



Date: 19th February 2019
My Ref CT/ESPO
Please ask for: Cat Tuohy
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To: Members of the ESPO Management Committee

Dear Member,

ESPO MANAGEMENT COMMITTEE

A meeting of the Management Committee will be held on Wednesday, 27 February 2019 as a Skype Meeting in Guthlaxton Committee Room, County Hall. The Chairman, Director, Consortium Secretary and officers presenting the reports will be present in the room.

Details on how to connect have been emailed to you with these papers. Please contact me on the number above if you have any queries.

Yours faithfully,

Cat Tuohy
for Consortium Secretary

AGENDA

Item

Report by

1. Minutes of the meeting held on 26 November 2018. (Pages 3 - 6)
2. To advise of any items that the Chairman has decided to take as urgent elsewhere on the agenda.
3. Declarations of interests in respect of items on this agenda.

4. Items referred by the Finance and Audit Subcommittee.

There are no specific items referred. The issues considered by the Subcommittee are covered in item 8 which appear elsewhere on the agenda. The Finance and Audit Subcommittee had considered the MTFS proposals and recommended the proposed MTFS for the period 2019 to 2013 be approved.

5. Director's Progress Update. Director (Pages 7 - 16)

6. Exclusion of the Public.

The public are likely to be excluded from the meeting during consideration of the following items of business in accordance with the provisions of Section 100 (A) (4) of the Local Government act 1972.

7. Supplementary Information Informing the Progress Report of the Director's Progress Update. Director (Pages 17 - 32)

8. Forecast Outturn 2018/19 and Draft MTFS 2019/20 - 2022/23 Director and Consortium Treasurer (Pages 33 - 90)

9. Date of Next Meeting.

The next meeting of the Committee is scheduled to take place on 19 June 2019 at 10.30am at County Hall.

10. Any other items which the Chairman has decided to take as urgent.



Minutes of a meeting of the ESPO Management Committee held at County Hall, Glenfield, Leicestershire on Monday, 26 November 2018.

PRESENT

Cambridgeshire County Council

Cllr. I. Bates
Cllr. M. Howell

Norfolk County Council

Cllr. J. Fisher

Leicestershire County Council

Dr. R. K. A. Feltham CC
Mr. R. Shepherd CC

Warwickshire County Council

Cllr. H. Timms
Cllr. P. Butlin

Lincolnshire County Council

Cllr. S. Rawlins

128. Appointment of Chairman for the Meeting.

RESOLVED:

In the absence of the Chairman and Vice Chairman it was moved, seconded and confirmed that Cllr S. Rawlins be elected Chairman for this meeting of the ESPO Management Committee.

Cllr S. Rawlins – In the Chair

129. Minutes.

The minutes of the meeting held on 12 September 2018 were taken as read, confirmed, and signed.

130. Urgent Items.

There were no urgent items for consideration.

131. Declarations of Interests.

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.

132. Change to the Order of Business.

The Chairman sought and obtained the consent of the Management Committee to vary the order of business from that set out in the agenda.

133. Director's Progress Update.

The Management Committee gave consideration to a report of the Director which provided an update of the actions and progress made since the previous ESPO Management Committee held on 12 September 2018. A copy of the report, marked 'Agenda Item 4', is filed with these minutes.

Arising from discussion the following points were noted:

- i) The call abandonment was still concerning with the peak abandonment rate of 20% against a target of 3%. ESPO were to visit Leicestershire County Council's Call Centre to see what lessons could be learnt. The review would look at both technological solutions and call handling methods.
- ii) ESPO were working with companies in the south-east to see if they would be able to store exercise books in order to avoid the issues of supply experienced over summer.
- iii) There had been a 15% decrease in absence compared to the same time the previous year. This was in part due to management of long term sickness and in the shorter term, weekly reporting of absence to the Senior Leadership Team meetings.
- iv) Half the vacancies held were in the warehouse, this was a deliberate policy to use agency staff.

RESOLVED:

The Director's Progress update report and information now provided be noted.

134. Exclusion of the Public

RESOLVED:

That under Section 100 (A) (iv) of the Local Government Act 1972 the public be excluded from the meeting for the following items of business on the grounds that it will involve the disclosure of exempt information as defined in the Act and that in all of the circumstances the public interest in maintaining the exception outweighs the public interest in disclosing the information.

