



Minutes of a meeting of the ESPO Management Committee held at County Hall, Glenfield on Wednesday, 23 June 2021.

PRESENT

Peterborough City Council

Cllr. Fitzgerald
Cllr. A. Coles

Lincolnshire County Council

Cllr A. Hagues
Cllr. S. Rawlins

Leicestershire County Council

Dr. R. K. A. Feltham CC
Mr. R. Shepherd CC

Warwickshire County Council

Cllr. P. Butlin
Cllr. M. Watson

Norfolk County Council

Cllr. A. Birmingham

Apologies

Apologies were received from Cllr. S. Clancy from Norfolk County Council.

In attendance

ESPO

Kristian Smith - Director
Maurice Campbell – Assistant Director
David Godsell – Assistant Director
Matt Selwyn Smith – Assistant Director
David Goodwin – Finance Controller

Leicestershire County Council

John Sinnott – Consortium Secretary
Declan Keegan – Assistant Director Strategic Finance and Property on behalf of Consortium Treasurer
Lauren Haslam – Director of Law and Governance
Neil Jones – Head of Internal Audit and Assurance
Matt Davis – Audit Manager
Cat Tuohy – Democratic Services Officer

1. Appointment of Chairman.

RESOLVED:

Cllr. P. Butlin was appointed Chairman for the municipal year ending April 2022.

Cllr P. Butlin in the Chair.

2. Chairman's Announcements.

The Chairman thanked Cllr Mark Howell for his work as Chair of the Management Committee for the period May 2020 to May 2021. During his period of office Cllr Howell had overseen the following:-

- A safe and flexible working environment for ESPO its staff, customers and stakeholders in unprecedented circumstances.
- The participation of ESPO in national government policy discussions in relation to PPE and the supply chain as well as supporting local storage and distribution of PPE for member authorities and customers.
- ESPO undertaking the chair of a new national Professional Buying Organisation (PBO) forum.
- Achievement of a trading surplus of £4.6million despite the difficult circumstances, meaning only a 17% fall in Member rebate despite large periods of school closures.
- ESPO Trading Ltd returning a £50,000 profit after only its second full year of trading.
- ESPO's procurement services achieving a record rebate of £8.3million
- Significant progress on various business initiatives including successful implementation of an updated single website and trading platform and planning underway for a second warehousing site.
- The launch of ESPO's new reward scheme for schools, the My School Fund In partnership with the Sainsburys., Over 1,000 schools were already signed up.

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

RESOLVED:

That a letter be sent to Cllr Howell setting out the Committee's thanks.

3. Appointment of Vice-Chairman.

Cllr. S. Clancy was appointed Vice-Chairman for the municipal year ending April 2022.

4. Minutes of the meeting held on 17 March 2021.

The minutes of the meeting held on 17 March 2021 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 in respect of items on this agenda.

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 two items referred by the Finance and Audit Subcommittee covered in Agenda Item 7 the Internal Audit Annual Report 2020-21 (Minute 8) and Agenda 13 the Draft Outturn 2020-21 (Minute 14).

8. Internal Audit Service - Annual Report 2020/21.

The Committee received a report of the Consortium Treasurer on the Internal Audit Report 2020/21. A copy of the report marked 'Agenda Item 7' is filed with these minutes.

The Committee noted that the ESPO Senior Management Team met regularly with the Consortium Treasurer and the Head of Internal Audit (HoIAS) at Leicestershire County Council to review the findings of audits. Members were assured that any high assurance recommendations would be shared with them and reported to the Management Committee.

Members were pleased to note that the completed audits gave positive opinions on all three components of the 'control environment' i.e. the framework of governance, risk management and control.

One audit returned a partial assurance rating which related to credit control. The HoIAS was confident, having spoken to senior managers, that the issue was well understood and work was already underway to mitigate the risk. Members were pleased to note that all other assurance audits undertaken returned 'substantial assurance', the top rating possible

The Committee was advised that the Finance and Audit Subcommittee had considered the report at its meeting on May 2021 and supported approval of the report.

RESOLVED:

That the Annual Internal Audit Report be approved.

9. Grove Park Modification - Future Ways of Working.

The Committee considered a report of the Director which provided information regarding future ways of working at Grove Park. A copy of the report, marked 'Agenda Item 8' is filed with these minutes.

RESOLVED:

That the Committee note support the report.

10. Director's Progress update.

The Committee considered a report of the Director which provided an update on actions and progress made since the previous meeting held on 17 March 2021. A copy of the report, marked 'Agenda Item 9', is filed with these minutes.

