



ESPO MANAGEMENT COMMITTEE – 6 DECEMBER 2012

AGENDA ITEM NO. 6

PROGRESS ON EFFICIENCY PROJECTS

REPORT OF THE DIRECTOR

Purpose of Report

1. This report sets out the progress to date on the efficiency projects that were originally identified by the Interim Director in the autumn of 2010 and first reported to Management Committee in terms of progress in March 2011, and then in subsequent progress reports.

Background

2. These efficiency projects form a critical element of the strategy of ESPO over the next four years and are a key driver towards the achievement of the Medium Term Financial Strategy (MTFS). ESPO is committed to providing value for money to Consortium members and other customer stakeholders through competitive pricing and as such is seeking to achieve sub-inflation price increases over the next four years. To ensure that Consortium Members continue to receive a fair return relative to the risks they take this will be partially funded by efficiencies in the cost base.

Analysis of Projects

3. The projects can be broken down in terms of areas of operation as follows:

Warehouse	12	26%
Fleet Management	4	10%
Customer Facing	25	55%
Back Office	4	9%
Total	45	100%

Summary of Progress to Date

4. The summary progress to date is as follows:

Implemented to date	24	53%
Cancelled	3	6%
Implemented by March 2013	29	64%
Implemented post March 2013	16	36%

5. The target total efficiency saving is £1.1m per annum on an ongoing basis. Clearly ESPO will aim to exceed this target as far as possible. A summary breakdown of the financial implications is as follows:

	Total Possible Benefit per annum	Total Possible Benefit Over 4 Years	Spend to Achieve Benefit	Impact to Date
Warehouse	376	1,506	545	18
Fleet Management	70	280	16	86
Customer Facing	667	2,668	138	117
Back Office	2	8	1	2
Total	1,115	4,462	700	223

Detailed Breakdown of Efficiency projects (Appendix)

6. A full analysis of the projects to date is included as an appendix to this report. This report will be supplemented at the meeting by a presentation by the Director who will explain in more detail the current status of the projects and plans for future efficiency projects.

Resources Implications

7. The table under paragraph 5 above sets out the financial implications of projects listed.
8. The Medium Term Financial Strategy is the key financial plan for ESPO. The MTFs for 2013/14 to 2016/17, which is under development, will take account of the efficiency projects listed in this report (see paragraph 5 above for further information).

Recommendation

9. Members are asked to note this report and its appendix.

Equal Opportunities Implications

None identified.

Risk Assessment

None identified.

Background Papers

Progress Report of the Interim Director – ESPO Management Committee - 25 March 2011

Officer to Contact:

Mr J Doherty – Director

Tel: 0116 265 7931

j.doherty@espo.org

Appendix

Detailed Project Listing