



Date: 9 June 2026  
My Ref AS/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, 17 June 2026 at 11.00 am in the Sparkenhoe Committee Room, County Hall, Glenfield.

Members are reminded that a buffet lunch will not be provided after the meeting, although liquid refreshments will be available. Members are welcome to use the canteen at County Hall if they wish.

Yours faithfully,

Angie Smith  
for Consortium Secretary

### **AGENDA**

<u>Item</u>	<u>Report by</u>	<u>Page</u>
1. Appointment of Chairman.		
2. Appointment of Vice-Chairman.		
3. Chairman's Announcements.		
4. Appointment of Consortium Secretary.		
5. Minutes of the meeting held on 31 March 2026		(Pages 3 - 8)
6. To advise of any items that the Chairman has decided to take as urgent elsewhere on the agenda.		

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

8. Items referred by the Finance and Audit Subcommittee.

There are no specific items referred.

9. Managing Director's Progress update. Managing Director of ESPO (Pages 9 - 22)

10. Date of Next Meeting.

The next meeting of the Committee is scheduled to take place on 16 September 2026 at 11.00am.

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

12. 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).*

13. Supplementary Information Informing the Progress Report of the Managing Director's Progress Update. Managing Director of ESPO (Pages 23 - 38)

14. Review and Revision of the Constitution of the Management Committee. Legal Services (Pages 39 - 64)

15. Staff Survey 2025. HR Manager (Pages 65 - 72)

16. Outturn 2025-26 and MTFS Update. Managing Director of ESPO and Consortium Treasurer (Pages 73 - 86)



Minutes of a meeting of the ESPO Management Committee held online using Microsoft Teams, on Tuesday, 31 March 2026.

PRESENT

Cllr. T. Bridgwood – Lincolnshire County Council (in the Chair)

Cambridgeshire County Council

Cllr. D. Green

Cllr. R. Wyatt

Norfolk County Council

Cllr. J. James

Peterborough City Council

Cllr. M. Jamil

Cllr. C. Wiggin

Leicestershire County Council

Mr. H. Fowler CC

Lincolnshire County Council

Cllr. L. Kelly

Apologies

Apologies were received from Mr. D. Harrison (Leicestershire County Council).

In attendance

**ESPO**

Gary Ford – Director of Business Development and Growth

Kristian Smith – Managing Director

Gary Tapp – Commercial Financial Controller

**Leicestershire County Council**

Patrick Taafe – Assistant Head of Law

Angie Smith – Democratic Services Officer

1. Chairman's Announcement

The Chairman informed those present that the meeting had been convened as a continuation of the Committee's scheduled business following the meeting planned for 25 March. On that occasion, an in-person meeting was arranged but was unable to proceed as the required quorum was not present, and the meeting was therefore adjourned in accordance with the Constitution.

The meeting had been reconvened to be held remotely. Members were aware that, as a consequence of the statutory framework under the Local Government Act 1972, a meeting of the Committee held online could not, of itself, constitute a quorate meeting for decision-making purposes. However, the Constitution made provision for business to be progressed through remote meetings, with decisions taken through the written procedure set out in the Procedural Standing Orders.

Accordingly, the Chairman confirmed that Standing Order 21.6 would apply in respect of the meeting. Any decisions arising from discussions would be circulated in writing to all Members of the Committee and, provided no written objection was received within the

specified period, the Consortium Secretary would be authorised to give effect to those decisions under delegated powers.

Finally, Members noted that officers would be undertaking a review of the governance arrangements of the ESPO Management Committee. The review would consider whether any refinements or updates would assist in supporting the effective and efficient conduct of the Committee's business going forward, including matters such as the frequency of meetings and issues of quoracy, and would also extend to the Finance and Audit Subcommittee where appropriate.

To facilitate early consideration of governance changes, the Chairman proposed that officers prepare a report setting out options and recommendations arising from their review, to be brought back to the Management Committee for consideration at the June meeting. Subject to there being no objection under the written decision-making procedure, that approach would be progressed accordingly.

2. Minutes of the meeting held on 26 November 2025.

The minutes of the meeting held on 26 November 2025 were taken as read, confirmed, and signed.

3. Urgent Items.

There were no urgent items for consideration.

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

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.

5. Items referred by the Finance and Audit Subcommittee.

There was one item referred by the Finance and Audit Subcommittee, concerning agenda item 10, Budget 2026/27.

6. Managing Director's Progress update.

The Management Committee considered a report of the Managing Director which provided an update of the actions and progress made since the previous ESPO Management Committee meeting held on 26 November 2025. A copy of the report marked 'Agenda Item 5' is filed with these minutes.

Arising from presentation of the report and discussion, the following points were made:

- i. It was reported that ESPO had achieved a surplus of £7.7 million, which was £0.8 million ahead of budget and £0.7 million better than the previous year. Members were advised that market contraction had continued, driven largely by funding pressures affecting schools, although growth in development areas had helped to offset some of the decline in traditional markets.

- ii. It was noted that, despite lower levels of sales, margin performance had remained strong throughout the year and was expected to continue through the final quarter.
- iii. Rebate income was reported to have continued to perform well, while expenditure had been tightly controlled, with staffing vacancies and other cost controls helping to offset lower sales and gross margin during the year.
- iv. ESPO Trading Limited and Eduzone had continued to benefit from international relationships and that overall costs within those businesses had also been well controlled.
- v. A surplus of £134,000 had been achieved across those operations, which was £73,000 above budget.
- vi. Members noted that the conflict in the Middle East could have implications for ESPO, and that mitigating actions were being taken through supplier engagement, stock management and optimisation of deliveries in order to maintain availability.
- vii. Overall, Members were advised that ESPO had continued to perform well in a challenging market, had remained competitively priced, and was on course to surpass its full-year budget target.
- viii. In respect of operational progress, it was reported that stock availability had remained high at 99.2% in January, notwithstanding continuing supply chain pressures.
- ix. Members noted the continued strong customer service performance, including a FEEFO score of 94%, and that ESPO had been awarded FEEFO Platinum status in recognition of maintaining a service rating above 4.5 out of 5 over a three-year period.
- x. It was further reported that facilities management activities and statutory inspections had been maintained and that there had been only one minor health and safety incident to report.
- xi. Members were advised that IT performance remained strong, with high internal satisfaction levels and a robust cyber security score, and that a SharePoint site had been created for the corporate risk register.
- xii. In relation to staffing, Members noted the sickness absence position, including the 7.5 day target, the reported average of 2.27 days lost per FTE during the relevant period, and the further detail set out in the report regarding the causes of absence and the actions being taken in response.
- xiii. Members further noted the range of preventative actions being taken to support staff health, safety and wellbeing and to promote a positive working environment. Members also noted that staff health MOTs provided by Leicestershire County Council had been well received.
- xiv. In the course of discussion, Members congratulated officers on a strong set of results achieved during a particularly challenging trading period and commented that the customer service outcomes demonstrated that ESPO remained a trusted organisation within the market. In response, the Managing Director thanked members for their comments and confirmed that their remarks would be shared with the wider organisation.

