

**MANAGEMENT COMMITTEE – 24 JUNE 2020****PROGRESS UPDATE****REPORT OF THE DIRECTOR****Purpose of the Briefing Note**

1. The purpose of this update is to inform Management Committee of the actions and progress made since the last Management Committee meeting held on 4 March 2020.

**Overall Financial Performance**

2. The overall financial performance is reported under a separate paper covering the outturn for 2019-20 and the new forecast for 2020-21.

**ESPO Operational Progress**

3. In April ESPO was operating against the backdrop of Covid-19. This saw the introduction of new working arrangements. The majority of office-based staff were required to work from home with the exception of certain customer service personnel and operational staff. The picture on school openings was sketchy with some being closed and others operating on a limited basis for the children of key workers. Other public sector customers, which ESPO defines as 'corporate', were similarly affected but there was constant demand from those customers who remained open for cleaning equipment and PPE. This included the Emergency Services, The Armed Forces, NHS and Local Government amongst others.
4. ESPO's distribution centre was operating under a new safe system of work regime which required social distancing from staff. We also introduced a rotating shift arrangement across the three shift 24hr a day coverage over a five-day period but staffed with the minimum of staff required to meet current demand. The warehouse introduced zonal picking to keep picking staff in specific areas and away from each other. The transport operational protocol was also adapted to meet the new safe systems of work which, for example, meant that customers were not required to sign the delivery note. Further details of the adapted work routine due to Covid-19 are shown in the Health and Safety report later in this report.
5. As part of a national initiative to assist in the Shielding of Vulnerable People, ESPO were nominated as the Food Hub for Leicestershire. Working in conjunction with the local RPG we received a bulk delivery of ambient foodstuffs on Saturday 29/03/20 and emergency food parcels were put

together from these with the first customers receiving deliveries from 3 April. Emergency food packages continue to be despatched from ESPO with foodstuffs from suppliers having been twice replenished.

6. As part of a further national initiative which is being coordinated by HM military planners in conjunction with the RPG ESPO is holding government emergency PPE for onward distribution to various settings including care homes and residential schools, these items are being processed on a free issue basis for collection or delivery on a daily basis to those in need. Donations are also being made to increase available PPE these are segregated upon receipt from the main stock until inspected by trading standards and declared fit for use.
7. The distribution centre processed £767k of customer orders in April and the transport fleet with couriers made 4,290 customer deliveries. Warehouse picking was performed at a rate of 10 lines per hour, which is a reflection of the reduced throughput activity. The error rate detected by QA was 0% which is below the target of 3%.
8. The customer services team processed 4,732 customer orders valued at £0.884m. Direct orders currently valued at £788k are being managed from suppliers to customers. Across customer services, directs and catalogue admin the teams handled 2,960 telephone calls with an average waiting time of two seconds and a 5% abandon rate. ESPO's FEEFO customer service rating was 90%.
9. As part of ESPO's recent membership to the Institute of Customer Service, in March ESPO launched both an internal and external customer satisfaction survey. The survey asked a comprehensive series of questions to gain an in depth understanding of our customers and staff views of our current service provision alongside any expected service improvements. On the whole the survey showed that ESPO's customers highly value the service that they receive. The scores place ESPO above its peer group on most of the survey's service criterion. Customers were also invited to suggest a single improvement that they would wish to see. These responses together with the individual subject area scores are being disseminated by the customer experience team and following discussion with the leadership team they will form the basis of future business improvements. This transformation plan and the subsequent changes will support our journey towards accreditation by the Institute.
10. Ongoing customer experience improvements plans are in place with a number of workshops being held with key stakeholders and staff across the business to transform our processes and customer experience. The recently established Customer Experience Improvement Group continues to enable

and drive through the changes required. Our staff are involved in identifying and looking at solutions for service improvements through the implementation of a staff improvement log. A number of telephony improvements have been identified, including ESPO's front end voice messaging. ESPO Leadership team have decided to engage with a supplier to develop a series of ESPO branded waiting and promotional messages, with the aim to reduce dropout rates during call holding periods and promote our services and promotional activity.

