



Minutes of a meeting of the ESPO Management Committee held at County Hall, Glenfield, Leicestershire on Thursday, 7 March 2013.

PRESENT

Cambridgeshire County Council

Cllr. S. Count, Cllr. J. Reynolds

Leicester City Council

Cllr. J. Thomas, Cllr. P. Westley

Leicestershire County Council

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

Norfolk County Council

Cllr. R. Smith

Peterborough City Council

Cllr. J. Holdich OBE (in the Chair)

Warwickshire County Council

Cllr. J. Whitehouse

Apologies for absence.

Apologies for absence were received from: Cllr. P. Hardy – Norfolk County Council and Cllr. D. Seaton – Peterborough City Council.

159. Minutes.

The minutes of the meeting held on 6 December 2012, having previously been circulated, were taken as read, confirmed and signed as a correct record.

160. Urgent Items.

The Chairman reported that there were no urgent items for consideration.

161. Declarations of interests.

The Chairman invited those who wished to do so to declare an interest in respect of items on the agenda. No declarations were made.

162. Change to the Order of Business.

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

163. Forecast Outturn 2012/13 and Draft Medium Term Financial Strategy 2013/14 - 2016/17.

The Management Committee received a joint report of the Consortium Treasurer and Director which presented the Forecast Outturn 2012/13 and Draft Medium Term Financial Strategy 2013/14 - 2016/17. A copy of the report, marked '4', is filed with these minutes. [Further details informing the Progress Report of the Director, of a commercially sensitive nature, were considered under exempt business in Minute 165 below.]

Arising from discussion the following points were noted:

- (i) The Management Committee was pleased to note progress in respect of efficiency projects and that the outturn was forecast to be better than budgeted;
- (ii) ESPO was developing its approach toward the effective gathering of market intelligence. This work, and work being undertaken on its approach to marketing, would be key for the development of the organisation in the future;
- (iii) There was a need for ESPO to develop further its stock level management processes;
- (iv) It was noted that amounts had been set aside for the future refurbishment of the ESPO building and for fleet maintenance;
- (v) Members commented that regular visits to the Consortium Authorities by the Director, to discuss key matters of interest, were valuable.

RESOLVED:

- (a) That the forecast outturn for 2012/13 be noted;
- (b) That the draft four year medium term financial strategy, which includes the draft budgets for 2013-14, 2014-15, 2015-16 and 2016-17, be approved.

164. 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 Forecast Outturn 2012/13 and Draft Medium Term Financial Strategy 2013/14 - 2016/17' (Paper '13') 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.

165. Supplementary Information Informing the Forecast Outturn 2012/13 and Draft Medium Term Financial Strategy 2013/14 - 2016/17.

The Management Committee received an exempt joint report of the Consortium Treasurer and Director which presented supplementary information informing the Forecast Outturn 2012/13 and Draft Medium Term Financial Strategy 2013/14 - 2016/17. A copy of the exempt report, marked '13', 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 contents of the report be noted.

[The meeting then reconvened into public session.]

166. Consortium Agreement.

The Management Committee considered a joint report of the Consortium Secretary and Treasurer, seeking approval for the draft Consortium Agreement and its schedules (including the ESPO Constitution). A copy of the report, marked '5', is filed with these minutes.

Arising from discussion the following points were noted:

- (i) Following the meeting, subject to the views of the Management Committee, the Consortium Agreement would be submitted to each Consortium Authority for its consideration and execution;
- (ii) The Consortium Agreement had been put in place to fulfil the requirements of the business strategy review of ESPO and its adoption would strengthen ESPO's governance arrangements whilst reducing risk to the organisation and the Consortium Authorities;
- (iii) It was suggested that approximately two years following the implementation of the Agreement the suitability of an alternative structure for ESPO should be reconsidered. However, the joint committee model, with its additional and robust risk management procedures, was considered to be suitable for at least the short term;
- (iv) Members were pleased to note the proposed structure for ESPO services was that of a 'service menu approach' and that ESPO would be self-financing and, other than as provided for already in the Agreement, no capital contribution would be required from Consortium Authorities;
- (v) It was confirmed that the Consortium Agreement contained provision for the allocation and realisation of assets in the event of withdrawal by a member authority from the Consortium;

- (vi) The cost of revising the Partnership Agreement had been considerably less than budgeted for. The resultant underspend would be incorporated into ESPO's general reserves;
- (vii) That any references to 'equal liability' of member authorities should be amended to 'joint and several liability'.

The Chairman, on behalf of the Management Committee, expressed his thanks to all those officers who had been involved in the development of the Consortium Agreement and in particular Victoria Newbold of Warwickshire County Council, and her predecessor Suzanne Burrell, for their work.

Following discussion regarding the next steps to be undertaken to seek agreement to the Consortium Agreement, and in noting there remained two outstanding issues for the members representing Leicester City Council, it was moved and seconded that:

- (a) That the Consortium Agreement and its schedules, attached as Appendix A to the report, be approved and recommended to the individual Consortium Authorities for their agreement;
- (b) That the Consortium Secretary be authorised to:
 - i) make any necessary final drafting amendments to the Agreement arising from this meeting;
 - ii) liaise with individual Consortium Authorities in order that the Agreement be considered for approval by their appropriate Executive body;
 - iii) subject to ii) above, arrange for the timely execution of the Partnership Agreement.

The motion was put and carried. Seven members representing six of the authorities (Cambridgeshire County Council, Leicestershire County Council, Lincolnshire County Council, Norfolk County Council, Peterborough City Council and Warwickshire County Council) voted in favour of the motion. Two members representing the remaining authority (Leicester City Council) was unable to support the wording in the draft Agreement.

