



EASTERN SHIRES
PURCHASING
ORGANISATION

A LOCAL AUTHORITY PURCHASING AND DISTRIBUTION CONSORTIUM

CONSORTIUM SECRETARY: JOHN SINNOTT, MA, Dipl. P.A.,
CHIEF EXECUTIVE, LEICESTERSHIRE COUNTY COUNCIL

Date: 11 June 2019
My Ref: CT/ESPO
Please ask for: Cat Tuohy
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e-mail: cat.tuohy@leics.gov.uk

To: Members of the ESPO Management Committee

Dear Member,

ESPO MANAGEMENT COMMITTEE

A meeting of the Management Committee will be held on Wednesday, 19 June 2019 at 10.30 am in Guthlaxton Committee Room, County Hall, Glenfield, Leicestershire.

A buffet lunch will be provided after the meeting. Please telephone or email me (details above) to confirm that you require lunch and, if so, whether you have any special dietary requirements.

Yours faithfully,

Cat Tuohy
for Consortium Secretary

AGENDA

Item

Report by

1. Appointment of Chairman.

Cllr. Rawlins has been nominated to be Chairman for the municipal year ending April 2020.

2. Appointment of Vice Chairman.

3. Minutes of the meeting held on 27 February 2019.

(Pages 3 - 6)

4. To advise of any items that the Chairman has decided to take as urgent elsewhere on the agenda.

5. Declarations of interests in respect of items on this agenda.
6. Items referred by the Finance and Audit Subcommittee.

The issues considered by the Subcommittee are covered in items 11, 15 and 16 which appear elsewhere on the agenda.

- | | | | |
|-----|--|-----------------------------------|-------------------|
| 7. | PricewaterhouseCoopers (PwC) External Audit Plan 2018/19 | | (Pages 7 - 8) |
| 8. | Director's Progress update. | Director | (Pages 9 - 18) |
| 9. | Exclusion of the Public. | | |
| | The public are likely to be excluded during consideration of the following items in accordance with Section 100(A)(4) of the Local Government Act 1972 (Exempt Information). | | |
| 10. | Directors Progress Update - Private | Director | (Pages 19 - 30) |
| 11. | Draft Outturn 2018/19 | Director and Consortium Treasurer | (Pages 31 - 40) |
| 12. | ESPO Website Project Update. | Director and Consortium Treasurer | (Pages 41 - 48) |
| 13. | Planning to Sustain Growth. | Director | (Pages 49 - 98) |
| 14. | Proposed Amendments to the Contract Procedure Rules | Director | (Pages 99 - 158) |
| 15. | Annual Internal Audit Plan 2019-20 | Consortium Treasurer | (Pages 159 - 164) |
| 16. | Internal Audit Service - Annual Report 2018/19 | Consortium Treasurer | (Pages 165 - 194) |
| 17. | Date of Next Meeting. | | |

The next meeting of the Committee is scheduled to take place on 19 September at 10.30am at ESPO, Barnsdale Way, Grove Park, LE19 1ES.

18. 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 on Wednesday, 27 February 2019.

PRESENT

Cllr D. Seaton – Peterborough City Council (in the Chair)

Cambridgeshire County Council

Cllr. M Howell (On-line)

Norfolk County Council

Cllr. J. Fisher (On-line)

Leicestershire County Council

Mr. R. Shepherd CC

Dr. R. K. A. Feltham CC (On-line)

Warwickshire County Council

Cllr. H. Timms (On-line)

142. Minutes.

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

143. Urgent items.

The Chair advised that he had not been notified of any urgent items for consideration.

144. 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.

145. Director's Progress Update.

The Committee considered to a report of the Director which provided an update of the actions and progress made since the previous Committee held on 26th November 2018. A copy of the report, marked 'Agenda Item 5', is filed with these minutes.

Arising from discussion the following points were noted:

- i) Call abandonment had improved significantly and stood at 3.8% against a target of 3%. Following difficulties earlier in the year the schools affected had been contacted and offered a discount. The recent Feefo ratings showed that ESPO was still in the Gold Category suggesting the impact had been marginal;

- ii) The majority of the 56 product lines not immediately available were bespoke one-off items. Where unavailability affected 'lead items' there was a weekly review and action taken to address the problem.

RESOLVED:

- a) That the report and information provided be noted;
- b) That the outstanding high importance audit recommendation relating to MSTAR2 be now deemed to be dealt with and closed.

146. 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.

- Supplementary Director's Update
- Forecast Outturn 2018/19 and draft MTFS 2019-2023.

