



EASTERN SHIRES  
PURCHASING  
ORGANISATION

A LOCAL AUTHORITY PURCHASING AND DISTRIBUTION CONSORTIUM

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CONSORTIUM SECRETARY: JOHN SINNOTT, MA, Dipl. P.A.,  
CHIEF EXECUTIVE, LEICESTERSHIRE COUNTY COUNCIL

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Date:  
My Ref                    CT/ESPO  
Please ask for:        Cat Tuohy  
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To: Members of the ESPO Management Committee

Dear Member,

**ESPO MANAGEMENT COMMITTEE**

A meeting of the Management Committee will be held on Monday, 26 November 2018 at 2.00 pm in the Guthlaxton Committee Room - County Hall.

As the meeting is starting at 2.00pm sandwiches will not be provided. Should you require lunch there is a staff canteen/shop which you could use. If you wish to book a table in the Members Restaurant please let me know and I will make the necessary arrangements.

Yours faithfully,

Cat Tuohy  
for Consortium Secretary

## AGENDA

<u>Item</u>	<u>Report by</u>	
1. Minutes of the meeting held on 12th September 2018.		(Pages 3 - 8)
2. To advise of any items that the Chairman has decided to take as urgent elsewhere on the agenda.		
3. Declarations of interests in respect of items on this agenda.		
4. Director's Progress Update.	Director	(Pages 9 - 18)
5. Member Meetings - Use of Skype.	Consortium Secretary	(Pages 19 - 24)
6. Exclusion of the Public		
The public are likely to be excluded during consideration of the following items in accordance with Section 100(A)(4) of the Local Government Act 1972 (Exempt Information).		
7. Supplementary Information Informing the Director's Progress Update Report	Director	(Pages 25 - 30)
8. Market Changes Paper.	Director	(Pages 31 - 40)
9. Website Project Update Paper.	Director	(Pages 41 - 52)
10. MTFs Monitoring for the First 6 Months of 2018-19.	Director and Consortium Treasurer	(Pages 53 - 62)
11. Date of Next Meeting 27th February 2019.		



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 24<sup>th</sup> 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 26<sup>th</sup> 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:

27<sup>th</sup> February 2019 - 10.30am  
 19<sup>th</sup> June 2019 - 10.30am  
 19<sup>th</sup> September 2019 - 10.30am (ESPO, Grove Park)  
 21<sup>st</sup> 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 MSTAR<sup>2</sup> 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 MSTAR<sup>3</sup>.

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.

CHAIRMAN

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### MANAGEMENT COMMITTEE – 26 NOVEMBER 2018

#### PROGRESS UPDATE

#### REPORT OF THE DIRECTOR

#### Purpose of the Briefing Note

- The purpose of this update is to inform Management Committee of the actions and progress made since the last Management Committee meeting held on 12 September 2018.

#### Overall Financial Performance

- Overall financial performance to September 2018 to date is outlined below:

#### Summary P & L

COMBINED PRELIMINARY RESULTS	YEAR TO DATE					
	ACTUAL		BUDGET		PRIOR YEAR	
	£000	%	£000	%	£000	%
<b>SALES</b>						
STORES	25,861.6		25,183.6		24,520.6	
DIRECT	9,959.3		10,076.7		9,227.5	
GAS	6,324.7		7,187.6		5,307.0	
CATALOGUE ADVERTISING	638.6		838.0		792.3	
REBATE INCOME	3,109.4		2,519.1		2,443.4	
MISCELLANEOUS INCOME	61.3		97.1		30.5	
<b>TOTAL SALES</b>	<b>45,954.7</b>		<b>45,902.2</b>		<b>42,321.3</b>	
<b>TOTAL MARGIN</b>	<b>12,467.4</b>		<b>12,030.5</b>		<b>11,337.8</b>	
<b>TOTAL EXPENDITURE</b>	<b>9,364.9</b>	20.4%	<b>9,246.5</b>	20.1%	<b>8,745.9</b>	20.7%
As % of Total Sales Excluding Gas		23.6%		23.9%		23.6%
<b>TRADING SURPLUS</b>	<b>3,102.6</b>	6.8%	<b>2,784.0</b>	6.1%	<b>2,591.9</b>	6.1%

