



Management Group Meeting

12.00noon, Friday 8th March 2024

MS Teams

AGENDA

1. Apologies
2. Declarations of Interest
3. Minutes of meeting held on 24th November 2023*
4. Matters Arising
5. Chair's Report * (Cllr Martin Hill)
6. Budgets and Financial Control 2023/2024 * (Cllr Sarah Russell)
7. Draft Base Budget 2024/25 to 2025/26 * (Steve Charlesworth)
8. Performance Management * (Cllr David Bill)
9. Corporate Governance * (Cllr Tricia Gilby)
10. Conduct and Standards * (Cllr Jewel Miah)
11. Executive Board (22nd March 2024)
12. Any Other Business

*** Papers attached**



**EAST MIDLANDS COUNCILS
MANAGEMENT GROUP MEETING
MINUTES OF THE MEETING HELD ON 24TH NOVEMBER 2023**

Present: Cllr Martin Hill - Lincolnshire County Council
Cllr Sarah Russell – Leicester City Council
Cllr Tricia Gilby – Chesterfield Borough Council
Cllr Matthew Relf – Ashfield District Council
Cllr Jewel Miah – Charnwood Borough Council
Cllr Phil King – Harborough District Council
Cllr David Bill – Leicestershire County Council

Stuart Young - East Midlands Councils
Steve Charlesworth – East Midlands Councils
Lisa Hopkins – East Midlands Councils

Apologies: Cllr Alex Dale – Derbyshire County Council
Cllr Kate Foale – Nottinghamshire County Council

		ACTION
1.	Apologies	
1.1	Apologies were received from Cllr Alex Dale and Cllr Kate Foale	
2.	Declarations of Interest	
2.1	Cllr Martin Hill declared an interest in land to the edge of Melton Mowbray.	
3.	Minutes of the meeting held on 8th September 2023	
3.1	These were confirmed as a true and accurate record.	
4.	Matters Arising	
4.1	Stuart Young updated Members in relation to the notice of Ashfield District Council to withdraw from EMC membership. Stuart has discussed the matter	

		ACTION
	with the Chief Executive and confirmed that any notice to withdraw from membership would take effect from 31 st March 2025 in accordance with constitutional provisions. Stuart will continue to work with the Chief Executive and Members.	
4.2	Cllr Matthew Relf feels this is resolvable although he thinks there is a need to explain the value added of EMC and its membership. He suggests there is a need to report back on what EMC are doing to all members.	SY
4.3	Cllr Phil King proposes Leaders and Political Group Leaders should also be promoting back within their own councils along with members.	
4.4	Stuart confirmed that returns have been submitted in relation to the membership questionnaire and a summary report has been produced. These findings will be fed-back at the next meeting into a business planning report.	
5.	Chair's Report	
5.1	Cllr Martin Hill highlighted areas from his report.	
	<u>King's Speech</u>	
5.2	Stuart Young confirmed there was little detail of significance to the sector. However, of note was reference to the Levelling Up and Regeneration Act. The planning implications of this Act will be discussed at the next meeting of the Executive Board, and supported by Hugh Richards KC, senior planning barrister. Stuart also highlighted the member event on 8 th December.	
5.3	Cllr Matthew Relf highlighted concerns on provisions relating to the boycotting of goods that challenges local discretion.	
5.4	Cllr Jewel Miah highlighted the proposed changes to planning fees and charges. He also highlighted the proposed additional investment zone for the East Midlands.	
5.5	Stuart Young informed members that Local Government Employers were not consulted in relation to the proposed changes to the level of the national living wage.	

		ACTION
5.6	Stuart stated that the location of the Investment Zone is still to be confirmed and have not yet received a huge amount of detail.	
5.7	Cllr David Bill enquired around the A5 improvements and asked whether there is any indication where these improvements will take place.	
5.8	Stuart Young will check on this and report back.	SY
5.9	Cllr Phil King stated the expectation is that are going to hear about a level 2 deal in Leicester and Leicestershire.	
5.10	Stuart Young stated his understanding is that Leicester, Leicestershire and Rutland have had a number of discussions in relation to tier 2 proposals.	
5.11	Members discussed and agreed Cllr Jason Smithers as the regional nomination to LGA Executive Board. EMC to confirm with LGA colleagues,	SY
5.12	<p><u>Resolution</u></p> <p>Members of the Management Group:</p> <ul style="list-style-type: none"> ▪ Considered the issues contained within the report. ▪ Considered and endorsed the nomination of Cllr Jason Smithers, Leader of North Northants Council, to be the regional nomination onto the LGA's Executive Board. 	
6.	Budgets and Financial Control	
6.1	Steve Charlesworth introduced this report and confirmed that budgets remain largely on target. Home Office and DLUHC grant has not been paid in full.	
6.2	Steve informed members that EMC lacks a formal reserves policy, and this has been highlighted by audit. Nevertheless, the level and use of reserves is regularly reported to Management Group. A draft policy will be presented to the next meeting of Management Group.	
6.3	Members were informed of the need to upgrade EMC's website which will cost approx. £22,000. It is proposed that this is funded from the renewals reserve.	

		ACTION
6.4	Stuart Young confirmed that notwithstanding the delay in receiving Home Office grant, there are no concerns regarding payment.	
6.5	Cllr Matt Relf asked whether there is anything around the function of the website and its purpose that needs to be developed.	
6.6	Stuart confirmed there are a number of reflections and in particular around bookings and events. A tendering process has been undertaken and EMC's IT supplier are being used as a specialist adviser. Cllr Relf offered assistance with this should any technical assistance be needed.	
6.7	<p><u>Resolution</u></p> <p>Members of the Management Group:</p> <ul style="list-style-type: none"> ▪ Noted the actual financial position for the period to October 2023 and the associated forecast outturn to 31st March 2024. ▪ Considered an interim Reserves Policy which will be considered in more detail during the budget setting process for 2024-25/2025-26. ▪ Approved the upgrade of the EMC website at a cost of £22,000 to be funded from the Renewals Fund. 	
7.	Performance Management	
7.1	Cllr David Bill introduced this report and confirmed the business plan KPIs are on-track to be delivered.	
7.2	Cllr Jewel Miah asked whether the full EMC meetings could be hybrid meetings to encourage higher attendance.	
7.3	Cllr Hill confirmed all other Board meetings are held virtually and feels the full EMC Meetings are a good networking opportunity.	
7.4	Stuart confirmed this can be looked at and will be discussed prior to the next meeting.	SY/LH

		ACTION
7.5	<p><u>Resolution</u></p> <p>Members of the Management Group considered current progress in meeting agreed key performance indicators for 2023/24.</p>	
8.	Corporate Governance	
8.1	Cllr Tricia Gilby introduced this report and confirmed there are no significant issues.	SY
8.2	Stuart Young highlighted potential risk to grant funding, given departmental expenditure pressures and risk is clawback of grant. Stuart is currently looking to make sure all spend is up to profile.	
8.3	<p><u>Resolution</u></p> <p>Members of the Management Group:</p> <ul style="list-style-type: none"> ▪ Considered and endorsed EMC’s External Financial Audit – Draft Statement of Accounts 2022-23. ▪ Considered the changing nature of, and the approach to, the management of organisational risk. ▪ Noted developments in relation to the internal audit review. 	
9.	Conduct and Standards	
9.1	Cllr Jewel Miah introduced this report. He highlighted that there are currently 2 member declarations of interest outstanding.	
9.2	<p><u>Resolution</u></p> <p>Members of the Management Group noted the contents of the report.</p>	
10.	Executive Board – 15th December 2023	
10.1	Members discussed and agreed on the agenda for the forthcoming Executive Board meeting on 15 th December 2023. The following reports will be included in the papers:	

		ACTION
10.2	<ul style="list-style-type: none"> ▪ Standing reports - asylum & refugee resettlement, Network North, Living Wage and local government pay settlement. ▪ Flooding concerns, Norman Robinson from Environment Agency attending. ▪ Levelling Up and Regeneration Act – Hugh Richards attending. <p>Cllr David Bill felt it would be useful to have a summary of where councils are financially. Stuart will include reference to the local government provisional financial settlement this in the Chairs report.</p>	
10.3	Members agreed to hold the meeting virtually.	
11.	Any Other Business	
11.1	None.	



Management Group

8th March 2024

Chair's Report

Cllr Martin Hill OBE

Summary

This report provides a summary of a number of issues of significance to the organisation.

Recommendations

Members of Management Group are invited to consider the issues contained within this report.

1. Budget

- 1.1 The 2024 spring Budget will take place on Wednesday 6th March.
- 1.2 There is speculation over potential changes to inheritance taxes, fuel duty, and childcare provision, but of more relevance to the sector could be changes to spending plans. The Chancellor may choose to spend his headroom at the autumn statement on tax cuts, while leaving public services budgets unchanged in cash terms. Higher-than-expected inflation means those budgets are now worth less than when the government first allocated them.
- 1.3 The pressures upon the sector are becoming increasingly obvious and acute; 3 councils have recently issued Section 114 notices, and a further 9 have requested 'exceptional financial support'.
- 1.4 The Government did respond by allocating an additional £600m in January, though it would require an additional £1.7bn to bring spending power back in line with the real terms plans originally laid out in 2021.
- 1.5 The NHS is also struggling financially. The government has already allowed the service to reallocate some of its capital budget to day-to-day spending, but that has not stopped a forecast overspend of £700m+ in 2023/24.
- 1.6 Given these immediate pressures and ongoing high inflation, the government might decide to adjust spending plans for 2024/25, the final year of the current spending review period.
- 1.7 The next spending review period is worse still. The government has pencilled in 1% annual real terms spending increases for all departments. But the OBR calculates that existing commitments on the NHS, foreign aid, defence and childcare imply average annual real spending cuts of -2.3% in real terms for other services starting from April 2025. This rises to a cut of 4.1% if the government's 'ambitions' on increasing defence and official development assistance spending to 2.5% and 0.7% of GDP, respectively, are met. It is not clear as to what extent the Chancellor will provide details of how the government plans to meet those spending cuts.
- 1.8 A verbal update will be provided at the Management Group meeting.

