



ESPO MANAGEMENT COMMITTEE – 27 JUNE 2013

PROGRESS REPORT OF THE DIRECTOR

Purpose of Report

1. The purpose of this report is to update members on the actions and progress made since the last Management Committee meeting on 7 March 2013.

External Activities and Developments

2. The Pro5 Directors met on 9 May to consider the current mode of operation and its effectiveness in achieving national procurement contracts for the benefit of its individual stakeholders. They also considered other national challenges and the changing commercial dynamic of the members which, coupled with the recent OFT ruling on competition, has resulted in Pro5's previous memorandum of understanding becoming increasingly outdated. Pro5 has resolved to reconsider its role and its priorities before meeting again on 19 June.
3. ESPO's relationship with GPS continues to progress. In a recent meeting with GPS it was acknowledged that collaboration cannot be a "one size fits all" solution to procurement. ESPO's priorities need to remain those of its members and its customers and whilst working with GPS can bring synergies and the great benefits derived from scale, it also comes with the risk of foregoing regional and SME focus. Any collaboration has to consider all of these issues and where it is right to do so ESPO should recognise its own individual solutions must be put in place.
4. A key development is the change in leadership at GPS. The current Managing Director is leaving and the existing Deputy Chief Procurement Officer will take on the role of Acting Managing Director. A meeting is being arranged for her and the GPS Chair to meet with Pro5.
5. The LGA's National Procurement Strategy has still not been formally published, however certain work streams are starting to evolve including: ICT, Energy, Construction and Social Care. Pro5 has not been approached as an entity but ESPO has contacted the leads of each of these work streams to offer its expertise and support in the development of these areas.
6. An outline proposal for ESPO/GPS/YPO to become the procurement partner of the Chief Fire Officers' Association (CFOA) was submitted in early May, followed by a detailed proposal on 24 May. CFOA are now in the process of evaluating the various proposals received.
7. Meetings with the LCSG/London Heads of Procurement Network and the Procurement East Network (PEN) continue, as does their interest in, and usage of, ESPO standard or bespoke solutions.

8. ESPO has exhibited at the Academies Show (February 2013) and the Public Sector Show (April 2013) which I took the opportunity to attend. ESPO was also present at World Class Procurement in the NHS (April 2013). Public sector exhibitions continue to prove excellent marketing vehicles for ESPO and its partners.
9. Members may be aware that the Cabinet Office instigated a supplier feedback service in 2011 regarding public procurement issues. The Supplier Feedback Service is an informal service which exists to provide suppliers and others concerned with public procurement a route to raise concerns about procurement processes and practices. As part of this service the Government introduced a Mystery Shopper Scheme. The web link below sets out its scope, remit and results if members wish to explore further:

<https://www.gov.uk/doing-business-with-government-a-guide-for-smes#mystery-shopper-scheme>
10. ESPO was contacted recently regarding the Lincolnshire Print Services Contract and Pro5 Consultancy Services tenders. There was criticism regarding the cumbersome nature of elements of the procurement process. By its nature, the process can be cumbersome, but where possible ESPO will continue to seek ways make it process more accessible. We continue to assist the Cabinet Office to answer the enquiries made by the suppliers who, by definition, remain anonymous throughout the process.

Academies

11. ESPO acknowledges the strategic importance of Education customers and the conversion by schools to academies is a high priority for the organisation. Members have previously asked for ESPO's progress in respect of its work with academies to be regularly reported on. Appendix 1 sets out in detail ESPO's work in this sector.

Internal Developments

Procurement and Marketing Restructure

12. As previously advised, the restructure process was completed in April 2013 and during May we have undertaken recruitment exercises to fill vacant posts, with new starters commencing in July.
13. Following the successful Change Workshops held in May (designed and delivered by Leicestershire County Council Learning and Development team) a further rollout of facilitated Workshops for teams to develop and embed strategic objectives is planned over the summer months.
14. Letters communicating the restructure changes to our customers and suppliers were issued week commencing 10 June, referring them to our website for updated contact information. Details of the contacts lists can be found using the following link: www.espo.org/restructure

Audit Reports

15. A number of audit reports have been issued in the period since the last ESPO Management Committee but no 'High Importance' recommendations have been received.
16. The Internal Audit Annual Members' Report is presented elsewhere on the agenda for this meeting.

P-Cards

17. The system is operational and has been tested in a live environment with Leicestershire County Council. It is now ready to be rolled out to all users with live interest from Coventry City Council and Lincolnshire County Council. This facility is available to all member authorities and engagement is expected to achieve payback on the £30k investment in the project.

Indigo Warehouse Management System

18. During the week commencing 3 June 2013, with the help of Indigo's consultants, ESPO processed orders through the new system at the same rate as it can pick and pack orders through the existing Aurora paper-based system.
19. The Indigo capacity during this period was approximately 30% of total output and we intend to continue to process orders with this dedicated Indigo trained team throughout the peak period.

