

<b>Report to:</b>	<b>EXECUTIVE CABINET</b>
<b>Date:</b>	28 June 2023
<b>Executive Member:</b>	Councillor Jacqueline North, First Deputy (Finance, Resources & Transformation)
<b>Reporting Officer:</b>	Ashley Hughes, Director of Resources
<b>Subject:</b>	<b>STAR PROCUREMENT COLLABORATION AND EXECUTIVE JOINT COMMITTEE</b>
<b>Report Summary:</b>	<p>The Council currently sources most of its Procurement expertise and support as a partner of the STAR Procurement Collaboration, hosted by Trafford Council.</p> <p>As part of STAR Procurement's ongoing strategy to continuously improve and deliver better value for partners, it is proposed to invite a further two partner organisations to join the collaboration.</p> <p>The addition of a further two partners will increase the buying power of STAR Procurement in a challenging purchasing environment and support their strategic deliverables as outlined in this report.</p> <p>This report recommends Executive Cabinet approve the growth and expansion of STAR Procurement from four to six partners and that the revised Joint Committee is reconstituted with similar parameters for delivery as the current Committee.</p> <p>There are no immediate financial benefits arising from this decision, although there is potential for further economies of scale once the new partners are integrated. There are also no immediate financial disbenefits arising from the growth of STAR Procurement. Further detail can be found in the financial implications section of this report.</p>
<b>Recommendations:</b>	<ol style="list-style-type: none"> <li>1. To approve the disestablishment of the current STAR Joint Committee</li> <li>2. To approve the expansion of the current shared procurement service to include the Fifth Partner and Sixth Partner which will continue to be hosted by Trafford Borough Council in accordance with the provisions detailed in the main body of the report.</li> <li>3. To approve the establishment of a new STAR Joint Committee for Stockport, Trafford, Rochdale, Tameside, the Fifth Partner and Sixth Partner that will support the delivery of the Shared Service and provide delegated authority to the Procurement Service to operate across the Stockport, Trafford, Rochdale, Tameside, Fifth Partner and Sixth Partner areas.</li> <li>4. To approve the governance arrangements and Terms of Reference of the new STAR Joint Committee as set out in the report.</li> <li>5. To approve the Tameside Representative on the revised Joint Committee to be the same representative on the current Joint Committee. That representative being Councillor Jacqueline North, First Deputy (Finance, Resources &amp; Transformation)</li> <li>6. To delegate authority to the Director of Resources and Head of Legal Services, in conjunction with the First Deputy, to agree the</li> </ol>

final terms and conditions of, and to enter into, an Inter Authority Agreement ("IAA") in respect of the STAR Procurement shared service on similar terms to the existing IAA.

**Corporate Plan:**

The proposal to grow STAR Procurement is in line with the key enabler "An approach that supports the development of new investment and resourcing models, enabling collaboration with a wide range of organisations" underpinning the Corporate Plan. The collaborative model at STAR Procurement will grow from four to six partners generating investment into the collaborative, increasing their scope around buying power and should unlock economies of scale in the future to the benefit of Tameside residents.

**Policy Implications:**

There are no policy implications arising from this report. The Council's Contract Standing Orders have been reviewed in the past 12 months in conjunction with STAR Procurement. The proposal to grow the Collaboration will not change these.

**Financial Implications:  
(Authorised by the  
statutory Section 151  
Officer & Chief Finance  
Officer)**

Tameside MBC's 2023/24 budget for the STAR procurement is £0.410m, with a total contract spend in the year 2022/23 of £0.414m.

The expansion of STAR procurement from four to six partners does not alter the cost of Tameside MBC's 2023/24 contract.

As such, there are no expected financial benefits or disbenefits to the General Fund to arise from this decision.

**Legal Implications  
(Authorised by the  
Borough Solicitor)**

The Council has the power to enter joint and collaborative arrangements such as this under the Local Government Act 1972 and The Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2012. The authority to make the decision to enter such arrangements rests with full Council.

STAR has already been providing procurement services to the 2 additional councils under service level agreements. Making them partners is a benefit to Tameside, as the indemnities provided to Trafford for delivering the service will now be shared by six partners as opposed to four. It should be noted that the risks in relation to those indemnities are low and should be well managed via the joint committee.

