



Minutes of a meeting of the ESPO Management Committee held at County Hall, Glenfield, Leicestershire on Wednesday, 15 September 2021.

PRESENT

Cllr P. Butlin CC – Warwickshire County Council (in the Chair)

Dr. K . Feltham CC	Leicestershire County Council
Mr. R. Shepherd CC	Leicestershire County Council
Cllr. S. Rawlins	Lincolnshire County Council
Cllr. A. Coles (arrived at 10:55am)	Peterborough City Council

In attendance via Microsoft Teams

Cllr Clancy – Norfolk County Council
 Cllr Birmingham – Norfolk County Council
 Cllr Ferguson – Cambridgeshire County Council
 Cllr Fitzgerald (left at 11.45am) – Peterborough City Council

Apologies

Apologies were received from Cllr Hagues (Lincolnshire County Council), Cllr Goodliffe (Cambridgeshire County Council) and Cllr Watson (Warwickshire County Council)

In attendance

ESPO

Kristian Smith - Director
 David Godsell – Assistant Director
 Maurice Campbell – Assistant Director
 Matt Selwyn Smith – Assistant Director
 David Goodacre – Financial Controller

Avtar Sohal – Grant Thornton Director

Leicestershire County Council

Declan Keegan – Assistant Director Corporate Resources on behalf of Consortium Treasurer
 Lauren Haslam – Director of Law and Governance on behalf of Consortium Secretary
 Mo Seedat – Head of Democratic Services
 Matt Davis – Audit Manager
 Cat Tuohy – Democratic Services Officer

19. Minutes.

The minutes of the meeting held on 23 June 2021 were taken as read, confirmed, and signed.

20. Urgent Items.

There were no urgent items for consideration.

21. 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.

22. Items referred by the Finance and Audit Subcommittee.

There were no items referred by the Finance and Audit Subcommittee.

23. Change to Order of Business.

Having sought the permission of the Members present, the Chairman varied the order of business to that set out on the agenda.

24. Director's Progress update.

The Members present considered a report of the Director which provided an update of the actions and progress made since the previous ESPO Management Committee held on 23 June. A copy of the report, marked 'Agenda Item 8', is filed with these minutes.

Arising from the discussion the following points were raised:-

- i. Payment to staffing agencies were on days worked, payment was not linked to staff productivity.
- ii. The Director acknowledged issues globally regarding container pricing. However as ESPO was cash rich it had the opportunity to stock up and store relevant product lines and use cash available for extra capacity in external storage. ESPO had also ensured it communicated with its customers clearly regarding item availability via its website.
- iii. Concerning the driver shortage, while it had affected both inbound and outbound delivery, existing ESPO's drivers had stepped up and helped avoid any disappointment to customers. ESPO were working with Leicestershire County Councils Human Resources department for support regarding appropriate employment packages.

Members presented welcomed the positive report and asked the contents of the report be noted.

25. Date of Future Meetings.

It was noted that future meetings of the Committee were scheduled to take place on the following dates at 10.30am.

Wednesday 24 November 2021

Wednesday 16 March 2022

Wednesday 29 June 2022

Wednesday 14 September 2022

Wednesday 16 November 2022

26. Exclusion of the Press and Public.

It was agreed 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 3 Agenda Item 1 circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

[At this point during the meeting Cllr Coles was present in the room, thus the meeting became quorate]

27. Supplementary Information Informing the Progress Report of the Director's Progress Update.

The Committee considered a report of the Director which provided supplementary information to the progress report of the Director. A copy of the report, marked 'Agenda Item 11', 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).

Arising from the discussion the following points arose:-

- i. Members received an update on action being taken arising from the Internal Audit report where a few weaknesses had been highlighted, Members were assured that processes had been strengthened to reduce the potential for human error.
- ii. ESPO recognised the difficult market conditions within the Energy Sector. The Director assured Members that ESPO employed a knowledgeable team and worked closely with officers in each authority area to understand what risk strategy was appropriate for each.
- iii. Price inflation was a risk. To protect the business ESPO 'forward bought' to minimise this risk It was clear price inflation would affect all companies and would be an issue for the consumer, to that end it was important that this was communicated to customers. The price inflation risk would be included on the Corporate Risk Register.
- iv. Members were pleased with school's willingness to engage with the My School Fund and the increase in take-up across the authority areas.

