



Date: 4 June 2024
My Ref AP/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, 12 June 2024 at 10.30 am in the Sparkenhoe Committee Room, County Hall, Glenfield.

Yours faithfully,

Anna Poole
for Consortium Secretary

AGENDA

<u>Item</u>	<u>Report by</u>	<u>Page</u>
1. Appointment of Chairman. <i>Councillor Christian Hogg from Peterborough City Council has been nominated to be Chairman for the Municipal Year ending June 2025.</i>		
2. Chairman's Announcements.		
3. Appointment of Vice Chairman.		
4. Minutes of the meeting held on 20 March 2024.		(Pages 5 - 8)
5. To advise of any items that the Chairman has decided to take as urgent elsewhere on the agenda.		

6. Declarations of interests in respect of items on this agenda.

7. Items referred by the Finance and Audit Subcommittee.

There are no specific items referred. The issues considered by the Subcommittee are covered in item 13 which appear elsewhere on the agenda.

8. Director's Progress Update. Director (Pages 9 - 18)

9. Date of Future Meetings.

The next meeting of the ESPO Management Committee is scheduled to take place on 18 September 2024 at 10.30am.

Meetings of the Committee in 2025 are scheduled to be held on the following dates at 10.30am:

- 19 March 2025
- 18 June 2025
- 17 September 2025
- 19 November 2025

Meetings of the ESPO Finance and Audit Subcommittee in 2025 are scheduled to be held on the following dates at 10.30am:

- 12 February 2025
- 8 October 2025

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

11. 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).

12. Supplementary Information Informing the Progress Report of the Director's Progress Update. Director (Pages 19 - 32)

(Exempt under Paragraphs 3 and 10).

13. Outturn 2023-24 and MTF5 2024/25 - 2028/29 Update. Director (Pages 33 - 48)

(Exempt under Paragraphs 3 and 10).

- | | | |
|--|----------|-----------------|
| 14. ESPO Preparation for Procurement Transformation. | Director | (Pages 49 - 62) |
| <i>(Exempt under Paragraphs 3 and 10).</i> | | |
| 15. Extension at Grove Park - Space Utilisation. | Director | (Pages 63 - 74) |
| <i>(Exempt under Paragraphs 3 and 10).</i> | | |

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Minutes of a meeting of the ESPO Management Committee held at County Hall, Glenfield on Wednesday, 20 March 2024.

PRESENT

Leicestershire County Council

Mrs. M. Wright CC (Chair)

Mr. J. Poland CC

Peterborough City Council

Cllr. D. Jones

Cllr. C. Hogg

Lincolnshire County Council

Cllr. S. Rawlins

Warwickshire County Council

Cllr. P. Butlin

Norfolk County Council

Cllr. J. James

Apologies

Apologies were received from:

Cllr. S. Ferguson (Cambridgeshire County Council), Cllr. A. Hagues (Lincolnshire County Council) and Cllr. A. Jamieson (Norfolk County Council)

In attendance

Cllr. N. Shailer (Cambridgeshire County Council – online)

Cllr. R. Baxter-Payne (Warwickshire County Council – online)

ESPO

Kristian Smith – Director

David Godsell – Assistant Director

Dave Goodacre – Financial Controller

Maurice Campbell – Assistant Director

Gary Ford – Assistant Director

Leicestershire County Council

Lauren Haslam – Consortium Secretary

Simone Hines – on behalf of the Consortium Treasurer

Rosemary Whitelaw – Democratic Services Officer

37. Minutes.

The notes of the inquorate meeting held on 15 November 2023 were taken as read, confirmed, and signed.

38. Urgent Items.

There were no urgent items for consideration.

39. Declarations of interest.

The Chairman invited members who wished to do so to declare any interest in respect of items on the agenda for the meeting.

No declarations were made.

40. Items referred by the Finance and Audit Subcommittee.

There were no specific items referred by the Finance and Audit Subcommittee. The issue 'Budget 2024/25', considered by the Subcommittee, was addressed as part of agenda item 10 (minute 45 refers).

41. Director's Progress update.

The Management Committee considered a report of the Director which provided an update of the actions and progress made since the previous ESPO Management Committee meeting held on 15 November 2023. A copy of the report, marked 'Agenda Item 5', is filed with these minutes.