2. Executive Board

- 2.1 The next meeting of EMC’s Executive Board is 11am, Friday 22nd March. It will be an in-person meeting, attended by Cllr Shaun Davies (Chair, LGA), and held at Nottinghamshire County Council.

3. Other updates

Westminster APPG Event

- 3.1 EMC, through TfEM, held a successful APPG Westminster event (Portcullis House) to promote the delivery of strategic infrastructure schemes in the region, attended by over 70 MPs, Council and business representatives.
- 3.2 The event, sponsored by East Midlands Railways and Browne Jacobson, saw the formal publication of the APPG review and updated joint priorities document between TfEM and Midlands Connect.

Local Transport Funding Allocations

- 3.3 On 26th February 2024 DfT announced a number of local transport funding allocations. The funding covers the period 2025 to 2026 until 2031 to 2032 and will be used in line with the 3 priorities:
- Drive better connectivity within our towns, suburbs and cities.
 - Drive better connectivity between our towns and cities.
 - Improve everyday local journeys for people.
- 3.4 Funding allocations for EM LTAs is set out below. The EMCCA will receive a City Region Sustainable Transport Settlement (CRSTS) from CRSTS2. Therefore, Derby, Derbyshire, Nottingham and Nottinghamshire have not been included in LTF funding allocations, which are intended for areas outside the scope of CRSTS settlements.

Local authority	Current ITB allocation per year (£000)	Additional LTF funding over 7 years from 2025 to 2026 until 2031 to 2032 (£000)
Leicester	2,576	159,559
Leicestershire	2,750	238,154
Lincolnshire	3,337	262,339

Local authority	Current ITB allocation per year (£000)	Additional LTF funding over 7 years from 2025 to 2026 until 2031 to 2032 (£000)
North Northamptonshire	1,551	149,208
Rutland	462	49,341
West Northamptonshire	1,550	162,831

Midlands Rail Hub

- 3.5 On 29th February 2024, DfT announced £123m funding for the Midlands Rail Hub to increase services between Birmingham and Cardiff, Bristol, Cheltenham, and Worcester.
- 3.6 Proposals to improve services to the East Midlands are not included in the announcement and will be subject to a further study concluding in mid-2025 which will also consider how best to use spare capacity at the new Birmingham Curzon Street - which will now be less than half full because of the cancellation of HS2 to Manchester and the East Midlands.
- 3.7 TfEM issued an ‘on-the-day’ response to the MRH announcement as follows:
“Whilst we welcome this funding, there must also be investment to improve rail services between the West Midlands and Derby, Leicester, and Nottingham.”
“Existing services from the East Midlands to Birmingham are slow and infrequent and there are no direct trains to Coventry at all.”
“The East Midlands continues to receive the lowest level of transport funding per head of any UK region or nation and has the highest level of car dependency in the country.”

East Midlands Combined Authority

- 3.8 That authority is now officially a legal entity after the East Midlands devolution deal was signed into law on Tuesday 27th February. The elections for the combined authority mayor will be held on 2nd May 2024.
- 3.9 East Midlands Mayor candidates are as follows:
 Cllr Ben Bradley (Conservative)
 Cllr Alan Graves (Reform Party)
 Cllr Matthew Relf (Independent)
 Cllr Frank Adlington-Stringer (Green Party)
 Claire Ward (Labour)

Greater Lincolnshire Combined Authority

- 3.10 All three councils have agreed and adopted the Greater Lincolnshire Devolution Proposal. The resulting public consultation has now ended, and the results are being independently analysed and reported upon.
- 3.11 Mayoral elections are scheduled for 2025.

4. Recommendation

- 4.1 Members of the Management Group are invited to consider the issues contained within this report.

CLlr Martin Hill OBE
Chair
East Midlands Councils



**Management Group
8th March 2024**

Lead Member Report

Audit and Finance Control

Budget Monitoring Report Period - April 2023 to March 2024

Summary

This report presents the accounts for the period April 2023 to January 2024.

This is the third set of management accounts presented to Management Group for the financial year 2023/24 continuing the format including the main budget heads, specifically: Core Services, Contracts and Grants, Consultancy, Member Learning and Development, Fee Paying Events and Services.

Recommendation

Members of the Management Group are invited to:

- Note the actual financial position for the period to January 2024 and the associated forecast outturn to 31st March 2024.
- Approve a formal Reserves Policy as outlined in paragraphs 8.1 - 8.4.
- Agree to the approach to re-invest a sum by means of a fixed term investment when the prevailing interest rates are more advantageous to do so.

1. Key Points

- 1.1 The budget surplus of £8,400 was set for 2023/24. The forecast for March 2024 is that this will reduce to a surplus of £400 which is due to lower levels of anticipated income in relation to Consultancy and Members' Development Events.
- 1.2 Since the budget was set in March 2023 the Home Office Migration related Grants shows a significant increase from last year from £271,000 to £393,000 and the DLUHC has introduced a new Ukraine UASC Grant of £75,242 and the necessary changes have been made to the budget and are detailed in paragraph 4.2 of this report. There is no impact on the surplus.
- 1.3 The longer-term resilience and sustainability remain uncertain as the Midlands Connect contracted income is only secured on a one-year basis, as is the Rail Collaboration Scheme. While there is on-going commitment to fund asylum and refugee resettlement, and longer terms arrangements are being discussed, current Home Office and DLUHC grants are 12 months up to March 2024 and July 2024, respectively.
- 1.4 This report, and appendices, highlights the current financial position at a summary level and for each of the cost centres, together with an end of year forecast. Actuals to the end of July include only 'banked' or 'committed' savings and/or additional income invoiced at this time, while Staff costs include the January payroll figures.

2. Financial Report Period Ending January 2024

- 2.1 The financial statements, attached as Appendix 6(a) to (f), details the financial position for the period up to the end of January 2024. It also provides a forecast for the outturn as of 31st March 2024.
- 2.2 The staffing budgets and charges are allocated to each cost centre based on the estimated time spent by staff on each activity.
- 2.3 Corporate staff, those not working on specific grant funded projects, and other corporate costs are allocated on an agreed percentage basis across all 5 key areas of work. The corporate staff costs have been assimilated into the staffing costs for each cost centre together with the other corporate costs (rent, service level agreements, etc.) and are shown as overhead costs across all cost centres.

3. Staffing

- 3.1 The staffing budget now stands at £1,343,600 which includes any associated incremental payments and a pay award which was effective from April 2023, and includes additional costs as a result of the new grants.

4. Income

- 4.1 Income to East Midlands Councils is split between:

- Membership Subscriptions.
- Grants and Contracts, of which there are six: Migration Grant, Vulnerable Persons' Resettlement Grant, Unaccompanied Asylum Seeking Children's (UASC) Grant, English as a Secondary or Other Language (ESOL) Grant, Hong Kong (Nationals) Grant, Homes for Ukraine Grant and Afghanistan Grant which are all funded by the Home Office or DULCH; Midlands Connect and Rail Collaboration Project, both of which are secured through contracts.
- Earned Income, which consists of a mix of consultancy work, services, events and courses provided to member authorities.

- 4.2 An increased level, and number, of grants is incorporated in the budget figures though actual spend against these new figures lag behind due to the time required to recruit new staff and set up projects that meet the terms of these grants.

- 4.3 Membership Subscriptions reflects a membership of 40 County, Unitary and District local authorities, together with 3 other authorities (two Fire and Rescue and a Town Council) for 2023-24.

5. Direct Costs

- 5.1 Direct costs relate to, and are charged directly to, cost centres from source, they include: room hire, catering, professional fees, travel costs/mileage and event publicity costs.

6. Corporate Costs

- 6.1 These costs include premises rent; computer and office equipment; service level agreements; external / pension valuation costs; publicity / website costs; telephone, stationery, printing and materials.

- 6.2 The costs of these are initially charged in full to the Core Funds cost centre and then apportioned across all cost centres as overhead costs, though the largest proportion is retained within core services.
- 6.3 The allocation of corporate costs charged as overheads to cost centres totals £82,900 which is greater than last year and reflects the new charge by the Government to cover the running costs of the Certification Office.

