

## **SCHEME OF DELEGATED LEGAL AUTHORITY**

### **Introduction**

1. This Scheme of Delegated Legal Authority ('the Scheme') sets out the authority that Council has delegated to:

- 1.1. Senior members of the School to delegate authority to sign Legal Documents; and
- 1.2. Council members and the School Secretary to execute Deeds and other Legal Documents.

2. This Scheme should be read in conjunction with the School's Procurement Procedure, which sets out arrangements by which members of the School may sign Legal Documents for the purposes of procurement, and which have been approved by the relevant members of staff authorised to delegate authority under this Scheme (see Annex A for the relevant section of the Procurement Procedure).

### **Definitions**

3. For the purpose of this Scheme:

- 3.1. 'Approve' includes the responsibility for ensuring appropriate checks and due diligence on a legal document has been carried-out.
- 3.2. 'Council Member' fulfils the role of Company Director under the Companies Act 2006.
- 3.3. 'Legal Document' means any document, informal or formal, that sets out the terms of a relationship between the School and one or more parties that could be recognised, in whole or in part, as a legally binding relationship. For the purposes of this Scheme, a Memorandum of Understanding, regardless of whether it is legally binding, is included in this definition.
- 3.4. 'School' means the London School of Economics and Political Science (70527).
- 3.5. 'School Secretary' fulfils the role of Company Secretary under the Companies Act 2006.

### **Delegated Authority to Sign Legal Documents**

4. The responsibilities of Council, as the School's governing body under the Charities Act 2011 and Companies Act 2006, are set out in its Terms of Reference

and Standing Orders. While ultimately remaining responsible for the academic and administrative business of the School, Council has, for reasons of practicality through this procedure, decided to delegate authority to:

4.1. The Director and Secretary to delegate authority to members of the administrative staff to sign Legal Documents on behalf of the School. The Director and Secretary may delegate this authority as individuals or by acting together, but always on the condition that:

4.1.1. The extent of, any conditions attached to, and reason/s for the delegation are recorded in writing and kept by the Secretary;

4.1.2. Council is made aware of the extent of, any conditions attached to, and reason/s for the delegation as soon as is reasonably practicable after the delegation has taken place; and

4.1.3 The person to whom authority is delegated:

4.1.3.1. conducts a risk assessment of each Legal Document, or where applicable, a template of a Legal Document approved under this Scheme, before the Legal Document is approved and signed;

4.1.3.2. keeps a record of each risk assessment for the purposes of reporting to Council, and if the business concerns the purchase of goods or services, the Procurement Department; and

4.1.3.3. notifies the Director of Finance of any Legal Document that involves income or expenditure exceeding £500,000 or any contingent liabilities that may need to be recorded in the School's annual accounts, before the Legal Document is approved and signed.

4.2 The Director and Secretary to individually approve and sign all Legal Documents on behalf of the School provided that:

4.2.1. A risk assessment of each Legal Document, or where applicable, a template of a Legal Document approved under this Scheme, is completed before the Legal Document is approved and signed. The completed risk assessment along with the relevant signed Legal Document must be kept by the Secretary, and if the business concerns the purchase of goods or services, the Procurement Department; and

4.2.2. Before approval and signing takes place, the Director of Finance must be notified of any Legal Document that involves income or expenditure

exceeding £500,000, or any contingent liabilities that may need to be recorded in the School's annual accounts.

### **Executing Deeds and Use of the School Seal**

5. It is sometimes desirable, and sometimes required by law, to execute a Legal Document as a Deed. A Legal Document must make clear on its face if it is intended to be a Deed. Use of the School's Seal ('the Seal') is not necessary to execute a Deed, but it may sometimes be desired by one or more of the contracting parties. To ensure the school is compliant with the Companies Act 2006 when it does execute a Deed, Council has delegated authority to:

- 5.1. The Secretary to securely hold the Seal; and
  - 5.2. Any two Council Members to approve, sign and affix the Seal to a Deed and inform the Secretary of their having done so; or
  - 5.3. Any Council Member and the Secretary to approve, sign and affix the Seal to a Deed; or
  - 5.4. Any two Council Members to approve and sign a Deed without the Seal and inform the Secretary of their having done so; or
  - 5.5. Any Council Member and the Secretary to approve and sign a Deed without the Seal; or
  - 5.6. In the absence of a second Council Member and the Secretary from the premises of the School, any Council Member to approve and sign a Deed without the Seal in the presence of a witness, who must attest the Council Member's signature.
6. A risk assessment of a deed must be completed before it is approved and executed. A copy of the risk assessment and the executed Deed must be sent to, and recorded by, the Secretary.

### **Reporting**

7. In addition to reporting each instance of when the Director and Secretary have delegated authority to sign Legal Documents to a person not authorised to do so under this Scheme, the Secretary must provide Council with regular updates of the number and type of Legal Documents that the School is being asked to seal or sign.

End.

## Annex A: Signing Contracts under Section 7 of the School's Procurement Procedure

7.1 The School's Scheme of Delegated Legal Authority sets out who can sign legal documents and execute deeds on behalf of the School. The Scheme must be followed in conjunction with these Procurement Procedures for all of the School's contractual arrangements. It can be found at:

<http://www.lse.ac.uk/intranet/LSEServices/policies/home.aspx>

7.2 Budget Controllers (or nominated Budget Holders) can sign contracts up to a contract value threshold of £100k, providing the contract uses one of the School's Approved templates (see paragraph 7.5 below).

7.3 For Estates division's major capital and building projects, the Budget Controller (or nominated Budget Holders) can sign contracts up to a contract value threshold of £500k, providing the contract uses one of the School's Approved templates (see paragraph 7.5 below).

7.4 The Scheme of Delegated Authority stipulates that a contract risk assessment is required if not using an Approved template (see para 7.5 below for definition). The risk assessment must include confirmation that unapproved terms have been reviewed by LSE Procurement and the supplier selection process followed the School's Procurement Procedures.

7.5 The School's Approved templates are defined as:

- One of the School's own standard sets of terms;
- Approved consortium framework terms (including but not limited to: London Universities Purchasing Consortium (LUPC); Crown Commercial Services (CCS); The Universities Catering Organisation (TUCO));
- Approved model terms for Estates contracts (including but not limited to: JCT, GC Works and NEC);
- Any other contractual terms already approved (in writing) by the Director or School Secretary for use by the School.

7.6 If there is any doubt whether the contract falls under the definition in paragraph 7.5 above, LSE Procurement must be contacted for advice before the contract is signed.

7.7 In situations where a supplier is chosen but contractual terms or pricing have yet to be agreed, 'Letters of intent' should **not** be issued to suppliers. Advice should be requested from LSE Procurement in situations where it is essential to advise the supplier of intention to contract ahead of agreeing terms.

7.8 Whenever possible, no order should be placed with a supplier until a contract has been signed by both parties. If it is impossible to arrange for the contract to be signed before the need for an urgent order, then to reduce the risk:

- The contract must use one of the School's approved templates;

- the terms associated with the contract need to be referenced in the order; and
- if the order exceeds £100k (£500k for Estates division's major capital and building projects), it will require the approval of the School Secretary.

7.9 Contract extensions must be referred to LSE Procurement before contacting the supplier. Any extension to a contract with a value exceeding £100k (£500k for Estates division's major capital and building projects) must be signed by the School Secretary.

7.10 The annual value of a contract awarded to a supplier must not be greater than 30% of the supplier's total annual turnover.

End.

**Document control****Review schedule**

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3 years	October 2019	July 2019

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