

HSCIC: Levels of Delegated Authority

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Annex 1

HSCIC: Levels of Delegated Authority

1. Introduction

- 1.1. Changes in delegated authority at executive level which will reduce the number of referrals to the Board for approval or endorsement are proposed. These are suggested given the now relatively well established governance and assurance arrangements that have been in place for the last four months.
- 1.2. The opportunity is also being taken to include, within the delegated authority schedule, the full range of delegations given to the HSCIC by the Department of Health and for which the organisation will be held accountable.

2. Recommendation

- 2.1. Confirmation that the revised levels should be adopted and where necessary, supported by further operational guidance. The arrangements would be subject to regular review as part of wider monitoring of the effectiveness of the operational governance arrangements.

3. Proposed Changes

- 3.1 The proposed new delegated authority levels are set out in annex 1. The main changes from existing arrangements are:
 - Increasing CEO approval authority level for general administrative expenditure from £500,000 to up to £2m and for executive management team directors from £150,000 to £250,000.
 - Requiring CEO authority for all single tender approvals up to a limit of £100,000 with referral to the Board if over this amount.
 - Clarifying the CEO's authority for securing professional services and when Department of Health approval is required.
 - Introducing higher levels of approval for non-purchase order invoices
 - Permitting the CEO to endorse all levels of programme commitment, such as business case proposals, for expenditure controlled by the Department of Health.
 - Increasing CEO authority to endorse programme expenditure against expenditure controlled by the Department of Health for new contracts, contract extensions, change control notices and purchase order requisitions from £500,000 to over £1m, executive management team directors delegated authority for endorsement for up to £1m from the current up to £500,000.
 - Regularising the current delegated authority guidance to include the full range of ALB delegated authorities covering both capital and administrative spend.

4. Background

- 4.1. Delegated authority levels for all ALBs are based on a schedule of delegations given to the Department of Health by HM Treasury and which set the maximum limits within which the ALB may operate. Local hierarchies are encouraged in order to delegate to the point where decisions can be taken most effectively. It is for the accounting officer to recommend how authority should be delegated at the various management levels within the organisation.
- 3.2 When the HSCIC was established in April 2013, delegated authority for the CEO, executive director and below was deliberately set low to ensure greater control over decisions on financial commitment and endorsement during the organisation's early months. As a consequence far more operational matters are presently being referred to the Board and CEO for action than might usually be expected.
- 3.3 The organisation is now more stable and decision making better structured. The Corporate Assurance Panel which was established in May 2013 has become an important forum for ensuring sound governance. The Forum reviews all approval and endorsement submissions going to the CEO challenging requests where necessary and ensuring that those that go forward to the CEO and/or Board for approval have followed correct processes and meet quality standards.
- 3.4 However, a balance needs to be struck between what needs to be referred to the Board/CEO and what should be handled at the level of director or below and this should reflect the growing maturity of the organisation and the Department of Health's accountability expectations. Annex 1 provides the proposed delegated authority hierarchy which is in line with Department of Health limits and increases authority levels across the organisation for directors and senior managers.

5. Communications

- 5.1 Subject to Board approval, the proposed changes in delegated authority will be communicated to the organisation along with any necessary guidance on supporting processes.
- 5.2 The delegations will form part of the HSCIC governance arrangements and will be retained with the Standing Financial Instructions and cross referenced to the HSCIC Standing Orders.