

Appendix B

ESPO

Risk Ref	Risk Description	Consequences / Impact	Risk Owner	Original Risk Score Impact	Original Risk Score Likelihood	Original Risk Score	Risk Action Tolerate / Treat / Transfer / Terminate	List of Current Controls / Actions Embedded and operating soundly	Risk indicators to be used to monitor the risk	Current Risk Score (as at 06/10/2020) Impact	Current Risk Score (as at 06/10/2020) Likelihood	Current Risk Score	Risk Action Tolerate / Treat / Transfer / Terminate	Further Action / Additional Controls	Action Owner	Action Target Date	Q1 Comments / Updates
25	Increased competition including Amazon & CCS	1. Possible implications on business volume, reputation, new business and on trading results in the Catalogue business 2. Through collaboration with CCS and YPO; CCS is dominating the management of such contracts (MFDs) 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, Amazon have expressed interest widely within the market place at becoming more than an ad hoc supplier to schools of all levels, expressing their intention to partner with, or secure suppliers who have tailored offering for the sector.	AD Commercial	4	4	16	Treat	1. Working with suppliers and customers to improve the 'offering', facilitating this relationship through capturing and using business intelligence and managing this 'knowledge'. 2. Continue seeking efficiencies through international sourcing 3. Amazon: Continue to market our 'not for private profit' credentials and continue to craft our ranges to offer the very best solution to all tiers of education from our stock and directs position. To explore collaboration with our PBO neighbours to ensure opportunities are not missed in securing market share dominance on key lines such as paper, glue sticks and exercise books. 4. Website Development. 5. Use of BESA benchmarking for ongoing market share data. 6. Continue to make frameworks easier to access. 7. Develop ETL framework offering for diversity of customer base.	1. Changes to key customers' buying (as highlighted at Weekly Trading) 2. Fluctuations in rebate income (as highlighted at Weekly Trading) 3. Stalling of e-commerce uptake trends (as highlighted in IT update) 4. Amazon: Reduction in traditional stationery and direct electrical item sales at category level. 5. Termly customer research and feedback 6. Competitive mapping for frameworks, including new threats from Bloom and CCS expansion. 7. Staff migration to competitors.	5	2	10	Treat	1. Review loyalty scheme – increased requirement on income streams 2. Robust sales and marketing strategy to be developed to reflect the heightened competition in this sector and to support the revised MTFS. 3. Review of Customer Offer 4. MATs package 5. Review termly research. 6. Keep a close eye on developments in the market & particularly on CCS & Amazon. 7. Continue to look out for member authority frameworks that duplicate ESPO's offering. 8. Keep abreast of speculative frameworks that could take business from ESPO frameworks. 9. Continue to explore and maximise exporting opportunities. 10. Review approach to	AD Commercial	Ongoing	01/04/2019 Points 5, 6 & 7 added to List of Current Controls. Points 6 & 7 added to Risk indicators. 02/12/2019 Additional controls added. 05/03/2020 Further Actions updated. 08/06/2020 Reviewed - no change. 27/11/20 Reviewed - no further action
33	Health and Safety compensation claims and fines.	Substantial claim made as a result of a Health and Safety event. Given the nature of the warehouse environment and the customer premises we operate in etc. it is possible these claims could be substantial. This could result in ESPO being placed at substantial risk of continuing in business due to level of damages paid and reputational impact.	Director	4	4	16	Treat	1. Ownership by the Director 2. Dedicated Health and Safety Officer & Senior H&S Advisor. 3. Risk assessments, safe systems of work. 4. Incident, accident and near miss reporting recorded on Assess-net allowing for overview and enhancing ability to determine actions to mitigate future risk 5. Investment in safety equipment 6. Regular Health and Safety Committee meetings (Director to review minutes) 7. Internal Audit assessment 8. Regular Health and Safety walkabouts 9. Standard update item at monthly Leadership Team (LT) Officer at quarterly LT Risk Meetings	1. Health and Safety Walkabout actions 2. Internal Audit reports 3. Staff Surveys 4. Record of Health and Safety events and actions taken and recorded on Servicing Authority's Assess-net 5. On-going Covid-19 secure monitoring by ESPO Health and Safety Advisor and LCC.	4	3	12	Treat	1. 