- xv. A question was raised regarding the differential in sickness absence between warehouse-based and office-based staff, particularly in relation to mental health, and members asked what support was in place for staff experiencing mental health difficulties. In response, the Managing Director emphasised the importance of mental health support, referred to the mental health first aiders available at ESPO, and noted that particular attention was given to staff working night shifts given the potential impact of that working pattern on wellbeing. It was also noted that, as ESPO employed more staff within operations, a higher number of absences in that area might be expected.

It was moved by Cllr. Bridgwood and seconded by Cllr. Jamil that the update provided by the Managing Director be noted.

RESOLVED:

That the update provided and progress made since the last update be noted.

7. Date of Next Meeting.

It was noted that the next meeting of the Committee would be held on 17 June 2026 at 11.00am.

8. Exclusion of the Press and Public.

RESOLVED:

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 would involve the disclosure of exempt information as defined in the Act and that in all circumstances the public interest in maintaining the exception outweighs the public interest in disclosing the information.

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

The Committee considered an exempt report of the Managing Director which set out supplementary information relating to the Managing 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 Managing Director responded to questions and discussions related to the following:

- Noted that ESPO had continued to perform well despite challenging market conditions and trading standards, and had increased market share, had growth in new customer accounts and continued progress in a number of key business areas.
- Noted continued success of My School Fund, including its growth and external recognition.

- Considered survey findings on staff satisfaction, and were advised that further work would be undertaken to understand the context behind survey findings, including through a focus group and further action led by HR.
- Members emphasised the importance of maintaining multiple channels through which staff could raise concerns.
- Noted a drug and alcohol test had been conducted in line with policy, and appropriate management action had been taken.
- Sought further clarification on the future approach to gas purchasing and the extent to which ongoing geopolitical instability might affect timing of procurement decisions.
- Received assurance that specialist governance and trading arrangements were in place to manage market fluctuations within agreed parameters.

It was moved by Cllr. Bridgwood and seconded by Cllr. James that the update provided by the Managing Director be noted.

RESOLVED:

That the update provided by the Managing Director be noted.

#### 10. Budget 2026/27

The Committee considered a joint report of the Managing Director, ESPO and the Consortium Treasurer which provided an update on the 2025/26 financial outturn and sought approval for the 2026/27 budget. It was noted that the Finance and Audit Sub-Committee had considered the budget for 2026/27 at its meeting on 25 February 2026 and had approved the budget for submitting to the Management Committee in March 2026 for consideration and approval. A copy of the report marked 'Agenda Item 10' is filed with these minutes.

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

Members offered congratulations to the team, noting that setting a standstill budget in a contracting market was a strong achievement and expressing confidence for the year ahead.

It was moved by Cllr. Bridgwood and seconded by Cllr. Wyatt that the budget report provided by the Managing Director and Consortium Treasurer be noted.

RESOLVED:

- a) That the financial outturn for 2025/26 be noted.
- b) That the budget for 2026/27 be approved.

#### 11. 2026/27 Commercial Plan Summary.

The Committee considered a report of the Director of Business Development and Growth, which provided a summary of the 2026/27 Commercial Plan. The detailed Commercial Plan was appended to the report. A copy of the report marked 'Agenda Item 11' 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 (include the authority holding that information).

The Director of Business Development and Growth highlighted key repoints and responded to questions on the following:

- Expected increased catalogues sales, which a budget set prudently to reflect prevailing market conditions.
- Reduction in stores and directs volume to reflect the continued contraction of the education supplies market.
- The expectation that framework income would continue to grow and that local government reorganisation could also present further opportunities for ESPO's framework portfolio.
- Sales strategy focus was on ensuring that the product offer remained aligned to customer demand.
- Education technology, together with PunchOut and finance management system integrations, had been identified as important areas for growth.
- Assessment of procurement solutions to identify specific framework opportunities.
- Strategic category plans to assess the future framework portfolio.
- Website improvement for framework customers to transact online.
- A programme of events and webinars to demonstrate ESPO's expertise and promote both its catalogue and framework offer to senior leaders.

It was noted that the Plan was intended to be a dynamic document which would be progressed flexibly in response to the commercial environment.

It was moved by Cllr. Bridgwood and seconded by Cllr. Wyatt that the update provided by the Director of Business Development and Growth be noted.

RESOLVED:

That the update provided Director of Business Development and Growth be noted.

10.30am to 12.12pm  
31 March 2026

CHAIRMAN

## ESPO MANAGEMENT COMMITTEE – 17 JUNE 2026

### PROGRESS UPDATE

### REPORT OF THE MANAGING DIRECTOR

#### Purpose of the Report

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

#### Financial Performance update

##### Summary

2. 2025/26 represents a record year for ESPO, delivering a surplus growth ahead of plan despite sustained market contraction, demonstrating the strength and resilience of the organisation's diversified business model.
3. For the 12 months ending March 2026, ESPO delivered a surplus of **£8.3m, which is £1.1m ahead of budget, £1.0m ahead of the prior year and £1.0m ahead of the uplifted Medium Term Financial Strategy (MTFS)**. This represents a very strong financial performance in the context of a contracting educational supplies market and reflects ESPO's ability to grow market share, maintain margin discipline and continue expanding its procurement frameworks business.
4. This outcome represents cumulative surplus growth of 85.1% over the last five years, with average annual growth of 14.5%, demonstrating a sustained and consistent improvement in financial performance and underlying resilience of the ESPO business model.
5. The expected dividend pool for members is £6.2m. As in previous years, individual member allocations will be linked to their level of utilisation of ESPO services.

