



Date: 31 March 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 Tuesday, 31 March 2026 at 10.30 am in the Microsoft Teams Virtual Meeting.

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. Minutes of the meeting held on 26 November 2025.		(Pages 3 - 8)
2. To advise of any items that the Chairman has decided to take as urgent elsewhere on the agenda.		
3. Declarations of interests in respect of items on this agenda.		
4. Items referred by the Finance and Audit Subcommittee.		

The following item has been referred by the Sub-Committee for

consideration by the Management Committee.

Item 10 – Budget 2026/27

5. Managing Director's Progress update. Managing Director of ESPO (Pages 9 - 26)

6. Date of Next Meeting.

The next meeting of the Committee is scheduled to take place on 17 June 2026 at 11.00am, at Leicestershire County Council.

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

8. 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).

9. Supplementary Information Informing the Progress Report of the Managing Director's Progress Update. Managing Director of ESPO (Pages 27 - 42)

10. Budget 2026/27 Managing Director of ESPO and Consortium Treasurer (Pages 43 - 60)

11. 2026/27 Commercial Plan Summary. Managing Director of ESPO (Pages 61 - 72)



Minutes of a meeting of the ESPO Management Committee held at County Hall, Glenfield on Wednesday, 26 November 2025.

PRESENT

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

Cambridgeshire County Council

Cllr. D. Green

Cllr. R. Wyatt

Warwickshire County Council

Cllr. N. Garland

Leicestershire County Council

Mr. H. Fowler CC

Mr. D. Harrison CC

Apologies

Apologies were received from Cllr. J. Bensly (Norfolk County Council) and Cllr. L. Kelly (Lincolnshire County Council)

In attendance

Cllr C. Hogg (Peterborough City Council) – online

Cllr. J. James (Norfolk County Council) – online

Cllr. M. Jamil (Peterborough City Council) – online

Cllr. S. Shaw (Warwickshire County Council) – online

ESPO

Kristian Smith – Chief Officer

Neil Sinnott – Head of Commercial

Claire Edwards – Head of Marketing

Gary Tapp – Commercial Financial Controller

Leicestershire County Council

Simone Hines – Consortium Treasurer

Angie Smith – Democratic Services Officer

15. Minutes of the Previous Meeting.

The minutes of the meeting held on 17 September were taken as read, confirmed, and signed.

16. Urgent Items.

There were no urgent items for consideration.

17. 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.

18. Items referred by the Finance and Audit Subcommittee.

There was one item referred by the Finance and Audit Subcommittee, concerned in agenda item five, 2024/25 Financial Statements and Annual Governance Statements (minute 18).

19. 2024/25 Financial Statements and Annual Governance Statement

The Management Committee considered a joint report of the Chief Officer and Consortium Treasurer which set out the 2024/25 financial statements following external audit review (also referred to as the Statement of Accounts within a Local Government setting) and the 2024/25 Annual Governance Statement (AGS). The items had been reviewed by the Financial and Audit Sub-Committee at its meeting on 8 October 2025 and recommended for approval. A copy of the report marked 'Agenda Item 5' is filed with these minutes.

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

- i. A clean audit opinion was confirmed. External auditors reported no material errors, control weaknesses, or governance concerns. Financial statements were prepared in line with UK GAAP (generally accepted accounting practices) and presented a true and fair view as of 31 March 2025.
- ii. ESPO achieved a £7.44m trading surplus, exceeding budget by £0.3million, which was a good result despite market challenges such as inflation, funding pressures and cost of living increases.
- iii. Net current assets remained healthy. Grove Park premises were revalued at £24.1million, reflecting a significant uplift.
- iv. After allocations to reserves, a £5.4million dividend was proposed for distribution to member authorities in December 2025. Statutory adjustments, for example, pension revaluation, did not affect dividend value.
- v. The AGS confirmed compliance with the local code of corporate governance and the seven core principles. No significant issues were identified, supporting sound governance and assurance.

It was moved by Cllr. Bridgwood and seconded by Mr. Harrison that the resolutions included in the reported be approved.

RESOLVED:

That the ESPO Management Committee approved:

- a. the 2024/25 Annual Governance Statement;

- b. the 2024/25 financial statements;
- c. the dividend pool of £5.4m to be paid out in December 2025

20. Chief Officer's Progress update.

The Management Committee considered a report of the Chief Officer which provided an update of the actions and progress made since the previous ESPO Management Committee held on 17 September 2025. A copy of the report marked 'Agenda Item 6' is filed with these minutes.

Arising from discussion, the following points were made:

- i. ESPO delivered a strong financial and operational performance despite market challenges. Year-to-date surplus stands at £6.8 million, exceeding budget by £0.5 million and outperforming 2024 by £1.1 million.
- ii. Total sales reached £52.3 million, £2.7 million below budget due to market contraction, but margins remained robust at 32.9%, supported by competitive pricing and growth strategies.
- iii. Rebate income was stable at £7 million, in line with budget and ahead of last year.
- iv. Expenditure was tightly controlled at £14.5 million, £1.1 million under budget, driven by staffing efficiencies.
- v. ESPO remained on track to exceed its full-year surplus target, forecasting £7.5–£7.7 million.
- vi. Operationally, ESPO processed 172,000 order lines in September with improved pick rates and 98.8% stock availability.
- vii. It was noted that, with regards to electric vehicles (EVs), ESPO would review options for optimising charging costs and tariffs.
- viii. Customer service remained strong with a 96% FEEFO rating and call response times under 34 seconds. Preparations were underway for the Institute of Customer Service benchmarking survey. When questioned on ESPO's comparisons with competitors, it was reported that any comparison could be misleading due to varying challenges across organisations, but ESPO was pleased with its strong performance.
- ix. Health and safety incidents were minimal, and statutory inspections completed.
- x. IT performance was high, with one minor outage resolved promptly. Cybersecurity remained a priority, with 97% staff completing training and annual penetration testing in progress, the results of which would be presented to a future Committee meeting. In response to a question on the aim of cyber training and its progression, it was reported that the training focused on reducing human error by teaching staff to avoid unsafe clicks and maintain scepticism.
- xi. It was queried if there were campaigns or training to reduce energy waste, for example, switching off items in standby mode. It was reported that ESPO conducted regular floor checks and used a sweeping system approach, supported by a health and safety manager, to ensure equipment was properly shut down.

