



Minutes of a meeting of the ESPO Management Committee held at County Hall, Glenfield, Leicestershire on Thursday, 3 November 2011.

PRESENT

Dr. R. K. A Feltham CC (in the Chair)

Count	Reynolds
Holdich	Shore
Hoyes	Smith
Jenkins	Thomas
Jordan	Mr. E. F. White CC
Mr. P. C. Osborne CC	Whitehouse
Patel	Wright

Apologies for absence.

Apologies for absence were received from: Cllr. D. R. Parsons CBE (Cllr White substituting) and Cllr. M. B. Page (Cllr. Osborne substituting) – Leicestershire County Council, and Cllr Naylor – Warwickshire County Council.

91. Minutes.

The minutes of the meeting held on 29 September 2011, having previously been circulated, were taken as read, confirmed and signed as a correct record.

92. Urgent Items

The Chairman reported that there were no urgent items for consideration.

93. Declarations of interest.

The Chairman invited those who wished to do so to declare an interest in respect of items on the agenda. No declarations were made.

[Subsequently, under Minute 97 below, Cllr Jenkins declared a personal, non prejudicial interest during discussion of the Progress Report of the Interim Director, as an advisor to a small/medium enterprise (SME) which had ambitions to become an ESPO supplier.]

94. Change to the Order of Business.

The Chairman sought and obtained the consent of the Committee to vary the order of business from that set out in the agenda.

95. 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 following item of business entitled:

'Legal Claim against ESPO' (Paper 'D') as defined in paragraphs 3, 5 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.

96. Legal Claim Against ESPO.

The Management Committee received an exempt report of the Consortium Secretary which provided an update on the legal claim noted in the Statement of Accounts for 2009/10. A copy of the exempt report, marked 'D' is filed with these minutes.

The exempt report was not for publication by virtue of paragraphs, 3, 5 and 10 of Section 12A of the Local government Act 1972.

RESOLVED:

That the latest position in respect of the legal claim be noted.

[The meeting then reconvened into public session].

97. Progress Report of the Interim Director and Urgent Action Taken Between Meetings by the Consortium Secretary.

The Management Committee considered a joint report of the Interim Director and Consortium Secretary which provided an update on the action and progress made since the last Committee meeting and informed of urgent action taken between meetings by the Consortium Secretary, in consultation with the Chairman, in respect of invest to save funding for a new Warehouse Order Picking System, previously agreed by the Management Committee on 25 March 2011. A copy of the report, marked 'B' is filed with these minutes.

It was noted that in paragraph 11 of the report, reference to the monetary value of orders already received for the Synthetic Phonics Products and Training project should have read as £500,000 rather than £250,000 as stated.

[Cllr Jenkins declared a personal, non prejudicial interest during the subsequent discussion as an advisor to a small/medium enterprise (SME) which had ambitions to become an ESPO supplier.]

Arising from questions and discussion, the Director confirmed that:

- i) As part of the new 'Schools hub' resource a focus would be on working with

academies and encouraging them to participate in joint procurement exercises through ESPO to increase their leverage in the procurement market;

- ii) Whilst it had become necessary to spend an additional £100,000 and delay the launch of the invest to save Warehouse Order Picking System the extra preparatory work carried out had been necessary and had maximised the perceived benefits from a previously reported £230,000 to £330,000 per annum, meaning a return on the investment over a period of 20 months. The system was now expected to go live in February 2012;
- iii) In mitigating business risk, ESPO had standard insurance policies common to purchasing organisations. A review would be undertaken during the Change Programme Review to consider whether any additional insurance cover was necessary;
- iv) To increase the purchasing power of Consortium authorities and other customers, demand was aggregated by ESPO which necessarily meant that national contracts yielded the greatest savings. Whilst support and advice was provided to SMEs to enable them to bid for contracts, in order to comply with EU procurement law, local SMEs were unable to be given preferential treatment.

RESOLVED:

- a) That the contents of the report and progress made since the last update to Management Committee be noted;
- b) That the urgent action taken between meetings by the Consortium Secretary, in consultation with the Chairman, in respect of the Indigo Warehouse Order Picking System be noted;
- c) That the Chief Officer Group be requested to investigate the pros and cons of, and further support that could be provided by ESPO to, SMEs and ways in which they could be helped to enter its supply chain, and report back to a future meeting of the Management Committee.

98. ESPO Change Programme Progress Report.

The Management Committee considered a joint report of the Consortium Secretary and the Consortium Treasurer on the final draft of the Programme Initiation Document (PID) which set out the scope, approach and delivery plan for the implementation of the ESPO Change Programme, for approval, and presented an appraisal from the Legal and Governance Workstream that examined alternative legal structures for ESPO and sought approval for its recommendations therein. A copy of the report, marked 'C', is filed with these minutes.

