



Minutes of a meeting of the ESPO Finance and Audit Subcommittee held at County Hall, Glenfield, Leicestershire on Tuesday, 20 November 2012.

PRESENT

Cambridgeshire County Council

Cllr. J. Reynolds

Leicestershire County Council

Mr. M.B. Page CC

Lincolnshire County Council

Cllr. S. Rawlins

Peterborough City Council

Cllr. D. Seaton

Warwickshire County Council

Cllr. D. Wright

27. Election of Chairman for the remainder of the municipal year 2012/13.

It was moved by Mr M B Page CC, seconded by Cllr D Wright and carried:-

“That Cllr J Reynolds be elected as Chairman of the Finance and Audit Subcommittee for the remainder of the municipal year 2012/13.”

Cllr J Reynolds - in the Chair

28. Minutes.

The minutes of the meeting held on 22 August 2012, having previously been circulated, were agreed as a correct record and signed.

29. Urgent Items.

There were no urgent items for consideration.

30. Declarations of interest.

The Chairman invited members who wished to do so to declare any interest in respect of items on the agenda for the meeting.

No declarations were made.

31. Change to the Order of Business.

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

32. Management Accounts for the First Six Months of Trading.

The Subcommittee received a report of the Director setting out the results for the first six months of trading, April to September 2012. A copy of the report marked 'B' is filed with these minutes.

Arising from discussion the following points were made:

- (i) The Director had set challenging internal targets to increase ESPO's capacity for electronically communicating with customers, however it was noted that ESPO's paper catalogue remained popular with customers. It was therefore important to ensure that adopting new methods of product advertising did not jeopardise relationships with customers which preferred this more traditional form of advertisement. ESPO had recently redeveloped its web presence and this served as one alternative means of advertisement;
- (ii) ESPO performed well in price comparison to competitors;
- (iii) The Phonics project had helped to drive a significant amount of growth during the year to date. It was however noted that this project therefore this additional growth was time limited;
- (iv) ESPO considered the establishment of 'residents' buying consortia in some parts of the Country as recognition of the effectiveness of aggregated demand as a means of purchasing products and services;
- (v) The Indigo warehouse system had been implemented and was operational, although it was expected use of the system would need to be built up in order to administer effectively periods of high demand. This related to the process by which large orders were physically distributed.

RESOLVED:

- (a) That the report be noted;
- (b) That officers be requested to provide a further update on the Indigo warehouse system at the next meeting.

33. 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 Management Accounts for the First Six Months of Trading' (Paper 'F') 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.

34. Supplementary Information Informing the Management Accounts for the First Six Months of Trading.

The Subcommittee received an exempt report of the Director, which set out further supplementary information of a commercially sensitive nature regarding the Management Accounts for the first six months of trading. A copy of the exempt report, marked 'F' 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 the report be noted;
- (b) That officers be requested to update the Subcommittee in six months on progress towards reducing stock levels.

[The meeting then reconvened into public session.]

35. Internal Audit Service - Progress against the 2012-13 Audit Plan.

The Subcommittee received a report of the Consortium Treasurer giving a summary of progress against the Audit Plan 2012-13. A copy of the report marked 'C' is filed with these minutes.

Arising from discussion the following points were made:

- (i) An annual review of the effectiveness of the system of internal audit would be considered by Leicestershire County Council's Corporate Governance Committee on 26 November 2012. A copy of this report would be circulated to members of the Subcommittee for their information;
- (ii) Following interest shown in dashboard reporting, the Head of Internal Audit Service informed that the service was due to implement new technology, and therefore consideration would be given by officers to how best to report future audit matters to the Subcommittee;
- (iii) It was requested that in future the Subcommittee receive a copy of the full audit reports in respect of items which had received partial assurance ratings;
- (iv) In respect of important rebates audits, although uncommon there would always be a risk that a particular supplier might go into administration. As such it was important for ESPO to gather sufficient market intelligence about its suppliers and, where appropriate, this information

should be shared with Consortium Members.

RESOLVED:

- (a) That the contents of the report be noted;
- (b) That in future the Subcommittee receive a copy of the full audit reports in respect of items which had received partial assurance ratings.

36. Cash Flow Monitoring.

The Subcommittee received a report of the Director providing a summary of ESPO's approach to managing fluctuations in demand at different times of year. A copy of the report marked 'D' is filed with these minutes.

Arising from discussion the following points were made:

- (i) In future the relationship which ESPO fostered with school business managers, who would need support with procurement activities, would be very important. ESPO was already establishing a strategy in this regard, for example by communicating with the National Association of Business Managers;
- (ii) It was noted that the graph within the report did not incorporate data from the Phonics project. It was suggested that it would be beneficial for the Subcommittee to receive such information each quarter.

RESOLVED:

That ESPO's approach to cash flow strategy and reporting be noted.

37. 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:

'Four Year Medium Term Financial Strategy and Annual Budget Planning' (Paper 'E') 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.

38. Four Year Medium Term Financial Strategy and Annual Budget Planning.

The Subcommittee received an exempt joint report of the Consortium Treasurer and Director which provided a summary of the assumptions underpinning the Medium Term Financial Strategy being prepared for 2013/14-2016/17. A copy of the exempt report, marked 'E', 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 Consortium Treasurer indicated that arrangements could be made for members to attend a workshop during January to discuss the MTFS 2013/14-2016/17 in further detail prior to consideration of the final draft MTFS by the Subcommittee in February and the Management Committee, for approval, in March. The Subcommittee, however, was satisfied with the summary information having already provided.

RESOLVED:

That the report be noted.

10.30 am - 12.40 pm
20 November 2012

CHAIRMAN