Agenda Item 1

Minutes of a meeting of the ESPO Management Committee held at County Hall, Glenfield, Leicestershire on Wednesday, 17 June 2026.

PRESENT

Cllr. R. Wyatt (in the Chair)

Cambridgeshire County Council
Cllr. D. Green

Leicestershire County Council
Mr. K. Robinson CC
Mr. H. Fowler CC

Lincolnshire County Council
Cllr. T. Catton

Norfolk County Council
Cllr. Vacancy
Cllr. Vacancy

Peterborough City Council
Cllr. M. Jamil (virtual)
Cllr. C. Wiggin

Warwickshire County Council
Cllr. N. Garland

Apologies

Apologies were received from Dr. J. Bloxham (Leicestershire County Council), Cllr. M. Hasan (Lincolnshire County Council), Cllr. J. Crocker (Warwickshire County Council), and Mrs. F. McMillan (Consortium Secretary).

In Attendance

ESPO

Ceri Morgan	- HR Business Partner
Kristian Smith	- Managing Director
Gary Tapp	- Commercial Financial Controller

Leicestershire County Council

Simone Hines	- Consortium Treasurer
Angie Smith	- Democratic Services Officer
Patrick Taaffe	- Assistant Head of Law

1. Appointment of Chairman.

RESOLVED:

That Cllr. R. Wyatt be appointed Chairman of the Management Committee for the Municipal Year ending June 2027.

Cllr. R. Wyatt in the Chair

2. Appointment of Vice-Chairman.

RESOLVED:

That Cllr. N. Garland be appointed Vice-Chairman for the Municipal Year ending June 2027.

3. Chairman's Announcements.

The Chairman thanked Cllr. Bridgwood, Lincolnshire County Council for his work as Chairman of the Management Committee for the period June 2025 to June 2026.

During his period of office, Cllr. Bridgwood has overseen the following:

i) Achieving a record trading surplus of £8.35m despite challenging trading conditions

ii) ESPO's procurement services created a rebate income of nearly £14m which was a record year.

iii) The successful launch of a next day delivery service to customers

iv) Progression of the business development agenda including MySchoolFund partnership growth with Sainsbury's and international trading expansion

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

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

4. Appointment of Consortium Secretary.

RESOLVED:

a) The Management Committee confirmed the appointment of Fiona McMillan as Consortium Secretary to ESPO with effect from 17 June 2026, in accordance with Paragraph 4.5 of Schedule 1 of the Constitution.

b) The Management Committee noted that, following the retirement of Lauren Haslam, certain functions of the Consortium Secretary had been undertaken on an interim and practical basis. To the extent permitted by law and within the powers of the Management Committee, the Committee ratified any actions taken in the capacity of Consortium Secretary (including delegations) in relation to ESPO during that period, in so far as such actions:

   - Fell within the functions and delegations ordinarily exercised by the Consortium Secretary; and
   - Related to the proper administration, governance and conduct of ESPO's business.

5. Minutes of the previous meeting.

The minutes of the meeting held on 31 March 2026 were taken as read, confirmed, and signed.

6. Urgent Items.

There were no urgent items for consideration.

7. 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.

Councillor Catton declared an other registrable interest in that he sat on a national employees pay panel and would, when required, abstain from discussing pay related items.

8. Items referred by the Finance and Audit Subcommittee.

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

9. Managing Director's Progress update.

The Management Committee gave consideration to a report of the Managing Director which provided an update of the actions and progress made since the previous ESPO Management Committee held on 31 March 2026. A copy of the report, marked 'Agenda Item 5' is filed with these minutes.

Arising from the presentation of the report and discussion, the following points were made:

i. ESPO delivered a record financial performance for 2025/26, with an £8.3 million trading surplus, ahead of budget, the prior year and the Medium Term Financial Strategy.

ii. The expected dividend pool for member authorities was £6.2 million, subject to Finance and Audit Committee and Management Committee approval.

iii. Sales totalled £86.4 million, below budget and the previous year, due to continuing pressures on schools and reduced discretionary spending.

iv. Despite lower sales, ESPO maintained its market position, with resilient gross margins supported by pricing, margin management and stable supplier conditions.

v. Framework rebate income was strong at £13.8 million, helping to offset reduced catalogue volumes.

vi. Expenditure was £28.4 million, £2.3 million below budget, reflecting tight cost control and ongoing efficiencies.

vii. ESPO Trading Limited and Eduzone had a mixed year, with international trading affected by Middle East disruption and customers sourcing closer to origin.