Members welcomed the report and the positive trading position. Customer service staff were congratulated on their performance.

In response to questions, the Director explained that:

- (i) The new dash cams and sensors had been installed on delivery vehicles in addition to reversing cameras to provide 360 degree visibility for the drivers. This was felt to be safer for when deliveries were made to schools. In response to a query regarding negative feedback from drivers, it was explained that they had been involved in the changes. There had been a short adjustment period for drivers and minor issues, such as the sensitivity of the sensors, had needed to be resolved.
- (ii) The costs for the catalogue were treated as a lump sum in March to be consistent with previous budgets. The catalogue was printed and distributed in March.
- (iii) There was no indication that health and safety incidents increased during the night shift. Due to it being a quieter shift with less moving parts, a lower proportion of incidents took place during the night shift when compared to the other shifts.

RESOLVED:

That the update on actions and progress made since November 2023 be noted.

42. Date of Next Meeting.

It was noted that the next meeting of the Committee would be held on Wednesday 12 June 2024 at 10.30am at County Hall, Glenfield.

43. Exclusion of the Press and Public.

It was agreed that under Section 100 (A) (iv) of the Local Government Act 1972 the public be excluded from the meeting for the remaining 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.

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

The Management 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 9' 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 Director responded to questions related to customers, the Smart Solutions brand, stock turnover and engagement with the Department for Education.

RESOLVED:

That the update on actions and progress made since November 2023 be noted with support.

45. Budget 2024/25.

The Management Committee considered an exempt report of the Director and the Consortium Treasurer which provided an update on the 2023/24 financial outturn and sought approval for the 2024/25 budget. A copy of the exempt report marked 'Agenda Item 10' is filed with these minutes.

The 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).

In response to questions, the Assistant Director explained that:

- (i) ESPO's principle was to set a consistent price to give certainty to schools.
- (ii) ESPO currently had two electric vehicles on trial. As part of the fleet replacement programme an electric vehicle offer would be considered.
- (iii) Recent increases in the National Living Wage were welcomed and there was some flexibility in the budget to accommodate the 2024/25 Pay Award if it was higher than expected.
- (iv) The pressures on the nursery market were recognised.

The Committee welcomed the positive tone of the report and ESPO's attitude towards seeking new opportunities.

RESOLVED:

That the proposed budget for 2024/25 which projects the following be approved:

- (a) An anticipated outturn of £7.8m - £8.1m for 2023/24;
- (b) A budgeted surplus of £7.1m for 2024/25;
- (c) Budgeted financial reserves of £20.1m at the end of 2024/25.

10.30 - 11.42 am
20 March 2024

CHAIRMAN

ESPO MANAGEMENT COMMITTEE – 12 JUNE 2024

PROGRESS UPDATE

REPORT OF THE DIRECTOR

Purpose of the Report

1. The purpose of this report is to inform the Management Committee of the actions and progress made since the last update provided to Members in March 2024.

Background

Financial Performance – 1 month to April 2024

Summary

Year to April 2024 – Period 1					
£m	Actual	B/(w) than Budget		B/(w) than LY	
Stores Sales	3.1	0.1	3.5%	0.1	3.9%
Direct Sales	1.0	(0.1)	(8.2%)	(0.0)	(3.3%)
Rebate income	1.4	(0.1)	(5.6%)	(0.1)	(3.6%)
Total Sales (Exc Gas)	5.5	(0.1)	(1.2%)	0.0	0.6%
Total Gross Margin	2.7	0.1	4.5%	0.1	4.8%
Total Expenditure	2.2	0.1	5.3%	(0.2)	(9.0%)
Trading Surplus	0.6	0.2		-0.1	
Trading Surplus %	10.0%	4.2%		(1.7%)	

2. After 1 month, **a surplus of £0.6m has been made which is £0.2m better than budget** and in line with last year.
3. ESPO launched its April 2024 catalogue with a highly competitive pricing offer and despite much of April seeing schools closed for the Easter vacation, **early catalogue trading is showing promising signs** with catalogue sales largely in the with budget. The benchmarked basket of key goods remains cheaper than ESPOs competitors, especially exercise books, and this is expected to set ESPO in a great position for the summer peak trading period.
4. **Rebate income has started positively**, with £1.4m collected, and is only marginally behind the budget for April due to some small timing differences which will catch up in the coming months.
5. **Costs continue to be tightly controlled** with expenditure of £2.2m slightly below budget, benefitting from savings in warehouse staff. Expenditure as a % of sales is 39.2% and 1.5% better than budget as a result.

