

REPORT TO Exeter City Futures Board

Date of Meeting: July 2022

Report of: Interim Managing Director

Title: Report on Governance

1. Key Issues

- 1.1 ECF is in a critical stage in its evolution as set out in the June 2022 Board report, this document sets out a number of recommendations that are essential to the future viability of the organisation.
- 1.2 The Exeter City Council Director, City Transformation, was asked to review governance with a particular focus on the relationships between Exeter City Council (ECC) and Global City Futures (GCF), the only partners currently contributing significant staff resources and funds to ECF.
- 1.3 This review has identified areas weakness in relation to governance and actions recommended to the Board to address them. There are 4 key issues that need the immediate attention of the Board.
- 1.3.1 Board Currently without a Chair
 - 1.3.2 Scheme of Delegation needs updating to reflect the temporary secondment of ECC CEO and Growth Director as Interim Managing Director and secondment of ECC Director.
 - 1.3.3 Previous board agreement for staff employed by GCF to be placed on joint contracts with ECF to be rescinded as no benefit to ECF or staff other than avoidance of VAT payments. Baard partners to revert back to formal secondment agreements for any staff working for ECF.
 - 1.3.4 No formal procurement or other arrangement in place between ECF and GCF for work GCF, as a commercial consultancy may undertake on behalf of ECF partners.
- 1.4 The background and proposed solutions are summarised in the table below with proposed immediate (within a month), short (within 2 months) medium (within 3 months) actions for the Board to consider.

| Governance Issue | Recommended Action | By Whom | By When |
|---|--|-----------|-----------|
| Summary of issue 1 Board currently without a Chair DCC CEO was expected to come on the ECF Board and take on the Chair, however his retirement has recently been announced: to date no alternative nomination has been forthcoming from DCC. The last ECF Board meeting was chaired by KH: this is not a sustainable way forward particularly as KH is no longer a Director of the company. | | | |
| Immediate Action: ECF Board is currently without a chair | 1.1 ECF Board to identify an Interim Chair from amongst the existing Board Directors | ECF Board | July 2022 |
| Short Term Action: DCC has not confirmed its intention to continue to be an ECF partner. | 1.2 ECF Interim Chair to renew invitation and | ECF Chair | Aug 2022 |

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| | rationale for DCC to continue as a critical partner of ECF | | |
| Medium Term Action: Expanding membership of the Board to bring in skills and influence as new Chair. | 1.3 Interim Managing Director to present options for recruiting additional members to the Board | ECF Interim Managing Director | Sept 2022 |
| Summary of issue 2 Scheme of Delegation The ECF Managing Director (a post previously funded by ECC but appointed by GCF on behalf of ECF) post is vacant and has been since 2021. The only ECF appointed staff are those delivering the National Lottery Change Makers Programme and therefore there is no ECF employee able to take on delegated authority from the Board. | | | |
| Immediate Action: ECF is currently without a Managing Director or other senior staff | 2.1 ECF to formally delegate authority to KH as Interim Managing Director to act on behalf of the Board | ECF Board | July 2022 |
| Immediate Action: ECF requires a revised Scheme of Delegation | 2.2 ECF Board to adopt the revised scheme of delegation (July 2022) | ECF Board | July 2022 |
| Summary of issue 3 Joint contracts for GCF and ECF staff Board previously gave in principle agreement for Staff originally employed by GCF to work on joint contracts with ECF/GCF to avoid the need for ECF to pay VAT on work undertaken by GCF on the Exeter Development Fund. Despite ECF Board giving approval in principle to this approach in 2021, it appears there were no delegated powers in place to allow any officer to actually sign joint contracts and in fact whilst staff have signed them none have been signed by an authoring officer from ECF. Legal advice given in June 2022 indicates that the “Joint Contracts” between ECF and GCF is a very unusual situation and probably not a wise situation for ECF partners to be in, given the lack of control over staffing and allocating resources. The situation means there is no real demarcation about who is the actual employer and this is never a good position for an organisation to be in from an employment law perspective. In addition, GCF are invoicing ECF for the time “joint contracted staff “are working on ECF projects resulting in a conflicted arrangement which puts both individual staff and the organisation itself at risk of financial mismanagement. There is no obvious benefit to any employee or ECF from this arrangement; and given the driver appeared to be VAT avoidance this does not appear to be good governance and could lead to reputational risks for ECF Board members. | | | |
| Immediate Action: Joint contracts of employment between GCF and ECF are not to be pursued | 3.1 Interim Managing Director to formally write to GCF explaining staff will not be on joint contracts with ECF | ECF Interim Managing Director | July 2022 |
| Immediate Action: Formal secondment agreements to be in place for partner staff working directly for ECF | 3.2 Interim Managing Director to ensure letters of secondment setting out clear terms, remuneration and deliverables are in place ASAP for all seconded staff | ECF Interim Managing Director | July 2022 |
| Summary of issue 4 No formal procurement or other arrangement in place between ECF and GCF for work GCF, as a commercial consultancy may undertake on behalf of ECF partners. A proposed MoU has previously been drafted but never adopted/signed by the Board. This needs reviewing in the light of the high value work being undertaken by GCF for ECF on the Exeter Development Fund to ensure that procurement and other rules are appropriately followed. | | | |