Sickness Absence

20. ESPO is continuing to manage the sickness levels experienced in 2012/13, with a dedicated HR advisor proactively contacting ESPO line managers to discuss any attendance issues being experienced with their staff.

Supplementary Information Informing the Progress Report

21. Further information of a commercially sensitive nature which informs this report is contained under Item 14 (Exempt Report), on the agenda for this meeting.

Resources Implications

22. None arising directly from this report. Where particular projects are referred to, such as p-cards, these are referred to within the budgeted lines for the budget 2013/14.

Recommendation

23. Members are asked to note the contents of the report.

Equal Opportunities Implications

24. None

Risk Assessment

25. Not applicable

Background Papers

26. None.

Officer to Contact

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Appendices

Appendix 1 – Briefing Note on Academies

Briefing Note - Academies

Members asked that the Director set out ESPO's progress with its work on academies both nationally and within Consortium areas.

Internal changes

1. ESPO has made a number of internal changes in recognition of schools moving away from local authority control under the Government Academies Programme. These include a restructure within the Marketing Division to develop an education specific team focused on schools and academies, and the creation of an Education Category Team within the Procurement Division. This team will work with the procurement category teams to ensure future procurements recognise the changes in the education market. This includes the type of goods and services previously provided by the local authority but are now to be procured directly by the academies. It also includes frameworks that may previously have been used by a few large local authority customers with high volume requirements, but will now be used by a multitude of customers with smaller individual needs, so will need to develop to reflect the change in the customer profile.
2. Of particular interest is our involvement with the National Association of School Business Managers (NASBM). We have held a number of seminars in Nottinghamshire promoting ESPO's academy offering and this has resulted in interest from other NASBM locations.

External changes

3. External marketing activity has focused on events such as the Academies Show (held twice a year, once in London and once in Birmingham) which is targeted at schools that are about to convert or have already converted. The shows have been very well attended which is encouraging. The format of these shows is that they offer free entry to schools, a free to attend seminar programme intended to offer support to the schools, and an exhibition area where suppliers can promote their services. ESPO took an exhibition stand, as did a number of local authorities, to promote service provision. Of note is the number of private sector organisations at the shows seeking to sell their services to academies – which focuses the need for ESPO, and its member local authorities, to remain competitive and stress the benefits of public sector procurement to academy customers.

ESPO frameworks

4. Support services such as HR, payroll, etc, have traditionally been provided to schools via their local authority. Some local authorities are indicating that they intend to continue to trade with academies for the provision of services whereas others will not. ESPO is planning to introduce a framework for the provision of such back office services and will be commencing engagement with local authorities shortly to assess their interest in becoming involved.
5. Feedback from academy customers has fed into the development of a number of ESPO/Pro5 frameworks, eg Grounds Maintenance and Cleaning Services to facilitate the provision of these services by external suppliers. Local authorities have been able to submit tenders for consideration with

some success, eg Leicestershire County Council is listed as a supplier on both the frameworks referred to above.

6. The framework for Insurance Services has now been awarded and has already created a large amount of interest from the academy marketplace. To back this up we have recently held two insurance events for customers to learn more about the contract. These took place at EXPO and Cambridge.

Loyalty discount

7. For schools and academies that register on the Academies website we have introduced a loyalty discount to be paid at the end of the financial year. This is to encourage our Education customers to provide feedback and usage of our framework contracts.

Savings

8. The Department for Education are seeking to identify £1bn savings, and they see procurement efficiencies as a key driver to help achieve this target. In May 2013 the Schools Commercial Team within the DfE issued a survey to ESPO asking for information about our procurement activity relating to schools. Our response, which included a number of examples of savings achieved by schools using a cross section of ESPO frameworks, was well received, prompting the following response: *“Thanks for an excellent response. I hadn’t realised the amount of savings that were generated from ESPO frameworks and activity. Grateful for the case studies, the examples of savings across categories, response about barriers and for providing some really helpful information”*.
9. It is perhaps worth noting that whilst school customers know ESPO for its stores catalogue and the value it represents, they are not always as aware of the potential savings that can be gained by using the direct supply frameworks for goods and services. This issue equally relates to local authority customers who may be considering outsourcing or external commissioning as ways to mitigate the effects of budget cuts. Framework solutions may, in many cases, already be in place to facilitate policy changes without the need to go through lengthy procurement exercises. This could be for something as simple as the PAT Testing of electrical equipment, for which the ESPO call-off framework identified 54% savings for Cambridgeshire County Council, or could be more complex frameworks for services such as social care. This presents a potential marketing opportunity for ESPO as the public sector seeks to find ever more imaginative ways to reduce expenditure whilst maintaining service levels.