7. Rechargeable Items

- 7.1 In addition to all costs and income associated with the five cost centres, there are currently a number of projects that have either started, or are in the process of being set up, where EMC acts as a conduit to disperse the funding provided to be spent in pursuance of the specified activity on behalf of other organisations. The financing and spending for these activities are not shown in the attached appendices.
- 7.2 The current rechargeable projects are: A Place to Call Home; Director of Children's Services; Rail Collaboration Project and, previous years' grant for English as a Secondary or Other Language (ESOL) plus the recently added Regional Strategic Needs Analysis.
- 7.3 The current position for each of these is shown below:

a) Place to Call Home	£
Balance b/fwd from 2022/23	150,000
Payments made in 2023/24	<u>33,694</u>
Balance currently held	<u>116,306</u>

b) ESOL (2016/17 to 2018/19)	£
Balance b/fwd from 2022/23	50,227
Payments made in 2023/24	<u>0</u>
Balance currently held	<u>50,227</u>

c) Director Childrens' Services	£
Balance b/fwd from 2022/23	41,269
Invoices raised in 2023/24	<u>0</u>
	41,269
Payments made in 2023/24	<u>26,965</u>
Balance currently held	<u>14,304</u>

d) Rail Collaboration Project	£
Balance b/fwd from 2022/23	131,468
Grant received in 2023/24	<u>206,600</u>
	338,068
Payments made in 2023/24	<u>142,321</u>
Balance currently held	<u>195,747</u>
e) Regional Strategic Needs	£
Balance b/fwd from 2022/23	0
Grant received in 2023/24	<u>35,565</u>
	35,565
Payments made in 2023/24	<u>0</u>
Balance currently held	<u>35,565</u>

- 7.4 The funding from these projects, (the balance of which currently stands at £412,149), is held by Nottingham City Council in the same way as all EMC funding is managed and interest earned on the sums held is credited to EMC at the end of the financial year. The balance held at the end of 2022/23 was carried forward into this year's accounts and any remaining balances at the end of this year will be treated as Receipts in Advance and will be carried forward to 2024-25.

8. Reserves Policy and Liabilities

- 8.1 It is expected that public bodies maintain a level of Reserves in order to ensure financial resilience, fund unforeseen operational expenditure and to cover potential liabilities. Although East Midlands Councils currently does not have a written Reserve Policy, the practice has been for us to maintain specific reserves at a specific level for those items that we are able to set a reliable value for contingent liabilities, e.g. Redundancy and/or other staffing costs; and also, where there can be a reliable estimate for renewals.
- 8.2 The current level of Reserves is approx. £600,000 and that equates to the level of income generated from Membership Subscriptions and Earned Income for a full financial year, generated from HR and Learning and Development Consultancy; Members' Training and Development and Fees and Services, which includes Environmental Health and Planning CPDs, Learning and Development Events, EMGWARP, East Midlands Jobs and the Coaching Network.

- 8.3 The current reserves we hold are: the Staffing Reserve – for Redundancy costs, etc; the Renewals Reserve – for Computer equipment replacement; a Local Government Reorganisation Reserve – this stemmed from the re-organisation of Northamptonshire Councils to 2 Unitary authorities and resulted in a reduction of membership subscriptions of around £20,000. The assumption for the reserve is that should this happen in any of the counties of Derbyshire, Leicestershire or Nottinghamshire, a similar reduction will prevail.
- 8.4 The remainder of our reserves sit in the General Reserve which allows us to identify and resilience against unanticipated events affecting the EMC budget. The level of this fund is indirectly considered each year as part of the Budget process.
- 8.5 At the beginning of the financial year 2023/24 the level of ‘usable reserves’ was £598,400, which is allocated to fund various purposes as listed below:
- £310,900 to an earmarked reserve for staffing liabilities (except pension liabilities).
 - £36,000 to an earmarked reserve for renewals.
 - £33,000 to an earmarked reserve for the Local Government Re-Structuring implications.
 - £218,500 to an unallocated reserve to manage unforeseen financial events.
- 8.6 All these reserves are invested on EMC’s behalf by our accountable body in accordance with their investment policies which means that any interest being earned by our reserves is allocated back to EMC at the end of the financial year. £500,000 of this was invested in a 12-months fixed term deposit earning 4.7% interest (delegated authority provided by Management Group) which matured on 22nd February 2024. Remaining reserves currently earn around 0.1% below Bank of England base rate annually (which is presently 5.25%) and are easily accessible.
- 8.7 We are proposing to re-invest the £500,000 for a fixed term period when the prevailing interest rate in the fixed term market make it more advantageous than the interest being earned from the remaining Reserves, and we will maintain oversight and look to re-invest when the time is appropriate. Management Group will be consulted as soon as there is any favourable change in market rates prior to re-investing.

9. Summary

9.1 Members are advised that in securing the anticipated budget out-turn, the following financial risks are identified as the most significant to EMC and require active management:

- a) The Earned Income budget (£316,100) includes all forms of income except Subscriptions, Grants and Contracts, Secondments and Sponsorship and is derived essentially from courses, events and consultancy opportunities created by EMC staff. It is therefore vulnerable to the demands and capacity of the sector. The budget has been constant for a number of years and remains at a level set when EMC was a larger organisation. Achieving actual income to the level of the budget has always proved difficult, and it is clear that the budget will not be met this year which will result in an £8,000 shortfall against the Earned Income budget.
- b) Expenditure budgets (totalling £1,768,000) are monitored closely. Staffing costs (Budget £1,343,600), which account for almost 76% of the total expenditure, are set and manageable which just leaves £424,400 as Other Expenditure and though some of this is variable, variances are picked up quickly.
- c) Grants and Contracts (Budget £1,174,300) are secure for the current year.

10. Recommendation

Members of the Management Group are invited to:

- 10.1 Note the actual financial position for the period to January 2024 and the associated forecast outturn to 31st March 2024.
- 10.2 Approve the Reserves Policy, which is set out in paragraphs 8.1 to 8.4.
- 10.3 Agree the approach to re-investing a sum by means of a fixed term investment when the prevailing interest rates are more advantageous to do so.

Cllr Sarah Russell
Vice Chair
East Midlands Councils

EMC	Revised Budget 2023/24	Profiled to Forecast 2023/24	Actual to January 2024		Forecast to March 2024	Variance
	£	£	£		£	£
Income						
Subscriptions	286,000	286,000	268,845		286,000	0
Grants – Migration related	676,800	617,637	609,012		863,300	186,500
Contracts – MC / DfT	231,900	220,900	221,957		311,000	79,100
Earned Income	306,100	220,200	164,739		308,100	2,000
Total	1,500,800	1,344,737	1,264,553		1,768,400	267,600
Expenditure						
Staffing	1,223,000	1,119,667	1,066,994		1,343,600	120,600
Members Allowances	24,600	20,500	15,106		24,600	0
Premises	26,200	21,833	20,442		26,200	0
Service Level Agreements	17,000	0	0		17,000	0
Other Direct Costs	201,600	297,167	271,046		356,600	155,000
Total	1,492,400	1,459,167	1,373,588		1,768,000	275,600
Surplus/-Deficit	8,400	-114,430	-112,035		400	-8,000

Summary Position to the end of January 2024:

The financial position for April to January shows a spend and income level which is line with the anticipated surplus of £400 for the year. This is £8,000 lower than the previous report and is due to a reduction of Earned Income identified since the January budget meeting. The “Actual” column includes actual spend and income appearing on Oracle to 31st January 2024.

The actual income figures include the full year Ukraine or Ukraine ESOL grants and the Rail Collaboration Scheme and the first half year for the Midlands Connect Scheme. The first three quarters’ Grant Income has been received from the Home Office, and a similar sum has been received from DLUHC for the Hong Kong Nationals Grant.

Earned Income is less than shown previously and is due to the take up of Consulting and Members’ Development Events has reduced by more than expected during the current financial year.

Staffing costs include the additional costs arising from increased grants. The actual costs are less than profile as recruitment has not yet caught up with the profile.

Corporate and Core Services	Approved Budget 2023/24	Profile to Forecast 2023/24	Actual to January 2024		Forecast to March 2024	Variance
	£	£	£		£	£
Income						
Subscriptions	286,000	286,000	268,845		286,000	0
Interest	22,500	0	0		22,500	0
Total	308,500	286,000	268,845		308,500	0
Expenditure						
Staffing	207,200	172,667	156,610		207,200	0
Members Allowances	24,600	20,500	15,106		24,600	0
Premises	26,200	21,833	20,442		26,200	0
Service Level Agreements	17,000	0	0		17,000	0
Other Direct Costs	59,200	49,333	37,309		59,200	0
Overhead Costs	13,000	10,833	10,833		13,000	0
Recharged to Cost Centres	-82,900	-69,083	-69,083		-82,900	0
Total	264,300	206,083	171,217		264,300	0
Surplus/-Deficit	44,200	79,917	97,628		44,200	0

Position to the end of January 2024:

Membership Subscription income is likely to be complete shortly once we have received all the remaining purchase orders from member authorities.

Direct Expenses are slightly lower than shown against budget profile but should be closer by the end of the financial year.

Service Level Agreements, Premises costs remain in line with the budget whilst Members Allowances appear likely to be underspent for the year.