RESOLVED:

- (a) That the Consortium Agreement and its schedules, attached as Appendix A to the report, be approved and recommended to the individual Consortium Authorities for their agreement;
- (b) That the Consortium Secretary be authorised to:
 - i) make any necessary final drafting amendments to the Agreement arising from this meeting;
 - ii) liaise with individual Consortium Authorities in order that the Agreement be considered for approval by their appropriate Executive body;
 - iii) subject to ii) above, arrange for the timely execution of the Partnership Agreement.

167. ESPO Change Programme Closure Report.

The Management Committee considered a joint report of the Consortium Secretary and Treasurer, seeking approval to close ESPO's Change Programme. A copy of the report, marked '6', is filed with these minutes.

RESOLVED:

- (a) That the achievements of the Change Programme and follow on actions contained in section 5 of the appendix to the report be noted;
- (b) That the Programme's closure be approved.

168. Annual Review of Organisational Approach to Risk Management and Governance.

The Management Committee considered a joint report of the Director, Consortium Secretary and Treasurer, providing an annual review of ESPO's approach to risk management and governance. A copy of the report, marked '7', is filed with these minutes.

Arising from discussion the following points were noted:

- (i) In respect of the Management Committee's responsibility for reviewing the effectiveness of internal control of the organisation and reviewing key strategic and operational risks when escalated by the Director, members felt the Management Committee should receive details of major risk records on a regular basis, where they arose;
- (ii) In respect of scoring major risk records, ESPO did not assign a score limit. It was the view that each project should be dealt with on a case by case basis and that their success depended upon their effective management.

RESOLVED:

That the Risk Management Strategy, set out as Appendix 1 to the report, be approved.

169. Progress Report of the Director.

The Management Committee considered a report of the Director, the purpose of which was to provide an update to members on developments since the Committee last met on 6 December 2012. A copy of the report, marked '8', is filed with these minutes. [Further details informing the Progress Report of the Director, of a commercially sensitive nature, were considered under exempt business in Minute 171 below.]

Arising from discussion the following points were noted:

- (i) The results of the Schools, Academies and Further Education Colleges Survey showed that the education sector was an increasingly competitive market;

- (ii) The Director confirmed that two of ESPO's suppliers' products had been found to contain small amounts of horse meat DNA. Members noted that it was the absolute responsibility of suppliers to ensure the security of their supply chain and the quality of their products and that the Director had taken appropriate action in response to this finding. ESPO would be introducing DNA testing into its quality assurance criteria for future procurement exercises;
- (iii) With regard to the Indigo warehouse system members considered there was a balance to be achieved between changes to the software to fit the needs of ESPO (which could incur further expense) and changes to ESPO's warehouse systems to meet the needs of the software being introduced. It was not the Director's intention for ESPO to invest significantly in the new software in order to incorporate further bespoke features, and in order to reduce stock bottlenecks he would be looking to adjust current warehouse working practices;
- (iv) Members asked for the level of 'waste directly recycled' to be reincorporated within future Balanced Scorecards.

RESOLVED:

That the progress report of the Director be noted.

170. 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 Report Informing the Progress Report of the Director.' (Paper '14') 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.

171. Supplementary Information Informing the Progress Report of the Director.

The Management Committee received an exempt report of the Director, which set out further supplementary information to Item 8, Progress Report of the Director. A copy of the exempt report, marked '14' is filed with these minutes.

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

RESOLVED:

That the contents of the report be noted.

[The meeting then reconvened into public session.]

172. Ed Walsh - Deputy Director of ESPO.

The Director reported that Ed Walsh, Deputy Director of ESPO, would be retiring from his position in summer 2013.

The Director, officers and members asked for their thanks to be recorded for Mr Walsh's considerable contribution to the work of ESPO over the years. They wished him well for the future.

173. Public Procurement and Small & Medium-Sized Enterprises.

The Management Committee considered a report of the Consortium Treasurer, the purpose of which was to update members on progress in respect of work undertaken by the Senior Officers Group on public procurement and Small and Medium Sized Enterprises (SMEs). A copy of the report, marked '9', is filed with these minutes.

Arising from discussion the following points were noted:

- (i) It was important to involve those individuals with experience of SMEs in the development of any Pre-Qualification Questionnaire to ensure that the documentation was provided in as simple terms as possible to businesses;
- (ii) It would be necessary for the Social Value Act to be considered as part of work undertaken on SMEs.

RESOLVED:

- (a) That the contents of the report be noted;
- (b) That the priorities contained in Appendix A of the report form the Procurement and SMEs deliverables within the SOG work programme for 2013/14;
- (c) That the Chief Officer Group be requested to consider and report back to the Management Committee the outcome of SOG's work in 12 months' time.

174. Items referred by the Finance and Audit Subcommittee.

None were reported.

175. Date of Next Meeting - Thursday 27 June 2013 at 11 am.

It was noted that the next meeting of the Management Committee was scheduled for Thursday 27 June 2013 at 11.00 am. The meeting would be held at ESPO, Grove Park, Blaby, Leicestershire, and would be preceded by a tour of the facilities there, commencing at 10.30 am.

176. 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 'Medium Term Business Strategy – 18 Month Rolling Update.' (Paper '12') 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.

177. Medium Term Business Strategy - 18 Month Rolling Update.

The Management Committee received an exempt report of the Director providing an update on progress made on the Medium Term Business Strategy 18 month rolling plan. A copy of the exempt report, marked '12' 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 progress made on the 18 month rolling plan as part of the current Four Year Business Strategy be noted;
- (b) That it be noted that an updated plan would be presented to the Management Committee at its meeting on 26 September 2013.

10.30 am - 12.00 pm
07 March 2013

CHAIRMAN