

ANNUAL REPORT

WELCOME

Welcome to the ESPO annual report and account summary for 2017/18.

As budget constraint becomes the new norm for ESPO's loyal customer base we continue to seek innovative ways to provide value across our product range in ESPO's catalogues and also maximise value for money for our customers utilising either our energy offering or indeed any of our framework agreements. We were honoured and delighted to be awarded 'best supplier' for the second year running in the large supplier category in the British Educational Supplier Association (BESA) Awards. The wider social aspects of public procurement remain equally important to ESPO be that working with SMEs, considering our environmental impact or indeed the social value from our procurement activity. We are proud to be the largest professional buying organisation (PBO) in local government and look forward to continued collaborative working with the public sector to drive value in-line with our mission and vision.

37 YEARS IN PUBLIC SECTOR PROCUREMENT

Our mission statement

We will work in partnership with our stakeholders to drive value-for-money for the public sector through comprehensive procurement solutions.

ESPO is a public sector buying organisation which has been supplying the education and wider public sector for 37 years. We are jointly owned by six Member Authorities and are committed to providing value-for-money for our customers by pursuing best practice in procurement, sourcing, supply chain and contract management.

Providing access to a complete procurement solution, we offer a comprehensive products catalogue, access to over 150 frameworks and bespoke procurement advice.

Our team of professionals work hard, day-in and day-out, to bring our customers great value every day.

- 37 years of experience providing first-class procurement solutions for the public sector
- Access 25,000 product lines, with 10,000 held at our 120,000 square foot warehouse

- 90,000 products picked from our warehouse every week
- Over 6,000 customers delivered to every week
- Over 150 framework solutions and many other procurement solutions
- A dedicated team of over 300 staff

As well as meeting the buying needs of our broad customer base, we also understand the need to fully embrace the requirements of our Member Authorities. As such, we target a minimum of 3.5% return on capital every year.

We are dedicated to continual improvement, through the development of our staff as well as through proactive collaborations with customers and other partners to engage markets, challenge current practices and develop innovative sourcing strategies. Our commercial experience, market insight, category expertise and best practice procurement ensure that we can respond quickly and effectively to the changes in this dynamic and fast changing marketplace.

Our vision

We strive to be the first choice provider of public sector procurement solutions.

CONFIDENCE AND TRANSPARENCY

As a Local Authority owned organisation, we are governed by a rigorous structure of controls. As part of this process, we produce a set of accounts which informs our stakeholders that ESPO has properly accounted for all public money received and spent. This gives them confidence that our financial standing is secure.

Managing risk performance is also an integral part of our day-to-day operational performance; and risk management is monitored and reviewed through a compliance process and a risk strategy. In addition to management at operational level, oversight and escalation is through the ESPO Leadership Team and the ESPO Management Committee.

Our financial activity in relation to the service we provide is shown through a number of key financial statements and notes. These can be found throughout this annual report.

TRADING RESULTS

ESPO's income is derived from multiple sources and this has been strength in a dynamic and challenged educational supplies market. The market place has seen acquisition, market exits and also new entrants over the last trading year. ESPO

continues to deliver to its financial plans and is growing its reach with customers in new geographies and parts of the sector.

There has been pleasing growth in ESPO's income associated with the procurement activity it undertakes either as national frameworks or indeed local procurement solutions. There is clear evidence of greater engagement in these solutions and ESPO continues to build its reputation as a fantastic proposition for value for money compliant access to over 1500 suppliers.

ESPO has continued to invest in its premises, its operation and its information technology capabilities.

Overall ESPO has delivered to its financial forecasts achieving over £80 invoiced sales in 2017-18 and set out a credible plan for the future trading years in its medium term finance plan. ESPO remains a financially strong and growing market participant.

PROCUREMENT UPDATE

Our customers value ESPO's procurement solutions which are delivered by skilled procurement experts. In order to maintain this high level of expertise, ESPO continues to invest in this cohort of staff with appropriate training. During late 2017, Negotiation and Supplier Management Skills Training was delivered to procurement staff with Insurance Training being delivered to procurement teams to contribute towards a better understanding of insurance factors and to enhance decision making.

MARKETING ACTIVITY

In 2017-18 ESPO was represented at multiple events, exhibitions and conferences promoting both our education and corporate offerings. Made up of local and national events, this channel continues to play a strong part in our annual marketing plan. Some of the key events included:

- The Academies Show (London and Birmingham)
- Youth Sports Trust Annual Conference
- The LACA Main Event (catering)
- NASBM National Conference (School Business Managers)
- Inspiring Leadership Conference (Within Education)
- Public Sector Show (London and Manchester)

To develop our presence at exhibitions we have hosted seminars at both the NASBM National Conference and the Academies Show (London). We also held our

own Consultancy LIVE exhibition which focused on the launch of our Consultancy framework. Highlights of the year include winning Supplier of the Year (over£10m) at the Education Resources Awards for the first time and successfully rolling out new branding for our procurement solutions.

SIGNIFICANT MATTERS

A valuation of the land and buildings at Grove Park has been carried out and the valuation now stands at £12.66m, an increase of £596k on the prior year.

PEOPLE AT OUR HEART

Reporting on another successful year would not be complete without taking the time to recognise the extraordinary efforts of the staff here at ESPO. We are fortunate to have so many long standing members of staff and during the past year the following have achieved their 25 years Long Service Award:-

Jane Fish
Carole Maher
Anita Parmar
Jim Rigby

In addition, I am proud to mention three members of staff who have exceeded this and marked 30 and 35 years with ESPO. My thanks and congratulations go to:-

Julie Ann Joyce
Jayne Wortley

For achieving 30 years and:

Kevin Matthews

For achieving 35 years

IN SUMMARY

ESPO continues to perform in line with its challenging expectations with the spending restraint in customer base being the new norm. We will continue to strive to deliver for our customers and owners, whilst making ESPO a great place to be.

Kristian Smith
Director