



Date: 17/11//2020  
My Ref CT/ESPO  
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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, 25 November 2020 at 10.30 am via Microsoft Teams.

Yours faithfully,

Cat Tuohy  
for Consortium Secretary

### **AGENDA**

<u>Item</u>	<u>Report by</u>
1. Minutes of the meeting held on	(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 update.	Director (Pages 9 - 20)
5. Date of Next Meeting.	

The next meeting of the Committee is scheduled to take place on 17 March 2021 at 10.30am via Microsoft Teams.

6. Exclusion of the Press and Public.

*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).*

- |     |   |                                   |                 |
|-----|---|-----------------------------------|-----------------|
| 7.  | Director's Supplementary Report.          | Director                          | (Pages 21 - 34) |
| 8.  | Personal Protective Equipment - Covid-19. | Director                          | (Pages 35 - 44) |
| 9.  | Financial Update Report.                  | Director and Consortium Treasurer | (Pages 45 - 50) |
| 10. | My School Fund Presentation.              | Director                          | (Pages 51 - 60) |

*There will be a presentation for this item.*

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 Wednesday, 16 September 2020.

PRESENT

Cllr. M. Howell (in the Chair)

Cambridgeshire County Council

Cllr. I Bates

Peterborough City Council

Cllr. J. Holdich OBE

Cllr D. Seaton

Leicestershire County Council

Dr. R. K. A. Feltham CC

Mr. R. Shepherd CC

Lincolnshire County Council

Cllr A. Hagues

Cllr. S. Rawlins

Warwickshire County Council

Cllr. P. S. Birdi

Cllr. P. Butlin

Apologies

Apologies were received from Cllr. S. Clancy and Cllr. M. Smith-Clare from Norfolk County Council.

In attendance

ESPO

Kristian Smith - Director

Richard Benner – Assistant Director

Maurice Campbell – Assistant Director

David Godsell – Assistant Director

Matt Selwyn Smith – Assistant Director

Leicestershire County Council

Lauren Haslam – Director of Law and Governance on behalf of Consortium Secretary

Declan Keegan – Assistant Director Strategic Finance and Property on behalf of Consortium Treasurer

Mo Seedat – Head of Democratic Services

Matt Davis – Audit Manager

Cat Tuohy – Democratic Services Officer

15. Minutes.  
The notes of the meeting held on 24 June 2020 were taken as read.
16. Urgent Items.  
There were no urgent items for consideration.
17. 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.

Mr R. Shepherd CC and Dr K. Feltham CC declared a personal interest as members of Leicestershire County Council in relation to the authorities ownership of Leaders for Agenda Item '9' (minute 25 refers).

18. Draft Annual Governance Statement 2019/20.

The Committee considered a report by the Director of ESPO on the Draft Annual Governance Statement. A copy of the report marked '4' is filed with these minutes.

Members thanked the Director for the comprehensive draft Annual Governance Statement.

RESOLVED:

- a) That the draft Governance Statement was consistent with Members perspective on internal control within ESPO.
- b) Noted that final approval would be sought when the Statement of Accounts were presented at a future Management Committee meeting;
- c) That the agreed Governance Statement be circulated to the Chief Executives of each of the Constituent Authorities.

19. Director's Progress update.

The Committee considered a report of the Director which provided an update of the actions and progress made since the last ESPO Management Committee held on 24 June 2020. A copy of the report marked 'Agenda Item 5', is filed with these minutes

The Director informed the Committee due to uncertainty arising from COVID-19, a revised financial forecast would be submitted to the November meeting.

As a result of COVID-19 ESPO had 543 item lines unavailable, compared to the usual 200. The additional items unavailable were mostly Personal Protective Equipment and cleaning supplies that were in high demand.

ESPO were aware of the risks to its trading environment with COVID-19 and the United Kingdom's exit from the European Union and the situation was monitored on a ongoing basis as per the risk register.

RESOLVED:

That the report be noted and supported.

