



Minutes of a meeting of the ESPO Finance and Audit Subcommittee held at County Hall, Glenfield, Leicestershire on Monday, 22 February 2016.

PRESENT

Mr. G. Hart CC – Leicestershire County Council (in the Chair)

Warwickshire County Council  
Mr. J. Clarke CC

Cambridgeshire County Council  
Mr. R. Hickford CC

Lincolnshire County Council  
Mrs. S. Rawlins CC

31. Election of Chairman.

Having received apologies from the Chairman, Mr. I. Monson CC, it was moved and seconded that Mr. G. Hart CC be elected Chairman for the meeting.

(Mr. G. Hart CC in the Chair)

32. Minutes of the meeting held on 16 November 2015.

The minutes of the meeting held on 16 November 2015 were taken as read, confirmed and signed.

33. Declarations of interest in respect of items on the agenda.

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.

34. Urgent items.

There were no urgent items for consideration.

35. MTFS Monitoring for the first Nine Months of 2015-16.

The Subcommittee received a joint report of the Director and Consortium Treasurer outlining the results of the first nine months of trading from April to December 2015. A copy of the report, marked 'Agenda Item 4', is filed with these minutes.

Arising from discussion the following points were raised:-

- (i) The nine months of trading had resulted in certain trends being incorporated into future planning of the medium term financial strategy and business strategy. The key trend had been a decline in education sales which suggested that austerity was beginning to have an impact on the educational supplies market;

- (ii). Gas sales were £2.1m behind budget as a result of lower wholesale prices. However the benefits of lower prices had been passed on to ESPO customers;
- (iii). A number of actions had been taken to reduce sickness absence rates. This had included final written warnings to staff and some dismissals. As the Subcommittee had been previously advised, most of the absences were on the operational side of ESPO such as in the warehouse or delivery drivers. The aim was to reduce sickness absence rates to an overall target of 7.5 per full time equivalent. However as the figures were calculated on a rolling 12 month basis, it would take some time for changes in sickness to be reflected in the reported figures;
- (iv). ESPO was on target to achieve a £3.0 - £3.3 million surplus despite the increased pressures in the market. However it would have to consider future challenges such as the National Living Wage which could have an impact on ESPO's ability to meet future surplus targets;
- (v). Although ESPO was experiencing challenges in the market, overall it was felt that the organisation was performing better than its competitors and would continue to be proactive in responding to these challenges.

RESOLVED:

That the contents of the report be noted.

36. Internal Audit Service - Progress against the 2015-16 Internal Audit Plan.

The Subcommittee received a report of the Consortium Treasurer outlining the progress made against the Internal Audit Plan during the previous quarter. A copy of the report, marked 'Agenda Item 5', is filed with these minutes.

The Internal Audit Service was on track to deliver all audits within the 185 day timeframe. Some audits had been delayed due to the need for further information and data on the audit area. If officers felt that they would struggle to meet the 185 day deadline, an extension to the timescale would be requested.

The warehouse audit had been cancelled due to ESPO no longer requiring the need for a seasonal relief warehouse.

RESOLVED:

That the contents of the report be noted.

37. Date of next meeting.

RESOLVED:

It was noted that the next meeting of the Subcommittee would be held on 6 June 2016 at 11.00am.

38. 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 'Forecast Outturn and Draft Medium Term Financial Strategy 2016/17 - 2019/20' 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.'

39. Forecast Outturn and Draft Medium Term Financial Strategy 2016/17 - 2019/20.

The Subcommittee considered a report outlining the draft proposals for the Medium Term Financial Strategy covering 2016/17 - 2019/20 and the draft budgets covering that period. A copy of the exempt report, marked 'Agenda Item 8', is filed with these minutes.

The exempt report was not for publication as it contained information relating to the financial or business affairs of a particular person (including the authority holding that information).

RESOLVED:

- a) That the draft four year medium term financial strategy, be noted;
- b) That the forecast outturn and draft budgets for 2016/17 - 2019/20, be noted;
- c) That the forecast outturn and draft Medium Term Financial Strategy be recommended for approval at the Management Committee on 2 March 2016.

11.00 am - 12.10 pm  
22 February 2016

CHAIRMAN