

Constitution

approved 13th May 2010



West Midlands
Regional
Observatory

www.wmro.org

The Observatory Board is formally constituted as an advisory group to the Board of AWM, and this document sets out the constitution of the Observatory.

1 Definition and purpose

- 1.1 The ‘West Midlands Regional Observatory’ (the Observatory) constitutes a collaborative approach between public, private and voluntary agencies in the West Midlands to the generation, interpretation and sharing of information and intelligence.
- 1.2 The Observatory’s purpose is to improve the quality of strategy formulation and policy-making in the West Midlands by enhancing and sharing understanding amongst partners of the opportunities and threats facing the region and its sub regions. This is seen as essential to securing an increasing degree of regional autonomy (in line with the Government’s proposals for regional devolution) and to providing more responsive services to the region’s people and businesses.
- 1.3 The participating agencies consider it essential to these purposes that the information produced by the Observatory is based upon robust and reliable data¹ and that the analysis and interpretation of these data is seen to be both knowledgeable and independent of any single agency.
- 1.4 Against this over-arching mission, the Observatory will work towards delivering six strategic objectives:

¹ Throughout this document ‘data’ refers to facts and figures - often statistics generated by the day to day operations of agencies in the region; ‘information’ and ‘intelligence’ refer to interpretations of data generated by adding knowledge and understanding (e.g. by linking data from different knowledge domains or by making pertinent comparisons between different times and places).

Strategic Objectives
1. Support regional policy decision-making through the provision of intelligence based conclusions and (where appropriate) policy implications.
2. Monitor and evaluate the progress and impact of regional strategies and programmes.
3. Engage the region in determining regional data and intelligence priorities and seek better alignment of regional resources.
4. Coordinate and facilitate the delivery of agreed new research priorities where appropriate.
5. Provide effective access to intelligence to encourage higher standards of evidence - based decision-making.
6. Lead best data and intelligence practice by sharing best practice for research methods and specifications, backed up by an enquiry service.

1.5 The Observatory comprises three linked components:

- **The Partnership Board**, who represent regional partners and who are responsible for developing and agreeing a strategy and action plan for delivering regional demands on data and intelligence;
- **The Executive Team**, a group of employed staff under a Chief Executive which will commission work, manage the regional data and intelligence web portal, provide support for a network of regional data and intelligence providers and users and support the Board in its regional oversight; and
- **The Regional Data and Intelligence Network (RDIN)**, a network of participating organisations that are both users and providers of data and intelligence, and which represents the main resource of the Observatory.

2 The Partnership Board

- 2.1 The activities of the Observatory will be overseen by a Partnership Board, representing the following key regional partners:

Advantage West Midlands (AWM), an elected leader from the West Midlands Leaders' Board (WMLB), a Chief Executive from the West Midlands Leaders' Board (WMLB), a senior policy executive from the West Midlands Leaders' Board, Government Office for the West Midlands (GO-WM), the Regional Director of Public Health, Regional Action West Midlands (RAWM), Universities West Midlands, a regional representative from the Association of Colleges, a nominated representative of Business Voice West Midlands, the Skills Funding Agency and the West Midlands Chambers of Commerce. These bodies shall be entitled to nominate a representative(s) to the Board.

- 2.2 The Chair of the Observatory Board will (in addition to the above representatives) be nominated by Advantage West Midlands. The Vice Chair will be nominated from among the representatives of the West Midlands Leaders' Board.
- 2.3 The maximum number of Board members (including the Chair) shall be sixteen. The Board will consider their membership at least once a year, identify any gaps in representation and consult Board membership about filling them. Casual vacancies will be filled by the same process.
- 2.4 The Regional Data & Intelligence Network (RDIN) may establish a User Group to make proposals for nomination to the Board on behalf of users of the Observatory services and the Board will be bound to consider such nominations.
- 2.5 Organisations represented on the Board will have the right by formal notification to the Secretary to appoint alternates to act in the absence of their nominees on not more than two occasions in any one year.
- 2.6 Nominating organisations shall be responsible for the expenses of their nominees in connection with the normal business of the Board. With the agreement of the Board (or in cases of urgency the Chair) payments may be made for expenses incurred in relation to other events.

- 2.7 The procedures of the Board (Standing Orders) are set out in Annex 1 and its Terms of Reference in Annex 2. Person Specifications for Board members are detailed in Annexes 3 and 4.

3 The Executive Team

- 3.1 The Executive Team will be managed by a Chief Executive, who will be accountable to the Partnership Board for the delivery of the strategic objectives of the Observatory (paragraph 1.4 above).
- 3.2 The Scheme of Delegation of functions and responsibilities between the Partnership Board, the Chief Executive and relevant Observatory and AWM staff is set out in Annex 5.

4 Regional Data and Intelligence Network

- 4.1 Organisations and individuals providing, holding or using regional data and intelligence will be eligible for membership of the Regional Data and Intelligence Network (RDIN), and for access to the Observatory information and services. The arrangements for operation and membership of the RDIN are set out in Annex 6.

