



Minutes of a meeting of the ESPO Management Committee held at ESPO, Room 203, Grove Park, Leicester on Wednesday, 20 September 2017.

PRESENT

Dr. K. Feltham – Leicestershire County Council (in the Chair)

Cambridgeshire County Council

Mr. M. Howell CC
Mr. R. Hickford CC

Norfolk County Council

Mr. J. Fisher CC

Leicestershire County Council

Dr. R. K. A. Feltham CC
Mr. R. Shepherd CC

Peterborough City Council

Mr. D. Seaton CC

Lincolnshire County Council

Mrs. S. Rawlins CC

Warwickshire County Council

Mrs. H. Timms CC

Apologies

Apologies were received from Cllr Brenda Jones (Norfolk), Cllr John Holdich (Peterborough), Cllr Richard Butroid (Lincolnshire) and Cllr Ian Bates (Cambridgeshire). Cllr Mark Howell substituted for Cllr Ian Bates.

79. Chairman's Announcement - John Doherty

The Chairman reported that John Doherty would be leaving his post as Director of ESPO to take up a new role as Chief Executive of Loughborough College where he will have responsibility for supporting 11,000 learners and employing 600 staff.

John joined ESPO as Director in September 2012 at a difficult time. Under his Leadership, ESPO has developed robust governance arrangements and has had tremendous success in trading; this year generating a profit in excess of £4 million. ESPO has also been nominated Supplier of the Year 2017.

John has represented ESPO on the Executive Council of the British Education Suppliers Association (BESA) and more recently on its Management Committee as its Treasurer.

The Chairman thanked John for his enormous contribution to the success of ESPO and to wish him well in his new role. Members of the Management Committee echoed the Chairman's comments. John Doherty thanked the Chairman and members for their kind words and for their support over the years

80. Minutes of the meeting held on 21st June 2017

The minutes of the meeting held on 21st June 2017 were taken as read, confirmed, and signed.

81. To advise of any items that the Chairman has decided to take as urgent elsewhere on the agenda.

There were no urgent items for consideration.

82. Declarations of interests in respect of items on this agenda.

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.

83. External Audit of the 2016/17 Financial Statements

The Committee considered a report from the external auditors, Price Waterhouse Coopers (PWC) covering the 2016/17 Financial Statements together with a letter of representation from the Consortium Treasurer. A copy of the report marked 'Agenda Item 5' is filed with these minutes.

Arising from the discussion the following points were made:

- i) The audit of the pension liability has now been completed and there were no significant issues raised in relation to the actuarial assumptions, the baseline sampling data or the work undertaken by KPMG, the pension fund auditors.
- ii) No material accounting issues were identified but the following three matters resulting from the audit were drawn to member's attention.
 - Reference Rebate Recognition
 - Gas Accruals
 - Direct Sales Cut Off
- iii) No significant deficiencies in internal control were identified though the report identified a number of matters which members noted.
- iv) Members of the Committee in the governance role were asked to declare whether there were any known or suspected instances of fraud. No such declarations were made.

RESOLVED

That the external audit of the financial statements for 2016/17 be approved.

84. Statement of Accounts and the Annual Governance Statement for 2016/17

The Committee considered a report of the Director and Consortium Treasurer which reported on the 2016/17 Accounts and Annual Governance Statement. A copy of the report marked 'Agenda Item 5' is filed with these minutes.

In response to a question, members were advised that there would be a 1% increase in employer pension contributions in 2017/18, 2018/19 and 2019/20.

RESOLVED

That the Statement of Accounts and Annual Governance Statement for 2016/17 be approved.

85. Director's Annual Report 2016-17

The Committee considered the Annual Report of the Director for 2016/17. A copy of the report marked 'Agenda Item 6' is filed with these minutes.

RESOLVED

That the Annual Report of the Director be noted.

86. Director's Progress Update

The Committee considered a report of the Director which provided an update of the actions and progress since the previous Management Committee meeting in June 2017. A copy of the report marked 'Agenda Item 7' is filed with the minutes.

RESOLVED

That the update now provided be noted.

87. Date of Future Meetings.

It was noted that the following dates for meetings of the Management Committee were as follows:

29th November 2017 at 11.00am
 28th February 2018 at 10.30am
 13th June 2018 at 10.30am
 1st October 2018 at 2.00pm
 26th November 2018 at 2.00pm

88. Exclusion of the Public

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RESOLVED

That under Section 100 (A) (iv) of the Local Government Act 1972 the public be excluded from the meeting for the following items of business on the grounds that it will involve the disclosure of exempt information as define in the Act and that in all of the circumstances the public interest in maintaining the exception outweighs the public interest in disclosing the information.

- Director's Progress Update
- MTFs Monitoring Report
- ESPO Trading Company Business Case
- ESPO – Interim and Future Management Arrangements.

89. Supplementary Information Informing the Director's Progress Update Report.

The 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 10', is filed with these minutes.

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

RESOLVED

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

90. MTFS Monitoring for the first 5 months of 2016/17

The Committee considered an exempt joint report of the Director and Consortium Treasurer monitoring the Medium Term Financial Strategy against the first four months of trading in the 2017/18 financial year. A copy of the report, marked 'Agenda Item 11', 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 report and financial position at the end of the first four months of trading be noted.

91. Trading Company Business Case

The Committee considered an exempt report of the Director covering progress towards the creation of an ESPO trading company. A copy of the report marked 'Agenda Item 12' is filed with these minutes.

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

In response to questions and comments, members of the Committee were advised as follows:

- i) The shareholders of the company (i.e. six elected members of the Management Committee) would be responsible for strategic decisions and reserved matters as set out in the shareholders agreement. As such they would define the scope and objects of the company.
- ii) The issue of the means of appointing the fifth director - representing the other member authority - had not been determined. One option was for this to rotate on an annual basis.

- iii) The concerns now expressed regarding the engagement of member authorities other than Leicestershire County Council was recognised and the suggestion put forward regarding the appointment of up to two non-executive directors to the Board would seem to address this concern.
- iv) The prime objective of the new company was to legally trade outside of ESPO's current boundaries. As such the new company would not be an employment vehicle but this could be reviewed at a future date if appropriate.

RESOLVED

92. ESPO - Interim Management Arrangements Oral Update

Following advice from the Consortium Secretary, the Management Committee discussed interim and future management arrangements as a result of the resignation of the current Director, John Doherty.

RESOLVED

- a) That Mr Kristian Smith be offered the post of Interim Director of ESPO for a period of six months or until such time as a permanent appointment is made.
- b) That the post of Director of ESPO be advertised, internally and externally.
- c) The Consortium Secretary make the necessary arrangements to engage specialist recruitment consultants to advise and assist in the recruitment process.
- d) That each member authority be invited to appoint one representative to serve on the Employment Panel – Recruitment of Director of ESPO.

11.00am – 12.50pm
20th September 2017

CHAIRMAN