



Minutes of a meeting of the ESPO Management Committee held at County Hall, Glenfield, Leicestershire on Thursday, 21 July 2016.

PRESENT

Cambridgeshire County Council

Norfolk County Council

Mr. I. Monson CC

Leicestershire County Council

Peterborough City Council

Dr. R. K. A. Feltham CC

Mr. J. Holdich CC

Mr. G. Hart CC

Lincolnshire County Council

Warwickshire County Council

Mr. R. Foulkes CC

Mr. J. Clarke CC

Mrs. S. Rawlins CC

Mr. D. Parsons CC

1. Appointment of Chairman.

Mr. I. Monson CC was appointed Chairman for the municipal year ending April 2017.

MR. I. MONSON CC IN THE CHAIR

2. Chairman's Announcements.

The Chairman thanked Mr. J. Clarke CC for his work as Chairman covering the period December 2014 to May 2016. During this period, Mr Clarke had overseen a number of successes at ESPO including IT upgrades, the introduction of the minimum order value, and a number of warehouse efficiencies which saw ESPO handling its peak season better than it had ever done before.

RESOLVED:

That Mr Clarke be thanked for his work as Chairman.

3. Appointment of Vice-Chairman.

Dr. K. Feltham CC was appointed Vice-Chairman for the municipal year ending April 2017.

4. Minutes of the meeting held on 2 March 2016.

The minutes of the meeting held on 2 March 2016 were taken as read, confirmed, and signed.

5. 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.

6. 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.

7. Items referred by the Finance and Audit Subcommittee.

There were no items referred by the Finance and Audit Subcommittee. The issues considered by the Subcommittee were covered in reports referred to in minutes 14, 16 and 18.

8. 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 2 March 2016. A copy of the report, marked 'Agenda Item 7', is filed with these minutes.

In introducing the report, the Director advised as follows:-

- (i). The report set out the results of trading during the last quarter of the 2015/16 financial year and the first quarter of the current financial year. ESPO had met its MTFFS target of a £3.3 million surplus by the end of 2015/16, though the makeup of the surplus was different to that which had been anticipated;
- (ii). Trading during the first quarter of the financial year had been strong particularly in catalogue sales and rebate income, and this had placed ESPO on target to achieve the surplus targets as outlined in the Medium Term Financial Strategy by March 2017. Gas sales were lower principally due to decreased energy prices;
- (iii). The achievement of the MTFFS target would necessitate a re-organisation and professional services to support the growth of ESPO. Accordingly the paper proposed that the £400,000 set aside for Strategic Review should be reclassified as a Reorganisation Reserve;
- (iv). The building refurbishment was now completed and there was an underspend. The Director advised that the report regarding Managing Change and Business Development at ESPO for consideration later in the meeting (minute 12 refers) outlined a proposal to improve the warehouse mezzanine floor utilising the underspend;
- (v). The report also outlined risks to ESPO as a consequence of the recent decision by the United Kingdom to leave the European Union. Whilst in the short term there would be little impact, there was an increased risk of suppliers seeking to increase their prices as sterling dropped on the markets. An additional risk was linked to the fact that 13% of the ESPO workforce were from other EU countries.

RESOLVED:

- a) That the reallocation of £400,000 from the strategic review reserves to the reorganisation reserve be approved;
- b) That the Director's Progress update be noted.

9. Change to the order of business.

RESOLVED:

The Chairman, having sought and obtained the consent of the Committee, changed the order of business from that set out on the agenda.

10. Exclusion of the public.

RESOLVED:

That under Section 100(A)(iv) of the Local Government Act 1972 the public be excluded from the meeting on the grounds that it will involve the likely disclosure of exempt information during consideration of the followings items of business entitled 'Supplementary Information to Inform the Director's Progress Update', 'Managing Change and Business Development at ESPO', 'HFS Project Update', and 'Draft Outturn 2015/16', as defined in paragraphs 3 and 10 of Schedule 12A of the ACT; and, in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

11. Supplementary information to inform the Director's Progress Update.

The Committee received an exempt report of the Director which provided further supplementary information to inform the Director's Progress update. A copy of the exempt report, marked 'Agenda Item 14', 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 contents of the report be noted.

12. Managing Change and Business Development at ESPO.

The Committee received a report of the Director outlining the current progress against the change programme and business development at ESPO. A copy of the 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).

The report outlined the progress made against the initiatives required to meet the medium term financial strategy targets, and the proposed projects ESPO officers would be investigating in the future.

