

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

PRESENT

Cllr. S. Rawlins – Lincolnshire County Council (in the Chair)

Cambridgeshire County Council
Cllr. M. Howell

Norfolk County Council
Cllr. S. Clancy
Cllr. M. Smith-Clare

Leicestershire County Council
Dr. R. K. A. Feltham CC
Mr. R. J. Shepherd CC

Warwickshire County Council
Cllr. P. S. Birdi
Cllr. P. Butlin

Lincolnshire County Council
Cllr. A. Hagues

Apologies

Apologies were received from Cllr. I Bates (Cambridgeshire County Council), Cllr. J. Holdich OBE and Cllr. D. Seaton (Peterborough City Council).

19. Minutes.

The minutes of the meeting held on 19 June 2019 were taken as read, confirmed, and signed.

20. Urgent Items.

There were no urgent items for consideration.

21. 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.

22. Items referred by the Finance and Audit Subcommittee.

There were no items referred by the Finance and Audit Subcommittee.

23. The Rebate Journey

The Committee received a presentation from the Assistant Director on the Rebate Journey. A copy of the presentation marked 'Agenda Item 5', is filed with these minutes.

MSTAR3 (Managed Services for Temporary Agency Resources) was a key ESPO Framework that offered customers a quick, simple and competitive route to procuring a managed service provider to look after recruitment of interim staff.

Members noted that only 10 per cent of rebate income was attributable to member authorities. ESPO continued to grow its customer base by maximising value for money and providing a high quality, reliable procurement service that was legally compliant.

RESOLVED:

That the presentation be noted.

24. PWC External Audit Report and Opinion

The Committee considered a report from the external auditors, PricewaterhouseCoopers (PwC) covering the 2018/19 Financial Statements together with a letter of representation from the Consortium Treasurer. A copy of the report marked 'Agenda Item 6' is filed with these minutes.

The Chairman welcomed Alison Breadon from PwC, to the meeting who communicated the results of their audit.

Arising from the discussion the following points were made:

- i) The de minimis threshold for reporting misstatements had been set at £86,000. No material accounting issues had been identified. Two non-material accounting issues were brought to Members' attention concerning rebate revenue recognition and direct sales cut-off.
- ii) PwC had considered the potential impact of recent legal matters that affected the Local Government Pension Scheme:
 - Guaranteed Minimum Payment (GMP) Equalisation and Indexation was not expected to have a material impact on ESPO's pension liability.
 - The McCloud Judgement would increase ESPO's pension liability to £24.8 million and this had been reflected in the 2018/19 financial statements.
- iii) There were no significant deficiencies in internal control though the report identified a number of matters which members noted.
- iv) The increase in bad debt was not significant and only perceived to be a marginal risk.
- v) Members of the Committee in their governance role were reminded of their responsibility to report any known or suspected instances of fraud. None were reported.

RESOLVED:

That the external audit of the financial statements for 2018/19 be approved.

25. Statement of Accounts and Annual Governance Statement 2018/19

The Committee considered a report of the Director and Consortium Treasurer which reported on the 2018/19 Accounts and Annual Governance Statement. A copy of the report marked 'Agenda Item 7' is filed with these minutes.

Members were pleased to note ESPO had overachieved for its budgeted surplus. As at 31 March 2019 total usable reserves were £13.05 million, which included the general usable fund of £5.9 million of which £2.9 million had been set aside for earmarked projects such as IT and vehicle replacement.

ESPO's pension scheme operated under the Local Government Pension Scheme (LGPS) regulatory framework and was administered by Leicestershire County Council as Servicing Authority. Officers would consider what options were available to address its pension deficit following the expected increase that had resulted from the McCloud judgement.

RESOLVED:

- a) That the Statement of Accounts and Annual Governance Statement for 2018/19 be approved.
- b) That the Management Committee receive a report on options to address the pension deficit at its next meeting.

26. Director's Progress Update.

The 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 19 June 2019. A copy of the report, marked 'Agenda Item 8', is filed with these minutes.

Arising from the discussion the Committee were advised as follows:

- i) ESPO was a customer led organisation and while on-line orders continued to grow many customers still relied on the catalogues that were provided. Due to this ESPO now produced several catalogues targeted to specific sectors such as primary, secondary schools and corporate organisations.
- ii) ESPO's stockturn was 6.89, reflecting the high rate of stock sold during the peak period in May.
- iii) Members were reassured that all contract and agency workers received the same induction and health and safety training as permanent employee's. ESPO followed all legal requirements for necessary training, including using external accredited training services.
- iv) Weekly meetings involving senior officers took place to consider updates on customer satisfaction. Any negative feedback would immediately be addressed by the Account Managers. The new Customer Experience Manager had been appointed to improve the customer journey, anticipate customer need and coordinate process improvements across ESPO to enhance customer satisfaction.

RESOLVED:

That the update now provided be noted.

27. Date of Next Meeting.

- a) It was noted that the next meeting of the Committee would be held on 21 November 2019 at 10.30am as an attended meeting to consider the issues around pensions and the potential work streams with partnering with private organisations.
- b) It was agreed that the future meetings in 2020 would take place on the following dates at 10.30 am.

4 March 2020 (Skype)
 24 June 2020 (Attended)
 16 September 2020 (Attended)
 25 November 2020 (Attended)

28. 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 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.

29. Supplementary Information Informing the Director's Progress Update

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 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).

Officers would continue to explore potential work streams as laid out in the report and a more detailed proposal would be brought to a future Management Committee meeting.

RESOLVED:

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

30. A Review of the Food and Catering Category Portfolio

The Committee considered a report by the Director which provided an update on the Food and Catering category portfolio. A copy of the report 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 person (including the authority holding that information).

Members noted that all of ESPO's Frameworks were compliant with the Public Contract Regulations 2015 and provided value for money solutions for its customers.

RESOLVED:

- a) That approval be given to Option 2 – continue to provide a framework for food and catering on the basis that:
 - i) Work is undertaken to review all marketing material to ensure that it is clear that responsibility for managing food safety lies with the supplier and not ESPO.
 - ii) When current Frameworks are due to be retendered all options and risks be further assessed and considered by the Management Team and Framework governance panel.

1 10.30 – 12.15
19 September 2019

CHAIRMAN

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