

Report to **South Downs National Park Authority**
Date **30 March 2023**
By **Head of Governance**
Title of Report **Changes to financial delegations - contract limits**
Decision

Recommendation: The Authority is recommended to:

- 1. Approve the amendments to the Authority’s Contract Standing Orders, as set out in paragraph 3.2 of this report, to revise the authorisation limits for:**
 - **Directors of the SDNPA to enter into contracts where the value is less than £200k and to award contracts where the value is less than £150k;**
 - **the Chief Executive Officer to award contracts where the value is less than £200k; and,**
 - 2. Approve the amendment to the Authority’s Standing Orders for Regulation of Authority Proceedings and Business, as set out in paragraph 3.4 of this report, to revise the authorisation limit for the Policy & Resources Committee in relation to the entering into of contracts by the SDNPA of £200k or greater.**
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I. Introduction

- 1.1** This report sets out proposed changes to the Authority’s financial delegation arrangements in respect to the entering into of contracts by the Authority. This will involve amendments to the Authority’s Contract Standing Orders (CSOs) and Standing Orders for Regulation of Authority Proceedings and Business (SOs).
- 1.2** The current arrangements, including the financial limits, for entering into contracts have been in place since the Authority became fully operational in April 2011. It has become apparent following feedback from Members and officers that the current delegated limit of up to £100k, above which authorisation to enter into a contract must be sought from the Policy & Resources (P&R) Committee, is no longer effectively performing its intended function of ensuring officers deal with contracts of an operational nature, whilst Members retain oversight of contracts of a strategic nature.
- 1.3** It is important that the Authority review its delegations and financial processes on a regular basis and make amendments to these as and when required. A significant amount of time has passed since the current arrangements and financial limits for entering into contracts were agreed. During this period, particularly in recent years, the effects of inflation have impacted on the effectiveness of these arrangements. The economy remains unstable, and the expectation is that inflation will remain high in, at least, the short to medium term. There is a need to ensure these arrangements are fit for purpose for future years and this proposal to revise the authorisation limit in relation to the entering in and awarding of contracts is done with these matters in mind.

2. Policy Context

2.1 Up to date, robust and effective financial arrangements are a key part of the Authority's governance framework and underpin all activity undertaken by the Authority.

3. Issues for consideration

Contract Standing Orders

3.1 CSOs currently delegate to Directors the power to enter into contracts where the value is less than £100k and to award contracts where the value is less than £75k. They also delegate to the Chief Executive Officer the power to award contracts where the value is less than £100k. It is proposed to increase the Director's limit to enter into contracts where the value is less than £200k and to award where the value is less than £150k, and to increase the CEO's limit to award where the value is less than £200k.

3.2 The proposed amendments to CSOs are as follows, with the new financial limits identified in italics for the purpose of this report only:

- CSO 3.1

"Each Director has delegated power within their Area of Responsibility to authorise the Authority entering into contracts of a value of less than *£200,000*, provided that they are satisfied that the expenditure involved has been included within approved estimates and sufficient budgetary provision made in the Authority's capital or revenue accounts."

- CSO 3.2

"Where a proposed Contract is of a value of *£200,000* or greater, and before inviting expressions of interest from potential bidders, the Director within whose Area of Responsibility the Contract falls, shall obtain a decision authorising the commencement of the procurement process from the Policy and Resources Committee. The report seeking approval shall include an estimate of the expenditure involved and state how it is proposed such expenditure would be met from budgetary provision made in the Authority's capital or revenue accounts."

- CSO 13.7

"Subject to 13.8, each Director is authorised to award and sign any contract entered into by the Authority which relates to their Area of Responsibility, and where the value of the Contract is less than *£150,000*. In cases of urgency, or where the Director is unavailable, the Contract may be awarded and signed by a senior officer nominated by him/her. CSO 10.7 applies to all contracts valued at *£75,000* and above."

- CSO 13.8

"The Chief Executive of the Authority is authorised to award and sign any contract entered into by the Authority, where the value of the Contract is less than *£200,000*. The Chief Executive may delegate this responsibility to a Director of the Authority."

Standing Orders for Regulation of Authority Proceedings and Business

3.3 SOs currently include, in the P&R Committee's terms of reference, the requirement for the Committee to authorise the entering into of any contracts of a value of £100k or greater. It is proposed to increase this to *£200k* in line with the proposed amendments to CSOs.

3.4 The proposed amendments to SOs are as follows:

- Appendix 4, Policy & Resources Committee Terms of Reference, paragraph 4.3

"To agree arrangements for the procurement and ongoing monitoring of external contracts for support services, and to authorise entering into contracts of a value of *£200k* or greater in accordance with Contract Standing Orders."

3.5 For clarification, the only amendments proposed to CSOs and SOs relate to the financial amounts. All other wording remains unchanged.

4. Options & cost implications

- 4.1 Members could choose to not agree the proposed amendments, or they could choose to approve a revised limit, one different to that proposed in this report. However, careful consideration has been given to the proposed revised limit, as addressed in paragraph 1.3, with the current and future effectiveness of the arrangements and the effective functioning of the P&R Committee in mind.
- 4.2 There are no direct cost implications arising from this decision. However, should the recommendations not be agreed, there may be resource implications as identified in section 6 of this report.

5. Next steps

- 5.1 Following approval, the amended CSOs and SOs will be communicated to the relevant officers and published on the Authority website.

6. Other implications

Implication	Yes*/No
Will further decisions be required by another committee/full authority?	No
Does the proposal raise any Resource implications?	Appropriate financial arrangements and delegations ensure the efficient and effective transacting of the Authority's business. Should the recommendations not be agreed there could be impacts on the workload of the P&R Committee and associated impacts on the workload of officers required to bring additional reports before the Committee resulting in delays to the entering into and awarding of contracts.
How does the proposal represent Value for Money?	Having up to date, robust and effective financial arrangements help to ensure value for money is delivered when entering into contracts.
Which PMP Outcomes/ Corporate Plan objectives does this deliver against	Up to date, robust and effective financial arrangements indirectly support the delivery of all PMP and Corporate Plan objectives.
Links to other projects or partner organisations	The Authority has contractual arrangements with a significant number of other organisations. These arrangements ensure that future contracts can be effectively entered into and awarded.
How does this decision contribute to the Authority's climate change objectives	There is no direct contribution from this decision.
Are there any Social Value implications arising from the proposal?	There are none as the proposed limit remains below the public procurement threshold.
Have you taken regard of the South Downs National Park Authority's equality duty as contained within the Equality Act 2010?	There are no direct implications arising from this decision. The Authority's equality duty would be considered as part of the process of entering into and awarding any contract.

Implication	Yes*/No
Are there any Human Rights implications arising from the proposal?	No
Are there any Crime & Disorder implications arising from the proposal?	No
Are there any Health & Safety implications arising from the proposal?	No
Are there any Data Protection implications?	No
Are there any Sustainability implications based on the 5 principles set out in the SDNPA Sustainability Strategy?	Up to date, robust and effective financial arrangements contribute to the good governance of the SDNPA.

7. Risks Associated with the Proposed Decision

- 7.1 Risks associated with this decision are minimal as this is a revision of financial arrangements and delegations which are already in place. However, there may be some resource implications as identified in section 6 of this report. This decision is recommended to mitigate the risk of these implications.

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Appendices	None
SDNPA Consultees	Chief Executive; Director of Countryside Policy and Management; Director of Planning; Chief Finance Officer; Monitoring Officer; Head of Finance and Corporate Services.
External Consultees	None
Background Documents	Authority Standing Orders Contract Standing Orders