

## 2 FUNCTIONS OF THE MANAGEMENT COMMITTEE

2.1 In addition to those functions specified in this Agreement, the general functions of the Management Committee shall be as follows:

### 2.1.1 Ensuring:

- (a) the successful operation of ESPO as a comprehensive professional purchasing service;
- (b) the effective scrutiny of the ESPO business through:
  - (i) having overall responsibility for monitoring the performance of ESPO and the Director of ESPO (and the Management Committee shall direct what performance monitoring it wants in place) supported by the Servicing Authority, the Director of ESPO, the Consortium Treasurer and Consortium Secretary;
  - (ii) maintaining control over ESPO's trading surplus and ensuring that expenditure through ESPO remains appropriate to its income;
  - (iii) reviewing budget monitoring reports produced by the Director of ESPO; and
  - (iv) considering matters referred to it by its sub-committees, advisory groups, the Director of ESPO or officers;
- (c) In conjunction with the Finance and Audit Subcommittee, the overall management of risk of the ESPO business including requiring the Director of ESPO to have in place policies and procedures to ensure risk management (including for the avoidance of doubt a Risk Management Strategy) and the protection of the ESPO brand;
- (d) that there is proper administration of ESPO's financial affairs;
- (e) that due regard is being paid by the Director of ESPO to the requirements of the Member Authorities in meeting their purchase and supply needs;
- (f) the generation of opportunities for collaboration between the Member Authorities;
- (g) that ESPO has complied with its duties under the Local Government Act 1999 to make arrangements to secure the continuous improvement in the way in which its functions are exercised having regard to a combination of economy, efficiency and effectiveness; and
- (h) ESPO's compliance with all laws and regulations.

**2.1.2 Approving:**

- (a) A capital and revenue budget for ESPO before the commencement of each Financial Year;
- (b) the ESPO Annual Report (including the annual management accounts and statutory statements of accounts), Business Plan and Business Strategy (including major investments/service offering/the basis of evaluating performance) in each Financial Year;
- (c) the distributable surplus which shall be distributed between the Member Authorities at the end of each Financial Year in proportion to their level of purchasing through ESPO in that Financial Year as determined by the Management Committee;
- (d) ESPO strategic documentation specifically the documentation listed in Table A in Appendix 4 to this Constitution and also the Contractual Procedure Rules, Financial Regulations and the Standard Financial Instructions Rules and Procedural Standing Orders and seeking update reports from the Director of ESPO on ESPO's use of this documentation where required;
- (e) any change to ESPO strategic documentation and procedures;
- (f) any increase or reduction in the provision of the ESPO Services;
- (g) any adjustments in the capital or revenue budgets of ESPO in each Financial Year to address spending or overspending incurred in the previous Financial Year;
- (h) any proposals for capital expenditure in excess of the annual limits set down by the Management Committee (seeking the guidance of the Consortium Treasurer where necessary);
- (i) high risk contracts;
- (j) the settlement of any legal claims which could have (in the view of the Management Committee) significant financial or reputational consequences for ESPO;
- (k) on-going costs which might not be containable seeking the guidance of the Consortium Treasurer where necessary;
- (l) any handover strategy dealing with the departure of a Member Authority acting as Servicing Authority to a new Member Authority assuming that role or other arrangement as may be agreed by the Management Committee (pursuant to clause 11 of the Consortium Agreement);

- (m) any Implementation Plan for dealing with the consequences of one or more Member Authorities leaving the Management Committee (pursuant to clause 16 of the Consortium Agreement);
- (n) any Implementation Plan for the dissolution of ESPO (pursuant to clause 12 of the Consortium Agreement);
- (o) changing the trading name of 'ESPO'; and
- (p) Changes to the ESPO Constitution.

### 2.1.3 Agreeing:

- (a) the acquisition, disposal and allocation of all land and property to be used for ESPO;
- (b) the funding of any capital expenditure;
- (c) any expenditure which has been included in the budget of that Financial Year for service improvements above the value of £20,000;
- (d) the extent and cost of the functions of the Servicing Authority; and
- (e) the resolution of high-risk audit findings and significant governance concerns;

2.1.4 Appointing (and agreeing the removal and/or replacement of) the Servicing Authority on such terms as the Management Committee considers appropriate.

2.1.5 Appointing (and agreeing the removal and/of replacement of) the ESPO Director on such terms as the Management Committee considers appropriate.

2.1.6 Confirming the removal, replacement or amendment to the role of the Consortium Treasurer, the Consortium Secretary and any other such officers as the Management Committee considers appropriate.

2.1.7 Considering applications for additional membership to, or exit from, the Management Committee.

2.1.8 Adopting, varying and terminating this Agreement which shall be by unanimous agreement unless where otherwise specified in this Agreement.

2.1.9 The termination of the ESPO Consortium.

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