RESOLVED:

That the report be noted.

28. Grove Park Modification and Future Ways of Working Update.

The Committee received a report of the Director of ESPO updating Members on the Grover Park Modification and Future ways of working. A copy of the report, marked 'Agenda Item 12', 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).

The Committee welcomed the report that set out the modifications that had been made to Grove Park's office space, and plans for future ways of working post-covid,

The Director advised that a separate report would be brought to the November Management Committee meeting to consider options regarding warehouse capacity.

RESOLVED:

That the report be noted.

[The meeting resumed in Public Session]

29. External Audit of the 2019/20 Financial Statements.

The Committee considered a report from the external auditors, Grant Thornton covering the 2019/20 Financial Statements, together with a letter of representation from the Consortium Treasurer. A copy of the report marked 'Agenda Item 5' is filed with these minutes.

The Chairman welcomed Avtar Sohal from Grant Thornton, to the meeting.

Arising from the discussion the following points were noted:-

- i. It was acknowledged that due to the impact of Covid-19 the audit had been completed later than usual. The audit had also been affected by a number of staff changes at ESPO, and the change in accounting standards from CIPFA to RFS 102.
- ii. ESPO had received an unqualified opinion as Grant Thornton (GT) had not been able to attend the stock check in person due to Government guidance at the time. This meant GT were unable to apply what was required by the Audit Standards. Members were reassured that the unqualified opinion was not unique to ESPO, and had occurred on other audits across businesses
- iii. The inability to take the 2019/20 stock take meant the 2020/21 and 2021/22 audit would also be affected, resulting in an unqualified opinion as there would not be an opening balance position. The Director assured Members that ESPO undertook frequent rolling counts throughout the year and in March 2021 completed a count of the warehouse as normal, that had been attended by GT, with no issues to report.
- iv. From testing GT had found one unadjusted misstatement which was not considered material, so an adjustment was not required. ESPO had completed the work to correct the issue however. GT also found some control weakness within the journal system, though errors were not found.

ESPO undertook the audit to give assurance to the Authorities and Members to ensure they were comfortable with the quality of the accounts.

Members felt it was unfortunate to have an unqualified report due to circumstances and as a result of the Government directive at the time rather than any failure on the part of the business. Members requested that a form of wording be added to external audit to express the opinion was unavoidable, and not due to any fault attributable to ESPO.

RESOLVED:

That the External Audit for 2019/20 be approved subject to qualification on the headline of the audit as discussed.

30. 2019/20 Financial Statements and Annual Governance Statement.

The Committee considered a report of the Director and Consortium Treasurer which reported on the 2019/20 Accounts and Annual Governance Statement. A copy of the report marked 'Agenda Item 6' is filed with these minutes.

Arising from the discussion the following points were noted:-

- i. The 2020/21 External Audit was scheduled for November so ESPO would expect the financial statements to be ready in early 2022. It was recognised that was quite delayed in comparison to local government schedules. This was primarily due to issue of capacity with the auditor who was focussed on local government deadlines, whereas ESPO was not governed by submission to a certain deadline.
- ii. The reference to bank interest payable related to the original purchase of Barnsdale Way. The bank loan repayment was managed through Leicestershire County Council Treasury team.
- iii. The Senior Management Team at ESPO were working through the Annual Governance Statement Self-Assessment and would evidence progress in the 2020/21 statement.

RESOLVED:

That the Statement of Accounts and Annual Governance Statement for 2019/20 be approved.

31. Proposed Changes to the Contract Procedure Rules.

The Committee considered a report of the Director, seeking approval to revised Contract Procedure Rules for ESPO which had been updated to align with those of the Servicing Authority. A copy of the report marked 'item 7', is filed with these minutes.

RESOLVED:

That the recommended revisions to ESPO's Contract Procedure Rules contained in Appendix B to the report, be approved.

CHAIRMAN

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