5 Finances

- 5.1 The core funding requirements for the operation of the Observatory shall be met by subscription and other income generating activities agreed by the Board.
- 5.2 The Observatory financial year shall be 1 April to 31 March.
- 5.3 The Board shall approve an indicative income and expenditure budget and subscription levels for the following financial year by 31 December.
- 5.4 The Board shall approve a business plan, including final budget and subscriptions, for the following financial year by no later than 31 March.
- 5.5 The Board shall monitor in-year expenditure against the budget in a regular and timely manner. Virement between budget heads of

amounts over £10,000 or 5% of the budget head (whichever is the greater) shall require the prior approval of the Board.

- 5.6 The Board shall receive audited annual accounts for the preceding financial year by 31 July.
- 5.7 The financial management of the Observatory shall be in accordance with the financial protocols set out in Annex 7.
- 5.8 The Observatory may not invest, lend or borrow money or acquire or dispose of land and buildings (reserved to the Board of Advantage West Midlands).
- 5.9 The Board shall agree with AWM the provision of services from AWM to support the operations of the Observatory and of Data and Intelligence services from the Observatory to support the work of AWM, by way of an annual Service Level Agreement (SLA) including (by AWM):-
 - The employment and secondment of staff to the Executive Team and associated human resource management;
 - Assistance with the financial management of the Observatory;

and (by the Observatory):-

- Delivery of a State of the Region process with a regular series of thematic reports and annual synthesis reports;
- The development and maintenance of a data and intelligence network (RDIN) and associated services, including a website providing data and intelligence dissemination services;
- Administrative support including secretariat services for the Partnership board and RDIN, and communications channels with regional partners and stakeholders.

6 Dissolution

- 6.1 The dissolution of the Observatory may be instigated by:-
 - The Board of AWM
 - A resolution of the Partnership Board approved by not less than two thirds of the votes capable of being cast by Board Members.

- 6.2 In the event of dissolution AWM shall be responsible for disposing of the assets/liabilities and the apportionment of responsibility for receiving proceeds and/or meeting liabilities.

7 Annexes:

1. Board Standing Orders
2. Terms of Reference
3. Person Specification - Partner Representative
4. Person Specification - RDIN Representative
5. Scheme of Delegation
6. Regional Data & Intelligence Network (RDIN)
7. Financial Protocols
8. Seven Principles of Public Life

Annex 1: Board Standing Orders

1. The Chair, or in the absence of the Chair the Vice-Chair, shall preside at Board Meetings. In the absence of both the Chair and Vice-Chair the Board may elect another member of the Board to chair a meeting.
2. The Chief Executive of the Executive Team shall also act as Secretary to the Board, but shall not be a member of the Board. Pending the appointment of a Chief Executive (or in any gap between such appointments) the Chief Executive of AWM or his nominee will fulfil this role.
3. As Secretary, the role of the Chief Executive shall include:-
 - Servicing the meetings of the Partnership board and the RDIN, including the preparation and dispatch of agenda and minutes;
 - Advising the Board on constitutional, procedural and, as may be required, legal and property matters;
 - Ensuring the efficient and effective delivery of services provided by the Executive Team, in accordance with the requirements of the Board.
 - In association with the Chair or, in the absence of the Chair the Vice-Chair, acting on behalf of the Board in cases of urgency.
4. A quorum is at least half the Board membership (or alternates). Decisions of the Board will be determined by a simple majority of votes cast by members attending with the exception of recommendations on constitutional issues (the Objectives of the Observatory, the constitution of the Board, voting allocations and the positions of Officers), which will require a minimum of two-thirds of the votes capable of being cast. In the event of equality of voting the Chair shall have a casting vote. Recommendations on constitutional changes shall require endorsement by AWM.
5. Board meetings shall be held quarterly. One of the meetings shall be designated as the Annual General Meeting at which the positions of Chair and Vice-Chair shall be filled and the Secretary shall be appointed for the ensuing year and at which an annual report of the activities and audited annual accounts of the Observatory in the preceding year will be presented. The Annual General Meeting will be held no later than 30 September in any year.

6. Additional meetings of the Board may be called by the Chair, or at the request of at least one third of Board Members, such request to be made formally in writing to the Secretary.
7. Board Members shall be entitled to twenty one (21) calendar days notice of the date, time and venue of Board Meetings, and to receive the agenda and papers for each meeting no later than seven (7) calendar days before each Board meeting. No matter may normally be considered at any Board meeting unless it is included in the agenda.
8. At the commencement of each meeting, Board members shall be required by the Chair to disclose any conflicts of interest, whether of a pecuniary nature or otherwise, with any agenda item.
9. The terms of Paragraph 7 above, concerning notice, dispatch of papers and inclusion of business not included in agenda, may be varied by agreement of the Chair and Secretary in the case of urgency, providing all Board Members are informed of the reasons for such variation.
10. The Board may delegate decisions on matters other than the Budget, Audit and Business Plan to subcommittees appointed for the purpose. All such subcommittees shall lapse at the Annual General Meeting, unless re-appointed.
11. Terms of Reference for the Board and person Specifications for members are provided as Annexes 2, 3 and 4 to the Constitution.