- Overall trading surplus YTD is ahead of budget and ahead of last year.
- Total sales at £45.9m are in line with budget of £45.9m.
- Store sales £700k ahead of budget and £1341k favourable to last year. The key area of improvement has been in our sales of exercise books and white paper.
- Direct sales are £117k behind budget principally down to lower corporate sales due to austerity.
- Rebates are £590k ahead of budget. The growth is also enabled by better collection enforcement and the benefits of our new framework CRM system that was developed in-house are being felt.

The balanced scorecard is attached at Appendix 1.

### **ESPO Operational Progress**

3. In September ESPO processed £4.798m of customer orders making 24,608 deliveries. Warehouse picking was performed at a rate of 32 lines per hour, consistent with the target of 32 lines per hour. The YTD average order value for stock orders was £181.87 which is £9.24 higher than this time last year. Operational and supply chain costs YTD are £5.144m against a budget of £5.081m, an increase on budget of £64k and an increase of £327k on last year. The overspend is attributable to distribution costs which comprises non-budgeted vehicle repair and additional carrier costs.
4. In September we experienced an 80% increase in calls handled by Customer Services, over the normal monthly average. The length of the calls handled was also perceived to be longer than the normal average of 2.1 minutes. This was caused by a combination of the normal peak associated with the start of a new school term and the high number of queries regarding the availability of exercise books. Customer Services, Directs and the Catalogue Admin Team handled 17,433 telephone calls with a peak abandonment rate of 20% against a target of 3%.
5. A review, by LCC Transformation team, into the ESPO's customer services and admin function is currently underway. It is expected that this will highlight opportunities for integrating previously individual teams around a common theme of serving the customer and for highlighting improvements such as eliminating unnecessary agent contact and making the most of agent resources.

6. Order lines processed in September by Data Entry was 200,651. On-line and electronic converted orders in September were at 50.4%. On-line participation is stabilising around the 50% level. Customer Service staff have been trained to handle calls from Eduzone customers and a member of staff who transferred from Eduzone has been appointed to a position in customer Services.
7. The stock optimisation team maintained product availability of 98.30% with 157 lines temporarily unavailable; stock value was £6.164m with a stock-turn of 6.54. We have experienced availability issues on some stock keeping units with our exercise book supplier. Outstanding customer orders were completed by the end of October. Longer term this risk is being managed by moving greater production of the exercise books to a more reliable printer based in Poland.
8. There were two accidents and one near miss event. An agency worker cut a finger whilst using a knife. Staff have been briefed on the need to use safety knives that have been provided by ESPO, there was no lost time recorded. An agency worker sustained an upper back strain as a result of poor manual handling technique. Staff advised as to safe handling methods. No lost time recorded. The incident was a pallet-push through due to shrink wrap covering the pallet aperture. There was no injury or damage sustained. The fork lift driver was re-trained.
9. In October, further to prior approval, we installed mechanised handling equipment to enable products to be safely moved from the mezzanine to the ground floor. This comprises of powered conveyors and a goods-lift. Facilities management activity was focussed on supporting the electricity provider with a service on the sub-station in the yard. Power was taken down and the emergency generator was on line to provided power to the server room. Panels that had become detached from the warehouse roof through high winds were replaced. A service inspection by Allianz our insurance provider was carried out on the vehicle tail-lifts and lifting equipment. The team visited Indigo our warehouse management system provider to assess new hand held scanners and portable printer units as part of the equipment upgrade and replacement plan.
10. Two ESPO drivers were supported with their training to enable them to pass their large goods vehicle test. This will enable them to drive vehicles plated at 12 ton. This will enable ESPO to utilise their preferred vehicle of a 12 ton rigid which has a greater pay load capability. This delivers vehicle scheduling efficiency gains.
11. The catalogue management group have been meeting regularly to oversee the production of the new catalogue portfolio for 2019/20. This comprises the main catalogue with a primary and secondary school wrapper; an Early Years and Eduzone catalogue and a Corporate catalogue. It is envisaged that we will continue to develop a more customised offering to our customers which meet their particular requirements.