**Risk Management:**

The proposal to invite a further two partner organisations to join STAR procurement's collaboration as part of an ongoing strategy to continuously improve and deliver better value for partners, will assist in mitigating corporate risk 12 (procurement and commissioning). Fuller detail is in the risk section of the report.

**Access to Information:**

The background papers relating to this report can be inspected by contacting Lorraine Cox, Director of STAR Procurement



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## **1. INTRODUCTION**

- 1.1 STAR Procurement was created in 2013 following agreements between the Executives of Stockport Council, Trafford Council and Rochdale Council to set up a Joint Committee to deal with most of the procurement activities of each council. It was agreed that Staff from all three councils came together within a jointly-funded organisation hosted by Trafford Council and known as STAR.
- 1.2 The three original councils agreed the basis on which the Joint Committee would operate and this was set out in an inter-authority agreement (IAA). It was agreed that STAR would operate within a budget set by the participating councils. The IAA included agreed Terms of Reference for the Joint Committee.
- 1.3 On the 25<sup>th</sup> July 2018, the Executive agreed to add an additional partner, Tameside Council. A new four partner STAR Joint Committee was established and the existing IAA was amended to include Tameside Council.

## **2. STAR PROCUREMENT BUSINESS PLAN AND GROWTH PROPOSAL**

- 2.1 The STAR Procurement Business Plan for 2021-24 comprises of five objectives; Supporting Communities, Deliver Commercially, Build Collaboration, Provide Confidence and Be Courageous.
- 2.2 Collaborative transformation lies at the heart of public service reform and STAR, as a collaborative procurement service, have the skills and expertise to help drive this agenda and secure measurable outcomes by working with wider partners. This working together is through service level agreements and seeking to secure further partners. STAR already successfully collaborate across our four partners.
- 2.3 Building collaboration is key to even greater success. Growth is part of the “Deliver Commercially” objective that has been actively pursued and tested to find a ‘best fit’ for STAR that delivers a commercial opportunity, collaborative advantage and is harmonious whilst not impacting on the current outputs/outcomes of the existing four Partner Councils.
- 2.4 The proposal is to support the growth strategy of STAR by agreeing to the addition of a Fifth Partner and Sixth Partner.
- 2.5 STAR has been actively supporting both organisations over the past twelve to eighteen months providing differing support of both operational and strategic procurement through Service Level Agreements.
- 2.6 A due diligence process has been undertaken and the conclusion drawn is that both proposed partners are a good fit for STAR. Both Partners are mature in terms of procurement and are ready to mobilise their organisation to embrace the opportunity to secure support and success from compliant and effective procurement. A review of the current STAR ‘as-is’ position has already been undertaken. This concludes that STAR can grow under its current governance of a delegated joint committee and the operation is legally compliant.
- 2.7 Adding the additional Partners will not only enhance STAR operations in terms of efficiency and effectiveness from being a ‘bigger buyer’ and collaborating for multi-partners but will also enhance STAR financial sustainability. This will also support recruitment and retention and enhance staffing levels in an efficient way.

### 3. THE CASE FOR CHANGE & TIMESCALE

- 3.1 To demonstrate the case for change, the table below maps the Business Case to the STAR Business Plan objectives:

Objective	Case for Change
Supporting Communities	<p>Provides additional opportunities to deliver greater Social Value across new and existing Partners</p> <p>Consistency in approach meaning procurement opportunities will be more accessible to local businesses</p> <p>Will create the opportunity to review the structure and STAR operation thus leading to the creation of an improved operating model, roles and responsibilities etc. and will create employment and development opportunities. There may also be some natural wastage which can contribute to the budget position and re-alignment of the structure</p>
Deliver Commercially	<p>Full cost recovery meaning no additional costs for existing Partners</p> <p>The commercial offer based on safeguarding our current activity and to ensure a continuous improvement approach remains to the existing four Partner Councils</p> <p>Costings will be based on anticipated activity and workload as well as TUPE costs and implications and therefore may not be the same as existing Partners</p> <p>Greater spending power and influence to help drive efficiencies from new and existing suppliers from greater collaboration and becoming an even 'bigger buyer'</p> <p>On-boarding and mobilisation costs will be charged to new Partners to ensure additional resources and support needed during this phase are funded by them</p> <p>By growing in size, this strengthens the critical mass, which may allow and lead to further expansion from 'coalition of the willing'.</p>
Build Collaboration	<p>Expands the collaborative approach outside of Greater Manchester thus expanding across the Northwest</p> <p>Large spending power of two Authorities will create additional economies of scale through collaboration</p> <p>Skills, experience and expertise of new staff TUPE transferred into STAR providing greater resilience and workforce diversity</p>
Provide Confidence	<p>Have a tried and tested approach to mobilisation and on-boarding that was successfully implemented for previous growth</p> <p>Have undertaken detailed due diligence on proposed new Partners</p> <p>Minimal governance changes required to on-board new Partners i.e. amendments to Inter Authority Agreement</p> <p>Detailed implementation and on-boarding plan, risk register, and financial/resource monitoring will be undertaken to support this growth</p>
Be Courageous	<p>Promotes STAR and its Partners as a successful shared service</p> <p>Continue to be national leaders in procurement and shared services</p>