6. **For the full year, the budget is a surplus of £7.1m** and at this very early stage in the year this remains the best guidance for members. The trading environment remains competitive, creating a number of risks and opportunities across ESPO's activities.

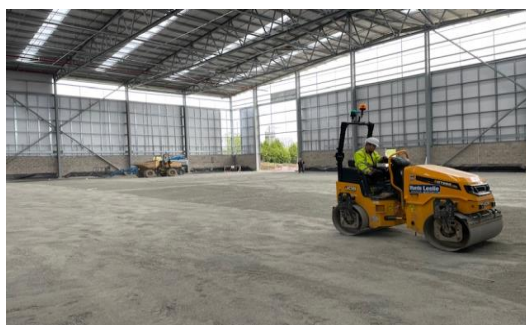
Operational Progress

7. In March, ESPO's distribution centre picked and despatched 124,422 order lines, valued at £4.035m and the transport fleet with couriers made 20,679 deliveries. Warehouse picking was performed at a rate of 32 lines per hour against a target of 32 and the error rate detected by quality assurance (QA) was 0% against the budget of 3%. The average order value for stock orders in March was £219.02 compared to the budget of £195.34. Operational and Information Technology (IT) costs year to March 2024 were £14.108m against a budget of £14.192m. Stock availability averaged 98.6% and 99.42% on the top 1,000 lines in March, the stock value was £10.715m with a stock turn of 5.29.
8. The Customer Services Team handled 3,670 calls across the three customer service channels. Average wait times across all teams was 16 seconds with 96% in less than 30 seconds. The team processed 26,250 customer orders valued at £4.127m. Online and electronic converted orders were at 86.5% of the total, aided by the new automated order processing system. Direct orders currently valued at £845k are being managed from suppliers to customers. Late suppliers are being expedited by the customer services team and customers are kept informed of the estimated delivery date. 5,023 responses to email enquiries were recorded using the e-ticketing system and the customer satisfaction rating was 93.7%. ESPO received 49 service ratings from FEEFO and our customer rating improved to 96%. ESPO commenced the annual benchmarking customer survey using the Institute of Customer Services where the results are compared to companies in the non-food sector.
9. Facilities management (FM) in March ensured that all statutory inspections and repair and maintenance services took place on their relevant due date. All the site washrooms were refurbished and general plumbing repairs undertaken. The glass office doors on the ground floor were reinforced to allow for effective utilisation and future proofing. In conjunction with insurers, the sprinkler fire pump is in the process of replacement and on-schedule; completion planned for the end of May 2024. The FM team have been active in supporting the warehouse extension project; liaising with potential forklift truck and racking suppliers and in considering the consequential improvement plan. Following a procurement exercise, a supplier has been chosen for the provision of a narrow aisle truck that will operate in the new warehouse extension.
10. There were no reported injuries in March. A Health and Safety audit was performed by Leicestershire County Council (LCC) on 15 and 16 February. It was pleasing to see that there were no major non-conformities. Minor non-conformities and observations are being followed-up by ESPO's Health and Safety Manager. A stress management risk assessment was undertaken on the night shift to support staff with their mental health. ESPO continues to follow Health and Safety Executive guidance and implement controls that support shift work. Health surveillance details collected from night shift workers and being processed by Human Resources, this will be sent to Optima (LCC Occupational Health contract) for processing. On 3 March it came to light that a member of staff had concealed themselves in the ESPO building after business hours. This situation was not detected by the operations team that

conducted a sweep of the building. It subsequently became clear that this person, who held a position of trust, was suffering mental health problems and was subsequently repatriated to their family. Additional security measures are being implemented to include additional CCTV cameras in stairwells and greater vigilance in the Friday evening sweep.