Year to March 2026 – Period 12					
£m	Actual	B/(w) than Forecast		B/(w) than Budget	
Stores Sales	54.7	(3.4)	(5.9%)	(4.9)	(8.3%)
Direct Sales	17.9	(0.9)		(0.9)	(4.6%)
Rebate income	13.8	(0.2)		(0.2)	(1.3%)
<b>Total Sales (Exc Gas)</b>	<b>86.4</b>	<b>(4.5)</b>	<b>(4.9%)</b>	<b>(6.0)</b>	<b>(6.5%)</b>
Stores Margin %	33.3%	0.0%		0.8%	2.7%
Directs Margin %	18.0%	0.9%		0.9%	(0.0%)
Total Gross Margin	36.8	-1.2		-1.2	(3.2%)
Total Expenditure	28.4	2.3		2.3	8.9%
<b>Trading Surplus</b>	<b>8.3</b>	<b>1.1</b>		<b>1.1</b>	<b>1.0</b>
Trading Surplus %	9.7%	1.7%		1.8%	1.3%

6. Performance in 2025/26 has been delivered against a challenging external environment, with continued contraction in the educational supplies market driven by funding pressures across schools. Despite this, ESPO has maintained and grown its market share, supported by competitive pricing, strong product availability, and consistently high levels of customer service.
7. Framework rebate income has continued to perform strongly, increasing by £0.6m compared to the prior year. Growth has been supported by inflationary uplift, targeted growth strategies and improvements in the customer journey, alongside strengthened billing processes. While public sector funding constraints—particularly within Central Government back-office spend—have impacted certain frameworks, this has largely been offset by growth across other areas of the portfolio.
8. Customer demand within the educational supplies market remained subdued throughout the year, with sector intelligence indicating weak confidence and reduced discretionary spend. Schools continue to prioritise essential purchases and are increasingly altering purchasing behaviours, including bringing forward spend earlier in the year and concentrating activity within discounted pricing windows. ESPO has responded effectively to these dynamics through targeted sales campaigns, development area growth and structured promotional activity.
9. Margin performance has remained resilient despite lower sales volumes. Total gross margin was £36.8m, £1.2m below budget due to reduced volumes; however, underlying margin percentages were ahead of budget across both Stores and Directs. Stores margin of 33.3% was 0.8% above budget and Directs margin of 18.0% was 0.9% above budget, reflecting effective margin management, disciplined pricing and favourable product mix. Margin performance strengthened in the final quarter, partially offsetting volume pressures.
10. Cost control has remained a key strength throughout the year. Total expenditure of £28.4m was £2.3m favourable to budget, driven by active management of variable costs, operational staffing efficiencies, vacancy management and tight control of overheads. This disciplined approach has enabled ESPO to offset the impact of lower gross margins arising from reduced sales volumes.
11. Trading activity followed the expected seasonal profile, with a softer final quarter as school budgets were largely committed earlier in the financial year. February and March trading was further impacted by lower rebate activity and the timing of catalogue print and distribution costs.
12. Looking ahead, there remains a high degree of caution over demand in 2026/27. Market intelligence and ongoing customer feedback indicate that financial pressures within schools are expected to persist, with further reductions in discretionary spend likely. Purchasing behaviour is expected to continue evolving, with increased price sensitivity, greater competition for customer spend and a continued shift towards earlier purchasing cycles.

13. Geopolitical developments, particularly the ongoing instability in the Middle East, present an additional risk to ESPO, with potential supply chain disruption and a direct impact on ETL's international trading activity. Mitigation actions are in place, including enhanced stock planning, early ordering where appropriate, and close engagement with suppliers to manage sourcing risks and maintain product availability.
14. Overall, ESPO has delivered a strong financial performance in 2025/26, with disciplined cost control and resilient margin performance more than offsetting the impact of lower sales volumes. This demonstrates the strength of ESPO's diversified model and provides a robust platform heading into a more uncertain 2026/27 trading environment.

### Sales and Margin

Sales and Margin								
£m	Actual		B/(w) than Forecast		B/(w) than Budget		B/(w) than LY	
Stores Sales	54.7		(3.4)	(5.9%)	(4.9)	(8.3%)	(1.2)	(2.1%)
Direct Sales	17.9		(0.9)		(0.9)	(4.6%)	(0.7)	(3.7%)
Rebate income	13.8		(0.2)		(0.2)	(1.3%)	0.6	4.6%
<b>Total Sales</b>	<b>86.4</b>		<b>(4.5)</b>		<b>(6.0)</b>		<b>(1.3)</b>	
Stores Margin	18.2	33.3%	(0.0)	(2.5%)	(1.1)	0.8%	1.1	2.7%
Directs Margin	3.2	18.0%			0.0	0.9%	(0.1)	(0.0%)
Rebate income	13.8				(0.2)	(1.3%)	0.6	4.6%
Gas Margin	0.4	1.9%			(0.0)	1.1%	(0.0)	0.6%
Catalogue Advertising	0.6				0.1		0.1	
Misc	0.5				0.0		(0.0)	
<b>Total Gross Margin</b>	<b>36.8</b>	<b>42.5%</b>	<b>(1.2)</b>		<b>(1.2)</b>	<b>1.4%</b>	<b>1.6</b>	<b>2.4%</b>

Gas								
£m	Actual				B/(w) than Budget		B/(w) than LY	
Gas Sales	18.9				(30.0)	(61.3%)	(11.7)	(38.1%)
<b>Gas Margin</b>	<b>0.4</b>	<b>1.9%</b>			<b>(0.0)</b>	<b>1.1%</b>	<b>(0.0)</b>	<b>0.6%</b>

