Leicestershire County Council

Minutes of a meeting of the ESPO Management Committee held at County Hall, Glenfield on Wednesday, 17 September 2025.

PRESENT

Cllr. R. Wyatt – Cambridgeshire County Council (in the Chair)

Cambridgeshire County Council
Cllr. D. Green

Norfolk County Council
Cllr J. Bensly
Cllr. J. James

Leicestershire County Council
Ms. H. Butler CC
Mr. D. Harrison CC

Warwickshire County Council
Cllr. N. Garland
Cllr. S. Shaw

Apologies

Apologies were received from Cllr. T. Bridgwood (Lincolnshire County Council) and Cllr. L. Kelly (Lincolnshire County Council)

In attendance

Cllr C. Hogg (Peterborough City Council) - online

ESPO

Kristian Smith – Chief Officer
Gary Ford – Assistant Director (Business Development & Growth)
Gary Tapp – Commercial Financial Controller

Leicestershire County Council

Lauren Haslam – Consortium Secretary
Simone Hines – Consortium Treasurer
Angie Smith – Democratic Services Officer

1. Appointment of Chairman.

RESOLVED:

That Cllr. T. Bridgwood be nominated as Chairman for the Municipal Year ending June 2026.

2. Appointment of Vice-Chairman.

RESOLVED:

That Cllr. R. Wyatt be appointed Vice-Chairman for the Municipal Year ending June 2026.

In the absence of Cllr. Bridgwood, Cllr Wyatt took the Chair.

3. Chairman's Announcements.

The Chairman thanked Cllr. Mohammed Jamil, Peterborough City Council, for his work as Chairman of the ESPO Management Committee for the period June 2024 to May 2025. During his period of office, Cllr. Jamil has overseen the following:

i) Achieving a trading surplus of £7.4m including ESPO Trading Limited which is £0.3m ahead of the 2024/2025 budget.

ii) ESPO's procurement services created a rebate income of £13.2m which was a record year.

iii) The successful opening of the newly constructed 26,000 square feet warehousing extension to the Grove Park.

iv) Progression of the business development agenda including MySchoolFund partnership growth with Sainsbury's, international trading expansion and significant growth into Scotland via Scotland Excel framework.

v) Organisational investments fleet, enhancements to our digital agenda and improvements to Grove Park staff facilities.

vi) Ensuring ESPO's readiness for the new Procurement Act 2023 which went live in February.

vii) A robust governance framework for Health & Safety, Legal Compliance, flexible working and employee well-being.

Members of the Committee echoed the Chairman's comments and thanks.

4. Minutes of the Previous Meeting.

The minutes of the meeting held on 19 Match 2025 were taken as read, confirmed, and signed.

5. Urgent Items.

There were no urgent items for consideration.

6. Declarations of Interests.

The Chairman invited members who wished to do so to declare any interest in respect of items on the agenda for the meeting.

No declarations were made.

7. Items referred by the Finance and Audit Subcommittee.

There were no items referred by the Finance and Audit Subcommittee.

8. Chief Officer's Progress update.

The Management Committee considered a report of the Chief Officer which provided an update of the actions and progress made since the previous ESPO Management Committee held on 19 March 2025. A copy of the report, marked ‘Agenda Item 8’, is filed with these minutes.

Arising from discussion, the following points were made:

i. As previously reported, shortfall in sales was attributed to the ongoing contraction in the educational supplies market, driven by school funding constraints and inflationary pressures, notably pay and energy costs. Despite market challenges, ESPO has maintained strong performance, particularly in development areas, supported by competitive pricing and targeted growth strategies, helping to offset declines in traditional segments.

ii. Stock margin percentage was 0.3% above budget and direct margin was 0.4% higher, reflecting a favourable product mix and improved margin management. Gross profit margin stood at £15.2million, slightly below by £0.3million, primarily due to lower stock sales.

iii. Framework rebate income totalled £4.8million, in line with both budget and prior year. While some frameworks were impacted by central government budget reductions, ESPO had successfully offset this through growth in other frameworks.

