



ESPO MANAGEMENT COMMITTEE – 27 SEPTEMBER 2012

AGENDA ITEM 7

FINAL PROGRESS REPORT OF THE INTERIM DIRECTOR

Purpose of Briefing Note

1. The purpose of the report is to update ESPO Management Committee on the actions and progress made since the last Meeting on 25th June 2012.

Background

2. The items outlined below are intended to update Members on key areas of the business.

Key Activities

3. The items provide a summary of some of the key activities undertaken in the last three months.

Night Shift

4. ESPO experienced exceptionally high demand during the period leading up to the summer holidays, reflecting the high proportion of education customers. In response to this we initiated a night shift throughout July consisting of approximately twenty staff. Their primary functions were to replenish picking locations and pick orders, collectively they picked over 50,000 order lines that otherwise would have been delivered late.
5. We anticipate further high demand for the start of the autumn term and have initiated a further night shift for an additional two weeks from 9th September with the objective of maintaining on-time deliveries through this period.

Panorama's Report on Dumped Tyres (16th July 2012)

6. We have sought information and assurances from our tyre suppliers (framework ref: 222) regarding the environmentally responsible disposal of end-of-life tyres. All have responded that they use agents which are members of the Tyre Recovery Association and hold accreditation/licences issued by the Environment Agency.
7. ATS, DTM, Goodyear, Kingway have also provided statements that indicate end-of-life tyres are disposed of by environmentally responsible methods, being either recycled into other products (such

as carpet underlay and play area surfacing) or used as an alternative energy source (eg in cement kilns). Lodge Tyres has confirmed its disposal agents have not “fallen short in any of the issues in the programme”.

8. The industry response to Panorama’s questions is attached to this report as Appendix A to this report.

Risk Management:

Business Continuity

9. Documentation has been finalised and is currently being reviewed to ensure each section of ESPO understands its role. It is intended that the overarching ‘Plan’ will be reviewed quarterly by ESPO’s SMT.

Hailstorm on 26th June

10. The storm, which appears to have been most severe in the Hinckley/Burbage area but also affected other parts of Leicestershire, has caused significant damage to forty of our leased cars. These vehicles will require replacement of bonnets and often the roofs (although ‘*paintless*’ repairs of roofs will be carried out if damage is not too severe) plus repairs to frames and door panels. At present, we are collecting reports and obtaining repair estimates, which suggest that the total cost of repairs resulting from this incident will fall between £80,000 and £100,000.
11. The car scheme insurance fund, held by ESPO for the purpose of meeting own damage repair costs, looks well placed to meet this exceptional cost, with a current balance of £237K. Allowing for the usual flow of repair costs, we would expect the fund to end the insurance year (31st October) with a balance of around £100K if all repairs were carried out before then, which provides some continued resilience in the event of another exceptional event.

Academies

12. Key procurements about to be awarded are frameworks for Grounds Maintenance and Cleaning Services which commence on 4th September 2012.
13. In order to help deliver customer needs further a questionnaire has been completed by 84 schools, and the information from this is currently being evaluated. A verbal update and presentation will be given at the Committee Meeting elsewhere on the agenda.
14. Currently we are working with the Government Procurement Service (GPS), Yorkshire Purchasing Organisation (YPO) and the Department for Education (DfE) to develop a single gateway for schools. This portal, ‘EduBuy’, is intended to give access to a choice of value for money deals in one convenient location. These can vary from

catalogues with fixed prices that can be ordered from directly to “framework agreements” where further competition to determine which supplier from the range available can best meet specific requirements.

Efficiencies

Sickness

15. There has been significant improvement in sickness absence within the warehouse operation, reducing from an average of just under 4.5 days per fte per quarter to just under 3.5 days per fte in the period January to March 2012, and a further reduction to just below 2.5 days per fte in the period April to June 2012. This is approximately 50% down in the space of 6 months.
16. Overall our projected year end figure has reduced from 10.44 to 7.32 per fte based on the first quarter’s figures. This is a great start to ESPO’s sickness absence record for 2012/13. A further update will be given at December’s Committee.

Indigo Real Time Warehouse Management Project

17. The interactive Warehouse Picking and Marshalling System is now being implemented with paper-picking in tandem with the Indigo system to reduce risk. Current full loads are being put on the new system and staff trained with an intention to gradually move to a paperless system over the next few weeks. We are currently processing approximately 12% of our daily output through the new system.

Contracts/Frameworks Update

18. Phonics - a new online supplementary catalogue was published in June 2012 and a final catalogue incorporating all items from both phases on the procurement will be sent to schools early in September 2012. At the end of August out of the original DfE match fund budget of £72m, 31.45% (25%) has been utilised with ESPO achieving 27.72% (28%) of the total Pro5 sales.
19. New framework agreements for Cleaning Services and Grounds Maintenance Services commenced on 4th September. These have been set up by ESPO on behalf of Pro5 and with several contractors appointed they provide national coverage. The new frameworks are intended to offer customers a comprehensive and cost effective way of contracting for these services. Although they are likely to be of particular interest to schools and academies, they will also be available to all public sector bodies.
20. The procurement process has commenced for a Materials Recycling contract for a group of local authorities in Norfolk. ESPO has been engaged to provide procurement support and expertise in a competitive dialogue procedure. The new contract will supersede the present arrangements which expire in March 2014 (when the current

contract, also let by ESPO on behalf of the group ends). It is intended to build upon the excellent success rates achieved so far, and to further promote the social, environmental and economic benefits of recycling.

21. ESPO's library stock framework has been selected as the procurement vehicle for the renewal of the Consortium for United Stock Purchase (CUSP) contract. CUSP is an established collaboration involving over 20 library authorities in the south-west of England, with an annual library stock budget of some £2.2 million.
22. The number of schools now using the Catering framework continues to grow. As well as several individual, and clusters of, schools both locally and more widely, a number of multi-site contracts have been let. These include contracts for schools on the Isle of Wight, in Derby, and in the London Borough of Bexley.
23. The supplementary framework referred to the previous report has now been successfully awarded, improving further the coverage in several UK regions, including increasing SME sector representation.
24. ESPO is leading an East Midlands collaboration to procure an e-tendering solution for use by all public bodies in the region, to help streamline future procurement activity and facilitate better market engagement (for instance by simplifying supplier registration processes).

Recommendation:

25. Members are asked to note the report.

Equal Opportunities Implications

26. None.

Risk Assessment

27. Not applicable.

Background Papers

28. None.

Officers to Contact:

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Appendix

Appendix A – Tyre Industry Response to the Panorama investigation