



Date: 13 November 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 Thursday, 21 November 2019 at 10.30 am in the County Hall, Glenfield, Leicestershire. As previously noted it was agreed it would be held as an attended meeting, however if you wish to join virtually please contact me.

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. Minutes of the meeting held on 19 September 2019. (Pages 3 - 8)
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. | Director's Progress Report. | Director | (Pages 9 - 18) |
| 5. | Exclusion of the Public. | | |
| | <i>The public are likely to be excluded during consideration of the remaining items in accordance with Section 100(A)(4) of the Local Government Act 1972 (Exempt Information).</i> | | |
| 6. | Supplementary Information Informing the Director's Progress Update. | Director | (Pages 19 - 32) |
| 7. | Strategic Alliance. | Director | (Pages 33 - 44) |
| 8. | Accounting for ESPO under IFRS rather than CIPFA code of practice. | Director and Consortium Treasurer | (Pages 45 - 46) |
| 9. | ESPO External Auditor - Contract Award | Director and Consortium Treasurer | (Pages 47 - 48) |
| 10. | Date of Next Meeting. | | |
| | <i>The next meeting of the Committee is scheduled to take place on 4 March 2020 at 10.30am as a Skype meeting.</i> | | |
| 11. | 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 Thursday, 19 September 2019.

PRESENT

Cllr. S. Rawlins – Lincolnshire County Council (in the Chair)

Cambridgeshire County Council
Cllr. M. Howell

Norfolk County Council
Cllr. S. Clancy
Cllr. M. Smith-Clare

Leicestershire County Council
Dr. R. K. A. Feltham CC
Mr. R. J. Shepherd CC

Warwickshire County Council
Cllr. P. S. Birdi
Cllr. P. Butlin

Lincolnshire County Council
Cllr. A. Hagues

Apologies

Apologies were received from Cllr. I Bates (Cambridgeshire County Council), Cllr. J. Holdich OBE and Cllr. D. Seaton (Peterborough City Council).

19. Minutes.

The minutes of the meeting held on 19 June 2019 were taken as read, confirmed, and signed.

20. Urgent Items.

There were no urgent items for consideration.

21. 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.

22. Items referred by the Finance and Audit Subcommittee.

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

23. The Rebate Journey

The Committee received a presentation from the Assistant Director on the Rebate Journey. A copy of the presentation marked 'Agenda Item 5', is filed with these minutes.

MSTAR3 (Managed Services for Temporary Agency Resources) was a key ESPO Framework that offered customers a quick, simple and competitive route to procuring a managed service provider to look after recruitment of interim staff.

Members noted that only 10 per cent of rebate income was attributable to member authorities. ESPO continued to grow its customer base by maximising value for money and providing a high quality, reliable procurement service that was legally compliant.

RESOLVED:

That the presentation be noted.

24. PWC External Audit Report and Opinion

The Committee considered a report from the external auditors, PricewaterhouseCoopers (PwC) covering the 2018/19 Financial Statements together with a letter of representation from the Consortium Treasurer. A copy of the report marked 'Agenda Item 6' is filed with these minutes.

The Chairman welcomed Alison Breadon from PwC, to the meeting who communicated the results of their audit.

Arising from the discussion the following points were made:

- i) The de minimis threshold for reporting misstatements had been set at £86,000. No material accounting issues had been identified. Two non-material accounting issues were brought to Members' attention concerning rebate revenue recognition and direct sales cut-off.
- ii) PwC had considered the potential impact of recent legal matters that affected the Local Government Pension Scheme:
 - Guaranteed Minimum Payment (GMP) Equalisation and Indexation was not expected to have a material impact on ESPO's pension liability.
 - The McCloud Judgement would increase ESPO's pension liability to £24.8 million and this had been reflected in the 2018/19 financial statements.
- iii) There were no significant deficiencies in internal control though the report identified a number of matters which members noted.
- iv) The increase in bad debt was not significant and only perceived to be a marginal risk.
- v) Members of the Committee in their governance role were reminded of their responsibility to report any known or suspected instances of fraud. None were reported.

RESOLVED:

That the external audit of the financial statements for 2018/19 be approved.

