



Minutes of a meeting of the ESPO Management Committee held at County Hall, Glenfield, Leicestershire on Thursday, 27 June 2013.

PRESENT

Cambridgeshire County Council

Cllr. J. Reynolds

Leicester City Council

Cllr. J. Thomas, Cllr. P. Westley

Leicestershire County Council

Cllr. R. K. A Feltham; Cllr. D. Snartt

Lincolnshire County Council

Cllr. S. Rawlins; Cllr. S. Ransome;
Cllr. D. Hoyes

Norfolk County Council

Cllr. I. Monson

Peterborough City Council

Cllr. J. Holdich OBE

Warwickshire County Council

Cllr. A. Cockburn; Cllr. D. Parsons

Apologies for absence.

Apologies for absence were received from: Cllr. J. Clark – Cambridgeshire County Council, Cllr. M. Smith – Norfolk County Council and Cllr. D. Seaton – Peterborough City Council.

1. Chairman's Announcement.

The outgoing Chairman, Cllr J Holdich, OBE addressed the Management Committee, thanking members and officers for their contributions during 2012/13. He outlined some of ESPO's successes over the period including: the appointment of the new Director in September 2012; introduction of the Finance and Audit Subcommittee; the completion of the change management program; and performance in all areas of ESPO's procurement activity having increased to record levels during 2012/13.

RESOLVED:

That Cllr J Holdich be thanked for his period of Chairmanship for 2012/13.

2. Cllr D C Hoyes MBE.

Cllr Holdich informed the Management Committee that its longest serving member, Cllr. D.C. Hoyes MBE, would no longer be serving on the Management Committee and had therefore been invited to the meeting in order that members of the Committee and officers could show their appreciation to him.

Members and officers thanked Cllr Hoyes for his considerable contribution to the work of ESPO during his tenure and wished him well for the future; he was presented with a small commemorative gift to mark the occasion. Cllr Hoyes gave a speech thanking officers and members for their support over the years.

3. Election of Chairman for 2013/14.

It was proposed, seconded and resolved that Cllr S Rawlins be elected as Chairman for 2013/14.

Cllr S Rawlins - in the Chair.

4. Election of Vice Chairman for 2013/14.

It was proposed, seconded and resolved that Cllr J Reynolds be elected Vice Chairman for 2013/14.

5. Minutes.

The minutes of the meeting held on 7 March 2013, having previously been circulated, were taken as read, confirmed and signed as a correct record.

6. Urgent Items.

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

7. 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.

8. Consortium Partnership Agreement - Progress Report.

The Management Committee considered a report of the Consortium Secretary outlining progress in respect of the approval of the new Consortium Agreement by each of the Consortium Authorities. A copy of the report, marked 'Item 6', is filed with these minutes.

The Committee was advised that, as of 27 June, Norfolk, Warwickshire, Leicestershire and Lincolnshire County Councils had obtained agreement through their respective political processes for the Consortium Agreement to be completed. The members from Cambridgeshire County Council and Peterborough City Council confirmed that action was underway to complete those processes in their authorities. It was understood that Leicester City Council was minded to withdraw from the Consortium, although no formal

notice to that effect had been received.

Arising from discussion the following points were noted:

- (i) The Leicester City Council members reported that their officers were exploring options with respect to their Authority's future involvement with ESPO and, in due course, would report their recommendations for consideration and final decision by the City Mayor. Leicester City Council intended for its representatives to continue to attend meetings of the Management Committee until such time as the matter was resolved. It was envisaged that, should Leicester City withdraw from the Consortium, the Authority would continue to operate as a customer of ESPO;
- (ii) Work which would need to be undertaken to understand the financial, administrative and operational implications and requirements of such a withdrawal could commence only once Leicester City Council had formally confirmed its intentions in writing. These would need to be considered by the Chief Officer Group in the first instance;
- (iii) It was the view of the Committee that Leicester City should resolve its position as soon as possible to enable the new Consortium Agreement to be put in place and ESPO's good governance assured.

RESOLVED:

- (a) That the County Solicitor for the Servicing Authority be asked to write to Leicester City Council requesting early written confirmation of its intentions with regard to its continued involvement in the Consortium or otherwise;
- (b) That, subject to Leicester City Council's response, the Chief Officer Group be requested to consider the consequences of the withdrawal of Leicester City Council from the Consortium with a view to reporting the outcome of these discussions to the Management Committee on 26 September.

9. 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.

10. Draft Outturn 2012/13.

The Management Committee received a joint report of the Director and Consortium Treasurer setting out the Draft Outturn for 2012/13. A copy of the report marked 'Item 7' is filed with these minutes. [Further details informing the Draft Outturn for 2012/13, of a commercially sensitive nature, were considered under exempt business in Minute 12 below.]

Arising from discussion the following points were made:

- (i) The Finance and Audit Subcommittee had considered the Draft Outturn for 2012/13 at its meeting on 3 June 2013. At this meeting the

Subcommittee recommended the Draft Outturn, allocations from the operating surplus and payment of the dividend (subject to approval of the accounts and confirmation of the basis for distribution) for approval by the Management Committee;

- (ii) Following consideration by the Subcommittee, a marginal increase had been made to the amount earmarked for the GEMS 2 project;
- (iii) ESPO's consulting services were considered to be a core service which provided particular value to Consortium Authorities. There was a need to further develop this area of the business.