viii. Eduzone was fully integrated into ESPO Trading Limited by 30 March 2026, with customers transferred and the ESPO Early Years brand launched.

ix. ESPO remained financially secure, self-sufficient and did not rely on external borrowing.

x. Warehouse picking remained above target at 37 lines per hour, and carrier and fleet delivery both achieved 98% on-time performance.

xi. Stock availability was strong at 99.17%, with the top 100 lines at 99.6%.

xii. A guaranteed next-day delivery service was introduced to strengthen ESPO’s customer offer.

xiii. Fleet replacement continued, including four new vans, two of which were electric, and six replacement large goods vehicles.

xiv. Customer Services handled nearly 3,000 calls and around 4,000 emails in April, with 96% of calls answered and an average wait of 27 seconds.

xv. Customer satisfaction remained high, with a 96% Feefo rating and Feefo Platinum Trusted Service Award status for 2026.

xvi. Facilities work included statutory inspections, repairs and installation of a new vehicle wash facility.

xvii. One health and safety injury was reported, and a safety bulletin on trip hazards was issued.

xviii. Progress continued towards ISO 14001 accreditation, with a stage 1 audit scheduled.

xix. IT support continued, with the Microsoft Secure Score improved to 86.89% and cyber security training completion increased to 97.6%.

xx. Members noted 36 starters and 34 leavers in 2025/26, with turnover at 9.3%, well below the 27.4% national average. Over 58% of staff had five or more years’ service, and recruitment interest remained strong.

xxi. Stress, depression and mental health remained the main cause of absence by days lost, though this had reduced in 2025/26. Seasonal and viral absences increased, with wellbeing support planned for 2026/27.

xxii. A Member requested further information on the procurement of new fleet vehicles, including cost and range comparisons for diesel and electric vehicles and how this would inform future replacement decisions. Members were advised that vehicles were selected on value for money and operational suitability. The recent procurement included two electric and two diesel vehicles, and further detail on costs, range and future planning would be provided.

xxiii. A Member asked how the reported surplus translated into the dividend pool and linked to the capital plan. It was agreed that this would be addressed under the relevant later item.

xxiv. A Member asked whether the proposed pence-per-mile tax for electric vehicles from 2028 would affect ESPO’s fleet plans. Officers confirmed this would be included in the further information on fleet costs, range and future planning.

xxv. In response to a question on marketing spend, Members were advised that there had been no significant overall increase, although expenditure had shifted towards digital activity.

xxvi. A Member asked whether ESPO was considering further accreditations, including ISO 50001, B Corp or cyber accreditation. Members were advised that relevant accreditations would be considered where there was a clear business case, with Cyber Essentials or Cyber Essentials Plus being the next potential option.

xxvii. With regard to staffing, a Member asked about reasons for staff leaving. Members were advised that voluntary leavers generally cited a new role, better hours or location, higher salary, or a change in career pathway, rather than organisational culture.

xxviii. Members sought assurance on cyber security risks. They were advised that cyber security was monitored through the corporate risk register and supported by penetration testing, internal audit, staff training, Microsoft Secure Score monitoring and access to IT helpdesk support. Officers confirmed that current penetration testing was mainly technical, while previous internal testing had included staff awareness exercises. It was agreed that formal social engineering testing would be considered.

xxix. A Member asked about the use of artificial intelligence to support efficiencies. Members were advised that ESPO was developing an AI roadmap, policies, guidance, a use case register and a steering group. Some low-level automation was already in use, supported by staff training and a budget allocation for AI and wider strategic initiatives.

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

RESOLVED:

That the update provided by the Managing Director be noted.

10. Date of Next Meeting.

It was noted that the next meeting of the Committee would be held on 16 September 2026 at 11.00am.

11. Exclusion of the Press and Public.

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.

12. Supplementary Information Informing the Progress Report of the Managing Director's Progress Update.

The Committee considered an exempt report of the Managing Director which set out supplementary information relating to the Managing Director’s Progress Update. 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 Managing Director responded to questions and discussions relating to the following:

i. ESPO's energy initiative, including current hedge positions, forecast price increases and the impact of instability in the Middle East.

ii. Noted that forward purchasing had reduced exposure to market volatility and that the energy team continued to monitor the position closely.

iii. Requested that future reporting include further detail on energy cover by season, hedging performance against budget or baseline, and the options available to ESPO in managing market exposure. The Managing Director welcomed the additional scrutiny and confirmed that further information would be provided.

