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TRAFFORD COUNCIL

Thursday, 13 July 2023

Trafford Town Hall
Talbot Road
Stretford
M32 0TH

Dear Councillor,

In addition to the items of business listed on the Council Summons, please find enclosed reports in connection with a supplementary item for the meeting of Council on **WEDNESDAY, 19 JULY 2023, at 7.00 P.M.** in the **COUNCIL CHAMBER, TRAFFORD TOWN HALL, TALBOT ROAD, STRETFORD:**

	Pages
9. Supplementary Item - STAR Procurement Collaboration and Executive Joint Committee	
To consider, by reason of special circumstances (to be specified), the following reports of the Executive Member for Economy and Regeneration, which the Chair of the meeting is of the opinion should be considered at this meeting as a matter of urgency:	
(a) STAR Growth Public Report - Part 1	1 - 10
(b) STAR Growth Confidential Report - Part 2 Private	11 - 14

(Not for publication by virtue of Paragraph 3 of Part 1 of Schedule 12A - i.e. This report is not for publication as it contains information relating to the financial or business affairs of a particular person, and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.)

Yours sincerely,

SARA TODD
Chief Executive

Membership of the Council

Councillors D.C. O'Sullivan (Mayor), A.M. Whyte (Deputy Mayor), D. Acton, S. Adshead, J.M. Axford, Babar, O.J. Baskerville, J. Bennett, J. Brophy, B. Brotherton, D. Butt, G. Carter, K.G. Carter, K. Chakraborty, G. Coggins, M. Cordingley, Z.C. Deakin, R. Duncan, P. Eckersley, S. G. Ennis, N. Evans, W. Frass, S.J. Gilbert, J. Harding, B. Hartley, W. Hassan, S. J. Haughey, E.L. Hirst, J. Holden, F. Hornby, C. Hynes, D. Jarman, D. Jerrome, W. Jones, J. Leicester, S.E. Lepori, J. Lloyd, S. Maitland, M. Minnis, A. New, J.D. Newgrosh, T. O'Brien, E.R. Parker, E. Patel, R. Paul, K. Procter, S. Procter, T. Ross, J. Slater, H. K. Spencer, O. Sutton, M.J. Taylor, S. Taylor, S. Thomas, R. Thompson, L. Walsh, M.J. Welton, D. Western, M.P. Whetton, A.J. Williams, B.G. Winstanley, J.A. Wright and S. Zhi

Further Information

For help, advice and information about this meeting please contact:

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This supplement to the Summons was issued on **Thursday, 13 July 2023** by the Governance Services Section, Trafford Council, Trafford Town Hall, Talbot Road, Stretford M32 0TH.

TRAFFORD COUNCIL

Report to: COUNCIL
Date: 17th July 2023
Report for: Decision
Report of: Executive Member for Economy & Regeneration

Report Title

STAR Procurement Collaboration and Executive Joint Committee

Summary

The purpose of this report is to:

1. Provide information on the strategic proposal to expand the current STAR Shared Procurement service ("STAR") from four partner councils to six partner councils.
2. Outline the rationale for STAR's growth strategy, provide details of proposed commercial arrangements, governance arrangements and implementation strategies.

Recommendation(s)

It is recommended that Council:

1. Approves the disestablishment of the current STAR Joint Committee
2. Approves 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.
3. Approves 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.
4. Approves the governance arrangements and Terms of Reference of the new STAR Joint Committee as set out in the report.

5. Delegates authority to the Director of Legal and Governance to agree the final terms and conditions of and to enter into an Inter Authority Agreement (“IAA”) in respect of the STAR Procurement shared service in similar terms to the existing IAA.
6. To note and approve the proposed approach to those circumstances whereby staff would transfer to the new procurement service, and therefore to Trafford Council under TUPE, as outlined in the report.

Contact person for access to background papers and further information:

Name: Lorraine Cox, Director of STAR Procurement
 Telephone: 07817 882169

Relationship to Policy Framework/Corporate Priorities	Collaboration across six local authorities that helps support the delivery of low council tax and value for money through more effective procurement arrangements
Relationship to GM Policy or Strategy Framework	None
Financial Implications	<p>The Council will be responsible for all outgoings of the proposed new Strategic Procurement Service.</p> <p>The cost of the Service will be shared equally by the six participating Councils.</p> <p>The Fifth and Sixth Partner will secure a wider scope for delivering economies of scale benefiting all, but will bring income to strengthen further sustainability of the Shared Service.</p>
Legal Implications:	<p>The joint committee is established by the participating councils in exercise of their powers under sections 101(5) and 102 of the Local Government Act 1972, section 9EB of the Local Government Act 2000 and the Local Authorities (Arrangements for the Discharge of Functions)(England) Regulations 2012/1019</p> <p>The Joint Committee will oversee all decisions of the Shared Service. A revised Inter authority agreement will be required in order to establish</p>

	the operating arrangements for the new four or five partner Strategic Procurement Service.
Equality/Diversity Implications	None
Sustainability Implications	None directly associated with this report but STAR will be able to ensure that its procurement activities are conducted with focus on sustainable practice.
Resource Implications e.g. Staffing / ICT / Assets	Trafford Council and the Fifth and Sixth Partner will have to consider TUPE implications. Where TUPE does apply and also, in order to operate differently the expansion, a re-structure to accommodate a different service delivery model may be required. Where a revised organisational structure is necessary, full consultation will take place with staff and trade unions. Staff will move to the new arrangements and the implementation strategy will form part of the consultation arrangements.
Risk Management Implications	Approval to bring new Partners needs to comply with legal requirements but also ensure risk is managed in terms of delivering a successful, larger Shared Service across six Authorities.
Health & Wellbeing Implications	None
Health and Safety Implications	None

1. Background

- 1.1 At its meeting on the 23rd September 2013 the Executive agreed to set up a Joint Committee in collaboration with the Executives of Stockport and Rochdale 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 At its meeting on the 11th June 2014 the Council incorporated the Terms of Reference into its constitution and each of the other participating council's ensured the same. The council also delegated non-executive powers to the Joint Committee to facilitate its procurement activities.

