



Minutes of a meeting of the ESPO Management Committee held at County Hall, Glenfield, Leicestershire on Monday, 25 June 2012.

PRESENT

Cambridgeshire County Council

Cllr. S. Count; Cllr. J. Reynolds

Leicestershire County Council

Cllr. R. K. A Feltham; Cllr. M. B. Page

Lincolnshire County Council

Cllr. D.C. Hoyes MBE; Cllr. S. Rawlins

Norfolk County Council

Cllr. P. Hardy

Peterborough City Council

Cllr. J. Holdich OBE

Warwickshire County Council

Cllr. J. Whitehouse; Cllr. D. Wright

Apologies for absence

Apologies for absence were received from: Cllr. R. Patel – Leicester City Council, Cllr. J. Thomas – Leicester City Council, Cllr. R. Smith – Norfolk County Council and Cllr. D. Seaton – Peterborough City Council.

116. Chairman's Announcement.

The outgoing Chairman, Cllr R K A Feltham addressed the Management Committee, thanking members and officers for their contributions during 2011/12. He outlined some of ESPO's successes over the period including: the appointment of a new Director for ESPO; progress with regard to developing new medium term strategies for the Organisation; achieving a range of savings both through efficiency projects and collaborative procurement exercises; and expanding ESPO's national profile and customer base.

RESOLVED:

That Cllr Feltham be thanked for his period of Chairmanship for 2011/12.

117. Election of Chairman for 2012/13.

It was proposed, seconded and resolved that Cllr J Holdich, OBE be elected as Chairman for 2012/13.

Cllr J Holdich, OBE - in the Chair.

118. Election of Vice Chairman for 2012/13.

It was proposed, seconded and resolved that Cllr S Rawlins be elected Vice Chairman for 2012/13.

119. Minutes.

The minutes of the meeting held on 2 March 2012 were taken as read, agreed and signed as a correct record.

120. Urgent Items.

There were no urgent items.

121. Declarations of Interests.

There were no declarations of interest in respect of items on the agenda.

122. Outcome of the Legal Claim.

The Management Committee received a report of the Consortium Secretary which provided information on the outcome of the legal claim against ESPO. A copy of the report, marked 'B', is filed with these minutes.

The Management Committee noted that the case had been settled on a 'drop hands' basis which meant that both claim and counterclaim in the litigation would no longer be pursued, nor would any claims for legal costs. The terms of the judgement drawn up meant this was now a full and final settlement and covered all parties including present and former employees of ESPO.

RESOLVED:

That the outcome of the legal claim against ESPO be noted.

123. Annual Report and Draft Statement of Accounts 2011/12.

The Management Committee considered a joint report of the Interim Director and Consortium Treasurer which provided an update on the production of the draft Statement of Accounts for the financial year 2011/12 and which presented the Annual Report 2011/12 for consideration. A copy of the report, marked 'C', is filed with these minutes.

It was noted that, once completed, a copy of the draft Statement of Accounts would be circulated to members and placed on the ESPO website in early July.

## RESOLVED:

- (a) That the Annual Report 2011/12 be approved;
- (b) That progress with regard to the production of the draft Statement of Accounts for the financial year 2011/12 be noted;
- (c) That it be noted the Statement of Accounts would be submitted for approval at the Committee's next meeting in September 2012.

124. Change to the Order of Business.

The Chairman sought and obtained the consent of the Committee to vary the order of business from that set out in the agenda.

125. Draft Outturn 2011/12.

The Management Committee considered a joint report of the Interim Director and Consortium Treasurer which set out the draft Outturn 2011/12. A copy of the report, marked 'D', is filed with these minutes. [Further details informing the draft Outturn 2011/12, of a commercially sensitive nature, were considered under exempt business in Minute 127 below]

Arising from discussion the following points were made:

- (i) Members welcomed the detailed presentation of the report and the supplementary exempt report informing the draft Outturn 2011/12;
- (ii) The Finance Subcommittee, the establishment of which had been agreed at the Management Committee's previous meeting, had considered a number of reports including the draft Outturn 2011/12 at its meeting held on 14 June 2012. It was noted that recommendations would be brought to the next meeting of the Management Committee on the basis of it being established as a standing 'Finance and Audit Subcommittee'. It was proposed that the Subcommittee should consider financial and audit matters on an ongoing basis and how this information should be presented. The Management Committee indicated its support for these proposals;
- (iii) When a school transferred to academy status procurement spend for the academy was no longer recorded under Member Authority's LA spend, recognising that academies were organisations independent of the LA. Given that for each Member Authority varying numbers of schools had converted to academies, further analysis of the implications of these changes may need to be considered in respect of the formula for allocating dividends from the surplus, in order to encourage the wider promotion of public sector spend within the LA area, rather than LA spend only;
- (iv) The Interim Director invited Member Authorities to provide comments on their local circumstances with regard to the development of academies, on which he would report to a future meeting;

- (v) The Building Capital Provision would be used for projects such as one-off capital replacements required to maintain the fabric of the ESPO building, not for ongoing general maintenance. Members were advised that an Asset Management Plan was under development, this would be supported by a Maintenance Plan;
- (vi) An increase in the maximum level of the General Fund reserves from 2.5% to 5% was regarded as prudent given the current financial climate.

RESOLVED:

- (a) That the draft Outturn for 2011/12 be noted;
- (b) That the allocation of the operating surplus for 2011/12, as detailed in paragraph 24 of the report, including the reserve of £0.4 million for the Building Capital Provision, be approved and the level of capital provision required be reviewed annually as part of the process for agreeing the budget;
- (c) That an increase in the maximum level of the General Fund to 5% be approved;
- (d) That the payment of dividends for 2009/10, 2010/11 and 2011/12 to Member Authorities totalling £3.491,704, as detailed in paragraph 26 of the report, be approved;
- (e) That it be noted the Interim Director would report on the development of the academies programme and its impact on ESPO to a future meeting.

126. Exclusion of the Public.

RESOLVED:

That under Section 100(A)(iv) of the Local Government Act 1972 the public be excluded from the meeting on the grounds that it will involve the likely disclosure of exempt information during consideration of the following item of business entitled:

‘Supplementary information informing the Draft Outturn 2011/12’ (Paper ‘H’) as defined in paragraphs 3 and 10 of Schedule 12A of the Act; and, in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

127. Supplementary information informing the Draft Outturn 2011/12.

The Management Committee received an exempt joint report of the Interim Director and Consortium Treasurer, which set out further supplementary information to Item 8, Draft Outturn 2011/12. A copy of the exempt report, marked ‘I’ is filed with these minutes.

The exempt report was not for publication by virtue of paragraphs 3 and 10 of Section 12A of the Local Government Act 1972.

RESOLVED:

That the report and appendices be noted.

[The meeting then reconvened into public session.]

128. Progress Report.

The Management Committee considered a report of the Interim Director, the purpose of which was to provide an update to members on developments since the Committee last met on 2 March 2012. A copy of the report, marked 'E', is filed with these minutes. [Further details informing the Progress Report of the interim Director, of a commercially sensitive nature, was considered under exempt business in Minute 130 below]

Arising from discussion the Management Committee was advised of the following:

- (i) Through the Government Department for Education's Phonics initiative ESPO had developed new customer relationships;
- (ii) ESPO was committed to the introduction of Purchasing Cards with full level three functionality. The draft timescale for full implementation was six months;
- (iii) The Indigo Warehouse System software was in place and being run alongside the current software for warehouse operatives to be fully trained on the new system. The delay from going live during Easter had meant that additional temporary staff were employed in the intervening period. This meant that for the full year it was likely that we would overspend on temporary labour but efficiencies would be found in other areas so that there would be no overall impact on the budgeted surplus. The Indigo project itself remained on track to be delivered within budget;
- (iv) With reference to paragraph 21 of the report, it was noted that the House of Commons had invited ESPO to award contracts on its behalf in relation to Groceries and Frozen Foods.

RESOLVED:

- (a) That the contents of the report and the appendix be noted;
- (b) That the financial impact of the Indigo Project outlined in paragraph 12 of the report, and the consequential re-profiling required within the existing budget allocation for 2012/13, be noted.