20. Dates of Future Meetings.

It was noted that future meetings of the Committee would be held at 10.30am on the following dates:-

Wednesday 25 November 2020

Wednesday 17 March 2021  
Wednesday 23 June 2021  
Wednesday 15 September 2021  
Wednesday 24 November 2021

21. Exclusion of the Press and Public.

RESOVLED:

It was agreed that under Section 100(A) (iv) of the Local Government Act 1972 the public be excluded from the meeting on the grounds that it will involve the likely disclosure of exempt information during consideration of the following items of business as defined in paragraphs 3 and 10 of Schedule 12A of the Act; and, in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

22. Change to the Order of Business.

The Chairman sought and obtained the consent of the Committee to vary the order of business from that set out on the agenda for the meeting.

23. Director's Supplementary Report.

The Committee considered an exempt report of the Director which set out further supplementary information regarding the Director's Progress Update. A copy of the report, marked 'Agenda Item 8', is filed with these minutes. The report was not for publication by virtue of Paragraphs 3 and 10 of Part 1 of Schedule 12 (A) of the Local Government Act 1972.

The Director set out plans for future development, further updates would be brought to the Committee as plans advanced and opportunities arose. The Committee thanked the Director for the detailed report and were pleased that ESPO's trading position had remained strong in this difficult period in part due the diversification of the business.

RESOLVED:

That the report be noted.

24. Website Demonstration.

The Committee received a report from the Director on the new ESPO. A copy of the report marked Agenda Item '10' is filed with these minutes. The report and presentation were not for publication by virtue of Paragraphs 3 and 10 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

The Committee was joined by Claire Edwards, Head of Digital Implementation at ESPO and Tom Williams from Maginus who presented video demonstrations of the new website.

The website had been built to industry standards and through Maginus would be supported by security experts and periodic scans to keep the website updated to keep ahead of any malicious hackers.

Members were pleased to note that a detailed communications programme was being developed to keep customers informed of the changes and that plans were also being built into ESPO's 40 year anniversary plans to take place in 2021.

ESPO was ultimately driven by customer demand and need. However, it was hoped the new website would enable customers to see the benefits both in terms of the savings that could be realised through digitalisation as well as environmental benefits.

Members thanks officers for the presentations and were pleased that once the website was live it would enable future developments that could be pursued to keep the system up to date and provide the best possible service to the customer.

RESOLVED:

That the presentations be noted and a further update be provided to a future meeting.

25. ESPO Warehouse Business Case.

The Director set out the detailed Business Case and the background and the links to the Longer-Term Financial Strategy. A copy of the report marked Agenda Item '11' is filed with these minutes. The report and presentation were not for publication by virtue of Paragraphs 3 and 10 of Part 1 of Schedule 12(A) of the Local Government Act 1972

The Director set out the need for a Warehouse Business Case which he believed presented a good investment with few financial downsides. As part of the presentation the Director set out the detailed financial planning and assumptions that lay behind the case that had been supported by a sensitivity analysis and external consultants.

Members noted that Leicestershire County Council had also provided a detailed financial assurance report and had set out recommendations to the Business Case to which ESPO had responded and acted on where necessary, such as an additional contingency fee to deal with any unexpected costs and uncertainty surrounding COVID-19.

*[At this point in the meeting Mr R. Shepherd CC and Dr. K. Feltham CC who had declared a personal interest leading to bias left the meeting to allow discussion on the proposed site for the Warehouse.]*

The Director referred the addendum to the Business Case that set out the preferred site for the Warehouse. Having considered all reasonable options Leaders Farm, the site owned by Leicestershire County Council, was considered preferable to other sites in large part to the fact that it would be exempt from stamp duty payment. The site also lay within the 'golden triangle' located close to the motorway and within reasonable proximity to Grove Park.

Members thanked the Director for the comprehensive report on this matter.

RESOLVED:

- a) That the need for a new warehouse as outlined in the Business Case be supported

- b) That 'Leaders Farm in Leicestershire be approved as the preferred site for investment.