- xii. With staff absence rising, it was questioned what was being done to address it. It was reported that the corporate target of 7.5 days was set by Leicestershire County Council (LCC). ESPO rates of sickness was being impacted by long-term illnesses (including four cancer cases) and stress-related issues. ESPO had, however, pushed to provide a supportive environment, wellbeing programmes, on-site flu vaccination service for staff, and specialist training for musculoskeletal issues. It was further noted that over 94% of staff rated ESPO as a good employer.

It was moved by Cllr. Bridgwood and seconded by Cllr. Garland that the update provided by the Chief Officer be noted.

RESOLVED:

That the update provided by the Chief Officer be noted.

21. Date of Next Meeting.

It was noted that the next meeting of the Committee would be held on 25 March 2026 at 10.30am.

22. 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.

23. Supplementary Information Informing the Progress Report of the Chief Officer's Progress Update.

The Management Committee considered an exempt report of the Chief Officer which set out supplementary information relating to the Chief Officer's Progress Update. 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 (including the authority holding that information).

The Chief Officer responded to questions and discussions related to the following:

- The strategic priority to increase the proportion of schools signed up to the ESPO initiative My School Fund (MSF), and the need to incentivise parents to spend in store.
- Barriers for ESPO International and plans to strengthen relationships and brand awareness abroad, direct marketing to international schools, and support to International's customers. Members asked how they could show their support to international sales expansion, including in-country work, noting there would be some Committee decisions to be made and feedback requested at a later date.

- The Procurement Act, and how it had affected ESPO, changes of process and training undertaken. It was noted as a unique selling point to assist other organisations with the transition as a result of the Act.
- Outside of central government, ESPO spent the most public money, and was the go-to organisation for public procurement.

It was moved by Cllr. Bridgwood and seconded by Cllr. Wyatt that the update provided by the Chief Officer be noted.

RESOLVED:

That the supplementary information informing the progress report of the Chief Officer be noted.

24. Overview of ESPO's Energy Offering.

The Management Committee considered an exempt report of the ESPO Head of Commercial, which provided an overview of ESPO's Energy offer, and was provided following a request at the previous Management Committee meeting. 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 (including the authority holding that information).

The Head of Commercial responded to questions which related to the following:

- Challenges and cost implications.
- ESPO's renewable energy offerings.
- In terms of value for money, if there was justification for people to take up green energy.
- Whether trading in renewable energy was worth more than traditional gas and electricity.

It was moved by Cllr. Bridgwood and seconded by Mr. Harrison that the update provided by the Head of Commercial be noted.

RESOLVED:

That the overview of ESPO's Energy offering report, with particular attention to the benefits delivered to public sector organisations through ESPO's energy frameworks, as well as the considerations involved in any potential future expansion into renewable energy technologies, be noted.

25. ESPO's Digital Marketing and Approach to Search Engine Optimisation (SEO).

The Management Committee considered an exempt report of ESPO's Head of Marketing, which provided an overview of ESPO's approach to Digital Marketing and Search Engine Optimisation (SEO), and to provide information on ESPO's approach and the data driving ESPO's current decision making. A copy of the report marked 'Agenda Item 12' 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 Head of Marketing responded to questions which related to the following:

- Geotagging and meta data.
- Advertising targeted at schools and parents, through schools and in Sainsbury's stores.
- Google adverts targeting school fundraisers, and the cost of advertising.
- Operating pay per click.

It was moved by Cllr. Bridgwood and seconded by Mr. Fowler that the update provided by the Head of Marketing be noted.

RESOLVED:

That ESPO's approach to Digital Marketing and Search Engine Optimisation (SEO) report be noted.

10.30am to 11.49am
26 November 2025

CHAIRMAN

ESPO MANAGEMENT COMMITTEE – 25 MARCH 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

Year to January 2026 – Period 10						
£m	Actual	B/(w) than Forecast		B/(w) than Budget		B/(w) than LY
Stores Sales	47.1	(2.7)	(5.4%)	(4.1)	(8.0%)	(0.7) (1.5%)
Direct Sales	14.9	(0.7)		(0.7)	(4.4%)	(0.5) (3.4%)
Rebate income	11.7	(0.1)		(0.1)	(1.1%)	0.4 3.2%
Total Sales (Exc Gas)	73.7	(3.5)	(4.5%)	(4.9)	(6.2%)	(0.9) (1.2%)
Stores Margin %	33.3%	(0.0%)		0.8%		3.2%
Directs Margin %	18.0%	0.9%		0.9%		(0.4%)
Total Gross Margin	31.3	-0.9		-1.0	(3.0%)	1.5 4.9%
Total Expenditure	23.7	1.7		1.7	7.6%	(0.9) (3.6%)
Trading Surplus	7.7	0.8		0.7		0.6
Trading Surplus %	10.4%	1.5%		1.6%		0.9%

2. After 10 months, **a surplus of £7.7m has been made which is £0.8m better than budget** and £0.7m better than last year.
3. Rebate income from frameworks continues to perform well at +£0.4m ahead of last year benefiting from inflation, growth strategies and improvements in the customer experience journey. Pressure on public body funding, particularly back office spend in central government departments has impacted spend on frameworks but is largely offset by framework growth elsewhere.
4. The educational supplies market remains contracted. There has been continued growth into development areas and increased volumes from the competitive price offering enabling ESPO to continue gaining market share in the contracting market. There has been continued growth into development areas enabling ESPO to continue gaining market share in the contracting market. ESPO continues to offer good availability, competitive pricing, and exceptional levels of customer service.

