

Minutes of a meeting of the ESPO Management Committee held at County Hall, Glenfield, Leicestershire on Thursday, 6 March 2014.

PRESENT

Cambridgeshire County Council

Cllr. J. Reynolds

Leicestershire County Council

Dr. R. K. A. Feltham CC and Mr. D. Snartt CC

Lincolnshire County Council

Cllr. S. Rawlins (in the chair) and Cllr. S. Ransome

Peterborough City Council

Cllr. J. Holdich OBE

Warwickshire County Council

Cllr. P. White and Cllr. D. Parsons

Norfolk County Council

Cllr. I. Monson

Apologies for absence

Cllr. D. Seaton – Peterborough City Council, Cllr. T. Jermy – Norfolk County Council, Cllr. B. Chapman – Cambridgeshire County Council

49. Minutes.

The minutes of the meeting held on 5th December, 2013, having previously been circulated, were taken as read, confirmed and signed as a correct record.

50. Urgent Items.

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

51. Declarations of interest.

The Chairman invited those who wished to do so to declare an interest in respect of items on the agenda.

No declarations were made.

52. Change to the Order of Business

The Chairman sought and obtained the consent of the Subcommittee to vary the order of business from that set out in the agenda.

53. Procurement and Compliance.

The Chairman welcomed to the meeting Mr Kristian Smith, Assistant Director for Procurement and Compliance, ESPO, who delivered a presentation on procurement and compliance. A copy of the presentation is filed with these minutes.

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

- (i) ESPO had made a significant contribution to the development of the new national procurement strategy;
- (ii) New relationships with Pro5 were evolving, to include a broader understanding of collaboration beyond that of just aggregation. This therefore removed artificial collaborative boundaries;
- (iii) ESPO was looking to develop its relationship with constituent bodies and customers into one which would see ESPO supporting or, if required, shaping future commissioning arrangements;
- (iv) Managing risk, particularly in an increasingly litigious environment, was essential. However, this needed to be balanced against the need to develop new and innovative approaches which, whilst carrying risk, offered the potential to generate efficiencies and savings;
- (v) Measures of success would include not just better value for money considerations but also other considerations such as using contracting and commissioning strategies to realise wider social and economic benefits for the locality.

RESOLVED:

That the presentation on the procurement and compliance strategy and the comments now made be noted.

54. Director's Progress Update.

The Management Committee considered a report from the Director updating members of the actions taken since the previous ESPO Management Committee meeting held on 5th December 2013. A copy of the report, marked 'item 5', is filed with these minutes.

With regard to the decision of Leicester City Council to withdraw from the Consortium, members were advised that a new draft agreement setting out the terms of the withdrawal was now being studied by the legal advisers of each constituent authority. It was noted that the existing Partnership Agreement required that all constituent authorities need to give approval to the document.

It was noted that in addition to the training provided to procurement staff to become Chartered Institute of Purchasing and Supply (CIPS) trained, ESPO was now exploring a range of training opportunities, including the possibility of introducing NVQ training for warehouse staff.

RESOLVED:

- (a) That the report be noted;
- (b) That Management Committee members be asked to ensure that their respective authorities take the necessary decisions to enable agreement to be reached on the terms for Leicester City Council to leave the Consortium.

55. 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 Information Informing the Progress Report of the Director' (item 13) 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.

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

The Management Committee received a report of the Director which set out further supplementary information on item 5, Director's Progress Update. 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.

In response to questions the Committee was advised as follows:

- (i) The reduction of overall direct sales in the current year compared to the previous year was largely attributable to the ending of the Department for Education funding of the primary school phonics programme;
- (ii) The budget projections of 5% growth annually for the next few years were particularly ambitious against a backdrop of reductions in public sector budgets;
- (iii) The recent events in Ukraine and the impact this might have on gas prices and the GEMS contract was being monitored. The forward purchase of gas provided some protection but should the position deteriorate the panel established to look at major risks would be reconvened;
- (iv) The review of transport had only just been completed and a detailed report would be submitted to a future meeting. The initial indications were that the savings from contracting out the service were not as significant as originally thought and that a hybrid approach was the likely outcome;
- (v) The latest quarterly absence data was being verified and would be reported to the next meeting.

RESOLVED:

That the report be noted.

[The meeting then reconvened into public session.]