## **Staffing**

12. The HR dashboard that provides the Leadership Team of a 'health check' on its people analytics and the amount of work that is being progressed in the HR Department as at 31 October 2018, is attached at Appendix 2.
13. Sickness absence continues to decrease and Q2 saw a 7% fall from the previous quarter. When the absence figures are compared to this time last year, ESPO are showing a 15% decrease in absence. These are the greatest decreases of any directorate group. Whilst these statistics are highly encouraging, HR are still working with managers to implement appropriate support plans to help individuals return to work in a timely manner, and to also continue with the intensive support programme.
14. To assist with this positive trend, the ESPO Wellbeing strategy is also now being finalised, and a Wellbeing Group made up of employees are volunteering to ensure that it is successfully implemented and that engagement remains high across the organisation.
15. Learning and Development opportunities are also expanding and ESPO are now signing up newly appointed managers to undertake an Institute of Leadership and Management Level 3 qualification in management. This development will help ensure that our employees have requisite skills to succeed in their roles.
16. The greater use of apprentices has also been mapped out within departments, and it is planned that new apprentice posts will be advertised shortly so that we can encourage further development opportunities and raise the profile of ESPO being a great place to work.

## **ESPO Risk and Governance Update**

### **Health, Safety, Wellbeing and Facilities Management & Corporate Risk Register**

17. The ESPO Leadership Team held its quarterly review of Health, Safety and Wellbeing and Major Risk Records (MRRs) on 6 September 2018.

## **Resources Implications**

None arising directly from this report.

## **Recommendation**

Members are asked to note and support the contents of this report.

**Officer to Contact**

Kristian Smith, Director

[k.smith@espo.org](mailto:k.smith@espo.org)

Tel: 0116 265 7887

**Appendices**

Appendix 1: Balanced Scorecard

Appendix 2: HR Dashboard

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## Management Summary Sep 18

