



Minutes of a meeting of the ESPO Management Committee held at County Hall, Glenfield, Leicestershire on Thursday, 26 September 2013.

PRESENT

Cambridgeshire County Council

Cllr. B. Chapman; Cllr. J. Reynolds

Leicester City Council

Cllr. P. Westley

Leicestershire County Council

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

Lincolnshire County Council

Cllr. S. Rawlins (in the chair); Cllr. S. Ransome;

Norfolk County Council

Cllr. I. Monson

Peterborough City Council

Cllr. J. Holdich OBE

Apologies for absence.

Apologies for absence were received from: Cllr. A. Cockburn and Cllr. D. Parsons – Warwickshire County Council, Cllr. M. Smith – Norfolk County Council, Cllr. D. Seaton – Peterborough City Council and Cllr. J. Thomas – Leicester City Council.

21. Minutes.

The minutes of the meeting held on 27 June 2013, having previously been circulated, were taken as read, confirmed and signed as a correct record.

22. Urgent Items.

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

23. 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.

24. Warehouse Operations.

The Chairman welcomed David Godshill, ESPO's new Assistant Director – Operations, to the meeting who delivered a presentation on the on-going implementation of the Indigo warehouse picking system and future improvements to be made. A copy of the presentation is filed with these

minutes.

Arising from the presentation and discussion, the following points were noted:

- i) Having sustained 15-20% of stock throughput via Indigo from June onwards, a phased implementation to be ratcheted up during September and October 2013 through to a 90% deployment by the end of March 2014 was planned;
- ii) The knock on benefits in terms of manpower planning and associated benefits would be reflected in the 2014/15 budget and for future years;
- iii) In order to optimize the operation of warehouse picking, initiatives to flatten peaks in ordering through the year were being undertaken, such as the discounted offer to encourage schools to order for delivery in August, rather than waiting until the beginning of the Autumn term;
- iv) Online ordering from customers, with a challenging target to have this rise to 20% in the next twelve months, alongside working with suppliers to be able to fulfil 'just in time' deliveries would create further efficiencies, improve the customer experience and stock accuracy/levels.

AGREED:

That the presentation and progress made in delivering improvements to ESPO's warehouse operations be welcomed.

25. External Audit of the 2012/13 Financial Statements.

The Management Committee considered a joint report of the Director and Consortium Secretary which reported on the external auditor's key findings from the 2012/13 financial statements and which presented the letter of representation from the Consortium Treasurer to the auditors. A copy of the report, marked 'item 5', is filed with these minutes.

The Chairman welcomed Ali Breedon and Tom Gibbs from Pricewaterhousecoopers, ESPO's external auditors, to the meeting who communicated the results of their audit.

Arising from discussion, the following principal points were noted:-

- i) The external auditors reported a very straightforward and positive audit report for 2012/13 and that an unqualified audit opinion would be issued. No significant matters were required to be reported back to the Committee;
- ii) The auditors were satisfied with good progress made during 2012/13 in terms of economy and efficiency and that proposals for further improvements in 2013/14 were appropriate and in place;
- iii) Management Committee members confirmed they remained satisfied with the appropriateness of accounting for gas accruals on a cash basis,

noting that ESPO did not have access to its customers' meters, that the methodology was consistent with previous years and that the impact was unlikely to be material;

- iv) As part of the external auditors work on fraud, Members also confirmed they were unaware of any fraudulent activity at ESPO that had arisen and that should be brought to their attention.

The Chairman thanked Ali Breedon and Tom Gibbs for their contribution to the meeting.

RESOLVED:

That the external audit of the financial statements 2012/13 be approved.

26. Statement of Accounts and Annual Governance Statement 2012/13.

The Management Committee considered a joint report of the Director and Consortium Treasurer which presented the Statement of Accounts and Annual Governance Statement for the financial year 2012/13. A copy of the report, marked 'item 6', is filed with these minutes.

Arising from discussion, the following points were noted:

- i) The Finance and Audit Subcommittee had considered and been satisfied with the draft statement of accounts at its meeting on 3 September 2013, thanking the Director and his staff for the work undertaken in preparing the Statement of Accounts and Annual Governance Statement;
- ii) The requirement to value ESPO's land and building on an annual basis was queried on efficiency grounds and it was confirmed by the external auditors that for accounting standards, whilst this was a requirement the methodology could be varied if agreed prior to the financial year in which it was due to be undertaken.

It was moved, seconded and approved that:-

'From the 2014/15 financial year onwards, the Director be requested to undertake a more informal valuation of ESPO's land and buildings using indices on a bi-annual basis, with a formal independent valuation being undertaken in each intervening year thereafter.'

RESOLVED:

- a) That the draft Statement of Accounts and Annual Governance Statement for 2012/13 be approved;
- b) That from the 2014/15 financial year onwards, a more informal valuation using indices be carried out, on a bi-annual basis, with a formal independent valuation being undertaken in each intervening year.

27. 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.

28. Director's Progress Update.

The Management Committee gave consideration to a report of the Director, the purpose of which was to update members on the actions and progress made since the last ESPO Management Committee meeting held on 26 June 2013. A copy of the report, marked 'item 7', is filed with these minutes.

Arising from discussion, the following points were noted:

- i) Financial performance was ahead of budget for the year to date;
- ii) It was confirmed that Leicester City Council had now formally notified the Consortium Secretary in writing of its desire to leave the ESPO Consortium;
- iii) Members were supportive of the collective view of the Chief Officer Group, which having met in late August was as follows:-
 - Leicester City's desire to exit prior to the two years notice required in the current Consortium Agreement should be facilitated, noting that a working date of 31 March 2014 had been proposed;
 - A due diligence exercise being undertaken to assess Leicester City's contractual position with ESPO should be completed;
 - The Legal and Governance Group should be reconvened to discuss the terms upon which the arrangements were to be made for Leicester City Council's exit from the Consortium.

RESOLVED:

That the contents of the report, and in particular the position in respect to Leicester City Council's intention to leave the Consortium, set out in paragraphs 4 and 5 of the report together with the further update now provided, be noted.

29. 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 Director's Progress Update.' (Item '11') 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.

30. Supplementary Report Informing Director's Progress Update.

The Management Committee received an exempt report of the Director, which set out further supplementary information to Item 7, Progress Report of the Director. A copy of the exempt report, marked 'Item 11' 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.]

31. Items referred by the Finance and Audit Subcommittee.

There were no items referred from the Finance and Audit Subcommittee.

32. Date of Next Meeting.

It was noted that the next meeting of the Management Committee would be held on 5 December 2013.

33. 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: 'ESPO Business Strategy and Future Direction.' (Item '10') 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.

34. ESPO Business Strategy and Future Direction.

The Management Committee received an exempt report of the Director which informed members of further initiatives to be included as deliverables within the ESPO strategy, of a proposal to alter the timetable for refreshing the Strategy document, and of progress made against the updated 18 month rolling plan, last refreshed at Management Committee on 7 March 2013.

A copy of the exempt report, marked 'Item 10' 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 approval be given to the proposed revisions to the 2012-16 Business

Strategy's Mission, Vision and Organisational Values as outlined in paragraph 8 of the report;

- b) That the updated 18 month rolling plan attached as Appendix A to the report be approved; and
- c) That approval be given to the realignment of the Business Strategy cycle to that of the Medium Term Financial Strategy as outlined in paragraph 7 of the report.

10.30 am - 12.00 pm
26 September 2013

CHAIRMAN