

SCHEDULE 3 OF THE CONSORTIUM AGREEMENT
FUNCTIONS OF THE SERVICING AUTHORITY

1. STAFF

1.1 All personnel engaged on ESPO (known for ease of reference here as 'ESPO staff') shall be appointed and employed by the Servicing Authority and the terms of employment of the ESPO staff and the Director of ESPO (including all matters relating to remuneration, conditions of service, recruitment and selection, disciplinary and grievance procedures and termination of employment) shall be determined by the Servicing Authority PROVIDED THAT:

1.1.1 in determining terms and conditions of employment of ESPO staff the Servicing Authority shall have due regard to any views of the Management Committee and the Director of ESPO bearing in mind that the terms and conditions of ESPO staff are consistent with those of the Servicing Authority in place at the relevant time. Salary grades shall be assessed by reference to the job evaluation scheme used by the Servicing Authority;

1.1.2 the appointment by the Servicing Authority of the personnel to the role of 'Consortium Secretary' and of 'Consortium Treasurer' of the Management Committee will be subject to the overall approval of the Management Committee;

1.1.3 Elected members of any Member Authority shall not be involved in the selection, appointment, taking of disciplinary action or dismissal of all ESPO staff other than:

1.1.3.1 the Director of ESPO (but only if such involvement is permitted in accordance with the Local Authorities (Standing Orders) (England) Regulations 2001 (statutory and non-statutory chief officers and deputy chief officers within the meaning of Section 2 of the Local Government and Housing Act 1989)); or

1.1.3.2 insofar as the procedures in place from time to time for dealing with disciplinary, capability and related matters allow a right of appeal to elected members of the Servicing Authority (or in the case of the Director of ESPO to the Management Committee);

- 1.1.4 in all other cases such matters shall be the responsibility of the Director of ESPO (or in the case of the Director of ESPO they shall be the responsibility of the Head of Paid Service of the Servicing Authority acting in consultation with the Heads of Paid Service (or other officer as may be designated by a Member Authority) of the other Member Authorities).
- 1.2 The Director of ESPO shall be responsible for the operational day-to-day management and supervision of all ESPO staff.
- 1.3 The Management Committee shall be responsible for the overall management and supervision of the Director of ESPO.
- 1.4 The costs incurred by the Servicing Authority in employing all ESPO staff and making available appropriate professional services, equipment and accommodation shall be reimbursed through ESPO. The Servicing Authority shall (if requested by the Management Committee or any Member Authority) provide any records or information in respect of such reimbursement as soon as is reasonably practical.
- 1.5 The Servicing Authority shall maintain an up to date list of all ESPO personnel which may be shared with the Management Committee or any Member Authority as soon as is reasonably practical.

2. SUPPORT SERVICES

- 2.1 The Servicing Authority shall be responsible for arranging the provision of finance advice, internal audit, insurance services, legal advice, IT support services, committee services, secretarial and administrative support, payroll and human resources advice for and on behalf of ESPO and such other ancillary professional or support services as may be agreed by the Management Committee ensuring the most cost effective approach for the Member Authorities.
- 2.2 The costs of all such support services incurred by the Servicing Authority will be reimbursed through ESPO.
- 2.3 The Servicing Authority shall if requested by the Management Committee or any Member Authority provide any records or information in respect of such reimbursement or recharge as soon as is reasonably practical.

3. CONTRACTS AND PROPERTY

- 3.1 The Servicing Authority shall formally enter into such contracts (including contracts for the purchase of goods and/or services) in relation to ESPO as the Management Committee (or the Director of ESPO acting on its behalf under delegated authority from the Management Committee) may from time to time agree.
- 3.2 The Director of ESPO shall be responsible for the day to day management of such contracts.
- 3.3 The benefit of all such contracts and any Assets owned or acquired for the purposes of ESPO will be held on trust by the Servicing Authority for the Member Authorities in equal shares.
- 3.4 The Servicing Authority shall own and manage the ESPO HQ building at Grove Park Commercial Centre, Leicester on trust for the Member Authorities in equal shares.

4. INSURANCE

- 4.1 The Servicing Authority shall be under a duty to ensure that suitable policies of insurance are put in place at an appropriate level with an insurer of repute against risks connected with the functioning of ESPO and so far as possible shall procure that the interests of all Member Authorities in relation to this Agreement are noted on such policies (and shall inform the Management Committee as soon as practical if the interests of a Member Authority or Authorities cannot be so noted on such policies). A separate insurance programme should be put in place to meet the level of cover as set out in the Financial Regulations included at Schedule 1 Appendix 6 of this Agreement. The cost of insurance will form part of the expenses of ESPO.
- 4.2 The Servicing Authority shall procure that insurance cover is maintained at a level approved by the Management Committee at all times for the activities delivered through ESPO including but not limited to:
- 4.2.1 material damage,
 - 4.2.2 business interruption,
 - 4.2.3 employers' liability,
 - 4.2.4 public and products liability,

- 4.2.5 officials' indemnity,
- 4.2.6 professional negligence,
- 4.2.7 motor fleet,
- 4.2.8 fidelity cover,
- 4.2.9 group personal accident and travel,
- 4.2.10 force majeure,
- 4.2.11 money,
- 4.2.12 engineering,
- 4.2.13 ESPO HQ building at Grove Park Commercial Centre, Leicester.