135. Supplementary Information Informing the Director's Progress Update Report

The Committee received an exempt report from the Director which set out further supplementary information regarding the Director's Progress Update. A copy of the exempt report, marked 'Agenda Item 7', is filed with these minutes.

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

The Director advised the Committee of work that had been undertaken to improve the position regarding MSTAR² to move towards full compliance. The performance of

suppliers was being closely monitored and would inform the tendering process of MSTAR³.

RESOLVED:

That the report and supplementary information now provided be noted.

136. Market Changes Paper.

The Committee considered an exempt report of the Director on Market Conditions. A copy of the report, marked 'Agenda Item 8', is filed with these minutes.

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

RESOLVED:

That the report be noted.

137. Website Project Update Paper.

The Chairman advised that this item was being withdrawn to allow for further work to be done and an updated report would be submitted to a future meeting of the Management Committee.

The Committee moved back into public session.

138. Member Meetings - Use of Skype.

The Committee considered an report of the Head of Democratic Services at Leicestershire County Council on the use of Skype for meetings. A copy of the report, marked 'Agenda Item 5', is filed with these minutes.

Arising from the discussion members were advised as follows:

- i) The suggestion for moving meetings between the constituent authorities or meeting in a centrally located venue (previously agreed as Rutland) had been tried but had caused problems and did not address the need for members to travel.
- ii) There had been no further information regarding any new regulations from the Ministry of Housing, Communities and Local Government since the 'Connecting Town Halls' consultation ended in January 2017.
- iii) A physical meeting of either the Management Committee or Finance and Audit Subcommittee would be convened in February to consider the MTFs. A decision as to which of these would be convened would be taken nearer the time taking into consideration weather conditions.

RESOLVED:

- a) That the Chairman of the Committee be requested to write to the Rt Hon James Brokenshire, Secretary of State for Housing, Communities and Local Government

requesting that the Department look to amend legislation to allow Joint Committees to hold meetings via video conference.

- b) That the proposals outlined in the report regarding attended and Skype meetings of the Management Committee and Finance and Audit Subcommittee be approved.
- c) That the proposed change to the constitution allowing the Consortium Secretary to implement a decision taken at a Skype meeting in the event of no objection being received be approved.

139. Exclusion of the Public

RESOLVED:

That under Section 100 (A) (iv) of the Local Government Act 1972 the public be excluded from the meeting for the following items of business on the grounds that it will involve the disclosure of exempt information as defined in the Act and that in all of the circumstances the public interest in maintaining the exception outweighs the public interest in disclosing the information.

140. MTFS Monitoring for the First 6 Months of 2018-19.

The Committee considered an exempt joint report of the Director and Consortium Treasurer monitoring the Medium Term Financial Strategy against the first six months of trading in the 2018/19 financial year. 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).

RESOLVED:

That the report and financial position at the end of the first six months of trading be noted.

141. Date of Next Meeting.

It was noted that the next meeting of the Committee would be held on 27th February 2019 at 10.30am.

10.30 - 11.35 am
26 November 2018

CHAIRMAN

MANAGEMENT COMMITTEE – 27 FEBRUARY 2019

PROGRESS UPDATE

REPORT OF THE DIRECTOR

Purpose of the Briefing Note

- The purpose of this update is to inform Management Committee of the actions and progress made since the last Management Committee meeting held on 26 November 2018.

Overall Financial Performance

- Overall financial performance to December 2018 to date is outlined below:

Summary P & L

COMBINED PRELIMINARY RESULTS	YEAR TO DATE					
	ACTUAL		BUDGET		PRIOR YEAR	
	£000	%	£000	%	£000	%
SALES						
STORES	34,211.4		32,999.6		32,286.0	
DIRECT	14,404.3		13,929.3		13,110.4	
GAS	9,933.3		10,781.3		8,281.1	
CATALOGUE ADVERTISING	664.9		852.5		806.0	
REBATE INCOME	4,957.3		4,144.0		4,019.3	
MISCELLANEOUS INCOME	87.1		146.4		47.2	
TOTAL SALES	64,258.2		62,853.1		58,550.0	
TOTAL MARGIN	17,509.5		16,646.8		15,751.1	
TOTAL EXPENDITURE	14,137.9	22.0%	13,685.1	21.8%	13,009.5	22.2%
As % of Total Sales Excluding Gas		26.0%		26.3%		25.9%
TRADING SURPLUS	3,371.6	5.2%	2,961.7	4.7%	2,741.6	4.7%