Contracts & Grants	Revised Budget 2023/24	Profile to Forecast 2023/24	Actual to January 2024	Forecast to March 2024	Variance
	£	£	£	£	£
Income					
Grants – Home Office	424,500	318,375	309,750	498,000	73,500
Grants – DLUHC	252,300	299,262	299,262	365,300	113,000
Contracts – {MC / DfT}	231,900	220,900	221,957	311,000	79,100
Total	908,700	838,537	830,969	1,174,300	265,600
Expenditure					
Staffing	792,900	761,250	726,250	913,500	120,600
Direct costs	91,100	196,750	103,484	236,100	145,000
Overhead costs	52,300	43,583	30,508	52,300	0
Total	936,300	1,001,583	951,749	1,201,900	265,600
Surplus/-Deficit	-27,600	-163,046	-120,780	-27,600	0

Position to the end of January 2024:

Migration Grants

Home Office grant has been increased to £393,000 in the current year and a further £65,000 has been added for the Director of Children’s Services Scheme and £40,000 for the Place to Call Home Scheme which totals £498,000.

The DLUHC Hong Kong Grant has reduced from £252,300 to £220,000. DLUHC have introduced a Ukraine UASC Grant totalling £75,300 to be added to the Ukraine Grant of £70,000 which totals £365,300. These have now been incorporated into the income and expenditure figures. There will be no impact on the projected surplus.

Transport Contracts

An increase to the Rail Franchise Project has been agreed at £121,500 and added to this is an assumption of £99,500 spend from associated contributions from local authorities which now totals £221,000.

Midlands Connect work totals £90,000 of which £81,000 is funded by Midlands Connect directly and £9,000 is funded by other one-off work.

Staffing costs and Direct Expenditure figures are lower than budget profiles which is due to a time lag between staff and projects paid for and them being in place.

Member Development	Approved Budget 2023/24	Profiled Budget 2023/24	Actual to January 2024		Forecast to March 2024	Variance
	£	£	£		£	£
Income						
Development	8,000	6,000	5,250		6,000	-2,000
Total	8,000	6,000	5,250		6,000	-2,000
Expenditure						
Staffing	52,000	43,333	42,472		52,000	0
Direct costs	2,800	2,333	2,525		2,800	0
Overhead costs	3,900	3,250	3,250		3,900	0
Total	58,700	34,241	48,247		58,700	0
Surplus/-Deficit	-50,700	-30,241	-42,997		-52,700	-2,000

Position to the end of January 2024:

This cost centre has been particularly badly hit by the impacts of the pandemic with the nature of courses changing. Income is better than profiled, but this is due to courses for new Councillors following the May elections.

Staffing costs are slightly behind the budget which is due to the 2023 Pay Award not yet paid to staff. This is likely to take place in the next two months.

Earned Income will not reach the expected budget by £2,000 as there are no further planned events for the current year.

Consultancy	Approved Budget 2023/24	Profiled Budget 2023/24	Actual to January 2024		Forecast to March 2024	Variance
	£	£	£		£	£
Income						
Earned Income	152,000	121,500	76,269		156,000	4,000
Total	152,000	121,500	76,269		156,000	4,000
Expenditure						
Staffing	104,900	87,417	89,408		104,900	0
Direct costs	12,000	18,333	18,350		22,000	10,000
Overhead costs	6,200	5,167	5,167		6,200	0
Total	133,100	110,917	112,925		133,100	10,000
Surplus/-Deficit	28,900	10,583	-36,656		22,900	-6,000

Position to the end of January 2024:

Consultancy income was expected to rise by £10,000 from the original position due to additional recharges of external costs to customers. Separate to this, the overall total, however, has fallen behind budget profile as recharges for work completed are not up to date in terms of Sales Invoices being raised. A catch-up exercise is in place and it is expected that the Income budget will not be met to the sum of £6,000.

Direct Expenses is just above profile and relates to charges made for outside consultants and these too will be recharged to customers shortly and the budget forecast has been amended accordingly.

<i>Fee Paying Events/Services</i>	Approved Budget 2023/24	Profile to Forecast 2023/24	Actual to January 2024	Forecast to March 2024	Variance
	£	£	£	£	£
Income					
Earned Income	123,600	92,700	83,220	123,600	0
Total	123,600	92,700	83,220	123,600	0
Expenditure					
Staffing	66,000	55,000	52,254	66,000	0
Direct costs	36,500	30,417	30,946	36,500	0
Overhead costs	7,500	6,250	6,250	7,500	0
Total	110,000	91,667	89,450	110,000	0
Surplus/-Deficit	13,600	1,033	-6,230	13,600	0

Position to January 2024:

This cost centre is split into two parts: Events and Services. Services, which include ENGWARD, East Midlands Jobs and Coaching Network, is holding up under the present restrictions, it is the Events' budget which has struggled, for obvious reasons.



**Management Group
8th March 2024**

**Draft Base Budget
2024-2025 to 2025-2026**

Summary

The purpose of this report is to provide Management Group with a summary of the proposed budget position as it currently stands for 2024/25 to 2025/26.

Recommendation

Members of the Management Group are invited to endorse the base budget for 2024/25 and 2025/26 (subject to any amendments) for consideration and approval at the Executive Board on 22nd March 2024.

1. Overview 2024/25

- 1.1 It is anticipated that a small budget surplus will be set for 2024/25, and a budget deficit is likely for 2025/26 at this stage, as we look for a long-term replacement for HS2-related grant income.
- 1.2 Grant income is principally received from the Department for Transport and the Department for Levelling Up, Communities and Housing in relation to rail management and asylum and refugee resettlement schemes respectively.
- 1.3 For levels of Earned Income, adjustments have been made to the delivery of EMC's work programme, the budget for 2024/25 accommodates the impact of a mix of 'face to face' events and a greater use of technology and virtual platforms that reduces the income figure slightly from the level estimated for the current year. An inflationary increase of around 5% has been made for Earned Income Fees and Services for 2024-25.
- 1.4 The draft budget summary is attached at Appendix 7(a) and presently shows a projected surplus of £4,800 in 2024/25. It also assumes a 4% increase of Membership Subscriptions (see paragraph 4.1).
- 1.5 The budget makes provision for strategic infrastructure activity through the use of funding from Midlands Connect, DfT, Midlands Connect/HS2 funding and residual post-Brexit programme grant.
- 1.6 Other assumptions have been made for the draft 2024/25 budget and these are as follows:

2. Staff

- 2.1 The proposed budget for 2024/25 assumes a total of 17.75 full-time equivalent employees; 21 members of staff; 14 of these are fixed term appointments linked to specific grants.
- 2.2 It has been assumed that a pay award level of 3% will be awarded in 2024/25 and a 3% award will be made in 2025/26.

3. Other Expenditure

- 3.1 Premises Rent is assumed to rise by 3%, taking to total rent payable to £27,000.

- 3.2 The Service Level Agreement for ICT and Financial Services remain at £18,500.
- 3.3 Reductions to Other Direct Costs have been made across each of the cost centres in the past few years and there is a standstill budget for 2024/25, i.e., no provision for inflation has been included.
- 3.4 An additional cost, which has been included in these figures, is the cost of the Certification Office which is no longer funded by the Government and the cost has been passed to Trades Unions and Employers' Organisations. The charge for EMC is £2,500.

4. Income

- 4.1 Subscriptions. In early 2022, Management Group agreed that EMC membership subscriptions should increase at least with CPI in September each year. Since then, inflation has risen to such a level which Management Group felt would be excessive to pass onto membership subscriptions. In September 2023, inflation stood at 6.1% in September 2023 but has steadily reduced to 4% in January 2024. Management Team propose an increase of 4% would be appropriate for 2024-25 that is less than the increase for the current year and links to assumed staffing and other increases (see para 4.2).
- 4.2 As most of EMC spend relates to Staffing costs, the proposal is for a 3% pay settlement for 2024/25 and a further 3% increase in 2025/26. This assumption seems reasonable given the current level, and the direction of inflation.
- 4.3 Grants / Contracts. There are 3 Government grants/contracts committed for 2023/24 totalling £1,132,300 that are currently agreed: The Home Office Migration Grant comprising Asylum (£162,500) and Resettlement (£162,500); and the English as a Second or Other Language (ESOL) Grant (£50,000).
- 4.4 There are two grants paid for from the Department for Levelling Up, Communities and Housing: Hong Kong Nationals (£220,000) and Homes for Ukraine Grants (£70,000 and £75,300), which will continue during 2024/25.
- 4.5 The Department for Transport continues to provide grant support to EMC's rail collaboration agreement scheme (£121,500), with funding confirmed to continue in 2024/25.

- 4.6 Midlands Connect (£50,000), Children’s Services (£65,000), Local Authorities contributions towards the Rail Franchise Scheme (£99,500) and Brexit (£46,000) make up the rest of the budget.
- 4.7 Earned Income. This includes income generated from consultancy, fee paying events and services and Member training courses. This budget is £332,700 which shows a slight increase of 5% in terms of activity plus an inflationary increase of around 5% across Consultancy, Events and Services. Since the Budget meeting in January, it has been discovered that the level of Earned Income for Members Development and Consultancy is not likely to meet budget targets in 2023-24 and this is likely to continue into 2024-25 and beyond. The Earned Income budget has been reduced by £38,900 and there is a corresponding reduction to expenditure, so the surplus is not affected.

5. Overview 2025/26

- 5.1 Once again, a two-year budget has been produced in order that the Management Group have a more strategic, longer-term view of East Midlands Council’s financial position. The general assumptions outlined in the 2024/25 budget continue into 2025/26, but the draft budget figures for the second year always comes with a ‘health warning’ – the 2025/26 budget is more difficult to determine at this stage as all current grants and contracts are only in place prior to the end of March 2025 and other longer-term grants are difficult to confirm beyond that date.
- 5.2 Currently, it is assumed in these budget figures that current Home Office Migration Grant elements and other contracts will continue into 2025/26.
- 5.3 Reductions in Income is offset to a certain extent with a reduction of expenditure where there is a relationship to areas where income will reduce.

