

**REPORT TO: WEST OF ENGLAND COMBINED AUTHORITY COMMITTEE**

**DATE: 23 SEPTEMBER 2022**

**REPORT TITLE: COMBINED AUTHORITY INTERNAL APPROVALS**

**DIRECTOR: RICHARD ENNIS**

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### **Purpose of Report**

To secure approval from Committee for an update to the Combined Authority constitution internal approvals levels for project related financial spend and procurement contracts within approved allocated budgets. This is to improve the efficiency of how we process internal project related procurement contracts and payments. It does not impact operational or grant claims payments.

### **1.1 Background / Issues for Consideration**

The Combined Authority Constitution currently has two separate scheme of delegations for financial and procurement contract approvals for spend against approved allocated budgets, as listed below in Table A. It is no longer efficient to maintain the same authorisation levels for spend and contracts. Streamlining the scheme of delegations while maintaining strong controls and audit will ensure our suppliers, partners receive contracts and payments in a timelier manner. Given the impact of inflation on costs it is imperative to improve our processes to secure the best value for money.

In addition, the current scheme of delegations does not reflect the increased portfolio of works that the West of England Combined Authority is required to process. Therefore, an update to the Constitution is sought to address this issue. The amendments we are seeking impact the following sections in the constitution:

- Section 6 – Budgetary Management and Control – Authoriser Limits page B18, B19
- Contract Standing Orders - Appendix 12 Scheme of Delegations – page B108

This request does not apply to the authorisation levels in place for grant or operational payments, for which no amendment to the constitution is sought.

**Table A. Current scheme of delegations listed in the Constitution**

	<b>Current</b>		
<b>Level</b>	<b>Contract Approval</b>	<b>Contract Exemptions</b>	<b>Financial Approval</b>
Programme Mgr			
Head of Service	To EU thresholds	£50k	£25k
Director			£100k

CEO	Above EU thresholds	£50k+ up to EU threshold CEO and S73 or Monitoring Officer must approve (above not permitted)	£100k+
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Approximately 3,587 purchase orders and contracts have been processed in the last year. This is expected to grow as the size and scale of the projects the authority delivers grows in size and complexity. Over 150 of these requests require authorisation by the Combined Authorities Head of Paid Service. The proposal to update the scheme of delegations will ensure that Senior Management are enabled to direct their focus on higher risk or higher value expenditure.

It is proposed to maintain the same level of controls on spend using our finance, procurement and commercial functions to ensure due diligence is carried out on spend items. For any procurement items that contain non-standard risk or legal clauses these will continue to require escalation to S73, Monitoring Officer, Director or the Head of Paid Service as appropriate. The scheme of delegation for other organisations is noted in Table B.

***Table B: West Midlands Combined Authority Scheme of Delegations***

Level	Contract Approval	Financial Approval
Managers	Not exceeding £50,000	Not exceeding £25,000
Senior Manager	Not exceeding £100,000	Not exceeding £50,000
Heads of Service, Programme Directors	Not exceeding £1million	Not exceeding £250,000
Managing Director Tfwm and Responsible Financial Officer (S151) and Metro Programme Director	Not exceeding £5million	Not exceeding £1million
Head of Paid Service and Chief Operating Officer and S151 Officer. Metro Programme Managing Director Tfwm and S151 Officer and Metro Programme Director	Not exceeding £5million	Not exceeding £5million

## **Recommendation**

- It is recommended to update the Combined Authority's Constitution with the revised scheme of delegations as outline in Table C.
- As per the Combined Authorities risk framework if there are items that relate to novel, contentious or high-risk additional approvals and control measures will apply. These items will be determined as part of the risk profile for the project. It is the responsibility of the Head of Service, Finance Business Partners and Commercial team to provide assurance and review to all spend items.

**Table C: Current scheme of delegations listed in the Constitution and recommended scheme**

Level	Current			Recommended		
	Contract Approval	Contract Exemptions	Financial Approval	Contract Approval	Contract Exemptions	Financial Approval
Programme Mgr				£50k		£50k
Head of Service	To EU thresholds	£50k	£25k	£250k		£250k
Director			£100k	£500k	£100k and Head of Commercial	£500k
CEO	Above EU thresholds	£50k+ up to EU threshold CEO and S73 or Monitoring Officer must approve (above not permitted)	£100k+	£500k+	£100k+ up to EU threshold CEO and S73 or Monitoring Officer must approve (above not permitted)	£500k+

### Consultation

3 Not applicable.

### Other Options Considered

4 Leaving the scheme of delegations as is has been considered, however it was discounted as it is not in line with practice in other Public sector organisations and requires a less value for money approach than the proposed update.

### Risk Management/Assessment

5 Given the controls in place for payments and contracts risk mitigation is in place and has been deemed to be sufficient.

### Public Sector Equality Duties

6 The public sector equality duty created under the Equality Act 2010 means that public authorities must have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimization and other conduct prohibited by the Act.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.

- 6.1 The Act explains that having due regard for advancing equality involves:
- Removing or minimising disadvantages suffered by people due to their protected characteristics.
  - Taking steps to meet the needs of people from protected groups where these are different from the needs of other people.
  - Encouraging people from protected groups to participate in public life or in other activities where their participation is disproportionately low.
- 6.2 The general equality duty therefore requires organisations to consider how they could positively contribute to the advancement of equality and good relations. It requires equality considerations to be reflected in the design of policies and the delivery of services, including policies, and for these issues to be kept under review.

**Finance Implications, including economic impact assessment where appropriate:**

- 7 No direct financial implications as a result of this report, as it is about delegated authority. The authority will periodically review the effectiveness of these delegations.

**Legal Implications:**

- 8 Not applicable.

**Climate Change Implications**

- 9 On 19 July 2019, the West of England Combined Authority declared a climate emergency, recognising the huge significance of climate change and its impact on the health, safety, and wellbeing of the region’s residents. The Combined Authority is committed to taking climate change considerations fully into account as an integral part of its governance and decision-making process.

Each report/proposal submitted for Combined Authority / Joint Committee approval is assessed in terms of the following:

Will the proposal impact positively or negatively on:

- \* The emission of climate changing gases?
- \* The region’s resilience to the effects of climate change?
- \* Consumption of non-renewable resources?
- \* Pollution to land, water or air?

Particular projects will also be subject to more detailed environmental assessment/consideration as necessary as part of their detailed project-specific management arrangements

**Land/property Implications**

- 10 Not applicable.

**Human Resources Implications:**

**West of England Combined Authority Contact:**

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