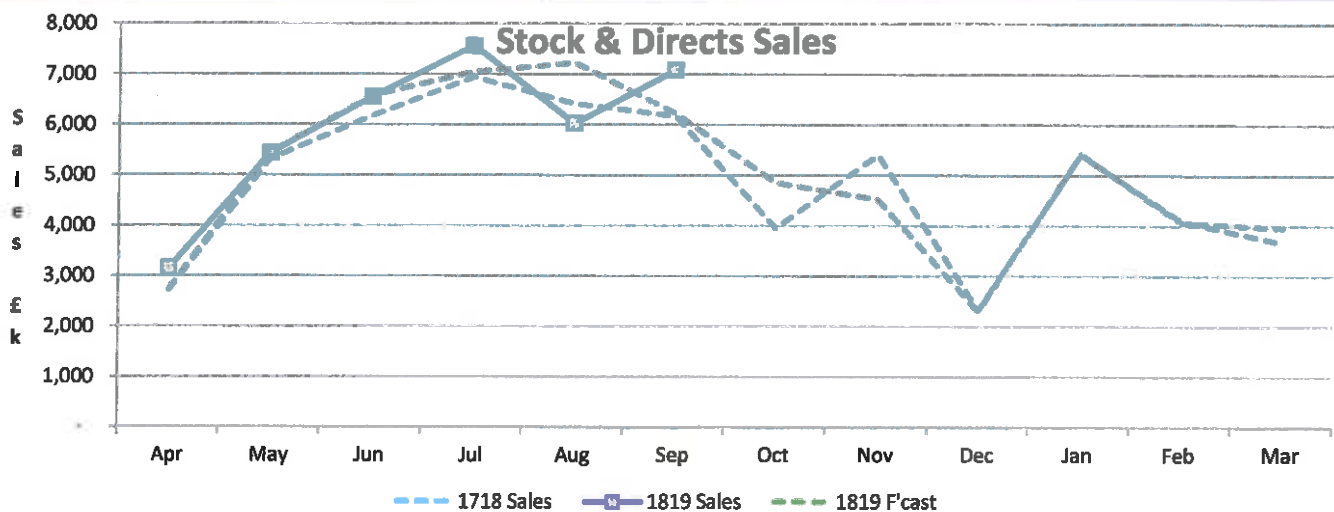
### Management Summary

	Actual	Budget /LY	Var	YTD Actual	YTD Var
<b>Stores Sales</b>	£4,798,475	£4,092,817	↑ 17.2%	£25,861,561	↑ 2.7%
<b>Direct Sales</b>	£2,282,039	£2,133,968	↑ 6.9%	£9,959,258	↓ -1.2%
<b>Rebate plus fee income</b>	£461,000	£431,200	↑ 6.9%	£3,108,600	↑ 23.4%
<b>Total Sales (Exc Gas)</b>	£7,571,773	£6,688,393	↑ 13.2%	£39,630,031	↑ 2.4%
<b>Stores Margin %</b>	28.66%	29.50%	↓ -0.84pp	27.85%	↓ -0.54pp
<b>Directs Margin %</b>	15.04%	13.50%	↑ 1.54pp	12.84%	↑ 0.45pp
<b>Total Gross Margin inc Consumables Cost</b>	£2,236,836	£1,984,418	↑ 12.7%	£12,467,411	↑ 3.6%
<b>Total Expenditure</b>	£1,558,647	£1,532,248	↓ -1.7%	£9,364,858	↓ -1.3%
<b>Surplus</b>	£678,189	£452,170	↑ £226,019	£3,102,552	↑ £318,600
<b>Net Profit Margin %</b>	8.96%	6.76%	↑ 2.20pp	7.83%	↑ 0.64pp
<b>Operations cost as a proportion of sales</b>	17.2%	20.1%	↑ 2.88pp	20.0%	↓ -0.07pp
<b>Expenditure as a proportion of Gross Margin</b>	69.7%	77.2%	↑ 7.53pp	75.1%	↑ 1.74pp

### Customer Order KPI's

	TY YTD	LY YTD	Var
<b>AOV</b>	£181.87	£172.63	↑ £9.24
<b>Prop of orders over £15</b>	97.1%	96.9%	↑ 0.20pp

### Graph - Sales vs. Forecast



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# PERFORMANCE SCORECARD: ESPO HR SERVICE: October 2018

## Appendix 2

ESTABLISHMENT (as at reporting end date)	TARGET	ACTUAL	DoT	RAG
Staff turnover % of employees leaving over 12 month rolling period to the average employee headcount	10%	13.51%	↑	
Headcount (excluding casuals)	N/A	333	↓	
No. of Vacancies	6	30	↑	
No. of Recruitment Activities	6	9	↑	
No. of New Starters	3	1	=	
No. of Leavers	3	3	↑	
Exit Questionnaires Completed (based on 12 months rolling period)	50%	53%	↑	
No. of Apprentices per year as % of Workforce	7	1	=	

COMPLIANCE	TARGET	ACTUAL	DoT	RAG
Sickness Absence Management (average days lost per FTE in a 12 month rolling period)	7.5	9.9	↓	
Cost of Sickness Absence (days lost in a 12 month rolling period)	181K	255.2K	↓	
Overdue RTW	0	11	↑	
Number of open long term absences (over 20 days)	6	6	↑	
Mandatory Training completion	100%	69% 78% 63% 59% 40%	↑	