Annex 2: Terms of Reference

1 Introduction

- 1.1 This document sets out the terms of reference for members of the West Midlands Regional Observatory (the Observatory) Partnership Board. It sets out the responsibilities of members, their governance arrangements and code of practice.
- 1.2 This document forms part of the formal Constitution of the West Midlands Regional Observatory, which provides the governing framework within which these terms of reference have been established.
- 1.3 In particular, Annex 1 to the Constitution provides Standing Orders for the Board.

2 Corporate Responsibilities of Board Members

- 2.1 Board members will have the following corporate responsibility in relation to the Observatory:
 - Establishing the overall strategic direction and objectives of the Observatory (Constitution, paragraph 1.5)
 - Agreeing an action plan (annual Business Plan) for delivery of the Observatory's strategic aims (Constitution, paragraphs 1.5 and 5.4)
 - Agreeing an annual budget for the Observatory (Constitution, paragraphs 5.3 and 5.4)
 - Ensuring that the Observatory operates within the limits of the resources made available to it by partners and through other funding streams (Constitution, paragraphs 5.5 and 5.6)
 - Monitoring the performance of the Observatory against the agreed aims, objectives and targets as contained in the annual Business Plan

3 The Role of the Chair

3.1 The Chair of the Partnership Board will be nominated by Advantage West Midlands (Constitution, paragraph 2.3).

3.2 The Chair shall:

- Preside at Board meetings and ensure that they are effective
- Require members to declare any conflicts of interest at the commencement of each meeting (Constitution, Annex 1, paragraph 8)
- Have a casting vote in the event of equality of voting at Board meetings (Constitution, Annex 1, paragraph 4)
- Ensure that the minutes of Board meetings accurately record the decisions taken and actions agreed at the meetings

4 The Role of the Vice Chair

4.1 The Vice Chair of the Partnership Board shall be nominated from among the Board members by the West Midlands Leaders' Board (Constitution, paragraph 2.3).

4.2 The Vice Chair shall fulfil the role of the Chair at meetings in the absence of the Chair (Constitution, Annex 1, paragraph 1).

5 The Role of Board Members

5.1 All Board members, including the Chair and Vice Chair should:

- Be prepared for Board meetings, having read all preparatory papers and other material and having, where appropriate, consulted among the organisations they represent
- Ensure that they reflect the views of the full range of organisations they represent at discussions on the matters before the Board
- Secure the actions agreed by the Board
- Feedback as appropriate to the organisations they represent on the decisions of the Board

- Contribute to the operational work of the Observatory, for example by acting as champions for key projects or by securing partner involvement in them
- Participate in such standing committees as the Board may from time to time establish.
- Represent, promote and advocate the interests of the Observatory both formally and informally within the organisations they represent and more broadly
- Act as a channel of communication between the Observatory and the organisations they represent to facilitate better operational engagement, closer working relationships and more joined-up working
- Respond to consultation and requests for support from the Observatory between formal Board meetings
- Actively promote opportunities to further develop the work and role of the Observatory including, as appropriate, new funding opportunities for the Observatory
- Respect Board confidentiality where necessary and appropriate

5.2 In addition, Board members nominated through the RDIN should:

- Maintain active membership of the RDIN User Group and Topic Groups
- Ensure that they reflect the views of the RDIN Topic Groups, the User Group and the RDIN at large at discussions on the matters before the Board
- Feedback as appropriate to the RDIN and its Topic Groups and User Group
- Prepare a briefing paper to the Board on RDIN activity prior to each Board meeting

5.3 Board members should at all times adhere to the Seven Principles of Public Life, as set out by the Committee on Standards in Public Life (the Nolan committee), i.e. selflessness, integrity, objectivity, accountability, openness, honesty and leadership (Annex 8).

- 5.4 Board members' expenses in connection with the normal business of the Board should be covered by their nominating organisation (Constitution, paragraph 2.7).

6 Termination of Membership

- 6.1 The Board will consider its membership at least once a year to ensure that membership adequately reflects the range of organisations, sectors and geographies that the Observatory intends to serve (Constitution, paragraph 2.4).
- 6.2 Besides this process for reviewing membership, Board members will cease to be members of the Board in the following circumstances:
- Non attendance at more than two meetings in any one year (Constitution, paragraph 2.6)
 - Inability to fulfil the role of Board membership, including loss of the role through which the initial nomination to membership was made
 - A vote of no confidence in the member, supported by a simple majority of votes capable of being cast
 - Restructuring of the Board such that the rationale for the original nomination is no longer valid. Such restructuring necessarily entails a change to the Constitution and consequently requires support of two thirds of the votes capable of being cast
 - Resignation

7 Conflicts of Interest

- 7.1 Board members must declare a conflict of interest with any item on the agenda of a Board meeting at the beginning of that meeting (or in advance, to the Secretary).
- 7.2 Board members will not participate in the discussion or determination of matters in which they have a pecuniary interest.
- 7.3 Where a non-pecuniary interest is declared, participation in the discussion and determination of matters may continue so long as

members determine that there is no violation of the Seven Principles of Public Life. Where this is in doubt, the decision rests with the Chair.

