

**ESPO Project List — Updated November 2012****Warehouse Operation**

|   | Project Name/Task   | Owner/<br>Project<br>Manager     | Timeline      | Current Status   | Potential Benefit   | Identifiable<br>Outcome   | Financial Impact<br>(Saving £)             | Financial<br>Implication<br>(Spend £)                   | Impact to date<br>(savings<br>achieved, etc.) |
|---|---|----------------------------------|---------------|--|---|---|--|---|---|
| 1 | Installation of Photovoltaic Roofing  | Interim Asst Director Operations | Ongoing       | Report from LCC Property Department awaited.   | Significant reduction in electricity costs and carbon footprint               | Green energy and reduced energy cost  | £100K per annum/<br>FIT                    | 3 <sup>rd</sup> party agreement or self funding C £2.5m |   |
| 2 | Warehouse lighting High Bay – pallet racking, replace 250w metal halide Replace with T5 fittings c/w detectors and controls | Interim Asst Director Operations | Implemented   | Installed. Controls to be developed  | Improvements in light quality, reduced annual costs, reduced carbon footprint | Improved quality of light, reduced annual maintenance costs, reduced energy consumed              | Annual Electricity and Maintenance £7,200  | £20,350   | £7,000  |
| 3 | Warehouse lighting High Bay – Open areas replace 400w metal halide Install 100w LED High Bay.                               | Interim Asst Director Operations | Implemented   | Installed  | Improvements in light quality, reduced annual costs, reduced carbon footprint |   | Annual Electricity and Maintenance £11,800 | £33,400   | £11,000                                       |
| 4 | Warehouse lighting – open areas Additional detectors, controls and switching  | Interim Asst Director Operations | Implemented   |  | Reduced annual costs, reduced carbon footprint                                | Reduction in unnecessary lighting. reduced energy consumed  | tbc  | tbc   |   |
| 5 | Warehouse lighting Fluorescent, under mezzanine floor LED tubes ??  | Interim Asst Director Operations | December 2012 | Evaluating options Trial of LED tubes planned for December   | Improvements in light quality, reduced annual costs, reduced carbon footprint | Improved quality of light, reduced annual maintenance costs, reduced energy consumed              | Expected £7'400pa                          | Expected c £26k   |   |
| 6 | Office Lighting Add detectors, controls and switches  | Interim Asst Director Operations | December 2012 | Arranging trials of light and movement sensors in the corridors and stairwells. Implementation starting w/c 26 <sup>th</sup> November 2012 | Reduced annual costs, reduced carbon footprint                                | Significant reduction in unnecessary lighting throughout office buildings reduced energy consumed |  |   |   |
| 7 | Other Power usage   | Interim Asst Director Operations | Ongoing       | Under review   | Reduced annual costs, reduced carbon footprint                                |   |  |   |   |
| 8 | Evaluation of Stores Picking System   | Interim Asst Director            | Implemented   | Indigo WMS is fully implemented and  | Reduction in warehouse costs, improved service to                             | Reduced permanent and   | £230,000 pa                                | £450,000  | Savings to be realised once                   |

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|    |  | Operations   |                  | currently accounts for Approx 50% of current output. Paper picking is being utilized to maximise output through this period of high demand. Further system enhancement and operational refinements will continue.   | customers. Ability to handle significantly greater through put through current space with only marginal additional staffing                                    | seasonal staff. Greater flexibility and improved service levels |  |     | system fully operational |
| 9  | Viability of Returnable Cartons                  | Interim Asst Director Operations   | Under review     | Linked to 3. Not considered viable at this point. To be reviewed following the full implementation of IW.   | Reduction in packaging costs and consumable waste at customer premises and ESPO. Likely to only apply to 'centres' and 'major' customers who order frequently. | Reduction in Packaging consumables purchased by ESPO            |  |     |                          |
| 10 | Evaluation of Stock Replenishment System         | Asst Director – Commodity Procurement / Group Buyer – Hardware           | July/August 2013 | See 7 and 26. Work within current buying groups commenced May 2011. Ian G reported to SMT on 10 July. Further assessment of Infor Demand Planning Software to be arranged with MG. Replenishment team moved to Catalogue Category Team in the new structure. Established that we need to explain the market for demand planning software. | Better stock control reduces stockholding and may improve availability.  | Reduced stock held means less cash tied up.                     |  | tbc |                          |
| 11 | Quality of Stores Packing – Impact on Drivers    | Interim Asst Director Operations / Distribution Manager                  | Under review     | Spin off from Picking Systems   |  |   |  |     |                          |
| 12 | Review Expediting Function (See also Project 26) | Interim Asst Director Operations / Asst Director – Commodity Procurement | Under review     | Initial data set up. work to commence   | Improved stock replenishment. Frees up time for procurement staff.   | Better stock management.  |  |     |                          |