5. BESA, the British Educational Suppliers Association, published their annual overview of the educational supplies market which indicated a 3.2% educational supplies market contraction from January 2025 to December 2025.
6. Margin levels across the first 10 months has been positive in the contracted market delivered by margin management improvements, target margin setting, and the mix of products sold. Although Total Gross Margin was £1.0m lower than budgeted levels, driven by lower volumes the stores margin level at 33.3% was 0.8% better than budget and Directs margin was 0.9% better than budget. Margin levels are expected to continue to improve over the remainder of Q4 helping offset the impact of lower volumes.
7. Costs continue to be tightly controlled with expenditure of £23.7m, better than budget by £1.7m enabling the volume driven lower gross margin to be offset. The focus on reducing variable costs in light of the reduced stores volumes has helped offset the lower margin position. Savings have been driven by operational staffing efficiencies, procurement and finance vacancies and reduction in variable overhead costs through cost control. In addition, the confirmed pay award is slightly lower than the budget assumption and provides a £60k budget saving across the year.
8. For the full year, the budget is a surplus of £7.3m, and as of January ESPO remains on track to surpass the full year budget target.
9. ESPO has now passed both peak trading periods and the second half of the year is quieter in demand. March is expected to be a relatively quiet trading month and also in March the catalogue printing and distribution costs are incurred offsetting the surplus delivered in the two periods. There remains significant caution about demand in Q4 as continued feedback from schools and BESA indicate that an ongoing, worsening market contraction and reduced spend on non-essentials will continue. Schools core annual purchases have been made earlier in the year and the overall number of schools in budgetary deficit continues to increase.
10. The war in the Middle East has various impacts upon ESPO and may directly impact ESPO Trading Limited's (ETL) International Sales across 2026/27. ESPO is already considering mitigations including early ordering where needed, enhanced stock management, to ensure good availability and optimising deliveries but also predicting any issues in sourcing products and speaking with suppliers to mitigate any sourcing risks.
11. **Latest guidance for the full year is an improved trading surplus of £7.8m-£8.0m, £0.5m-£0.7m better than budget.**

Sales and Margin

Sales and Margin								
£m	Actual		B/(w) than Forecast		B/(w) than Budget		B/(w) than LY	
Stores Sales	47.1		(2.7)	(5.4%)	(4.1)	(8.0%)	(0.7)	(1.5%)
Direct Sales	14.9		(0.7)		(0.7)	(4.4%)	(0.5)	(3.4%)
Rebate income	11.7		(0.1)		(0.1)	(1.1%)	0.4	3.2%
Total Sales	73.7		(3.5)		(4.9)		(0.9)	
Stores Margin	15.7	33.3%	(0.0)	(2.5%)	(0.9)	0.8%	1.3	3.2%
Directs Margin	2.7	18.0%			0.0	0.9%	(0.2)	(0.4%)
Rebate income	11.7				(0.1)	(1.1%)	0.4	3.2%
Gas Margin	0.3	2.1%			(0.0)	1.2%	(0.1)	(0.3%)
Catalogue Advertising	0.6				0.1		0.2	
Misc	0.4				(0.0)		(0.1)	
Total Gross Margin	31.3	42.5%	(1.0)		(1.0)	1.4%	1.5	2.4%

Gas								
£m	Actual				B/(w) than Budget		B/(w) than LY	
Gas Sales	13.5				(23.5)	(63.4%)	(4.3)	(24.0%)
Gas Margin	0.3	2.1%			(0.0)	1.2%	(0.1)	(0.3%)

12. Total sales to January 2025 were £73.7m and are £4.9m lower than budget and £0.9m lower than last year. Framework rebate income continues to perform well at £0.4m ahead of last year and timeliness of billing activity continues to improve in this area.
13. **Stores sales were £47.1m and £4.1m behind budget.** Member spend and Established Customer spend continue to be significantly down against budget represented by the market contraction and pressure on local council and schools funding. The contraction in the market reflects the ongoing funding pressures within schools from inflation, pay, and energy. ESPO has partly offset this contraction through targeted sales growth campaigns into development areas and additional volumes sold through the competitive pricing offer with Development area sales up against budget. Schools appear to be also changing behaviours to place more purchases within discount windows to achieve better value and are placing more of their available spend earlier in the year. Trading activity continues to be fiercely competitive, but customers are making good use of ESPO's loyalty-based promotions to secure the best value for money. As expected, Q4 will be tough trading conditions with school budgets now largely spent.
14. **Gross profit margin % for Stores at 33.3% is 0.8% above budget.** There have been minimal price rises from suppliers this year and this stability has helped ESPO retain its competitive pricing strategy through the year without the need to change pricing during the year. Last year margin was affected by a carry forward of higher priced exercise book stocks purchased in 2023/24.
15. **Directs sales were £14.9m and are £0.7m lower than budget.** Further funding pressures on school budgets in 2025/26 has led to schools reducing their demand on larger non-essential purchases, such as classroom furniture and equipment replacement, which can be deferred. Suppliers looked to make deliveries in December before the Christmas break, but outlook for direct sales remains weak for Q4.