15. **Total sales to March 2026 were £86.4m**, £6.0m below budget and £1.3m below the prior year, reflecting the continued contraction in the educational supplies market. This reduction in volumes is consistent with wider sector pressures, particularly within schools where funding constraints have driven reduced discretionary spend. Despite this, framework rebate income has continued to perform strongly, increasing by £0.6m compared to the prior year, supported by both underlying growth and improved timeliness of billing activity
16. **Stores sales of £54.7m** were £4.9m behind budget, with performance remaining under pressure in the second half of the year, particularly across core member and established customer bases. This reflects sustained funding pressures within schools, including inflationary impacts on pay, energy and operational costs. ESPO responded proactively through targeted growth activity in development areas and the effective deployment of promotional and loyalty-based offers, which helped partially offset the decline in core markets. Customer purchasing behaviour continues to evolve, with increased concentration of spend within discount periods and earlier ordering in the financial year to maximise value for money. As anticipated, trading conditions in

Q4 were particularly challenging as school budgets were largely committed earlier in the year. The market remains highly competitive, with customers increasingly price-sensitive and actively comparing offers, however ESPO's structured promotional activity and pricing remains effective in retaining customer engagement and supporting value-led purchasing decisions. This performance, within a contracting market, indicates that ESPO has continued to gain market share, particularly through targeted growth in development areas and retention of core customers.

17. **Gross profit margin for Stores was 33.3%**, 0.8% ahead of budget. Margin performance has benefited from a more stable supplier pricing environment relative to prior years, enabling ESPO to maintain a consistent and competitive pricing strategy throughout the year without the need for in-year price adjustments. In addition, the prior year was impacted by higher-cost stock carried forward, particularly within exercise books, further supporting the year-on-year improvement.
18. **Directs sales were £17.9m**, £0.9m below budget, reflecting continued deferral of larger, non-essential purchases such as furniture and equipment as schools prioritise essential expenditure. This trend is expected to persist into 2026/27, with outlook for Directs remaining subdued in the short term given ongoing budget constraints within the education sector.
19. **Gross profit margin for Directs was 18.0%**, 0.9% ahead of budget. This improved performance was largely driven by improved target margin setting, favourable product mix and selective in-year supplier cost reductions. The stronger margin performance has partially mitigated the impact of lower volumes within this category and reflects effective margin management and pricing discipline.
20. **Rebate income of £13.8m delivered a strong full-year performance**, increasing by £0.6m (4.6%) on the prior year. Growth has been driven by inflationary uplift, continued expansion of the framework portfolio and improved billing timeliness. However, underlying spend constraints remain evident in certain Central Government frameworks. ESPO has increased its procurement framework marketing and exhibition activity during 2025/26 and is planning further expansion in 2026/27 to support future pipeline growth. Potential upside may arise from targeted local government funding allocations in areas such as waste, social care, housing and infrastructure, which could stimulate increased procurement activity. However, some frameworks—particularly Strategic HR services—continue to be impacted by broader public sector cost control measures. Continued focus remains on ensuring billing is both accurate and timely to optimise income realisation. This continued growth reinforces the increasing importance of procurement frameworks as a key and more resilient income stream within ESPO's diversified operating model
21. **Other income is broadly in line with budget.** Catalogue advertising income has increased modestly as ESPO develops its digital advertising offer for suppliers, supporting longer-term diversification of income streams. Interest income has remained favourable, reflecting the continued benefit of elevated

interest rates on cash balances, albeit at a reduced level compared to the prior year.

22. **Overall gross profit of £36.8m is £1.2m below budget**, driven primarily by lower sales volumes within the educational supplies market. Margin performance has remained resilient across the year, with both Stores and Directs achieving margin percentages above budget. This reflects effective margin management, disciplined pricing strategy and favourable product mix, consistent with ESPO's approach of protecting value and maintaining competitiveness in a highly price-sensitive market.

## Expenditure

<b>Expenditure</b>			
<b>£m</b>	<b>Actual</b>	<b>B/(w) than budget</b>	<b>B/(w) than LY</b>
<b>Employee Costs</b>			
Staff	17.0	2.1	(1.3)
Agency/Contract	2.3	(0.8)	0.1
<b>Total</b>	<b>19.3</b>	<b>1.2</b>	<b>(1.3)</b>
<b>Overhead Expenses</b>			
Transport	3.0	0.4	0.3
Warehouse	0.7	0.1	0.1
Procurement	0.3	0.1	0.0
Sales & Marketing	1.0	0.2	0.0
Finance	1.9	0.2	0.2
IT	1.4	0.1	0.0
Directorate	0.8	0.1	0.0
<b>Total</b>	<b>9.1</b>	<b>1.1</b>	<b>0.7</b>
<b>Total Expenditure</b>			
	<b>28.4</b>	<b>2.3</b>	<b>(0.6)</b>
<b>As % of Total Sales Excluding Gas</b>	<b>32.9%</b>	<b>0.0%</b>	<b>(1.1%)</b>

23. **Total expenditure of £28.4m is £2.3m favourable to budget**, reflecting strong financial discipline and effective cost control across the organisation. The underspend primarily arises from a combination of operational staffing efficiencies and vacancy management, proactive control of variable fulfilment and overhead costs in response to lower volumes, and the impact of a lower-than-anticipated pay award. This demonstrates the organisation's ability to respond flexibly to changing trading conditions while maintaining tight control over its cost base. A continued and embedded focus on cost discipline will remain a priority throughout 2026/27.
24. Expenditure as a percentage of sales remained consistent with budget, indicating that cost management has been maintained despite inflationary pressures across the underlying cost base. This reflects effective alignment between operational spend and trading performance, ensuring that cost ratios remain stable even as external pressures continue to impact input costs.

25. The 2025/26 pay award was agreed at 3.2% and implemented in September 2025. This was below the original budget assumption of 3.5%, generating a full-year saving of £0.06m. While this provided a modest benefit in-year, pay remains a key area of cost risk given the ongoing uncertainty and timing of Local Government pay settlements.
26. The Autumn 2025 Budget introduced a number of measures expected to increase cost pressures in 2026/27. These include changes to business rates, with a specific focus on large-scale warehousing, alongside increases in fuel duty and the National Living Wage. These factors are expected to drive higher operational costs, particularly within logistics and staffing. In addition, wider Central Government and local authority budget reductions are anticipated to place further pressure on demand, particularly within procurement frameworks. These developments will require continued focus on cost efficiency, productivity improvements and careful financial planning to mitigate their impact.