CHAIRMAN

16 September 2020

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### MANAGEMENT COMMITTEE – 25 NOVEMBER 2020

#### 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 16 September 2020.

#### Overall Financial Performance

- Overall financial performance to September 2020 is outlined below:

#### Summary P & L

COMBINED PRELIMINARY RESULTS	YEAR TO DATE SEP-20					
	ACTUAL		BUDGET		PRIOR YEAR	
	£000	%	£000	%	£000	%
<b>SALES</b>						
STORES	24,143		27,108		26,529	
DIRECT	7,150		9,881		9,685	
GAS	5,018		5,012		6,093	
CATALOGUE ADVERTISING	685		698		736	
REBATE INCOME	3,948		3,494		3,409	
MISCELLANEOUS INCOME	2		77		147	
<b>TOTAL SALES</b>	<b>40,946</b>		<b>46,269</b>		<b>46,598</b>	
<b>TOTAL MARGIN</b>	<b>13,258</b>		<b>13,865</b>		<b>13,374</b>	
<b>TOTAL EXPENDITURE</b>	<b>10,167</b>	24.8%	<b>10,396</b>	22.5%	<b>9,794</b>	21.0%
As % of Total Sales Excluding Gas		28.3%		25.2%		24.2%
<b>TRADING SURPLUS</b>	<b>3,092</b>	7.6%	<b>3,469</b>	7.5%	<b>3,580</b>	7.7%

- A financial reporting and planning paper is covered elsewhere on the agenda; summary information is provided below:
- Since July we have seen a pick-up in catalogue sales compared to earlier in the year with catalogue sales in July being within 5% of budget, August within 4% and in September actually beating budget by 2%.
- For September YTD catalogue sales were £31.3m which was £5.7m or 15% below budget and 14% below last year. Within this, stores sales were 11% below budget but direct sales were down 28% versus budget.
- Rebate income September YTD has been strong at just under £4m, which was £0.45m (+13%) ahead of budget 16% ahead of this time last year. The full year outlook for rebate income remains in-line with budget at approx. £8m, so the increased rebate income in September YTD is effectively the result of timing differences and is expected to reverse in later periods.
- The gross margin % in catalogue sales has been ahead of budget and last year but, despite this, the shortfall in overall catalogue sales has resulted in a £1m shortfall in catalogue gross margin compared to budget.
- Opex costs September YTD at £10.2m were £0.2m below budget.
- The effect of all of the above is that the trading surplus for September YTD was £3.1m versus a budget of around £3.5m.
- The full-year re-forecast of ESPO's P&L presented at the June Management Committee for 2020/21 indicated a full year surplus in the range of £3.5 to £4.0m. Given the continuing risks around COVID, in mid-October we undertook a "bottom-up" exercise to reforecast the out-turn for 2020/21 based on the latest view on sales from our sales team and updated cost forecasts.
- Our conclusion from this is that although our trading performance is expected to remain consistent, the costs that the business is facing have increased. On balance, we still feel optimistic that we can hit our overall forecast at the upper end of the range, but are not planning to raise it further.
- The balanced scorecard is attached at Appendix 1.

### **ESPO Operational Progress**

3. In September the distribution centre processed £4.9m of customer orders and the transport fleet with couriers made 26,380 customer deliveries. Warehouse picking was performed at a rate of 26 lines per hour. Covid-19 related social distancing measures, reduced shift lengths (15 mins per shift) and back-order processing have continued to impact on productivity throughout the period.
4. All new agency staff underwent a thorough Covid-19 induction training protocol which has further impacted productivity. The error rate detected by QA was 0% which is below the target of 3%. The average order value for stock orders in September was £187.73 which is £5.89 higher than this time last year. Operational and supply chain YTD costs were £5.660m against a budget of £5.837m, which is £177k below budget.
5. In the busy back-to-school period the customer services team processed 31,192 customer orders. Direct orders currently valued at £1.954m are being managed from suppliers to customers, a total of £489k are overdue and the suppliers are being expedited by the customer services team. The team handled 16,275 telephone calls, which is 20% higher than Sept 2019, with an average waiting time of 41 seconds against a target of 30 seconds and a 13.9% abandon rate.
6. The customer service team have seen significant demand during the September period, call lengths have been impacted due to the difficulties we have faced in the supply chain for some of our key stock products and with our direct delivery partners who are experiencing delays in manufacturing of products. ESPO's FEEFO customer service rating was 86% which although slightly down on expectations indicates broad customer approval under the difficult external circumstances.
7. Changes have been implemented to the telephone call-waiting system in customer services to provide an improved customer experience. We now offer an improved sound menu option to ensure that callers get to the right team that can help with an enquiry as quickly as possible. Customers are now advised of the average wait time for their call to be answered. Promotional messages have been included to inform customers of the great offers and services that ESPO offer. These messages have been professionally recorded using studio artists and can be changed dependent on our seasonal offers throughout the year. This will provide a much-improved front end experience for our customers, with a consistent and vibrant ESPO brand at the first point of contact.
8. We have also provided proactive messages to our customers through order acknowledgements, invoices and delivery notes to keep customers informed of price changes and out of stock items. In the context of supplier availability difficulties this has helped ESPO customers make informed decisions on their outstanding orders.