STRATEGIC HR DELIVERY	TARGET	ACTUAL	RAG
Equalities – Baseline Data	31/09/18	31/09/18	
New Starters Questionnaire	31/10/18	31/10/18	
PDR Process	31/01/19	31/01/19	
Career Pathways	30/06/19	30/06/19	
Performance Framework	31/03/19	31/03/19	

OPERATIONAL HR DELIVERY	TARGET	ACTUAL	DoT	RAG
No. of live attendance cases	12	15	↑	
No. of employees currently monitored via informal support plan	9	11	↑	
No. of employees currently monitored via formal support plan	3	4	↑	
No. of live Disciplinary cases	1	3	↑	
No. of live capability cases	3	2	=	
No. of live grievance/behaviour at work cases	1	0	=	
No. of cases progressed to attendance hearing	1	0	↓	

ADMINISTRATIVE	TARGET	ACTUAL	DoT	RAG
No. of internal transfers/promotions	2	2	=	
No. of payroll queries	5	20	↓	
No. of HR queries	50	60	↓	

EQUALITIES	TARGET	ACTUAL	DoT	RAG
BME	13%	20.42%	=	
BME 13+	15.5%	11.11%	=	
Disabled	5%	2.40	↑	
Disabled 13+	4%	0%	=	
Female 13+	62%	22.22%	=	
Declared Sexual Orientation	52%	54.65%	↑	
Declared Belief	50%	55.56%	↑	
Declared LGBT	1.5%	0%	=	
Under 25	4.5%	5.11%	↓	

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**ESPO MANAGEMENT COMMITTEE – 26<sup>TH</sup> NOVEMBER 2018****REPORT OF THE CONSORTIUM SECRETARY****ESPO MEMBER MEETINGS - USE OF SKYPE****Purpose**

1. The purpose of this report is to seek the views of the Management Committee on suggested changes to ESPO member meetings taking into account recent discussions about greater use of technology to ease demands on members' time.

**Current Structure**

2. The current arrangements for member and officer meetings for ESPO are as follows:-

**Chief Officer Group**Role

To advise the Management Committee on business strategy, performance and key issues and to work with the Director of ESPO.

Membership

One chief officer from each member authority.

Meeting Frequency

Four meetings scheduled to feed into quarterly meetings of Management Committee.

**Finance and Audit Subcommittee**Role

- Develop better understanding of the financial planning process undertaken by ESPO.
- Support the financial planning process by reviewing the content and presentation of draft financial plans for the Management Committee.
- To contribute to the setting of financial performance targets and the monitoring of efficiencies.
- Receiving and reviewing reports on monitoring of budgets and performance and other financial management.
- Received and reviewing audit and governance reports.

Membership

One member nominated by each Authority. Quorum is a minimum of 3 members.

Meeting Frequency

Two meetings per year in February and May

**Management Committee**Role

Overall strategic responsibility for management oversight and direction of ESPO. Sole decision maker.

Membership/Quorum

Two nominated members of each member authority (at least 1 member needs to be present from 4 member authorities)

Meeting Frequency

4 meetings per year (February/June/September/December)

**Pressures on member and officer time**

3. Member attendance at meetings has been declining. The time pressures on members of the Management Committee are significant as many are portfolio holders at their respective authorities. The tables below show the declining attendance.

**Management Committee**

28 February 2018	4 (+5 online)
29 November 2017	7
20 September 2017	9
21 June 2017	11
28 February 2017	10

**Finance and Audit Subcommittee**

9 May 2018	2 (inquorate meeting)
7 February 2018	4
24 May 2017	Cancelled (elections)
7 Feb 2017	4

### **New technology**

4. The introduction of Skype within Leicestershire County Council and at other Councils offers the opportunity to consider how we can use this to reduce the pressure on member and officer time whilst at the same time ensuring that there is regular engagement with members and officers to ensure the proper governance of ESPO and now the new trading company.
5. Use of Skype (audio) has been tested with ESPO COG with reasonable success and issues with the system have now been ironed out. It was hoped to test Skype with a video facility at the next COG meeting on January 9<sup>th</sup> 2019.

