



## Executive Board Cover Sheet 17 June 2019

Paper EB6.10.3.1

<b>Security Level:</b>	Confidential	Restricted	Unclassified <input checked="" type="checkbox"/>	Commercially Sensitive
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<b>Meeting &amp; Date:</b>	Midlands Engine Executive Board		
<b>Subject:</b>	Governance		
<b>Attachments:</b>	None		
<b>Author:</b>	Accountable Body	<b>Total no of sheets:</b> (incl. cover sheet)	

<b>Papers are provided for:</b>	Approval	Discussion <input checked="" type="checkbox"/>	Information
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<b>Summary &amp; Recommendation:</b>
<b>Summary</b> This report sets out on behalf of the Accountable Body of the Midlands Engine: <ul style="list-style-type: none"><li>• Financial summary at year end 2018/19</li><li>• Spend for 2019/20</li><li>• Staffing position</li></ul>
<b>Recommendation</b> To note summary and actions required, including: <ol style="list-style-type: none"><li>1. To note the carryover of £2,081,944 from 2018/19 to 2019/20.</li><li>2. To determine what further action needs to be taken in relation to outstanding contributions.</li><li>3. To finalise the reallocation of budget for the new financial year.</li><li>4. To note current staffing situation</li></ol>

## 1. Financial Summary

### End of Year Position

As detailed in table 1 below, the end of year out turn position at the 31<sup>st</sup> March is £2,081,944 underspent, which once commitments carried forward are deducted leaves £1,447,919 to be carried forward into the new financial year to support the core running costs until additional funding is approved.

LEP/Local authority partner contributions for the year, totalled £280,000 which meant that £340,000 remained outstanding at the end of the year. The AB has continued to work with partners to secure additional payments, and since April, one additional contribution has been made, and a further three have indicated their commitment to pay. It is unlikely that any additional payments will be received without further action, which needs to be agreed by the Operating Board.

As detailed in table 2, no spend, other than the procurement costs, was incurred in either the mental health or ESOL programme in 2018/19, therefore the budget and commitment will also be carried over into the new financial year.

**Table 1: Core funding end of year position 2018/19**

	2017-19 Budget	2017-18 Actuals	2018-19 Actuals	Total Spend 2017 - 2019	Outstanding Commits	Total Actual / committed spend
<b>Central Programme costs</b>						
Staff costs	£731,071.00	£242,489.80	£459,365.82	£701,855.62	£0.00	£701,855.62
Consultancy, research and analytical support costs	£243,928.00	£324,750.89	£148,781.01	£473,531.90	£0.00	£473,531.90
Accountable Body Costs	£200,000.00	£115,513.00	£68,993.31	£184,506.31	£0.00	£184,506.31
<b>Total</b>	<b>£1,174,999.00</b>	<b>£682,753.69</b>	<b>£677,140.14</b>	<b>£1,359,893.83</b>	<b>£0.00</b>	<b>£1,359,893.83</b>
<b>Marketing and Comms</b>						
Marketing Operations	£325,000.00	£340,705.50	£276,548.10	£617,253.60	£149,025.00	£766,278.60
Campaign	£500,000.00	£0.00	£423,120.00	£423,120.00	£0.00	£423,120.00
<b>Total</b>	<b>£825,000.00</b>	<b>£340,705.50</b>	<b>£699,668.10</b>	<b>£1,040,373.60</b>	<b>£149,025.00</b>	<b>£1,189,398.60</b>
<b>Strategic Priority project development and initial delivery</b>						
	£2,500,000.00	£155,000.00	£504,653.77	£659,653.77	£235,000.00	£894,653.77
<b>Total</b>	<b>£2,500,000.00</b>	<b>£155,000.00</b>	<b>£504,653.77</b>	<b>£659,653.77</b>	<b>£235,000.00</b>	<b>£894,653.77</b>
<b>Regional Economic Observatory</b>						
	£250,000.00	£0.00	£0.00	£0.00	£250,000.00	£250,000.00
<b>Total</b>	<b>£250,000.00</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£250,000.00</b>	<b>£250,000.00</b>