**Fleet Management**

|    |  |                      |             |  |   |   |          |         |   |
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| 13 | Fuel Management                                      | Distribution Manager | Implemented | SAFED courses being undertaken for all ESPO fleet<br>March –April 2011<br>drivers -16 complete | Reduction in fuel costs and carbon footprint  | Increase in the 'miles per gallon' achieved by the vehicles in the delivery fleet | £20K pa  | £16k    | Fuel costs have only increased by 4.3% in 2 years. Given the increase in the price of oil and additional fuel levies saving calculated to be at least £20,000 |
| 14 | Reduction in Vehicle Damage Costs                    | Distribution Manager | Implemented | SAFED courses being undertaken for all ESPO fleet drivers. March – April 2011                  | Less accidents = less damage  | Non specific  |          |         | Prior to hail storm damage the self-insurance fund was running a healthy surplus.   |
| 15 | Use of Agency Drivers                                | Distribution Manager | Implemented | Normal review of balance of staff. 4 new drivers taken on March 2011.                          | Reduced agency costs and vehicle damage?<br>Improved customer service and relationships | Non specific  |          |         |   |
| 16 | Fleet Quality – New Repairs and Maintenance Contract | Distribution Manager | Implemented | Implemented  | Reduced R&M costs, less vehicle off road time, better quality workmanship               | Reduced Costs   | £50k p.a | Minimal | £66,000   |

**Office/Customer Facing**

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| 17 | E-Orders | Asst Director - Finance | Dec 2012 | <b>e-Ordering</b><br>A HTTPS connection has been configured for receipt of cXML orders through the Procsolve hub e.g. OPEN, eXchangeWales, NPPH. We have started testing with Procsolve.<br><br>Punchout connection forms have been completed for the National Police | Better use of resources | Process more orders with existing resources, less archive scanning | £3,500 per week | pdf conversion £800.<br>Procsolve modification £12,800.<br>Other costs pending: |  |
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|    |                                     |                         |  | <p>Procurement Hub hosted with Procserve for Leicester, Lincoln, Nottingham, Norfolk and Warwickshire Police forces.</p> <p>Anonymous punchout to <a href="http://www.espocatalogue.org">www.espocatalogue.org</a> has been implemented from the IDeA Marketplace.</p> <p>A system for converting PDF orders received from Leicestershire CC to XML files has been implemented.</p> |  |   |   |   |                             |
| 18 | E-Invoicing of Catalogue Products   | Asst Director - Finance | <p>Implemented for all transactions not processed via Procserve or IDeA Marketplace</p> <p><b>e-Invoicing</b><br/>A HTTPS connection has been configured for sending cXML invoices through the Procserve hub. We have started testing with Procserve.</p> <p>We are also testing with EGS for sending cXML invoices through the IDeA Marketplace.</p> <p>A new system has been developed for sending an invoice as a PDF document via email.</p> | <ul style="list-style-type: none"> <li>• Quicker delivery of documents,</li> <li>• Elimination of printing and postal charges,</li> <li>• Less missing documents,</li> <li>• Faster customer payments.</li> </ul>   | Percentage of e-invoices increased. Aiming for 50% on changeover | <p>Current postage charges for invoices &amp; statement are £55K pa plus external printing by OTM is £48K pa. Full year spend £103K.</p> <p>For 50% change to pdf e-billing there is an annual saving of £51K pa.</p> | Software modification costs + customer mailing costs re collection of email data. | Early stages but we expect savings of at least £50k per annum |                             |
| 19 | Maximising of 14 Day Cash Discounts | Asst Director - Finance | Implemented  | Tracked as part of the supplier renewal/set up process. Tracked in monthly management accounts and is a   | Increased discounts  | Value of suppliers' discounts received in financial reports   | £120K per annum   | Minimal   | £20,000 incremental benefit |