### **ETL/Eduzone**

27. ESPO Trading Limited (ETL) and Eduzone represent ESPO's trading activities within the private sector and international markets, providing a complementary revenue stream to the core public sector business.
28. ETL delivered a mixed performance during the year. Early growth was supported by strong international sales activity; however, this has moderated as some customers have sought to source products closer to origin and geopolitical developments have increased uncertainty in key markets. In response, ETL is reviewing its international strategy to ensure it remains resilient and appropriately targeted for 2026/27 and beyond.
29. A significant proportion of ETL's trade is concentrated in the Middle East, which continues to present heightened geopolitical risk. This may impact future demand and trading performance and remains an area of active monitoring and risk management within the business.
30. The Early Years sector, served primarily through Eduzone, faces increasing financial pressure. Increases to Employer National Insurance and the National Living Wage from April further constrained customer budgets and will further heighten cost pressures in 2026/27.
31. A key strategic achievement during the year has been the successful integration and "hive-up" of the Eduzone business into ETL. This has simplified the Group structure and created a single, more efficient trading platform. Benefits realised include reduced duplication of systems and processes, improved cost efficiency, clearer financial reporting, and strengthened governance and control. The integration has also enabled improved alignment of pricing, margin management and customer strategy, alongside enhanced opportunities to leverage Eduzone's specialist product offer within the wider ETL infrastructure. This builds on the successful merger activity highlighted in-year, strengthening the long-term commercial platform for growth.

32. Across both ETL and Eduzone activities, margin discipline and cost control remained strong, supporting overall performance despite market headwinds.
33. In total, the combined ETL and Eduzone businesses delivered a full year trading surplus of £162.8k, which is £69.2k ahead of budget and £115.2k ahead of the prior year, reflecting both improved operational performance and the early benefits of organisational integration.

### **Operational Progress**

34. In April, ESPO's distribution centre picked and despatched 65,209 order lines valued at £2.367m, and the transport fleet with couriers made 13,579 deliveries with a combined weight of 952 tonnes. Both carrier and in-house fleet achieved on-time performance of 98% and this is being reported through the weekly trading meeting. Warehouse picking was performed at a rate of 37 lines per hour against our target of 32. The average order value for stock orders to April 2026 was £178.25 compared to £173.94 in April 2025. Combined operational, Customer Services and IT costs year to April 2026 were £1.198m against a budget of £1.179m. Additional distribution costs associated with fuel surcharges were £24k higher than budget. Fuel costs are being monitored through the ESPO corporate risk register and Leadership Team. Stock availability averaged 99.17% in April with the Top 100 lines at 99.6%; the stock value was £12.881m with a stock turn of 4.28.
35. The Operations Team, in conjunction with IT, successfully delivered a significant enhancement to customer delivery lead-times, introducing a guaranteed next-day delivery service for those customers who request the service. This capability has been implemented across ESPO's own fleet and external courier partner network, strengthening ESPO's service performance and customer offering. As part of the fleet replacement programme four new 3.5T vans were delivered in April which includes two Electric Renault Master vans. ESPO also took delivery of six new large goods vehicles from DAF in April to replace life-expired vehicles. These are in the process of having the ESPO livery applied.
36. The Customer Services Team handled 2,963 calls across the three customer service channels in April. Average wait times across all teams was 27 seconds with 96% of all calls answered. The team processed 20,399 customer orders valued at £3.025m. Online and electronic converted orders were at 91% of the total orders processed. Direct orders currently valued at £760k 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. 4,026 responses to email enquiries were recorded using the e-ticketing system. ESPO received 15 service ratings from Feefo and our customer rating was 96%. Customers are now able to provide product reviews via the Feefo app and this is gaining traction with customers with 14 product reviews received in April.
37. ESPO were delighted to be shortlisted for the Educational Resource Awards Supplier of the Year Award in April. This follows the award of the Feefo

Platinum Trusted Service Award for 2026 that recognises our commitment to outstanding customer service over the long term. This award is an independent seal of excellence, which recognises organisations that consistently deliver a world-class customer experience.

38. Facilities Management in April ensured that all statutory inspections and repair and maintenance services took place on their relevant due date. The FM Team have managed the installation of a new vehicle wash facility that is compliant with environmental regulations. The fire detection system for the ESPO building was upgraded and new lighting was installed on the mezzanine area.
39. In terms of health and safety, one injury was reported. A member of the warehouse team tripped over a bin and sustained bruising to their side. This has been reported as a RIDDOR. A safety bulleting was circulated to shift managers on trip hazards. A review of mental health first aid provision was conducted with HR to enable staff who qualified before the training delivered through the LCC learning hub (now Thrive) to be contacted to ensure that they complete the required refresher training. A JCC meeting was held on 17<sup>th</sup> April with GMB and Unison as part of our regular schedule which allows for information on HR, Operations Health & Safety to be exchanged and discussed.
40. In terms of environmental management governance ESPO are making good progress on achieving ISO 14001 accreditation. A stage 1 audit to assess compliance with the standards is set for June 1<sup>st</sup> and regular meetings of the environmental project team continue in conjunction with our environmental consultants.
41. The Information Technology (IT) helpdesk handled 694 ticket enquiries with a 100% satisfaction rating from internal customers. In terms of cyber security ESPO's Microsoft Secure Score was 86.89% an increase of 3.59% on last month. All patching is being processed through Microsoft 365 to ensure prompt remedial action is taken. The Firewall firmware was updated from version 7.2.11 to 7.6.6. Completion rates for the USecure staff cyber training module improved to 97.6%.
42. The IT team supported the launch of customer promotions including Loyalty Offer, Early Summer Offer, usual MAT offer and some customer specific offers, creating 23 different pricelists for the year 26/27. Following the website upgrade to the latest Magento version, the IT team supported the Digital team to enable customers to re-connect their punchout functionality. Finally, the Eduzone migration into System 21 was successfully completed in March. The IT team managed the data migration plan and all customers were successfully moved into Sys21 and the website ahead of the deadline.

## Staffing

43. A general update on staffing is included in each Management Committee report by ESPO's HR Business Partner. This overview is for 2025/26 (April 2025-March 2026).