<b>TOTAL EXPENDITURE</b>	<b>£4,749,999.00</b>	<b>£1,178,459.19</b>	<b>£1,881,462.01</b>	<b>£3,059,921.20</b>	<b>£634,025.00</b>	<b>£3,693,946.20</b>
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Income	2017-19 Budget	2017-18 Actuals	2018-19 Actuals	Total Income 2017 - 2019		
Net Income B/f from 16/17	1,232,950.00	1,232,950.00	0.00	1,232,950.00		
Midlands Engine - DCLG	3,250,000.00	1,212,500.00	2,037,500.00	3,250,000.00		
LEP/LA contributions	1,240,000.00	360,000.00	280,000.00	640,000.00		

Other			18,915.65	18,915.65		
<b>TOTAL INCOME</b>	<b>5,722,950.00</b>	<b>2,805,450.00</b>	<b>2,336,415.65</b>	<b>5,141,865.65</b>	<b>0.00</b>	<b>0.00</b>
<b>Overall balance</b>				<b>2,081,944.45</b>	<b>634,025.00</b>	<b>1,447,919.45</b>

**Table 2: Grant funding end of year position 2018/19**

	2017-19 Budget	2017-18 Actuals	2018-19 Actuals	Total Spend 2017 - 2019	Outstanding Commitments	Total Actual / committed spend
<b>Government Programmes</b>	<b>£2,013,000.00</b>	<b>£0.00</b>	<b>£5,000.00</b>		<b>£1,913,000.00</b>	<b>£2,013,000.00</b>
Mental Health funding	£950,000.00		£0.00		£950,000.00	£950,000.00
AB	£50,000.00		£0.00		£50,000.00	£50,000.00
ESOL	£963,000.00		£0.00		£963,000.00	£963,000.00
AB	£50,000.00		£5,000.00		£45,000.00	£50,000.00
<b>Total</b>	<b>£2,013,000.00</b>	<b>£0.00</b>	<b>£5,000.00</b>		<b>£2,008,000.00</b>	<b>£2,013,000.00</b>
<b>Income</b>	<b>2017-19 Budget</b>	<b>2017-18 Actuals</b>	<b>2018-19 Actuals</b>	<b>Total Income 2017 - 2019</b>		
ESOL - DFE	1,013,000.00		1,013,000.00		0.00	1,013,000.00
Mental Health	1,000,000.00		1,000,000.00		0.00	1,000,000.00
<b>TOTAL INCOME</b>	<b>2,013,000.00</b>	<b>0.00</b>	<b>2,013,000.00</b>		<b>0.00</b>	<b>2,013,000.00</b>
<b>Overall balance</b>			<b>2,008,000.00</b>	<b>0.00</b>	<b>2,008,000.00</b>	<b>2,008,000.00</b>

## Financial Year 2019/20

The current financial position for the 2019/20 is provided in table 3. As outline above, the budget carried forward amounts to £2,081,944 spend to date £132,762.29 along with a number of existing and new commitments totalling £1,167,787 at the 7<sup>th</sup> June 2019, leaving £801,394 remaining to spend.

A new budget for the remaining allocation has been submitted to government and is awaiting approval, therefore this cannot be formally submitted to the AB. As soon as this is confirmed, the budget will be amended to reflect the allocations.

As outlined in table 4 the ESOL and Mental Health programme are now fully procured and contracted, and have moved into delivery. The first payments for the ESOL programme are now being processed.

