



## **ESPO MANAGEMENT COMMITTEE – 5 DECEMBER 2013**

### **DIRECTOR'S PROGRESS UPDATE**

#### **REPORT OF THE DIRECTOR**

##### **Purpose of Briefing Note**

1. The purpose of this report is to update members of the actions and progress made since the last ESPO Management Committee meeting held on 26/09/2013.

##### **Overall Financial Performance**

2. Overall financial performance can be summarised as:
  - Sales to September at £47.5m are ahead of budget of £44.2m
  - Rebates, a proxy for framework engagement, are ahead of target at £1,778k against a budget £1,674k.
  - Overall surplus at £1.4m year to date YTD is ahead of budget of £1.2m YTD

##### **ESPO Internal Developments**

###### **Member Liaison**

3. I have continued to meet with members on a quarterly basis to discuss key themes which are arising and any items pertinent to members' specific needs.
4. Members will be pleased to learn that market basket and Top 100 benchmarking data is now available through the member portal as agreed through the members meetings.
5. Whilst ESPO continues to benchmark favourably in both of these reviews, it is important to note that we do not set out to a offer price guarantee on 100% of products.
6. We had invited members to visit ESPO for a tour and an overview of the business. On 14/11/2013, Councillor John Reynolds (Cambridgeshire) and David Snartt CC (Leicestershire) attended for a full morning, spending an hour with myself before meeting up with each of the Assistant Directors.

All Staff Briefings

7. In October, I delivered eight briefing sessions across ESPO, addressing the staff survey results, outlining our half-year financial position, Sales & Marketing growth and successes, Operations & Continuous Improvement updating on the Indigo rollout, and the future direction of Procurement & Compliance.

Update on Consortium Membership

8. This item appears for discussion elsewhere in the agenda marked as 'item 5'. The operational relationship between ESPO and Leicester City Council remains 'business as usual' whilst its terms of exit are discussed and we will continue to encourage this. Future decisions regarding engagement in ESPO procurement solutions will be taken as they arise.

**External Activities and Developments**PBOs, Pro5 members and beyond

9. I continue to work with partners and customers outside of the traditional membership relationship. This has included meetings with the Crown Commercial Service (CCS) (formerly Government Procurement Service (GPS), YPO and various bodies in the private sector helping me to develop a further understanding of market dynamics, which is increasingly changing.

In this vein, I have met or hosted meetings with the East Midlands Heads of Procurement, the London Contracts and Supplies Group (LCSG), the London Fire Brigade and the Ministry of Defence.

10. ESPO had a stand in conjunction with Pro5 at this year's annual Society of Procurement Officers (SOPO) Conference, 11/11/2013. Category Manager Michelle Brankovic collected her 'Finalist Award' for SOPO Procurement Professional of the Year.

The Central Buying Consortium (CBC) is leading on a Pro5 Directors meeting December 16 at ESPO.

11. On 11 December 2013, a Member Procurement Forum is taking place at ESPO. Member Heads of Procurement will meet their counterparts to gain a greater understanding of the change in scope and personnel within ESPO procurement teams. Work is also underway to develop Heads of Procurement networking events generally.

Other organisations

12. ESPO attended the Federation of Small Businesses (FSB) launch and signature of the Small and Medium Enterprise (SME) Friendly Procurement Charter in Leicester on 03/10/2013. Present were Baroness Hanham CBE, Parliamentary Under Secretary of State for Communities and Local Government as well as John Allan, FSB

National Chairman and signatories to the charter - Sir Peter Soulsby, City Mayor, Leicester City Council; Cllr Blake Pain, Cabinet Lead Member for Economic Development, Leicestershire County Council; Bernard Greaves, Board Member, LLEP; Cllr Ernie White, Leader, Blaby DC; Cllr John Boyce, Leader, Oadby & Wigston BC, John Doherty, Director, ESPO.

## **Staffing**

### **Staff Survey**

13. There was a 68% response rate to the ESPO staff survey conducted in August. This is a strong response to such a survey, and provides a sufficient number to form an accurate assessment of staff perception.
14. A 'People Plan' is being developed by the Senior Management Team (SMT) based on their interpretation of the responses and key themes which will form a key part of the 'People Plan' with ESPO's emerging strategy.
15. The Senior Management Team has reviewed all of the responses to the survey, identifying the following areas for improvement:
  - Communications
  - Reward and recognition
  - Environment and equipment
  - Team management
  - Learning and development
16. The SMT review will be synthesised with the findings of the third-party analyst in order to develop the 'People Plan'.
17. I will create and sponsor this plan within the organisation, ensure its delivery and report regularly within the organisation and to the Management Committee.

## **ESPO Risk and Governance Update**

### **Audit Reports**

18. In September, ESPO underwent a Health & Safety audit, looking at Health & Safety Management in warehouse activities, fleet management and general property management.
19. The audit identified a number of challenges across these areas and made a number of recommendations. To address these, ESPO has put in place an improvement programme and has appointed a Health & Safety Manager. The operations team at ESPO have been working with the Servicing Authority's (Leicestershire County Council) Health and Safety team, which has been providing practical guidance and noting progress. All the points identified by LCC have been addressed.

20. The standard documentation in use for existing pre-procurement panels and contract award panels has been reviewed and improved to allow for additional information e.g. conflict of interest information, enhanced evidence market intelligence preparatory work.
21. ESPO is in the process of engaging a partner to support the training, interpretation and benefit realisation from the forthcoming new EU procurement directive for both ESPO and Member authorities to utilise. This is likely to become statute in mid-2014, replacing the existing public contract regulations 2006.

#### Supplementary Information Informing the Progress Report

22. Further information of a commercially sensitive nature which informs this report is contained under Item 12 (Exempt Report), on the agenda for this meeting.

#### Resources Implications

23. None arising directly from this report.

#### Recommendation

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

#### Officer to Contact

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