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

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).

In response to questions members were advised as follows:-

- i) Constituent authorities were able to access the Chartered Institute of Procurement and Supply training alongside ESPO staff. Currently Warwickshire have a member of staff on the course;
- ii) A Revised PID for the Website Project was being prepared and would be circulated to members. Recognising the significance of the website project it was intended to bring reports at each key milestone in the project so that the Management Committee would have the opportunity to consider and agree proposals.

RESOLVED

That the report and supplementary information now provided be noted.

148. Forecast Outturn 2018/19 and Draft MTFS 2019/20 - 2022/23

The Committee considered an exempt joint report of the Director and Consortium Treasurer concerning the forecast outturn for 2018/19 and the Medium Term Financial Strategy 2019 - 2023. 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 or business affairs of a particular person (including the authority holding that information)

The Committee was advised that the Finance and Audit Subcommittee had considered the report at its meeting on 6th February and its recommendations are set out in the report.

RESOLVED

- a) That the projected surplus of £4.7million for 2018/19 be noted and that it be agreed that should the projected surplus increase at outturn, that additional sum be earmarked to support the development of the ESPO E-Commerce Platform and IT Team;
- b) That the draft MTFS for the period 2019 -2023 be approved;
- c) That the proposed Capital Programme for 2019/2020 be approved.

149. Date of Next Meeting.

It was noted that the next meeting of the Committee would be held 19th June 2018 at 10.30am at County Hall, Glenfield.

CHAIRMAN

27 February 2019

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ESPO MANAGEMENT COMMITTEE – 19 JUNE 2019

EXTERNAL AUDIT OF THE 2018/19 FINANCIAL STATEMENTS

JOINT REPORT OF THE DIRECTOR AND CONSORTIUM TRESURER

Purpose of Report

1. To report the key findings from the external audit of the 2018/19 financial statements and to present the letter of representation from the Consortium Treasurer to the auditors.

Background

2. PricewaterhouseCoopers (PwC), the external auditors, are required to communicate the results of the 2018/19 audit of ESPO's financial statements to those charged with governance prior to certifying the statement of accounts.
3. At the time of writing this report the external audit report had yet to be finalised. It is anticipated that this will be done and circulated to members of the Committee by Friday, 14 June.
4. The PwC Auditor responsible for the audit will attend the Committee meeting on the 19 June to communicate any significant findings and answer any questions.

Recommendation

5. The Committee is asked to consider the external audit of the financial statements 2018/19.

Background Papers

6. None.

Officer to Contact

Mr K Smith – Director OF ESPO

Mr C Tambini – Treasurer to the Consortium

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MANAGEMENT COMMITTEE – 19 JUNE 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 27 February 2019.

Overall Financial Performance

- Overall financial performance to March 2019 is outlined below:

Summary P & L

COMBINED PRELIMINARY RESULTS	YEAR TO DATE					
	ACTUAL		BUDGET		PRIOR YEAR	
	£000	%	£000	%	£000	%
SALES						
STORES	44,072.5		42,580.0		41,441.3	
DIRECT	18,798.0		17,799.8		17,156.1	
GAS	15,684.2		14,375.1		13,887.4	
CATALOGUE ADVERTISING	823.9		920.0		915.8	
REBATE INCOME	7,449.6		6,650.0		6,608.2	
MISCELLANEOUS INCOME	155.9		195.0		102.1	
TOTAL SALES	86,984.1		82,519.9		80,110.9	
TOTAL MARGIN	23,978.6		22,719.7		21,587.2	
TOTAL EXPENDITURE	18,870.4	21.7%	18,152.8	22.0%	17,279.1	21.6%
As % of Total Sales Excluding Gas		26.5%		26.6%		26.1%
TRADING SURPLUS	5,108.2	5.9%	4,567.0	5.5%	4,308.1	5.4%

- Overall trading surplus is ahead of budget by £541k and last year by £800k
- Total sales at £87.0m are ahead of budget by £4.5m.
- Store sales £1.5m ahead of budget and £2.7m favourable to last year. The key area of improvement has been in our sales of exercise books and white paper as well as our Multi-Academy Trusts scheme and out of area sales growth.
- Direct sales are £1m ahead of budget principally down to higher MOD sales.
- Rebates are £0.8m ahead of budget. The growth has been enabled by better collection enforcement and through the use of our new framework CRM system that was developed in-house.

The balanced scorecard is attached at Appendix 1.

