

RULES OF THE REO - WEST MIDLANDS EMPLOYERS
(The Regional Employers' Organisation for the West Midlands)

- 1. Title**

The Organisation shall be known as West Midlands Employers (hereinafter referred to as the 'REO').
- 2. Status and Constitution**
 - 2.1 The REO is a discrete service of the WMC Shell and will operate as an Employers Association under the Certification Office and in accordance with the provisions of the Trade Union and Labour Relations (Consolidation) Act 1992.
 - 2.2 The REO and its constituent employer bodies (hereinafter referred to as the 'Authority' or 'Authorities') shall operate in accordance with the rules as set out in this document, which is an Annex to the West Midlands Councils Shell Constitution (revised January 2016).
- 3. Address**

The registered address of the REO is PO Box 16725, Sandwell Council House, Oldbury, West Midlands B69 9FH.
- 4. Purpose**

The REO aims to be an active and influential Employers' Organisation for Local Government in the region; advising, supporting and representing Authorities who are in membership and other subscribing employer bodies in the broad fields of human resource management, industrial relations and employee /organisational development.
- 5. Objectives**
 - 5.1 The objectives of the REO are:-
 - (i) Providing information, advice, direct support and a wide range of consultancy expertise to member authorities across the broad field of human resource management.
 - (ii) Providing a range of products and services covering the employee lifecycle and organisational development through a range of contractual trading arrangements including shared services.
 - (iii) Representing the views of constituent local authorities to and acting as the interface with the Local Government Association, its agencies and other relevant national bodies on matters relating to employment and development of staff.
 - (iv) Coordinating and administering, as necessary, a range of networks to jointly consider and respond on a timely basis to issues of concern and relevance to constituent Authorities in relation to human resource and organisational development.
 - (v) Facilitating and supporting the exchange of information and dissemination of best practice across constituent Authorities in relation to matters directly affecting the employment and development of staff within and across the public sector.
 - (vi) Identifying and developing opportunities for joint working with other agencies representing and relating to local government in the West Midlands on relevant matters and initiatives.
 - (vii) To provide the employers' contribution to the Provincial industrial relations functions within the West Midlands region both in pursuit of a constructive and positive relationship at local and regional levels together with a conciliation support service

where both local parties agree.

- (viii) To administer the WMC Shell Constitution and related activities in accordance with the WMC Shell Constitution.

- 5.2 The Management Board of the REO (Rule 10) will be responsible for the delivery of REO objectives and for the administration of the WMC Shell body in regard to pension and other liabilities in accordance with the WMC Shell Constitution.

6. Membership of the REO

- 6.1 Each Metropolitan Borough, County, Unitary, District Councils and joint bodies such as Fire and Rescue and individual Police Forces within the geographical area of the West Midlands (Birmingham, Black Country, Herefordshire, Shropshire, Staffordshire, Warwickshire and Worcestershire) shall be eligible for Membership, subscribing to the services offered by the REO.

- 6.2 There shall be two categories of Membership of the REO;

- (a) Constituent Membership is offered to those councils within the West Midlands who subscribe to the REO and its services on an annual basis in accordance with the provisions of this document and who by virtue of their subscription share in the ownership, assets and liabilities of the WME.
- (b) Corporate or Associate Partner Membership is offered to other public sector organisations who wish to subscribe to the REO to access preferential rates.. This category of membership does not share in the ownership, assets or liabilities of WME.

- 6.3 In addition to the membership services detailed at 6.2 the REO shall offer services on a commercial basis to a wide range of organisations and other REOs in order to generate income from traded services. The REO may offer chargeable services to organisations in membership at preferential 'member' rates.

7. Constituent Member Representation

- a) Each Subscribing Authority shall be a part owner (shareholder) in the REO and will be represented on the REO Membership Group by the Chief Executive or their nominated deputy.
- b) Membership representatives will be invited to attend WME Membership Group meetings and participate in any decisions taken by the REO in accordance with the provisions of this document, including treatments of assets and liabilities.
- c) The representative of each Authority or their duly nominated substitute shall, where necessary, exercise the number of votes allocated to their authority as set out at Rule 9.
- d) On the occurrence of a CEO (job) vacancy in representation, their deputy will act as interim representative to serve on the REO until the CEO job vacancy is filled.

8. Meetings of the REO

- 8.1 The REO shall hold an Annual General Meeting normally in July to be attended by the Membership Group and the Elected Member Management Board; to conduct the following business:-
- Receive a Statement of Membership Representatives and appointments of elected members to serve on the Management Board (and confirm the offices of Chair and Vice Chair)
 - Receive the REO Business Plan and Budget for the current year and the Annual Report for the previous year, and;
 - Approve the consolidated financial statements for the previous financial year.