- Overall trading surplus YTD is £410k ahead of budget and £630k ahead of last year.
- Total sales at £64.3m are ahead of budget by £1.4m.
- Store sales £1,212k ahead of budget and £1,925k favourable to last year. The key area of improvement has been in our sales of exercise books and white paper.
- Direct sales are £475k ahead of budget principally down to higher MOD sales.
- Rebates are £813k ahead of budget. The growth is also enabled by better collection enforcement and the benefits of our new framework CRM system that was developed in-house are being felt.

The balanced scorecard is attached at Appendix 1.

ESPO Operational Progress

3. In December ESPO processed £1.703m of customer orders making 12,597 deliveries. Warehouse picking was performed at a rate of 35 lines per hour, an improvement on the target of 32 lines per hour. The YTD average order value for stock orders was £161.75 which is £8.30 higher than this time last year. Operational and supply chain costs YTD are £7.831m against a budget of £7.460m, an increase on budget of £371k (5%). This is principally due to higher transport and distribution costs which includes YTD £86.2k overspend against budget on repair and maintenance to maintain the fleet of older vehicles. These are due to be replaced in Quarter 1 2019/20.
4. Fuel costs are up £22.3k on budget due to higher pump prices which have risen 8.2% in the last 12 months. Courier delivery costs have increased by £255k YTD over budget partly attributable to increased sales, particularly to 'out of area' locations. YTD courier deliveries are up 6,423 (8.2%) over last year and weight delivered up 336,000 kg (19.4%). Additional deliveries were made on couriers to expedite exercise books which came back into stock in October and through increased delivery frequency to certain regions. There was an accrual of £22k for electricity costs and a capital cost of £7.5k which will reverse in the forthcoming months.
5. In Customer Services there was a further improvement in the abandon call rate to an average of 3.8%. Across Customer Services, Directs and the Catalogue Admin the teams handled 5,897 telephone calls. Benchmarking visits have been made to Leicestershire County Council's call centre to look at performance indicators and the deployment of CRM and telephony systems. Following a review into ESPO's customer service teams a new structure management model is being planned for 2019, starting with the recruitment of a Customer Experience Manager to lead the ESPO call intake teams. This action plan will look to merge four customer facing teams into one with a view to improving the customer journey, to anticipate their needs and initiate process improvements across the organisation that delivers

enhanced customer satisfaction.

6. Order lines processed in October by Data Entry was 90,395. Online and electronic converted orders in December were at 53.3%. The online participation has risen 4.5% since April. Customer Service staff have been trained to handle calls from Eduzone customers and a member of staff who transferred from Eduzone has been appointed to a position in customer Services. We are looking at the feasibility of converting the large annual intake of school holiday orders to an electronic format in 2019.
7. The stock optimisation team improved product availability to 99.43% with 56 lines out of 9,871 temporarily unavailable; stock value is at £5.939m with a stock turn of 7.31. Preparations are under way to accommodate new lines and dispose of obsolete stock. A range of products from TTS have been withdrawn by the supplier (RM Group) and these will be returned to the supplier in April. Most of these products have been resourced from alternative suppliers by Product Managers.
8. Facilities management in December comprised of initiating annual service agreements for maintenance of plant and equipment. We completed the installation of new LED lights in the picking area underneath the mezzanine. Trials were carried out on new radio data terminal (RDT) and mobile printers from our warehouse management system provider Indigo. These offer a hands-free option through a ring scanner device which could lead to improvements in the physical picking process.
9. There were two accidents in December. The first involved a delivery driver who sustained a lower back strain in the course using a pump truck to move a pallet at a delivery point. The driver has been assessed for safe manual handling. We are considering different types of mobile lifting equipment which may help to reduce this type of incident. The second was a lower back strain sustained by a warehouse sorter whilst lifting a pack of duvets. This has become a RIDDOR as it incurred over seven days lost time. An investigation was conducted which identified poor manual handling technique, despite the member of staff having received a refresher training course in manual handling techniques two days prior to the incident.
10. Further training is planned for all staff involved in manual handling and 'train the trainer' courses to enable supervisors to train and mentor warehouse staff. We have refreshed the health and safety strategy which is underpinned with a service level agreement with Leicestershire County Council. This comprises of four pillars: safe systems of work, staff training, document control and reporting structures. This model helps to align the health and safety work activity. Through a detailed project plan, health and safety compliance is reviewed weekly by the Leadership Team, and a minuted monthly meeting.
11. The catalogue management group now oversee the production of the catalogue portfolio. For 2019/20 this comprises the main catalogue with a primary and secondary school wrapper; an Early Years, Eduzone catalogue and a Corporate catalogue. The warehouse range now includes tea, coffee

