

Minutes of a meeting of the ESPO Management Committee held at County Hall, Glenfield on Wednesday, 19 June 2019.

PRESENT

Cambridgeshire County Council

Cllr. M. Howell

Peterborough City Council

Cllr. J. Holdich OBE

Cllr. D. Seaton

Leicestershire County Council

Dr. R. K. A. Feltham CC

Mr. R. J. Shepherd CC

Warwickshire County Council

Cllr. P. Birdi

Lincolnshire County Council

Cllr. S. Rawlins

Apologies

Apologies were received from Cllr. P. Butlin (Warwickshire County Council), Cllr. R. Butroid (Lincolnshire County Council), Cllr. M. Smith-Clare (Norfolk County Council) and Cllr S. Clancy (Norfolk County Council)

1. Appointment of Chairman.

Cllr. S. Rawlins was appointed Chairman for the municipal year ending April 2020.

2. Chairman's Announcements.

The Chairman thanked Cllr D. Seaton for his work as Chairman of the Management Committee for the period May 2018 to May 2019. During his period of office Cllr D. Seaton had overseen the following:

- A safe and legal working environment for ESPO its staff, customers and stakeholders.
- A record growth of year on year profits; £5.1million against a target of £4.7million.
- High customer service standards that were valued by 7,000 regular education customers and a feefo rating regularly in the mid 90 percent, with ESPO maintaining gold accreditation as a result.
- ESPO Trading Ltd completing its first trading year and the successful acquisition of Eduzone Ltd, an early year's catalogue business.
- A significant reduction of 16% in staff sickness absence days of ESPO staff

- The modernisation of ESPO's operational equipment including, a £1million investment in large good vehicles, £350,000 in modern fork lift trucks and £100,000 in racking equipment with enhanced safety features.

Members of the Committee echoed the Chairman's comments and thanks.

Cllr Seaton thanked the Chairman for her kind words and took the opportunity to thank all members and officers for their support.

3. Appointment of Vice Chairman.

Cllr. M. Howell was appointed Vice-Chairman for the municipal year ending April 2020.

4. Minutes.

The minutes of the meeting held on 27 February 2019 were taken as read, confirmed, and signed.

5. Urgent Items.

There were no urgent items for consideration.

6. Declarations of interest.

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.

7. Items referred by the Finance and Audit Subcommittee.

There were three items referred by the Finance and Audit Subcommittee covered in items 11 (minute 12), 15 (minute 17) and 16. (minute 16).

8. PricewaterhouseCoopers (PwC) External Audit Plan 2018/19

The Committee considered the External Audit Plan – 2018/19 presented by Alison Breadon from PricewaterhouseCoopers (PwC). The report outlined potential areas of audit risks, the audit timetable, and the fees charged for auditing.

Arising from the discussion the Management Committee was advised as follows:

- i) The increase in the Audit fee was as a result of the introduction of two new financial reporting standards. As ESPO chose to report under the CIPFA Local Government Code which required enhanced reporting requirements compared to commercial bodies thus required additional expenditure and training for the auditors involved. PwC would provide a more detailed breakdown of pricing.
- ii) Eduzone and ETL did not legally require external auditing as they were small entities.
- iii) This was PwC's last year as ESPO's External Auditor as the company was no longer involved in public sector audits. The process of tendering for a new auditor has commenced and the finance teams of other constituent authorities had been approached to review the tender specification and evaluate tenders. The outcome would be reported to the next Management Committee meeting.

Members thanked Alison and PwC for the work they had undertaken on behalf of ESPO so far.

RESOLVED:

- a) That the External Audit Plan 2018/19 be noted;
- b) That the level of materiality for reporting to the Management Committee be set at £79,000.
- c) That the Director in conjunction with the Chair and Vice-Chair of ESPO Management Committee, review the External Audit Fee's proposed by PwC.

9. Director's Progress update.

The Management Committee gave consideration to a report of the Director which provided an update of the actions and progress made since the previous ESPO Management Committee held on 27 February 2019. A copy of the report, marked 'Agenda Item 8', is filed with these minutes.

Members were pleased to note that ESPO continued to overachieve in a number of areas and that the trading surplus was ahead of budget by £541,000.

Arising from discussion the following points were noted:

- i) ESPO had introduced training workbooks to enable operational staff, without access to computers, to complete the mandatory training. The Senior Leadership Team would continue to monitor the training uptake by staff to ensure a higher completion was reported to Management Committee in future.
- ii) ESPO undertook stock takes on a rolling basis throughout the year; and therefore adjustments at year-end tended to be small.

RESOLVED:

That the Director's report be noted.