ESPO Operational Progress

3. In March ESPO processed £2.789m of customer orders making 17,478 customer deliveries. Warehouse picking was performed at a rate of 37 lines per hour, an improvement on the target of 32 lines per hour. The error rate detected by QA was 2.6% which is in line with expectations. The YTD average order value for stock orders was £154.02 which is £7.37 higher than this time last year. Operational and supply chain costs for the full year were £10.473m against a budget of £9.830m, an increase on budget of £643k. This is principally due to higher transport and distribution costs which includes YTD £103k 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. Courier delivery costs have increased by £358k YTD through an increase in sales, particularly to 'out of area' locations and additional deliveries to expedite exercise books which came back into stock in October. Full year Courier deliveries are up 6% attributable to increased stock sales (up £1.5m on budget), particularly to 'out of area' locations. We are looking at the mix of courier tariffs to establish if any savings can be made in this area. Fuel costs are up £33k YTD on budget due to higher pump prices. A non-budgeted vehicle replacement provision of £100k was added to the costs in March to provide for future replacements. Agency staff costs in March were £43k higher than budget, due in part to March stock sales being £225k above budget and to provide holiday cover. Total operational as a percentage of stores sales were 23.8%.
5. In Customer Services the abandon call rate was in line with target at 3%. Across Customer Services, Directs and the Catalogue Admin the teams handled 8,265 telephone calls, up 2,300 on February. ESPO's FEEFO customer service rating was 92% (gold standard). Order lines processed in

March by Data Entry was 131,886. Online and electronic converted orders in December were at 55.3%. The online participation has risen 6.5% since April 2018. Customer Service staff have been trained to handle calls from Eduzone customers and process invoices on the Sage system. Following a review into ESPO's customer service teams a new role of Customer Experience Manager has been recruited to lead ESPO's call intake and customer service teams. This role will be crucial to improving the customer journey, to anticipate customer needs and to coordinate process improvements across the organisation that delivers enhanced customer satisfaction.

6. The stock optimisation team improved product availability to 99.22% with 76 lines out of 9,871 temporarily unavailable; stock value was £7.021m an increase of £425k over February with a stock turn of 6.28. This includes exercise stock building in preparation for peak trading. We signalled in October that we have been considering 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 put in place an arrangement with Kent County Supplies to provide storage for up to 1750 pallets during this period. Costs will be circa £50k and in line with current budgets.
7. A stock take was conducted at the Leicester site and the out-bases at Felixstowe and Maidstone which hold stocks of exercise books. The results were within the budgeted tolerance.
8. Facilities management in March comprised a full site electrical installation condition report which tests wiring and fixed electrical equipment to check that they are safe, creating a hygienic secure pick zone for the recently introduced tea and coffee range and continuing installation of the mesh-decks in the bulk store racking, this is now 40% complete. The 'traffic light' system has been installed onto the loading docks to indicate that it is safe to move a vehicle onto or away from the loading dock.
9. There were five minor accidents in March. These comprised two bruises, two minor cuts to hand and one graze from a trip. Health and safety training during the month included a 'shift in focus' delivered to the three shifts in the warehouse by ESPO's health and safety advisor to reinvigorate the health and safety agenda; a risk assessment workshop delivered to seven warehouse section leaders as part of their ILM3 management course; counterbalance FLT refresher training in Wales; a one day SEMA managing rack maintenance training; and COSHH assessment training given to housekeepers.
10. A fire risk assessment was conducted at the Welsh depot and ESPO's lone working guidance documents were updated in conjunction with the sales team. An update to the site fire evacuation policy is being finalised using designated fire marshals to improve overall accountability.

11. A detailed project plan which sets out the health and safety compliance actions is reviewed weekly by the Leadership Team, and a minuted monthly meeting.
12. The 2019/20 catalogue portfolio was extended from two to five to reflect the need to differentiate ESPO's offer to its various markets. This year we have created an impactful range of catalogues which comprises the main ESPO catalogue of 1,608 pages with a primary and secondary school wrapper; an Early Years catalogue of 496 pages for nursery age groups; an Eduzone catalogue aimed at private sector customers which now combines janitorial and craft products in the nursey and childminding sectors and a Corporate catalogue of 688 pages aimed at non-school public sector customers. Whilst the ESPO catalogues were produced on time there was a need to reprint the Eduzone catalogue due to pricing errors. This resulted in a two week delay to the delivery plan and incurred additional printing costs. Following a review by internal audit this situation will be the subject of an HR process.

