



ESPO MANAGEMENT COMMITTEE – 6 DECEMBER 2012

AGENDA ITEM 5

PROGRESS REPORT OF THE DIRECTOR

Purpose of Report

1. The purpose of this report is to update ESPO Management Committee on the actions and progress made since the last Meeting on 27th September 2012.

Background and Summary of Paper

2. The items outlined below provide a summary of some recent key activities and developments.

Key Activities and Developments

3. Since the last Management Committee meeting, held on 27 September 2012, meetings have continued with external organisations such as the Government Procurement Service. On 19 October, on behalf of ESPO, I signed a Joint Collaborative Agreement with David Shields, Managing Director of GPS, at its offices in Liverpool. This agreement states that ESPO and GPS will continue to work together to aggregate both value and volume in market engagements to leverage better deals from, and better manage, mutual supply chains. This is a significant step forward and will be widely published in the relevant procurement media once approved by the Cabinet Office.
4. In November a meeting took place with E-ACT, a leading education sponsor and charity which has a number of academies in its group; discussions are continuing. There is definite benefit in ESPO interacting with corporate organisations as well as individual establishments so that we increase academy market penetration at a much faster rate. In addition I have accepted an invitation to attend a meeting in January of the East Midlands Procurement Officers, which covers both members and non-members. I also recently attended a meeting of the Food Forum.
5. Pro5 meetings continue both on a group basis and via individual meetings to ensure that members' needs and national procurement priorities are considered in our strategic planning. Pro5 has now agreed to sign up to a revised Memorandum of Understanding (MOU) and ESPO remains at the forefront of any national initiatives, for example in the case of the proposed National Procurement Strategy.
6. I have concluded a further round of Member Authority visits and asked for views on key issues such as adult social care. I have also asked what Members would like from ESPO, not only in relation to their specific member authority, but also from a strategic consortium perspective. I have found these meetings useful and informative and am keen to ensure they continue. A further round of meetings are being organised for February of next year.

7. A key development will be the business intelligence data on the Members' Portal which updates the dashboard data previously circulated to Member Authority procurement leads. It is hoped that this will become a useful tool for member authorities and we will be encouraging them to access and utilise the information; the content and functionality of which will continue to evolve over time. The Chief Officers' Group has requested the Senior Officers' Group to assist ESPO to progress this work, in particular to ensure that the website is operational and accessible to Member Authorities and is populated with relevant material.
8. Internally, I have continued to meet with staff representative groups to progress employee involvement in ESPO. This continues the work of the Interim Director in terms of a bespoke Learning & Development policy for ESPO. Other areas of focus include a communications plan and, with the assistance of LCC HR, the core principles of Investors in People are being reviewed to maximise staff engagement. Our balanced scorecard (see 22. below) will be a useful method of informing staff with regard to ESPO's performance.

P-Cards

9. After further analysis and as a result of software requirements since the original concept, the introduction and ongoing costs of P-Cards will be more than previously estimated, rising from £18k to £35k, with additional annual revenue costs of £9k. This has arisen as a result of increased clarity over the specification and consequent quote. The initiative, which arose from requests by Member Authorities, continues to be seen as a key development for the Consortium and will be delivered accordingly.

Hailstorm

10. As reported to Management Committee on 27 September, the hailstorm on 26 June has resulted in 44 reported incidents of damage, of which 38 have now been repaired and one car written-off. The total cost of this incident is expected to be approximately £82K – at the low end of the estimate previously given to Committee of between £80k and £100k. These costs are not expected to significantly impact the car scheme insurance fund.

Power Failure

11. On 11 October ESPO experienced a power failure which could potentially have damaged ESPO's computer servers and disrupted our business. ESPO operates a diesel generator to maintain the power supply to its bank of computer servers in the event of a power failure to the premises but it has become apparent that under certain circumstances, i.e. outside of normal working hours, the servers could be vulnerable to overheating if left unattended. Measures are in place to automatically notify nominated staff in this event who will take appropriate corrective action. However, for greater resilience and as part of a post incident review we are proposing that some modifications are made to the internal power supplies so that the air conditioning units in the server room will be powered by the diesel generator.

Surveys

12. Our on-line Brand Survey has been sent to customers following research reported at the September ESPO Management Committee.

13. The Schools/Academies/FE Colleges is a biennial national survey conducted by an independent company.
14. The results and recommendations for both surveys will be reported to the Management Committee in March 2013.

