



Minutes of a meeting of the ESPO Management Committee held at County Hall, Glenfield, Leicestershire on Wednesday, 30 November 2016.

PRESENT

Mr. I. Monson CC (in the Chair)

Leicestershire County Council

Dr. R. K. A. Feltham CC  
Mr. G. Hart CC

Norfolk County Council

Mr. I. Monson CC  
Ms. S. Whitaker CC

Cambridgeshire County Council

Mr. I. Bates CC

Lincolnshire County Council

Mr. R. Foulkes CC

Warwickshire County Council

Mr. J. Clarke CC  
Mr. D. Parsons CC

33. Minutes of the previous meeting.

The minutes of the meeting held on 27<sup>th</sup> September 2016 were taken as read, confirmed, and signed, subject to the resolution in minute 32 being amended to read as follows:-

Minute 32

'RESOLVED:

- a) That the contents of the report are noted;
- b) That the Committee support the proposal to establish a company limited by shares;
- c) That approval in principle be given to the approach outlined in the report subject to a further paper being submitted to the Management Committee on the implications of:-
  - (i). Shares being held on behalf of ESPO Members by Leicestershire County Council for funding purposes, and for administrative and governance convenience;
  - (ii). both profits/surpluses and also liabilities are shared among the members which would be set out in a separate legal agreement between members.'

34. Urgent Items.

There were no urgent items for consideration.

35. Declarations of interests.

The Chairman invited members who wished to do so to declare any interest in respect of items on the agenda for the meeting.

No declarations were made.

36. Items referred by the Finance and Audit Subcommittee.

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

37. Director's Progress update.

The Committee considered a report from the Director which provided an update of the actions and progress made since the last Management Committee meeting held on 27 September 2016. A copy of the report, marked Agenda Item 5, is filed with these minutes.

The Committee noted that the depreciation in the value of the pound would impact on the cost base of ESPO and going forward would slow down the projected rate of growth. With regard to gas sales the Committee was advised that whilst volumes and prices were down on last year the key driver of income was the number of customers and this had not fallen.

With regard to sickness absence the Management Committee welcomed the continued focus on this issue and the reduction achieved in short term sickness absence.

RESOLVED

That the report be noted.

38. Supplementary Information to Inform the Director's Progress Report.

The Management Committee received an exempt report from the Director which set out further supplementary information regarding the Director's Progress Update. A copy of the exempt report, marked 'Agenda Item 6', is filed with these minutes.

The exempt report was not for publication as it contained information relating to the financial or business affairs of a particular person (including the authority holding that information).

In response to questions and comments made the Committee was advised as follows:-

- i) the lessons learnt for the implementation of the ERP system and from specific frameworks developed for member authorities would be shared with the Senior Officer Group which comprised the procurement specialists from each constituent authority;
- ii) ESPO had developed its Smart Buy brand on some key lines and would look to roll this out to other lines depending on the volume of sales;
- iii) there has been some progress towards automation with a view to improving the pick and flow of goods and to reduce staff costs. Further investment in automation is currently the subject of consideration and a full business case would be submitted in the summer of 2017.

RESOLVED

That the supplementary information informing the Director's Progress Update be noted.

39. MTFS Monitoring.

The Committee considered an exempt joint report of the Director and the Consortium Treasurer monitoring the Medium Term Financial Strategy against the first seven months of trading in the 2016/17 financial year. A copy of the report, marked 'Agenda Item 7', is filed with these minutes.

The exempt report was not for publication as it contained information relating to the financial or business affairs of a particular person (including the authority holding that information).

In response to questions, the Director advised:-

- i) Trading conditions had become difficult and the decrease in the value of the pound would pose a significant challenge in maintaining margins whilst still being competitive. Looking forward the potential for growth was challenging and the roll forward of the MTFS would need to reflect that.
- ii) Education spending is now under pressure and ESPO continues to work with Multi Academy Trusts not just in relation to catalogue sales but also to raise awareness of how ESPO Frameworks could assist in reducing the financial and administrative burden in schools.

RESOLVED:

That the contents of the report be noted.

40. Project Update.

The Committee considered an exempt report of the Director on the proposed strategic project. A copy of the report marked 'Agenda Item 8' is filed with these minutes.

The exempt report was not for publication as it contained information relating to the financial or business affairs of a particular person (including the authority holding that information).

The Director updated the Committee on the recent discussions following the decision to close the merger project. The costs incurred amounted to just over £30,000.

The Committee also received a verbal update from a representative of KPMG who had assisted in the project. He advised members of the difficulties that had been encountered and the lessons learnt going forward if ESPO were to embark on something similar in the future.

Members noted the verbal updates provided and whilst it was disappointing the right decision had been made.

RESOLVED

That the report be noted.

41. Procurement of Goods for Resale Through The Catalogue

The Committee considered an exempt report of the Director on the approach proposed for the procurement of goods for resale through the catalogue and the future process for managing such procurements. A copy of the report marked 'Agenda Item 9' is filed with these minutes.

The exempt report was not for publication as it contained information relating to the financial or business affairs of a particular person (including the authority holding that information).

RESOLVED:-

That the approach outlined in the report concerning the procurement of goods for resale through the catalogue be supported.

42. International Sourcing.

The Committee considered an exempt report of the Director on the progress made on a key priority for ESPO, that relating to the international sourcing of goods. A copy of the report marked 'Agenda Item 10' is filed with these minutes.

The exempt report was not for publication as it contained information relating to the financial or business affairs of a particular person (including the authority holding that information).

RESOLVED:-

- a) That the ongoing commercial advantage being achieved as a result of moving exercise books from UK manufacture to an international supply chain be noted;
- b) That the commercial impact of Brexit on importing into the UK and the volume limitations of the existing supply chain be noted;
- c) That the intention to move the exercise book supply to a new manufacturer in China to maintain commercial advantage through lower manufacturing costs and more vertically integrated supply chain be noted;
- d) That the lessons learnt from the first peak trading year and the actions being taken to batch produce and ship into Felixstowe be noted.

43. Modern Slavery Act.

The Committee considered an report of the Director concerning the implications for ESPO of the Modern Slavery Act 2015. A copy of the report marked 'Agenda Item 11' is filed with these minutes.

RESOLVED:-

That noting that the provisions of the Act do not apply to ESPO, it be agreed that ESPO, as a responsible and ethical public procurement organisation, should seek to comply with the Act.

44. Date of Next Meeting.

It was noted that the next meeting of the Committee would be held on Tuesday 28<sup>th</sup> February 2017 at 11am at County Hall, Glenfield.

45. ANY OTHER ITEMS WHICH THE CHAIRMAN HAS DECIDED TO TAKE AS URGENT.

30 November 2016

CHAIRMAN