### Overview of Staffing and Absence

44. There were 36 new starters and 34 leavers in 2025/6. Reasons for leaving were as follows:

Involuntary (Death in Service, Dismissal, End of Fixed Term Contract)	10
Resignation	20
Retirement	4

Turnover for 25/26 was 9.3%, against a national average of 27.4%\*

45. Over 58.6% of the workforce have been with ESPO for 5 years or more. This supports the staff survey that employees feel ESPO is a good place to work and want to stay.
46. There was an average of 28.4 applicants for every vacancy advertised by ESPO, demonstrating a high interest in ESPO as an employer.

\*CIPD- Benchmarking employee turnover: What are the latest trends and insights?- June 2024.

## Absence

47. The three primary causes of absence, in relation to days lost, during the year were:

	FTE Days Lost	Percentage
Stress/Depression, Mental Health	830.64	24.95%
Other Musculo-Skeletal Problems	619.23	18.60%
Cough, Cold & Flu	473.58	14.23%

However, the instances of absences are:

□

	Instances
Cough, Cold & Flu	108
Gastro-Stomach, Digestion	86
Other Musculo-Skeletal Problems	42
Stress/Depression, Mental Health	37

48. Overall, in 2025/26, there has been a general reduction in sickness relating to stress/depression, mental health but an increase in seasonal/ viral related reasons (such as cough, cold, flu, gastro-stomach, etc.)
49. A large programme of wellbeing support and intervention has been introduced for 2026/27 (including Health MOTs, Workforce Wellbeing Index, proportion of support available, etc).

#### Wellbeing index

50. ESPO is commissioning and supporting a Workforce Wellbeing Index (WWI), in coloration with Leicestershire County Council's Public Health. A WWI is a structured, evidence-based tool that integrates quantitative workforce data (such as sickness absence, turnover, and HR metrics) with qualitative insights from staff surveys, focus groups, staff networks, and trade unions. This is being led by a senior colleague in LCC's Public Health, with support from ESPO Leadership Team and HR. It adopts a systems-thinking approach, recognising the interdependencies between wellbeing, organisational culture, leadership behaviours, and performance and provides a quantifiable basis on which to develop improvement and support plans for the organisation.

#### **Resources Implications**

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

#### **Recommendation**

52. It is recommended that the Management Committee note the update provided on the actions and progress made since the last update provided.

#### **Equality and Human Rights Implications**

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

#### **Background Papers**

None.