16. **Gross profit margin % for Directs at 18% is +0.9% ahead of budget.** This is largely due to the mix of products sold and some in-year supplier cost price reductions. The improved margin level on direct products has helped offset the lower sales volumes on direct products.
17. **Rebate income of £11.7m is £0.4m ahead of last year and up 3.2% on last year.** It continues to perform well, benefitting from inflation and with a good pipeline in place of contracts secured for the future. ESPO has increased its procurement framework exhibition presence in 2025/26. ESPO may also benefit from the local government funding uplifts benefiting councils' waste packaging budgets, social care, homelessness, roads, and housing. This could lead to potential stronger procurement activity from councils in 2025/26 and through 2026/27, particularly waste & recycling, social care, housing & roads. The Strategic HR services framework continues to be affected by government and council pressures on spend. Focus remains in the Framework team on ensuring billing activity is timely and accurate.
18. Other income is in line with budget overall. Catalogue advertising levels have increased slightly this year as ESPO starts to build its income from digital advertising of supplier's products. Miscellaneous income is in line with budget as ESPO continues to benefit from high interest rates on ESPO's cash deposits, although at a lower rate than prior years.
19. **Overall gross profit margin at £31.3m is £1.0m lower than budget.** The position has mainly been impacted due to lower stock sales volumes from the educational supplies market contraction.

Expenditure

Expenditure			
£m	Actual	B/(w) than budget	B/(w) than LY
Employee Costs			
Staff	14.1	1.8	(1.1)
Agency/Contract	2.0	(0.7)	(0.1)
Total	16.2	1.1	(1.2)
Overhead Expenses			
Transport	2.6	0.2	0.1
Warehouse	0.5	0.1	0.2
Procurement	0.2	0.1	0.0
Sales & Marketing	0.6	0.1	0.0
Finance	1.7	0.1	0.0
IT	1.2	0.0	(0.0)
Directorate	0.7	0.0	0.0
Total	7.5	0.6	0.3
Total Expenditure			
	23.7	1.7	(0.9)
As % of Total Sales Excluding Gas	32.1%	0.0%	(1.6%)

20. **Total expenditure of £23.7m is £1.7m better than budget** showing good levels of cost control across the business. This mainly relates to vacancies

across operations, procurement, finance and catalogue teams, operational efficiencies enabling reductions in variable fulfilment costs, and adjustment of the confirmed pay award. A continued focus is retained on strong cost control across all areas.

21. **Expenditure as a percentage of sales** is one KPI which allows us to measure cost control in relation to sales. This KPI was 32.1% and is in line with budget and shows costs are being controlled through variable cost reduction activities in relation to the lower sales activity seen this year and the inflationary growth on ESPOs cost base.
22. The 2025/26 pay award was settled and paid in September 2025. The pay award at 3.2% was below ESPO's budget assumption of 3.5% enabling a full year saving of £0.06m.
23. The Autumn 2025 budget announcement by the government included impacts for ESPO on business rates as the government targeted "warehouse giants". There were also increases in fuel duty and the National Living Wage that impact costs in 2026/27. Beyond the budget further Central government and council budget reductions are anticipated impacting framework related income next year.

ETL/Eduzone

24. ETL and Eduzone are ESPOs limited companies which service the private sector.

ETL and Eduzone - Year to January 2026			
£k	Actual	B/(w) than Budget	B/(w) than LY
Eduzone Sales	552	24	72
ETL Sales	831	(117)	(223)
Total Sales	1,383	(93)	(150)
Eduzone Gross Margin	182	(3)	14
Eduzone Gross Margin %	33.0%	(2.1%)	(2.0%)
ETL Gross Margin	262	9	(1)
ETL Gross Margin %	31.5%	4.9%	6.5%
Total Gross Margin	444	6	13
Eduzone Expenditure	(181)	49	36
ETL Expenditure	(129)	18	(10)
Total Expenditure	(310)	67	26
Trading Surplus	134	73	39
Trading Surplus %	9.7%	5.6%	3.5%

25. Total sales of £1,383k are £93k behind of budget.
26. ETL, ESPO's business serving international and private sector customers, is performing well and benefitted from some earlier ordering ahead of the peak summer international sales period. ETL has benefitted from growth strategies, developing relationships with international distributors in the international market, and increased recognition of the ESPO brand overseas. ETL's international sales growth plateaued in 2025 as customers in the APAC area looked to source products directly from source of origin. ETL is now reviewing its international growth strategies in readiness for the 2026/27 year.

27. ETL has a significant element of its trade business in the Middle East and is likely to be impacted by the instability in the region.
28. Eduzone, ESPO's business focusing on early years in the UK, is behind budget, and last year reflecting its exposure to severe financial pressures on nurseries in the early years sector. Employers NI and the National Living Wage increases from 01 April are expected to have a further significant impact on this sector in 2025/26 with potential further closures of independent nurseries impacting Eduzone income.
29. Margin and expenditure are both performing better than budget and costs are being controlled.
30. Overall, a £134k surplus has been generated, £73k ahead of budget and £39k better than last year.

