



ESPO MANAGEMENT COMMITTEE – 26 SEPTEMBER 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 ESPO Management Committee meeting held on 26 June 2013.

Overall Financial Performance

2. During our July peak period more lines were shipped than ever before whilst still improving our service to customers. Nonetheless a post-peak review meeting has taken place which looked at how ESPO could improve still further. Staff were thanked for their efforts during an exceptionally busy time.
3. Overall financial performance can be summarised as:
 - Sales to August at £39.6m are ahead of budget of £37.6m
 - Rebates, a proxy for framework engagement, are in line with budget
 - Overall surplus at £1.3m (year to date) is ahead of budget of £1.16m YTD

Update on Consortium Membership

4. Leicester City Council have made clear their desire to leave the ESPO Consortium. The Chief Officer Group has discussed this and supported the principle that so far as possible, this should be on the basis of a “clean break,” with Leicester City Council being allowed to leave without any distribution of existing assets or payments from the City Council in respect of outstanding liabilities.
5. The current requirements with regard to service of notice in these circumstances are that the authority concerned should serve two years notice. Leicester City Council have requested that this period be reduced and the City Council leave the Consortium at an earlier date. It is the view of the Chief Officer Group that whilst this outcome would be appropriate, it is important to ensure that all necessary preparatory work is undertaken. To that end, a “due diligence” exercise is being undertaken to assess the position in relation to current contractual arrangements involving Leicester City Council and the Legal and Governance Group will be convened to consider any issues in relation

to the terms upon which the arrangements will be made for the City Council to leave ESPO. Appropriate communication of this position will be observed.

Member Liaison

6. I am continuing to meet on a regular basis with members prior to each ESPO Management Committee meeting, and believe these to be of mutual benefit.
7. Members will be pleased to learn that a link has been added to the www.espo.org website, which enables relevant Committee papers and minutes to be accessed and viewed. This action arose as a result of a request made at the Finance and Audit Sub-committee meeting in June.

External Activities and Developments

8. A meeting of Pro5 Directors was planned for 8 August, prior to meeting with the Government Procurement Service (GPS) the same day. Unfortunately the meeting was cancelled at short notice. However, I was able to meet separately with the new Acting Managing Director of GPS, and we confirmed our commitment to continuing to grow the good relationship already established between the two organisations. To this effect I will be meeting with GPS on a quarterly basis.
9. Members may also be aware that GPS is changing its name to the Crown Commercial Service with a view to a formal launch in autumn 2013. Its intention is to “establish an integrated commercial service for Government to deliver significant savings to the taxpayer and improve the quality of commercial and procurement activity across central government and the wider public sector.” I was assured during my meeting with GPS that this change will not affect the collaborative relationship with ESPO and Pro5. New internal processes have been introduced to ensure that future collaboration between ESPO and GPS will continue to take place, but only when it was appropriate and justified, with commercial benefit to ESPO, and ESPO customers.
10. The next scheduled meeting of the Pro5 Directors is in late September when the main topic for discussion will be the Pro5 Group’s role and priorities.
11. Discussions with the London Consortium and Supplies Group are progressing, with their Executive Board approving closer working links with ESPO.
12. A meeting with the East Midlands Heads of Procurement was held in mid-September, during which ESPO gave a presentation on its activity with SMEs and explored other areas of interest, including co-ordinating a programme of networking events. Regular meetings are planned in order to develop a mutually beneficial relationship.
13. ESPO has been invited by the Federation of Small Businesses (FSB) to attend the launch and signature of the SME Friendly Procurement

Charter in Leicester on 3 October 2013. This stems from our work on and with the LLEP Procurement Taskforce in seeking to increase accessibility to public sector tenders and promoting positive procurement between public sector organisations and small businesses. In the year to March 2013, 55% of the suppliers awarded contacts by ESPO were classified as SME.

ESPO Business Strategy Update

14. A separate paper outlining the principles of the ESPO Business Strategy and Future Direction appears elsewhere on the agenda at item 10.

Staffing

Senior Management Team

15. As previously advised Ed Walsh, Deputy Director, retires at the end of September. His duties in relation to procurement and compliance have begun to be assumed by the new Assistant Director, Kristian Smith, who joined ESPO on 9 September. This is the final member to be recruited to the core Senior Management Team and we look forward to a period of stability within the organisation. A structure chart is attached as Appendix A to this report.

Succession Planning

16. The importance of developing line managers and creating clear career paths for progression is recognised as vital. We are working closely with LCC's Learning & Development Team to ensure relevant and timely training/development schemes are in place with a PDR programme already underway.

Procurement and Marketing Divisions Restructure

17. The restructure is now complete and all teams are working together, with the process itself having been well received.
18. We still have some vacancies and are experiencing difficulty in recruiting in a very competitive marketplace, despite several routine recruitment exercises. We are, therefore, employing alternative recruitment approaches to fill these positions. A full complement of staff will allow us to meet the objectives ESPO has set itself as part of the restructure.

Staff Survey

19. ESPO carried out a Staff Engagement Survey at the end of August and the results are currently being analysed. This analysis will then be used to form an Action Plan which SMT will take ownership of. This will act as one of the key drivers influencing the ESPO People Strategy and Communications Plan, to which staff will be asked to align. An

executive summary of the analysis will be given to Members at the December meeting.

Sickness Absence

20. ESPO is continuing to manage sickness absence with a dedicated HR advisor.

Risk Management

Audit Reports

21. No audit reports with 'High Importance' recommendations have been issued in the period since members were last updated in June.

Efficiencies

Indigo Warehouse Management System

22. The Indigo Radio Data Terminal (RDT) warehouse management system was re-launched at the beginning of June and has been running at between 3,000 – 4,500 lines per day (25% - 30%).
23. Staff in this area have made a valuable contribution, suggesting improvements in layouts and packing resources. The picking, packing and sorting operation has been very well managed by the Shift Supervisors who have ensured that orders flow through the warehouse efficiently. In addition, a software change will be deployed in October which will modify the packing process and significantly improve the workflow.
24. A presentation will be given at the ESPO Management Committee meeting on 26 September, which sets out the context for a more formal review of our operations. This review is now recorded as a deliverable in the Business Strategy 18 month rolling plan.

Supplementary Information Informing the Progress Report

25. Further information of a commercially sensitive nature which informs this report is contained under Item 11 (Exempt Report), on the agenda for this meeting.

Resources Implications

26. None arising directly from the report.

Recommendation

27. Members are asked to note the contents of the report, and in particular the position in respect to Leicester City Council's intention to leave the Consortium, set out in paragraphs 4 and 5.

Equal Opportunities Implications

28. None.

Risk Assessment

29. Not applicable.

Background Papers

30. None.

Officer to Contact

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List of Appendices

Appendix A – ESPO Senior Management Team Structure Chart

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