- 3.2 A detailed implementation plan is currently being developed for the on-boarding of the Fifth Partner and Sixth Partner to ensure that the implementation is managed effectively. Implementation is likely to be on a phased basis commencing with a pre-phase to mobilise the new Partners. The plan will help ensure the appropriate allocation of resources, and that key governance actions are undertaken at the most appropriate time. There will be an additional one-off cost for this mobilisation phase. The implementation plan used for the on-boarding of Tameside Council will set the pathway and be updated to reflect any additional or revised requirements, such as TUPE.
- 3.3 There will also be a requirement to update and revise the current Inter Authority Agreement to accommodate the expansion and subsequent changes.
- 3.4 It is anticipated that the new Partners could be integrated into the shared procurement service, by 1 November 2023.

#### **4. GOVERNANCE & TERMS OF REFERENCE**

- 4.1 The proposal is to retain the same governance arrangements that underpin the current STAR shared procurement service. It is however necessary to formally dis-establish the existing committee and establish a new Joint Committee, with one Executive Member from each partner authority appointed to the Joint Committee. By establishing a joint committee this will allow Members of each partner council to oversee the STAR work programme.
- 4.2 It is proposed that the governance arrangements for the collaborative service will be formalised using an inter authority agreement (IAA), in similar terms to the current IAA between the existing partner authorities and which will set out matters such as: sharing arrangements for costs and liabilities, extent of delegation from each Council, accommodation, support services etc., withdrawal from the Joint Executive Committee.
- 4.3 It is proposed that the new Joint Committee will have the same roles and responsibilities as the current committee. It will be responsible for agreeing and monitoring performance against the strategic targets, benefits realisation and the work programme of the service. The Joint Committee will be supported by the Director of STAR who will produce the required management information to enable the Joint Committee to agree and monitor the activities of the shared service.
- 4.4 There will be a need to review the new partner's constitutions to ensure that their schemes of delegation and contract procedure rules are amended to reflect those which have already been adopted by Stockport, Trafford, Rochdale and Tameside councils.
- 4.5 There will be a requirement to update and revise the Joint Committee Terms of Reference within the Inter-Authority Agreement to address the addition of new Partners.
- 4.6 It is proposed that the following Terms of Reference are approved for the new Joint Committee (which for current partners represent no change excepting the additional partners joining) and that any new partner will incorporate such into their own Constitutions:
- *To manage the procurement operations of the Councils except for any procurement activity carried on by each Council that is specifically excluded by each Council from being dealt with by the STAR on its behalf.*
  - *To agree any changes to the cost and income sharing arrangements set out in the inter-authority agreement.*
  - *To agree the organisational structure of the STAR to carry out those operations.*
  - *To recommend to Trafford Council the person to be appointed as Director of STAR and the salary for the post.*

- *To consider the policies and procedures for procurement activities carried out by the STAR recommended to it by its Board including the contract procedure rules under which it will operate for each of the Councils.*
- *To recommend the business plans and budgets of the STAR for approval by the Councils.*
- *To monitor the budget and performance of the STAR.*
- *To approve major changes to standard tender documentation and procedures.*
- *Such other matters as the Councils (for non-executive matters) and/or the Executive Leaders jointly agree.*