Full Year Expectation

31. For the full year, the budget is a surplus of £7.3m. There are several risks and opportunities that could impact ESPO across the second half of the year:
 - i) Rebate income is performing well, however ESPO is aware of the impact central government policy is having on funding of ESPO's customers and constrained council budgets.
 - ii) BESA and school feedback indicates a further contraction of the market (c.3% in 2025) and continued low confidence, poor consumer demand being expected across the rest of the year.
 - iii) Catalogue margin percentages have been strong across the first 10 months. Product mix and cost price increases may affect the final quarter.
 - iv) Directs sales are likely to remain behind budget for the rest of the year as schools continue to focus on essentials and defer spending on furniture items although this may be offset by higher margin levels.
 - v) Framework Rebate income has progressed well year to date, however central government policy on back-office budget reductions and consulting is impacting central government customer spend on HR and Consulting frameworks.
 - vi) The March period usually makes a small loss as catalogue printing and distribution costs are incurred for the year ahead and it also represents a slow month for rebate collection. This is allowed for in the budget and outturn.
 - vii) VAT is being charged on private school fees along with the removal of relief on private school business rates, so far since the introduction of the changes over 50 private schools have closed and many others have merged.
 - viii) Autumn budget announcements included changes to business rates as the government targeted "warehouse giants". There were also increases in fuel duty and the National Living Wage that impact costs in 2026/27. Beyond the budget further central government and council

budget reductions are anticipated impacting framework related income next year.

- ix) The war in the Middle East has various impacts upon ESPO and may directly impact ETLs International Sales across 2026/27. ESPO is already considering mitigations including early ordering where needed, enhanced stock management, to ensure good availability and optimising deliveries but also predicting any issues in sourcing products and speaking with suppliers to mitigate any sourcing risks.

The main impacts are expected to be as follows:

- i. Product Costs - Significant upward inflationary pressure from increased energy, petrochemical and shipping costs.
 - ii. Availability - Risk of longer lead times, stock shortages on imported goods.
 - iii. Logistics - Increased fuel costs on ESPO's own fleet, higher shipping rates from contractors, higher insurance fees.
 - iv. School Budgets - Increased inflation may reduce customer spending power further reducing sales volumes.
 - v. Supplier Behaviour – Potentially more volatility in pricing, stricter terms, and reduced guarantees.
32. The latest guidance for the full year is a trading surplus of £7.8m-£8.0m, £0.5m-£0.7m better than budget.

Operational Progress

33. In January, ESPO's distribution centre picked and despatched 92,533 order lines valued at £3.233m, and the transport fleet with couriers made 14,946 deliveries with a combined weight of 1,449 tonnes. Both carrier and in-house fleet on-time performance is being measured on a weekly basis and reported through the weekly trading meeting. ESPO are looking to reprocur our carrier partners in the year ahead following a planned tendering exercise. Warehouse picking was performed at a rate of 35 lines per hour against our target of 32. The average order value for stock orders to January 2026 was £238.98 compared to £228.09 to January 2025. Operational, Customer Services and IT costs year to January 2025 were £12.897m against a budget of £13.733m. Stock availability averaged 99.2% in January; the stock value was £10.659m with a stock turn of 5.17.
34. The Operations team have been working on improving customer delivery lead-times, which includes a guaranteed next-day delivery service. This new service is now being trialled with our courier partner. The initiative forms part of a broader programme to enhance service levels across all delivery channels, with the aim of incorporating these improvements into the ESPO offer for 2026/27. Approval was given to purchase four new 3.5T vans which includes two electric Renault Master vans and two diesel Renault Master vans. The transport team had first been trialling the Renault electric vehicle to evaluate its range and load

capacity for suitability for local deliveries. Annual driver CPC training has now finished, with all drivers in both Leicester and Wales receiving their training.

35. The Customer Services Team handled 3,401 calls across the three customer service channels in January. Average wait times across all teams was 23 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 £808k 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. 4,944 responses to email enquiries were recorded using the e-ticketing system. ESPO received 15 service ratings from Feefo and our customer rating was 94%. Customers are now able to provide product reviews via the Feefo app and this is gaining good traction from customers with 19 product reviews received in January.
36. ESPO were delighted to be awarded the Feefo Platinum Trusted Service Award for 2026 that recognises our commitment to outstanding customer service over the long term. To achieve Platinum status, we have maintained a Feefo service rating of over 4.5 (out of 5) for at least three consecutive years. This award is an independent seal of excellence, which recognises organisations that consistently deliver a world-class customer experience.
37. Facilities Management in January 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 in-rack sprinklers in the goods out area to conform with insurance requirements. Portable appliance testing was undertaken on all electrical appliances on site. Our application for a Trade Effluent permit has been approved by Severn Trent Water which enables us to set up 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.
38. In terms of health and safety, one minor injury was reported. An agency picker sustained a cut to their finger whilst cutting a box which was attended by first-aid staff. ESPO's H&S Advisor conducted training in the management of health and safety to 35 ESPO managers. Leicestershire County Council (LCC) Public Health provided 'Health MOTs' on site in November for staff which incorporated blood pressure, BMI, cholesterol and blood sugars. New wearable proximity vibrating alarms have been installed within the narrow aisle chamber to further improve staff safety for those picking whilst the VNA truck is in operation, with training provided to all relevant staff. As part of ESPO's ISO accreditation for Environmental Management the project team are collecting baseline CO2 emissions data in conjunction with AECOM our environmental consultants.
39. The Information Technology (IT) helpdesk handled 699 ticket enquiries with a 100% satisfaction rating from internal customers. In terms of cyber security ESPO's Microsoft overall risk has settled on 81.88 %. Completion rates for the USecure staff cyber training module improved to 97.1%. Work is being undertaken to upgrade the internal certificate infrastructure to address a