Staffing

13. Sickness absence continues to be well managed and decreases in the overall levels are still being maintained. The annual figures for 2018-19 show that ESPO have achieved a 16% reduction in sickness absence over the last year. HR still continue to work with managers to implement appropriate support plans to help individuals return to work in a timely manner.
14. A new staff appraisal process has recently been launched across ESPO. The Annual Performance Review (APR), will ensure that performance is closely managed alongside providing an opportunity for individuals to reflect on their potential and development needs. A new one-on-one guidance document has also been issued to managers, to further develop and enhance performance management techniques. These processes are also closely aligned to the ESPO organisational values, and these are now displayed throughout the building.
15. Changes to pay have now been implemented for all staff. Taking effect from 1 April 2019, these are in line with the national pay award as agreed between Leicestershire County Council and the relevant trade unions. Staff have seen a minimum 2% rise in their salaries, with no employees being financially disadvantaged. These changes have been broadly welcomed and no concerns have been raised as a result of the implementation.
16. Joint Consultative Committee (JCC) meetings are held bi-monthly between management representatives and trade unions (namely Unison and GMB). These meetings provide opportunities to openly discuss a number of different topics that affect staffing. These include Health & Safety updates (for example fire safety, training), commercial issues (for example sales figures, new investments in equipment) and HR matters (for example recent changes to pay, and our new performance appraisal system). These meetings are always

held in a positive manner and good working relationships with the trade unions are in place as a result.

- ESPO has planned to undertake a staff survey during the summer period. This survey will be in line with the forthcoming staff survey being undertaken by Leicestershire County Council which is due to take place during June. As this is the peak period of trading for ESPO, we will participate in August, after this high period of work completed. This should help encourage response levels from staff, and ensure that a broad representation of their thoughts are recorded.

Internal building signage

- The ESPO building has recently had a face-lift. The purpose for this has been to bring our values to life while also adding personality and professionalism and to modernise the building. We hope that you can all agree that this has been achieved and that the building is now a place to be proud of when showing around suppliers, customers and even prospective employees.





ESPO Risk and Governance Update

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

19. 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.

Resources Implications

None arising directly from this report.

Recommendation

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

Officer to Contact

Kristian Smith, Director
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Tel: 0116 265 7887