**Appendices**

Risk Review Extract

**Officer(s) to Contact**

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ID	Category	Risk Description	Consequences / Impact	Risk Owner	Inherent Risk - Impact	Inherent Risk - Likelihood	Inherent Risk - Score	List of Current Controls / Actions - Embedded and operating soundly	Risk Indicators to be used to monitor the risk	Residual Risk - Impact	Residual Risk - Likelihood	Residual Risk - Score	Residual Risk - Action	Further Action / Additional Controls	Action Owner	Action Target Date	Progress Updates	Inherent Risk	Residual Risk	
18	Stores Trading & Brand	Increased competition - Risk of losing customers from increased competitor or market activity	1. Possible implications on business volume and income, reputation, new business and on trading results in the Catalogue business. 2. Through collaboration with CCS, CCS is dominating the management of such FWS Technology (MFOs) 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. 4. Increased activity from local/regional OPD's and their growth. 5. Loss of customers - Education (96% of sales) and loss of market share. 6. Reduced margins & profitability. 7. MFS shortfall.	AD Business Development	5	4	20	1. MFS performance regularly reviewed by LT. 2. Sales analysed at weekly Trading Meeting. 3. Commercial and Sales plans linked to MFS. 4. Promotion of key offers and allowance for some customer specific pricing where necessary to retain key customers or groups. 5. Relationships with key suppliers to improve offer. 6. Catalogue range annual review ensure fit for purpose. 7. Competitor awareness & monitoring - pricing/bids & tenders/Government Policy awareness. 8. Multi-Academy Trust "Recognition and Reward Scheme" - MAT Package. 9. WPS Sales Analysis to model trends and patterns. 10. Comprehensive benchmarking. 11. E-procurement integrations SIMS/IRIS/PurchOut. 12. Continue seeking efficiencies through international sourcing and developing partnerships. 13. Amazon: Continue to market our public sector routes and compliance with applicable laws, employees safety etc. 14. Website Development roadmap. 15. BESA benchmarking and market insight. 16. Continue to make framework easier to access. 17. Further develop ETL offer, diversity of customer base. 18. Work with DIE to recommend and promote offer. Partnership with DIE signed. 19. BESA continues to provide challenge to DIE for their proposals to work with Amazon. 20. Engagement with competitors. 21. AD BOAG sits on BESA Exec Council. 22. Trademark renewals - ESPO 12 January 2023, Edulzone 5 May 2023, My School Fund 6 October 2030	1. Changes to customers' buying (as highlighted at Weekly Trading, sales vs budget/LV). 2. Fluctuations in rebate income (as highlighted at Weekly Trading). 3. E-commerce uptake and KPI's. 4. Staff migration to competitors. 5. Market insight data from BESA including market share, C3 and EdCo. 6. Customer ordering patterns, average order value, next day delivery etc. 7. Market insight from Google analytics. 8. Competitor activity insight from Account Managers and competitor websites. 9. Stock availability. 10. Supply Chain Panel to monitor and ensure supplier performance. 11. Price benchmarking analysis Skuadite. 12. Engagement or lack of with CCS/DIE/competitors.	4	4	4	Treat	1. Review offers and promotions including MATs Package and development of new WPS offer. 2. Keep abreast of speculative frameworks that could take business from ESPO frameworks. 3. Continue to explore and maximise exporting opportunities. 4. Review approach to recruitment and retention of key staff including barriers, expenses, cars, travel policy etc. 5. Consider bidding for the CCS tail spend tender next time issued. 6. Continue to work with DIE to counter threat of tail spend solution. 7. Review service offer to introduce enhancements including next day, tracking, PODs etc 8. Ensure ESPO's service levels across business in terms of customer experience with all teams to ensure consistent high performance. 9. Website development roadmap progress. 10. e-Procurement Purchuro system integrations recently launched. 11. Product benchmarking to be fully rolled out using Skuadite. 12. Dynamic pricing to be explored and changes enacted to allow quicker and easier re-pricing. 13. Creation of value added services to secure long term relationships with schools 14. Ensure social value strategy and offer is developed. 15. Achieve ISO 4001: ISO9001. 16. Improvements in product data via PM project. 17. Ensure market assessments and reporting look wider than BESA dist group to obtain whole market assessment.	AD Business Development	Ongoing	12.02.26	Reviewed - Controls/actions and risk indicators updated. DIE partnership arrangement/MOU signed. Continue to monitor and engage to counter threat of tail spend solution directly and via BESA. DIE proactively requested to promote ESPO, commit webinars to show ESPO's competitiveness, Procurement Act, MSF etc. Technology project underway to offer products on espoo.org PM project is underway Service levels - next day offer to be launched April 2026 ISO 4001 progressing and actions being completed for audit assessment New customers continue to be won across MATs, via Scotland Excel and continue to outperform BESA group. Monitoring competitor activity regularly and engaging, CCS changes, new CEO at CSG.	High	High
42	Stores Trading & Brand	Amazon (with or without YPO solution)	1. Amazon access to Public Sector via YPO agreement. 2. Amazon access to Public Sector/YPO customers. 3. Amazon range. 4. Corporate threat. 5. Ease of Amazon digital platform to use. 6. Threat to volume and catalogue rebate.	AD Business Development	5	4	20	1. ESPO BAU account management. 2. Digital/Web roadmap. 3. Procurement and compliance advice. 4. Delivery performance. 5. Use of Tussell insight tool. 6. Regular meetings with DIE to feedback on proposals and partnership. 7. Working with BESA distributor group to counter threat. 8. NAM Account management of key customer accounts.	1. Termly customer research. 2. Digital/Web roadmap. 3. Pricing competitiveness. 4. Delivery performance. 5. Amazon digital advertising	4	4	4	Treat	1. Digital platform and development roadmap. 2. Using ETL for new opportunities - ETL broader appeal/reach. 3. Enhanced marketing online. 4. Continue to engage with DIE to counter threat. 5. Service level improvements to ensure fit for customer needs. 6. Product data to be improved via PM Project 7. Benchmarking with members/customers on Amazon spend 8. Consider creating ESPO marketplace	AD Business Development	Ongoing	12.02.26	Reviewed - Controls/actions and risk indicators updated. DIE framework for tails pend educational supplies. Continue to engage with DIE and BESA. DIE have conducted some promotion of ESPO, commit webinars to show ESPO's competitiveness, Procurement Act etc. Continue to work with BESA to challenge DIE proposals. The team continue to regularly benchmark key products. Discussions underway with CCS regarding ESPO featuring on their Tails pend solution. Exploring creation of ESPO marketplace. Technology project underway to offer products on espoo.org LCC benchmarking on 1200 products showed ESPO over 40% cheaper than Amazon	High	High
46	Operations & HAS	Driving or operating over the alcohol or drug limit	1. Impaired judgement leading to accident 2. Possible injury or death to other road users and pedestrians. 3. ESPO reputational damage	AD Operations & IT	5	3	15	1. With Cause' tests can be made at any time. Driver signs daily report to confirm he is fit to drive. 2. Agreed a local policy with Trade Unions on 11/8/2021 where there is suspicion of excess alcohol being consumed by any employee. A breath test kit will be used to determine alcohol content. ESPO have a zero tolerance for any alcohol. 20.10.2021 new Random D&A deployed using Hampton Knight to detect alcohol and drugs.	Road Traffic Accidents Injuries to customers or drivers Contact from the police	4	4	4	Treat	28.5.2021 New drug & alcohol testing regime being introduced via LCC from Sept 2021. Feb 2023 Increased probability to 4 in the light of recent test results. Increased probability to 3. Feb 2024: New testing agents in place via LCC contract - DNA Workplace. Random testing of ESPO staff continues quarterly across all 3 shifts - delivery drivers tested each time, minimum 4 times per year. With cause testing' remains in place. LCC amended 'Substance use policy and guidance' received and in place. Results of drug testing now received instantaneously, if results are non-negative (positive) these are automatically sent to a laboratory for confirmation and assessment via a Medical Review Officer (MRO), who support with the risk assessment process to determine if the employee is safe to work. A temporary MS suspension instated whilst confirmation obtained. Small risk of unnecessary suspension whilst MRO undertakes assessment and confirms if results are consistent with any declaration of taking prescribed / over the counter medication that could result in cross reactivity or non-negative result. Random D&A testing last conducted 29.02.26. 15 donors tested in total. 