

Minutes of a meeting of the ESPO Management Committee held at County Hall, Glenfield, Leicestershire on Thursday, 5 December 2013.

PRESENT

Cambridgeshire County Council

Cllr. J. Reynolds

Leicestershire County Council

Cllr. R. K. A Feltham and Cllr. D. Snartt

Lincolnshire County Council

Cllr. S. Rawlins (in the chair);

Peterborough City Council

Cllr. J. Holdich OBE

Warwickshire County Council

Cllr A. Cockburn and Cllr D. Parsons

Apologies for absence.

Apologies for absence were received from: Cllr Chapman - Cambridgeshire County Council, Cllr S. Ransome – Lincolnshire County Council, Cllr. I. Monson and Cllr T. Jermy – Norfolk County Council and Cllr. D. Seaton – Peterborough City Council.

35. Minutes.

The minutes of the meeting held on 26th September, 2013, having previously been circulated, were taken as read, confirmed and signed as a correct record.

36. Urgent Items.

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

37. 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.

38. Sales and Marketing.

The Chairman welcomed to the meeting Mr Trevor Phipps, ESPO's Assistant Director – Sales and Marketing, who delivered a presentation on ESPO's marketing strategy and the challenges ahead. A copy of the presentation is filed with these minutes.

Arising from the presentation and discussion, the following points were noted:

- i) The procurement landscape was becoming increasingly litigious which has reinforced the need for increasingly robust contracting procedures and staff training and development. The new EU procurement rules to be introduced early next year would require ESPO to provide support and training to its own staff which it would extend to staff members of constituent authorities. It was also intended to consider offering this service to other authorities at market rates;
- ii) Whilst the purchasing power of local authorities had been reduced as a result of budget constraints, ESPO had managed to grow the business. Much of that growth had been achieved by trading with non- consortium organisations and Academies;
- iii) ESPO was in an increasingly competitive market and as such needed to ensure not only that it was price competitive but also focused on providing high quality customer service. Although margins had reduced due to the increase in sales and greater focus on cost reduction ESPO had managed to increase its profits;
- iv) Looking ahead and building on the positive experience of the Phonics campaign, ESPO was now looking at possible expansion. In doing so the Senior Management Team was mindful of the need to ensure such an expansion did not adversely affect the customer experience or operating costs;
- v) Work was underway with a number of direct delivery suppliers to improve performance. Particular difficulties had been experienced with office furniture suppliers.

AGREED:

That the presentation on the marketing strategy and key market challenges be welcomed.

39. Arrangements for the withdrawal of Leicester City Council from the Consortium.

The Management Committee considered a joint report for the Director and Consortium Secretary concerning the progress in managing the withdrawal of Leicester City Council from the ESPO Consortium and consequent revisions to the Consortium Agreement. A copy of the report, marked 5, is filed with these minutes.

The Consortium Secretary advised that the proposal put forward at the last meeting of the legal and governance group that Leicester City Council could withdraw on the basis that it would not take the current year dividend and would not be required to sign up to any indemnities had not been accepted. Lawyers at Warwickshire County Council were finalising a new draft legal agreement which would be circulated to Constituent Authorities shortly.

In response to questions the Management Committee was advised that to date no significant issues had been identified as a result of the 'due diligence' exercise. The position would be kept under review up to the point at which

Leicester City Council withdrew. With regard to the timescale, the intention was to seek agreement and finalise the withdrawal by 31st March 2014 though it was recognised that this was a challenging timeframe.

RESOLVED:-

That the report be noted.

40. External Audit Plan 2013/14.

The Management Committee considered a joint report of the Director and Consortium Secretary which provided details of the scope of the audit undertaken by the external auditor. A copy of the report, marked 'item 6', is filed with these minutes.

The Chairman welcomed Thomas Gibbs from PriceWaterhouseCoopers, ESPO's external auditors, to the meeting.

With regard to audit risk relating to 'management override of controls' the Management Committee was advised that this risk was inherent in all organisations. The Finance and Audit Committee was set up specifically to monitor this situation and ensure robust arrangements were in place to prevent this.

The Chairman thanked Thomas Gibbs for his contribution to the meeting.

RESOLVED:-

That the report be noted.