6. Reserves and Liabilities

- 6.1 The level of reserves at the beginning of the financial year 2023/2024 were £598,400. Assuming the 2023/24 projected surplus of £400 is achieved, the level of reserves at the start of 2024/25 will be £598,800, which are split as follows:
- £310,900 to an earmarked reserve for staffing liabilities (except pension liabilities).
 - £36,000 to an earmarked reserve for renewals.

- £33,000 to an earmarked reserve for the Local Government Review.
- £218,900 to an unallocated reserve to manage unforeseen financial events.

6.2 We will update the Staffing Liability Reserve (Costs of Redundancies, etc) again this year as there has been a further increase in staff numbers. The impact of this means the Staffing Liabilities Reserve is likely to increase and General Reserves are likely to decrease. This change will require approval at the May 2024 Management Group meeting.

7. Business Continuity

7.1 Income is divided into three components; membership subscriptions; grants and contracts; and earned income. In recent years, there has been a greater emphasis placed on grant income which continues to proliferate and, for the most part, is only guaranteed on an annual basis.

7.2 Staffing resources now match each of the schemes in place. As new grants are secured, if appropriate, staff may be recruited for the period covered by the grant. This has meant that there is limited capacity to develop areas of work that may be useful for member authorities and reduce the reliance on grant income.

7.3 As a way of identifying new sources of income, it is proposed to utilise part of the unallocated reserves to use as a pump priming resource for schemes, which will first require approval by Management Group, which will provide a further source of net income.

7.4 Proposals for such schemes will be brought to Management Group meetings as and when they arise.

8. Summary

8.1 The budget proposals for 2024/25 and 2025/26 currently show a small surplus position for 2024-25 and there is a deficit, at this stage, for 2025-26, which will be monitored and addressed before the start of that financial year.

8.2 External grants, contracts and earned income remains a vital part of the EMC financial strategy. The loss of any of these components would have a financial impact and would result in a reduction of staff, this may be

mitigated to a certain extent as staff employed for specific project delivery are employed on fixed term contracts to minimise potential liabilities.

9. Recommendation

- 9.1 Members of the Management Group are invited to consider and approve the budget position for 2024/25 and 2025/26.

EMC - SUMMARY	Actual 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26
	£	£	£	£
Income				
Subscriptions	271,647	286,000	292,100	300,900
Grants – Migration Related	573,003	863,300	805,300	805,300
Contracts – MC / DfT	285,042	311,000	317,000	302,500
Earned Income	482,058	316,100	311,300	304,800
Total	1,611,850	1,776,400	1,725,700	1,713,500
Expenditure				
Staffing	988,646	1,343,600	1,271,400	1,297,200
Members Allowances	21,200	24,600	25,000	25,200
Premises	23,438	26,200	27,000	27,800
Service Level Agreements	16,700	17,000	18,500	18,500
Other Direct Costs	561,735	356,400	379,000	369,100
Total	1,608,719	1,768,000	1,720,900	1,737,800
Surplus/-Deficit	3,131	8,400	4,800	-24,300

NOTE:

Details behind this budget summary can be found within the pack of information and figures provided for the Management Group's Budget meeting held on 26th January 2024.

The only change to that position is due to Membership Subscriptions including an increase of 4% in 2024-25 and a reduction of £39,800 of Earned Income which is due to a reduction in the level of Consultancy and Members' Development Events. This is offset by similar reductions in Expenditure.



Management Group

8th March 2024

Performance Management

Key Performance Indicators 2023-4 against Business Plan

Summary

This report updates Members of the Management Group on the performance of EMC in delivering the work programme against its agreed Business Plan 2023/4.

Recommendations

Members of the Management Group are invited to consider year-end position against each of the KPIs for 2023/24 as a measure of delivering the agreed business plan.

1. Introduction

- 1.1 The Management Group, as agreed in its terms of reference, has responsibility for performance management specifically, 'to ensure that non-financial performance is properly monitored and to review EMC progress in delivering its annual key performance indicators and report appropriately to the Executive Board'.
- 1.2 The Business Plan is a formal statement of EMC's objectives for 2023/24. The Business Plan was developed in consultation with Members and agreed by Executive Board at its meeting in March 2023.
- 1.3 This report summarises year-end position against each of the KPIs for 2023/24 as a measure of delivering the agreed business plan. The agreed KPIs reflect the revised approach of the current business plan, where EMC will work across four themes: **evidencing, influencing, collaborating and delivering.**

2. Summary of Performance against Business Plan

- 2.1 Performance is measured against these KPIs over an 8 month period, up to mid-point Q3, 2023/24.

KPI 1 – Evidencing proposals for change and improvement.

- a) To undertake an annual satisfaction survey of member councils on the provision of direct support services.
✓ **Achieved**
- b) To provide EMC Councillors and officers with a weekly policy brief and monitor feedback on a 3 month basis.
✓ **Achieved**
- c) Improve engagement with our membership with at least 50% of all councils in membership accessing EMC virtual networks and platforms to further support opportunities for councillors' leadership.
✓ **Achieved**
- d) To provide benchmarking information and sharing of data and practice to inform decision-making and improvement
✓ **Achieved**

KPI 2 – Influencing national decisions and decisions makers.

- a) Establish an effective relationship and joint approach between councillors and MPs through:
- Holding at least 3 joint events and/or summits.
 - The agreement of joint priorities as the basis for collective work.
- ✓ **Achieved**
- b) Develop a portfolio of agreed policy positions on issues as identified in the Business Plan including:
- Review asylum contingency and dispersal arrangements.
 - Progress delivery of Regional Employers & Joint Council priorities
 - Lead member networks for children’s services to meet on a quarterly basis.
- ✓ **Achieved**
- c) Secure Parliamentary debate on securing additional investment into the East Midlands.
- ✓ **Achieved**
- d) Leadership and support in the development of a regional response to the Levelling Up and Regeneration Bill and institutional reform.
- ✓ **Achieved**
- e) Responses to consultation on proposed changes to employment law and national pay negotiations.
- ✓ **Achieved**

KPI 3 – Collaborating across the sector and with national bodies to deliver shared outcomes.

- a) Maintain attendance at formal meetings of East Midlands Councils and its Boards.
- ✓ **Achieved**
- A separate report on Member attendance at Board meetings is attached as Appendix 7(b) for consideration by EMC Political Group Leaders.
- b) To maintain levels of council membership of EMC (40 councils, as of 1st April 2023).
- ✓ **Achieved**
- c) Working with Midlands Connect, LEPs and local councils to:
- Progress the implementation of the 8 agreed infrastructure priorities.

- Develop a shared long term approach through 'Midlands Connect'.

✓ **Achieved**

- d) Make progress in the development and delivery of Midlands Engine proposals.

✓ **Achieved**

- e) Provide strategic political leadership for the implementation of the IRP and HS2 through support for:

- The EM HS2 Strategic Board and associated groups; and
- Transport for the East Midlands

✓ **Achieved**

KPI 4 – Delivering cost effective services and products on behalf of all our member councils.

- a) Provide direct membership benefits to councils through maintaining the number of councillors participating in the development, skills and briefing programmes [baseline 2022/23; 107 councillor places].

✓ **Achieved**

- b) Provide direct membership benefits through the provision of high quality and relevant councillor development, skills and briefing programmes. At least 75% of all course feedback is rated as 'effective/good' or 'highly effective/very good' [baseline 2022/23; 100%].

✓ **Achieved**

- c) Provide direct membership benefits to councils through maintaining the number of officers participating in EMC supported continuous professional development [baseline 2022/23; 2536 officer places].

✗ **Not on target**

While there are 2 further CPD sessions left in the 2023/24 CPD programmes, participation is unlikely to reach target level (falling approx. 200 short).

- d) To make demonstrable progress in delivering on core EMC policy priority areas:

- Migration
- Workforce and Organisational Support
- Housing and Planning

✓ **Achieved**

- e) Facilitating networks and joint working on workforce priorities.

✓ **Achieved**

- f) To respond and fully answer 95% of advice requests from member councils within 2 working days.

✗ **Not on target**

This is due to the complexity of a number of the advice requests.

KPI 5 – Organisational and People Management

- a) Maintain staff sickness rate at less than 6 days per full time equivalent (10.5 days local government average; EMC baseline [2022/23]; 1.36 days with L/T sick, 1.36 days without LT sick).

✓ **Achieved**

- b) Wherever possible, to meet all staff learning and development needs, as identified by annual Staff Development Interviews (SDIs).

✓ **Achieved**

3. Recommendations

- 3.1 Members of the Management Group are invited to consider current progress in meeting agreed key performance indicators for 2023/24.

