
**Decision Session – Cabinet Member for
Corporate Services**

19 July 2011

Report of the Assistant Director of Governance and ICT

YPO Management Agreement

Summary

- 1 The purpose of the report is to obtain approval to the proposed new provisions of the Management Agreement for the Founder Members of Yorkshire Purchasing Organisation (YPO).

Background

2. YPO was founded in 1974 as a Joint Committee of its constituent local authorities to generate buying efficiencies. The City of York is one of thirteen founder Members. The lead authority is currently Wakefield Council. YPO has undertaken a comprehensive review to determine the future direction of YPO, improve its governance arrangements, update its code of corporate governance, and update its dividend distribution arrangements.
3. Since then there has been considerable work undertaken to update the existing Management Agreement and consensus has been reached on the provisions of a new management agreement, attached as Annex 1. This has been approved by the Management Committee of YPO subject to fine legal tuning and lawyers representing the founder members have subsequently finalised the detail.
- 4 Key changes brought about by the new agreement include:
 - (i) changes to the status and purpose of YPO now require a two thirds majority of members. Previously no figure was quoted.
 - (ii) powers to trade have been refined;
 - (iii) the role of the lead Authority has been clarified;
 - (iv) a greater emphasis has been placed on the need to keep governance arrangements under review

5. It is also recommended that the Corporate Director of YPO be authorised to enter into contractual agreements on behalf of the Council. The Joint Committee can delegate to an officer and this delegation will assist in dealing in the day to day business of YPO.

Options

6. Option 1 is to accept the new Agreement which has been negotiated over many months and which has been approved by the Management Committee, the Strategic Officers Advisory Group and lawyers for all thirteen Founder Member authorities.
7. Option 2 is not to approve the new Agreement – and the consequences of this would be that the new Agreement will not come into being as under the current agreement all Founder Members need to approve changes to the Management Agreement.

Consultation

8. The draft Agreement has been consulted on within the Founder Authorities over a number of months and staff at YPO have also been consulted. Elected Members of the Management Committee have been consulted, as have strategic officer leads and the Council's Solicitor.

Implications

9. **Financial** – The new agreement means that this Council remains a Founder Member and so participates in setting the level of the dividend as per Clause 10.
10. **Legal** – These are contained within the report.
11. **Equalities** – There are no implications for the Council.
12. **Human Resource** – There are no implications for the Council.
13. **Risk Management** – As outlined in the Report, if the revised Management Agreement is not approved, YPO would continue under its current governance arrangements, which are now outdated.

Recommendations

That the Cabinet Member

- (i) approves the proposed Management Agreement at Annex 1 regarding the delegation of Executive Powers to the Joint Committee
- (ii) authorise the Corporate Director at YPO to enter into contractual agreements on behalf of the Council.

Reasons

14. The proposal continues the Joint Committee and brings its governance arrangements into a more modern era. The 1974 partnership model continues to bring significant benefits for the Council and it is intended that this should continue.

Contact Details

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Wards Affected:	All			
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Annexes:

Annex 1 - Management Agreement