3rd Party Independent Assessment 2. Health and Safety culture embedded throughout the organisation 3. Response to public ' ' to be considered in Health and Safety planning e.g. Grenfel Towers 4. Appoint H&S advisor via LCC SLA. 5. Investment in new reach trucks with additional safety features and more driver aids. 6. Plans to recruit more permanent reach truck drivers. 7. Programme of H&S training courses implemented 8. Look to amend policies in future 9. Mock trials held on 6th & 13th Feb in conjunction with LCC.	AD Operations & IT	See Comments 1.March 2019 2.Feb 2019 3.Jan 2019	05/09/2018 Reviewed - List of current control sammended, removed point 10 (1. All LT received specific training in Health & Safety) 06/12/2018 Updated further actions. Targets: 1. Introducing mesh-decks on the pallet racking to reduce probability of push-throughs. 2. Installing CCTV into the bulk store to enable route cause analysis on incidents. Also to assist with training. 3. Programme of document control being rolled out to enable electronic retrieval of safety documents. 04/03/2019 4. Health, Safety & Wellbeing Policy document created Nov 2018. 5. ESPO H&S Policy Statement Nvo 2018. 6. H&S Action Plan - Nov 18. 7. H&S SLA with LCC Jan 2019. 8. Compliance Action Plan reviewed weekly by LT Jan 2019. 9. Monthly HS&W review with LT. 03/06/2019 Point 7 added to further actions. 10. Specification for the 8 new LGVs delivered May 19 include additional safety features. 03/09/2019 LCC audit on H&S planned for sept 2019. 02/12/2019 4th & 5th November LCC H&S Audit conducted by Tony OBrien. Minor non conformances and observations being responded to. 05/03/2020 Further Actions updated. 26/11/2020 24.11.2020 Monthly update on GP
51	Space constraints in the context of ESPO growth ambitions - options for mitigating short and long	1. Unable to operate safely 2. Unable to process customer orders 3. Unable to store sufficient stock 4. The exercise book supply chain will require ESPO to purchase and store stock at an earlier stage in the cycle. This is estimated at circa 2,000 pallets. There is insufficient space at the ESPO warehouse.	AD Operations & IT	4	4	16	Treat	1. Use of peak warehouse 2. Rationalise supplier base 3. Create more efficient storage regime 4. Create more efficient picking regime 5. Outside storage of exercise books at Felixstowe 6. Assess supplier holding stock 7. Extend the mezzanine floor 8. Introduce warehouse automation 9. Assess use of modular buildings on the ESPO site. 10. Modified supply chain for exercise books with production in Poland requiring less storage space at the Leicester Warehouse 01/08/218 11. Mitigation is through pursuing an off-sit, shared-user warehousing agreement with the supplier. 12. Medium/ Long Term Solution the provision of additional ESPO bulk warehousing space	1. Racked space utilisation 2. Lines picked/packed per person per hour c.f. budget 3. Overall lines picked per day c.f. budget 4. Business Case being prepared.	4	3	12	Treat	LCC discussions. Visibility at LT on a regular basis. 19/02/2020 LTFS Away Day planning 03/03/2020 Space meeting with LCC 05/03/2020 Logistics consultants appointed to validate assumptions. Paper subsequently presented and findings validated. August/ September 2020 Business case prepared proposing an ESPO Bulk store warehouse. This was subsequently presented to both COG and the Management committee	AD Operations & IT	N/A	03/06/2019 Reviewed - no updates. 03/09/2019 Meeting with KCS in September 2019 to discuss storage facilities in 2020. 16/09/2019 we have secured up to 1750 pallet spaces from KCS for 2020/21. 02/12/2019 Discussions with LCC regarding additional warehouse site 4th Nov paper being developed. 05/03/2020 Risk indicators and Further Actions updated. September 2020 Development of a Bulk Store Warehouse in conjunction with LCC approved by The Management Committee 26/11/2020 3 month delay to Leader's Farm development. Extension to current agreement with KCS being drafted 26.11.2020