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| <p>Medium Term Action: Board to agree a formal MoU that sets out clear arrangements for any work undertaken by a partner organisation for ECF Board.</p> | <p>4.1 Interim Managing Director to review proposed MoU for Board members to consider in relation to delivery of ECF projects by partner organisations</p> | <p>ECF Interim Managing Director</p> | <p>Sep 2022</p> |
|---|--|--------------------------------------|-----------------|

2. Scheme of Delegation

2.1 A revised scheme of delegation is appended to this report. Should the Board agree to adopt this the Interim Managing Director will have the delegated authority to take the necessary steps to resolve the issues 2, 3 and 4 listed in section 1.3 by undertaking the actions described in the above table.

3. Recommendations

3.1 The Board is recommended to:

3.1.1 Appoint a current Director as Interim Chair of the ECF Board

3.1.2 Adopt the revised Scheme of Delegation July 222

Exeter City Futures Community Interest Company

Scheme of Delegated Authority July 2022

Purpose

This Policy is to ensure the maintenance of appropriate controls in the management of Exeter City Futures Community Interest Company by identifying the financial and non-financial delegations made by the Exeter City Futures Board to the Managing Director (including any person acting temporarily in that role) and other personnel.

All delegations are subject to approved Policy, Board Resolutions, Strategy, Business Plans and Budgets.

1. Financial Delegated Authority

The Board has ultimate accountability for the financial management of Exeter City Futures Community Interest Company, ensuring that it meets regulatory and legal requirements including the additional reporting as a Community Interest Company.

The Exeter City Board through this Delegated Authority Policy has established Delegated Authority Limits to the budgeted and unbudgeted expenditure authority of the Managing Director and other personnel.

1.1 Delegated Authority to Managing Director

The Managing Director has the delegated authority of the Board for the ongoing management of Exeter City Futures in accordance with the Operational Plan.

1.2 Delegated Authority Limits

The Managing Director is delegated to:

- Commit or incur budgeted expenditure not exceeding £100,000 for any single transaction, or for the total of each individual order or commitment.
- Commit or incur unbudgeted expenditure not exceeding £5,000 for any single transaction, that is for the total of each individual order or commitment
- Tender or apply for funding or grants of up to £1,000,000
- Have and control a Business Debit Card with an expenditure limit of £1,500 for any single transaction.

- Carry out financial transactions as resolved and directed by the Exeter City Futures Board.

Authority limits may be delegated to anyone as set out in the schedule except as specifically stated or as otherwise permitted in accordance with section 1.3.

The Delegated Authority must be exercised in accordance with Delegated Authority General Policy in section 1.6.

