



## ESPO MANAGEMENT COMMITTEE – 24 JUNE 2011

### AGENDA ITEM NO. 12

## REVISION OF FINANCIAL REGULATIONS AND CONTRACT PROCEDURE RULES

### JOINT REPORT OF THE INTERIM DIRECTOR, CONSORTIUM SECRETARY, AND CONSORTIUM TREASURER

#### Purpose of Report

1. The purpose of this report is to seek approval to ESPO's Financial Regulations and Contract Procedure Rules, which have been updated in order to align with those of the Servicing Authority.

#### Background

2. On 21<sup>st</sup> March the Management Committee approved key changes to the Contract Procedure Rules (CPR) for ESPO in order to align with those of the Servicing Authority. At the same time, it was reported to Members that work was being undertaken to review and revise ESPO's Financial Regulations. The aim was to submit these updated Regulations, together with a full version of the CPR to the next meeting of the Management Committee in June.
3. The changes proposed may need to be subject to future review and revision to take account of any changes in the governance arrangements recommended by the Strategic Review.

#### Financial Regulations

4. The approach, which has been adopted in updating ESPO's Financial Regulations has been based on the following assumptions:
  - **Scope:** The rules should apply where ESPO is either acting alone or for a wider group of consortium members or for non-members. (Where ESPO is acting on behalf of just one of its members, that member's rules stipulating the delegations/responsibilities to/of ESPO should apply.)
  - **Balanced Approach:** The need to balance ESPO's operational efficiency with the need for appropriate 'checks and balances'.

- **Authority:** For the sole purpose of these Rules, ESPO has been regarded as a department of the Servicing Authority, with the Director of ESPO a Council Chief Officer.
5. The revised regulations attached as Appendix 1 include the following proposed revisions :
- These identify where the Director of ESPO should be considered as equivalent to a Chief Officer, and relevant levels for any further delegation below Director level.
  - The responsibilities of the Management Committee.
  - Reflect the financial processes undertaken at ESPO.

### **Contract Procedure Rules**

- 6 On the 25th March 2011, the Management Committee approved a number of key changes being made to ESPO's Contract Procedure Rules (CPR), so as to be aligned with those of the Servicing Authority. These key changes have been included in the CPR and a final version of the Rules produced for Members' approval (Appendix 2).

### **Resources Implications**

7. None.

### **Conclusion**

8. The proposed revisions to the Financial Regulations and CPR will align ESPO's practice with the approach of the Servicing Authority and achieve greater clarity about the Management Committee's role. These arrangements may be subject to further revision depending on any revised governance arrangements which may be agreed following the Review of ESPO's Business Strategy.

### **Recommendation**

9. Members are asked to approve the key changes made to the Financial Regulations and Contract Procedure Rules for ESPO (see Appendices 1 and 2).

### **Equal Opportunities Implications**

10. ESPO must follow relevant laws and Council policies on equal opportunities. This includes making sure that contractors are appointed fairly.

### **Risk Assessment**

11. The purpose of this paper is to support ESPO's approach to the management of risk.

## **Background Papers**

Joint Report of the Interim Director, Consortium Secretary and Treasurer to the ESPO Management Committee, 'Revision of the Contract Procedure Rules', 25 March 2011

Leicestershire County Council Contract Procedure Rules (Part 4G of the Constitution)

1996 Scheme of Delegation to the ESPO Director and Standing Orders Relating to Contracts

1999 ESPO Consortium Agreement

## **Officers to Contact**

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## **Appendices**

1 - Proposed Changes to the Financial Regulations for ESPO

2 - Proposed Changes to the Contract Procedure Rules for ESPO