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63	Exiting EU	<p>1. 'Within year' increases in buying prices due to higher import costs could reduce margins – possible failure to suppress 'cost of sales' target and impact on international sourcing programme</p> <p>2. Year on year buying price increases put pressure on margins/competitiveness</p> <p>3. Inflation could reduce discretionary spend by customers – reduced sales</p> <p>4. Extension to austerity or further cuts in public finances – impact on customer spending</p> <p>5. Threat to achieving MTFS</p> <p>6. Competition benchmark reset</p> <p>7. Post Brexit tariffs</p> <p>8. Supply chain disruption</p> <p>9. Potential increase in business failures</p> <p>10. Changes to EU procurement law</p> <p>11. Additional LT meeting/monitoring sessions to be diarised</p> <p>12. Liason @ AD level between ESPO & LCC</p>	Director	4	4	16	Treat	<p>1. Aim to resist price increase 'within year'</p> <p>2. Mitigate increases through competition, re-sourcing, extensions</p> <p>3. Support sales through targeted promotion and marketing</p> <p>4. Factor in changes to the MTFS</p> <p>5. Competition position on pricing and Brexit pass through</p> <p>6. Strategic supplier engagement</p> <p>7. Enhance catalogue T&Cs</p> <p>8. Make website default price reference point</p> <p>9. Create Brexit planning group</p> <p>10. Promotion of settlement scheme to staff</p>	<p>1. Review YPO catalogue to consider market reaction to price increases</p> <p>2. Seek to pass through but still observe pricing position</p> <p>3. Top 30 suppliers accounting for 50% of catalogue business on Creditsafe weekly 'alert' (automatic notification of change in status)</p> <p>4. Turnover and vacancy rates</p>	4	3	12	Treat	<p>1. Workforce Strategy agreed</p> <p>2. Yearly commercial plan in place.</p> <p>3. Understanding of where goods come from EU through supplier engagement. Identify all goods directly imported from EU.</p> <p>Engage customs agent to meet our obligations as a 'declarant' for goods entering the UK from the EU.</p> <p>Identify commodity codes of all goods directly imported from EU to review WTO terms for tariffs.</p> <p>Ensure Finance team are aware of relevant HMRC protocols for VAT deferral and payment of quarterly VAT for imported goods.</p> <p>EU import sub-group formed to manage and monitor progress.</p>	Director	Ongoing	<p>01/10/2018 reviewed -updated further controls and consequences.</p> <p>02/12/2019 List of Current Controls updated.</p> <p>02/03/2020 Reviewed - no change.</p> <p>08/06/2020 Reviewed - no change.</p> <p>05.10.2020 the working risk paper in ESPO is due for it's latest iteration across ESPO. Further Actions updated.</p>
78	Coronavirus	<p>1. 'Stock supply shortages for products or components that are made in China. With consequential effects in UK manufacturers production capability.</p> <p>2. 'Staff shortages in all ESPO functional areas due to high sickness rates.</p> <p>3.'School closures to reduce infection spread.</p> <p>4. 'Overall economic impact on ESPO's business activities due to sluggish restoration of international supply chain..</p> <ul style="list-style-type: none"> • 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	Treat	<p>1. 'Set up an internal team tasked with managing ESPO's activities and communications in response to the health crisis.</p> <p>2. 'Monitor updates and advice from WHO and UK government .</p> <p>3. 'Maintain regular communications with customers, staff and stakeholders.</p> <p>4. ESPO continue to promote good handwashing and hygiene practices and have increased the availability of antibacterial wipes and cleaning equipment.Contractd cleaning contractors disinfect door handles and hand rails as part of our contract.</p> <p>5.Should a member of staff contract coronavirus EPSO will liaise with PHE directly at County Hall and follow any recommendations.</p> <p>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..</p> <p>7. Assess suppliers shortages through daily phone contact by Stock Optimisation team.</p> <p>8. Work closely with staff agency</p>	<p>1. Weekly stock availability reports with supplier shortages and failed customer orders.</p> <p>2. Weekly 'staff sickness records attributable to the coronavirus.</p> <p>3. Weekly trading analysis</p> <ul style="list-style-type: none"> • 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	3	12	Treat	<p>1. Align staff policies to LCC guidelines.</p> <p>2. Assess trading impact on financial forecasts.</p> <p>3. Understanding of alternative sources of catalogue products.</p> <p>4. Regular meetings of the internal team</p> <p>5. Ongoing communications with all relevant parties through web site, weekly comms and formal reports.