

Appendix B

ESPO

Risk Ref	Category	Risk Description	Consequences / Impact	Risk Owner	Inherent Risk Score			Risk Action Tolerate / Treat / Transfer / Terminate	List of Current Controls / Actions Embedded and operating soundly	Residual Risk			Risk Action Tolerate / Treat / Transfer / Terminate	Further Action / Additional Controls	Action Owner	Action Target Date	Further Action / Additional Controls	Action Owner	Action Target Date	Inherent Risk	Residual Risk	
					Impact	Likelihood	Score			Impact	Likelihood	Score										
1	IT	Major systems failure (IT, communications etc) preventing service delivery	1. Immediate cessation of almost all office and warehouse functions 2. Failures in processing customers' orders, in providing deliveries to customers, in replenishing stocks and in providing procurement services and support. 3. Loss of reputation with customers leading to order cancellations and longer-term reduction in turnover. 4. Major financial losses from above consequences resulting in a possible annual trading loss. 5. Non-compliance with EU procurement regulations with resulting potential legal action. 6. Cyber Security Breach	AD Operations & IT	5	4	20	Treat	1. A range of approved IT policies that encourage and support the correct use of systems by users and signed acceptance of such policies. 2. Disaster recovery contract with Dalsey providing for fast hardware replacement of all priority servers, for recovery of IT systems/data and for alternative office accommodation facilities together with annual testing of recovery procedures. 3. Back up external communication link and external power supply 4. A contract with Iron Mountain for the daily collection and off-site secure data storage of back-up records. 5. Use of UPS protection for the power supply to essential IT equipment/servers with additional automatic back up of IT equipment power supply using a generator (regularly tested). 6. Fire suppressant gas supply to server room. 7. Redundant air cooling capacity to server room. 8. Maintenance and support agreements for all essential equipment and major IT systems. 9. Full and recoverable records of all IT systems, software, equipment and support/maintenance. 10. Firewall protection for all external facing systems with regular security testing and software updating. 11. Replacement warehouse will due to be installed Aug 2022. ITDG governance terms of reference established 14.4.21. 7.6.21 Security Report published to respond to email phishing security breach 21.1.2022 New IT cyber security risk register created 16.11.22 LCC Audit on ICT Controls gave substantial assurance	1. Satisfactory annual disaster recovery test results with Dalsey. 2. Generator testing log 3. IT Section records of frequency & consequences of systems & equipment failures. March 2022 Reduced likelihood to 4	4	3	12	Treat	Update DR Plans to move to aligned with Back Up. DR Plans are being reviewed in order to be aligned with LCC processes 08.02.24 Successful DR testing took place Dec 2023. System21 and associated systems were restored to the Recarta Data Centre, Windows servers restored to Dalsey DR Centre. This demonstrates that the current backup/restore/recover processes are effective, performant and can be delivered in a timely manner. Additional staff attended the DR Test exercises, reducing the reliance on individuals in the event of a genuine DR. IBM Power 8 server which runs System 21 is end of life May 2024. The proposed move to cloud based SaaS is subject to a compliant procurement route. The risk probability has therefore been increased to 3. The mitigation is around service agreements with Recarta to support any hardware failure until a decision is made. The fall-back position is to replace the server with a Power 10 server, but time will have to be allowed for this to be procured.	AD Operations & IT	Sep-20	14.08.24 Virgin Media have now installed a new fibre internet line in to ESPO, meaning that there are now two distinctly separate internet connections to the ESPO offices. These will now be configured into Failover mode, such that if the live line fails for any reason, it will seamlessly switch to the alternate connection. Power 8 End of Life. ESPO are currently in the late stages of contract negotiations to migrate the System 21 system to the cloud. We are hoping to reach agreement over the next few weeks, which should allow time to implement before year end. If this is not feasible, we will look to secure a support overlap to allow additional time to migrate to cloud or replace the Power computer.	AD Operations & IT	Sep-20	High	Med
2	Stores Trading and Brand	Web - Failure to meet customers' expectations or requirements leading to loss of business	1. Reduction in the sales of products and use of services. 2. Incomes fall below economic levels required to support current operational needs. 3. Threat to MTFs	AD Business Development	5	3	15	Treat	1. Rolling review of Customer Offer 2. Web development digital roadmap 3. Various customer satisfaction surveys and analysis of feedback. 4. Weekly reviews of operating and financial KPIs 5. Benchmarking against other public & private sector competitors. 6. Compliant procurement 7. Customer Groups project successfully completed. 8. News search implemented.	1. Key website operating KPIs (visits, transactions, sales, procurement downloads, CAA, COA) 2. Customer feedback and satisfaction levels 3. If analysis of competitor websites identifies key new functionality or services being offered. 4. Digital development roadmap	4	3	12	Treat	1. Website development is ongoing as per digital roadmap. 2. Ensure that we are always on a supported version of Adobe Commerce. 3. Continue delivery of PushOn rolling improvements. 4. Deliver customer experience (and My Account) functionality (Q4 24). 5. Continue SEO optimisation. 6. E-procurement integration into website (ongoing)	Head of Marketing	Ongoing	14.08.24 Reviewed - Controls/actions and risk indicators updated. - E-procurement project progressing with SIMS. PS Financials commercials being negotiated. - Next web deployment imminent.	Head of Marketing	Ongoing	High	Med