4x delivery drivers (testing commenced at 3:30am to facilitate any driver leaving site early) & 4x warehouse operatives (inc. managers / supervisors). All results returned as negative for both alcohol and drugs. MRO utilised following declared prescription medication by FLT driver during testing conducted in November 2023. Confirmed levels in-line with prescribed medication dose. NB: No assurance given as to potential for impairment as this is a personal declaration as no 'time' as there is with alcohol. Operative declares he does not feel impaired and there was no cause for suspicion since his employment over 18 months ago. Temporary re-deployment into less safety critical role while risk assessed and controls agreed. Personal risk assessment implemented and additional controls put into place, including increased monitoring and supervision, reassessment of competence and additional assurance testing. Quarterly stakeholder meetings continue with LCC to inform and review policy and practical application. New testing company procured via LCC (AttoSure). Results of drug testing now received instantaneously, if results are non-negative these are automatically sent to a laboratory for assessment via a Medical Review Officer (MRO), on behalf of the supplier, who support with the risk assessment process and if the employee is safe to work. Small risk of unnecessary suspension whilst MRO undertakes assessment and confirms if results are consistent with any declaration of taking prescribed / over the counter medication that could result in cross reactivity or non-negative result. Key managers and supervisors frequently reminded on substance misuse policy and procedures and remain aware of signs and symptoms of drug or alcohol misuse and action to take. Quarterly stakeholder meetings continue with LCC to inform and review policy and practical application	AD Operations & IT	Implement	February 2026 - LCC Policy and guidance update received 11.11.25 - now incorporated into one document. Language throughout the policy has been revised and now adopts a more neutral tone referring to substance 'use' rather than 'substance misuse'. Random testing of ESPO staff continues quarterly across all 3 shifts - conducted by AttoSure. Randomised selection of delivery drivers and FLT drivers tested each time, minimum 4 times per year. With cause testing' remains in place. LCC amended 'Substance use policy and guidance' received and in place. Results of drug testing now received instantaneously, if results are non-negative (positive) these are automatically sent to a laboratory for confirmation and assessment via a Medical Review Officer (MRO), who support with the risk assessment process to determine if the employee is safe to work. A temporary MS suspension instated whilst confirmation obtained. Small risk of unnecessary suspension whilst MRO undertakes assessment and confirms if results are consistent with any declaration of taking prescribed / over the counter medication that could result in cross reactivity or non-negative result. Random D&A testing last conducted 29.02.26. 15 donors tested in total. 4x delivery drivers (testing commenced at 3:30am to facilitate any driver leaving site early) & 4x warehouse operatives (inc. managers / supervisors). All results returned as negative for both alcohol and drugs. MRO utilised following declared prescription medication by FLT driver during testing conducted in November 2023. Confirmed levels in-line with prescribed medication dose. NB: No assurance given as to potential for impairment as this is a personal declaration as no 'time' as there is with alcohol. Operative declares he does not feel impaired and there was no cause for suspicion since his employment over 18 months ago. Temporary re-deployment into less safety critical role while risk assessed and controls agreed. Personal risk assessment implemented and additional controls put into place, including increased monitoring and supervision, reassessment of competence and additional assurance testing. Quarterly stakeholder meetings continue with LCC to inform and review policy and practical application. New testing company procured via LCC (AttoSure). Results of drug testing now received instantaneously, if results are non-negative these are automatically sent to a laboratory for assessment via a Medical Review Officer (MRO), on behalf of the supplier, who support with the risk assessment process and if the employee is safe to work. Small risk of unnecessary suspension whilst MRO undertakes assessment and confirms if results are consistent with any declaration of taking prescribed / over the counter medication that could result in cross reactivity or non-negative result. Key managers and supervisors frequently reminded on substance misuse policy and procedures and remain aware of signs and symptoms of drug or alcohol misuse and action to take. Quarterly stakeholder meetings continue with LCC to inform and review policy and practical application	High	High	
51	Supply Chain	Supply chain risk - notably linked to geo-political events and conflict in The Middle East and Ukraine	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	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 handrails 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 competition, re-sourcing, extensions	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	4	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. 06.02.2020 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	Feb 26 - Updated	High	High	
52	IT	IT Cyber Security. Range of cyber security threats -br>(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	1) Range of protections/controls in place, including (but not limited to): 1) Firewalls (outlet defences, controlling the border of ESPO network) 2) Automated Threat Protection system (assesses various incoming data (e.g. emails) for potential threats) 3) Antivirus software (Prevents known viruses from executing on ESPO devices) 4) Authentication systems (Controls who can access ESPO systems and data) 5) Staff education (Reduces risk of successful phishing attacks) 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 vulnerabilities)	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	4	Treat	If 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 toward 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. 08.02.24 Various Job Descriptions have been amended to reflect the increased importance of CyberSecurity and establish responsibilities in this area. DR Testing in December 2023 and Sept 2024 demonstrates that current process is robust and effective. Staff Awareness training is now embedded across ESPO, and signs suggest this is having a positive effect. All user security measures (antivirus, anti-malware etc) have been migrated to MS Defender, additionally Defender drives our software patching process - alerting us immediately when anything requires update. ESPO Microsoft Secure Score increased slightly to 78%, well above the average for similar organisations (42%). Work continues towards Cyber Essentials+ accreditation.	AD Operations & IT	Q1 2024	March 2026 - All High level recommendations were reviewed and completed. Two are now resolved and one was moved to the Moderate status (outdated software) and being worked on. November 2025 - 10 days of penetration testing was conducted from 3rd to 10th Nov by Cyberis. 4 High, 13 moderate & 16 low risks were found. All recommendations will be actioned by the IT team. No critical risks were found. August 2025 - Following Firewall upgrade our CyberSecurity stance got even stronger. Microsoft Secure score has gone up to 84%. Additional security rules, monitoring and system access control guarantees stronger security. If it continuing to remove old and unsupported software which in return puts us closer to Cyber Essentials+ accreditation.	High	High	
74	Stores Trading & Brand	DIE development of a 'halo' Educational Supplies Framework and attempting to restrict the market to one supplier	1. Risk of DIE mandating / increasing / restricting schools purchases of educational supplies with selected supplier(s). 2. Potential impact on educational supplies market that could reduce competition and reduce school spend with ESPO. 3. Threat to catalogue sales volume and catalogue rebate and ESPO's ability to meet MFS. 4. A reduction in education catalogue volume could lead to higher buying prices across the range. 5. May legitimise Amazon (and others) to a compliant route to access Education sector 6. May lead to all schools being charged same prices which will have margin impacts.	AD Business Development	5	4	20	1. ESPO account management with individual schools and academies. 2. Developed a historical positive relationship with DIE and hold regular meetings with DIE senior staff to feedback on proposals. 3. Relationships, representation and engagement with BESA industry body and distributor group to counter threat. 4. Submission of ESPO offering into DIEs framework proposal - Tender for the opportunity. 5. Potential to report anti-competitive behaviour to regulatory bodies (CMA). 6. DIE is unable to mandate the offer to schools - only proposal. 7. Partnership agreement/MOU signed by ESPO & DIE	1. Information obtained from DIE meetings. 2. Monitoring of DIE and DIE procurement activity. 3. BESA engagement and information and distributor group information. 4. Feedback from schools and MATs. 5. Sales volume and value reports and management information.	4	4	4	Treat	1. Continue to engage with DIE and BESA to counter threat. 2. Ensure that ESPO continues to engage directly with schools and MATs. 3. Ensure that ESPO continues to add value to schools/MATs through relationships, added value/training/insight/CPD 4. Develop better savings data and MI 5. Service level improvements 6. Think about financial impact of tendering and offering all schools same price	AD Business Development	Ongoing	12.02.26	Reviewed - Controls/actions and risk indicators updated.	High	High

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