iv. In relation to future energy contracts, noted the short purchasing window for power, the potential implications of Local Government Reorganisation and the intention to bring forward a peer-to-peer trading report in September.

v. Discussed the performance indicators and governance arrangements for energy trading, including the cover plan agreed with officer representatives from the member authorities and the reporting of outcomes against that plan.

vi. Received clarification on MSTAR, ESPO's temporary staffing framework, and noted that it operated through contractual arrangements with the private sector to support temporary recruitment.

vii. Noted that the Medium-Term Financial Strategy report would provide a longer-term view of trends, including pressures on catalogue sales, school spending and educational supplies.

viii. Noted that ESPO had diversified into other procurement activity to support overall performance and protect member dividend. Members also discussed the potential for international and energy-related activity to help offset domestic market pressures, while recognising that market conditions remained challenging.

It was moved by Cllr. Wyatt and seconded by Cllr. Garland that the update provided by the Managing Director be noted.

RESOLVED:

That the update provided by the Managing Director be noted.

13. <u>Review and Revision of the Constitution of the Management Committee.</u>

The Committee considered an exempt report of Legal Services, which presented proposed revisions to the Constitution of the Eastern Shires Purchasing Organisation (ESPO), as summarised in the appendix to the report, and sought approval of those changes. A copy of the report marked 'Agenda Item 14' 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 Legal Services Officer responded to questions and discussions related to the following:

i. Noted that the proposals were intended to support more proportionate and resilient governance arrangements, including revised arrangements for the Management Committee, officer groups and finance-related governance meetings. It was emphasised that the intention was not to reduce transparency, but to ensure that Member and officer time was used effectively and that information could continue to be shared openly with Members.

ii. Discussed the proposed reduction in the number of scheduled meetings, and value of briefings and informal engagement with Members. It was suggested that briefing arrangements could be blended into the revised meeting structure where appropriate.

iii. Raised concern regarding the extent to which remote attendance could be accommodated under the Local Government Act 1972. Officers advised that the legal position had been considered carefully and that, following the High Court decision in 2021, formal decision-making meetings of local authorities and joint committees were required to be held in person. The report had therefore been prepared on the basis of the current legal position, while including provision to allow any future legislative change to be applied without delay.

iv. Queried the proposed delegation of authority to the Managing Director. Officers explained that the intention was to clarify operational decision-making responsibilities. Key strategic decisions, including the approval of business plans and accounts, would remain with the Management Committee, while day-to-day operational decisions would sit with the Managing Director. Members were advised that the proposals did not prevent matters being brought to the Committee where appropriate but were intended to ensure that decisions could be made in a timely manner between meetings.

v. Clarification was sought regarding the appointment of the Managing Director. Members were advised that the scheme of delegation was unchanged and that the appointment process would continue to involve Member input, as appropriate. It was further noted that, although ESPO staff were employed by Leicestershire County Council, the associated employment costs were met by ESPO.

vi. Members discussed the proposed changes to titles within the Constitution. Officers explained that the proposed changes were intended to reflect current operating arrangements and to use clearer terminology, and that any changes to job titles would be progressed through the appropriate human resources processes.

vii. Concerns were raised regarding the proposed reduction in the quorum threshold to three Members, particularly the possibility that a quorate meeting could include more than one Member from the same authority and therefore appear to lack wider representation. The Chair noted that the proposal was intended as a backstop to avoid meetings being abandoned where Members were unable to attend. Officers further advised that the voting provisions would continue to apply, with each Member having one vote, and that the arrangements were not intended to enable any manipulation of voting outcomes.

viii. It was suggested that further wording be drafted to address Members' concerns regarding appointment of Chairman on a rota basis, to be brought to the next meeting of Management Committee for further consideration before any final decision was taken.

It was moved by Cllr Wyatt and seconded by Mr Fowler CC that the agreed revisions to the Constitution, as outlined in the appendix to the report, be approved. Upon being put to the vote, the motion was carried, with one abstention.

Officers were also requested to review the rules relating to the appointment of the Chairman and the duration of the appointment. A further report on this matter would be brought back to a future meeting of the Management Board for discussion.

RESOLVED:

a) That revisions to the Constitution of the Eastern Shires Purchasing Organisation (ESPO), as summarised in the appendix to the report, be approved.

b) That officers review the rules regarding the appointment of Chairman, and a report brought to a future meeting of Management Board for consideration.