RESOLVED:

That the Management Committee approves:

- (a) the Draft Outturn for 2012-13;
- (b) allocations from the operating surplus for 2012-13 as outlined in paragraphs 22, 23 and 24 of the report;
- (c) payment of the dividend, subject to approval of the accounts and confirmation of the basis for distribution, as outlined in paragraphs 25 and 26 of the report.

11. 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 2012/13' (Item '15') 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.

12. Supplementary Information Informing the Draft Outturn 2012/13.

The Management Committee received an exempt joint report of the Consortium Treasurer and Director which presented supplementary information informing the Draft Outturn for 2012/13. A copy of the exempt report, marked 'Item 15', 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 its appendices, be noted.

[The meeting then reconvened into public session.]

13. Annual Report 2012/13.

The Management Committee considered the Director's Annual Report for 2012-13. A copy of the report, marked 'Item 8', is filed with these minutes.

The Director reported that the format and content of the Annual Report had been updated to provide both a review of the previous year and an outline of ESPO's plans for the future.

Members suggested that it would be useful for the report to incorporate reference to regional and local work undertaken by ESPO to support industries based in the UK.

RESOLVED:

- (a) That the Annual Report for 2012-13 be approved, subject to incorporation of information about regional and local work undertaken by ESPO to support industries based in the UK;
- (b) That the Director be authorised to make such minor adjustments as he considers necessary prior to publication of the Annual Report.

14. Draft Annual Governance Statement.

The Management Committee considered a joint report of the Consortium Secretary and Treasurer, presenting the draft Annual Governance Statement for 2012-13 prior to final consideration by the Management Committee in September. A copy of the report, marked 'Item 9', is filed with these minutes.

Arising from discussion the following points were noted:

- (i) Members were pleased with the development of ESPO's governance procedures and processes over the previous 12-18 months;
- (ii) It was important for ESPO to remain alert to the possibility of significant changes in sectors within which it operated. Market intelligence was vital to responding proactively to such changes.

AGREED:

That the 2012/13 Annual Governance Statement be approved.

15. Internal Audit Service Annual Report 2012-13.

The Management Committee received a report of the Consortium Treasurer presenting the Internal Audit Service Annual Report for 2012-13. A copy of the report marked 'Item 10' is filed with these minutes.

Arising from discussion the following points were noted:

- (i) Members were pleased to note that the overall opinion provided by the Head of Internal Audit Service recognised: a substantial strengthening of ESPO's governance arrangements; a robust risk management framework

and plans to improve awareness of risk management; and that the operation and management of the core financial systems of ESPO were of a sufficient standard to provide for the proper administration of its financial affairs;

- (ii) The Director sought to ensure that ESPO improved its procedures and processes continuously. Members had a significant role to play in this process of improvement.

RESOLVED:

That the Internal Audit Service Annual Report for 2012-13 be noted.

16. Director's Progress Report.

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 7 March 2013. A copy of the report, marked 'Item 11', 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 18 below.]

Arising from discussion the following points were noted:

- (i) ESPO sought to provide best value for its customers in a range of sectors. Diversifying the range of services offered by ESPO enabled the organisation to reduce the risk of changes in one sector affecting its overall performance disproportionately. This approach helped ESPO to operate in an increasingly competitive environment;
- (ii) ESPO's Academy Procurement Service provided services to assist schools transitioning to academy status. The Service would seek to complement those services provided by local authorities;
- (iii) At present many of ESPO's customers preferred to place orders by Fax. Increasing the number of customers who placed orders electronically would generate savings in administration costs. ESPO aimed for the number of electronic orders by customers to be increased two fold during the financial year;
- (iv) It was suggested for ESPO to undertake more benchmarking exercises and develop more value ranges for popular product lines.

RESOLVED:

- (a) That the progress report of the Director be noted;
- (b) That it be noted that the Director would provide a further report on progress in respect to installation of the Indigo Warehouse System to the Management Committee's meeting on 26 September 2013.

17. 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 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.

18. Supplementary Information Informing the Director's Progress Report.

The Management Committee received an exempt report of the Director, which set out further supplementary information to Item 11, Progress Report of the Director. A copy of the exempt report, marked 'Item 14' 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.]

19. Proposal to Calculate Dividend Distribution Based on Member Turnover Including Academies.

The Management Committee considered a joint report of the Consortium Treasurer and Director, recommending to change the dividend distribution model to one based on total educational spend including academies. A copy of the report, marked 'Item 12', is filed with these minutes.

RESOLVED:

That the dividend distribution model be changed to one based on total educational spend including academies, effective for 2012-13 and to last for three years up to 2015-16 prior to review as necessary, as set out in paragraphs 7-9 of the report.

20. Date of Next Meeting - Thursday 26 September 2013.

It was noted that the next meeting of the Management Committee was scheduled for Thursday 26 September 2013 at 10.30 am.