11. A Joint Consultative Committee meeting was held on 1 March with union representatives. The installation of cameras and proximity sensors on large goods vehicles was discussed.
12. The Information Technology (IT) helpdesk handled 427 enquiries with a 100% satisfaction rating from internal customers. A range of projects progressed through final stage as we approach year-end, including web pricing for the new catalogue, e-catalogue production, and SIMS/FMS Integration. All other IT project commitments are up to date. For uSecure, the staff awareness training system, the overall Risk Score reduced for consecutive months from 135 to 127, and the course completion rate has improved from 95.9% to 97.2%.
13. The Information Technology Decision Group (ITDG) agreed a number of updated standard IT policies. Following a review of the procurement options for the provision of a cloud-based hosting solution for ESPO's ERP system the team have identified a CCS framework as a possible solution. The framework uses standard framework terms and conditions and is specifically designed for Software as a Service solutions and has a direct award option. Subject to due diligence and governance requirements it is hoped to make the award in Quarter 2 of financial year 2024/25.
14. The warehouse extension build plan at Grove Park is progressing well with steel structure, brick work and cladding all complete. The floor slab has been laid and the sprinkler pipes have been extended ready to be connected. The next stage will see the racking installed together with mechanical and electrical applications being fitted. The project board continue to monitor progress in conjunction with consultants Pick Everard. The completion and fit-out is scheduled for October 2024 and it is hoped that members can attend a launch event to coincide with the November Management Committee meeting. The photographs below show the progress to-date.

Pictures of both inside and outside the new warehouse extension



Staffing

15. Sick absence levels in 2023/24 continue to track lower than in 2022/23, (see table 1 below). There has been an increase in absence due to several mental health cases which are being managed proactively with appropriate support signposted and return to works have taken place in April and expected in May, which should be visible in future figures.

Table 1

	Feb-23		Mar-23			Apr-23			
Department	FTE Days Lost	FTE	FTE days sick	FTE Days Lost	FTE	FTE days sick	FTE Days Lost	FTE	FTE days sick
ESPO	2702.54	324.33	8.33	2684.54	324.33	8.28	2501.51	321.14	7.79

	Feb-24		Mar-24			Apr-24			
Department	FTE Days Lost	FTE	FTE days sick	FTE Days Lost	FTE	FTE days sick	FTE Days Lost	FTE	FTE days sick
ESPO	2457.01	321.26	7.65	2514.11	318.58	7.89	2572.22	318.56	8.07

16. The four main causes of sick absence during April were:

	Mar-24	
	FTE_DAYS_LOST	Percentage
Stress/Depression, Mental Health	44.06	30.27%
Other Musculo-Skeletal Problems	19.06	13.10%
Cough, Cold, Flu	6.81	4.68%
Gastro-Stomach, Digestion	4.05	2.78%
Covid	1.01	0.69%

17. Due to the slight increase in Musculo-Skeletal absences additional manual handling training is being given although some injuries have been sustained outside of work.

Staff Survey

18. ESPO has recently completed the third staff survey since 2019. The questions have been consistent but have included some additions this year:
- i) Staff wellbeing offer (2 questions)
 - ii) A bullying and harassment question
19. 211 responses were received which represents 60% of employees. This is the highest response rate of the three surveys. Compared to the 2021 results there is a clear improvement in responses.

20. Greatest improvements (all up by 24-26% points):
- i) My manager gives me constructive feedback on my performance
 - ii) I feel the reasons for change are well communicated to me
 - iii) I feel valued for the work I do
21. The most positive result is that 90.4% of respondents were in agreement that ESPO is a good employer, followed by feeling trusted to carry out their job effectively (86.9%) and knowing how to access wellbeing services for staff (96.3%).
22. While overall this was a positive response ESPO will continue to work to improve staff-wellbeing and the work-life balance of employees.

Staff Changes

23. The new Human Resources Business Partner to ESPO was appointed on 7 May. They participate on the Leadership Team and will be attending the September Management Committee to present to Members by way of introduction.

Resources Implications

24. There are no resources implications arising from the recommendations within this report.

Recommendation

25. It is recommended that the Committee note the update provided by the Director on the actions and progress made since the last update provided to Members in March 2024.