and ancillary drinks products which customers can have delivered with their normal ESPO order. The Early Years catalogue content has been merged with the Eduzone range and additional lines have been added in the office, janitorial and craft sectors. The pagination of the main catalogue has been reduced to 1,608 pages by transferring products to the Early Years and Corporate catalogue range. Through these actions and by matching the catalogue to customer segments the team have been able to reduce overall print and distribution costs by £58k.

12. ESPO has been considering its warehouse storage requirements ahead of the 2019 peak trading and being mindful of potential supply disruption caused through Brexit. For a period leading into, during and shortly after the call on ESPO's warehouse space is at its greatest as we seek to ensure maximum product availability for customers and to create a safe working environment in the warehouse. We have been exploring options for temporarily storing pallets externally for this period and are considering options at ports, via excess capacity at Kent County Supplies. This is for circa 3,000 pallets at circa £50k cost and in line with current budgets.

Staffing

13. A HR dashboard provides the Leadership Team of a 'health check' on its people analytics and the amount of work that is being progressed and is being incorporated into ESPO's balanced scorecard.
14. Sickness absence continues to be well managed, despite the small seasonal increase that can be seen in December's figures. These statistics remain encouraging and HR are still working with managers to implement appropriate support plans to help individuals return to work in a timely manner. This includes a small number of employees who have recently been diagnosed with potentially serious health issues that may not be easily or quickly resolved, but we will continue to work closely with.
15. Recent recruitment activities have also been extremely successful. A large number of quality applications were received for the Non-Executive Director post which will join the Board of ESPO Trading Limited and we are also witnessing a lot of interest for our nationally hard to recruit positions within Procurement. This interest has followed a number of promotion activities on the LinkedIn website and also the creation of links with local universities which focusses on recruiting to our graduate and trainee posts. This promotion of ESPO as an employer of choice is now resulting in an increase to the number and quality of job applications being received and we aim for this to continue and be built upon over the forthcoming year.

ESPO Risk and Governance Update

Health, Safety, Wellbeing and Facilities Management & Corporate Risk Register

16. The ESPO Leadership Team held its quarterly review of Health, Safety and Wellbeing and Major Risk Records (MRRs) and the top risks are attached at Appendix 2.
17. The one outstanding audit recommendation relating to MSTAR2 was discussed at the Finance and Audit subcommittee with the recommendation to Management Committee that the action now be closed.

Resources Implications

None arising directly from this report.

Recommendation

Members are asked to note and support the contents of this report.