CLr David Bill MBE
Leader – Lib Dem Group
Lead Member - Performance Management

Progress Against Key Organisational Performance Indicators (2023/24)

1. KPI 1 – Evidencing proposals for change and improvement

Key Performance Indicators 2022/2023	Progress - Financial Year 2023/24	Progress
a) To undertake an annual satisfaction survey of member councils on the provision of direct support services.	The annual satisfaction survey was sent to all councillors and officers in June 2023. 108 responses were received. A summary report has been developed to inform business plan discussions.	
b) To provide EMC Councillors and officers with a weekly policy brief and monitor feedback on a 3 month basis.	<ul style="list-style-type: none"> ▪ EMC completed the refresh of weekly policy brief in June 2023. 	
c) Improve engagement with our membership with at least 50% of all councils in membership accessing EMC virtual networks and platforms to further support the platform for councillors’ leadership.	<ul style="list-style-type: none"> ▪ Network held attended by councillors and officers to inform the regional councillor development offer for 2023/24. 10 events held so far, with 106 councillors attending. ▪ Scrutiny network held with positive feedback from participants. 18 councillors and officers attended from 10 different councils. Survey conducted on training requirements for those involved in scrutiny and events requested have been delivered. ▪ Four meetings of the cyber security network – EMWARP – have been held to date, one of which was hybrid. ▪ A regional performance network has been re-launched. 	

Progress in Achieving Objective	
<i>Activity successfully completed</i>	
<i>Activity on target for completion</i>	
<i>Activity not on target for completion</i>	
<i>Activity subject to review</i>	

Progress Against Key Organisational Performance Indicators (2023/24)

	<ul style="list-style-type: none"> ▪ Virtual event held to support councils with improved sickness management and occupational health advice – over 70 participants attended. ▪ In-person event held for the Equality Diversity & Inclusion network, which was well attended and received positive feedback. Special interest groups set up for officers from different councils to pool knowledge/resources to progress EDI priorities. 	
<p>d) To provide benchmarking information and sharing of data and practice to inform decision-making and improvement</p>	<ul style="list-style-type: none"> ▪ 26 benchmarking surveys have been conducted to date in response to requests from councils. ▪ Annual sickness absence benchmarking survey has been conducted and a report of findings shared with local authorities at the Regional Joint Council. ▪ Regular meetings continue with counterparts nationally and in other regions to identify opportunities for key workforce data to be gathered and shared. 	

Progress in Achieving Objective	
<i>Activity successfully completed</i>	
<i>Activity on target for completion</i>	
<i>Activity not on target for completion</i>	
<i>Activity subject to review</i>	

Progress Against Key Organisational Performance Indicators (2023/24)

2. KPI 2 – Influencing national decisions and decision makers

Key Performance Indicators 2023/24	Achievement - Financial Year 2023/24	Progress
<p>a) Establish an effective relationship and joint approach between councillors, MPs, MEPs and other partners, through:</p> <ul style="list-style-type: none"> ▪ Holding at least 3 joint events and/or summits. ▪ The agreement of joint priorities as the basis for collective work. 	<ul style="list-style-type: none"> ▪ We have reconvened APPG meetings in consultation with the co-chairs and held a number of meetings against an agreed schedule of work. ▪ APPG meetings held in April, June, July and October 2023, and February 2024. ▪ MPs agreed that a review into growth and infrastructure should be undertaken, with a number of hearings to support the development of a final report, agreed and published in October 2023 (available here). ▪ Westminster event held 20th February to promote delivery of key infrastructure schemes in advance of Budget 2024. 	
<p>b) Develop a portfolio of agreed policy positions on issues as identified in the Business Plan including:</p> <ul style="list-style-type: none"> ▪ Review asylum contingency and dispersal arrangements. ▪ Progress workforce priorities identified by Regional Employers & Joint Council ▪ Lead member networks for children’s services to meet on a quarterly basis. 	<ul style="list-style-type: none"> ▪ Led regional input to Home Office proposals and agreement of regional model and allocations for full asylum dispersal. Implementation, monitoring and oversight from March 2023. ▪ Pilot area for the development of full dispersal model Mk2. ▪ Working with local authorities, statutory services, Home Office and accommodation providers relating to the Larger Asylum Contingency site at RAF Scampton. ▪ Children’s Lead Members’ schedule of meetings confirmed, and a number of policies and programmes agreed. ▪ Employers’ Board and Joint Council priorities have been reviewed. Focus of next Joint Council meeting is on workforce capacity and raising the profile of the sector as an employer. 	

Progress in Achieving Objective	
<i>Activity successfully completed</i>	
<i>Activity on target for completion</i>	
<i>Activity not on target for completion</i>	
<i>Activity subject to review</i>	

Progress Against Key Organisational Performance Indicators (2023/24)

	<ul style="list-style-type: none"> Meeting with national leads and other regional employers’ organisations monthly to share intelligence, practice/resources and inform national guidance relating to workforce issues. Joint Secretaries of the Regional Joint Council supported a local authority in settling a dispute and avoid further industrial action. A focus group was facilitated to highlight recruitment and retention and capacity issues in Finance to inform programmes for DLUHC and the LGA. 	
c) Secure Parliamentary debate on securing additional investment into the East Midlands.	<ul style="list-style-type: none"> Agreed cycle of meeting with APPG co-chairs, and APPG meeting held to discuss and agree final report and recommendations. MP, business and council leaders met in Westminster to present regional support in the delivery of agreed regional priorities and covered by BBC regional news. 	
d) Leadership and support in the development of a regional response to the Levelling Up and Regeneration Act and structural reform.	<ul style="list-style-type: none"> Working with Local Authorities, Midlands Connect and EMDevCo to take forward the Government’s Integrated Rail Plan/Network North and confirming future management arrangements with GBR when established. Attendance at EMCCA stakeholder event (August 2023). Discussions on-going at officer level to support alignment and joint working arrangements with East Midlands Mayoral County Combined Authority partners. LURA engagement event held on 8th December for members and senior officers. Planning barrister attended Executive Board to discuss planning and environmental implications of the Act. 	
e) Responses to consultation on proposed changes to employment law and national pay negotiations.	<ul style="list-style-type: none"> Representative role at national pay discussions to represent views of councils for consideration in national negotiations; co-ordination of regional consultations to inform proposals. 	

Progress in Achieving Objective	
<i>Activity successfully completed</i>	
<i>Activity on target for completion</i>	
<i>Activity not on target for completion</i>	
<i>Activity subject to review</i>	

Progress Against Key Organisational Performance Indicators (2023/24)

	<ul style="list-style-type: none"> ▪ Councils were updated on developments with national pay negotiations and union balloting on industrial action. Information was collated to feedback and provide a national picture. Advice has been provided to officers who raised queries about the pay awards. ▪ Regional response provided to government consultation on annual leave entitlement for atypical work patterns. ▪ Pay briefing meeting is being hosted by EMC to enable councils to meet with national pay negotiators to discuss 2024 pay negotiations and feed in views. 	
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Progress in Achieving Objective	
<i>Activity successfully completed</i>	
<i>Activity on target for completion</i>	
<i>Activity not on target for completion</i>	
<i>Activity subject to review</i>	

Progress Against Key Organisational Performance Indicators (2023/24)

3. KPI 3 – Collaborating across the sector and with national bodies to deliver shared outcomes

Key Performance Indicators 2023/2024	Percentage Attendance							
		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	Progress
a) Maintain attendance at formal meetings of East Midlands Councils and its Boards.	East Midlands Councils	50%	60%	69%	57%	42%	41%	
	EMC Boards	65%	69%	74%	74%	70%	74%	

This is broken down into the following Boards.	Percentage Attendance	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	Executive Board	86%	74%	81%	70%	64%	65%
	Management Group	57%	76%	89%	88%	71%	80%
	Regional Employers’ Board	65%	67%	66%	78%	60%	83%
	Regional Migration Board	60%	71%	62%	71%	77%	78%
	HS2 Executive Board	57%	61%	71%	63%	73%	74%

Progress in Achieving Objective	
<i>Activity successfully completed</i>	
<i>Activity on target for completion</i>	
<i>Activity not on target for completion</i>	
<i>Activity subject to review</i>	

Progress Against Key Organisational Performance Indicators (2023/24)

	Transport for the East Midlands	-	63%	75%	76%	76%	63%
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<p>b) To maintain levels of council membership of EMC (40 councils, as of 1st April 2022).</p>	<ul style="list-style-type: none"> ▪ South Holland District Council rolled over their notice to leave membership wef from 31st March 2023. ▪ Ashfield District Council submitted notice to leave EMC membership. In line with provisions set out in constitution, termination of membership would take effect 31st March 2025. 	
<p>c) Working with Midlands Connect, LEPs and local councils to:</p> <ul style="list-style-type: none"> ▪ Progress the implementation of the 8 agreed infrastructure priorities. ▪ Develop a shared long term approach through ‘Midlands Connect’. ▪ Make progress in the development and delivery of Midlands Engine proposals. 	<ul style="list-style-type: none"> ▪ TfEM Board are finalising the refresh of the TfEM/Midlands Connect Joint Priorities document published. ▪ Completed report, through TFEM, on MMLe Strategic Investment Case, launched by the Chair of TfEM in October 2023: TheFuturesElectric.pdf (emcouncils.gov.uk) ▪ Contributing to the work of Midlands Connect through part-time secondment. ▪ Contributing to the on-going development of the East Midlands Development Corporation proposal through advisory support on connectivity. ▪ Support the delivery of the Midlands Engine Business Plan through ‘task & finish’ groups, and Vice-Chair role on Partnership Board. 	
<p>d) Provide strategic political leadership for the</p>	<ul style="list-style-type: none"> ▪ HS2 Executive Board agreed a Year 1 funding submission to review the 2017 HS2 Growth Strategy on 24th March 2022, subsequently endorsed by Government. Revised Year 2, 	

