



Minutes of a meeting of the ESPO Management Committee held at County Hall, Glenfield, Leicestershire on Thursday, 6 December 2012.

PRESENT

Cambridgeshire County Council

Cllr. B. Farrar; Cllr. J. Reynolds

Leicester City Council

Cllr. J. Thomas

Leicestershire County Council

Cllr. R. K. A Feltham; Cllr. M. B. Page

Norfolk County Council

Cllr. R. Smith

Peterborough City Council

Cllr. J. Holdich OBE (in the Chair)

Warwickshire County Council

Cllr. J. Whitehouse

Apologies for absence.

Apologies for absence were received from: Cllr. P. Hardy – Norfolk County Council, Cllr. R. Patel – Leicester City Council, Cllr. D.C. Hoyes MBE – Lincolnshire County Council, Cllr. S. Rawlins – Lincolnshire County Council, Cllr. D. Wright – Warwickshire County Council, Cllr. S. Count – Cambridgeshire County Council (Cllr. B. Farrar substituting) and Cllr. D. Seaton – Peterborough City Council.

150. Minutes.

The minutes of the meeting held on 27 September 2012, having previously been circulated, were taken as read, confirmed and signed as a correct record.

151. Urgent Items.

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

152. Declarations of interests.

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

153. External Audit Annual Plan 2012/13.

The Management Committee considered a joint report of the Director and Consortium Treasurer, the purpose of which was to provide details of the scope of the audit to be undertaken by ESPO's external auditor, PriceWaterhouseCoopers, for the audit year of 2012/13. A copy of the report, marked 'B', is filed with these minutes. The Chairman welcomed Mr Bacon and Mr Gibbs, of PwC, to the meeting.

Arising from discussion the following points were noted:

- (i) In respect of stock levels the external auditor monitored for fraud by determining what processes ESPO had in place to ensure that stock was not released other than through recorded transactions. He would make a judgement about which controls were most effective in mitigating fraud and then would check that these controls were being put into practice. On occasion the external auditor would be physically present for stock takes;
- (ii) ESPO experienced high levels of stock accuracy because it operated comprehensive stock monitoring practices. The Indigo Warehouse System electronically monitored stock and this was supported by a rolling process of stock checks and counts;
- (iii) Within the External Audit Plan 2012/13 a number of questions about how risk of fraud could be mitigated were asked, referred to on page 16 of the Plan. It was suggested that the Finance and Audit Subcommittee should give consideration to these questions;
- (iv) If circumstances arose where systematic errors were identified by the external auditor they would be brought to the attention of members through the standard reporting mechanisms;
- (v) The external auditor confirmed that it was felt sufficient arrangements were in place to ensure that ESPO operated best value processes;
- (vi) It was noted that the annual review of the effectiveness of the system of the Servicing Authority's internal audit service had been circulated to members of the Finance and Audit Subcommittee, which would consider the matter in more detail at a future meeting;
- (vii) The external auditor had reduced his fee level in line with fee structuring determined by the Audit Commission nationally. It was not envisaged that a reduction in the external auditor's fees would result in a reduction in the resource used for providing suitable audit services to ESPO. It was also noted that the Consortium Treasurer was responsible for ensuring a continued audit service for ESPO and that if any additional external auditing should be required over and above the Plan, charges would be agreed as appropriate.

The Chairman thanked Mr Bacon and Mr Gibbs for their contribution to the meeting.

RESOLVED:

- a) That the contents of the External Audit Plan 2012/13 be noted;
- b) That the Finance and Audit Subcommittee be requested to consider the questions raised in page 16 of the appendix to the report and report back to a future meeting.

154. Progress Report of the Director.

The Management Committee considered a report of the Director, the purpose of which was to provide an update to members on developments since the Committee last met on 27 September 2012. A copy of the report, marked 'E', is filed with these minutes. [Further details informing the Progress Report of the Director, of a commercially sensitive nature, were considered under exempt business in Minute 155 below]

Arising from discussion the following points were noted:

- (i) The Director gave a summary of his first three months in post. He felt that ESPO was a growing organisation, well-regarded and trusted by existing customers. ESPO faced a number of challenges in the future particularly in respect of competition from both the public and private sectors. Procurement markets continued to evolve, so too did traditional trading locations. It was important for ESPO to continue to be proactive in responding to such challenges;
- (ii) It was noted that the change programme, which included the re-drafting of ESPO's Partnership Agreement and Constitution, remained on schedule. It was intended for the revised partnership documents to be considered by the Management Committee at its next meeting.

RESOLVED:

That the progress report of the Director be noted.

155. 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 'Supplementary Report Informing the Progress Report of the Interim Director.' (Paper 'E') 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.

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

The Management Committee received an exempt report of the Director, which set out further supplementary information to Item 9, Progress Report of the Director. 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, 5 and 10 of Section 12A of the Local Government Act 1972.

The Management Committee was advised that it was intended for an update on ESPO's approach to risk management and governance to be brought to its next meeting in March.

RESOLVED:

- (a) That the report and appendices be noted;
- (b) That a standing item 'items referred by the Finance and Audit Subcommittee' be added to the agenda for future Management Committee meetings;
- (c) That where available the Balanced Scorecard be incorporated as a standard appendix within future reports on 'Supplementary Information Informing the Progress Report of the Director';
- (d) That the Chief Officer Group be requested to consider the matter in respect of the tender exercise referred to in paragraphs 28 to 30 of the report and the outcome of this discussion be reported to the Management Committee in due course.

157. Progress on Efficiency Projects.

The Management Committee received a report and presentation of the Director providing an update on a number of efficiency projects being undertaken by ESPO. A copy of the report, marked 'D', and presentation slides are filed with these minutes.

Arising from discussion, the following points were noted:

- (i) A rolling review of current efficiency projects, whereby unviable projects were discontinued and new projects added, was welcomed;
- (ii) Projects were identified in a number of different ways through, for example, customer feedback, staff suggestions and identification by the Management Team or by members;
- (iii) It would be useful for the Finance and Audit Subcommittee to monitor the effectiveness of specific efficiency projects against projected savings from time to time;
- (iv) It would be useful in future for each project to include a timetable including spend to date;

- (v) The Director had set challenging internal targets to increase ESPO's capacity for electronic transactions, however it was noted that more traditional methods of business remained popular with customers. Whilst there was the potential for significant savings and process improvements to be achieved by encouraging culture change it was also important to ensure that adopting new methods of business did not jeopardise relationships with existing customers;
- (vi) Consideration would be given to the installation of photovoltaic cells on ESPO's warehouse roof. It was noted that not all such installations were viable given, for example, on-going maintenance costs. If this proved to be the case then the idea would be abandoned;
- (vii) As a part of an energy saving project, ESPO had implemented motion sensor, lower level lighting in its warehouse;
- (viii) Consideration would be given in the new year to fleet management arrangements;
- (ix) The more efficient provision of water was identified as a potential project which had proved successful in reducing costs for other large organisations such as Norfolk County Council.

RESOLVED:

- (a) That the report and presentation be noted;
- (b) That as part of a further update on efficiencies, officers be requested to report to a future meeting of the Management Committee on ESPO's approach to increasing the volume of electronic business transactions.

158. Dates of Future Meetings.

RESOLVED:

That the schedule of meetings in 2013 be approved as follows:

Thursday 7 March 2013 (at 10.30 am)
Thursday 27 June 2013 (at 11 am)
Thursday 26 September 2013 (at 10.30 am)
Thursday 5 December 2013 (at 10.30 am)

10.30 am - 12.35 pm
06 December 2012

CHAIRMAN

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