

Minutes of a meeting of the ESPO Management Committee held at County Hall, Glenfield on Wednesday, 12 September 2018.

PRESENT

Cllr. D. Seaton – Peterborough City Council (in the Chair)

Cambridgeshire County Council
Cllr. M. Howell

Norfolk County Council
Cllr. J. Fisher

Leicestershire County Council
Mr. R. Shepherd CC

Warwickshire County Council
Cllr. H. Timms

Lincolnshire County Council
Cllr. R. Butroid

Apologies

Apologies were received from Cllr. I. Bates (Cambridgeshire), Cllr. P. Butlin (Warwickshire), Dr. R. K. A. Feltham CC (Leicestershire), Cllr. J. Holdich, Cllr. B. Jones (Norfolk) and Cllr. S. Rawlins (Lincolnshire).

116. Minutes.

The minutes of the meeting held on 13 June 2018 were taken as read, confirmed, and signed.

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

The Chair advised that there was one urgent item for consideration.

- Skype, which would be taken under Agenda Item 9.

118. 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.

119. Presentation by PWC of External Audit Report and Opinion.

The Committee considered a report from the external auditors, Price Waterhouse Coopers (PWC) covering the 2017/18 Financial Statements together with a letter of representation from the Consortium Treasurer. A copy of the report marked 'Agenda Item 4' is filed with these minutes.

Arising from the discussion the following points were made:

i) No material accounting issues were identified but the following three matters resulting from the audit were drawn to members' attention.

- Rebate Revenue Recognition
- Gas Accruals
- Direct Sales cut-off

While the impact of these was unlikely to be material, work was still being done to recover debt. Progress had been made with aged debtors and £50,000 had been recovered since the previous year's report.

ii) Reporting capability of the general ledger software was under investigation to ensure both management and auditors have access to the full details of ESPO's financial transactions in the reporting period.

iii) The external auditor reminded members of their responsibility to report any known or suspected instances of fraud.

RESOLVED:

That the external audit of the financial statements for 2017/18 be approved and that the ESPO Finance team and PWC be thanked for the work done for the External Audit.

120. Statement of Accounts and Annual Governance Statement.

The Committee considered a report of the Director and Consortium Treasurer, on the 2017/18 Accounts and Annual Governance Statement. A copy of the report marked 'Agenda Item 5' is filed with these minutes.

Members noted for the first time 'Net Pension Liability' was included on the face of the balance sheet rather than within the net assets of ESPO as set out in the report. The value of the pension deficit had increased due to changes in financial assumptions and increasing life expectancy.

Members were advised that the draft Governance Statement had been considered and signed off by members of the ESPO Senior Management Team, the Consortium Treasurer and the Director of Law and Governance together with Democratic Services at Leicestershire County Council (representing the Consortium Secretary).

RESOLVED

That the Statement of Accounts and Annual Governance Statement for 2017/18 be approved.

121. Director's Annual Report 2017/18.

The Committee considered the Annual Report of the Director for 2017/18. A copy of the report marked 'Agenda Item 6' is filed with these minutes.

The Director reported that ESPO continued to work in partnership with stakeholders to drive value-for-money for the public sector through comprehensive procurement solutions, in accordance with its mission statement.

The extraordinary efforts of staff was also recognised with members exceeding 25 years' service.

RESOLVED

That the Annual Report of the Director be noted.

122. Annual Review of Organisational Approach to Risk Management.

The Committee considered a report of the Director on the annual review of the organisational approach to risk management. A copy of the report marked 'Agenda Item 7' is filed with these minutes.

The Director reported the risk register was reviewed quarterly by the Leadership Team. Any increased risk, or new risk identified that could have a material impact on ESPO's business would be reported to the Chief Officer Group (COG) and, where appropriate, to the Management Committee. It was noted there were no high risk recommendations.

Arising from discussion the following points were noted:-

- i) ESPO recognised some it had sections of work that were niche such as Catalogue Publishing. Leicestershire County Council had undertaken a service review to look at areas such as that.
- ii) Brexit and Amazon were two risks that feature on the most recent risk register. Brexit risks could not be estimated but it was noted it was important to have a pricing strategy so, as inflation changes, prices will change throughout the year to reflect this. This related to a more agile pricing system, compounded by the move into the digital.

RESOLVED

That

- a) the annual review of the organisational approach to risk management be noted;
- b) the revised risk management statement be approved.

123. Director's Progress Update.

The Management Committee considered a report of the Director which provided an update of the actions and progress made since the previous ESPO Management Committee held on 13 June 2018. A copy of the report, marked 'Agenda Item 8', is filed with these minutes.

Arising from discussion the following points were noted:

- i) The year to date average order value for stock orders was £192.59 which is £6.84 higher than this time last year.

- ii) Call abandonment was still disappointing with an average abandonment rate of 8% against a target of 3%. A review was being undertaken by the Leicestershire County Council Transformation Unit into the ESPO's customer services and administration function.
- iii) A Senior Health and Safety Advisor had been recruited and was due to start on 24th September.
- iv) ESPO had received agreement from the local Trade Unions for Random Alcohol and drug testing of all members of staff. Staff would also be asked to self-certify before using any vehicles.

RESOLVED:

The Director's Progress update be noted.

124. Urgent Matters.

The Chairman having decided that it was of an urgent nature to inform the Committee on the progress being made towards the use of Skype for some Management Committee and Finance and Audit Sub-Committee meetings, the Committee considered the matter.

The Head of Democratic Services at Leicestershire County Council informed members of the intention to facilitate some ESPO Management Committee Meetings via Skype. Members were assured intensive testing would be undertaken prior to commencement to ensure it worked well. Further information would be taken to the next Chief Officer Group and then to the Management Committee in November. Members agreed it was a good idea that would help ease pressure on their own time.

RESOLVED:

That a further report be made to the Management Committee at the next meeting.

125. Dates of Future Meetings.

It was noted that the next meeting of the Committee would be held Monday 26th November 2018 at 2.00pm at County Hall, Glenfield.

Future meetings of the Management Committee would be scheduled to take place on the following dates at County Hall, Glenfield unless specified:

27th February 2019 - 10.30am

19th June 2019 - 10.30am

19th September 2019 - 10.30am (ESPO, Grove Park)

21st November 2019 - 10.30am

126. Exclusion of the Public.

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 defined 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.

- Supplementary Report of the Director's.
- MTFS Monitoring Report for the first four months of 2018/19.

127. Supplementary Director's 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 12', 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).

The Director advised the Committee of the two high importance recommendations made by Internal audit regarding MSTAR² which had previously been reported to the management committee. Since then work has been undertaken to improve the position and Action Plans have been agreed to move towards full compliance. The position was being closely monitored and would inform the tendering process of MSTAR³.

RESOLVED

That the report and supplementary information now provided be noted.

128. MTFS monitoring for the first four months of 2018/19.

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 2018/19 financial year. A copy of the report, marked 'Agenda Item 13', 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.

12 September 2018

CHAIRMAN