10. Exclusion of the Public.

That under Section 100(A)(iv) of the Local Government Act 1972 the public be excluded from the meeting for the items shown below, on the grounds that it will involve the likely disclosure of exempt information, and in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information during consideration of the following items of business.

11. Directors Progress Update - Private

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

The Management Committee was provided a verbal update on the frameworks in place for the provision of food in workplaces and schools.

Arising from the discussion the following points were noted:

- i) Schools continued to prefer hard copy catalogues to electronic versions and ESPO would continue to provide them.
- ii) While recognising the trading challenges ESPO were confident in their plans to grow their share in the early year's market through Eduzone.

RESOLVED:

- a) That Members note the report and updates given at the meeting;
- b) That the Director in consultation with the Chair and Vice-Chair be asked to review the frameworks for the provision of food in workplaces and schools.

12. Draft Outturn 2018/19

The Committee considered an report of the Director and Consortium Treasurer outlining the draft Outturn for 2018/19. A copy of the report, marked 'Agenda Item 11', is filed with these minutes.

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

The Committee was advised that the Finance and Audit Subcommittee had considered the Draft Outturn for 2018/19 at its meeting on 8 May 2019. At that meeting the Subcommittee recommended that the operating surplus of £400,000 be allocated to Building Reserves in line with previous years, and that £300,000 be allocated to the Website Project.

RESOLVED:

- a) That the draft outturn 2018/19 be approved.
- b) That the allocation of £400,000 to Building Reserves be approved in line with previous years.
- c) That the excess surplus of £300,000 be allocated to the Website Project.
- d) That the capital programme update be noted.

13. ESPO Website Project Update.

The Committee considered a report and presentation of the Director and Consortium Treasurer seeking approval from the Management Committee to appoint a supplier to develop and implement a new website for ESPO. A copy of the report and presentation, marked 'Agenda Item 12', is filed with these minutes.

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

Cllr Howell and Dr Feltham CC had attended the supplier presentations and had both been impressed by Maginus Software Solutions presentation and supported their appointment as supplier for the Website Project.

All Members indicated their support for Maginus to develop and implement a new website for ESPO and were pleased by what they would offer ESPO following the report and what had been presented to them at the meeting.

ESPO had already completed a credit safe report on the company; the next step once awarded would be to seek detailed references. The final cost of the solution would be based on delivery and contract negotiations post decision and yearly running costs would be dependent on website clicks.

Members thanked officers for the presentation provided..

RESOLVED:

That Maginus Software Solutions be appointed as supplier to develop and implement a new website for ESPO subject to the satisfactory references and negotiations being completed.

14. Planning to Sustain Growth.

The Committee considered a report of the Director outlining potential commercial opportunities for growth to achieve its MTF5 target of six million pounds surplus within the next four trading years. A copy of the report, marked 'Agenda Item 13', is filed with these minutes.

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

RESOLVED:

That the proposed commercial opportunities outlined in the report be noted and that the ESPO Senior Leadership Team be asked to explore these and bring business cases to the Committee or Shareholder group for ETL as appropriate.

15. Proposed Amendments to the Contract Procedure Rules

The Committee considered a report of the Director outlining the operation of the Contract Procedure Rules between 1 July 2017 and 30 June 2018 and seeking approval of the proposed amendments to the Contract Procedure Rules from 1 July 2019.

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

RESOLVED:

- a) That the contents of the report on the operation of the contract procedure rules between 1 July 2017 and 31 June 2018 be noted;
- b) That the proposed amendments to the Contract Procedure Rule detailed in Appendix B be approved.

16. Internal Audit Service - Annual Report 2018/19

The Committee received an exempt report from the Consortium Treasurer on the Internal Audit Service Annual Report 2018-19. A copy of the exempt report, marked 'Agenda Item 16', is filed with these minutes.

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

Members noted that the Finance and Audit Subcommittee had considered and approved the Internal Audit Service Annual Report 2018/19 at its meeting on 8 May 2019.

RESOLVED:

That the Internal Audit Service Annual Report for 2018/19 be noted.

17. Annual Internal Audit Plan 2019-20

The Committee received a report of the Consortium Treasurer regarding the annual internal audit plan 2019-20. A copy of the report, marked Agenda Item 15, is filed with these minutes.

Members noted that the Finance and Audit Subcommittee had considered and supported the Annual Internal Audit Plan 2019/20 at its meeting on 8 May 2019.

RESOLVED:

- a) That the methodology used as a basis for developing the internal audit plan be noted.
- b) That the proposed Internal Audit Plan of 2019-20 as set out in the report be approved.

18. Date of Next Meeting.

It was noted that the next meeting of the Committee would be an attended meeting and held on 19 September at 10.30am at ESPO, Grove Park.

10.30 am - 1.00 pm
19 June 2019

CHAIRMAN