- 7.4 Members excluded from discussion and determination of matters before the Board by conflict of interest should withdraw from the meeting for the duration of the discussion.
- 7.5 All declarations of conflict of interest will be recorded in the minutes of Board meetings.

Annex 3: Person Specification - Partner Representative

1 Introduction

- 1.1 This document sets out the Person Specification for those members of the West Midlands Regional Observatory (the Observatory) Partnership Board nominated by partners. It sets out the level, influence and personal characteristics desirable in Board members.
- 1.2 This Person Specification forms part of the formal Constitution of the West Midlands Regional Observatory and the Terms of Reference for Board members which together provide the governing framework within which this person specification has been established.
- 1.3 A separate person specification covers members nominated by the RDIN (Annex 4).

2 Summary of Requirements

- 2.1 In order to meet the requirements stipulated in the Terms of Reference for Board members, members should be prepared and able to serve the Observatory by providing four key areas of support:
 - Strategic engagement - providing, in the context of the key regional strategies and the strategies of regional partners, guidance and support developing and implementing the strategic objectives of the Observatory
 - Partner representation - securing the engagement and practical support of the organisation or organisations the members represent in the work of the Observatory at both strategic and operational levels
 - Financial support - overseeing and monitoring the financial planning and performance of the Observatory and seeking to identify and secure opportunities for funding for Observatory activity (both core activity and projects).
 - Operational engagement - committing the time required to be an active contributor to and advocate for the work of the Observatory

- 2.2 Detailed person specifications are provided below against each of these requirements.

3 Strategic Engagement

- 3.1 An understanding of the key regional strategies and their relationships and inter-dependencies
- 3.2 A strong belief in the importance of an integrated regional evidence base to inform policy making and strategy formulation
- 3.3 Preparedness to champion the role of the Observatory as a central resource for delivering the regional evidence base to a wide constituency of organisations, sectors and geographies
- 3.4 Understanding of and willingness to develop and drive forward the strategic aims and objectives of the Observatory
- 3.5 Able to engage at Chief Executive level and with the credibility and presence to have an impact at this level

4 Partner Representation

- 4.1 Authority to speak on behalf of the organisations represented
- 4.2 Preparedness and ability to communicate effectively back to the represented organisations
- 4.3 Ability to mobilise the organisations represented to work with the Observatory on projects, through the RDIN, to secure secondees or funding, or in other ways
- 4.4 Willingness to promote effective joined-up working between the Observatory and the organisations represented
- 4.5 Experience of cross-partner working and an ability to contribute to the Observatory's work in joining up regional intelligence working

5 Financial Support

- 5.1 Preparedness and ability to oversee and monitor the financial planning and performance of the Observatory
- 5.2 Specific authority to address funding issues on behalf of the organisations represented
- 5.3 Willingness to advocate the position of the Observatory with partners to secure revenue streams
- 5.4 Understanding of regional, national and other potential sources of funding for the work of the Observatory

6 Operational Engagement

- 6.1 Understanding of the main activities of the Observatory, including research and analysis, knowledge management, data sharing and interoperability, resource cataloguing and networking
- 6.2 Ability and availability to prepare for, attend and follow up on Board meetings, and to engage fully and at a high level with the matters brought before the Board
- 6.3 Ability to communicate effectively and to work with a wide range of stakeholders including the Observatory Executive Unit, its Board, members of the RDIN and its constituent Topic Groups, and other stakeholders
- 6.4 Preparedness to support the strategic and operational activity of the Observatory, including on committees outside of the Board meetings, at events, and in championing Observatory projects in the region
- 6.5 Willingness to advocate for and promote the work of the Observatory to partners and other stakeholders, both formally and informally.

Annex 4: Person Specification - RDIN Representative

1 Introduction

- 1.1 This document sets out the Person Specification for those members of the West Midlands Regional Observatory (the Observatory) Partnership Board nominated through the RDIN. It sets out the level, influence and personal characteristics desirable in RDIN Board representatives.
- 1.2 This Person Specification forms part of the formal Constitution of the West Midlands Regional Observatory and the Terms of Reference for Board members which together provide the governing framework within which this person specification has been established.
- 1.3 A separate person specification covers members nominated by the Observatory's partners (Annex 3).

2 Summary of Requirements

- 2.1 In order to meet the requirements stipulated in the Terms of Reference for Board members, members should be prepared and able to serve the Observatory by providing four key areas of support:
 - Strategic engagement - providing, in the context of the key regional strategies and the strategies of regional partners, guidance and support developing and implementing the strategic objectives of the Observatory
 - RDIN representation - securing the engagement and practical support of the organisation or organisations the members represent in the work of the Observatory at both strategic and operational levels
 - Financial support - overseeing and monitoring the financial planning and performance of the Observatory and seeking to identify and secure opportunities for funding for Observatory activity (both core activity and projects).
 - Operational engagement - committing the time required to be an active contributor to and advocate for the work of the Observatory

- 2.2 Detailed person specifications are provided below against each of these requirements.