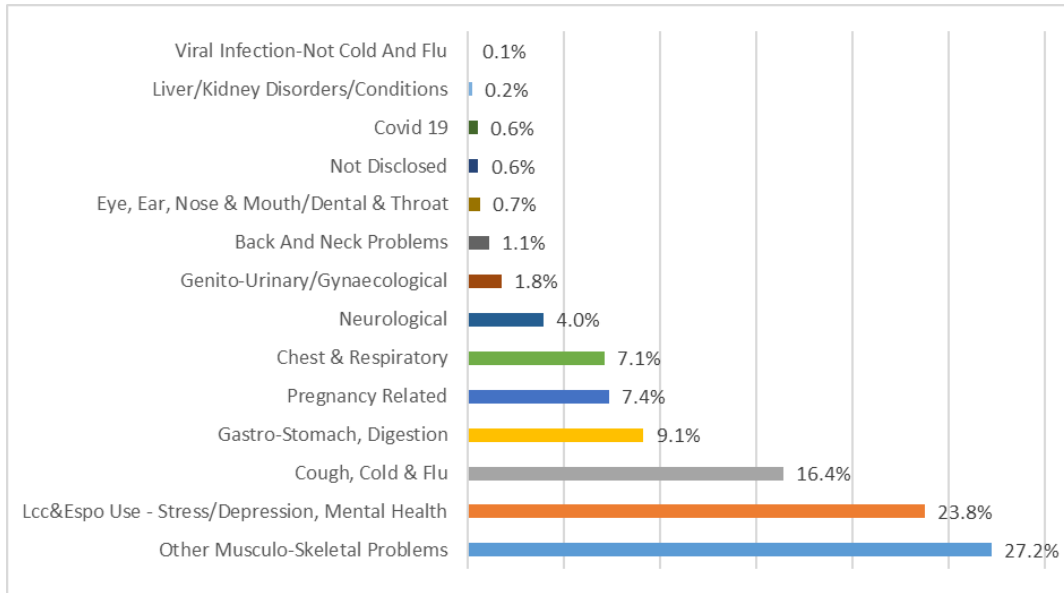
recommendation from the annual penetration testing. The team has been working with the Marketing & Digital to implement the New Punchout on-line ordering system with the team working with new customers as well as engaging the old ones that will need migrating onto the new solution. The team have created a Sharepoint site for the corporate risk register, which will enable updates and mitigations in real time to help manage risks. Finally, new middleware is being deployed to the transport scheduling system to enable the next-day delivery initiative.

Staffing

40. A general update on staffing is included in each Management Committee report by ESPOs HR Business Partner. **This overview of the sickness absence position is as at the end of December 2025 (quarter 3, 2025/26).**
41. Included are the primary reasons for sickness absence for the quarter and brief commentary. Sickness experienced by groups of employees (Warehouse/shift workers and Office based/hybrid workers) can differ and management approaches tailored. This briefing is designed to provide a summary and the actions that are taken to both support all employees and prevent absence due to sickness.

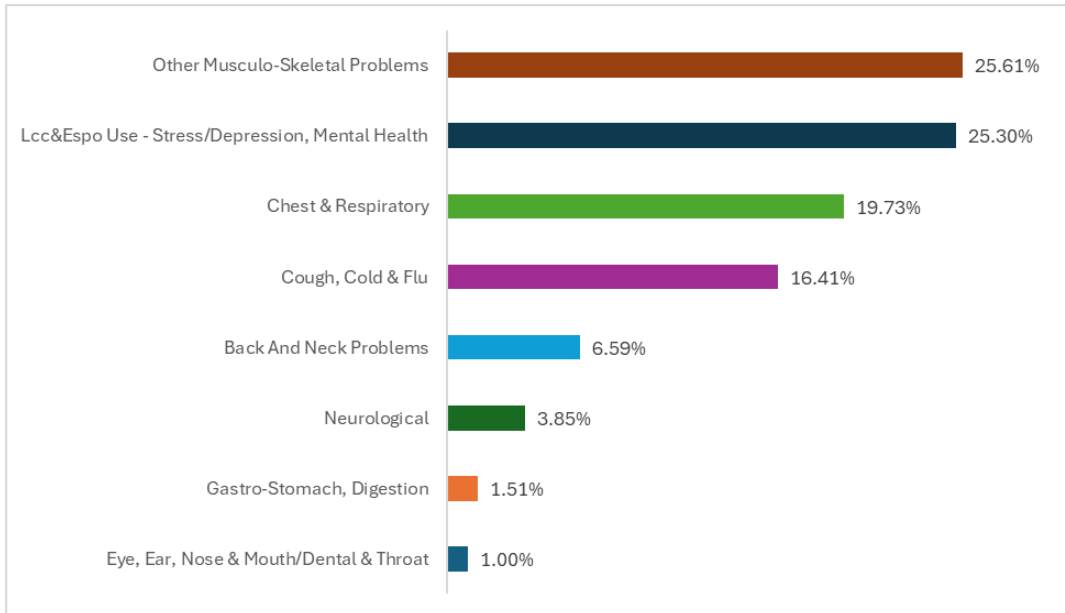
Overview of Staffing and Absence

42. As at the 31 December 2025 ESPO had 353.29 FTE employees. This is 203.14 FTE that work in the Warehouse/ subject to shift work and 150.05 FTE that are office based/able to work in a hybrid working environment. Multiple workplace studies have found that there can be stark differences in the causes, reasons and levels of absence between warehouse and office workers.
43. Warehouse staff are typically subject to more physical and environmental factors such as musculoskeletal disorders (lifting, carrying and standing), exposure to differing temperatures and working at height, and psychological pressure relating to high pressure routines and differing working patterns (shifts).
44. Office based staff are more prone to mental health concerns (with a higher likelihood of stress or greater strain from sedentary work). They are often more likely to work whilst unwell (presenteeism) as hybrid working can facilitate this.
45. **Overall, the reasons for sickness absence in Quarter 3** (a total of 802.6 FTE days or 2.27 days per FTE) were:



Warehouse/ Shift workers

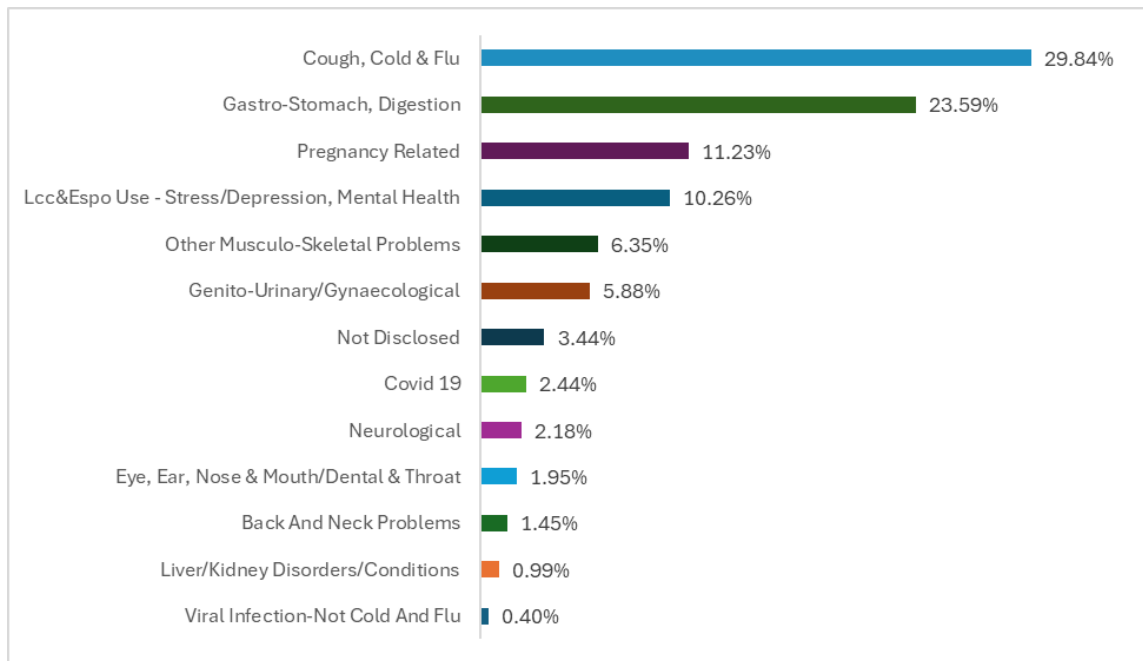
46. Warehouse/ shift workers lost a total of 597.9 FTE days (equating to 2.94 days per FTE). **The reasons for this absence were:**



47. 191.33 days or 32% of all absence related to back, neck or other musculoskeletal and 224.41 days or 37.7% related to seasonal absence such as cough, cold & flu, gastro-stomach, etc.

Office based/ Hybrid Workers

48. Office based/Hybrid Workers lost a total of 204.7 FTE days (equating to 1.36 days per FTE). **The reasons for this absence were:**



49. 15.96 days or 7.8% of all absence related to back, neck or other musculoskeletal and 115.25 days or 56.3% related to seasonal absence such as cough, cold & flu, gastro-stomach, etc.

Preventative Action Taken

50. The following actions are taken to support employees with their Health, Safety and Wellbeing:
- i) All employees, regardless of their role, are obliged to undertake standard and relevant Health and Safety Awareness Training as part of the Health and Safety at Work Act.
 - ii) Warehouse/shift workers are also required to undertake training/learning related to their working environment (manual handling, working at heights, etc.) and are subject to regular toolbox talks by supervisors/managers on lessons learnt from near misses and accidents/ injuries at work as well as refreshers on current practice and procedures.
 - iii) A dedicated Health and Safety Advisor is onsite and responsible for risk assessments, investigations, and regular review of the working environment and practices being used.
 - iv) All employees who use display screen equipment (including handheld devices) are required to undertake regular training and workstation assessments, irrespective of their working base (these must be undertaken for any workstation used in the performance of their duties including home working).
 - v) Health MOTs have been offered to all staff, targeting those that are based onsite (warehouse/ shift workers). This includes blood pressure, cholesterol and BMI checks as well as mental health check-ins.
 - vi) Onsite free to employee Flu vaccinations have been offered to all staff.

- vii) Managing Difficult Conversations Training has been offered to all managers to develop their skills in talking with staff, especially in relation to health, safety and wellbeing.
- viii) The LCC employee wellbeing programme has been advertised (both digitally and physically) to raise awareness of the free eye tests, mental health support available (including counselling services, support groups, such as the bereavement support group, training and e-learning and targeted support available for help relating to substance misuse and gambling, domestic abuse, employees affected by cancer, stop smoking and reasonable adjustments to support employees in work with changes and/or adjustments.

Resources Implications

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

Recommendation

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

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

Background Papers

None.

