



Minutes of a meeting of the ESPO Finance and Audit Subcommittee held at County Hall, Glenfield, Leicestershire on Wednesday, 12 February 2025.

PRESENT

Mrs. S. Rawlins CC (in the Chair)
Mrs. M. Wright CC – Leicestershire County Council
Cllr. P. Butlin – Warwickshire County Council
Cllr. J. James – Norfolk County Council
Cllr. M. Jamil – Peterborough County Council

Apologies

Cllr. N. Shailer – Cambridgeshire County Council

In Attendance

ESPO

Kristian Smith – Director
Gary Tapp – Commercial Financial Controller

Leicestershire County Council

Simone Hines – Consortium Treasurer
Neil Jones – Head of Internal Audit and Assurance
Matt Davis – Audit Manager
Rosemary Whitelaw – Head of Democratic Services
Angie Smith – Democratic Services Officer

28. Minutes of the previous meeting.

The minutes of the meeting held on 13 November 2024 were taken as read, confirmed and signed.

29. 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.

30. Urgent items.

There were no urgent items for consideration.

31. Internal Audit Service - Progress Against the 2024-25 Internal Audit Plan.

The Sub-Committee considered a report of the Consortium Treasurer which provided a summary of work undertaken by Leicestershire County Council's Internal Audit Service (LLCIAS) during the period 1 April 2024 to 29 January 2025. A copy of the report marked 'Agenda Item 4' is filed with these minutes.

Members were pleased to note there were no high or legacy recommendations and were reassured in terms of the timing of audits.

The motion was moved by Mrs. Rawlins and seconded by Mrs. Wright.

RESOLVED:

- a) That progress against the 2024-25 Plan be noted.
- b) That there were no high importance recommendations within the Committee's domain to be noted.

32. Annual Internal Audit Plan 2025-26 and Plans for Implementing New Internal Audit Standards.

The Sub-Committee considered a report of the Consortium Treasurer, which sought approval of the ESPO Internal Audit Plan 2025/26, and provided information of the Head of Internal Audit Service's plans for implementing the Global Internal Audit Standards (GIAS) in the UK Public Sector from 1 April 2025. A copy of the report marked 'Agenda Item 5' is filed with these minutes.

Arising from discussion, the following points were made:

- i. Officers were confident the plan provided for a wide range of audits, which addressed the three main areas the HoIAS was required to give an opinion on, namely, governance, risk management and internal control, such as, cyber security, the application of the revised procurement regulations, and counter fraud. Included in the plan was a contingency for any emerging issues which provided a degree of flexibility.
- ii. The last external quality assessment took place in the Spring of 2024, and was undertaken by an independent, objective assessor. The outcome of "generally conforms" to the Public Sector Internal Audit Standards was reported to the November 2024 Finance and Audit Sub-Committee meeting. Any actions from the assessment would be fed into the new GIAS, therefore a gap analysis between old and new standards was being undertaken.
- iii. Regarding the CIPFA report at Appendix 2, page 33, officers reassured Members that suggested questions for audit committee members could be answered confidently and positively by officers, with some work required for question five on the committee's role in reviewing its own effectiveness.
- iv. In response to a question, it was noted that internal audit standards were quite stringent, and when the revised internal audit standards were introduced, CIPFA had adopted them and sought to bridge between the two. It was suggested by officers that the Code of Practice for Governance was focused on assuring the strength of audit committees.

The motion was moved by Mrs. Rawlins and seconded by Mrs. Wright.

RESOLVED:

- a) That the ESPO Internal Audit Plan for 2025-26 be approved.
- b) That the Head of Internal Audit Service's plans for implementing the Global Internal Audit Standards in the UK Public Sector from 1 April 2025 be noted.
- c) That the Sub-Committee delegate approval of the internal audit strategy and internal audit charter to the Director of ESPO and the Consortium Treasurer and Secretary, following consultation with the Chairman of the Sub-Committee.

33. Contract Procedure Rules Relating to the Procurement Act 2023.

The Sub-Committee considered a report of the Director which sought approval for the submission of the Contract Procedure Rules (CPRs) relating to the Procurement Act 2023 (the Act). A copy of the report marked 'Agenda Item 6' is filed with these minutes.

The motion was moved by Mrs. Rawlins and seconded by Cllr. James.

RESOLVED:

That the CPRs detailed at Appendix A to the report, which governed procurements under the Act, be approved.

34. Date of next meeting.

RESOLVED:

It was noted that the next meeting of the Sub-Committee would be held on 8 October 2025 at 10.30am.

35. Exclusion of the Press and Public.

RESOLVED:

That under Section 100(A) of the Local Government Act 1972 the public be excluded from the remaining item of business on the grounds that it will involve the likely disclosure of exempt information during the 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 of maintaining the exemption outweighs the public interest in disclosing the information.

36. Financial Performance Update - Nine Months to December 2024.

The Sub-Committee considered an exempt joint report of the Director and the Consortium Treasurer which provided an update on the financial performance of ESPO for the nine months to December 2024. A copy of the report marked Agenda Item 10 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 discussion, Members asked questions on the following:

- i. With the contracting market, when officers believed the market would recover.
- ii. The impact of government settlements and requirements to look at tax rates, National Insurance implications, the pressure on local authority costs, minimum wage, inflationary costs, and other expenditure implications.

The motion was moved by Mrs. Wright and seconded by Cllr. James.

RESOLVED:

That the update provided on the financial performance of ESPO for the nine months to December 2024 be noted.

37. Budget 2025/26.

The Sub-Committee considered an exempt joint report of the Director and Consortium Treasurer which presented the budget 2025/26 and sought approval for its submission to the Management Committee for approval. 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 discussion, Members asked questions on the following:

- i. Contracting market pressures on direct sales.
- ii. The separation of different forms of waste.
- iii. The impact of extended procurement responsibility (EPR).
- iv. Organisations' reduction in overheads and its impact on budget projections.
- v. Impact of US markets.
- vi. Closure of private schools.
- vii. Use of electric vehicles.
- viii. The difference between servicing urban and rural customers, with changes to rural grants.

The motion was moved by Cllr. James and seconded by Cllr. Butlin.

RESOLVED:

That the 2025/26 budget submitted to the Management Committee be approved.

38. Risk Review.

The Sub-Committee considered an exempt joint report of the Director and Consortium Treasurer, which provided an overview of ESPO's risk landscape. 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).

Arising from discussion, Members asked questions on the following:

- i. Exposure of both internal and external bought-in services to IT outage.
- ii. The threats and opportunities presented by Artificial Intelligence.

The motion was moved by Cllr. Jamil and seconded by Cllr. James.

RESOLVED:

That the overview of ESPO's risk landscape be noted.

10.30 to 11.50am
12 February 2025

CHAIRMAN

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