3 Strategic Engagement

- 3.1 An understanding of one or more of the key regional strategies, the evidence that underpins them, and the operating challenges of developing that evidence
- 3.2 A strong belief in the importance of an integrated regional evidence base to inform policy making and strategy formulation
- 3.3 Preparedness to champion the role of the Observatory as a central resource for delivering the regional evidence base to a wide constituency of organisations, sectors and geographies, as represented in the RDIN and otherwise
- 3.4 Understanding of and willingness to develop and drive forward the strategic aims and objectives of the Observatory

4 RDIN Representation

- 4.1 Ability and preparedness to speak on behalf of the RDIN Topic Groups, User Group and membership at large at Board meetings and elsewhere
- 4.2 Preparedness and ability to communicate effectively back to the RDIN, including the Topic Groups and User Group
- 4.3 Ability to mobilise the organisations represented in the RDIN to work with the Observatory on projects or otherwise
- 4.4 Willingness to promote effective joined-up working between the Observatory and the organisations represented
- 4.5 Experience of cross-partner working and an ability to contribute to the Observatory's work in joining up regional intelligence working

5 Financial Support

- 5.1 Preparedness and ability to oversee and monitor the financial planning and performance of the Observatory
- 5.2 Willingness to advocate the position of the Observatory to the RDIN to secure support (including financial support) for its work and projects
- 5.3 Understanding of regional, national and other potential sources of funding for the work of the Observatory

6 Operational Engagement

- 6.1 Understanding of the main activities of the Observatory, including research and analysis, knowledge management, data sharing and interoperability, resource cataloguing and networking
- 6.2 Ability and availability to prepare for, attend and follow up on Board meetings, and to engage fully and at a high level with the matters brought before the Board
- 6.3 Ability to communicate effectively and to work with a wide range of stakeholders including the Observatory Executive Unit, its Board, members of the RDIN and its constituent Topic Groups, and other stakeholders
- 6.4 Preparedness to support the strategic and operational activity of the Observatory, including on committees outside of the Board meetings, at events, and in championing Observatory projects in the region
- 6.5 Willingness to advocate for and promote the work of the Observatory to partners and other stakeholders both formally and informally

Annex 5: Scheme of Delegation

1 Introduction

- 1.1 This Scheme of Delegation has been prepared to facilitate the operation of the West Midlands Regional Observatory (the Observatory) and was approved by the Board on 10th December 2008.
- 1.2 The Board will technically act as an advisory body to Advantage West Midlands regarding the policy and operation of the Observatory. In the mean time the Board has no power to write off debts; invest, lend or borrow money; or acquire or dispose of land or buildings: such matters must be referred to the Board of AWM. Subject to these reservations, the first level of delegation is to the Board of the Observatory, which in turn delegates decisions to the Chief Executive.
- 1.3 The Chief Executive of the Executive Unit of the Regional Observatory (hereafter referred to as 'the Chief Executive') has day to day control of expenditure to deliver a Business Plan and budget approved by the Board. The delegated authority of the Chief Executive shall be no greater than that delegated to a Tier 3 Manager under AWM's corporate Scheme of Delegation. In addition, the Chief Executive has authority to contract with any third party for the provision by the Observatory of services that are within the scope set out in the annual Business Plan and budget approved by the Board.
- 1.4 In the absence of the Chief Executive for an extended period (due to leave, sickness or other cause), and subject to the limits detailed below, authority to approve expenditure and contracts for service provision passes to the Deputy Chief Executive within the Executive Team of the Regional Observatory (hereafter referred to as 'the Deputy Chief Executive'). When acting in this capacity, the Deputy Chief Executive will have delegated authority equivalent to that of the Chief Executive. Any such transfer of delegated authority will be notified in writing in advance to AWM.
- 1.5 The Chief Executive may delegate operational budget control for expenditure related to specific projects and areas of programme activity to staff within the Observatory that report directly to the

Chief Executive (hereafter referred to as “second level managers”). The delegated authority of a second level manager will be no greater than that delegated to a Tier 5 Manager under AWM’s corporate Scheme of Delegation. Second level managers must be explicitly identified by job title.

- 1.6 Reflecting AWM’s position, a Designated Officer of AWM will have oversight of major decisions by the Chief Executive. Most of the financial administrative work of the Observatory is carried out by AWM under the terms of a Service Level Agreement (SLA).

2 The Partnership Board

- 2.1 The Board reserves the following matters for itself. Board decisions on these matters will therefore be minuted as evidence of decisions taken.