25. Statement of Accounts and Annual Governance Statement 2018/19

The Committee considered a report of the Director and Consortium Treasurer which reported on the 2018/19 Accounts and Annual Governance Statement. A copy of the report marked 'Agenda Item 7' is filed with these minutes.

Members were pleased to note ESPO had overachieved for its budgeted surplus. As at 31 March 2019 total usable reserves were £13.05 million, which included the general usable fund of £5.9 million of which £2.9 million had been set aside for earmarked projects such as IT and vehicle replacement.

ESPO's pension scheme operated under the Local Government Pension Scheme (LGPS) regulatory framework and was administered by Leicestershire County Council as Servicing Authority. Officers would consider what options were available to address its pension deficit following the expected increase that had resulted from the McCloud judgement.

RESOLVED:

- a) That the Statement of Accounts and Annual Governance Statement for 2018/19 be approved.
- b) That the Management Committee receive a report on options to address the pension deficit at its next meeting.

26. Director's Progress Update.

The Committee considered a report of the Director which provided an update of the actions and progress made since the previous ESPO Management Committee held on 19 June 2019. A copy of the report, marked 'Agenda Item 8', is filed with these minutes.

Arising from the discussion the Committee were advised as follows:

- i) ESPO was a customer led organisation and while on-line orders continued to grow many customers still relied on the catalogues that were provided. Due to this ESPO now produced several catalogues targeted to specific sectors such as primary, secondary schools and corporate organisations.
- ii) ESPO's stockturn was 6.89, reflecting the high rate of stock sold during the peak period in May.
- iii) Members were reassured that all contract and agency workers received the same induction and health and safety training as permanent employee's. ESPO followed all legal requirements for necessary training, including using external accredited training services.
- iv) Weekly meetings involving senior officers took place to consider updates on customer satisfaction. Any negative feedback would immediately be addressed by the Account Managers. The new Customer Experience Manager had been appointed to improve the customer journey, anticipate customer need and coordinate process improvements across ESPO to enhance customer satisfaction.

RESOLVED:

That the update now provided be noted.

27. Date of Next Meeting.

- a) It was noted that the next meeting of the Committee would be held on 21 November 2019 at 10.30am as an attended meeting to consider the issues around pensions and the potential work streams with partnering with private organisations.
- b) It was agreed that the future meetings in 2020 would take place on the following dates at 10.30 am.

4 March 2020 (Skype)
 24 June 2020 (Attended)
 16 September 2020 (Attended)
 25 November 2020 (Attended)

28. 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 items shown below, on the grounds that it will involve the likely disclosure of exempt information, and in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information during consideration of the following items of business.

29. Supplementary Information Informing 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 11', is filed with these minutes.

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

Officers would continue to explore potential work streams as laid out in the report and a more detailed proposal would be brought to a future Management Committee meeting.

RESOLVED:

That the supplementary information informing the Director's Progress Update be noted.

30. A Review of the Food and Catering Category Portfolio

The Committee considered a report by the Director which provided an update on the Food and Catering category portfolio. A copy of the report marked 'Agenda Item 12', is filed with these minutes.

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

Members noted that all of ESPO's Frameworks were compliant with the Public Contract Regulations 2015 and provided value for money solutions for its customers.

RESOLVED:

- a) That approval be given to Option 2 – continue to provide a framework for food and catering on the basis that:
 - i) Work is undertaken to review all marketing material to ensure that it is clear that responsibility for managing food safety lies with the supplier and not ESPO.
 - ii) When current Frameworks are due to be retendered all options and risks be further assessed and considered by the Management Team and Framework governance panel.

1 10.30 – 12.15
19 September 2019

CHAIRMAN

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ESPO MANAGEMENT COMMITTEE – 21 NOVEMBER 2019

PROGRESS UPDATE

REPORT OF THE DIRECTOR

Purpose of the Report.

- The purpose of this update is to inform Management Committee of the actions and progress made since the last Management Committee meeting held on 19 September 2019.