Appendices

Appendix 1: Balanced Scorecard
Appendix 2: CRR extract

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 Current Controls / Actions Embedded and operating soundly	Risk indicators to be used to monitor the risk	Current Risk Score (as at 31/12/17) Impact	Current Risk Score (as at 31/12/17) Likelihood	Current Risk Score	Risk Action Tolerate / Treat / Transfer / Terminate	Further Action / Additional Controls	Action Owner	Action Target Date	Q4 Comments / Updates
25	Increased competition including Amazon & CCS	1. Possible implications on business volume, reputation, new business and on trading results in the Catalogue business 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. 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.	AD Commercial	4	4	16	Treat	1. Working with suppliers and customers to improve the 'offering', facilitating this relationship through capturing and using business intelligence and managing this 'knowledge'. 2. Continue seeking efficiencies through international sourcing 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. 4. Website Development. 5. Use of BESA benchmarking for ongoing market share data. 6. Continue to make frameworks easier to access. 7. Develop ETL framework offering for diversity of customer base.	1. Changes to key customers' buying (as highlighted at Weekly Trading) 2. Fluctuations in rebate income (as highlighted at Weekly Trading) 3. Stalling of e-commerce uptake trends (as highlighted in IT update) 4. Amazon: Reduction in traditional stationery and direct electrical item sales at category level. 5. Termly customer research and feedback 6. Competitive mapping for frameworks, including new threats from Bloom and CCS expansion. 7. Staff migration to competitors.	5	2	10	Treat	1. Review loyalty scheme – increased requirement on income streams 2. Robust sales and marketing strategy to be developed to reflect the heightened competition in this sector and to support the revised MTFs. 3. Review of Customer Offer 4. MATs package 5. Review termly research. 6. Keep a close eye on developments in the market & particularly on CCS & Amazon.	AD Commercial	Sep-18	13/06/2018 Amazon added to Consequences/Impact, Controls / Actions- and Risk Indicators. 05/09/2018 Reviewed - minor edits. 04/10/2018 Reviewed - updated key controls, risk indicators and further actions. 06/03/2019 Risk and Action owner updated.Further Action/Additional Controls point 6. added. 25/03/2019 Original risk score reduced. 01/04/2019 Points 5, 6 & 7 added to List of Current Controls. Points 6 & 7 added to Risk indicators.
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	1. Ownership by the Director 2. Dedicated Health and Safety Officer & Senior H&S Advisor. 3. Risk assessments, safe systems of work. 4. Incident, accident and near miss reporting recorded on Assess-net allowing for overview and enhancing ability to determine actions to mitigate future risk 5. Investment in safety equipment 6. Regular Health and Safety Committee meetings (Director to review minutes) 7. Internal Audit assessment 8. Regular Health and Safety walkabouts 9. Standard update item at monthly Leadership Team (LT) Officer at quarterly LT Risk Meetings	1. Health and Safety Walkabout actions 2. Internal Audit reports 3. Staff Surveys 4. Record of Health and Safety events and actions taken and recorded on Servicing Authority's Assess-net	4	3	12	Treat	1. 3rd Party Independent Assessment 2. Health and Safety culture embedded throughout the organisation 3. Response to public ' ' to be considered in Health and Safety planning e.g. Grenfel Towers 4. Appoint H&S advisor via LCC SLA. 5. Investment in new reach trucks with additional safety features and more driver aids. 6. Plans to recruit more permanent reach truck drivers. 7. Programme of H&S training courses implemented	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. 04/03/2019 4. Health, Safety & Wellbeing Policy document created Nov 2018. 5. ESPO H&S Policy Statement Nvo 2018. 6. H&S Action Plan - Nov 18. 7. H&S SLA with LCC Jan 2019. 8. Compliance Action Plan reviewed weekly by LT Jan 2019. 9. Monthly HS&W review with LT. 03/06/2019 Point 7 added to further actions. 10. Specification for the 8 new LGVs delivered May 19 include additional safety features.
51	Space constraints in the context of ESPO growth ambitions - options for mitigating short and long	1. Unable to operate safely 2. Unable to process customer orders 3. Unable to store sufficient stock 4. The exercise book supply chain will require ESPO to purchase and store stock at an earlier stage in the cycle. This is estimated at circa 2,000 pallets. There is insufficient space at the ESPO warehouse.	AD Operations	4	4	16	Treat	1. Use of peak warehouse 2. Rationalise supplier base 3. Create more efficient storage regime 4. Create more efficient picking regime 5. Outside storage of exercise books at Felixstowe 6. Assess supplier holding stock 7. Extend the mezzanine floor 8. Introduce warehouse automation 9. Assess use of modular buildings on the ESPO site. 10. Modified supply chain for exercise books with production in Poland requiring less storage space at the Leicester Warehouse 01/08/218 11. Mitigation is through pursuing an off-sit, shared-user warehousing agreement with the supplier.	1. Racked space utilisation 2. Lines picked/packed per person per hour c.f. budget 3. Overall lines picked per day c.f. budget	4	3	12	Tolerate	No further action required	AD Operations	N/A	05/09/2018 List of current controls updated (point 10. added) - continuous consolidation of part pallets in the racking built into workflow 01/08/218 - new racking built on the mezzanine to accommodate Eduzone stock 01/08/2018 06/12/2018 Reviewed . Agreed temporary storage space off-site during peak trading April-July. Dec 2018 using KCS in Maidstone. 25/03/2019 Risk 73 (see obsolete tab) merged into risk 51. Original and current risk scores updated. 03/06/2019 Reviewed - no updates.

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 Current Controls / Actions Embedded and operating soundly	Risk indicators to be used to monitor the risk	Current Risk Score (as at 31/12/17) Impact	Current Risk Score (as at 31/12/17) Likelihood	Current Risk Score	Risk Action Tolerate / Treat / Transfer / Terminate	Further Action / Additional Controls	Action Owner	Action Target Date	Q4 Comments / Updates
63	Exiting EU	1. '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 2. Year on year buying price increases put pressure on margins/competitiveness 3. Inflation could reduce discretionary spend by customers – reduced sales 4. Extension to austerity or further cuts in public finances – impact on customer spending 5. Threat to achieving MTFS 6. Competition benchmark reset 7. Post Brexit tariffs 8. Supply chain disruption 9. Potential increase in business failures 10. Changes to EU procurement law	Director	4	4	16	Treat	1. Aim to resist price increase 'within year' 2. Mitigate increases through competition, re-sourcing, extensions 3. Support sales through targeted promotion and marketing 4. Factor in changes to the MTFS 5. Competition position on pricing and Brexit pass through 6. Strategic supplier engagement	1. Review YPO catalogue to consider market reaction to price increases 2. Seek to pass through but still observe pricing position 3. Top 30 suppliers accounting for 50% of catalogue business on Creditsafe weekly 'alert' (automatic notification of change in status)	4	3	12	Treat	1. Workforce Strategy agreed 2. Yearly commercial plan in place. 3. 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 - Delivery of new E Commerce Platform	Failure to update our website will result in competitive advantage given to our competitors. Also current Infor offering is not a core product for them and as such has a limited lifespan.	AD Finance & IT	4	4	16	Treat	Mitigation is through project team delivery.	Project Team Updates.	4	3	12	Treat	Close liaison with LCC CIO, Procurement and Transformation Team.	AD Finance & IT	Nov-20	30/05/2019 Reviewed - Updated