- member authorities as necessary;
- b) Recommending the annual budget and subscription rates of the REO to the WME Membership Group;
- c) Approving the shareholder reward value subject to audit verification;
- d) Financial Management of the REO in accordance with its Scheme of Delegation and appointments to the staffing structure of the REO in accordance with the policies of the host employer;
- e) Appointment of the Auditor and review and recommendation of the WME consolidated financial statements;
- f) Nominating WME representatives on to national bodies, including the National Association of Regional Employers (NARE) and CEEP UK;
- g) The management and appraisal of the WME Director; and
- h) The administration of the WMC Shell (through the REO) with regard to past pension and other liabilities in accordance with the WMC Shell Constitution.

10.3 The Management Board will be advised as necessary by the officer nominated by the Host Employer to act as Host Chief Executive.

11. Nominations to the Management Board

11.1 Membership of the Management Board will comprise elected member nominations;

(a) 1 nominee from each of the following six (geographical) sub regions; (as agreed by the majority of the subscribing representatives from each sub regions)

- *Birmingham*
- *Black Country*
- *Solihull, Coventry & Warwickshire*
- *Herefordshire, Shropshire and Telford*
- *Worcestershire*
- *Staffordshire and Stoke*

and;

(b) 1 District Council nominee (as agreed by the majority of District Councils in membership of the REO).

The REO Chair and Vice Chair will be appointed from the membership of the Management Board.

11.2 A meeting of the Management Board shall be deemed quorate providing one third (2) of the total nominated membership is in attendance.

11.3 Any vote necessary at a Management Board meeting shall be based on a show of hands of those representatives present. The representatives nominated to the Management Board shall retire on the day immediately before the date of the annual meeting each year and shall be eligible for re-nomination.

11.4 Should any sub region as a whole cease to subscribe to WME their place on the Management Board shall become dormant.

12. Partner Governance and Contractual Arrangements

12.1 With regard to Rule 10.2 the Management Board will need to take full and proper account of any discrete governance arrangements and contractual commitments associated with the traded services provided through the REO, and in particular those in relation to WMJobs, West Midlands Coaching Pool and Epaycheck.

12.2 The Management Board in its role of administrator of WMC Shell business will need to take full and proper account of the WMC Shell Constitution.

13. Appointment of REO Officers

The Management Board shall be responsible for approving the appointment of;

- a) a Director and such other staff as are deemed necessary for the efficient performance of the functions, for such period and on such terms as it considers appropriate, taking into account the views and rules of the host employer;
- b) a Treasurer (generally the REO Head of Finance or an appropriate external nominee if necessary), who shall be eligible for reappointment on an annual basis.

14. Constituent Member Subscriptions and Shareholder Rewards

14.1 All Authorities in membership of the REO will pay an annual subscription for each financial year commencing 1st April.

14.2 Subscription rates and the operational budget for the following financial year will be approved by the Management Board (generally in January) each year.

14.3 All subscriptions shall become due on 1st April each year and the Management Board shall have the power to suspend or terminate the membership of any Authority whose subscription is not paid by 1st September in that year after a demand in writing has been sent to that member authority. The subscription for that year shall remain duly payable and the provisions of Rule 15 will apply in full.

14.4 The REO will also operate a shareholder reward scheme to enable general operational surplus to be redistributed amongst subscribing authorities or reinvested. Redistribution of a shareholder reward will be pro rata to the subscription paid as a percentage of total subscription and reinvestment of a shareholder reward in other services or activities will be determined by the Chief Executives of membership authorities.

15. Finance and Audit

15.1 The REO is responsible for producing a Consolidated Financial Statement of all activities including that related to the WMC Shell. These Financial Statements will be reviewed by the Management Board; recommended to the REO Membership Group for approval and published on the REO website.

16. Liabilities

16.1 A statement of liabilities both in relation to the WMC Shell and the REO will be included in the Consolidated Financial Statements. Each Authority, whilst it is in membership of the REO undertakes jointly with each of the other constituent Authorities, to underwrite any liabilities that are not ultra vires and have been incurred in the name of and in accordance with the Rules of the REO.

16.2 Liabilities that may be realised during the life of the REO will be met by councils in membership in accordance with their proportion of the overall subscription base applicable at that time.

16.3 Liabilities relating to the WMC Shell will be managed in accordance with the WMC Shell Constitution.

17. Resignation from the REO

17.1 Any Authority wishing to terminate its membership of the REO shall be required to;

- a) serve not less than 12 months' notice in writing to the REO Director to expire on 31st March in any year, and

- b) meet the cost of calculating their share of REO liability at the point of termination, and to make any payment in respect of such liability as calculated in accordance with the provisions of Rule 16 within 6 months of the final day of membership.
- 17.2 The REO will deposit any resignation liability payments in its bank accounts and any motion to use liability deposits shall require at least two thirds of the total votes capable of being cast by the Membership Group.
- 18. Dissolution**
- 18.1 A motion for the dissolution of the REO must be approved by two thirds of the total votes capable of being cast by Authorities in membership at that date.
- 18.2 Upon dissolution, the REO will make arrangements for the transfer of responsibility for the WMC Shell to a third party as agreed by the Authorities in membership at that time.
- 18.3 The apportionment of any remaining liabilities shall be in accordance with the agreed method as set out in Rule 16. Any remaining assets not required to meet the liabilities of the REO shall be distributed to member Authorities of the REO in line with their subscription proportion of the overall subscription base applicable at that time.