1.3 Delegation of Authority to other personnel

Commitments and transactions can be approved by other personnel, where documented and agreed as per the schedule below:

| Named Personnel | Approval Limit |
|--|----------------|
| Jo Yelland – Director of City Transformation (seconded from ECC) | £100,000 |
| Elaine Anning – Operations Director (seconded from ECF) | £10,000 |
| Carly Mays- Project Manager Change Makers Programme | £1,000 |

1.4 Delegation of Authority to other personnel

It is emphasised that commitments and transactions cannot be approved by other personnel, except where there has been an agreed delegation of authority.

1.4.1 Specific Project Authority

The Managing Director can delegate authority to named individuals on funded projects in accordance with this policy and the requirements of the funding body. Staff with delegated authority for specific funded projects are recorded in [Annex 1](#).

1.4.2 Temporary Authority

Temporary authority may be designated whenever an individual with approval authority will be out of the office for prolonged periods. The temporary authorisation is to be in writing and specify the effective length of time, and must be approved by the Managing Director or a Member of the Exeter City Futures Board.

1.5 Access to Lloyds Bank account to complete payments

Once transactions have been approved in the finance system in accordance with this financial DOA policy, payments to suppliers are made from the Exeter City Futures Bank account.

Lloyds Bank recommended that all transactions made within accounts are approved by a minimum of two approvers. No single individual will be able to authorise bank payments singularly.

The Exeter City Futures Board will agree who is authorised to access to the Exeter City Futures bank account(s) and to create and approve payments online.

The members of the Exeter City Futures team who are authorised to raise and approve payments via the banking system are listed in Annex 2.

1.6 Delegated Authority General Policy

All purchases and disbursements made by Exeter City Futures must be made exclusively for the benefit of delivering the purpose of Exeter City Futures and in a manner which is fair, objective and financially sound. All purchases must comply with relevant procurement guidelines in Exeter City Futures' [procurement policy](#). This policy applies to purchases of capital items and operating costs and related commitments, both budgeted and unbudgeted.

1.7 Delegated Authority Controls

The Managing Director is to ensure that financial and procedural controls are maintained to ensure adherence to these Delegated Authority Limits and the Delegated Authority General Policy. The finance and banking process can be viewed [here](#).

2. Non-Financial Delegated Authority

The Exeter City Board through this Delegated Authority Policy has established Delegated Authority Limits to the authority of the Managing Director to speak on behalf of Exeter City Futures.

2.1 Delegation of Authority to Managing Director

The Managing Director has the delegated authority of the Board to deliver the objectives of Exeter City Futures in accordance with the Operational Plan.

2.2 Delegated Authority Limits

The Managing Director is delegated to:

- Act on behalf of, and represent Exeter City Futures Community Interest Company in the public arena including the media
- Act on Board resolutions to ensure they are carried out as intended
- Act as line manager of staff provided by Member Organisations including setting objectives and managing performance
- Proceed with handling any grievances or complaints procedures (including data protection) in accordance with adopted policies (noting that the Board should be notified of any incidents that could be damaging to the reputation)

- Select appropriately qualified and experienced personnel working within the Exeter City Futures organisations to represent the work of Exeter City Futures in public.

2.3 Delegation of Authority to other personnel

The Managing Director may give designated authority to the Director, City Transformation (seconded from ECC) or a suitably qualified individual as they see fit and with approval by a Member of the Exeter City Futures Board.

If the Managing Director or Director City Transformation (seconded from ECC) are to be out of the office for prolonged periods (or are unavailable in an emergency) temporary authority may be designated to a suitably qualified individual by a Member of the Exeter City Futures Board.

Annex 1 – Project Managers with Delegated Authority

The following personnel have delegated authority to approve project specific spend so long as it is in line with the agreed budgets for these projects:

The National Lottery Change Makers Programme:

Carly May – Community Engagement Manager

The Exeter Development Fund:

Jo Yelland, Director City Transformation

Annex 2 – Lloyds Bank Online Users & Payment Approvers

Elaine Anning – Operations Director (seconded from ECF)

Georgie Ruddy – Administrator (seconded from ECF)