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|    |                  |                 |      | key objective of the accounts payable section.   |  |  |     |     |  |
| 20 | Document Storage | Deputy Director | ASAP | <p>The Servicing Authority's new Document retention Policy has now been approved and uploaded to LCC's website. ESPO will adopt the same retention periods. Instructions have now been given to the Contracts Officer and all Group Buyers to identify which of the documents stored on the mezzanine can now be destroyed (via confidential shredding). The remainder which do not require to be regularly accessed can be made ready for off-site storage utilising the ESPO Off-site document storage framework agreement. The documents are to be appropriately categorised for appropriate action by the end March 2012.</p> <p>BW to advise when both cages for destroying have been established and also those for off-site storage. Also mezzanine cleaning required. Still outstanding (BW)</p> | <p>More efficient use of space. Reduction in health and safety issues. Greater security.</p> |  | tbc | Tbc |  |

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| 21 | Standardisation of Procurement Documentation and Process | Interim Commercial Manager | Ongoing | Workshops ongoing (GRIPS) Intention to try to hold monthly meetings going forward to gather more momentum and engage with new legal resource at ESPO regarding process and T&Cs standard PQQ and standard ITT. Standard PQQ drafted, processes allocated one to each team for consideration and drawing up for mid-September for discussion. T&Cs remains ongoing as part of the legal and governance group. | Operational efficiencies. Freeing up buyers for focus on procurement and commercial activity rather than administration, formatting of documentation and 're-inventing the wheel'. Better safeguards, given change in legislation. Will assist by preparing for potential implementation of an E-Tendering system (see 18) | More consistency of approach (reducing risk of challenge), quicker response to changes (process, policy, legislative), save time preparing documents and getting approvals in a more timely fashion, better experience for customers/suppliers (less form filling) | Minimal in relative terms. We ran 100 projects last year, if we only save one day on each project it will be worthwhile but reality is that more days will be saved giving greater capacity for more projects/other commercial activity (and potential marketing intelligence and management information as requested in the Deloitte Report | Resources committed to development and establishment of procedures and documents; cost of officer time for working group working for 12 months = 84 days |  |
| 22 | Evaluation of Consys                                     | Contracts Manager          | Ongoing | Completed – IT Dept has carried out requested system amendments BUT has advised that in its present format, no further system changes are possible without the system 'crashing' long term.  | More streamlined reporting processes.  |  | Tbc  | Tbc  |  |

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| 23 | E-Tendering System       | Deputy Director / Interim Commercial Manager | April 2013 | ESPO is procuring an E-Tendering solution and is significantly through the procurement process. Analysis of bids, and demonstrations of submissions are taking place with a view to making an award of contract early in 2013. It is anticipated an implementation plan will be required with a view to implementation being rolled out in a phased manner from 1 April 2013.  | Operational efficiencies. Better safeguards, given change in legislation. Improved and easier engagement with supply markets. Interface with suppliers more transparent, less manual admin required by Contracts Admin Team. | Financial savings on contract administration, procurement process management, and circulation of documentation. Greater transparency for all; buyers, suppliers and stakeholders. Improved audit trail in respect of the procurement process and potentially the workflow through the organisation. | Being quantified. So far, resource savings have been identified and costings currently being calculated.  | Again resources; currently a team of 8-10 individuals working together. | Tbc |
| 24 | Evaluation of E-Auctions | Deputy Director                              | Ongoing    | ESPO have been requested to act as the vehicle/channel for the development of an East Midlands E-Auction programme across a range of supply markets. ESPO have appointed a senior buyer (Nasir Makda) to act as the Auction 'champion'. Nas has been tasked to work with the Contracts Officer and buying teams to identify ESPO contracts on the renewal programme that will be used to support both primary auctions (ie on the establishing of the framework) and secondary auctions ie on re-opening of competition. The | Operational efficiencies. Better service offering to customers.  |   | E Auctions will be raised with GPS to explore the E.Mids requirements/synergies with the 2011/12 GPS E Auction programme. EW to raise at next meeting with Buying Solutions | tbc   |     |