Overall Financial Performance

- Overall financial performance to September 2019 is outlined below:

Summary P & L

COMBINED PRELIMINARY RESULTS	YEAR TO DATE					
	ACTUAL		BUDGET		PRIOR YEAR	
	£000	%	£000	%	£000	%
SALES						
STORES	26,432.5		26,798.6		25,861.6	
DIRECT	9,613.5		9,117.7		9,959.3	
GAS	6,092.8		5,754.2		6,324.7	
CATALOGUE ADVERTISING	735.7		647.3		638.6	
REBATE INCOME	3,383.1		2,414.1		3,109.4	
MISCELLANEOUS INCOME	159.2		76.2		42.9	
TOTAL SALES	46,416.8		44,808.1		45,936.3	
TOTAL MARGIN	13,289.7		12,212.6		12,449.1	
TOTAL EXPENDITURE	9,769.0	21.0%	9,640.0	21.5%	9,160.7	19.9%
As % of Total Sales Excluding Gas		24.2%		24.7%		23.1%
TRADING SURPLUS	3,520.8	7.6%	2,572.6	5.7%	3,288.3	7.2%

- Overall trading surplus is ahead of budget by £948k and last year by £232k. The variance to budget is caused by the early delivery of some one-off outstanding rebate income from Crown Commercial Services, this was budgeted for later in the year. It is expected that the variance will narrow through Q3 though we remain cautiously optimistic that we will meet our full year surplus target and possibly slightly exceed it.
- Total sales at £46.4m are ahead of budget by £1.6m.
- Store sales £0.4m adverse to budget and £0.5m favourable to last year. The performance during peak has been strong both in terms of value and customer service. It is anticipated that our sales compared to last year will narrow in Q3 as exercise books were shipped later last year. This has not occurred this year hence there will be a timing difference to the income. By the end of November we will have a truer year on year comparison.
- Direct sales are £0.6m ahead of budget YTD as a result of strong MOD sales.
- Rebates are £1.0m ahead of budget and £0.3m ahead of last year. The key comparison is to last year.
- Eduzone sales are encouraging with the rolling 12 month sales now over £800k and growing. Overall profitability year to date is within £12k of budget and growing. We expect the full year result to be in line with budget.

The balanced scorecard is attached at Appendix 1.

ESPO Operational Progress

3. In September ESPO processed £4.605m of customer orders making 24,766 customer deliveries. Warehouse picking was performed at a rate of 32 lines per hour, in line with the target of 32 lines per hour. The error rate detected by QA was 1% which is an improvement on the budget of 3%. The YTD average order value for stock orders was £193.78 which is £11.94 higher than this time last year.
4. Operational and supply chain YTD costs were £5.520m against a budget of £5.352m, which is £168k above budget. Warehouse costs YTD have been adjusted to show a net overspend on budget on agency staff, due to increased peak sales activity in June and July with posting of agency invoices in September that relate to July and August.
5. Unbudgeted external storage costs have been incurred in September due to the lack of warehouse space in ESPO's Leicester depot. Distribution costs were impacted by the unbudgeted vehicle renewal provision and repair and maintenance costs. Eleven large goods vehicles, that have been replaced, have been retired and sent to auction and will be shown in miscellaneous income. Certain one-off training and premises costs occurred in the first quarter which will balance out over the course of the financial year. Total

operational costs as a percentage of stores sales were 21% in line with budget.

6. In the busy back to school period the customer services team processed 33,342 customer orders valued at £4.04m. Online and electronic converted orders in September were at 53.1%. Direct deliveries valued at £1.678m are being managed from suppliers to customers. Across Customer Services, Directs and the Catalogue Admin the teams handled 13,648 telephone calls. The abandon call rate was 5.6% with an average waiting time of 18 seconds. ESPO's FEEFO customer service rating was 88%.
7. The Customer Experience Manager has started a series of improvement plans designed to improve the customer journey. There is now one customer facing team under single management with a series of planned training events to create a cohesive team capable of resolving customer queries in one pass and reducing the number of touch-points within the organisation. The weekly trading meeting has been combined with customer experience to ensure that progress is monitored and managed.
8. The stock optimisation team maintained product availability at 98.72% with 123 lines out of 9,871 temporarily unavailable; stock value was £6.783m with a stock turn of 6.59. ESPO has had to rely on external storage to manage its stock holding requirements to meet its sales commitment. This includes exercise book stock held at KCS in Maidstone, at the port of Felixstowe and by its printer in Poland. A long term strategic solution to address this space requirement is currently being developed.
9. Facilities management in September comprised of the introduction of new signage to guide both delivery drivers and visitors to the site; replacement doors in the goods-in and yard access areas and the recommencement of the mesh-decks installation into the bulk storage racking. Two types of powered pallet trucks are being trialled for use on large goods vehicles to help drivers move heavy loads into customer's premises.
10. There were three accidents in August. An agency worker sustained a small cut to the forearm after cutting a box towards them self. Induction training will now include the safe use of safety knives. A warehouse picker sustained an injury to his ankle after the pallet truck he was pulling struck him on the leg. Root cause appears to be user error with no further action required. A member of the marketing team cut their finger whilst putting up an exhibition stand. No further action required.
11. ESPO is investing in staff training as a means of managing health and safety risk. Eleven staff completed a three day first aid at work qualification. The H&S manager recorded observations of fork lift truck drivers in line with HSE guidance. Fork lift truck assessor training has been undertaken by four supervisors which will enable them to carry out observations and arranged training if required. A new role of driver trainer is being recruited which will be used to strengthen the delivery of H&S processes throughout the driver resource. First day induction training for warehouse staff has been updated