14. Staff Survey 2025.

The Committee considered a report of the HR Business Partner, which provided a summary of follow up work after reporting results of a staff survey undertaken at ESPO. 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 HR Business Partner responded to questions and discussions related to the following:

i. It was reported that the staff survey results had been positive overall, with most employees considering ESPO to be a good employer and a significant proportion feeling valued. Further work had been undertaken in respect of wellbeing support and discrimination, bullying and harassment, including improved communication of support available to staff, health and wellbeing initiatives, Health MOT sessions, flu vaccination arrangements, manager training, safe space drop-ins, and the proposed development of a Speak Up Champions programme.

ii. It was noted that reviews of grievance records and exit survey feedback had not identified any cases or trends directly related to discrimination, bullying or harassment. Proportionate measures had nevertheless been introduced to encourage staff to raise concerns through a range of channels and to reinforce the organisation's expectations and values.

iii. In discussion, Members commented on the importance of supporting staff wellbeing while ensuring that activity remained proportionate and aligned with ESPO's operational and commercial responsibilities. It was noted that effective wellbeing support could contribute to reduced sickness absence, lower reliance on agency staff and the avoidance of formal employment matters. Members also welcomed the steps being taken to provide safe routes for staff to raise concerns and noted the role of trade unions, employee engagement arrangements and mandatory manager training in supporting a positive workplace culture.

iv. Members acknowledged the positive staff survey outcomes and the actions being taken in response to the areas of focus identified. It was suggested that the impact of the measures now being implemented should be reviewed through future survey results and ongoing workforce monitoring.

It was moved by Cllr. Wyatt and seconded by Cllr. Green that the update provided by the HR Business Partner be noted and the actions taken supported.

RESOLVED:

That the actions being taken in response to the 2025 staff survey be noted and supported.

15. <u>Outturn 2025-26 and MTFS Update.</u>

The Committee considered a joint report of the Managing Director and the Consortium Treasurer on the 2025/26 financial outturn and an update of the Medium Term Financial Strategy (MTFS). A copy of the report marked ‘Agenda Item 16’ 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 Managing Director and Consortium Treasurer responded to questions and discussions which related to the following:

i. Members were advised that ESPO’s financial position remained strong, with a prudent and balanced strategy in place for 2026/27.

ii. The updated MTFS reflected realistic assumptions and provided for sustainable growth in line with inflation, while recognising ongoing risks including continued contraction in the educational supplies market, pressure on school and local authority budgets, inflationary pressures, declining pupil numbers, and geopolitical uncertainty.

iii. It was reported that ESPO’s reserves and cash position remained robust and that cashflow forecasting confirmed sufficient liquidity to meet working capital needs.

iv. Members noted the proposed approach to long-term capital planning, including investment priorities relating to digital systems, logistics and fulfilment, fleet replacement and decarbonisation, compliance and estate infrastructure. Officers advised that the capital plan would be subject to further review and business case approval to ensure affordability and alignment with ESPO’s strategy and reserves position.

v. In discussion, Members sought clarification on treasury arrangements, the level of interest earned on cash balances, the stock provision, assumptions in relation to pay and pensions, and the operation of the dividend model. Officers confirmed that treasury arrangements were managed through Leicestershire County Council, that interest was being earned on balances, and that the stock provision reflected slow-moving and obsolete stock assessed through the clearance process and current market conditions. Officers further advised that pay assumptions had been built into the 2026/27 budget and that pension costs had been incorporated following the triennial valuation.

vi. Members discussed the draft capital plan, including the scope to bring forward solar investment and whether battery storage should be considered as part of future evaluation. Officers advised that roof condition and replacement would be relevant to the timing of any solar scheme and confirmed that battery storage would be considered as part of future assessment. Members noted that the capital plan would return to the Committee once further developed and that a member sub-group could assist with consideration of future options.

vii. Further clarification was sought on the impact of local government reorganisation (LGR) and National Living Wage pressures. Officers advised that the MTFS would be reviewed as the implications of LGR became clearer and confirmed that relevant pay pressures were being managed through the budget process.

viii. Members welcomed the strong financial performance achieved in recent years and the disciplined approach being taken to financial control, reserve planning and future investment.

It was moved by Cllr. Wyatt and seconded by Cllr. Fowler that the report provided by the Managing Director and Consortium Treasurer be noted.

RESOLVED:

a) That the financial outturn for 2025/26 be noted.

b) That the proposed uplift to the Medium-Term Financial Strategy be noted.

c) That officers circulate further information to Members explaining the operation of the dividend model.

11.00am to 1.32pm CHAIRMAN
17 June 2026