9. The stock optimisation team-maintained product availability at 95.4% with 460 lines out of 9,871 temporarily unavailable; stock value was £7.7m with a stock turn of 5.49. Stock values increased when budgeted product sales in April and May fell by £2.6m due to Covid-19 school closures. ESPO continues to rely on external storage to manage its stock holding requirements. This includes exercise book stock held at KCS in Maidstone and by its printer in Poland. Product availability has deteriorated in some categories as a result of supplier's reduced capacity or of delays in the international supply chain. This coincided with unprecedented demand for PPE and cleaning materials. Alternative products have been sourced, in some categories, when existing suppliers were unable to fulfil back orders. Consequently, there is a higher than average number of customer enquiries and increased operational processing costs to clear small back orders as partial deliveries of stock are received.
10. Facilities management in September included warehouse and office lighting repairs; scissor lift maintenance and inspection; server room fire inspection & integrity test; sprinkler valve servicing and various modifications, repairs and maintenance of equipment throughout the building. Site signage incorporating H&S messaging have been replaced around the premises and at each entrance.
11. In terms of health and safety there were three reported accidents in September a minor irritation to a warehouse operative's eye due to dust; a member of the maintenance team sustained a cut to the left middle finger whilst using a Stanley knife to cut door trims which required steri-strips; a warehouse agency picker experienced pain in his hip following manual handling – no first aid was required.
12. ESPO's building remains Covid-19 secure and monthly Covid-19 self-assessments are returned to the Leicestershire County Council (LCC) recovery group. There is continued monitoring and increased cleaning schedules by in-house staff and external cleaning contractors. The Health & Safety team are managing the access to site. A JCC meeting was held virtually and no health and safety issues raised by either UNISON or GMB unions.
13. ESPO's IT team are reviewing a cloud-based VOIP telephony solution to replace the current infrastructure. This will enable calls to be diverted and handled by all ESPO staff working remotely through a variety of devices such as lap-tops, tablets, desk tops and smart phones. We have replaced a server from Virgin Media and have created a failover connection to a separate server to build resiliency in the event of internet connectivity issues. ESPO are working with LCC's Chief Digital & Information Officer and her senior team to discuss alignment of IT policies and practices between ESPO and LCC and the refresh plan was endorsed.
14. ESPO has been tasked with the storage and distribution of emergency PPE to local authority settings agreed by the LRF as part of a national initiative through

the Department of Health. Additionally, a fresh batch of ambient food parcels are being stored for distribution to vulnerable households.

### **Staffing**

15. Sickness absence still continues to be well managed over this period and despite the covid-19 pandemic, our overall low levels of absence continue to be maintained. Managers remain fully embedded with our approach and they continue to work with HR to implement appropriate support plans to help individuals return to work in a timely manner. Over the month of October 2020, ESPO staff have averaged a 12-month rolling figure of 6.6 days sickness absence. This remains below the target set by Leicestershire County Council of 7.5 days.
16. Regular interaction with managers and staff has been maintained through manager forums, Heads of Service Meetings, Team Meetings and Director briefings. Regular discussions with our Trade Union meetings have also continued over this period. All of these have all ensured that vital messages and updates are disseminated throughout the organisation and that staff are also fully supported in their role. Staff newsletters have also continued to be issued every week, and work-related issues are also shared and discussed at the Employee Engagement Group, which has been reconvened via Microsoft Teams.
17. At the height of the pandemic, ESPO had just under 100 members of staff placed on furlough leave. This number swiftly reduced as schools started to reopen and our level of business increased. Due to the governments Coronavirus Job Retention Scheme now being extended and a new national lockdown underway, a small number of staff will return to being on furlough leave. This number of staff will be much smaller, and is expected to be less than 10 individuals, who are either classed as being clinically extremely vulnerable, or who work in areas such as our customer reception which is now temporarily closed.
18. Given the unprecedented trading year the Leadership have agreed not to contact an employee of the year competition, not wishing to recognise some colleagues over others when everybody has contributed (and in different ways and circumstances). As we have also been unable to undertake in year work to support our nominated charities, instead the money normally reserved for the Employee of the Year Awards will be designated to the charities Redgate Animal Sanctuary and Leicestershire Help for Mental Help.