Contracts/Frameworks

Academies

15. Key procurements about to be awarded include the ESPO Consultancy Framework (see 23.) with an education category incorporating Academy conversion consultancy. Another contract of significant benefit to academies is an Insurance Services framework which is a collaborative procurement between ESPO/YPO/GPS.
16. As reported at the last Management Committee meeting on 27 September 2012 a questionnaire was circulated to 84 schools. The results of the questionnaire and recommendations arising from it, as reported to ESPO's Senior Management Team (SMT), are attached as an Appendix to this report.
17. Creation of the collaborative EduBuy website was referred to at the last Management Committee meeting. Development has progressed, with each of the partner organisations (ESPO, DfE, GPS and YPO) in the process of verifying functionality in advance of the launch. GPS are to launch the concept of EduBuy to schools at The Academies Show, NEC, 28th November, and the site is expected to go live in January 2013 upon satisfactory completion of testing.

Consultancy

18. ESPO is leading on a Pro5 framework for consultancy, to replace the previous consultancy framework, with tenders recently received. Pro5 has also been working closely with colleagues at the Government Procurement Service in respect of consultancy solutions. Pro5 are providing input into that procurement exercise representing the interests of local government and the wider public sector, which is expected to be available in early 2012. The ESPO-led Pro5 framework will complement GPS' solution, focussing on local government specific requirements for example: social care, waste, highways etc. In addition ESPO is exploring the potential to put in place a dynamic purchasing system for niche consultancy requirements, and consideration for this to become the third part to the suite of solutions is well underway.

Public Health - Sexual Health Procurement

19. ESPO has been invited by Leicestershire County Council to contribute to an independent review of the Public Health Sexual Health Services procurement during November.

MTFS Planning Process

20. The review of ESPO's four year Medium Term Financial Strategy and annual budget has commenced. At its meeting on 20 November the Finance and Audit Subcommittee considered and provided comments on an exempt report which detailed the assumptions underpinning the MTFS being prepared for 2013/14-2016/17, which will be presented to the Subcommittee again in draft form for

comment in February 2013 prior to its final consideration by the Management Committee in March 2013.

Efficiencies

Balanced Scorecard

21. In October we produced for the first time the Balanced Scorecard for the business. This includes 15 key performance indicators for September across a broad range of areas including Customers, Finance, Marketing, Workforce, Performance and Efficiency. The Scorecard, which contains information of a commercially sensitive nature, is included as an appendix to the report 'Supplementary Information Informing the Progress Report of the Director' which appears elsewhere on the agenda for this meeting.

Efficiency Projects

22. Of the 45 original projects 24 have been completed with a further 5 expected to be completed by the end of the financial year. A further 3 have been identified as not viable. The target total efficiency saving is £1.1m. Some of the implemented projects are more efficient ways of working and communicating with our customers and hence are difficult to accurately evaluate from a financial perspective. More detailed information on progress with regard to efficiency projects is provided elsewhere on the agenda and which will also form a presentation to the meeting.

Sickness Absence

23. Due to a number of long term absences following hospital operations and a number of other absences, our projected year end sickness figure is 9.07 days per fte. This is an increase from the 2011/12 outturn position of 7.32 days per fte but further analysis of the figures reveals that our long term absence is the prime factor, with the expectation that this current projected figure will reduce prior to the end of the financial year as staff gradually return to work. Removing long term sickness figures provides an underlying sickness absence level of 3.85 days per fte.
24. The management and control of sickness absence is a key performance target for ESPO SMT and forms part of the balanced scorecard referred to in paragraph 22 above. Rates will be addressed over the coming quarter with the assistance of our ESPO HR Business Partner.

Indigo Warehouse Management System

25. The final implementation phase of the Indigo WMS started in October 2012 during the school half term holiday period and order picking using paper pick list continues to be phased out. Currently we are successfully shipping all orders, albeit at low volumes, but with the intention of increasing output to cope with increasing demand from November. Whilst the system is in place and fully functional there are inevitably areas which still require development and we are embarking on a process of refining working practices to maximise productivity levels.

Resource Implications

26. Increased costs in relation to the P-Cards project (as described in paragraph 9 above) will be met from the current year budget allocation for ESPO Fixed Assets (Additions - ESPO funded additions).

Recommendation

27. Members are asked to note the Progress Report of the Director.

Equal Opportunities Implications

28. None.

Risk Assessment

29. Not applicable.

Background Papers

30. None.

Officer to Contact:

John Doherty, Director
0116 2657931
j.doherty@espo.org

Appendices:

Academies Questionnaire – Results and Recommendations