Equality and Human Rights Implications

26. There are no equality and human rights implications arising from the recommendations within this report.

Background Papers

Director's Report to the ESPO Management Committee 20 March 2024 - <https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=704&MId=7519&Ver=4>

Appendices

Appendix A – Balanced scorecard
Appendix B – Risk Review Extract

Officer(s) to Contact

Kristian Smith
Director
k.smith@espo.org
0116 265 7887

Management Summary Apr 24

Management Summary

	Actual	Budget /LY	Var	YTD Actual	Budget YTD	YTD Var
Stores Sales	£3,120,118	£3,014,732	↑ 3.5%	£3,120,118	£3,014,732	↑ 3.5%
Direct Sales	£1,002,467	£1,092,185	↓ -8.2%	£1,002,467	£1,092,185	↓ -8.2%
Rebate plus fee Income (£k)	£1,401,133	£1,484,057	↓ -5.6%	£1,401,133	£1,484,057	↓ -5.6%
Total Sales (Exc Gas)	£5,583,923	£5,628,474	↓ -0.8%	£5,583,923	£5,628,474	↓ -0.8%
Stores Margin %	34.9%	31.6%	↑ 3.22%	34.9%	31.6%	↑ 3.2%
Direcets Margin %	14.8%	10.6%	↑ 4.23%	14.8%	10.6%	↑ 4.23%
Total Gross Margin Inc Consumables Cost	£2,727,475	£2,603,100	↑ 4.8%	£2,727,475	£2,603,100	↑ 4.8%
Total Expenditure	£2,166,629	£2,276,560	↓ -4.8%	£2,166,629	£2,276,560	↓ -4.8%
Surplus	£560,846	£326,539	↑ £234,306	£560,846	£326,539	↑ £234,306
Net Profit Margin %	10.0%	5.8%	↑ 4.2%	10.0%	5.8%	↑ 4.2%

	Actual	Budget /LY	Var	YTD Actual	Budget YTD	YTD Var
Eduzone Sales	£55,456	£35,750	↑ 55.1%	£55,456	£35,750	↑ 55.1%

Customer Order KPI's

	TY YTD	LY YTD	Var
AOV	£189.62	£201.83	↓ (£12.21)
Prop of orders over £15	97.5%	97.2%	↑ 0.22pp

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Appendix B – Risk Review Extract