### **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

[k.smith@espo.org](mailto:k.smith@espo.org)

Tel: 0116 265 7887

### **Appendices**

Appendix 1: Balanced Scorecard

Appendix 2: CRR extract

# Management Summary Sep 20

## Management Summary

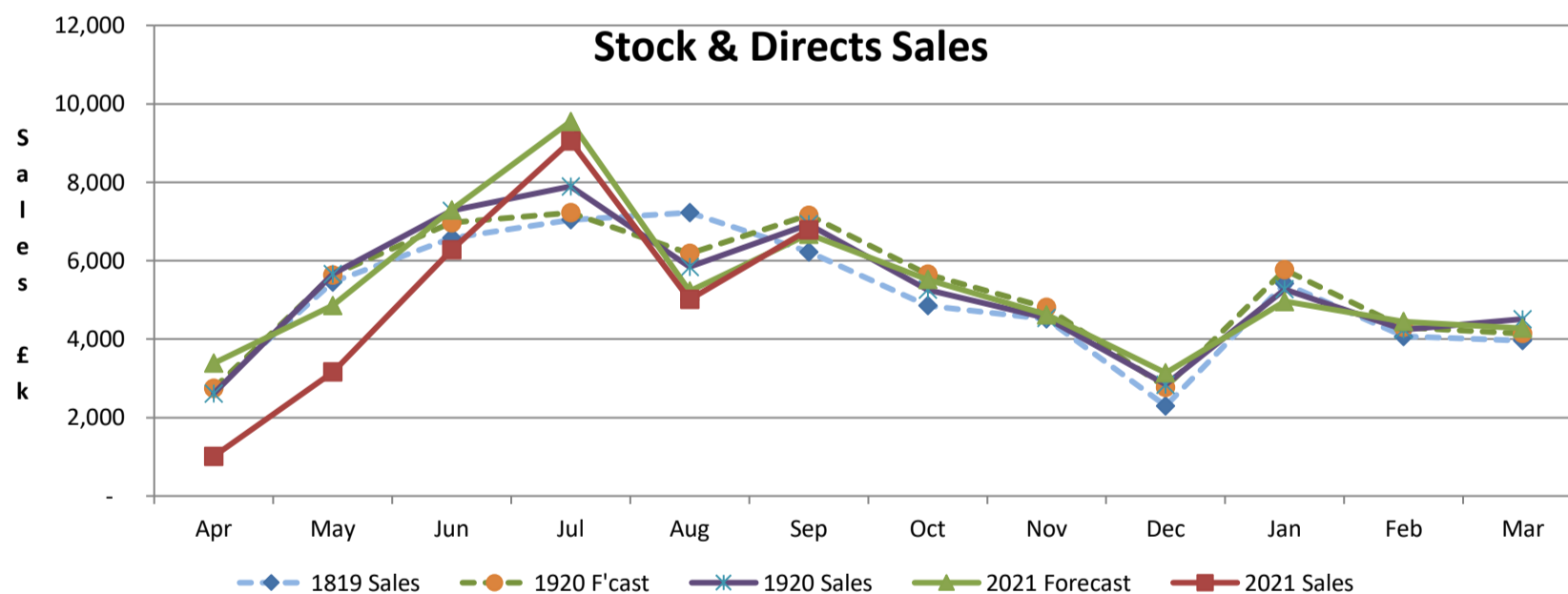
	Actual	Budget /LY	Var	YTD Actual	YTD Var
Stores Sales	£4,888,148	£4,431,031	↑ 10.3%	£24,143,097	↓ -10.9%
Direct Sales	£1,897,835	£2,243,450	↓ -15.4%	£7,150,288	↓ -27.6%
Rebate plus fee income	£351,231	£426,926	↓ -17.7%	£3,948,175	↑ 13.0%
Total Sales (Exc Gas)	£7,168,426	£7,140,422	↑ 0.4%	£35,928,820	↓ -12.9%
Stores Margin %	32.35%	30.00%	↑ 2.35pp	30.61%	↑ 0.89pp
Directs Margin %	14.55%	14.46%	↑ 0.09pp	14.69%	↑ 0.95pp
Total Gross Margin inc Consumables Cost	£2,263,123	£2,150,578	↑ 5.2%	£13,258,369	↓ -4.4%
Total Expenditure	£1,806,935	£1,727,605	↓ -4.6%	£10,166,726	↑ 2.2%
Surplus	£456,187	£422,973	↑ £33,214	£3,091,643	↓ -£377,168
Net Profit Margin %	6.36%	5.92%	↑ 0.44pp	8.60%	↑ 0.20pp
Operations cost as a proportion of sales	21.3%	22.9%	↑ 1.61pp	24.7%	↓ -2.50pp
Expenditure as a proportion of Gross Margin	73.4%	77.2%	↑ 3.77pp	73.1%	↑ 5.82pp