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|    |  |                                       |             | draft Auction programme will then be shared with the East Mids Heads of Procurement Group for further requirements to be added. First draft E-Auction programme to be ready by end March 2012. First auction programme now prepared. First E-Auctions November 2012 Programme in place. |  |   |              |  |   |
| 25 | Centralisation of Contracts Section; the back office concept | Deputy Director                       | Implemented | Implemented   | Freeing up Buyer time to concentrate on procurement. | More efficient use of Buyer time.                           | Non specific |  |   |
| 26 | Update Current Website Content                               | Website Development Manager           | Implemented | Implemented   | More up to date information for customers/suppliers. | Better understanding. Increased customer/supplier interest. | £0K          | £0K                                    |   |
| 27 | Website – Redevelopment                                      | Asst Director – Commodity Procurement | Implemented | Implemented<br>Members area to be enhanced August 2012  | Enhanced profile and image. Improved functionality.  |   | n/a          | £220 per day x estimated required days | Phase 2 of the website development commenced in November 2012 |
| 28 | Intranet – Update  | Website Development Manager           | Ongoing     | Update commenced and ongoing  | Easier access to, and enhanced, information.         | Better informed staff.                                      | Non specific | Non specific                           |   |
| 29 | Intranet – Redevelopment                                     | Asst Director – Commodity Procurement | Ongoing     | Review team being assembled and ideas collated. Graphics and presentation already implemented [August 2012] and further improvements underway. Comms team involved together with Ben  | Easier to navigate and find information              | Staff prefer new layout and graphics                        | Non specific | Non specific                           |   |

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|    |  |   |             | Child.   |  |   |   |         |        |
| 30 | GO Green Initiative inc:<br>Double-Sided<br>Printing/Screen Monitor<br>Usage/Recycling | Website<br>Development<br>Manager<br>/ Interim Asst<br>Director<br>Operations | Implemented | "GO Green" pilot<br>commenced 10.1.11<br>- successful. Roll out<br>28.3.11 throughout<br>building.<br>Working on an<br>application for a<br>national recycling<br>stars award.   | Savings in energy, reduced<br>waste, increased recycling.<br>Staff involvement.  | Cost benefits and<br>staff involvement<br>in "greening" the<br>workplace.                         | Savings £5k pa  | Minimal | £5,000 |
| 31 | Stock Forecasting and<br>Demand Management   | Asst Director –<br>Commodity<br>Procurement                                   | Ongoing     | See 5 and 7.<br>Business case<br>pending initial work<br>with Buyers<br>Team moving to<br>Catalogue Category<br>Team s part of new<br>structure [January<br>2013]. Demand<br>planning software<br>requires market<br>engagement.   | Better stock replenishment<br>and stock turn.  | Reduced Stock   | More cash in<br>account. £10,000                      | Tbc     |        |
| 32 | Review of CRM System   | Sales and<br>Major Accounts<br>Manager  | Ongoing     | Business case now<br>written. CRM<br>Strategy now<br>widened to include<br>all aspects of<br>ESPO's business<br>activity.  | Improved communications<br>with both customers and<br>internal staff. Smarter<br>marketing.  | Better intelligence<br>& customer<br>relationship.<br>Increased level of<br>business              |   | £61k    |        |
| 33 | Cost Monitoring plus<br>Future Income  | Interim<br>Commercial<br>Manager  | Dec 2012    | Following<br>assessment of<br>current working<br>practices and<br>identification of an<br>opportunity to<br>improve<br>monitoring<br>processes with<br>regards to rebate<br>and fee income,<br>Deloitte were<br>commissioned to<br>support ESPO to<br>prepare a<br>specification for a<br>cost monitoring<br>system. ESPO are<br>considering a | More transparent<br>understanding of cost basis,<br>procurement inputs (time),<br>and resource implications.<br>Monitoring of staff resource<br>capabilities experiences and<br>skills etc for matching to<br>project needs. | More consistent<br>approach, greater<br>transparency,<br>review of cost<br>recovery<br>mechanisms | Improved pricing<br>and cost<br>recovery £50k<br>p.a. | £30k    |        |

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|    |                              |          |             | solution and evaluating the benefits the system may bring                                |   |   |  |      |                       |
| 34 | Risk and Business Continuity | Director | Implemented | Business Continuity in place awaiting final SMT sign off. First review by SMT on 26.9.12 | Better preparation in the event of disaster/ emergency for the benefit of ESPO and members. | Final report in place, responsibilities clear, and plan audited | Immeasurable in terms of business recovery | £35K | Minimal at this point |