Progress in Achieving Objective	
<i>Activity successfully completed</i>	
<i>Activity on target for completion</i>	
<i>Activity not on target for completion</i>	
<i>Activity subject to review</i>	

Progress Against Key Organisational Performance Indicators (2023/24)

<p>implementation of the IRP and HS2 through support for:</p> <ul style="list-style-type: none"> ▪ The EM HS2 Strategic Board and associated groups ▪ The HS2 East Partnership ▪ Transport for the East Midlands 	<p>considering Network North proposals, was reported to the Board on the 6th December 2023.</p> <ul style="list-style-type: none"> ▪ Ministerial event launch of TfEM HS2 Strategic Case (3rd July 2023). TfEM v1.pdf (emcouncils.gov.uk) ▪ HS2 has been cancelled and EMC will cease work in relation to the HS2 proposition. EMC will work with partners on rail connectivity more broadly between the Midlands, Yorkshire and the North East. 	
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Progress in Achieving Objective	
<i>Activity successfully completed</i>	
<i>Activity on target for completion</i>	
<i>Activity not on target for completion</i>	
<i>Activity subject to review</i>	

Progress Against Key Organisational Performance Indicators (2023/24)

4. KPI 4 – Delivering cost effective services and products on behalf of all our member councils

	Baseline 2022/23	Quarter 1	Quarter 2	Quarter 3	Quarter 4 (up until 29.2.24)	
a) Provide direct membership benefits to councils through maintaining the number of councillors participating in the development, skills and briefing programmes.	107	48	126	220	248	
b) Provide direct membership benefits through the provision of high quality and relevant councillor development, skills and briefing programmes. At least 75% of all course feedback is rated as 'effective/good' or 'highly effective/very good'.	100%	100%	100%	100%	100% ¹	

¹ The very low number of returns significantly limits the usefulness of this KPI

Progress in Achieving Objective	
<i>Activity successfully completed</i>	
<i>Activity on target for completion</i>	
<i>Activity not on target for completion</i>	
<i>Activity subject to review</i>	

Progress Against Key Organisational Performance Indicators (2023/24)

	Baseline 2022/23	Quarter 1	Quarter 2	Quarter 3	Quarter 4 (up until 29.2.24)	
c) Provide direct membership benefits to councils through maintaining the number of officers participating in EMC supported continuous professional development.	2536	378	904	1794	2149	
d) To make demonstrable progress in delivering on core EMC policy priority areas: <ul style="list-style-type: none"> ▪ Migration ▪ Housing and Planning ▪ Workforce – supporting councils to progress with workforce priorities 	<p>Migration</p> <ul style="list-style-type: none"> ▪ Coordinated regional response and local delivery in ending Afghan bridging hotel arrangements by August 2023. ▪ To respond to on-going asylum dispersal pressures, support the delivery of the asylum ‘full dispersal model’ and exit strategy from contingency accommodation. ▪ Working with Local Authorities in addressing impact of the Home Office’s Streamlined Asylum Process. ▪ Support Lincolnshire councils and local partners in standing up the large site asylum contingency accommodation at Scampton. ▪ Develop business case to support efficiencies in joint delivery arrangements amongst East Midlands Children’s Services. <p>Workforce</p> <ul style="list-style-type: none"> ▪ Delivering continued support for councils on workforce-related issues. 					

Progress in Achieving Objective	
<i>Activity successfully completed</i>	
<i>Activity on target for completion</i>	
<i>Activity not on target for completion</i>	
<i>Activity subject to review</i>	

Progress Against Key Organisational Performance Indicators (2023/24)

	<ul style="list-style-type: none"> ▪ Sharing information on occupational health provision, sickness absence and significant causes. Event arranged for November to provide advice on complex cases and getting better support from occupational health. ▪ To provide capacity to respond to increases in workplace conflict, mediation support being provided and a programme of development for managers and officers to manage conflict and to become qualified in mediation. ▪ Appointment of HR/L&D Manager to provide additional capacity to progress workforce support. ▪ 46 separate assignments to provide direct support on workforce related issues have been completed to date. ▪ In addition, EMC is supporting the Association of Democratic Services Officers with the delivery of a national development programme. <p>General:</p> <ul style="list-style-type: none"> ▪ Co-ordinate monthly meetings of Chief Executives across the region to support engagement and delivery of policy and programmes. <p>Housing and Planning</p> <ul style="list-style-type: none"> ▪ EMC held an in-person Councillor and Officer event on Planning Reform on 22nd June 2023, and an in-person councillor/officer development event on the implications of the LURA in December 2023. ▪ Planning CPD programme continuing mainly as on-line webinars with one in-person event annually per programme. The sessions remain well attended and feedback positive. 	
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Progress in Achieving Objective	
<i>Activity successfully completed</i>	
<i>Activity on target for completion</i>	
<i>Activity not on target for completion</i>	
<i>Activity subject to review</i>	

Progress Against Key Organisational Performance Indicators (2023/24)

<p>e) Facilitating networking and joint working on workforce priorities.</p>	<ul style="list-style-type: none"> ▪ Regional networks held for Cyber Security and Scrutiny for 2023/4. ▪ Councillor development network meetings held. ▪ Support and information provided to county-based HR Managers networks. ▪ Equality, Diversity and Inclusion event held on 28th November. ▪ Special interest groups being established and supported to work together on EDI priorities. ▪ Support provided to county-based HR Managers’ networks to facilitate shared approaches and inform service planning/delivery on workforce matters. ▪ Performance network re-launched in February 2024 	
<p>f) To respond and fully answer 95% of advice requests from member councils within 2 working days.</p>	<p>71 requests received 6 not answered within 2 days – 92%</p>	

Progress in Achieving Objective	
<i>Activity successfully completed</i>	
<i>Activity on target for completion</i>	
<i>Activity not on target for completion</i>	
<i>Activity subject to review</i>	

Progress Against Key Organisational Performance Indicators (2023/24)

5. KPI 5 – Organisational and People Management

Key Performance Indicators 2023/2024	Progress - Financial Year 2023/2024					Progress
a) Maintain staff sickness rate at less than 6 days per full time equivalent (10.5 days local government average; EMC baseline [2022/23]; 1.36 days with L/T sick, 1.36 days without LT sick).		Q1	Q2	Q3	Q4 (up until 29.2.24)	
	With L/T* Sick	0.24	0.78	0.83	2.56	
	Without L/T* Sick	0.24	0.78	0.83	1.40	
* L/T = long term.						
b) Wherever possible, to meet all staff learning and development needs, as identified by annual Staff Development Interviews (SDIs).	Staff Development Interviews scheduled to be completed by end-March 2024.					

Progress in Achieving Objective	
Activity successfully completed	
Activity on target for completion	
Activity not on target for completion	
Activity subject to review	

Regional Employers' Board				14/09/2023	13/12/2023		Total	Percentage
Councillor	Kate	Foale	Labour	1	1		2	100%
Councillor	Gale	Waller	Lib Dem	1	1		2	100%
Councillor	Lee	Breckon	Cons	Sub Cllr Tracey Taylor	Sub Cllr Robert Ashman		0	0%
Councillor	Jenny	Bokor	Cons	1	1		2	100%
Councillor	Ian	Fleetwood	Cons	1	1		2	100%
Councillor	Gordon	Wheeler	Cons	1	1		2	100%
Councillor	Jonathan	Wheeler	Cons	1	1		2	100%
Councillor	David	Wilby	Cons	0	1		1	50%
Councillor	Nick	Worth	Cons	1	Sub Cllr Helen Harrison		1	50%
Councillor	Rosemary	Powell	Ind	1	0		1	50%
Councillor	Matthew	Relf	Ind	1	1		2	100%
Councillor	Nigel	Barker	Labour	1	1		2	100%
Councillor	Adam	Clarke	Labour	1	0		1	50%
Councillor	Joan	Dixon	Labour	1	0		1	50%
Councillor	Jewel	Miah	Labour	0	1		1	50%

Regional Migration Board				07/06/2023	19/09/2023	06/12/2023	Total	Percentage
Councillor	Alex	Dale	Cons	1	1	1	3	100%
Councillor	Sarah	Russell	Labour	1	1	1	3	100%
Councillor	Patricia	Bradwell	Cons	1	1	1	3	100%
Councillor	Helen	Harrison	Cons	1	0	1	2	67%
Councillor	Louise	Richardson	Cons		1	1	2	67%
Councillor	Claire	Rylott	Cons		1	0	1	33%
Councillor	Tracey	Taylor	Cons	1	1	1	3	100%
Councillor	Richard	Wright	Cons	1	1	1	3	100%
Councillor	Anne	Dorian	Ind		1	1	2	67%
Councillor	James	Hakewill	Ind	1	0	1	2	67%
Mayor	Andy	Abrahams	Labour	0	1	1	2	67%
Councillor	Hardyal	Dinsdall	Labour		0	0	0	0%
Councillor	Sajid	Mohammed	Labour		1	1	2	67%
Councillor	Claire	Penny	Labour		1	1	2	67%
Councillor	Samia	Haq	Lib Dem		1	1	2	67%