Officer to Contact

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Appendices

Appendix 1: Balanced Scorecard
Appendix 2: CRR extract

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ESPO

Risk Ref	Risk Description	Consequences / Impact	Risk Owner	Original Risk Score Impact	Original Risk Score Likelihood	Original Risk Score	Risk Action Tolerate / Treat / Transfer / Terminate	List of Key Current Controls / Actions Embedded and operating soundly	Risk indicators to be used to monitor the risk	Current Risk Score (as at 30/08/18) Impact	Current Risk Score (as at 30/08/18) Likelihood	Current Risk Score	Risk Action Tolerate / Treat / Transfer / Terminate	Further Action / Additional Controls	Action Owner	Action Target Date	Q3 Comments / Updates
5	Sustained failure to attract or retain quality staff	<p>1. Unable to provide the range of services that customers expect due to a shortage of suitable staff</p> <p>2. Unacceptable standard of service to customers results in lower sales or even trading losses.</p> <p>3. A failure to provide accurate and timely information for decision making.</p> <p>4. A failure to act on information to correct faults/errors/market changes etc</p> <p>5. No longer considered a "centre of excellence"</p> <p>6. Could lead to a loss of business volumes and/or sustained trading losses</p> <p>7. Reputational risk to the business</p> <p>8. The Office for National Statistics show that the average wage costs per hour has increased by 3.1% for the first quarter of 2016 whereas the LCC pay award has been agreed at 1% pay for 2017/18 (for those not affected by the national living wage)</p>	HR Partner	4	3	12	Treat	<p>1. Where appropriate salary progression linked to professional development.</p> <p>2. Maintain level of remuneration competitive in the local marketplace</p> <p>3. Commitment to staff training and development with support from Leicestershire County Council</p> <p>4. Good working environment</p> <p>5. Flexible working time arrangements were appropriate</p> <p>6. Maintaining a strong reputation as a market leader</p> <p>7. Ensure structures reflect customer demands, and allows for progression</p> <p>8. The HR Administrator conducts exit interviews for the HR Business Partner to identify trends which the Leadership Team can take into consideration when reviewing this risk</p> <p>9. To review how and where posts are advertised, if appropriate</p> <p>10. Utilise recruitment agencies to carry out assist in filling the vacancy; noting there will be an increase in recruitment costs</p> <p>11. Employees who receive CIPS training to sign a legal document which will result in them paying back their training fees over a set time period to assist in retaining staff</p> <p>12. Continue to work with universities/colleges to continue to be considered a 'centre of excellence'</p>	<p>1. Staff turnover trends to be reviewed and analysed</p> <p>2. Exit questionnaire trends to be identified in order to have a better understanding of why ESPO staff are leaving.</p> <p>3. Vacancy trends to be reviewed and analysed</p> <p>4. The creation of The People Strategy and revised values & behaviours</p>	4	3	12	Treat	<p>1. Promotions of ESPO as a good employer via website and social media.</p> <p>2. Links to be developed with Universities and apprentice providers over entry routes.</p>	HR Partner	31/03/2019	<p>01/08/2018 Current risk score reduced 12.13% in previous 12 months - staff turnover currently at 11%.</p> <p>1. HR dashboard has been created since Jan 2018 and reports on staff turnover , vacancies and recruitment activities. - Done</p> <p>2. Exit Questionnaire report to go to LT every 6 months.</p> <p>3. Values and Behaviour employee engagement workshops have been undertaken and outcomes produced.</p> <p>4. Vacancy report goes to LT every month (on the back of the HR dashboard)</p> <p>27/11/2018 Market premia payments for warehouse staff to be extended.</p> <p>6. Impact of Brexit discussion being analysed on agency staff availability.</p> <p>7. Apprentices being created to help fill gaps and create career progression routes.</p>
25	Increased competition including Amazon	<p>1. Possible implications on business volume, reputation, new business and on trading results in the Catalogue business</p> <p>2. Through collaboration with CCS and YPO; CCS is dominating the management of such contracts (MFDs) including the management of the rebates; ensuring security of the income stream is becoming a threat to ESPO's business model.</p> <p>3. Amazon: moving deliberately into the public sector space, and focussing on education as a key are, Amazon have expressed interest widely within the market place at becoming more than an ad hoc supplier to schools of all levels, expressing their intention to partner with, or secure suppliers who have tailored offering for the sector.</p>	Director	5	4	20	Treat	<p>1. Working with suppliers and customers to improve the 'offering', facilitating this relationship through capturing and using business intelligence and managing this 'knowledge'.</p> <p>2. Continue seeking efficiencies through international sourcing</p> <p>3. Amazon: Continue to market our 'not for private profit' credentials and continue to craft our ranges to offer the very best solution to all tiers of education from our stock and directs position. To explore collaboration with our PBO neighbours to ensure opportunities are not missed in securing market share dominance on key lines such as paper, glue sticks and exercise books.</p> <p>4. Website Development.</p>	<p>1. Changes to key customers' buying (as highlighted at Weekly Trading)</p> <p>2. Fluctuations in rebate income (as highlighted at Weekly Trading)</p> <p>3. Stalling of e-commerce uptake trends (as highlighted in IT update)</p> <p>4. Amazon: Reduction in traditional stationery and direct electrical item sales at category level.</p> <p>5. Termly customer research and feedback</p>	5	2	10	Treat	<p>1. Review loyalty scheme – increased requirement on income streams</p> <p>2. Robust sales and marketing strategy to be developed to reflect the heightened competition in this sector and to support the revised MTFs.</p> <p>3. Review of Customer Offer</p> <p>4. MATs package</p> <p>5. Review termly research.</p>	Director	Sep-18	<p>13/06/2018 Amazon added to Consequences/Impact, Controls / Actions- and Risk Indicators.</p> <p>05/09/2018 Reviewed - minor edits.</p> <p>04/10/2018 Reviewed - updated key controls, risk indicators and further actions.</p>