with new forms to ensure consistency across all shifts. A driver specific eye test for staff driving more than 2,500 business miles p.a. has been added to the Vision Express account. An LCC audit on health & safety is planned for November.

12. The catalogue portfolio for 2020/21 has been agreed. This includes the Primary and Secondary main catalogue; Early Years; Eduzone; Corporate; ETL Corporate. Through this portfolio ESPO will be able to expand its offering into the corporate market.
13. The pricing strategy for each series of catalogues is being formulated and will be agreed by the Leadership Team. Following a tender exercise a printer has been selected for the 2020/21 main catalogue. The circulation list data for new catalogues has been refined to ensure that the correct catalogue is sent to the appropriate customer. This data is now owned by the Customer Experience Manager. A proposed publishing timetable has been created to ensure that the new catalogue portfolio is managed in line with business requirements. The team is looking to finalise supply arrangement for exercise books for the period up to March 2021.
14. The ESPO SmartBuy range is being re-vamped with a new design and colour palette and will be rolled out by ESPO's suppliers. Year to date supplier funding for catalogue is at £735k which is 13.7% above budget. Finally the new products added to the 2019/20 catalogue have achieved YTD sales of £3m.

Staffing

15. Sickness absence continues to be well managed and our overall levels have now reached record lows. Managers continue to work with HR to implement appropriate support plans to help individuals return to work in a timely manner and ensure these reductions are sustained.
16. The completion rates for our mandatory training courses have maintained their high level following the recent emphasis that was recently placed upon them over the summer. Opportunities for further development were scheduled for the half term break in October, with a particular focus being provided on Equality & Diversity for those staff members who either undertake deliveries or work in the warehouse. This has resulted in all of the mandatory training courses now being above our target completion rate.
17. Further sessions of the ESPO corporate induction were also arranged for October to ensure that new employees receive all the necessary knowledge about the organisation. This session covers topics such as our values, structure and support available for them to succeed in their role.
18. The results of the staff survey have now been analysed, and following a healthy response rate of 52% some clear positive feedback can now be evidenced. This includes 86.5% of responses feeling that ESPO is a good employer, with 83% also confirming that they felt trusted to carry out their job

effectively. There was also good feedback regarding management practices, with 84.5% stating that their manager supports flexible working and 78.6% stating that their manager values their ideas and opinions. Development areas however are focussed on change, especially around communication and the reasons why changes are necessary. This area will continue to be developed over the future to ensure that staff remain engaged with the progress being made by ESPO.

19. This progress also includes areas such as Customer Services, where ESPO are continually looking at how we can improve the service we provide. Following the recent appointment of a Head of Customer Experience, our customer service teams are being reviewed to ensure that they continually meet changing needs. It is expected that following this review, changes will be implemented early in 2020 so that we can build upon our current successes and meet our growing demand.