	Actual	Budget /LY	Var	YTD Actual	YTD Var
Eduzone Sales	£50,045	£79,411	↓ -37.0%	£254,647	↓ -40.9%

## Customer Order KPI's

	TY YTD	LY YTD	Var
AOV	£187.73	£181.84	↑ £5.89
Prop of orders over £15	97.4%	97.1%	↑ 0.29pp

## Graph - Sales vs. Forecast



## HR

	Actual	Target	Var
Sickness Absence Rates *	6.6	7.5	↑ -0.9
No. of Apprentices	15	7	↑ 8.0

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

Mandatory Training Completion	Actual	Target	Var
Fraud	95%	90%	↑ 4.81pp
Data Protection	83%	90%	↓ -7.21pp
Equality & Diversity	91%	90%	↑ 0.58pp
Health & Safety	87%	90%	↓ -3.37pp
GDPR	79%	90%	↓ -11.43pp

# Operations Balanced Scorecard Sep 20

## Financial

	Actual	Budget /LY	Var	YTD Actual	YTD Var
AOV (From Customers Orders)	£135.75	£136.60	↓ -£0.85	£187.73	↑ £5.89
Proportion of Orders below £15	2.84%	3.24%	↑ 0.40pp	2.58%	↑ 0.29pp
Stock Turnover	5.49	6.59	↓ -1.10		

## Operational

	Actual	Budget /LY	Var	YTD Actual	YTD Var
Costs as a proportion of sales	21%	23%	↑ 1.61pp	25%	↓ -2.50pp
Consumables Spend ie. Pallets/packaging	£29,602	£29,797	↑ 0.7%	£111,581	↑ 19.6%
Warehouse Processing Cost per Order (inc Select, Goods In and Goods Out)				£10.98	↓ -£0.47
*Transport Cost per Drop				£18.38	↓ -£3.61
Lines picked per hour	28	32	↓ -4	25	↓ -7
Error rate	0%	3%	↑ 3.00pp	1%	↑ 1.67pp

## Customer

	Actual	Budget /LY	Var	YTD Actual	YTD Var
Calls - Average Wait Time (Secs)	00:41	00:30	↑ 00:11	00:43	↑ 00:13
FeeFo Feedback	86%	88%	↓ -2.00pp	89%	↑ 0.00pp

## Employees

	Actual	Budget /LY	Var	YTD Actual	YTD Var
Accidents	3	3	↓ 0.0	12	↑ -10.0

\* Transport costs include Carrier, Drivers Pay, Agency, Fuel, Repair & Maintenance, Licences, Tyres, Hire & Insurance and excludes Depreciation



# Commercial Balanced Scorecard Sep 20

## Catalogue Metrics

	Actual	Budget /LY	Var	YTD Actual	YTD Var
Supplier Funding £	£38,905	£26,182	↑ 49%	£685,227	↓ -1.8%

## Framework

	Actual	Budget /LY	Var	YTD Actual	YTD Var
Rebate plus fee income	£351,231	£426,926	↓ -17.7%	£3,948,175	↑ 13.0%
Gas on cost income	£23,392	£30,897	↓ -24.3%	£183,586	↑ 0.1%
% of Frameworks Renewed on time	63%	90%			