ESPO

Risk Ref	Risk Description	Consequences / Impact	Risk Owner	Original Risk Score Impact	Original Risk Score Likelihood	Original Risk Score	Risk Action Tolerate / Treat / Transfer / Terminate	List of Key Current Controls / Actions Embedded and operating soundly	Risk indicators to be used to monitor the risk	Current Risk Score (as at 30/08/18) Impact	Current Risk Score (as at 30/08/18) Likelihood	Current Risk Score	Risk Action Tolerate / Treat / Transfer / Terminate	Further Action / Additional Controls	Action Owner	Action Target Date	Q3 Comments / Updates
33	Health and Safety compensation claims and fines.	Substantial claim made as a result of a Health and Safety event. Given the nature of the warehouse environment and the customer premises we operate in etc. it is possible these claims could be substantial. This could result in ESPO being placed at substantial risk of continuing in business due to level of damages paid and reputational impact.	Director	4	4	16	Treat	<ol style="list-style-type: none"> Ownership by the Director Dedicated Health and Safety Officer & Senior H&S Advisor. Risk assessments, safe systems of work. Incident, accident and near miss reporting recorded on Assess-net allowing for overview and enhancing ability to determine actions to mitigate future risk Investment in safety equipment Regular Health and Safety Committee meetings (Director to review minutes) Internal Audit assessment Regular Health and Safety walkabouts Standard update item at monthly Leadership Team (LT) Officer at quarterly LT Risk Meetings 	<ol style="list-style-type: none"> Health and Safety Walkabout actions Internal Audit reports Staff Surveys Record of Health and Safety events and actions taken and recorded on Servicing Authority's Assess-net 	4	3	12	Treat	<ol style="list-style-type: none"> 3rd Party Independent Assessment Health and Safety culture embedded throughout the organisation Response to public ' ' to be considered in Health and Safety planning e.g. Grenfell Towers Appoint H&S advisor via LCC SLA. Investment in new reach trucks with additional safety features and more driver aids. Plans to recruit more permanent reach truck drivers. 	AD Operations	See Comments 1.March 2019 2.Feb 2019 3.Jan 2019	05/09/2018 Reviewed - List of current control sammended, removed point 10 (1. All LT received specific training in Health & Safety) 06/12/2018 Updated further actions. Targets: 1. Introducing mesh-decks on the pallet racking to reduce probability of push-throughs. 2. Installing CCTV into the bulk store to enable route cause analysis on incidents. Also to assist with training. 3. Programme of document control being rolled out to enable electronic retrieval of safety documents.
63	Exiting EU	<ol style="list-style-type: none"> 'Within year' increases in buying prices due to higher import costs could reduce margins - possible failure to suppress 'cost of sales' target and impact on international sourcing programme Year on year buying price increases put pressure on margins/competitiveness Inflation could reduce discretionary spend by customers - reduced sales Extension to austerity or further cuts in public finances - impact on customer spending Threat to achieving MTFS Competition benchmark reset Post Brexit tariffs Supply chain disruption Potential increase in business failures Changes to EU procurement law 	Director	4	4	16	Treat	<ol style="list-style-type: none"> Aim to resist price increase 'within year' Mitigate increases through competition, re-sourcing, extensions Support sales through targeted promotion and marketing Factor in changes to the MTFS Competition position on pricing and Brexit pass through Strategic supplier engagement 	<ol style="list-style-type: none"> Review YPO catalogue to consider market reaction to price increases Seek to pass through but still observe pricing position Top 30 suppliers accounting for 50% of catalogue business on Creditsafe weekly 'alert' (automatic notification of change in status) 	4	3	12	Treat	<ol style="list-style-type: none"> Workforce Strategy agreed Yearly commercial plan in place. Understanding of where goods come from EU through supplier engagement. 	Director	Ongoing	01/10/2018 reviewed -updated further controls and consequences.
75	Web Site Project	Failure to update our website will result in competitive advantage given to our competitors.	AD Finance & IT	4	4	16	Treat	Mitigation is through project team delivery.	Project Team Updates.	4	3	12	Treat	Cloosde liaison with LCC CIO, Procurement and Transformation Team.	AD Finance & IT	Dec-18	30/11/2018 Reviewed - Updated