129. Exclusion of the Public.

RESOLVED:

That under Section 100(A)(iv) of the Local Government Act 1972 the public be excluded from the meeting on the grounds that it will involve the likely disclosure of exempt information during consideration of the following item of business entitled:

'Supplementary information informing the Progress Report of the Interim Director' (Paper 'J') as defined in paragraphs 3 and 10 of Schedule 12A of the Act; and, in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

130. Supplementary Information Informing the Progress Report of the Interim Director.

The Management Committee received an exempt report of the Interim Director, which set out further supplementary information to Item 9, Progress Report of the Interim Director. A copy of the exempt report, marked 'J' is filed with these minutes.

The exempt report was not for publication by virtue of paragraphs 3 and 10 of Section 12A of the Local Government Act 1972.

RESOLVED:

That the report and appendix be noted.

[The meeting then reconvened into public session.]

131. Outcome of Employee Consultation on Bonus Scheme.

The Management Committee considered a report of the Consortium Treasurer, the purpose of which was to provide information on the consultation and negotiations in relation to the agreed buy out of the ESPO Bonus Scheme with the workforce and the recognised trade unions. A copy of the report, marked 'F', is filed with these minutes.

RESOLVED:

That the contents of the report, and the progress made in now having removed the Bonus Scheme, be noted.

132. Date of Next Meeting.

It was noted that the next meeting of the Management Committee was scheduled for Thursday 27 September at 10.30 am.

133. Exclusion of the Public.

RESOLVED:

That under Section 100(A)(iv) of the Local Government Act 1972 the public be excluded from the meeting on the grounds that it will involve the likely disclosure of exempt information during consideration of the following item of business entitled:

'Draft Medium Term Business Strategy' (Paper 'G') as defined in paragraphs 3 and 10 of Schedule 12A of the Act;

'Development of a Four Year Medium Term Financial Strategy (MTFS) 2012-2016' (Paper 'H') as defined in paragraphs 3 and 10 of Schedule 12A of the Act; and

'Exempt Minute No 107 of the meeting of the ESPO Management Committee held on 2 March 2012' (Paper 'K') as defined in paragraphs 3, 5 and 10 of Schedule 12A of the Act;

and, in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

134. Draft Medium Term Business Strategy.

The Management Committee received an exempt report of the Interim Director, which sought approval for a draft four year medium term business strategy document. A copy of the exempt report, marked 'G', is filed with these minutes.

The exempt report was not for publication by virtue of paragraphs 3 and 10 of Section 12A of the Local Government Act 1972.

Following a request the Interim Director confirmed that the logos of all the Member Authorities would be incorporated within the document's front cover branding.

RESOLVED:

That the four year medium term business strategy document, attached as appendix 1 to the report, be approved.

135. Development of a Four Year Medium Term Financial Strategy (MTFS) 2012 - 2016.

The Management Committee received an exempt joint report of the Interim Director and Consortium Treasurer, the purpose of which was to update members on the financial implications of the four year strategy document, to present the 2012-13 budgets with more detailed information and to present a draft outline budget for 2013-14, 2014-15 and 2015-16. A copy of the exempt report, marked 'H' is filed with these minutes.

The exempt report was not for publication by virtue of paragraphs 3 and 10 of Section 12A of the Local Government Act 1972.

RESOLVED:

- (a) That the four year medium term financial strategy document be noted;
- (b) That the additional financial information supporting the 2012-13 budget be noted; and

(c) That the draft budgets for 2013-14,2014-15 and 2015-16 be noted.

136. Exempt Minute No 107 of the meeting of the ESPO Management Committee held on 2 March 2012.

The Management Committee considered an exempt minute of the meeting of the ESPO Management Committee held on 2 March 2012. A copy of the exempt minute, marked 'K' is filed with these minutes.

The exempt minute was not for publication by virtue of paragraphs 3, 5 and 10 of Section 12A of the Local Government Act 1972.

RESOLVED:

That the exempt minute no 107 of the meeting of the ESPO Management Committee held on 2 March 2012 be agreed and signed as a correct record.

10.30 am - 12.00 pm  
25 June 2012

CHAIRMAN