



Minutes of a meeting of the ESPO Management Committee held at County Hall, Glenfield, Leicestershire on Thursday, 25 September 2014.

PRESENT

Mr. J. Reynolds CC (in the Chair)

Mr. J. Clarke CC

Dr. R. K. A. Feltham CC

Mr. G. A. Hart CC

Mr. J. Holdich CC

Mr. I. Monson CC

Mr. D. Parsons CC

Ms. S. Ransome CC

Ms. S. Rawlins CC

89. Minutes of the previous meeting.

The minutes of the meeting held on 26 June 2014 were taken as read, confirmed and signed as a correct record.

90. Urgent Items.

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

91. 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.

92. External Audit of the 2013/14 Financial Statements.

The Management Committee considered a joint report of the Director and Consortium Secretary which reported on the external auditor's key findings from the 2013/14 financial statements and presented a letter of representation from the Consortium Treasurer to the auditors. A copy of the report, marked 'Agenda Item 4', is filed with these minutes.

The Chairman welcomed Tom Gibbs and Catherine Bru from Pricewaterhousecoopers (PWC), ESPO's external auditors, to the meeting who communicated the results of their audit.

Arising from discussion, the following principal points were noted:-

- (i). The external auditors reported a positive audit for 2013/14 and that an unqualified audit opinion would be issued. No significant matters were required to be reported back to the Committee. They also noted that the following year would be the final audit delivered by PWC before retendering;

- (ii). The completion of the audit would be subject to the approval of the final version of the Statement of Accounts. The external auditors were pleased to report the accounts were produced on time and commended ESPO's accounting performance;
- (iii). Members confirmed that they remained satisfied with the appropriateness of accounting for gas accruals on a cash basis, noting that ESPO did not have access to its customers' meters, that the methodology was consistent with previous years and that the impact was unlikely to be material;
- (iv). Due to the economic climate there had been an increase in the risk of fraud. However there was no fraudulent activity to report.

RESOLVED:

That the external audit of the financial statements 2013/14 be approved.

93. Statement of Accounts and Annual Governance Statement 2013/14.

The Management Committee considered a joint report of the Director and Consortium Secretary which reported on the 2013/14 Accounts and Annual Governance statement. A copy of the report marked 'Agenda Item 5' is filed with these minutes.

Arising from discussion the following principal points were noted:-

- (i). Leicester City Council formally left the consortium in July 2014, and that a new Consortium agreement was in place;
- (ii). There were minor governance issues to be carried forward for monitoring in 2014/15. The Director welcomed the suggestions from members as to how to improve internal communication;
- (iii). Whilst it was important for ESPO to be competitive, as a public body it was also subject to Freedom of Information (FOI) requests. The Director confirmed that whilst they did comply with FOI requests, they were wary of organisations trying to use FOI as a means to commercial gain;
- (iv). The need for succession planning was recognised and what was in hand to address those areas of the business considered high risk, particularly those referring to ICT procurement and sales.

RESOLVED:

That the Draft Statement of Accounts 2013/14 and the Annual Governance Statement be approved.

94. Director's Progress Update.

The Management Committee gave consideration to a report of the Director which provided an update of the actions and progress made since the previous ESPO Management Committee held on 26th June 2014. A copy of the report,

marked 'Agenda Item 6', is filed with these minutes.

Arising from questions and comments the members of the Management Committee were advised as follows:-

- (i). There was a shortfall of nearly £3m in the budget primarily due to gas sales being lower than anticipated as a result of milder weather. However it was noted that the margins on gas are very small, and therefore would not pose a significant issue in terms of profitability and reserves;
- (ii). It was important to continue identifying emerging trends in the market and alternative business models. It was hoped that an analysis of these trends, and the impact on the ESPO business model, would be considered as part of the next MTFs;
- (iii). In August a staff survey was issued to track progress in areas that were highlighted in the previous year's staff survey. The Director said he would report back to the Committee the key themes emerging once the data from this was available;
- (iv). That during peak period it became evident that there was limited space in the current warehouse. After informal discussions with members prior to the meeting the Management Committee was requested to authorise the Director to explore the feasibility of leasing office space available opposite the ESPO building. This would only be a three year lease and would not commit ESPO to anything long-term;
- (v). There was a degree of confidence in the financial forecasts relating to trading income and products as these were based on historical trading and income received was allocated to the correct accounting period;
- (vi). With regard to the ESPO Essentials catalogue, the Director stated he would advise Councillor Monson of whether the tea and coffee being supplied in the catalogue was Fairtrade. The Director stated that he would be reporting back to the Committee on a possible price uplift;
- (vii). That the Balanced Scorecard in Appendix 1 was produced quarterly, and since then the sickness absence rate (days per FTE) was now at 8 days, 0.5 days above target;
- (viii). The delay in obtaining the necessary stock for the new school meals scheme was the main reason for stock availability being below the 98% target.

RESOLVED:

- a) That the contents of the report be noted;
- b) That the Director in consultation with the Consortium Treasurer be authorised to explore the feasibility and, if appropriate, enter into a three year leasing arrangement for additional storage in the building adjacent to the current ESPO building.

95. Items referred by the Finance and Audit Subcommittee.

There were no items for consideration.

96. Date of Next Meeting.

NOTED:

That the next meeting of the Management Committee would be held on Thursday 4 December 2014 at 10.30 am at County Hall, Glenfield.

97. Any other items.

There were no other items.

98. Supplementary Information supporting the Director's Progress Update.

The Management Committee received an exempt report from the Director, which set out further supplementary information to Item 6 on the agenda, Director's Progress Update. A copy of the exempt report, marked 'Agenda Item 10' is filed with these minutes.

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

RESOLVED:

That the contents of the report be noted.

11.00 am - 12.25 pm
25 September 2014

CHAIRMAN