Appendices

Appendix A – Balanced scorecard

Appendix B – Risk Review Extract

Officer(s) to Contact

Kristian Smith
Managing Director, ESPO
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Management Summary Feb 26

Management Summary

	Actual	Budget /LY	Var	YTD Actual	YTD Var
Stores Sales	£3,273,373	£3,788,122	↓ -13.6%	£50,378,486	↓ -8.3%
Direct Sales	£1,258,892	£1,402,337	↓ -10.2%	£16,141,840	↓ -4.8%
Rebate plus fee income (£k)	£1,366,274	£1,473,034	↓ -7.2%	£13,070,772	↓ -1.8%
Total Sales (Exc Gas)	£5,976,496	£6,755,159	↓ -11.5%	£80,666,215	↓ -6.4%
Stores Margin %	35.2%	32.5%	↑ 2.71%	33.4%	↑ 0.9%
Directs Margin %	17.1%	17.1%	↓ (0.02%)	17.9%	↑ 0.85%
Total Gross Margin inc Consumables Cost	£2,844,123	£3,063,757	↓ -7.2%	£34,186,044	↓ -3.3%
Total Expenditure	£2,269,803	£2,475,972	↓ -8.3%	£25,934,762	↓ -6.8%
Surplus	£574,320	£587,786	↓ -£13,466	£8,251,282	↑ £712,976
Net Profit Margin %	9.6%	8.7%	↑ 0.9%	10.2%	↑ 1.5%

	Actual	Budget /LY	Var	YTD Actual	YTD Var
Eduzone Sales	£54,497	£60,000	↓ -9.2%	£609,372	↑ 3.6%

Customer Order KPI's

	TY YTD	LY YTD	Var
AOV	£233.29	£222.97	↑ £10.33
Prop of orders over £15	97.8%	97.6%	↑ 0.23pp

Operations Balanced Scorecard Feb 26

Financial

	Actual	Budget /LY	Var	YTD Actual	YTD Var
AOV (From Customers Orders)	£173.04	£168.62	↑ £4.42	£233.29	↑ £10.33
Proportion of Orders below £15	1.91%	2.42%	↑ 0.51%	2.22%	↑ 0.23%
Stock Turnover	5.24	5.00	↑ 0.24		

Operational

	Actual	Budget /LY	Var	YTD Actual	YTD Var
Warehouse Processing Cost per Order (inc Select, Goods In and Goods Out)				£18.91	↓ (£4.29)
*Transport Cost per Drop				£24.14	↑ £0.85
Lines picked per hour	34	32	↑ 1.6	33	↑ 1.5

Customer

	Actual	Budget /LY	Var	YTD Actual	YTD Var
Calls - Average Wait Time (Secs)	00:24	00:30	↑ -6.9	00:30	↓ 0.2
FeeFo Feedback	88%	90%	↓ (2%)	95%	↑ 5%

Employees

	Actual	Budget /LY	Var	YTD Actual	YTD Var
Accidents	0	0	↓ 0.0	13	↓ 3.0

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

Commercial Balanced Scorecard Feb 26

Framework

	Actual	Budget /LY	Var	YTD Actual	YTD Var
Rebate plus fee income (£k)	£1,366	£1,473	↓ -7.2%	£13,071	↓ -1.8%
% of Frameworks Renewed on time	78%	0%			

	Target/LY	Q1	Q2	Q3	Q4
Number of contracts awarded to SMEs as a % of no of contracts awarded		76.6%	83.7%	71.6%	77.3%

Number of current live contracts	140
Estimated annual value of current live contracts	£2,316,349,583
Total Number of procurements in progress	42
Number of procurements in progress - internal (ESPO)	13
Number of procurements in progress - National	27
Number of procurements in progress - Client Specific	2
Total Estimated annual value of procurements in progress	£439,260,109
Estimated annual value of procurements in progress - internal (ESPO)	£13,033,500
Estimated annual value of procurements in progress - National	£423,048,024

Finance Balanced Scorecard Feb 26

Efficiency

	Actual	Budget /LY	Var	YTD Actual	YTD Var
Proportion of E Orders*	93%	93%	↑ 0.50%	93%	↑ 1.06%
Web Sales	£1,286,294	£1,269,219	↑ 1.3%	£19,117,288	↓ -45.2%

Market Share

	Actual	Budget /LY	Var	YTD Actual	YTD Var
BESA Market Share %		17%	#VALUE!	19%	↓ (0.21%)

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

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/brands & 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 DfE to recommend and promote offer. Partnership with DfE signed. 19. BESA continues to provide challenge to DfE 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/DfE/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 DfE 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. DfE partnership arrangement/MOU signed. Continue to monitor and engage to counter threat of tail spend solution directly and via BESA. DfE proactively requested to promote ESPO, commits 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. ESPO market intelligence. 5. Use of Tussell insight tool. 6. Regular meetings with DfE 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 DfE 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. DfE framework for tails spend educational supplies. Continue to engage with DfE and BESA. DfE have conducted some promotion of ESPO, commits webinars to show ESPO's competitiveness. Procurement Act etc. Continue to work with BESA to challenge DfE proposals. The team continue to regularly benchmark key products. Discussions underway with CCS regarding ESPO featuring on their Tails spend 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 M&S 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 to '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 (AtoSure). 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 AtoSure. 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. 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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 (outer 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, antimailware 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	DfE development of a 'haltspend' Educational Supplies Framework and attempting to restrict the market to one supplier	1. Risk of DfE 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 DfE and hold regular meetings with DfE 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 DfE's framework proposal - Tender for the opportunity. 5. Potential to report anti-competitive behaviour to regulatory bodies (CMA). 6. DfE is unable to mandate the offer to schools - only suggest. 7. Partnership agreement/MOU signed by ESPO & DfE	1. Information obtained from DfE meetings. 2. Monitoring of DfE and DfE 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 DfE 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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