

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 - 1.3.3 Previous board agreement for staff employed by GCF to be placed on joint contracts with ECF to be rescinded as no benefit to ECF or staff other than avoidance of VAT payments.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

	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.			

<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