</p> <p>04.03.2020 ESPO update on Coronavirus Report discussed at Mngmnt Committee.</p> <p>06.03.2020 Teleconference with LCC.</p> <ul style="list-style-type: none"> • 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 	Director	Ongoing	<p>02/03/2020 Reviewed - no change.</p> <p>05/03/2020 Further Actions Updated.</p> <p>08/06/2020 New Covid-19 risk assessments and safe system of work created to ESPO building & operational protocols. Site Inspection on 27th May 2020 with further remedial actions required - this needs to go in the box above 07/10/20 • ESPO headquarters was audited by Leicestershire County Council and formally declared 'Covid-19 secure' on 22.06.2020.</p> <ul style="list-style-type: none"> • Considerable controls are in place to minimise the risk of contracting Covid-19 on site including; increased cleaning schedules, staff inductions, one-way systems, application of microbe shield, face coverings to all public facing roles, strict 2m distancing and increased signage. • The risk of contracting Covid-19 whilst on ESPO property is considered low. • The ESPO depot located in Wales was audited and formally declared 'Covid-19 secure' on 25.06.2020 <p>26/11/2020 24.11.2020 Monthly update on GP Covid-secure status sent to LCC</p>

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79	IT Cyber Security. Range of cyber security threats	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			20	Treat	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 (eg 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 attack) 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) (Needs further expansion/detail)	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)			14	Treat	1) Multi-factor Authentication for remote access 2) PKI server for device authentication 3) Revised password policy 4) New Remote Working Policy 5) Penetration Testing 6) DR Testing 7) Staff Training 8) Staff awareness 9) CyberEssentials+ 10) InfoSec Policy Review 11) CyberSecurity Support contract 12) System 21 upgrade 13) Security Health check 14) Patching Policy 15) NCS Active Cyber Defence programme 16) CyberSecurity Risk Register 17) Cyber Insurance 18) LCC Audit Response 19) Cyber Security Roadmap 20) CyberSecurity Incident Response The above are either in flight or planned. A supplementary document "ESPO IT Security Plan - April 2021" expands in detail. Recommend to create a Cyber	AD Operations & IT	Q1 2021/ongoing	01/10/2020 - new entry 26/11/2020 24.11.2020 Liaison with LCC on cyber security through regular meetings
80	The Green Paper for Transforming Public Procurement contains areas of potential risk for ESPO. Lack of clarity around proposals at this stage adds to the concern. Main areas of concern are: Proposal for more flexible procurement procedures may devalue the protection afforded by frameworks. Customers may decide to procure themselves. More flexible procedures lacking detail - risk to ESPO if it attempts to pioneer use of these. Increased transparency rules bring greater administrative and compliance burdens and unclear expectations from Cabinet Office exposes contracting authorities to litigation risk.	Customers may choose to undertake their own procurements and not use frameworks - fall in rebate income. Risk of court challenge if new procedures used incorrectly. Current procurement structure may need reassessment to ensure compliance with transparency rules. Risk of being sued for inappropriate transparency or for not being transparent enough.	AD Commercial	5	3	15		Monitoring contracts finder/ find a tender and closer monitoring of customer procurement pipelines Better engagement through CRM'S Continued engagement with legal advisors to gauge customer tendencies Canvass opinion from member authorities to understand what it means to them/what their intentions are. Manage customer messages to intensify the 'safe framework' message. ESPO stick with Open Procedure until new flexible procedures are clarified and tested. Ensure procurement team is adequately resourced to ensure transparency compliance. Create a Transparency/Governance unit within procurement. Update processes & procedures to reflect new requirements.	Fall down in number of customers using our frameworks. Insufficient resource to manage increased administration required.	5	3	15			AD Commercial		

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