	Target/LY	Q1	Q2	Q3	Q4
Number of contracts awarded to SMEs as a % of no of contracts awarded		87.5%	82.8%	0.0%	0.0%

Number of current live contracts	178
Estimated annual value of current live contracts	£1,161,654,210
Total Number of procurements in progress	86
Number of procurements in progress - internal (ESPO)	2
Number of procurements in progress - National	36
Number of procurements in progress - Client Specific	48
Total Estimated annual value of procurements in progress	£631,925,000
Estimated annual value of procurements in progress - internal (ESPO)	£300,000
Estimated annual value of procurements in progress - National	£611,475,000
Estimated annual value of procurements in progress - Client Specific	£20,150,000
Number of procurements currently out to tender	5

# Finance & IT Balanced Scorecard Sep 20

## Financial

	Actual	Budget /LY	Var	YTD Actual	YTD Var
Debtor Days	59	50	↓ -9		
Creditor Days	32	31	↑ 1		
Finance & IT Costs	£240,509	£218,482	↓ -10.1%	£1,368,340	↓ -4.3%

## Efficiency

	Actual	Budget /LY	Var	YTD Actual	YTD Var
Proportion of E Orders*	54%	53%	↑ 1.07pp	55%	↑ 2.58pp
Web Sales	£1,096,278	£1,026,197	↑ 6.8%	£6,307,970	↓ -0.2%

## Market Share

	Actual	Budget /LY	Var	YTD Actual	YTD Var
BESA Market Share %	16%	17%	↓ -0.81pp	18%	↑ 2.04pp

\* E Orders are anything other than order capture including Adobe PDF conversion

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 06/10/2020) Impact	Current Risk Score (as at 06/10/2020) 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. 7. Continue to look out for member authority frameworks that duplicate ESPO's offering. 8. Keep abreast of speculative frameworks that could take business from ESPO frameworks. 9. Continue to explore and maximise exporting opportunities. 10. Review approach to recruitment and retention of key procurement/commercial staff.	AD Commercial	Ongoing	01/04/2019 Points 5, 6 & 7 added to List of Current Controls. Points 6 & 7 added to Risk indicators. 02/12/2019 Additional controls added. 05/03/2020 Further Actions updated. 08/06/2020 Reviewed - no change.
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. Grenfell 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 amend policies in future 9. Mock trials held on 6th & 13th Feb in conjunction with LCC.	AD Operations & IT	See Comments 1.March 2019 2.Feb 2019 3.Jan 2019	05/09/2018 Reviewed - List of current control implemented, 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. 02/12/2019 4th & 5th November LCC H&S Audit conducted by Tony OBrien. Minor non conformances and observations being responded to.
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 & IT	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-site, shared-user warehousing agreement with the supplier. 12. Medium/ Long Term Solution the provision of additional ESPO bulk warehousing space	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. Business Case being prepared.	4	3	12	Treat	LCC discussions. Visibility at LT on a regular basis. 19/02/2020 LTFS Away Day planning 03/03/2020 Space meeting with LCC 05/03/2020 Logistics consultants appointed to validate assumptions. Paper subsequently presented and findings validated. August/ September 2020 Business case prepared proposing an ESPO Bulk store warehouse. This was subsequently presented to both COG and the Management committee	AD Operations & IT	N/A	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. 02/12/2019 Discussions with LCC regarding additional warehouse site 4th Nov paper being developed. 05/03/2020 Risk indicators and Further Actions updated. September 2020 Development of a Bulk Store Warehouse in conjunction with LCC approved by The Management Committee