41. Director's Progress Report.

The Management Committee gave consideration to a report of the Director, the purpose of which was to update members on the actions and progress made since the last ESPO Management Committee meeting held on 26th September 2013. A copy of the report, marked 'item 7', is filed with these minutes.

Members were advised that the high response rate to the staff survey was welcomed. A further survey would be undertaken next year to ascertain whether the actions taken had improved staff morale and addressed the concerns identified.

With regard to sickness absence levels the Committee was advised that the new reporting system was now in place and details of the latest absence report would be circulated to members shortly.

RESOLVED:

a) That the contents of the report be noted.

b) That the performance of all ESPO Staff and in particular the achievement of Michelle Brankovic who obtained a 'Finalist Award' for SOPO Procurement Professional of the Year, be noted.

42. 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 Director's Progress Update.' (Item '11') as defined in paragraphs 3 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.

43. Supplementary Report Informing Director's Progress Update.

The Management Committee received an exempt report of the Director, which set out further supplementary information to Item 7, Progress Report of the Director. A copy of the exempt report, marked 'Item 12' is filed with these minutes.

The exempt report was not for publication by virtue of paragraphs 3 and 10 of Section 12A of the Local Government Act 1972.

The Committee was advised that the decision to retender the bailiff service was taken after external legal advice had been sought in relation to concerns that had been expressed about the evaluation process. Lessons learnt from this case would be cascaded through the organisation and would be incorporated into the training and development package being developed in relation to the new EU procurement rules.

RESOLVED:

That the contents of the report be noted.

[The meeting then reconvened into public session.]

44. Items referred by the Finance and Audit Subcommittee.

There were no items referred from the Finance and Audit Subcommittee as the previous meeting was inquorate.

45. 2014 Meeting Dates.

The following meetings programme for 2014 was agreed:-

Management Committee Meetings

Thursday, 6th March at 10.30am
 Thursday, 26th June at 10.30am
 Thursday, 25th September at 10.30am
 Thursday, 4th December at 10.30am

Finance and Audit Subcommittee

Monday, 17th February at 10.30am

Tuesday, 10th June at 11.00am
 Tuesday 9th September at 11.00am
 Monday, 17th November at 10.30am

46. 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 items of business entitled: as defined in paragraphs 3 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:-

- Item 13 - 2014/15 -2018/19 Medium Term Financial Strategy (MTFS) and Annual Budget Planning;
- Item 14 - GEMS Gas Billing System.

47. Four Year Medium Term Financial Strategy 2014/15 - 2017/18 and Annual Budget Planning.

The Management Committee received an exempt report of the Director which set out the planning assumptions and financial implications for the Medium Term Financial Strategy covering the period 2014/15 to 2018/19. A copy of the exempt report, marked 'Item 13' is filed with these minutes.

The exempt report was not for publication by virtue of paragraphs 3 and 10 of Section 12A of the Local Government Act 1972.

Members were advised that further work was needed to align the strategy cycle with the financial cycle and that the MTFS would need to be reviewed regularly to recognise the dynamics of the market in which ESPO operated. The Finance and Audit Subcommittee would be kept updated on a regular basis.

Members acknowledged the challenges facing ESPO and the need for investment to reduce the cost base (e.g. a new stock pick and control system) and to grow the business and hence enhance the value of the business.

RESOLVED:

That the report be noted.

48. GEMS Gas Billing System.

The Management Committee received an exempt report of the Director which sought approval for budgetary provision for the replacement of the GEMS gas billing system. A copy of the exempt report, marked 'Item 14' is filed with these minutes.

The exempt report was not for publication by virtue of paragraphs 3 and 10 of Section 12A of the Local Government Act 1972.

RESOLVED:

- a) That approval be given to the continued use of the current business model for gas bill validation and to work being undertaken to procure a proprietary system for future use;
- b) That as a consequence of (a) above, an amendment be made to the current Medium Term Financial Strategy to include an initial expenditure of £153,000 and annual operating cost of £55,500;
- c) That £100,000 of the initial £153,000 initial expenditure identified in (b) above be met from the renewals fund earmarked for this purpose.

10.30 am - 12.15 pm
05 December 2013

CHAIRMAN