

Minutes of a meeting of the ESPO Finance and Audit Subcommittee held at County Hall, Glenfield, Leicestershire on Tuesday, 8 September 2015.

## PRESENT

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

Leicestershire County Council  
Dr. R. K. A. Feltham CC

Lincolnshire County Council  
Mrs. S. Rawlins CC

13. Minutes of the previous meeting.

The minutes of the meeting held on 9 June 2015 were taken as read, confirmed and signed.

14. Urgent items.

There were no urgent items for consideration.

15. 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.

16. Draft Statement of Accounts 2014/15 and Annual Governance Statement.

The Subcommittee received a report outlining the draft Statement of Accounts 2014/15 and the Annual Governance Statement. A copy of the report, marked 'Agenda Item 4', is filed with these minutes.

Arising from discussion the following points were raised:-

- (i). ESPO's external auditors, PricewaterhouseCoopers (PwC), had commenced the external audit of accounts and were not expected to make any adjustments. However they had recommended a minor change to ESPO's accounting policies in relation to rebates to reflect the current practices at ESPO. As had been previously reported to members, PwC had paid significant attention to rebates during the audit following issues which had arisen at Tesco which had received national attention;
- (ii). It was clarified that unusable reserves were reserves which could not be used or distributed in cash terms such as the valuation of the ESPO building. Intangible assets were those such as the software used by ESPO;
- (iii). In the Annual Governance Statement, regarding progress against key improvements required during 2014-15, the Internal Audit Charter was completed but the Quality Assurance and Improvement Programme was still in development

and had been carried forward for monitoring during 2015-16. Further work was being undertaken on other areas of governance such as business continuity. Owing to the success of the use of relief warehouse during the peak period, officers were hoping to incorporate the use of the relief warehouse into its business continuity plans. It was clarified by officers that the Servicing Authority was responsible for the monitoring of business continuity plans, while ESPO was responsible for writing the plans;

- (iv). Succession planning is an ongoing planning risk for any organisation including ESPO. The need to ensure that the workforce covered all key areas and had the required skills at all levels was important, which was monitored on an ongoing basis. It was also necessary to ensure that skills and experience were developed from within as well as having the ability to secure specialist skills externally when required;
- (v). At present the number of Freedom of Information requests received by ESPO had not been a burden on staff, with approximately ten requests made per month. On some occasions it had been necessary to refuse a request due to the commercial sensitivity of the information requested;
- (vi). Members thanked officers for amending the Statement of Accounts following on from the decision of the Management Committee to increase the 2014/15 surplus distributed to member authorities, and welcomed the contents of the draft Statement of Accounts 2014/15.

**RESOLVED:**

- a) That the contents of the report be noted;
- b) That the draft Statement of Accounts 2014/15 and Annual Governance Statement be recommended for approval at the Management Committee.

**17. MTFS Monitoring for the First Four Months of 2015/16.**

The Subcommittee received a report monitoring the Medium Term Financial Strategy against the first four months of trading in the 2015/16 financial year. A copy of the report, marked 'Agenda Item 5', is filed with these minutes.

Arising from discussion the following points were raised:-

- (i). As referenced in 16 (iii) above, the use of a relief warehouse during the peak period had allowed ESPO to quickly process deliveries to customers and allow for the warehouse to recover much more quickly than the delays experienced in the previous year. Subsequently the relief warehouse had been a significant success for ESPO particularly with regard to customer satisfaction;
- (ii). The living wage announced in the Budget would have a significant impact on ESPO. In addition to the direct costs incurred from paying staff to meet the living wage, there would also be costs arising from the reconfiguration of current pay grades at ESPO. It was also unknown how much of an impact it would have should suppliers decide to spread the costs to consumers. Officers from ESPO and the Servicing Authority would assess the possible impact arising from

increased wages with the hope to absorb the costs within the medium term financial strategy;

- (iii). Arising from comments previously raised by members regarding sickness absence, an interim target of nine days per FTE had been set in an effort to achieve the overall target of 7.5 days per FTE. However there was no quick fix for reducing sickness absence and particularly long-term sicknesses which needed to be handled sensitively.

RESOLVED:

That the contents of the report be noted.

18. Quarterly Progress Against the Internal Audit Annual Plan.

The Subcommittee received a report outlining the first quarter progress against the Internal Audit Plan 2015/16. A copy of the report, marked 'Agenda Item 6', is filed with these minutes.

As was standard practice for first quarter reports, the report mainly focused on the completion of outstanding audit work carried over from the previous financial year but explained there was much 2015-16 work in train.

RESOLVED:

That the contents of the report be noted.

19. Date of next meeting.

Members considered whether it was necessary for the Subcommittee to continue meeting four times per year. It was subsequently requested that a report be referred to a meeting of the Management Committee to reassess the number of meetings held by the Subcommittee.

RESOLVED:

- a) It was noted that the next meeting of the Subcommittee would be held on Monday 16 November at 11.00am at County Hall, Glenfield;
- b) That a report be referred to a future meeting of the Management Committee assessing the need for four meetings of the Subcommittee per year.

This page is intentionally left blank