- 1.4 On the 25th 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.
- 1.5 On the 5th June 2023, the Executive approved the proposal to establish 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 and it approved the proposed governance arrangements and Terms of Reference of the new STAR Joint Committee as set out in the report.

2. 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.

3. Proposed New Model of Expansion

- 3.1 The proposal is to support the growth strategy of STAR by agreeing to the addition of a Fifth Partner and Sixth Partner.
- 3.2 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.
- 3.3 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.

3.4 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.

4. Case for Change

4.1 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	<ul style="list-style-type: none"> • Provides additional opportunities to deliver greater Social Value across new and existing Partners • Consistency in approach meaning procurement opportunities will be more accessible to local businesses • 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
Deliver Commercially	<ul style="list-style-type: none"> • Full cost recovery meaning no additional costs for existing Partners • The commercial offer based on safeguarding our current activity and to ensure a continuous improvement approach remains to the existing four Partner Councils • 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 • Greater spending power and influence to help drive efficiencies from new and existing suppliers from greater collaboration and becoming an even ‘bigger buyer’ • 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 • By growing in size, this strengthens the critical mass, which may allow and lead to further expansion from ‘coalition of the willing’.

Build Collaboration	<ul style="list-style-type: none"> • Expands the collaborative approach outside of Greater Manchester thus expanding across the Northwest • Large spending power of two Authorities will create additional economies of scale through collaboration • Skills, experience and expertise of new staff TUPE transferred into STAR providing greater resilience and workforce diversity
Provide Confidence	<ul style="list-style-type: none"> • Have a tried and tested approach to mobilisation and on-boarding that was successfully implemented for previous growth • Have undertaken detailed due diligence on proposed new Partners • Minimal governance changes required to on-board new Partners i.e. amendments to Inter Authority Agreement • Detailed implementation and on-boarding plan, risk register, and financial/resource monitoring will be undertaken to support this growth
Be Courageous	<ul style="list-style-type: none"> • Promotes STAR and its Partners as a successful shared service • Continue to be national leaders in procurement and shared services

5. Implementation & Timescales

5.1 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.

5.2 There will also be a requirement to update and revise the current Inter Authority Agreement to accommodate the expansion and subsequent changes.

5.3 It is anticipated that the new Partners could be integrated into the shared procurement service, by 1st November 2023.

6. Governance

- 6.1 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.
- 6.2 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.
- 6.3 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.
- 6.4 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.

7. Terms of Reference

- 7.1 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.
- 7.2 It is proposed that the following Terms of Reference are approved for the new Joint Committee 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.*

8. Financial Model

8.1 The intention is to bring the Fifth Partner and Sixth Partner, in 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.

8.2 Both partners will also be required to contribute to the STAR reserves in 2023/24 to ensure that there is parity within the reserves.

8.3 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 £514,653 and £583,499 for Partner 5 and £486,273 and £548,448 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. This is currently anticipated as approximately £15,000 which is included in the above sums. STAR Joint Committee have delegated this final financial model to STAR Board.

9. Human Resource Implications

9.1 There are likely to be staff affected by TUPE linked to the Fifth Partner and Sixth Partner joining as a member of the collaborative procurement service. The Director of STAR has consulted the Trafford Director of HR in respect of any TUPE related matters and support is being provided by Trafford HR with this process.

9.2 Where there are staff that would be affected by TUPE and thus, would transfer to Trafford Council as a result of the Fifth Partner and Sixth Partner becoming a member of the collaborative service, Fifth Partner and Sixth Partner staff will be consulted in accordance with TUPE Regulation requirements.

9.3 Depending on the outcome of any consultation and how the new collaborative body is appointed to, some of the Fifth Partner and Sixth Partner employees may transfer with their existing terms and conditions protected under TUPE to Trafford Council. Where staff transfer under TUPE they will become employees of Trafford Council.

9.4 Indemnities from the partners in relation to transfer costs and TUPE implications will be agreed and incorporated into the Inter Authority Agreement.

10. Other Options

10.1 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.

10.2 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 ended.

11. Risk and Policy Considerations

11.1 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.

12. Consultation

There are no public consultation requirements in respect of this report.

13. Reasons for Recommendation

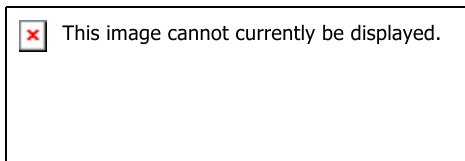
1. The report details the rationale for expanding the collaborative service beyond the existing four member authorities.

2. In accordance with the Council's constitution, approval is sought from Council in respect of the dis-establishment and establishment of a joint committee.

Clearance

Finance Officer Clearance	GB
Legal Officer Clearance	DS

CORPORATE DIRECTOR'S SIGNATURE :



Sara Saleh, Deputy Chief Executive & Corporate Director of Strategy and Resources

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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