Appendix A

WME SCHEME OF DELEGATION & FINANCIAL PROTOCOLS (incorporating WMC Shell; revised July 2014 / January 2016)

WMC Shell	West Midlands Councils Shell Body (administered by West Midlands Employers)
Management Board	WME (REO) Management Board
Director	WME (REO) Director
Assistant Director	WME (REO) Assistant Director
Treasurer	WME (REO) Treasurer; generally the Head of Financial & Business Services
WME Members	Member Representatives of Councils subscribing to WME (the REO)
Host CEO	Chief Executive or their Deputy of the Host Employer

WMC Shell (2013) is renamed West Midlands Employers, and is registered as a Regional Employers' Organisation under the Certification Office; WME is VAT registered and engages Staffordshire County Council as its host employer. WMC Shell is governed by its Constitution (July 2014) and as amended from time to time.

West Midlands Employers is the registered name of the **Regional Employers' Organisation** which is the only service provided through the WMC Shell and the REO is governed by the 'Rules of the REO (revised January 2016)' and as amended from time to time.

This WME Scheme of Delegation sets out the financial management framework for the organisation from April 2016 and may be amended from time to time with the approval of the WME Management Board.

A] Delegations specific to the Regional Employers Organisation

ACTIVITY:	DELEGATION:	USEFUL DOCUMENTS:
REO Annual Work Plan & Budget (WP&B) : <ul style="list-style-type: none"> ▪ General pricing policy services ▪ Preparation of WP&B including annual subscription rates ▪ Approval of REO WP&B including subscriptions ▪ Approval of REO budget reports and revisions within year (reporting key issues and revised budgets to REO Membership) 	Director/AD/Treasurer Director/AD/Treasurer Management Board Management Board	Rules of the REO including Terms of Reference for the Management Board
REO Budget Virements or Amendments: <ul style="list-style-type: none"> ▪ Approval of virements between agreed budget heads up to £20K (report to Management Board) ▪ Approval of virements between agreed budget heads over £20K (report to REO Membership) ▪ Approval of changes to REO operational structure outside agreed WP&B (reporting key issues to REO Membership) 	Director/AD/Treasurer Management Board Management Board	Rule of the REO including Terms of Reference for the Management Board
Emergency or Procurement Approvals: <ul style="list-style-type: none"> ▪ Emergency approvals or variations to procurement policy based on a justification/recommendation from the Director/AD/Treasurer 	Management Board	Rules of the REO including Terms of Reference for the Management Board WME Procurement Policy
Expenditure & Establishment: <ul style="list-style-type: none"> ▪ Approval of expenditure within agreed WP&B up to £50K ▪ Approval to enter into longer term contracts (leases etc) within agreed WP&B OR contracts not in agreed WP&B up to £20,000 ▪ Approval to enter into longer term contracts over £20,000 and contracts not in agreed WP&B ▪ Staffing within agreed WP&B or secured through project funding ▪ Significant changes to Staffing Structure not funded by agreed WP&B ▪ Short term amendments to employment contracts or temporary contracts to facilitate service delivery within the WP&B 	Director/Treasurer Director/Treasurer Management Board Director Management Board Director	Relevant Work Plan & Budget Financial Protocols and Delegated Authorisations (within this Scheme of Delegations)

Insurances Appointment of insurers and provision of appropriate insurance cover for all operational activities	Director/AD/Treasurer	
Bad debt write off and asset disposal <ul style="list-style-type: none"> ▪ up to £5,000 (reporting to Management Board) ▪ over £5,000 (reporting to REO Membership) 	Director/AD/Treasurer Management Board	
Consolidated Annual Reports & Audit: <ul style="list-style-type: none"> ▪ Appointment/dismissal of auditors and scrutiny of finance, propriety and effectiveness of financial systems ▪ Preparation of annual reports and accounts for audit in relation to any business of WMC Shell and its discrete service functions ▪ Approval of annual report and audited accounts ▪ Filing of statutory returns and reports 	Management Board Director / Treasurer Management Board Management Board Director / Treasurer	Rules of the REO including Terms of Reference for the Management Board WMC Shell Constitution
Banking Arrangements: <ul style="list-style-type: none"> ▪ Changes to Banking provision and approval of authorised signatories and related financial delegations ▪ Operational banking and financial management (short term deposits, bank transfers, etc) 	Management Board Director/AD/Treasurer	