### **Legal Issues**

6. Whilst the technology and systems can be put in place there is a complication concerning quorum and voting. The Local Government Act makes it clear that those taking part in a council meeting should be physically present in the place where the meeting is taking place. In 2016 the Government (DCLG as it was then) consulted on proposals to allow joint committees and combined authorities to hold formal meetings using video conferencing facilities. That consultation finished on 11<sup>th</sup> January 2017 but nothing further has been issued on this subject. So the current legal position is that only those physically present at the meeting count for the purposes of a quorum and can vote.
7. With regard to the Skype meetings if there are any issues which require a formal decision, one option to overcome the legal issues would be to put in place a protocol whereby following the meeting a letter would be sent to all members setting out the decision taken at the Skype meeting and asking if any member wished to object to the decision taken and to do so within a week. If an objection were to be received then a special meeting would be called unless it was possible to defer consideration to the next formal meeting. If no objection was received within the timescale the decision would be implemented by the Consortium Secretary using delegated powers. This protocol would need to be agreed by all constituent bodies and reflected in the Constitution and so could not be introduced immediately.

### **A possible way forward**

8. If the Management Committee were minded to explore the option of conducting some, not all, meetings via Skype the following suggestion is put forward.
  - 4 meetings of ESPO Management Committee (two as Skype Meetings)
  - Retain the Finance and Audit Subcommittee (two meetings – one as a Skype meeting).

- 4 meetings of Chief Officer Group (COG) – all but one as Skype Meeting.
- ESPO Trading - Board Meetings

Meetings of the Board to follow COG. Meetings of the Shareholder Group would follow the attended meetings of the Management Committee– (i.e. 2 per year –June and September). It should be noted that there is no restriction on holding Shareholder meetings via Skype.

***(Note that the restriction on quorum and voting are not an issue as the local government rules do not apply).***

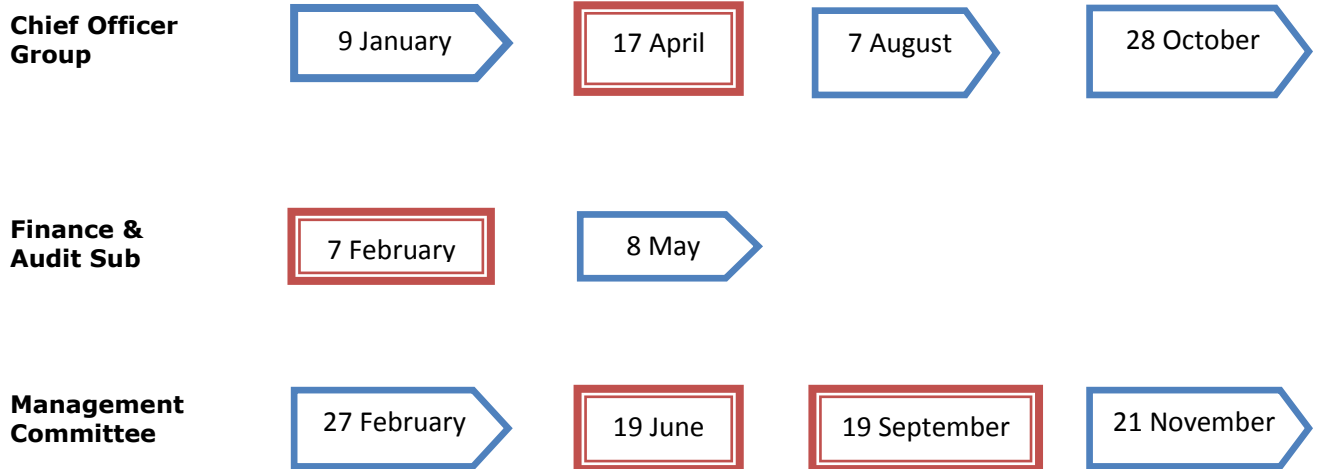
### **Rationale for Skype and attended meetings**

9. An analysis of the reports made to the Management Committee and the Finance and Audit Subcommittee has been undertaken. This analysis showed that the key dates when it could be necessary to convene **3 attended** meetings would be as follows, but could be reduced to **2 attended** meetings if the Finance and Audit Subcommittee in February (an attended meeting) presented recommendations on the MTFs which were then approved by the Management Committee under the 'no objection' protocol described above.