ESPO

Risk Ref	Category	Risk Description	Consequences / Impact	Risk Owner	Inherent Risk Score			Risk Action Tolerate / Treat / Transfer / Terminate	List of Current Controls / Actions Embedded and operating soundly	Residual Risk			Risk Action Tolerate / Treat / Transfer / Terminate	Further Action / Additional Controls	Action Owner	Action Target Date	Date	Inherent Risk	Residual Risk	
					Impact	Likelihood	Score			Impact	Likelihood	Score								
2	Stores Trading and Brand	Web - Failure to meet customers' expectations or requirements leading to loss of business	1. Reduction in the sales of products and use of services. 2. Income falls below economic levels required to support current operational needs. 3. Threat to MTFS	AD Business Development	5	3	15	Treat	1. Rolling review of Customer Offer 2. Web development digital roadmap 3. Various customer satisfaction surveys and analysis of feedback. 4. Weekly reviews of operating and financial KPIs 5. Benchmarking against other public & private sector competitors. 6. Complaint procurement	1. Key website operating KPIs (visits, transactions, sales, procurement downloads, CAA, CDA) 2. Customer feedback and satisfaction levels 3. If analysis of competitor websites identifies key new functionality or services being offered.	4	3	12	Treat	Deliver website development project. Key upcoming milestones include: - To ensure that we are always on a supported version of Adobe Commerce - Commence delivery of PushOn rolling improvements, including launch of Klevu live search and re-merchandising site - Deliver customer experience (and My Account) functionality (Dec 23) including ability to pay invoices online - SEO optimisation - ongoing - E-procurement integration into website (Jan 24) - New Digital Support Officer role will help mitigate single point of failure - been recruited to and postholder will start in Nov 23.	Head of Marketing	Ongoing	13.11.23	High	Med
25	Stores Trading and Brand	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 focusing 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 Business Development	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. 8. Work with DfE to promote our offer. 9. Develop proposals to DfE showing savings on key categories or products 10. Ensure that BESA provide challenge to DfE for their	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 stationary and direct electrical item sales at category level. 5. Tertiary customer research and feedback 6. Competitive mapping for frameworks, including new threats from Bloom and CCS expansion. 7. Staff migration to competitors. 8. Market insight data from BESA, C3 and EdCo	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 tertiary 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. 11. Consider bidding for the CCS fall spend tender next time issued 12. Work with DfE on a set of proposals to show savings to schools on specific products.	AD Procurement & Commercial	Ongoing	13.11.23 Reviewed - Controls/actions and risk indicators updated. DfE are proposing to offer all schools access to Amazon Business via YPO solution. Amazon/DfE update paper going to Management Committee in March and COS at next cycle. Working with BESA to disrupt DfE/Amazon proposal. The team continue to regularly benchmark key products.	High	Med
78	Supply chain	Supply chain risk - including corona virus, Brexit and Conflict in Europe	1. Stock supply shortages for products or components that are made in Far East. 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. 5. Buying price risk due to increased freight costs may mean a reduced margin. 6. Driver shortage in the market could affect deliveries to ESPO and our ability to deliver to our customers on time. • 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.	Director	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 Optimisation team. 8. Work closely with staff agency partners to source staff across the logistics, procurement and financial sectors. 9. Continue to manage supply chain risk through Supply Chain Panel, PAG and CMG. 10. CMG and Contracts Panel will be made aware of price increases and impacts assessed by Finance 11. Aim to resist price increase 'within year' 12. Mitigate increases through connection re-arrangement	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	4	16	Tolerate	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 Mgmt. Committee. 05.03.2020 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 • Forthcoming work on building modifications and a new people strategy to support new ways of working.	Director	Ongoing	15.6.22 Post risk meeting - residual risk increased to high reflecting discussion about changes (and risk of further changes) in global trading conditions.	High	High
79	IT	IT Cyber Security - Range of cyber security threats (Note - separate IT specific risk register maintained and overseen by Internal ITDG committee)	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	5	4	20	Treat	1) Firewall logs (contain details on network traffic, including hostile attacks on the ESPO network) 2) Firewall Reports (Daily, weekly, monthly reports on network traffic) 3) External security support partner monitoring (Various support partners issue regular threat alerts) 4) various event logging - systems that monitor and alert on potential concerns (this is a weak area for ESPO and will be reviewed) (Needs further expansion) 5) Staff education (Reduces risk of successful phishing attack) 6) Anti-Ransomware backup solution (prevents hackers from encrypting our backups) 7) External security controls Audit (Highlights areas of concern in ESPO security systems) 8) Penetration testing (probes the ESPO network for	1) Firewall logs (contain details on network traffic, including hostile attacks on the ESPO network) 2) Firewall Reports (Daily, weekly, monthly reports on network traffic) 3) External security support partner monitoring (Various support partners issue regular threat alerts) 4) various event logging - systems that monitor and alert on potential concerns (this is a weak area for ESPO and will be reviewed) (Needs further expansion)	4	4	16	Treat	IT action plan created and enhanced following the cyber audit by LCC. This includes controls in place, and enhancements, including: - Creation of cyber security roadmap, specific risk register and incident response processes - New remote working policy including multi-factor authentication, revised password policy and technical measures for device authentication. - Penetration Testing - Disaster recovery policy, testing and third party support - Staff training and to improve awareness, competence and enhance the positive culture of reporting of issues/mistakes - Contracts with specialist 3rd parties to provide regular technical and emergency support - Working towards 'Cyber Essentials+' accreditation - Maintenance and development of internal security procedures (e.g. the 2022 version upgrade of our ERP system) Sept 2022 Cyber Insurance policy extended for 1 year. Oct 2022 LT approved Incident Response Policy.	AD Operations & IT	Q1 2021/ongoing	Nov 2023 Migration taking place from Pulse to Microsoft Always On VPN.	High	High