4.1 In the event that the Servicing Authority is unable to obtain any particular category of insurance either at all or only on terms which the Servicing Authority considers to be uneconomic it shall as soon as reasonably practicable report the circumstances to the Management Committee which shall decide an appropriate course of action.

4.2 In the event of any claim arising out of the activities delivered through ESPO, the Servicing Authority shall ensure wherever possible that any such claim shall be processed through the insurance policy cover outlined in this Schedule 3, clause 4.2 above.

4.3 The Servicing Authority shall, upon being given reasonable notice, make available to the Management Committee or any Member Authority full copies of the insurance cover outlined in clause 4.2 above.

5. PERFORMANCE MONITORING

5.1 It is the overall responsibility of the Management Committee to monitor the performance of ESPO and the Management Committee shall direct what performance monitoring that it wants in place.

5.2 The Servicing Authority, the Director of ESPO, the Consortium Treasurer and the Consortium Secretary shall provide such proactive assistance and information to the Management Committee as it shall reasonably require to enable it to monitor the performance of ESPO which shall include the preparation of reports and taking appropriate action to improve the performance of ESPO.

5.3 The Servicing Authority will make arrangements to ensure that ESPO has in place policies and procedures to comply with the requirements identified by the Management

Committee as being essential to the effective delivery and management of ESPO, including business planning, service planning, financial planning, risk management, emergency management and business continuity, statements of corporate governance, audit arrangements, contract procedure rules and other corporate governance policies and procedures as may be necessary.

6. SERVICE DELIVERY

6.1 In carrying out its functions the Servicing Authority shall:-

- 6.1.1 Proactively provide such information and assistance to the Management Committee to enable the Management Committee to monitor the performance of ESPO.
- 6.1.2 Report regularly to the Management Committee on its activities on a basis to be agreed by the Management Committee.
- 6.1.3 In conjunction with the Director of ESPO and the Consortium Treasurer, advise Management Committee generally as to the resources and arrangements required for the effective operation of ESPO.
- 6.1.4 Advise the Management Committee as soon as is practicable upon receiving knowledge of any actual or potential breach of this Agreement, or any claim that has been issued by a third party against the Servicing Authority which could have a significant financial or reputational impact on the ESPO business, in the name of ESPO or against one or more Member Authority in relation to the functions delegated to the Management Committee.
- 6.1.5 Maintain, and keep up to date, an Assets Register as required under clause 9 of this Agreement.
- 6.1.6 Provide such reasonable assistance as may be required to the Monitoring Officers and Chief Financial Officers of the Member Authorities and notify them of any matters within its knowledge requiring consideration or action by them.
- 6.1.7 Ensure so far as is reasonably practicable that contracts awarded on behalf of ESPO or individual Member Authorities contain novation and exit arrangements including transfer of staff where appropriate in the event of a change in the Servicing Authority or the dissolution of ESPO.
- 6.1.8 Ensure that the costs of carrying out its functions as Servicing Authority under this Schedule are reimbursed through ESPO in a timely fashion.
- 6.1.9 Respond to all reasonable requests of the Management Committee including any decision to terminate the functions of the Servicing Authority.

- 6.1.10 Ensure that ESPO has in place a business continuity plan which is reviewed annually by the Management Committee.
- 6.1.11 Monitor compliance by ESPO with the Business Plan, any policies and standard operating procedures, financial regulations and standing orders agreed by the Management Committee (including without limitation the business continuity plan, contract procedure rules' processes and the risk management framework).
- 6.1.12 Ensure that an anti-bribery policy is put in place for ESPO to ensure that ESPO staff do not commit any of the Prohibited Acts.
- 6.1.13 Take such steps as are required to implement duly made decisions of the Management Committee.
- 6.1.14 Ensure that ESPO's charge out rate is reviewed annually, noting that where charges are to Member Authorities and Customers for one-off projects they should be determined between the parties are necessary.
- 6.1.15 Carry out its functions in accordance with legal requirements and so as to make the most efficient use of resources.
- 6.1.16 In so far as any goods vehicles used by ESPO are operated under a goods vehicle operators' licence (or equivalent) held by the Servicing Authority in the Servicing Authority's name, the Servicing Authority shall have sole responsibility for any and all decisions relating to the operation and management of such vehicles and that licence and shall notify the Management Committee of any significant issues.