ESPO Risk and Governance Update

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

20. 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

k.smith@espo.org

Tel: 0116 265 7887

Appendices

Appendix 1: Balanced Scorecard

Appendix 2: CRR extract

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Management Summary Sep 19

Management Summary

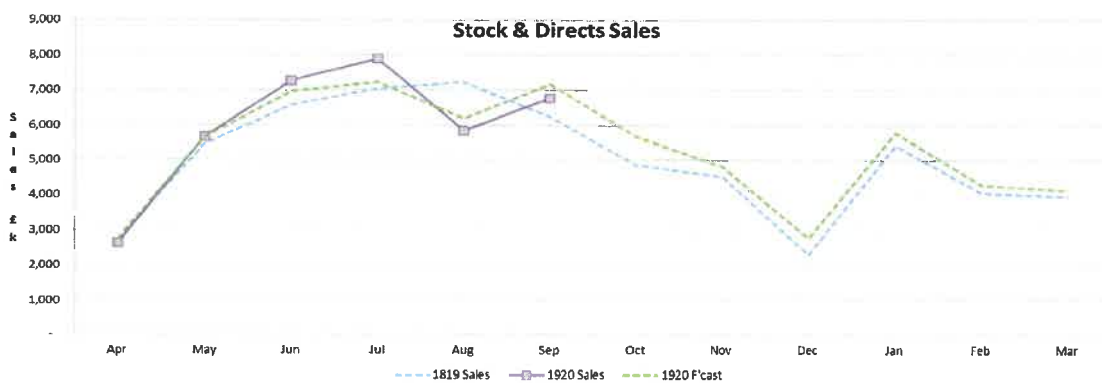
	Actual	Budget /LY	Var	YTD Actual	YTD Var
Stores Sales	£4,602,537	£5,067,754	↓ -9.2%	£26,432,520	↓ -1.4%
Direct Sales	£2,160,561	£2,093,258	↑ 3.2%	£9,613,516	↑ 5.4%
Rebate plus fee income	£604,053	£356,533	↑ 69.4%	£3,383,131	↑ 40.1%
Total Sales (Exc Gas)	£7,440,735	£7,550,471	↓ -1.5%	£40,324,040	↑ 3.3%
Stores Margin %	29.25%	29.41%	↓ -0.16pp	28.64%	↑ 0.05pp
Directs Margin %	11.63%	13.56%	↓ -1.93pp	13.04%	↓ -0.52pp
Total Gross Margin inc Consumables Cost	£2,301,825	£2,191,022	↑ 5.1%	£13,289,734	↑ 8.8%
Total Expenditure	£1,743,203	£1,623,375	↓ -7.4%	£9,768,955	↓ -1.3%
Surplus	£558,622	£567,647	↓ -£9,025	£3,520,779	↑ £948,169
Net Profit Margin %	7.51%	7.52%	↓ -0.01pp	8.73%	↑ 2.14pp
Operations cost as a proportion of sales	21.1%	17.9%	↓ -3.24pp	20.9%	↓ -1.19pp
Expenditure as a proportion of Gross Margin	75.7%	77.2%	↑ 1.48pp	73.5%	↑ 5.43pp

	Actual	Budget /LY	Var	YTD Actual	YTD Var
Eduzone Sales	£77,676	£72,631	↑ 6.9%	£384,234	↓ -2.5%

Customer Order KPI's

	TY YTD	LY YTD	Var
AOV	£193.78	£181.84	↑ £11.94
Prop of orders over £15	97.2%	97.1%	↑ 0.07pp

Graph - Sales vs. Forecast



HR

	Actual	Target	Var
Sickness Absence Rates *	8.9	8.5	↓ 0.4
No. of Apprentices	20	7	↑ 13.0

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

Mandatory Training Completion	Actual	Target	Var
Fraud	91%	75%	↑ 15.70pp
Data Protection	80%	75%	↑ 4.80pp
Equality & Diversity	66%	75%	↓ -9.10pp
Health & Safety	82%	75%	↑ 7.30pp
GDPR	72%	75%	↓ -2.60pp

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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 area, 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 8. Look to ammend policies in future	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. 03/09/2019 LCC audit on H&S planned for sept 2019.
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	Treat	LCC discussions. Visibility at LT on a regular basis.	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. 03/09/2019 Meeting with KCS in September 2019 to discuss storage facilities in 2020. 16/09/2019 we have secured up to 1750 pallet spaces from KCS for 2020/21.

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 11. Additional LT meeting/monitoring sessions to be diarised 12. Liason @ AD level between	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.

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

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