RESOLVED:

- a) That the contents of the report be noted;
- b) That the proposed extension of the mezzanine floor at ESPO, utilising the underspend in the building refurbishment budget, be supported.

13. HFS Project Update.

The Committee received a report and a presentation from the Director outlining the progress made against a key project taking place at ESPO and the next steps to be taken. A copy of the exempt report and presentation, marked 'Agenda Item 17', are filed with these minutes.

The report and presentation 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 assured that in taking the project forward, appropriate due diligence would be carried out and external professional services would be engaged to assess the full impact and requirements of the project on ESPO. Members expressed their support for the proposals, and requested that they be updated regularly on progress.

With regard to the additional work this would entail, members were assured that this would be kept under review and that part of that review would include consideration of remuneration for relevant staff if appropriate, by way of an honorarium payment.

RESOLVED:

- a) That the objectives of the project as now outlined be endorsed;
- b) That approval be given to the continuation of the process of engagement and that as part of this process the Director and Senior Management Team at ESPO be authorised to explore all three options and the variations outlined under Option C, subject to consultation with the Consortium Treasurer and Chairman of the Management Committee;
- c) That approval be given to the engagement of external professional staff to carry out the commercial appraisal and Due Diligence;
- d) That a sum of £200,000 be set aside to procure the professional staff to undertake the Due Diligence, recognising that this sum may be the subject of review;
- e) That recognising the significant workload and additional responsibilities for the senior team at ESPO arising from this other strategic projects the Director, following consultation with the Consortium Treasurer and Head of Human Resources of the Employing Authority, be authorised to agree appropriate remuneration;

- f) That subject to a positive outcome of the Due Diligence process and further negotiations approval be given to the operations of the new partner being subsumed into ESPO and for a review of the ESPO Management Structure;
- g) That the proposed timelines now outlined which include a monthly update to Consortium Members, an interim report to the Management Committee in September and, subject to the outcome of the Due Diligence, a final report to the Management Committee in December be noted.

14. Draft Outturn 2015/16.

The Committee received a report of the Consortium Treasurer outlining the draft outturn for 2015/16. A copy of the exempt report, marked 'Agenda Item 15', 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 figures were subject to the audit and the final results being submitted to the September meeting of the Committee.

RESOLVED:

- a) That the draft outturn for 2015/16 be approved;
- b) That the allocations from the operating surplus for 2015/16 be approved.

THE MEETING RESUMED IN PUBLIC SESSION

15. Annual Report 2015/2016.

The Committee received a report of the Director outlining the Annual Report for 2015/16. A copy of the report, marked 'Agenda Item 8', is filed with these minutes.

The Committee was advised that as the contents of the annual report were still subject to auditing a more detailed report would be submitted to the Committee for final consideration in September, and permission was sought to withdraw the report.

RESOLVED:

That the Annual Report 2015/16 be withdrawn as an item on the agenda.

16. Annual Governance Statement.

The Committee received a report of the Consortium Treasurer outlining the Annual Governance Statement. A copy of the report, marked 'Agenda Item 9', is filed with these minutes.

The Committee was advised that business continuity was the only area of governance which had been identified as an improvement in 2016/17. However this was not considered to be a material governance issue.

RESOLVED:

That the Annual Governance Statement be noted.

17. Proposed Changes to the Contract Procedure Rules.

The Committee received a report of the Consortium Treasurer concerning the operation of and changes to the Contract Procedure Rules. A copy of the report, marked 'Agenda Item 10', is filed with these minutes.

The Committee was advised that during the 2015/16 financial year only there had only been one exception to the Contract Procedure Rules which enabled ESPO to purchase the remaining stock of ESPO branded exercise books from a supplier who had gone into administration.

RESOLVED:

- a) That the contents of the report on the operation of the Contract Procedure Rules between 1 July 2014 and 31 June 2015 be noted;
- b) That the proposed changes to the Contract Procedure Rules be approved.

18. Internal Audit Service Annual Report.

The Committee received a report of the Consortium Treasurer outlining the Annual Report of the Internal Audit Service. A copy of the report, marked 'Agenda Item 11', is filed with these minutes.

The Committee was advised that the Internal Audit Service had issued positive opinions of the control environment that ESPO operated in and had no cause for concern, with the majority of audits returning substantial assurance ratings.

RESOLVED:

That the Internal Audit Service Annual Report for 2015/16 be approved.

19. Date of Next Meeting.

It was noted that the next meeting of the Committee would be held on 27 September 2016 at 11.00am at County Hall, Glenfield.

11.00 am - 12.50 pm
21 July 2016

CHAIRMAN