**Table 3: Core Funding 2019/20**

	Budget 2019 - 20	2019-20 Actuals	2019/20 Commitments	Total spend 2019-20
<b>Central Programme costs</b>				
<b>Staff costs</b>	0.00	£55,211.98	£218,627.15	£273,839.13
<b>Consultancy, research and analytical support costs</b>	0.00	£0.00	£0.00	£0.00
<b>Accountable Body Costs</b>	0.00	£0.00	£100,000.00	£100,000.00
<b>Total</b>	0.00	£55,211.98	£318,627.15	£373,839.13
<b>Marketing and Communications</b>				
<b>Marketing Operations</b>	0.00	£6,030.20	£176,160.80	£182,191.00
<b>Campaign</b>	0.00	£0.00	£0.00	£0.00
<b>Total</b>	0.00	£6,030.20	£176,160.80	£182,191.00
<b>Strategic Priority project development and initial delivery</b>				
	0.00	£71,520.11	£423,000.00	£494,520.11
<b>Total</b>	0.00	£71,520.11	£423,000.00	£494,520.11
<b>Regional Economic Observatory</b>		£0.00	£250,000.00	£250,000.00
<b>Total</b>	0.00	£0.00	£250,000.00	£250,000.00
<b>TOTAL EXPENDITURE</b>	£0.00	£132,762.29	£1,167,787.95	£1,300,550.24
<b>Income</b>				
<b>Net Income B/f from 2018/19 including commitments</b>	2,081,944.45	2,081,944.45	0.00	2,081,944.45
Midlands Engine - DCLG		0.00	0.00	0.00
LEP/LA contributions		20,000.00	0.00	20,000.00
<b>TOTAL INCOME</b>		2,101,944.45	0.00	2,101,944.45
<b>Overall balance</b>	2,081,944.45	1,969,182.16	1,167,787.95	801,394.21

**Table 4: Grant Funded Programmes 2019/20**

Expenditure	Budget 2019 - 20	2019-20 Actuals	Outstanding Commitments	Total spend 2019-20
<b>Government Programmes</b>	<b>2,008,000.00</b>	<b>£86,389.99</b>	<b>£1,826,610.01</b>	<b>£2,008,000.00</b>
Mental Health funding	950,000.00	£0.00	£950,000.00	£950,000.00
*Accountable Body – contract management	50,000.00	£0.00	£50,000.00	£50,000.00
ESOL	963,000.00	£199,460.84	£763,539.16	£963,000.00
*Accountable Body – contract management	45,000.00	£0.00	£45,000.00	£45,000.00
<b>Total Expenditure</b>	<b>2,008,000.00</b>	<b>£199,460.84</b>	<b>£1,808,539.16</b>	<b>£2,008,000.00</b>
<b>Income</b>				
ESOL	1,008,000.00	0.00	0.00	0.00
Mental Health	1,000,000.00	0.00	0.00	0.00
<b>Total Income</b>	<b>2,008,000.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

<b>Overall balance</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
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Note - AB fees for the Government Programmes \*Mental Health and \*ESOL sit outside the scope of the original AB agreement.

## 2. Staffing Position

The previous Programme Director, left the Midlands Engine on the 20<sup>th</sup> May.

Following a robust recruitment process, involving members of the Operating Board, a new appointment has now been made. Rachael Greenwood, started in the role on a consultancy basis, week commencing 20<sup>th</sup> May.

Rachael has a wide range of experience leading regional and national partnerships driving economic growth, including having worked as a Group Director for a Government agency in Scotland for 4 years, and having held a range of roles within local government and other agencies.

Two additional posts (Executive Assistant and Communications and Events Officer) within the secretariat team became vacant at the end of March following the end of fixed term contracts.

Due to capacity issues, additional temporary administration support has also been put into place to support the team.

The table below, details the posts within the current structure and their status. The Accountable Body is working with the Programme Director and Chair to increase short term capacity and review and reshape the secretariat team, within the constraints of the budget allocation over the next few weeks.

<b>Role</b>	<b>Current situation</b>
3. Programme Director	Consultant in post
4. Head of Communications	Consultant in post
5. Senior Executive Officer	In post
6. Business Support	In post
7. Executive Officer – Trade and Investment	Consultant in post
8. Programme Development Manager	Consultant in post
9. Communications and Marketing Officer	vacant
10. Exec Assistant to Senior Team	vacant
11. Private Secretary to the Chair	Vacant
12. Executive Officer - Innovation	vacant

### **Accountable Body**

Over recent weeks, the accountable body has also reviewed the effectiveness of the services it provides to the Midlands Engine. A new structure has been implemented within the accountable body team and processes and procedures changed to improve efficiency and effectiveness.

The Accountable Body is also working with MHCLG and the secretariat team, on the implementation of actions following the annual performance review, a progress report on which will be brought to the Operating Board once finalised.

### **Ian Curryer**

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