Arising from the discussion the following points arose:-

- i. Members were pleased to see that call wait time for customers was eight seconds, well within the 30 second target. Members noted that ESPO's Feefo score, an independent customer feedback service, had fallen slightly which mirrored the introduction of the new website. The score had since increased to usual high levels as improvements were made following feedback and as customers got used to the new system.
- ii. Across the sector there were issues with recruitment and retention of procurement staff. ESPO would continue to monitor the situation and work to attract staff, retain them and sustain output.
- iii. ESPO provided data on a quarterly basis to the British Educational Supplies Association (BESA). Data was anonymised and allowed ESPO to measure its performance, from which it was apparent that ESPO's market share was growing.
- iv. Outside of Government agencies, ESPO was one of the largest public sector procurers. A significant unknown concerned forthcoming changes to public procurement. ESPO would continue ensure its role as a professional buying organisation was maintained, as it was expected customers would continue to value ESPO and its focus on compliance.
- v. There continued to be issues with supply chains across sectors. Members were assured that ESPO's item availability remained robust achieving 97.5% which reflected its forward thinking to bring stock in early. This was aided by the new website which allowed ESPO to be far more dynamic and provide information on availability and alternative products to its customers.
- vi. ESPO recognised the sector wide inflationary pressures. It's terms and conditions within the catalogue provide final pricing based on dynamic online pricing and not the printed page; although every effort is made to hold prices for customers. ESPO had financially planned for a disruptive trading year and would reflect trading risks in future planning. ESPO ensured it was competitive with market prices and had the systems in place to do best by the consumer. Furthermore, it continued to look at supply chains to ensure a variety of sourcing as to not be dependent on single companies and countries.
- vii. Regarding the United Kingdom's Exit from the European Union ESPO had ascertained from work undertaken that most members of staff were not adversely impacted.

RESOLVED:

That the progress report be noted.

11. Date of Next Meeting.

It was noted that the next meeting of the Committee would be held on 15 September as an attended meeting.

12. Exclusion of the Press and Public.

RESOLVED:

That under Section 100 (A) (iv) of the Local Government Act 1972 the public be excluded from the meeting for the remaining 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.

13. Director's Supplementary 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).

Arising from the discussion the following points were noted:-

- i. ESPO did not receive individual customer data as part of the My School Fund initiative.
- ii. A report would be brought to the Committee on climate change and changing preferences and the financial challenges regarding environmentally friendly substitutes for certain items.
- iii. ESPO had undertaken various 'sprints' to adapt the new website in line with feedback to ensure it was as customer friendly as possible. As a result ESPO had seen the proportion of sales through the website increase.

RESOLVED:

That the report and supplementary information now provided be noted.

14. Draft Outturn 2020/21.

The Committee considered an exempt joint report of the Director and Consortium Treasurer concerning the draft Outturn 2020/21. A copy of the report, marked 'Agenda Item 9', 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).

The Committee were pleased to note the performance of ESPO, despite the pressures from COVID-19.

The Committee was advised that the Finance and Audit Subcommittee had considered and recommended the report for approval at its meeting on 20 May 2021.

RESOLVED:

- a) That the report be noted.

- b) That a sum of £400,000 be allocated to Building Reserves in line with previous years.
- c) That the provisional budget for 2021/22 be approved.

15. Operation of the Contract Procedure Rules.

The Committee considered an exempt joint report of the Director, the purpose of which was to set out an update to Public Procurement Rules. A copy of the report, marked 'Agenda Item 10' 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).

The Director informed Members that there had been no exceptions to the Contract Procedure rules, only advanced authorisation for frameworks on a case by case basis. Members were assured that any extensions were not to the full term and mostly of three or four months duration in order to ensure continuity of service to customers. ESPO would continue to monitor its suppliers.

Members were pleased to see that rebates had held up well and there had been no issues with obtaining rebates.

Members noted that ESPO were awaiting the expected Procurement Bill and would report back on the impact and changes that would need to be made to the contract procedure rules.

RESOLVED

That the content of the report on the operation of the contract procedure rules between 1 July 2018 and 31 May 2021 be noted

16. LGA Truck Cartel Litigation.

The Committee considered an exempt report of the Legal Advisor to the Servicing Authority the purpose of which was to set out information on the litigation to be undertaken by the Local Government Association (LGA) in relation to the truck cartel. A copy of the 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 or business affairs of a particular person (including the authority holding that information).

Members noted that the Management Committee had agreed to participate in the Local Government Association's Truck Cartel Litigation in June 2020, in which the Legal Advisor to the Servicing Authority had set out the possible risks to, as well as possible settlement return. It was also noted that Lincolnshire had not been supportive. After a detailed discussion it was agreed to wait on further information from the LGA following the Servicing Authorities departure from the LGA.

RESOLVED:

That the Committee be updated on further information from the LGA regarding this matter.

17. Website Update.

The Committee considered an exempt presentation of the Director the purpose of which was to update Members in relation to the new Website. A copy of the report. Marked 'Agenda Item 16', 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 presentation be noted.

18. My School Fund Presentation.

The Committee considered an exempt presentation of the Director the purpose of which was to update Members in relation to 'My School Fund'. A copy of the presentation marked 'Agenda Item 17', is filed with these minutes.

The exempt presentation 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 presentation be noted and that ESPO provide Members and Councils with a briefing note on the initiative.

CHAIRMAN

23 June 2021

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