60	Procurement - Compliance	The Procurement Bill contains areas of potential risk for ESPO. Lack of clarity around proposals at this stage adds to the concern. Main areas of concern are: Proposals for more flexible procurement procedures may devalue the protection afforded by frameworks. Customers may decide to procure themselves. More flexible procedures lacking detail - risk to ESPO if it attempts to pioneer use of these. Increased transparency rules bring greater administrative and compliance burdens and unclear expectations from Cabinet Office exposes contracting authorities to litigation risk. There is also a real risk that suppliers could become more emboldened to mount legal challenges to procurement decisions under the new regime and until it is fully tried and tested. The new Regulations will remain under review and therefore subject to change for at least two	Customers may choose to undertake their own procurements and not use frameworks - fall in rebate income. Risk of court challenge if new procedures used incorrectly. Current procurement structure may need reassessment to ensure compliance with transparency rules. Risk of being sued for inappropriate transparency or for not being transparent enough.	AD Procurement & Commercial	5	3	15	Treat	Monitoring contracts finder/ find a tender and closer monitoring of customer procurement pipelines Better engagement through CRM'S Continued engagement with legal advisors to gauge customer tendencies Carvass opinion from member authorities to understand what it means to them/what their intentions are. Manage customer messages to intensify the 'safe framework' message. ESPO stick with Open Procedure until new flexible procedures are clarified and tested. Ensure procurement team is adequately resourced to ensure transparency compliance. Create a Transparency/Governance unit within procurement. Update processes & procedures to reflect new requirements.	Fill down in number of customers using our frameworks. Insufficient resource to manage increased administration required.	5	3	15	Treat	1. Develop ESPO's procurement strategy to take account of the newly released National Procurement Policy Statement 2. Work closely with LCC and other PBOs to develop joint approach. 3. Through chairmanship of the PBO forum ensure that representatives from the Cabinet Office attend to provide regular updates on policy in relation to the Procurement Bill development. 4. Ensure that ESPO has representation on the planned Cabinet Office training advisory body for new procurement rules - push for central funding. 5. Put in place an ESPO procurement steering group to support the transition to new ways of working 6. Ensure adequate legal resource is in place from LCC to support the transition to new procurement rules. 7. Ensure new processes and governance procedures remain under review and in-step with changes to the new Regulations. 8. Continue to invest in staff	AD Procurement & Commercial		13/11/2023 Bill now has Royal Assent. Procurement Steering Group continues to work through White Paper as a working group to redesign processes and possibly re-structure to ensure readiness. We have responded to the Cabinet Office consultation exercise on the draft regulations and guidance. We continue to review the draft bill. NFA	High	High
88	IT	Framework CRM database - Supporting E9M+ rebate and £2.5bn+ customer spend Risk of high dependence on bespoke ESPO developed system and knowledge with one individual within IT.	ESPO risks are: 1. Reduced visibility of framework sales data/MI, by customer/sector etc. 2. Reduced ability to forecast rebate income ranges. 3. Potential to adversely impact rebate income. 4. Increased manual workload for procurement teams. 5. Member dividend is based on top frameworks which will not be ascertainable if there is no access to the database. 6. Current database doesn't hold framework details on MSTAR, Washroom	AD Procurement & Commercial	5	4	20	Treat	1. Tested process for system use. 2. Some data is held within procurement teams at supplier level only. 3. Finance and Commercial teams hold high level framework rebate information. 4. Spirit project to expand data management is currently underway.	1. Actual income to be monitored against forecast and variances reviewed. 2. Delays in provision of MI and/or agreement on rebate levels with suppliers. 3. Reviews between Commercial team and Procurement teams. 4. Reviews between Commercial and Finance team. 5. Status of the Spirit project	4	3	12	Treat	1. Implement new Spirit system. 2. Build a centrally held pipeline for customer spend. 3. Consider development of a supplier portal for uploading of MI from 2,500+ suppliers. 4. Consider automation of raising supplier invoices via Spirit CRM. 5. Consider business wide rollout of a CRM system. 6. Consider appointing a supplier to provide a rebate portal.	Head of Commercial		Nov 2023 no updates	High	Med
91	Governance and financial	Risk of warehouse extension overspend	1. Reduced cash reserves 2. Less appealing investment proposition	AD Finance	5	4	20	Treat	1. Procurement process with prices agreed and fixed where possible at the outset of contracting. 2. Regular reviews of the Cost Plan with the third party project manager (Pick Everard) and main contractor (Galliford Try)	1. Cost overruns agreed/expected evaluation at each stage of the tender process, and as the project progresses.	4	3	12	Treat	1. Continual evaluation of costs and investment appraisal through the Project Board 2. Clear specification for contractors and flexibility on ESPOs part to manage costs 3. Fast delivery plan once planning permission has been obtained	AD Finance	01/12/2022	24.11.23 - Regular oversight operationally and through the Project Board. Contingency remains in place and majority of the work has been tendered with no overspend currently expected.	High	Med

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