B] Delegations specific to the WMC Shell Body

ACTIVITY:	DELEGATION:	USEFUL DOCUMENTS:
WMC Shell Administration and Financial Management <ul style="list-style-type: none"> ▪ Administration of WMC Shell business and coordination of any meetings of the WMC Shell body either physical or virtual ▪ Collection and payment of pension and any other related liabilities arising from time to time (reporting key issues to Members of the WMC Shell) 	Director/Host CEO and Management Board Director/Treasurer	WMC Shell Constitution WMC Supplemental Agreement with WMPF WMC Agreement with Host Employer

Financial Protocols and Delegated Authorisations within the Scheme of Delegation

The Scheme of Delegation provides the accountability framework for financial management. This may be amended from time to time subject to the approval of the Management Board who delegate authority under the following set of Financial Protocols to support the approved Scheme of Delegation and provides scope to ensure segregation of duties wherever practicable within the small REO team of staff.

AS = Authorised signatories; the posts of Host CEO, Director, Assistant Director, Head of Finance, Head of Resourcing and Finance Officer

BH = Budget Holders; delegated responsibility to commit expenditure on agreed activities within the Business Plan up to a value of £1,000

Financial Protocols for Delegated Authority and Segregation of Duties (Ideally different individuals should authorised the purchase order, the invoice and the payment)		
Bank Authorisations:	Invoice Authorisations:	Purchase Order Authorisations:
Host Chief Executive (CEO) / Director / Assistant Director (AD) /Head of Resourcing (HoR) /Head of Finance (HoF)	Host Chief Executive Director Head of Resourcing Finance Officer (up to £10K)	Head of Finance Assistant Director Host CEO / Head of Finance Director / Assistant Director Head of Resourcing Finance Officer (up to £10k) Budget Holders (up to £1k)
Activity	Document	Authorisation Required
Sales Invoices	Sales requisition required to issue invoice signed by originator/budget holder;	Any authorised signatory
Sales Credit Notes	Sales credit requisition required to issue credit note signed by originator/ budget holder;	Any authorised signatory
Service Level Agreements / Contractual Documents	All contractual agreements must be drafted or reviewed by the HoF or legal counsel prior to signature, unless they are based on an approved template; copies of all contractual agreements must be provided to HoF	Any authorised signatory
Purchasing up to £20k	Purchase Requisition (or equivalent level of detail in email) required to issue order signed by originator;	Originating Officer
	Purchase Order up to value of £1,000	Budget Holder
	Purchase Order over £1,000 and up to £19,999 in value	Any authorised signatory
	Purchase Invoices and Supplier Credit Notes	Any authorised signatory
	Purchase Credit Notes	Any authorised signatory

Activity	Document	Authorisation Required
Purchasing over £20k*	Purchase Requisition	Budget Holder
	Purchase Order, Contract or Letter of Engagement	2 Authorised Signatories
	Purchase Invoice	Any authorised signatory
Payments	BACS or Cheque payments up to £19,999	2 Authorised Signatories
	BACS or Cheques payments over £20,000	3 Authorised Signatories
Expenses	Expenses Claims and Petty Cash Claims	Budget Holder up to £1,000 or any authorised signatory
Treasury Management	Approval of commitment to invest in high interest account	HoF + 2 Authorised Signatories
Transfers between REO bank accounts	Transfer Request (email) from HoF / FO	HoF + 1 Authorised Signatory
Transfer of Payroll Funds	Instruction to bank for payroll transfer drafted by HoF or FO	3 Authorised Signatories
Lease / Long Term Contracts (5 yrs or over)	Contract / Lease document	Director + 1 authorised signatory
Small amounts write off on SAGE ledgers up to £100 p.a.	Up to £1 per single incident to a maximum of £100 per annum; SAGE account statement annotated with reason for write off and signature of	HoF or Finance Officer
Write off debts up to £5,000 and notify Management Board	SAGE account statement; annotated with reason for write off and signature of Head of Finance	Director
Write off debts over £5,000 and notify REO Members	Report / request to Management Board with reason for write off and signature of Director	Management Board (report to REO Members)

Procurement over £20,000 requires a formal tender procedure involving the HoF or the FO to ensure compliance to the WME Procurement Policy.

Notes:

1. Funds managed on behalf of other partners or projects are in accordance with these delegations and follow WME processes and protocols; unless specifically required to adopt an alternative set of partner principles or grant conditions required by the funding body.
2. The involvement of the 'Host Chief Executive' in WME delegations will be kept to a minimum.
3. Electronic signatures may be used where absolutely necessary and only in a PDF version when issuing electronically to a third party.