ESPO

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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 ESPO & LCC	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 7. Enhance catalogue T&Cs 8. Make website default price reference point 9. Create Brexit planning group 10. Promotion of settlement scheme to staff	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. Turnover and vacancy rates	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. Identify all goods directly imported from EU. Engage customs agent to meet our obligations as a 'declarant' for goods entering the UK from the EU. Identify commodity codes of all goods directly imported from EU to review WTO terms for tariffs. Ensure Finance team are aware of relevant HMRC protocols for VAT deferral and payment of quarterly VAT for imported goods. EU import sub-group formed to manage and monitor progress.	Director	Ongoing	01/10/2018 reviewed -updated further controls and consequences. 02/12/2019 List of Current Controls updated. 02/03/2020 Reviewed - no change. 08/06/2020 Reviewed - no change. 05.10.2020 the working risk paper in ESPO is due for it's latest iteration across ESPO. Further Actions updated.
78	Coronavirus	1. 'Stock supply shortages for products or components that are made in China. With consequential effects in UK manufacturers production capability. 2. 'Staff shortages in all ESPO functional areas due to high sickness rates. 3. School closures to reduce infection spread. 4. 'Overall economic impact on ESPO's business activities due to sluggish restoration of international supply chain.. • Staff complacency and not adhering to controls in place. • All risks as identified previously coming to fruition due to further restrictions introduced. • Supply chain disruption in the event of further lockdowns both in UK and Worldwide. • On-going school closures / partial closures.	AD Operations & IT	4	4	16	Treat	1. 'Set up an internal team tasked with managing ESPO's activities and communications in response to the health crisis. 2. 'Monitor updates and advice from WHO and UK government . 3. 'Maintain regular communications with customers, staff and stakeholders. 4. ESPO continue to promote good handwashing and hygiene practices and have increased the availability of antibacterial wipes and cleaning equipment. Contracted cleaning contractors disinfect door handles and hand rails as part of our contract. 5. Should a member of staff contract coronavirus ESPO will liaise with PHE directly at County Hall and follow any recommendations. 6. Should isolation be required our Smarter Working Policy provides guidance on staff working from home and where necessary individual risk assessments will be completed. In the event there is a requirement for an extended number of staff to work from home all available lap-tops provide to staff across the business will be recalled and distributed accordingly.. 7. Assess suppliers shortages through daily phone contact by Stock	1. Weekly stock availability reports with supplier shortages and failed customer orders. 2. Weekly 'staff sickness records attributable to the coronavirus. 3. Weekly trading analysis • Continued enforcement of existing controls by managers • Continued staff briefings and reminders. • On-going Covid-19 secure monitoring by ESPO Health and Safety Advisor and LCC.	4	3	12	Treat	1. Align staff policies to LCC guidelines. 2. Assess trading impact on financial forecasts. 3. Understanding of alternative sources of catalogue products. 4. Regular meetings of the internal team 5. Ongoing communications with all relevant parties through web site, weekly comms and formal reports. 04.03.2020 ESPO update on Coronavirus Report discussed at Mngmnt Committee. 06.03.2020 Teleconference with LCC. • All risk assessments and guidance fully aligned with LCC. • Internal meetings took place regularly during height of pandemic. Frequency reduced due to new 'BAU'. Would resume if required. • Comms on-going	Director	Ongoing	02/03/2020 Reviewed - no change 05/03/2020 Further Actions Updated. 08/06/2020 New Covid-19 risk assessments and safe system of work created to ESPO building & operational protocols. Site Inspection on 27th May 2020 with further remedial actions required - this needs to go in the box above 07/10/20 • ESPO headquarters was audited by Leicestershire County Council and formally declared 'Covid-19 secure' on 22.06.2020. • Considerable controls are in place to minimise the risk of contracting Covid-19 on site including; increased cleaning schedules, staff inductions, one-way systems, application of microbe shield, face coverings to all public facing roles, strict 2m distancing and increased signage. • The risk of contracting Covid-19 whilst on ESPO property is considered low. • The ESPO depot located in Wales was audited and formally declared 'Covid-19 secure' on 25.06.2020
79	IT Cyber Security. Range of cyber security threats	Failure to adequately protect ESPO networks, systems and data from malicious attack could lead to a range of potential consequences, including; financial; reputational; operational; legal impacts or other losses.	AD Operations & IT			20	Treat	Range of protections/controls in place, including (but not limited to): 1) Firewalls 2) Automated Threat Protection system 3) Antivirus software 4) Authentication systems 5) Staff education 6) Anti-Ransomware backup solution 7) External security controls Audit 8) Penetration testing. (Needs further expansion/detail)	1) Firewall logs 2) External security support partner monitoring 3) various event logging (Needs further expansion)			14	Treat	1) Multi-factor Authentication for remote access 2) PKI server for device authentication 3) Revised password policy 4) New Remote Working Policy  (Further Expansion required for this Risk)	AD Operations & IT	Q1 2021/ongoing	01/10/2020 - new entry

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