11. The stock optimisation team-maintained product availability at 98.71% with 129 lines out of 9,871 temporarily unavailable; stock value was £8.475m with a stock turn of 5.02. This was impacted by the sudden downturn in sales in April. Investment in stock was planned as part of the peak trading plan, and subsequently by a decision to increase stocks of cleaning materials and PPE in anticipation of extra demand from schools and wider public sector. ESPO continues to rely on external storage to manage its stock holding requirements. This includes exercise book stock held at KCS in Maidstone, at the port of Felixstowe and by its printer in Poland. A long-term strategic solution to address this space requirement is currently being developed as part of a longer-term financial plan and this shall be presented to Management Committee in September.
12. Facilities management in April comprised of preparing the site for operating under Covid-19 safe systems of work. This comprised scheduled legionella testing and training on legionella awareness for the facilities team; the integration of lifts and heating systems with the fire alarm system; emergency light inspection; servicing of a/c units in the server room and servicing of the sprinkler system. Partitioning for a new office in customer services was installed and servicing of all internal doors. Statutory lifting equipment checks by Allianz, Servicing of the Uninterrupted Power Supply, the scheduled generator service, servicing and repair on the warehouse conveyor, Signage improvements throughout the site,
13. There were no reported accidents in April. Support was given to the communications team in respect of advice to staff on the potential dangers from the Coronavirus and the best practice guidelines. LCC internal audit conducted forthcoming in due course. Full details of the actions taken to make the site Covid-19 prepared are shown in the Health & Safety section of the supplementary report.
14. The portfolio of ESPO's 2020/21 catalogues was thankfully printed by YM Group prior to the lock-down and made ready for onward distribution to customers. This comprises a total of 47,000 primary and secondary; 25,000 Early Years; 10,000 Eduzone, and 7,000 Corporate. Deliveries will start to be made by ESPO and third-party transport to customers from week commencing 9th March. Over 1,000 new stock lines including science, sport

and outdoor activity have been added together with 4,000 new direct lines. This is aimed at supplementing our categories in the secondary school sector. The catalogues will include the new ESPO SmartBuy branding.

### **Staffing**

15. Due to the reduced demand from schools related to the Covid-19 pandemic, a decision was made under delegated authority by the ESPO Consortium Secretary to furlough 93 members of staff, under the national Government scheme. This largely included staff who are based in our operational functions (i.e. warehouse and delivery drivers) with the addition of some support roles from areas such as our Sales & Marketing teams. This move ensured that individual jobs were protected and it also provided ESPO with the opportunity for these members of staff to now be reintroduced as demand starts to increase again. This flexibility in our workforce has been vital in ensuring that our services can successfully continue to function.
16. Sickness absence has continued to be well managed and our overall levels have significantly decreased again. The reductions evidenced over the last 12 months are still being seen every month, and this provides great confidence that sickness absence is being well managed within ESPO. Managers remain fully embedded with our approach and they continue to work with HR to implement appropriate support plans to help individuals return to work in a timely manner.
17. The completion rates for our mandatory training courses have maintained their high levels, despite our current inability to deliver face to face training to staff. Online training for those staff who have IT access has helped to ensure that staff have the necessary skills and knowledge to undertake their roles successfully is key for our service delivery.
18. Regular interaction with managers has occurred remotely through manager forums, Heads of Service Meetings, Team Meetings and regular all staff briefings. A Managers Charter has also been introduced which sets out the expectations for how we will manage staff who are either working from home or socially distanced. This reiterates the need for regular communication and provides a focus on staff wellbeing and engagement. This clarity over how a manager can support their team is vital at the current time for all of our employees.
19. ESPO leadership's senior team has been through review as a result of the announcement of the retirement of a member of the team. It will now consist of three Assistant Directors covering Operations, Procurement and Development & Growth supported by senior finance and HR representatives.

### **ESPO Risk and Governance Update**

## Health, Safety, Wellbeing and Facilities Management & Corporate Risk Register

20. The ESPO Leadership Team held its quarterly review of Health, Safety and Wellbeing and Major Risk Records (MRRs) and the top risks are attached at Appendix 2.

### **Resources Implications**

None arising directly from this report.

### **Recommendation**

Members are asked to note and support the contents of this report, including the action taken to furlough staff by the Consortium Secretary.

### **Officer to Contact**

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### **Appendices**

Appendix 1: Balanced Scorecard  
Appendix 2: CRR extract

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