Matters reserved for the Partnership Board:

Activity	Source and Comments
Approval of an indicative budget and subscription levels for the following financial year	Approval required by <i>31 December</i> of the preceding financial year (<i>Constitution of the Observatory; item 5.3</i>)
Approval of a Business Plan and final budget of expenditure, income and subscription rates for following financial year	Approval required by <i>31 March</i> of the preceding financial year (<i>Constitution of the Observatory; item 5.4</i>)
Receipt of audited annual accounts for the previous financial year	Has to be presented to the Annual General Meeting no later than <i>31 July</i> of the following financial year (<i>Constitution of the Observatory; item 5.6</i>)
Receipt of a financial report as after the end of each quarter, covering income, expenditure and performance against budget	(<i>Constitution of the Observatory, item 5.5</i>)
Virement of resources between approved budget heads if greater than £10,000 or 5% of any budget head, whichever is the greater	<i>Constitution of the Observatory, Item 5.5</i>

Activity	Source and Comments
Agreement of an annual SLA with Advantage West Midlands for the provision, by AWM, of administrative and financial support services and, by the Observatory, of data and intelligence services.	<i>Constitution of the Observatory; item 5.9</i>
Appointment of the Chief Executive of the Regional Observatory	This may be delegated to a sub-committee appointed for the purpose. (<i>Constitution of the Observatory; item 3.1 and Annex 1 paragraph 10</i>)
Approval of costs of a Board Member attending meetings or events other than routine Board meetings. The latter are always paid by their parent organisation	The Chair may approve in cases of urgency (<i>Constitution of the Observatory; item 2.7</i>)

3 The Chief Executive or Deputy Chief Executive

3.1 In furtherance of the objectives of the Observatory, the Chief Executive of the Observatory, or the Deputy Chief Executive when acting in the absence for an extended period of the Chief Executive as set out above in Paragraph 1.4, is empowered to take decisions within the limits set out below:

Activity	Limit	Comments
General management of the Regional Observatory and financial administration	Within the approved Business Plan and Budget	
Preparation of Business Plans and budget with appropriate consultation. Monitoring of the Observatory financial position		
Responsibility to the Board for overall probity of the organisation		
Maintain an inventory of assets, establish maintenance and insurance arrangements		

Activity	Limit	Comments
<p>Administrative Expenditure (i.e. revenue expenditure on office expenses, travel and subsistence, recruitment, estate management, marketing and publicity):</p> <ul style="list-style-type: none"> • Authorise expenditure as sole officer • Authorise expenditure jointly with a designated officer of AWM (see below) • Authorise expenditure jointly with the designated officer and with approval of the Chair • Sign cheques as sole signatory • Sign cheques as joint signatory with designated officer • Authorise payment requests • Authorise sales invoices 	<p>£10,000</p> <p>£10,000 to £20,000</p> <p>Amounts over £20,000</p> <p>£3,000</p> <p>£10,000</p> <p>£10,000</p> <p>£10,000</p>	<p>Subject to conformity with a Business Plan approved by the Board.</p> <p>Virement of up to £10,000 or 5% of any budget head is permitted, subject to report to the next Board meeting</p>
<p>Programme Expenditure (i.e. capital or revenue expenditure in support of the Observatory's programme of activities):</p> <ul style="list-style-type: none"> • Authorise purchase orders • Authorise contracts • Authorise invoices • Authorise payment requests 	<p>£50,000</p> <p>£500,000</p> <p>£500,000</p> <p>£500,000</p>	<p>Within approved budget and where expenditure has been approved by the Board if required</p>
<p>Make single gift or special payment</p>	<p>£500</p>	<p>Such payments to be reported to the next Board meeting</p>
<p>Notify Advantage West Midlands of all income due so that they can raise invoices and collect debts</p>		<p>All income due to the Observatory</p>
<p>Contract with third parties for the provision of data and intelligence services</p> <ul style="list-style-type: none"> • Authorise contracts for service 	<p>£500,000</p>	<p>Subject to conformity with a Business Plan approved by the</p>

Activity	Limit	Comments
provision		Board.
<ul style="list-style-type: none"> • Authorise sales invoices 	£100,000	

4 Second Level Managers

4.1 In furtherance of the objectives of the Observatory, second level managers of the Observatory are empowered to authorize expenditure within the limits set out below:

Activity	Limit	Comments
Administrative Expenditure (i.e. revenue expenditure on office expenses, travel and subsistence, recruitment, estate management, marketing and publicity): <ul style="list-style-type: none"> • Authorise expenditure as sole officer 	£1000	Subject to conformity with a Business Plan approved by the Board.
Programme Expenditure (i.e. capital or revenue expenditure in support of the Observatory's programme of activities): <ul style="list-style-type: none"> • Authorise purchase orders • Authorise payment requests • Authorise contracts • Authorise invoices 	£2,500 £2,500 £10,000 £10,000	Within approved budget and where expenditure has been approved by the Board if required

4.2 The following Observatory posts are designated second level managers:

- Deputy Chief Executive
- IT and Project Manager
- Head of Skills Research
- Head of Communications and Networking

5 Designated Officer

5.1 In the circumstances set out below, an officer designated by the Board of AWM, currently AWM Corporate Director, Strategy and Skills, may authorise expenditure by the Observatory (in furtherance of its objectives and in accordance with its approved Budget and Business Plan) and will be required to counter-sign cheques and approve expenditure:

Activity	Limit	Comments
Administrative expenditure: (i.e. revenue expenditure on office expenses, travel and subsistence, recruitment, estate management, marketing and publicity): <ul style="list-style-type: none"> • Authorise or certify expenditure as sole officer • Authorise or certify expenditure jointly with the Chief Executive • Authorise or certify expenditure jointly with the Chief Executive and with approval of the Chair 	£3,000 £10,000 to £20,000 Amounts over £20,000	Subject to conformity with a Business Plan approved by the Board. Virement of up to £10,000 or 5% of any budget head is permitted, subject to report to the next Board meeting
Sign cheques as sole signatory	£3,000	
Sign cheques as joint signatory with Chief Executive	Unlimited	
Contract with third parties for the provision of data and intelligence services <ul style="list-style-type: none"> • Authorise contracts for service provision jointly with the Chief Executive • Authorise sales invoices jointly with the Chief Executive 	Unlimited Unlimited	

Annex 6: Regional Data and Intelligence Network

1. The constitution proposes that organisations providing data and intelligence that meets the Observatory standards will be eligible for membership of the Regional Data and Intelligence Network (RDIN), and for access to the Observatory information services on preferential terms (to be determined annually as part of the Observatory business plan).
2. The longer-term aim is thus an organisation with both obligations and privileges attaching to membership. However, an inclusive approach will be necessary while building up interest amongst potential users and contributors, and whilst establishing an information base and services.
3. RDIN membership will be offered to organisations providing information assets that are of value to the Observatory or who may make use of Observatory information assets or services. 'Assets' will include skills as well as information, and include access to intelligence or datasets held by the organisation as well as actual data transfer.
4. Subgroups will be identified from within the RDIN representing 'communities of interest' around a limited number of broadly defined topic areas, building on and extending existing relationships. Convenors of these groups (supplemented if necessary to provide links to key regional strategies) will constitute a 'User Group'. This group will propose up to 3 of their number as members of the Observatory Board, thus directly linking strategic management and operational levels.
5. RDIN membership will be given access to parts of the Observatory website not available to casual users, create an obligation on the Observatory to consult about programmes and services and have a say in the make up of the User Group. Subject to RDIN members making a contribution of some kind to the development of the regional intelligence capability, the principle of inclusiveness will be observed.

Annex 7: Financial Protocols

1 Introduction

- 1.1 This Annex sets out the financial procedures to be observed in the day to day operation of the Observatory.
- 1.2 The Observatory incurs two basic types of expenditure. These are:
 - Staff salaries. Advantage West Midlands pay all these under the SLA as part of their payroll. If appropriate, seconded staff will be charged by invoice from their employers;
 - Routine expenses. Advantage West Midlands via their normal accounting system pay all these under the SLA. If a Petty Cash facility is operated this will be the responsibility of the Chief Executive and not form part of the SLA
- 1.3 Income will be received from subscriptions and grants towards creating and maintaining core capabilities (Constitution, Item 5.1), contributions to projects and sales of services. Invoices will be raised and debts collected by Advantage West Midlands under the SLA following notification from the Chief Executive.

2 Incurring Expenditure

- 2.1 Expenditure must only be incurred to deliver activities within the approved Business Plan and budget or otherwise explicitly approved by the Board. All purchases should be subject to competition, and procurement should be based on value for money, i.e. quality and delivery compared with the price charged.
- 2.2 The first point of control is when the order is placed. Before placing any order, a check should be made that there is sufficient budget available.
- 2.3 Other than for the items set out below, a purchase order must be raised for all purchases when the expenditure is committed (not when the supplier's invoice is received). The purchase order must be based on the estimated cost of the goods or services. It is the responsibility

of the officer raising the order to ensure that it is completed fully and charged to the appropriate budget.

- 2.4 The individual financial limits relate to the authorisation of individual items or, in the case of period contracts, the total cost over the whole of the contract. Financial limits are exclusive of Value Added Tax and purchases must not be split artificially to fall below them.
- 2.5 Any contracts not let by competitive tender or through AWM panel procedures require the prior consent of the Board, except for the following categories:
- De Minimis: formal competitive tenders are not required for contracts worth less than £3,000 (though all procurement must be based on value for money)
 - Single Tender: contracts where there is no reasonable alternative (for example, for certain specialist or fixed price services) or in cases of extreme urgency (for example, to remove a risk to public safety) may be let by single tender action. These should, however, be reported to the next available Board meeting.

Expenditure on goods and services not requiring a purchase order

- 2.6 Orders are not required for the following types of purchases:
- Minor purchases (under £50);
 - Travel and subsistence expenditure paid on expense claims;
 - Rents, rates, service charges, insurances, gas, electricity, telephones, postage;
 - Maintenance contracts that provide for the draw down of services over a period;
 - Overtime and performance related pay.

European Union Procurement Considerations

- 2.7 All contracts for supplies and services above **206,000** Euros are subject to the European Procurement Directives and have to be advertised in the Official Journal of the European Union (OJEU). The threshold should be checked regularly as it is subject to annual review. A higher threshold applies to works contracts, but it is unlikely that the Observatory will make this type of purchase.

Authorisation and Certification of payments

2.8 The duties of certification and authorisation are deliberately split to enhance internal control and therefore may not be undertaken by the same person.

2.9 Payment will only be made against suppliers' invoices or other contractual payment documents. This means that statements, proformas and applications for payment will not be considered.