## **5. ALTERNATIVE OPTIONS NOT TAKEN FORWARD**

- 5.1 STAR Procurement considered the option of not growing the shared procurement service to include the two additional Councils but, it was felt that this would conflict with the STAR Procurement Business Plan, agreed by the STAR Joint Committee and which focuses on growth in the period 2021-24. This growth consideration also supports STAR in having a sustainable budget moving forwards. As such this option was discounted.
- 5.2 STAR Procurement could undertake procurement support to the two further Councils through SLAs rather than direct membership of the shared service. This would put the current four STAR Councils at risk if existing resources had to be focussed on delivering SLA obligations. Additionally, the employment of additional resources to deliver such SLA obligations would be at risk of those SLAs being subsequently brought to an end.

## **6. FINANCIAL IMPLICATIONS**

- 6.1 The intention is to bring the Fifth Partner and Sixth Partner onboard as equal partners in terms of membership of the STAR Joint Committee and STAR Board. This means that the risk and reward will be shared equally from day one of joint operations.
- 6.2 Both partners will also be required to contribute to the STAR reserves in 2023/24 to ensure that there is parity within the reserves.
- 6.3 The Fifth and Sixth Partner annual fee contribution will be based on anticipated activity, workload and TUPE costs and implication. The costs are likely to be within a range of £0.515m and £0.583m for Partner 5 and between £0.486m and £0.548m for Partner 6 depending on the number of posts to be considered under TUPE transfer. There will also be an additional fee in 2023/34 to cover one-off costs associated with mobilisation such as strategic alignment, this will be offered under a separate service level agreement. Other costs will be for IT equipment, training and data implementation. This will be £8,625 for the Fifth Partner and £7,425 for the Sixth Partner. The current STAR SLAs are under review and therefore may affect the final annual contribution required. STAR Joint Committee have delegated this final financial model to STAR Board.
- 6.4 The Council has an annual budget for its contribution to STAR Procurement. It is set at £0.410m and costs associated with STAR Procurement are broadly within these resources.
- 6.5 The proposal to expand to a fifth and sixth partner will not adversely impact on the Council's revenue position and does not require any form of capital investment from the Council.
- 6.6 There is potential for longer term economies of scale arising from the growth to six partner organisations in STAR Procurement. Should these present as recurrent opportunities, it is expected that proposals to support the Council's Medium Term Financial Strategy will be presented as part of the annual budget setting cycle.

- 6.7 Any unexpected adverse costs arising from the proposed growth should be contained within existing resources by STAR Procurement unless it presents an ongoing viability concern, in which case a report to Council will be expected detailing proposals for additional resources alongside the expected benefits to support Members in delivering a robust decision on value-for-money to Tameside.

## **7. OTHER RESOURCES IMPLICATIONS**

- 7.1 There are no HR implications arising for Tameside as a result of this report. It is to be noted that Trafford Council, as host borough, will need to consider any TUPE implications from onboarding the proposed new partner organisations.
- 7.2 There are no Procurement implications arising for Tameside as a result of this report.
- 7.3 There are no IT implications arising for Tameside as a result of this report.
- 7.4 There are no Property implications arising for Tameside as a result of this report.

## **8. EQUALITIES AND OTHER IMPACT ASSESSMENTS**

- 8.1 Trafford Council, as host borough, have undertaken an Equalities Impact Assessment (EqIA) as part of due diligence. There are no adverse implications arising for Tameside as a result of the EqIA.
- 8.2 A Data Privacy Impact Assessment (DPIA) will be undertaken by all six organisations, subject to the growth proposal being approved, as part of the pre-mobilisation plan. Without a cleared DPIA, the growth from four to six organisations cannot proceed.

## **9. RISK MANAGEMENT IMPLICATIONS**

- 9.1 A full risk register for STAR's growth is currently being developed and the risks will be monitored, managed and mitigated throughout the implementation phase.
- 9.2 Procurement is a key function allowing the Council to discharge its duties under statute and those it has determined as priorities through the Corporate Plan. A risk of reduced delivery due to growth in partnership, and therefore volume of procurement activities, is mitigated through staff TUPE transfer to Trafford as host borough and that STAR has supported the proposed partners through other arrangements over the past 12 months without loss of support to partners.

## **10. RECOMMENDATIONS**

- 10.1 As set out at the front of the report.