<b>Month</b>	<b>Issues for Decision</b>
FEBRUARY	MTFS; ESPO Business Strategy. <i>+ updates from the Director and the Trading company</i>
JUNE	AGM: Outturn Report; Internal and External Audit Reports; Audit Plan for the following year; Risk Management Report <i>+ updates from the Director and the Trading company</i>
SEPTEMBER	Statement of Accounts; Annual Governance Statement; External Audit of Accounts; <i>+ updates from the Director and the Trading company</i>

10. If it were considered that two attended meetings are all that is required two meetings would be convened as Skype only meetings. The first of those would be the February meeting and the second would be in November when the MTFs 6 month monitoring report would be presented. At both Skype meetings there would be updates from the Director and the Trading Company.

11. The diagram below shows a meetings programme for the COG and Management Committee using the dates proposed for 2019. The attended meetings are shown in the red rectangular boxes below.



### **Next Stage**

12. If members are minded to agree the proposals now outlined the first meeting which will be conducted via Skype will be the Management Committee on 27<sup>th</sup> February 2019. In anticipation of a favourable decision contact has been made with the Democratic Services Teams in each constituent authority to understand the current IT set up and whether the individual member or authority has the appropriate equipment to facilitate joining the meeting via Skype. The forthcoming COG meetings will be used to test the facilities.
13. Ahead of the meeting on 27<sup>th</sup> February an advisory note will be produced on a protocol for conducting Skype meeting and a detailed briefing for the Chairman. It will of course be necessary for the Chairman to be present in the meeting room together with ESPO officers, the Treasurer and the Secretariat.

### **Recommendation**

14. Members are asked to consider the suggested way forward. If agreed the proposals will be implemented for the 2019 meetings cycle and the necessary amendment will be made to the Constitution in line with the suggestion in paragraph 7 above and detailed in Appendix 1 to the report.

### **Officer to contact**

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## Standing Order 21 - Voting

### Amendments shown in bold type

- 21.1 Each Member or Substitute Member (as nominated by his/her Member Authority) present shall have one vote.
- 21.2 Voting shall, unless otherwise required by these Standing Orders or by statute, be by show of hands, or, at the discretion of the Chair, by voices and all decisions shall be decided by a majority of the Members present unless the Consortium Agreement or Constitution requires otherwise.
- 21.3 In the event of equality of votes the Chair may exercise a second or casting vote. There will be no restriction on how the Chair chooses to exercise a casting vote, however before exercising this, the Chair shall consider whether it is appropriate to defer the matter to the next meeting of the Management Committee.
- 21.4 If there are more than two people nominated for any position to be filled and there is no clear majority in favour of one person, the person with the least votes will be taken off the list and a new vote taken. The process will continue until there is a majority of votes for one person.
- 21.5 In taking the votes on any proposition, those Members only shall be entitled to vote who are present in the meeting room when the proposition is put from the Chair.
- 21.6 Where a meeting is held using Skype or via video conferencing the decision(s) taken at such shall be communicated to all members in writing to all members of the Committee/Subcommittee. If no objection is received to the decision(s) within 5 days of the decision(s) being communicated, the Consortium Secretary be authorised to exercise delegated powers to implement the decision(s).**
- 21.7 If any member of the Committee/Subcommittee objects to a decision(s) communicated under SO21.6 the Consortium Secretary shall not exercise delegated powers but shall, if necessary, convene an attended meeting of the Committee/Subcommittee to consider the matter.**



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