder member authorities (see below) and over 50 associate member authorities of YPO.

The management of YPO reports to a Management Committee (see Appendix 1 for the Terms of Reference) of two elected members from each founder member authority. The role of the Management Committee is to develop and monitor the strategic direction and performance of YPO. The Management Committee is supported by a number of sub-committees, each with a different focus (as detailed below):-

The Executive Sub-Committee - has delegated decision making powers and focuses on performance;

The Audit & Scrutiny Sub-Committee - focuses on the probity of processes, the detail of YPO strategy and also has the authority to scrutinise the outcomes of decisions made;

The Joint Consultative Committee (JCC) - concerns employee relations. It has a different constitution to the Sub-Committee i.e. as it includes representation from trade unions as well as councillors; whereas the membership of the sub-committees is drawn only from those councillors who sit on the Management Committee.

Each member authority provides its representatives with access to a Senior Officer from that Council to provide advice and guidance to the councillor. Collectively these individual officers are known as the **Strategic Officers Advisory Group**.

The Board of Directors (including an Independent Director) provide assurances to the Management Committee and to the associated sub-committees that YPO has an effective and challenging strategy and that YPO is well placed to meet those challenges.

Associate membership allows for attendance at the public section of all committee meetings but do not carry voting rights

The Founder Member Authorities are:

- Doncaster MBC
- Barnsley MBC
- North Yorkshire CC
- Bolton MBC
- Rotherham MBC
- City of Bradford MC
- St Helens MBC

- MB of Calderdale
- City of Wakefield MDC
- Wigan MBC
- Kirklees MC
- City of York Council
- Knowsley MBC

Certain services, including legal, treasury and internal audit, are provided by City of Wakefield MDC.

YPO Procurement Holdings began trading in September 2014.

In addition to the provision of goods, YPO pay an annual dividend to Council's. In 2016/17 this is expected to be **£483k**.

3. NAME OF THE COUNCIL'S REPRESENTATIVE(S) APPOINTED TO THE ORGANISATION AND THE CAPACITY IN WHICH THEY SERVE:

Cllr Nightingale

4. NAME OF COUNCIL'S LEAD OFFICER:

Holly Wilson

5. KEY ACTIVITIES UNDERTAKEN DURING THE PERIOD 2016/17

There was an agreed programme of activities for each Committee in place for 2016/17, together with a meeting schedule and available training dates.

- YPO experienced a downturn in sales of **3%** (due to decrease in school spending and Local Authority budgets), this was better than expected
- Increase of **9** new Associate members to a total of **50**
- Introduction 'next day delivery' service
- Introduction new major framework contracts for food, training for emergency services and low energy lighting
- Placed in the Sunday Times 100 Best Companies to Work for (not-for-profit)
- Ranked top of the annual Institute of Customer Services (ICS) survey for satisfaction
- Creation of a new role dedicated to growing the Multi-Academy Trust (MAT) business opportunities
- Marketing Campaign to attract the Early Years Sector

6. KEY ACTIVITIES EXPECTED TO BE UNDERTAKEN DURING THE PERIOD 2017/18

There is an agreed programme of activities for each Committee in place for 2017/18, together with a meeting schedule and available training dates.

- A new Independent Director, Rob McWilliam, has been appointed at YPO.

- YPO Future Proofing Programme including a management restructure to reduce costs and increase efficiency
- Continue to develop the Procurement Pipeline of Framework Agreements
- Embed the new 3 Year Strategy 2018 – 2020 (4 Key Themes 1. Market Focus 2. New Commercial Activities 3. Financial Resilience 4. Customer Focus)
- New Treasury Management Strategy

7. GOVERNANCE ISSUES

YPO has in place various governance policies which detail its approach to managing the organisation. YPO report that these policies are reviewed at least annually and any changes brought to Management Committee for approval.

During the last 12 months the following policies and protocols have been reviewed Retention Policy (Information), Data Protection Policy & Guidance, Information Security Incident Reporting, Risk Management Policy & Strategic Framework, Assurance Statement 2016, Finance Procedure Rules & Standing Orders.

8. ADDITIONAL COMMENTS

The Audited Statement of Accounts for 2016/17 was approved and signed off by the Audit & Scrutiny Sub Committee on 19 May 2017.

The net profit is forecasted to be £6.297m, which is £2.166m below budget.

9. PLEASE STATE NAME OF RELEVANT DIRECTOR OR ASSISTANT DIRECTOR

Steve Mawson, Chief Financial Officer & Assistant Director Finance & Performance

10. **DATE:** 8th November 2017

11 DATE OF NEXT SCHEDULED REPORT

Executive Board 27th March 2018
Cabinet 10th April 2018

Yorkshire Purchasing Organisation

Management Committee Terms of Reference 2017/18

Number of Members

Twenty Six Councillors – Two from each Member Authority

Quorum

Member representation from at least five Member Authorities

Substitutes

Two named substitutes from each Member Authority.

Frequency of Meetings

Three times per annum.

Suggested duration: Max 2 hours (10:30am – 12:30pm)

Remit

1. To approve and keep under review a long term plan setting out the strategic direction of YPO.
2. To consider, approve and keep under review Standing Orders, Financial Procedure Rules and the Officer Delegation Scheme prior to subsequent approval by Member Authorities, and to carry out such actions as are required by these rules.
3. To provide leadership for Risk Management across YPO and ensure Risk Management is used as a strategic and operational tool.
4. To keep under review the method of distributing annual dividends, and decide annually on the amount and timing of dividend distribution.
5. To periodically review the membership of YPO.
6. To appoint annually at the Annual General Meeting an Audit & Scrutiny Sub-Committee and an Executive Sub-Committee, and a Joint Consultative Committee and receive minutes or reports from them highlighting any areas that require action by the Management Committee.
7. To seek assurances from the sub-committees that YPO is acting with all due care and attention.
8. The Management Committee shall appoint annually an 'Appointments Committee' with responsibility for the appointment and disciplinary procedures of the Board of Directors and appraising the performance of the Managing Director.