



Minutes of a meeting of the ESPO Finance and Audit Subcommittee held at County Hall, Glenfield on Wednesday, 2 February 2022.

PRESENT

Cllr. M. Watson – Warwickshire County Council  
 Cllr. S. Rawlins – Lincolnshire County Council  
 Cllr. B. Goodliffe – Cambridgeshire County Council

Apologies

Apologies were received from Cllr. S. Clancy (Norfolk County Council), Dr. K. Feltham CC (Leicestershire County Council), Cllr. A. Coles (Peterborough City Council) and Cllr. P. Butlin (Warwickshire County Council) who was substituted by Cllr. M Watson.

In attendance

ESPO

Mr. K. Smith - Director  
 Mr. D. Godsell – Assistant Director  
 Mr. D. Goodacre – Financial Director

Leicestershire County Council

Mr. D. Keegan – On behalf of Consortium Secretary  
 Mr. N. Jones – Head of Internal Audit  
 Mr. M. Davis – Audit Manager  
 Ms. C. Tuohy – Democratic Services Officer

107. Appointment of Chairman.

It was agreed that Cllr. M. Watson be appointed Chairman for the meeting.  
Cllr. M. Watson in the Chair

108. Minutes.

The minutes of the meeting held on 26 May 2020 were taken as read, confirmed and signed.

109. 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

110. To advise of any other items which the Chairman has decided to take as urgent elsewhere on the agenda.

There were no urgent items for consideration.

111. Progress against Internal Audit Plan 2021-2022.

The Subcommittee received a report of the Consortium Treasurer outlining the progress made against the Internal Audit Plan for 2021-22. A copy of the report, marked 'Agenda Item 5', is filed with these minutes.

The Subcommittee was advised that there was one legacy partial opinion in respect of the 2020-21 credit control audit. Members were pleased to note good progress had been made on testing to date and that an update would be provided at a future meeting on whether recommendations had been addressed.

Members noted the continued importance regarding Cyber Security and the ongoing work as part of the Audit plan.

The Internal Audit Service did not have the resource to audit all areas of ESPO, instead the plan took a pragmatic approach to focusing on high risks to ESPO and its owners, such as the deferred rebate income audit.

RESOLVED:

That the report and information now provided be noted.

112. Annual Internal Audit Plan 2022-2023.

The Subcommittee received a report of the Consortium Treasurer on the Annual Internal Audit Plan 2022-23. A copy of the report, marked 'Agenda Item 6', is filed with these minutes.

The Subcommittee was informed that the ESPO Senior Management Team met regularly with the Consortium Treasurer and the Head of Internal Audit at Leicestershire County Council to review the findings of audits. Any high assurance recommendations found would be shared with Members.

Members noted that nationally accounts payable was a key area for consideration, given remote working and the risk of bank mandate fraud. On a local level some errors had been detected and corrected by ESPO, so it was felt important to run a data analytic tool on the system to check for any potential duplicate addresses.

In response to queries Members were assured that there was separation of duties in relation to purchase order raising and invoices, and that procedures were being toughened up where possible.

RESOLVED:

That the Subcommittee support the methodology used as a basis for development of the internal audit plan and that the Annual Internal Audit Plan 2022-23 be recommended for approval at the Management Committee on 16 March 2022.

113. Exclusion of the Press and Public.

That under Section 100A of the Local Government Act 1972, the public be excluded for the remaining item of business on the grounds that it involves the likely disclosure of exempt information as defined in Paragraphs 3 and 5 of Part 1 of Schedule 12A of the Act and that, in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

114. Financial Performance Update Year to November 2021.

The Subcommittee received an exempt report of the Director and Consortium Treasurer outlining the financial performance year to November 2021. A copy of the report, marked 'Agenda Item 9', is filed with these minutes.

The 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 were noted:-

- i. It was reported that ESPO was on track to exceed a surplus of £5.1m, ahead of what had been budgeted and the previous year's performance, and was estimated at the higher end of the £5.1million to £5.7million, which Members welcomed.
- ii. There remained volatility in the energy market as a result of international circumstances. Members were pleased to note that its energy buying strategy had protected its customers from exposure to price hikes to date and that ESPO communicated regularly with its customers about risk and pricing as it was recognised that could only be managed to a certain extent.
- iii. ESPO's framework range included charging infrastructure and specialist vehicles, including electric vehicles. They had been affected slightly due to the worldwide shortage in semiconductors, however, were expected to perform positively once stocks improved.

RESOLVED:

That the report be noted.

115. Budget 2022/23

The Subcommittee received an exempt report of the Director and Consortium Treasurer outlining the A copy of the report, marked 'Agenda Item 10', is filed with these minutes.

Arising from the discussion the following points were noted:-

- i. ESPO was aligned to Leicestershire County Council's pay grade structure, which exceeded the living wage, and warehouse operatives would be paid £11.50 an hour from April 2022. Pressures on recruitment were recognised following the United Kingdom's exit from the European Union, however it was felt ultimately ESPO had a good employment offer that was attractive.
- ii. Inflation was recognised as a key risk for ESPO and the impact it may have on the public sector and their discretionary spend.
- iii. The My School Fund was a major initiative for ESPO and it needed to ensure it continued to work with schools to communicate the project to parents, to recognise that it benefitted both parents and schools.
- iv. It was queried whether there were any supply chain issues in relation to the introduction of the UKCA mark, following the United Kingdom's Exit from the European Union, with Members having noted other fire and electric companies

needed to get items recertified, though the current deadline had been extended for 12 months.

RESOLVED:

That the following be supported for approval by the Management Committee on 16 March 2022.

- a) Agreement of the 2022/23 Budget which incorporated the recommended revenue budget totalling a surplus of £5.7million.
- b) Approval of the 2022/23 capital programme totalling £310,000.
- c) That the level of reserves as set out in paragraph 80 be noted and that the use of those earmarked fund be agreed.

116. Date of next meeting.

RESOLVED:

It was noted that the next meeting of the Committee would be held on 11 May at 10.30am.

CHAIRMAN

02 February 2022