Arising from discussion, the following points were noted:

- i) Whilst a budget had been set aside of £400,000 for implementation of ESPO's Change Programme, to date all work had been undertaken by officers within the Consortium Authorities and no budget spend had been

required. Where possible this would continue, although there could be instances where use of external resources would be required;

- ii) A Programme Manager had been appointed on an interim basis to launch the Change Programme but it was felt the Workstream Leads were now making good progress within their allocated areas and so the position was no longer required on a more permanent basis, though project support would still be provided as necessary;
- iii) Both the Consortium Secretary and Consortium Treasurer were happy with the management capacity that had been put in place by the Interim Director in order to be able to deliver the objectives of the Change Programme;
- iv) In future, it was considered that the monthly Change Management Progress Reports issued to members should include more detailed updates on the delivery of products, timescales and costs including, for example, progress being made in the forming of both a new partnership agreement and a new constitution;
- v) With reference to the contents of the Programme Initiation Document (attached as Appendix 1 to the report) members requested that the following specific amendments should be made:
 - On page 6, bullet point 3, the Category Management Approach should only apply to agreed categories rather than every category and so the explanatory wording should be deleted and replaced with ‘A common framework for implementing joint procurement of agreed categories of spend, drawing on the lessons learnt from the HR category pilot.’
 - On page 17, for Risk Number 034 the residual score should be amended and further explanatory text provided;
 - On page 21, for both 9.2.1 and 9.2.2 within Quality Assurance a “sense check” should also be undertaken by an external insurance firm;
 - On page 22, for both 9.24 and 9.25 within Quality Assurance, Consortium Authorities’ Heads of Procurements should also be included.
- vi) It was considered that in order to allow for a period of stability for the Consortium, the revised joint committee model (as detailed in Appendix 3 to the report) should be adopted, noting that the Legal and Governance Workstream Group would continue to meet every six months to keep the alternative corporate model under review and that a ‘light touch’ review should be undertaken in 18 months before a fuller review after a period of 3 years;
- vii) The proposal (contained in Appendix 3) for a reduction in the size of the Management Committee from 21 to 14 was accepted although it was considered that the suggested requirement that one of the designated Councillors from each Consortium Authority should be drawn from each Authority’s Executive could be restrictive and so should be removed.

RESOLVED:

- a) That the Programme Initiation Document for the ESPO Change Programme (attached as Appendix 1 to this report) be approved, subject to inclusion of the minor revisions requested above;
- b) That the outcome of the review of alternative legal structures for ESPO by the Legal and Governance Workstream (attached as Appendix 2 to this report) be noted;
- c) That the recommendations from the Business Strategy Review to request each Member Authority to identify two Councillors (who may or may not be from its Executive) to become members of the revised ESPO Management Committee from 4 March 2012 be approved;
- d) That consequently a revised Joint Committee governance model for ESPO [attached as Appendix 3 to this report) be approved, subject to a light touch review in 18 months followed by a fuller review after a period of three years;
- e) That the recruitment of a new Director of ESPO be approved, in order to continue the delivery of this programme of step change, through the establishment of an Appointment Subcommittee;
- f) That consequently each Member Authority be requested to identify one Councillor to serve on the Appointment Subcommittee.

99. Date of Next Meeting.

RESOLVED:

- a) That it be noted the next meeting will be held on Friday 2 March 2012 at 11.00 am;
- b) That for future meetings of the Management Committee the preferred meeting day be changed to Thursday.

100. 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 following items of business entitled:

'Supplementary Information Informing the Progress Report of the Interim Director (Paper 'E') as defined in paragraphs 3 and 10 of Schedule 12A of the Act; and

'Employee Terms and Conditions' (Paper 'F') as defined in paragraphs 4 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.

101. Supplementary Information Informing the Progress Report of the Director.

The Management Committee considered an exempt report of the Interim Director which set out information regarding ESPO's current performance which contained details of a commercially sensitive nature. A copy of the exempt report, marked 'E', is filed with these minutes.

The exempt report was not for publication by virtue of paragraphs 3 and 10 of Section 12A of the Local Government Act 1972.

RESOLVED:

- a) That the Service Line Year to Date results in Appendix 1 of the exempt report be noted;
- b) That the 'direction of travel' for the Business Strategy in paragraphs 7 – 9 of the exempt report be approved;
- c) That the Benchmarking data in Appendix 2 be noted.

102. Employee Terms and Conditions.

The Management Committee considered a joint report of the Consortium Secretary and Consortium Treasurer which provided information on the consultation and negotiations in relation to the proposed modernisation of Leicestershire County Council's (LCC) Terms and Conditions with the workforce and recognised Trade Unions, and provided information on those changes to Terms and Conditions which impacted specifically on ESPO staff, as members of the workforce. A copy of the exempt report, marked 'F', is filed with these minutes.

The exempt report was not for publication by virtue of paragraphs 3 and 10 of Section 12A of the Local Government Act 1972.

RESOLVED:

That the contents of the report be noted.

11.00 am - 1.10 pm
03 November 2011

CHAIRMAN