Management Summary Dec 18

Management Summary

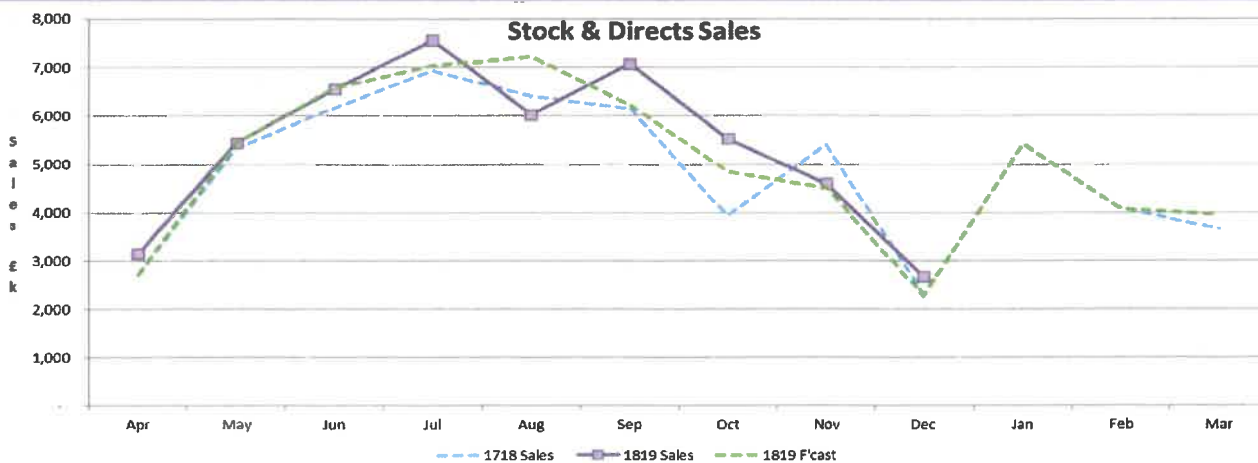
	Actual	Budget /LY	Var	YTD Actual	YTD Var
Stores Sales	£1,703,322	£1,510,129	↑ 12.8%	£34,211,430	↑ 3.7%
Direct Sales	£968,424	£788,963	↑ 22.7%	£14,404,256	↑ 3.4%
Rebate plus fee income	£513,200	£180,100	↑ 185.0%	£5,021,300	↑ 21.2%
Total Sales (Exc Gas)	£3,202,015	£2,495,803	↑ 28.3%	£54,324,963	↑ 4.3%
Stores Margin %	27.46%	30.00%	↓ -2.54pp	28.16%	↓ -0.52pp
Directs Margin %	13.90%	13.50%	↑ 0.40pp	13.20%	↑ 0.46pp
Total Gross Margin inc Consumables Cost	£1,159,866	£783,603	↑ 48.0%	£17,509,473	↑ 5.2%
Total Expenditure	£1,551,835	£1,391,489	↓ -11.5%	£14,137,884	↓ -3.3%
Surplus	£-391,969	£-607,886	↑ £215,917	£3,371,589	↑ £409,897
Net Profit Margin %	-12.24%	-24.36%	↑ 12.11pp	6.21%	↑ 0.52pp
Operations cost as a proportion of sales	52.9%	60.1%	↑ 7.19pp	23.0%	↑ 0.45pp
Expenditure as a proportion of Gross Margin	133.8%	177.6%	↑ 43.78pp	80.7%	↑ 1.46pp

	Actual	Budget /LY	Var	YTD Actual	YTD Var
Eduzone Sales	£39,123	£30,000	↑ 30.4%	£386,315	↑ 1.2%

Customer Order KPI's

	TY YTD	LY YTD	Var
AOV	£161.75	£153.46	↑ £8.30
Prop of orders over £15	96.9%	96.8%	↑ 0.14pp

Graph - Sales vs. Forecast



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By virtue of paragraph(s) 3, 10 of Part 1 of Schedule 12A of the Local Government Act 1972.

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