25	Stores Trading and Brand	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 FWs (Technology, 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 focusing 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 Business Development	5	4	20	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 and developing partnerships. 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. 4. Amazon: Reduction in traditional stationary and direct electrical item sales at category level. 5. Termini customer research and feedback. 6. Competitive mapping for frameworks, including new threats and CCS expansion. 7. Staff migration to competitors. 8. Market insight data from BESA, C3 and EdCo. 9. BESA continues to provide challenge to DFE for	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 stationary and direct electrical item sales at category level. 5. Termini customer research and feedback. 6. Competitive mapping for frameworks, including new threats and CCS expansion. 7. Staff migration to competitors. 8. Market insight data from BESA, C3 and EdCo.	4	4	16	Treat	1. Review loyalty schemes - increased requirement on income streams. 2. Robust sales and marketing strategy developed to reflect the heightened competition in this sector and to support the revised MTFs. 3. MATs package improvements to be considered 4. Review Termini research. 5. Keep a close eye on developments in the market. 6. Continue to look out for member authority frameworks that duplicate ESPO's offering. 7. Keep abreast of speculative frameworks that could take business from ESPO frameworks. 8. Continue to explore and maximise exporting opportunities. 9. Review approach to recruitment and retention of key procurement/commercial staff. 10. Consider bidding for the CCS tail spend tender next time issued. 11. Continue to work with DFE on our offer and proposals to show savings to schools on specific products. 12. Continue to focus on price competitiveness.	AD Business Development	Ongoing	14.08.24 Reviewed - Controls/actions and risk indicators updated. - DFE proposition to offer all schools access to Amazon Business via YPO solution has gone quiet and BESA believe it has been shelved. We continue to engage with DFE and BESA. DFE have agreed to do some promotion, comms/webinars to show ESPO's competitiveness. Provided visibility of product benchmarking and sales data so that they can promote ESPO's offer. - Amazon/DFE update shared with COG and Management Committee. - Continue to work with BESA to challenge DFE/Amazon proposal. The team continue to regularly benchmark key products. - DFE are benchmarking products using Skuuudie.	AD Business Development	Ongoing	High	High
66	Stores Trading and Brand	Amazon (with or without YPO solution)	1. Amazon access to PS via YPO agreement. 2. Amazon access to PS/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	Treat	1. ESPO BAU account management. 2. Digital/Web roadmap. 3. Procurement and compliance advice. 4. ESPO market intelligence. 5. Use of Tussel Insight tool. 6. Regular meetings with DFE to feedback on proposals. 7. Working with BESA distributor group to counter threat.	1. Termini customer research. 2. Account manager feedback. 3. Online exposure. 4. BESA data on market share.	4	4	16	Treat	1. Digital platform and development roadmap. 2. NAM Account management of key customer accounts. 3. Brand diversification (Edzone). 4. ETL broader appeal/reach. 5. Enhanced marketing. 6. Continue to engage with DFE to counter threat.	AD Business Development	Ongoing	14.08.24 Reviewed - Controls/actions and risk indicators updated. - DFE proposition to offer all schools access to Amazon Business via YPO solution has gone quiet and BESA believe it has been shelved. We continue to engage with DFE and BESA. DFE have agreed to do some promotion, comms etc to highlight ESPO's competitiveness. Provided visibility of product benchmarking and sales data so that they can promote ESPO's offer. - Amazon/DFE update shared with COG and Management Committee. - Continue to work with BESA to challenge DFE/Amazon proposal. The team continue to regularly benchmark key products.	AD Business Development	Ongoing	High	High
70	Operations and H&S	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	Treat	With Cause' tests can be made at any time. Driver signs daily report to confirm he is fit to drive. 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	3	4	12	Treat	26/11/2020 24.11.20 LCC proposed random D&A testing policy under review 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. Increased awareness provided to all 'safety critical' supervisors in line with LCC policy RE: signs and symptoms of substance misuse. 'With cause testing' remains in place. Since the previous report in May 2024 - Two with cause cases of alcohol in system and one for cannabis, all agency members of staff and removed from site immediately. To continue to monitor instances of non-negative and with cause tests conducted and review testing frequencies if required. LCC to consider on-recruitment testing. ESPO has the option to purchase drug testing kits, via the current supplier DNA Workplace, to be used in-house. Consideration to be given to precedence and LCC policy. Quarterly stakeholder meetings continue with LCC to inform and review policy and practical application. Next random testing scheduled August 2024.	AD Operations & IT	Implement testing regime within 1 month of LCC announcing new testing protocol	Random testing of ESPO staff continues quarterly across all 3 shifts - delivery drivers tested each time, minimum 4 times per year. Increased awareness provided to all 'safety critical' supervisors in line with LCC policy RE: signs and symptoms of substance misuse. 'With cause testing' remains in place. Since the previous report in May 2024 - Two with cause cases of alcohol in system and one for cannabis, all agency members of staff and removed from site immediately. To continue to monitor instances of non-negative and with cause tests conducted and review testing frequencies if required. LCC to consider on-recruitment testing. ESPO has the option to purchase drug testing kits, via the current supplier DNA Workplace, to be used in-house. Consideration to be given to precedence and LCC policy. Quarterly stakeholder meetings continue with LCC to inform and review policy and practical application. Next random testing scheduled August 2024.	AD Operations & IT	Implement testing regime within 1 month of LCC announcing new testing protocol	High	Med
78	Supply chain	Supply chain risk - including corona virus, Brexit and Conflict in Europe	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	Treat	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 hand rails 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-	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	16	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. 06.03.2020 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	10.5.24. Widespread cost implications related to global shipping disruptions through the Red Sea route have not materialised and the situation now appears to have stabilised. Stock availability remains high (90.5%) as the supplier market has reacted accordingly to managing the increased lead times as containers take the longer route into Europe around Africa.	Director	Ongoing	High	High

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