



ESPO MANAGEMENT COMMITTEE – 4 MARCH 2015

DIRECTOR'S PROGRESS UPDATE

Purpose of Briefing Note

1. The purpose of this update is to inform members of the actions and progress made since the last ESPO Management Committee meeting held on 4 December 2014.

Overall Financial Performance

2. Overall financial performance for the nine months to December 2014 can be summarised as:
 - Sales to December at £65.9m are behind budget of £71.4m principally due to lower Gas sales which are weather dependant (see table below);
 - Rebate income is £3.1m compared to a budget of £2.1m and a prior year of £2.8m, indicating a continued engagement in ESPO's procurement solutions;
 - Overall surplus is ahead of budget by £223K YTD but behind last year by £364k indicating that the guidance given to Management Committee in December of a year-end surplus of between £2.0m and £2.2m still stands.
3. Key figures underlying the total sales to December 2014 are as follows:

	<u>YEAR TO DATE</u>		
	ACTUAL	BUDGET	PRIOR
	£m	£m	YEAR
			£m
<u>SALES</u>			
STORES	33.394	34.029	32.428
DIRECT	15.290	15.106	16.932
GAS	13.311	19.082	16.240
CATALOGUE ADVERTISING	.740	.879	.870
REBATE INCOME	3.127	2.124	2.774
MISCELLANEOUS INCOME	.085	.139	.159
<u>TOTAL SALES</u>	<u>65.947</u>	<u>71.359</u>	<u>69.403</u>

4. Obsolete stock, valued at £20k, has been written off. £4k has been recovered by passing the goods onto the Mondial Logistics & Overseas General Trading LLC. Some of this stock was over twenty years old and clearing it from our warehouse enables us to invest in faster moving lines.

5. A Forecast Outturn report is included separately on this agenda.

Balanced Scorecard

6. The balanced scorecard is attached as Appendix 1.

External Activities and Developments

PBOs, Pro5 members and beyond

7. Officers from Peterborough, Leicestershire and Warwickshire attended the EU Procurement training session sponsored by ESPO on the final session held 11 December 2014. Additional officers, including those from Cambridgeshire, attended sessions earlier in the year. Delegate feedback indicated that the training was well received.
8. Following a discussion with a Department for Education (DfE) officer at the Academies Show in November, I met with Mark Wallbank, their Head of Schools Commercial Team, to foster a positive relationship and explore mutual objectives. We have agreed to meet regularly to forge a more strategic relationship and to challenge some of the ways that the education sector is served from a procurement perspective.
9. 2015 will mark the end of the Pro5 brand but an exciting new era for public sector buying organisations in response to key objectives outlined in the National Procurement Strategy. With strategic partnerships and collaborative working becoming more of a standard process across the public sector, this decision will allow founding members Yorkshire Purchasing Organisation (YPO), North East Procurement Organisation (NEPO), Central Buying Consortium (CBC) and ESPO the opportunity to engage more widely with other organisations. Collaboration with Crown Commercial Service (CCS) will continue to play an integral part of partnership working in the best interests of the public sector.
10. Plans are currently in place for the development of a national public sector procurement forum to share best practice and continue to bring more collaboration to the sector. This will be rolled out at an event to be hosted jointly by ESPO and YPO which is scheduled for 30 March 2015.

ESPO Internal Developments

Member Liaison

11. I continue to meet members on a quarterly basis to discuss key themes which are arising and any items pertinent to members' specific needs. We discussed the MTFS assumptions and change programme as outlined above.

Sales & Marketing

Campaigns, activities and newsletters

12. ESPO will be attending the three-day Education Show 19 – 21 March at the NEC, Birmingham. This is a major event within the education calendar and will be used to launch the new 2015/16 ESPO Catalogue.
13. ESPO, in partnership with the National Association of School Business Management (NASBM), will be hosting a series of procurement workshops aimed at school business managers throughout February and March. The key focus will be on demonstrating how procurement can be made easier, and the free procurement support that is available from ESPO.
14. The spring-term edition of Education Update has been circulated to all schools with the publication focusing on furniture deliveries, ESPO prices and frameworks.
15. A 10% off promotion on exercise books and paper was launched to encourage early orders from customers during the start of 2015, and helps us compete against competitor new catalogue launches. Early results are encouraging.
16. A meeting was held 18 February with NPS Wales discussing a strategic partnership which may create the opportunity to channel Wales public sector spend through ESPO frameworks. The shape and principle of any NPS partnership still needs to be determined and agreed.

2015 ESPO catalogue

17. Work on the new ESPO 2015 catalogue is almost complete with final page proofs and minor amends now being made. 50,000 catalogues will be sent to print on 20 February, ready for ESPO launch event mid-March.
18. Catalogue prices have now been agreed. These reflect ESPO's overall target and focus on increasing Stock and Direct revenues. The team has successfully managed to achieve the difficult mix of minimising the level of price increases and increasing margins across the full product range.

Customer Service

19. As part of the change programme, the order acknowledgment and delivery despatch project has been rolled out to 3,500 schools. A review of the catalogue product range has removed more than 500 single or slow-moving lines to improve margins and profitability. A number of trials are underway testing the delivery profiles to schools and the training of our customer services team has been completed.
20. In addition to our customer survey, a trial with the online Feefo customer review system has been completed. This allows customers to rate and comment on ESPO's service delivery, product quality and prices. This has proved to be successful in tracking key complaint areas, benchmarking our service and creating dialogue with customers. Plans are being made to roll this out across all areas.

21. Plans to implement the customer relationship management (CRM) system across Customer Services are being made. Developments will capture key complaint areas, document calls and track customer call types. It is expected to be introduced during March.

ESPO Risk and Governance Update

Corporate Risk Register

22. Some Major Risk Records have been reviewed in this quarter but there has been no increased risk associated with these updates.

Audit Reports

23. There has been one audit report issued in the quarter in response to an issue arising from the handling of staff purchases. The recommendations have been accepted and are in the process of being implemented.

Resources Implications

24. None arising directly from this report.

Recommendation

25. Members are asked to note the contents of the report.

Officer to Contact

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Appendices

Appendix 1: Balanced scorecard