iv. Expenditure was £0.8million below budget. Cost savings had been achieved through operational efficiencies, vacancies and lower than budgeted pay awards.

v. ETL and Eduzone had delivered a combined surplus of £88k, which was £21k ahead of budget, and £11k above the previous year, despite delays in international orders and financial pressures in the nursery sector.

vi. ESPO had made a strong start to the financial year, with surplus levels at £0.5million ahead of budget at period 4. Despite risks from continued market contraction, ESPO was on track to deliver a full year surplus £7.5million to £7.7million, exceeding both the budget and the uplifted Medium Term Financial Strategy (MTFS).

vii. The organisation was currently entering the autumn mini-peak, with further performance insights expected at the November Management Committee update.

viii. Operationally, ESPO had processed and despatched over 200,000 order lines, valued at £8.387million, and had achieved a pick rate of 36 against a target of 32. It had also maintained excellent stock availability, providing service reliability. Also 10 new large goods vehicles had been acquired, enhancing logistics capacity.

ix. Customer Services call wait times were an average peak time wait of 1 minute 18 seconds, and a 91% call answer rate and FIFO rating of 98% had been achieved, reflecting high customer satisfaction. ESPO had also been recognised as Supplier of the Year at the 2025 Educational Resource Awards.

x. For facilities management, all statutory inspections had been completed in July, there had been no reported injuries, and 21 randomised drug and alcohol tests for safety-critical roles had all returned negative.

xi. The IT helpdesk had achieved a 100% satisfaction rating from customers. A second internet line into Grove Park had been secured to ensure service continuity in the event of a break in service.

xii. Current sickness averages were just over 8 days, slightly above the 7.5 days target. Initiatives to support staff and to help reduce the sickness rate included a wellbeing programme, on-site flu vaccinations, a monthly HY newsletter for all staff, and a launch of mandatory learning and development training.

xiii. In response to a question on the impact of shrinkage in the educational supplies market, the Chief Officer explained that there had been an approximate 4-5% contraction. Factors contributing included reduced school budgets, early cessation of orders, and shorter school weeks in some regions. This had led to noticeable decline in disposable income available for educational purchases.

xiv. In response to questions about mental health support, it was noted that sickness data was monitored, and mental health first aiders were available. Most stress-related absences were found to be non-work-related. Support mechanisms included access to helplines and fostering strong workplace relationships. Hybrid working was acknowledged, but in-person interaction was encouraged for wellbeing.

xv. Members praised the average call wait time of 1 minute 18 seconds. In response to a question, it was reported that benchmarking was done via the Institute of Customer Service annual survey, comparing performance to private sector standards like John Lewis. Call trends varied seasonally, with common queries including delivery issues, account setup, and billing questions. A weekly trading pack provided detailed breakdowns of call reasons, and the Chief Officer undertook to share the findings with Members.

xvi. A Member enquired about readiness for the upcoming Employment Rights Bill. It was confirmed that ESPO staff were employed by Leicestershire County Council, and HR-related changes were being managed centrally by the council.

It was moved by Cllr. R. Wyatt and seconded by Mr. Harrison that the update provided by the Chief Officer be noted.

RESOLVED:

a) That the update provided by the Chief Officer be noted.

b) That the Chief Officer be requested to circulate a breakdown of call reasons into Customer Services in the form of a pie chart to members.

9. <u>Dates of Future Meetings.</u>

RESOLVED:

That it be noted that the next meeting of the Committee would be held on 26 November 2025 at 10.30am at County Hall, Glenfield and future meetings would be held at the same time on the following dates:

25 March 2026
17 June 2026
16 September 2026
25 November 2026

It was also noted that the meetings of the ESPO Finance and Audit Sub-Committee would be held at 10.30am on the following dates in 2026:

11 February 2026
7 October 2026

10. <u>Exclusion of the Press and Public.</u>

RESOLVED:

That under Section 100 (A) (iv) of the Local Government Act 1972 the public be excluded from the meeting for the remaining items of business on the grounds that it would involve the disclosure of exempt information as defined in the Act and that in all circumstances the public interest in maintaining the exception outweighs the public interest in disclosing the information.