Management Summary Mar 19

Management Summary

	Actual	Budget /LY	Var	YTD Actual	YTD Var
Stores Sales	£2,858,847	£2,633,327	↑ 8.6%	£44,072,453	↑ 3.5%
Direct Sales	£1,621,021	£1,327,818	↑ 22.1%	£18,797,984	↑ 5.6%
Rebate plus fee income	£717,100	£1,037,700	↓ -30.9%	£7,449,600	↑ 12.0%
Total Sales (Exc Gas)	£5,210,255	£5,014,557	↑ 3.9%	£71,299,928	↑ 4.6%
Stores Margin %	43.16%	30.00%	↑ 13.16pp	28.86%	↓ -0.03pp
Directs Margin %	13.02%	13.50%	↓ -0.48pp	13.06%	↑ 0.16pp
Total Gross Margin inc Consumables Cost	£2,209,168	£2,050,007	↑ 7.8%	£23,978,603	↑ 5.5%
Total Expenditure	£1,729,007	£1,478,189	↓ -17.0%	£18,870,357	↓ -4.0%
Surplus	£480,160	£571,818	↓ -£91,657	£5,108,247	↑ £541,265
Net Profit Margin %	9.22%	11.40%	↓ -2.19pp	7.16%	↑ 0.46pp

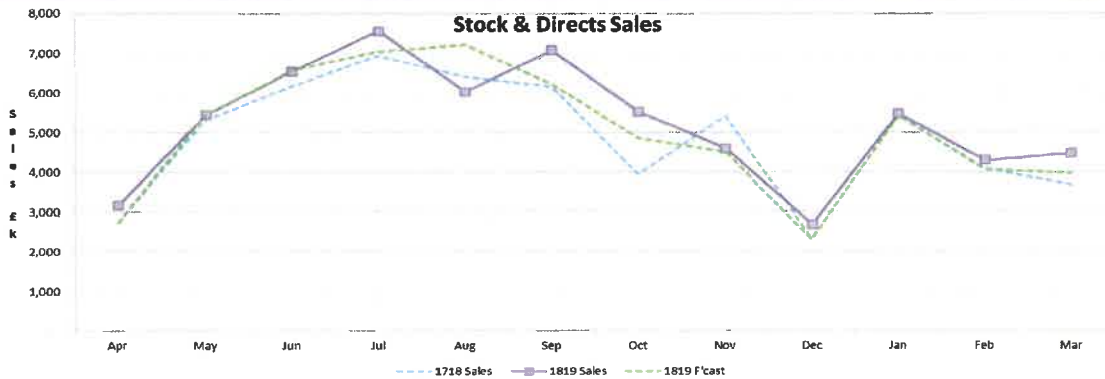
Operations cost as a proportion of sales	35.2%	28.0%	↓ -7.19pp	23.8%	↓ -0.17pp
Expenditure as a proportion of Gross Margin	78.3%	72.1%	↓ -6.16pp	78.7%	↑ 1.20pp

	Actual	Budget /LY	Var	YTD Actual	YTD Var
Eduzone Sales	£64,498	£90,000	↓ -28.3%	£586,522	↓ -7.2%

Customer Order KPI's

	TY YTD	LY YTD	Var
AOV	£154.02	£146.65	↑ £7.37
Prop of orders over £15	97.0%	96.8%	↑ 0.17pp

Graph - Sales vs. Forecast



HR

	Actual	Target	Var
Sickness Absence Rates *	9.3	8.5	↓ 0.8
No. of Apprentices	14	7	↑ 7.0

*Average days lost per FTE in a 12 month rolling period

Mandatory Training Completion	Actual	Target	Var
Fraud	80%	75%	↑ 5.00pp
Data Protection	64%	75%	↓ -11.00pp
Equality & Diversity	54%	75%	↓ -21.00pp
Health & Safety	62%	75%	↓ -13.27pp
GDPR	53%	75%	↓ -22.00pp

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