### **Staff Welfare**

|    |   |  |             |   |   |  |  |                                  |  |
|----|---|--|-------------|---|---|--|--|----------------------------------|--|
| 35 | Secure Bicycle Shelter                      | Website Development Manager / Interim Asst Director Operations | Implemented | Implemented   | Encourage more staff to cycle to work.                                    | No bicycles stored in warehouse                            | No H&S issues with bicycles stored in warehouse hence risk avoided. Improved staff morale.   | Circa £12,000                    | Minimal financial benefit though improved staff morale.  |
| 36 | Reintroduction of the Suggestion Box Scheme | Website Development Manager                                    | Implemented | Documents uploaded onto private intranet pending process testing                      | Involve staff in the development of ESPO                                  | Improved morale. Potential for improved services.          | n/a  | Reward not necessarily financial |  |
| 37 | Sickness/Absence Management                 | Interim Asst Director Operations                               | Implemented | Currently being addressed   | Improved productivity   | Currently ESPO 9.07 days per FTE per annum                 | Target 7.5   | Part of LCC HR Service           | For 100 staff an additional 2 days of productivity per annum per FTE, i.e. 200 additional productive days.                       |
| 38 | Wider Management Team Meetings              | Director   | Implemented | Schedule drawn up and presentations commenced.  | Development of next tier of management and an aid to succession planning. | Enhanced involvement in decision-making by middle managers | Improved communication throughout the organisation leads to better awareness and improved decision making.   | Minimal                          | n/a  |
| 39 | Staff Development inc PDRs                  | Director   | Implemented | Linked to 35. PDR training for managers undertaken. Roll out to section leaders done. | Improved morale. Staff development.                                       | Link to Training Plan                                      | Difficult to evaluate the financial impact of improved staff moral and staff development. But it clearly does have a positive impact on customer service and reduced staff | £2,000 for LCC training costs    | Reduced sickness rates and reduced staff turnover can easily save £10,000 per annum in lower agency costs and recruitment costs. |

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|----|---------------------------|------------|-------------|--|--|---|--|--|---------|
|    |                           |            |             |  |  |   | turnover.  |  |         |
| 40 | Personnel Function Review | Director   | Implemented | LCC HR review of ESPO and now in place.  | Function transferred to LCC.                   | New HR Section – <ul style="list-style-type: none"> <li>- more strategic overview</li> <li>- managers take more responsibility for day to day HR</li> </ul> | £10,000 per annum reduction in costs of running HR at ESPO compared to service charge from LCC | Minimal  | £10,000 |
| 41 | Performance Management/BI | IT Manager | Implemented | <p><u>Business Intelligence</u></p> <p>18 x BI cubes developed for 'e-commerce', 'special offers' and 'sales' on Management portal.</p> <p>A new members portal has been created so member authorities can access their data online including:</p> <ul style="list-style-type: none"> <li>• Members environmental sales for this year and last year</li> <li>• Sales by period for this year and last year split by stock, direct and Education/Non Ed.</li> <li>• E-order summary for this year and last year split by Education/Non Ed.</li> </ul> | Improved and more timely business intelligence |   | Replacement of Data Analyst role at grade 8 saving £27k pa                                     | Utilities 400 - £12K for software, £2.4K maintenance, £2.5K training | £27,000 |

**Additional Projects**

|    |  |  |                              |  |  |  |   |                |  |
|----|--|--|------------------------------|--|--|--|---|----------------|--|
| 42 | Replacement of GEMS                            | Interim Commercial Manager / Asst Director - Finance | March 2011 – Completion 2013 | Business case under development  | Replacement of system  |  | tbc   | tbc            |  |
| 43 | Recruitment Online                             | IT Manager   | Implemented                  | PDF attachments being added to ESPO.org website Work complete.           | External applicants can download application forms/job descriptions/ person specs without the need to contact ESPO | Faster, more efficient service to public. Time freed up for other tasks. | £500 (average) per vacancy in postage, stationery, staff time | £880 (one-off) | 20 appointments since implementation. Saving £10,000 |
| 44 | Closure of Warehouse at Christmas              | Interim Asst Director Operations                     | Implemented                  | Informal consultation held with unions. Two days booked as annual leave. | Warehouse staff to take 2 days' compulsory annual leave following union consultation.                              | More efficient use of resources. Staff take leave to suit business need. | tbc   | tbc            |  |
| 45 | Review default Customer Delivery in main areas | Distribution Manager (with Asst Director –           | March 2013                   | Customers to be consulted. Schools survey will include                   | Reduced delivery cost per £/drop. Efficient deliveries to customers.   | Customers happy with scheduled deliveries. Needs                         | tbc   | tbc            |  |

|  |  |                        |  |  |  |                  |  |  |  |
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|  |  | Commodity Procurement) |  | a question about this part of our service offer. |  | to be confirmed. |  |  |  |
|--|--|------------------------|--|--|--|------------------|--|--|--|

Total Number of Projects Implemented 45  
 Cancelled/Under Review 24  
 WIP 3  
 To be completed by 31/3/2013 13  
 New Projects Added 2012/13 29  
 0