



Minutes of a meeting of the ESPO Management Committee held at County Hall, Glenfield, Leicestershire on Tuesday, 28 February 2017.

PRESENT

Mr. I. Monson CC – Norfolk County Council (in the Chair)

Cambridgeshire County Council

Mr. I. Bates CC
Mr. R. Hickford CC

Norfolk County Council

Ms. S. Whitaker CC

Leicestershire County Council

Dr. R. K. A. Feltham CC
Mr. G. Hart CC

Peterborough City Council

Mr. J. Holdich CC

Lincolnshire County Council

Mr. R. Foulkes CC

Warwickshire County Council

Mr. J. Clarke CC
Mr. D. Parsons CC

46. Apologies

Apologies were received from Mrs. S. Rawlins CC (Lincolnshire) and Mr. D. Seaton (Peterborough).

47. Minutes of the meeting held on 30th November 2016

The minutes of the meeting held on 30th November 2016 were taken as read, confirmed, and signed subject to the following:-

- a) Mr Holdich apologies for absence being recorded;
- b) Minute 39 being amended to include reference to the need to manage currency fluctuation resulting from the vote to leave the European Union.

48. To advise of any items that the Chairman has decided to take as urgent elsewhere on the agenda

There were no urgent items for consideration.

49. Declarations of interests in respect of items on this 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.

50. Items referred by the Finance and Audit Subcommittee

There were no items referred by the Finance and Audit Subcommittee. Members were advised that the Subcommittee had considered items 6 and 13 (minutes 52 and 59 refer) on the agenda.

51. External Audit Plan

The Committee received a report of the External Auditors, PricewaterhouseCoopers (PwC) on the External Audit Plan 2016/17. A copy of the Plan, marked 'Agenda Item 5', is filed with these minutes.

The Committee was advised that there were two major accounting changes to be introduced next year listed on page 23 of the report which would have an impact on ESPO. These were IFRS 15 – Revenue from contracts with customers and IAS 16 which concerned the depreciation method to be applied in relation to plant, property and equipment. Both changes will have resource implications for ESPO.

RESOLVED:

- a) That the External Audit Plan 2016/17 be noted;
- b) That the level of materiality for reporting to the Management Committee be set at £88,000.

52. Internal Audit Charter for ESPO

The Committee received a report of the Consortium Treasurer concerning a revised Internal Audit Charter for ESPO. A copy of the report, marked Agenda Item 6, is filed with these minutes.

Members were advised that the Finance and Audit Subcommittee at its meeting on 7th February supported the adoption of the revised Charter.

Members whilst welcoming the Charter thought it would benefit from having a glossary of the acronyms used.

RESOLVED:

That the revised Internal Audit Charter for ESPO be approved.

53. Proposed Changes to the Contract Procedure Rates.

The Committee considered a report of the Director concerning the operation of the Contract Procedure rules between 1st July 2015 and 30th June 2016 and proposed amendments to these rules. A copy of the report, marked 'Agenda Item 7', is filed with these minutes.

RESOLVED

- a) That the operation of the Contract Procedure rules during the period 1st July 2015 and 30th June 2016 as outlined in the report be noted;
- b) That the revisions to the Contract Procedure rules as set out in Appendix B to the report be approved.

54. Annual review of Organisational Approach to Risk Management

The Committee received a report of the Director outlining the annual review of the organisational approach to Risk Management, and to present the revised Risk Management Statement as a result of this review. A copy of the report, marked 'Agenda Item 8', is filed with these minutes.

In response to questions from members the Director advised as follows:-

- i) The proposed trading company would have its own specific governance arrangements agreed by the members/shareholders which would include a risk management policy;
- ii) The EU exit was rated at 15 given the changed economic and trading conditions that were likely to result and which would impact on the profitability of ESPO. Whilst efforts will be made to mitigate given the uncertainties this would remain as a high risk on the register;
- iii) In relation to the high risks listed at Page 155, future reports would include an explanation of the mitigating actions which had resulted in a reduction in the risk rating;
- iv) The new accounting requirements referred to in the External Audit report would need to be reflected in the risk register going forward.

RESOLVED:

That the revised Risk Management Statement be approved.

55. Director's Progress Update.

The Management Committee received a report of the Director which provided an update of the actions and progress made since the previous ESPO Management Committee held on 30th November 2016. A copy of the report, marked 'Agenda Item 9', is filed with these minutes.

The Management Committee was advised that:-

- i) the market premiums would be reviewed after a period of two years;
- ii) the gas sales were shown separately from catalogue sales. Income derived from gas is based on the number of meters rather than the volume of gas sales.
- iii) the miscellaneous income was derived from the introduction of minimum order level and sale of assets no longer needed.

RESOLVED:

- a) That the contents of the Director's Progress Update be noted;
- b) That the Committee's appreciation be conveyed to the officers involved in the successful roll-out of the Enterprise Resource Planning (ERP) Project.

56. Date of Next Meeting.

It was noted that the next meeting of the Committee would be held on 21 June 2017 at 11.00am at County Hall, Glenfield.

Recognising that a number of members would not be seeking re-election in May 2017 and the likelihood of several new members being appointed by Constituent Authorities the Management Committee agreed the following meeting arrangements for the period May – September

- i) The Finance and Audit Subcommittee meeting scheduled for 24th May be cancelled;
- ii) The Management Committee on 21st June to deal with the sign off of the accounts and any urgent matters
- iii) The Management Committee on 20th September to be held at ESPO should include a presentation on ESPO and its business model and strategy, a tour of the warehouse followed by a formal meeting.

57. Supplementary Information informing the Director's Progress Update.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 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;-

- i) Supplementary Information to the Director's Progress Report;
- ii) Forecast Outturn 2016/17 and draft MTFS 2017-21'

58. Supplementary Information to the Director's Progress Update.

The Committee received an exempt report of the Director which set out supplementary information to his Progress Update (minute ?? refers). A copy of the exempt report, marked 'Agenda Item 12', is filed with these minutes.

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

The Director advised members of the basis on which it was proposed to set up the new trading arm and indicated that it was unlikely that it would be directly involved in the process of procurement of supplies. As such the issues concerning the public procurement rules remained valid.

RESOLVED:

That the supplementary information informing the Director's Progress Update be noted.

59. Forecast Outturn 2015/16 and Draft MTFS.

The Committee received an exempt report of the Director which set out the Forecast Outturn 2016/17 and Draft MTFS. 2017-21. A copy of the exempt report, marked 'Agenda Item 13', is filed with these minutes.

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

Members acknowledged the difficult market and cost pressures facing ESPO and were content with the revised surplus forecasts recognising the need to set realistic and sustainable growth targets.

RESOLVED:

- a) That the forecast outturn for 2016/17 be approved:
- b) That draft budgets for, 2017/18 to 2020/21 be approved.

60. Chairman - Mr. I. Monson and retiring members

Members were advised that this would be last ESPO meeting for Mr Monson as he was not seeking re-election in May.

Members of the Committee and officers paid tribute to the leadership provide by Mr Monson and thanked him for his service.

Tributes were also paid to other members of the Committee who had indicated they too would not be seeking re-election.

11.00am -12.55pm
28th February 2017

CHAIRMAN