11. <u>Supplementary Information Informing the Progress Report of the Chief Officer's Progress Update.</u>

The Committee considered an exempt report of the Chief Officer which set out supplementary information relating to the Chief Officer's Progress Update. A copy of the report, marked 'Agenda Item 12', is filed with these minutes.

The exempt report was not for publication as it contained information relating to the financial or business affairs of a particular person (including the authority holding that information.

i. The Chief Officer responded to questions which related to the following:

   - Collaboration with the Department for Education
   - The Amazon threat to ESPO and similar suppliers
   - ESPO's pricing strategy and market stance
   - ESPO App and MySchoolFund (MSF) expansion and promotion
   - ESPO's energy performance versus budget, and PIA (purchase in advance) method
   - Energy contract terms and exploration of supplier types, including local expertise
   - SME engagement and procurement consultation
   - Search engine optimisation and AI (artificial intelligence).

ii. The Chief Officer was requested to report back to a future meeting of Committee on more information on ESPOs energy offer including any explorations into generational suppliers, for example, wind farms.

iii. The Chief Officer was further requested to bring a report to Committee work on ESPOs digital marketing and search engine optimisation work.

iv. It was moved by Cllr. Wyatt and seconded by Cllr. Shaw that the update provided by the Chief Officer be noted.

RESOLVED:

a) That the update provided by the Director be noted.

b) The Chief Officer was requested to report back to a future meeting of Committee more information on ESPOs energy offering and explorations into generational suppliers, for example, wind farms.

c) The Chief Officer was further requested to bring a report to Committee work on ESPOs digital marketing and search engine optimisation.

12. Business Development Update.

The Committee considered an exempt report of the Assistant Director, Business Development and Growth, which provided an overview of the Business Development Division and an update on ESPO's sales and marketing activity. The report further highlighted a high-level summary of trading activity over the last ten years and provided summary highlights of the Business Development pipeline as information to Members. A copy of the report marked ‘Agenda Item 13’ is filed with these minutes.

The exempt report was not for publication as it contained information relating to the financial or business affairs of a particular person (including the authority holding that information).

The Assistant Director responded to questions which related to the following:

- ESPOs market share of the Education Sector
- The Business Development future plan, and potential shareholder opportunities in companies.
- Customer expectations towards next-day delivery
- Procurement and managing competitive threats.

It was moved by Cllr. Wyatt and seconded by Mr. Harrison that the update provided by the Assistant Director be noted.

RESOLVED:

That the Business Development Update report be noted.

13. Budget 2025/26.

The Committee considered an exempt joint report of the Chief Officer and the Consortium Treasurer on the 2024/25 financial outturn, and 2025/26 budget. It was noted that the Finance and Audit Sub-Committee had considered the budget for 2025/26 at its meeting on 12 February 2025 and had approved the budget for submitting to the Management Committee in March 2025 for consideration and approval. A copy of the report marked ‘Agenda Item 14’ is filed with these minutes.

The report was approved at the Management Committee meeting in March 2025 and was brought to the meeting for the benefit of new Members for noting.

The exempt report was not for publication as it contained information relating to the financial or business affairs of a particular person (including the authority holding that information).

RESOLVED:

That the budget report for 2025/26 be noted.

14. ESPO Trading Limited and Eduzone Merger - March 2025

The Committee considered an exempt joint report of the Chief Officer and the Consortium Treasurer on the proposed simplification to the company structure for Eduzone Limited (Eduzone) through a proposed merger between Eduzone Limited and ESPO Trading Limited (ETL).2024/25 financial outturn, and 2025/26 budget. A copy of the report marked 'Agenda Item 15' is filed with these minutes.

The exempt report was not for publication as it contained information relating to the financial or business affairs of a particular person (including the authority holding that information).

The report was approved at the Management Committee meeting in March 2025 and was brought to the meeting for the benefit of new Members for noting.

RESOLVED:

That the ESPO Trading Limited and Eduzone Merger report be noted.

10.30am to 12.14pm CHAIRMAN
17 September 2025