57. Draft Medium Term Business Strategy 2014-18.

The Management Committee considered a report of the Director which advised members of the Four-Year Business Strategy 2014-18 entitled 'Planning Our Future'. A copy of the report, marked 'item 6', is filed with these minutes.

The Management Committee also received a PowerPoint presentation from the Director which highlighted the key issues within the Plan. A copy of the presentation is also filed with these minutes.

In the ensuing discussion, the following points were made:

- (i) The projected growth of 20% over four years from stores and direct sales was challenging at a time of reduced customer spend. To achieve this level of growth would necessitate the exploration of new markets/customers but in doing so care would need to be taken to ensure costs were controlled and the new business ventures made a positive contribution;
- (ii) The public service ethos of ESPO was still important and this meant that it would continue to support smaller customers notwithstanding the fact that the cost of doing so meant much reduced margins. Work was under way on developing e-ordering capabilities and an improved web interface for customers would make the process more efficient and improve margins;
- (iii) Considerably more work was needed to build up the understanding of the ESPO brand and the range of its activities.

RESOLVED:

That the Medium Term Business Strategy 2014-18 be approved.

58. Forecast Outturn 2013/14 and Draft Medium Term Financial Strategy 2014/15 - 2017/18.

The Management Committee considered a report from the Director giving an update on the financial implications of the Four Year Medium Term Financial Strategy and presenting the 2014-15 budget and outline budgets for the following three years. A copy of the report, marked 'item 7', is filed with these minutes.

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

- (i) That catalogue printing costs were covered by advertising income;
- (ii) That further savings were being achieved through transfer of a number of agency staff onto the ESPO staff establishment;

- (iii) That although ESPO was now in a positive cash position, the view of the senior management team, supported by the Consortium Treasurer, was that the cash was better used in investing and growing the business as opposed to paying down debt.

RESOLVED:

- (a) That the report be noted;
- (b) That the Four Year Medium Term Financial Strategy, which incorporates the recommended budget for 2014/15, and draft projected budgets for 2015/16, 2016/17 and 2016/17, be approved;
- (c) That the Director and Consortium Treasurer be thanked for the level of financial information and data provided in the report.

59. 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 Information Informing the Forecast Outturn 2013/14 and Draft MTFS 2014/15 – 2017/18' (item 14) 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.

60. Supplementary Information informing the Forecast Outturn 2013/14 and Medium Term Financial Strategy 2014/15 - 2017/18.

The Management Committee received a report of the Director and Consortium Treasurer which set out further supplementary information of a commercially sensitive nature regarding a more detailed analysis on item 7, ESPO's forecast outturn and budget. 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:

That the report be noted.

[The meeting then reconvened into public session.]

61. Public Procurement and SMEs - Progress Update.

The Committee considered a report of the Consortium Treasurer updating members on progress against the SME action plan which it had agreed on 7 March 2013. A copy of the report, marked 'item 8', is filed with these minutes.

RESOLVED:

- (a) That progress against the action plan be noted;
- (b) That the Chief Officer Group recommendation to continue the development of this workstream within future Senior Officer Group workplans be supported;
- (c) That the inclusion of appropriate SME performance data within the ESPO balanced score card be approved.

62. Proposed Changes to the Contract Procedure Rules.

The Committee considered a report of the Director, Consortium Secretary and Consortium Treasurer seeking approval to revised Contract Procedure Rules for ESPO which had been updated in order to align with those of the Servicing Authority. A copy of the report, marked 'item 9', is filed with these minutes.

RESOLVED:

That the recommended revisions to ESPO's Contract Procedure Rules, contained in Appendix B to the report, be approved.

63. Items referred by the Finance and Audit Subcommittee.

The Chairman of the ESPO Finance and Audit Subcommittee advised that all of the issues considered by the Subcommittee had been reflected in the papers before the Management Committee today.

64. Chairman's Announcement - Mr. B. Roberts.

The Committee were advised that Mr Brian Roberts would shortly be handing over his duties as ESPO's Consortium Treasurer to Mr Chris Tambini who would be taking over Section 151 responsibilities at Leicestershire County Council. The Committee extended their thanks to Mr Roberts for all his hard work assisting in the development of ESPO into the organisation it was today and offered him their best wishes for the future.

65. Date of Next Meeting.

It was noted that the next meeting of the Management Committee would be held at the ESPO offices on Thursday 26th June 2014 at 10.30 am.