2.10 Each invoice must be "Certified" and "Authorised" before it is paid.
"Certified" means:

- The goods and services requested have been received;
- The goods and services are used for approved the Observatory business;
- The figures on the invoice are correct, including all additions and calculations;
- Any discounts have been taken off;
- Details have been entered into any periodical payments record if appropriate;
- The invoice is an original and has not already been paid;
- Any Value Added Tax has been entered correctly.

"Authorised" means:

- The invoice is consistent with the goods or services requested;
- The price is the same as the quotation, tender, contract or catalogue price;
- The invoice is correct;
- The correct account and cost centre code have been entered;
- The goods or services have been received and are of a satisfactory standard;
- The payment due date is appropriate.

Expenses Claims

- 2.11 The Expense Claim form provides for a certification by the person claiming and a counter signature by the authorising officer. The authorisation indicates the person signing accepts that:
- The journey and expenditure was necessary and of a true business nature;
 - The mileage claimed is reasonable;
 - The mileage rates are correct having regard to the vehicle used;
 - Subsistence and other expenses are in accordance with agreed Observatory policy;
 - All calculations on the claim are correct;
 - The expenses have not already been paid.

Policy on entertainment, gifts and hospitality

- 2.12 Observatory staff must comply with Advantage West Midlands policies on probity, pecuniary interests, gifts and hospitality.

Cheque signatories - Petty Cash Account

- 2.13 Any officer signing a cheque in accordance with their individual delegation limit must examine the payment voucher to ensure that:
- The payment is authorised by an appropriate person;
 - That the cheque payee is correct;
 - That the cheque is for the correct amount;
 - That the cheque is dated correctly.

3 Contracting for Service Provision

- 3.1 The Observatory may contract with third parties for the provision of services, including data and intelligence services.
- 3.2 Contracts may only be agreed with third parties within the scope of the agreed Business Plan and budget or if otherwise explicitly approved by the Board.

- 3.3 Individual financial limits relate to the authorisation of individual contracts or, in the case of period contracts, the total cost over the whole contract. Financial limits are exclusive of VAT and contracts may not be split artificially to fall below them.
- 3.4 Invoices for income generated from contracted work will be raised, and debts collected, by AWM under the SLA, following notification by the Chief Executive.
- 3.5 It is the responsibility of the Chief Executive to ensure that all contracts are entered into in compliance with all relevant regulations related to State Aid.

4 Collecting Income

- 4.1 The Chief Executive will be responsible for notifying AWM of income to be collected on behalf of the Observatory under the SLA, whether by way of core funding, contributions to projects or sales of services.

5 Service Level Agreement

- 5.1 All services provided by Advantage West Midlands under the SLA will be undertaken in accordance with that organisation's Financial Regulations and procedures. The SLA is a separate document which (in summary) covers the following matters:

Activity
<i>Employment and secondment of staff to the Observatory and associated Human Resource processes and support.</i>
<i>Assistance with the financial management of the Observatory.</i> This includes: <ul style="list-style-type: none">• Raising invoices for all income due on receipt of notification from the Chief Executive;• Collection of debts arising from invoices raised including follow up where necessary;• Prompt and complete banking of all income received;• Making timely and correct payment of all expenditure incurred by the Observatory;• Keeping complete and accurate accounts of all income and expenditure, including providing the Chief Executive with monthly I&E statements within 21 days of the end of each month
<i>Prepare the Annual Accounts of the Observatory:</i> The annual accounts of the Observatory should consist of an Income and Expenditure account that summarises all

transactions and a Balance Sheet showing the financial position at the year-end.

Provide audit services: arrange for independent Registered Auditors to report their opinion on the Annual Accounts of the Observatory.

Provide Value Added Tax administration services: Account for Value Added Tax on all appropriate the Observatory transactions. Prepare quarterly Returns and pay or receive amounts due to Customs & Excise

Provide Corporation Tax and other tax administration services

Annex 8: The Seven Principles of Public Life

1. The Committee on Standards in Public Life was set up by John Major on 25 October 1994 with a brief to examine current concerns about standards of conduct of all holders of public office, including arrangements relating to financial and commercial activities, and to make recommendations as to any changes in present arrangements which might be required to ensure the highest standards of propriety in public life.
2. Under the remit of the committee, the definition of “public office” explicitly includes “members and other senior officers of other bodies discharging publicly-funded functions”.
3. The Committee has set out '**Seven Principles of Public Life**' which it believes should apply to all in the public service. Under their Terms of Reference, the Observatory Board members are required to adhere to these principles.
4. In summary, the seven principles are:
 - **Selflessness:** Holders of public office should act solely in terms of the public interest. They should not do so in order to gain financial or other benefits for themselves, their family or their friends.
 - **Integrity:** Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties.
 - **Objectivity:** In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.
 - **Accountability:** Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.
 - **Openness:** Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

- **Honesty:** Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.
 - **Leadership:** Holders of public office should promote and support these principles by leadership and example.
5. Further information on the work of the Committee on Standards in Public Life and the Seven Principles can be found at: <http://www.public-standards.gov.uk>