Shading – new member from July AGM

**Executive
Board**

				23-Jun	22-Sep	15-Dec	Total	Percentage
Cllr	Baggy	Shanker	Lab	1	1	0	2	67%
Cllr	Gale	Waller	Lib Dem	1	1	1	3	100%
Cllr	David	Mellen	Lab	0	1	1	2	67%
Cllr	Martin	Hill OBE	Cons	1	0	1	2	67%
Cllr	Jonathan	Nunn	Cons	0	0	0	0	0%
Cllr	Sarah	Russell	Lab	1	1	1	3	100%
Cllr	Jewel	Miah	Lab		1	1	2	100%
Cllr	Ben	Bradley	Cons	Sub Cllr Bruce Laughton	Sub Cllr Richard Jackson	Sub Cllr Bruce Laughton	3	100%
Cllr	Tricia	Gilby	Lab	1	1	0	2	67%
Cllr	Nick	Rushton	Cons	0	1	1	2	67%
Cllr	James	Naish	Lab		1	1	2	100%
Cllr	Barry	Lewis	Cons	0	1	0	1	33%
Cllr	Richard	Wright	Cons	1	0	1	2	67%
Cllr	Matthew	Relf	Ind		1	1	2	100%
Cllr	David	Bill	Lib Dem		1	1	2	100%
Cllr	Phil	King	Cons		1	1	2	100%
Cllr	Stuart	Bray	Lib Dem		0	0	0	0%
Cllr	Jason	Smithers	Cons	0	0	1	1	33%

Shading – new member from July AGM



Management Group

8th March 2024

Lead Member Report

CLlr Tricia Gilby

Corporate Governance

Summary

This report provides details on matters of corporate governance, specifically:

- Management of Organisational Risk.
- Ongoing internal audit review.
- The extension of a rail technical research study and options review, through an exemption to tender.

Recommendation

Members of the Management Group are invited to:

- Consider and endorse the Annual Risk Statement and Risk Register, the key controls in place and any proposed action to be taken.
- Note the ongoing internal audit review.
- Note the exemption to tender, as detailed in section 4 of this report.

1. Risk Management

a) Risk Management Policy

- 1.1 Management Group has adopted a Risk Management Policy, attached as Appendix 9(a) that details the objectives of EMC's approach to risk management in addition to the roles, responsibilities and wider process.
- 1.2 The policy requires that EMC formally considers risk management at least every 6 months (May and November) with an annual risk assurance statement covering the whole financial year reported to Management Group at the end of the financial year (i.e., March meeting).

b) Annual Risk Statement

- 1.3 The annual risk assurance statement reviews the operation and effectiveness of EMC's framework for identifying and managing risks and demonstrating clear accountability. The annual risk assurance statement for 2023/24 is attached as Appendix 9(b).

c) Risk Register

- 1.4 EMC's risk register is a central register of the key risks identified by EMC and, for each risk, includes information such as potential impact, key controls and suggested response to mitigate each risk.
- 1.5 Included as part of the risk register is the 'owner' of each risk identifying responsibility for actions relating to that risk.
- 1.6 Against each risk identified, specific and detailed action plans may be developed, as appropriate, to inform further work.
- 1.7 An updated risk register, reviewed by officers, is attached as Appendix 9(c) to this report.
- 1.8 All risks identified are significant and require an organisational response. The risks identified within the red section of the 'risk grid' are those identified as being critical to the organisation.
- 1.9 By identifying the likelihood of those risks occurring, it does not mean that the risk will necessarily occur, rather that the risk requires specific focus and action to mitigate

against its occurrence, and without this action, then likely, it will occur, and this will be of significant impact to EMC.

- 1.10 Since risk management was last considered by Management Group in November 2023, in addition to the potential risks previously highlighted, particular reference is made to the proposed East Midlands Mayoral County Combined Authority and the need for EMC to ensure alignment and to avoid duplication in respective roles and responsibilities.

2. Internal Audit

- 2.1 Included within our Accountable Body SLA with Nottingham City Council are provisions for undertaking an internal audit.
- 2.2 Over the past 4 years the areas reviewed have included external grant and programme management, governance and separation of duties, risk management, and financial resilience.
- 2.3 The current audit is reviewing the management of the externally funded DfT Rail Collaboration programme, and partner-funded UASC legal advice programme. The internal auditor is required to provide an opinion on the adequacy and effectiveness of internal controls in relation to both programme areas under review.
- 2.4 The internal audit was expected to finalise its draft report in early-December 2023. It remains outstanding but we anticipate completion within the coming weeks.

3. Exemption from Financial Regulations (Contracts)

- 3.1 As part of our Rail Collaboration Agreement, undertaken jointly with East Midlands Railways and DfT (funded by LTAs and DfT). This is a multi-year agreement and within this arrangement, EMC is responsible for undertaking technical research in support of the delivery of agreed rail priorities.
- 3.2 'Steer Consultancy' was commissioned through an open competitive tender process for the 'Production of Technical Evidence and Communication Tools for the Promotion of Rail Priorities in the East Midlands' to support with evidence outputs on IRP, MMLe and local service enhancement. The original award was for £47,500.
- 3.3 This additional work is consistent with the original plan to work with the need to refine and expand the scope of product 3 (local service enhancement) and secure additional evidence and analysis to TfEM across:

- Stations and interchanges
 - Rail corridor top targets
 - Performance and economic value
 - Network North Proposals Assessment
- 3.4 There are pressures to complete this expansion of work within timescales that support DfT and Network Rail's Network Rail's 'Activity Based Planning' process (that provides a consistent analysis and presentation of estimated maintenance costs across routes and delivery units). Other factors include:
- This will support TfEM and LTA partners promotion of rail in 2024 (an election year).
 - This will support TfEM's response to the Governments 'Network North' programme.
 - This will support TfEM's input to the East Midlands Railway (EMR) long term strategy with meaningful workstreams planned to commence in 2024.
- 3.5 Each activity has a distinct price breakdown and £40,000 is the cumulative total. There is assurance that this is in line with previously ringfenced available budgets, and consistent with the planned spend in the annual plan, as agreed by partners and DfT.
- 3.6 Alternative suppliers would offer poor value for money this and would not enable EMC to achieve the output refinements required. Internal or partner delivery is not possible due to specialist knowledge and resource requirements.
- 3.7 Accordingly, the Executive Director agreed to the exemption to tender, attached as Appendix 9(d) on the following permissible grounds:
- a) That only one contractor is able to carry out the work or service or to supply the goods for technical or artistic reasons or because of exclusive rights.
 - b) That time limits required for tendering cannot be met for reasons of extreme urgency (i.e., the reasons were unforeseen and not attributable to East Midlands Councils).

4. Recommendations

Members of Management Group are invited to:

- 4.1 Consider and endorse the Annual Risk Statement and Risk Register, the key controls in place and any proposed action to be taken.
- 4.2 Note the ongoing internal audit review.

4.3 Note the exemption to tender, as detailed in section 4 of this report.

Cllr Tricia Gilby
District Vice-Chair
East Midlands Councils



Risk Management Policy (Adopted May 2016)

1. Introduction

- 1.1 The aim of this policy document is to formalise the approach to risk management at East Midlands Councils.
- 1.2 Risk can be defined as, “The threat that an event or action will adversely affect our ability to achieve our objectives, perform our duties or meet the expectations of our stakeholders.”

2. Objectives

- 2.1 East Midlands Councils is committed to implementing a proactive approach to risk management which is based on the following key principles:
 - a) Risk management activity will be aligned to corporate and business plan aims, objectives and priorities. It will encompass all strategic and operational risks that may prevent EMC from fulfilling its objectives.
 - b) Risk management is a key element of EMC’s corporate governance.
 - c) EMC will anticipate and take preventative action to avoid risks rather than dealing with the consequences.
 - d) Risk management is a process to assist in understanding risks and thereby to contribute to improved decision-making. The purpose therefore is not to ‘design-out’ risk, but to manage it effectively.
 - e) A consistent approach to the identification, assessment and management of risks will be embedded throughout EMC.
 - f) Risk control and mitigation measures will be effective, appropriate, proportionate, affordable and flexible. Risk controls will not be implemented where the cost and effort is disproportionate to the expected benefits.
 - g) EMC will commit the necessary resources to implement risk management consistent with the above principles.
 - h) This policy requires all employees to take responsibility for the cost effective management of risk in all aspects.

3. Roles and Responsibilities

- 3.1 In order to ensure the successful implementation of the risk management policy, clear roles and responsibilities for the risk management framework and process are needed. These are listed below.

- 3.2 Management Group
- Approving the Risk Management Policy on an annual basis.
 - Receive regular updates of the risk register.
 - Receive reports from the Executive Director stating whether effective risk management arrangements operate.
- 3.3 Executive Director
- Overall responsibility for ensuring that strategic risks are effectively managed and reported within EMC.
 - To provide an annual statement of assurance on strategic risks.
- 3.4 EMC Management Team
- Contribute towards the identification and management of strategic and cross cutting risks.
 - Regularly review the strategic risk register.
 - To maintain awareness of and promote the risk management policy to all relevant staff.
 - Ensure that risk management is incorporated into service and project plans.
- 3.5 Internal Audit (Accountable Body role)
- To independently review and report to Management Group on the strategic and operational management of risk.

4. Risk Identification Process

- 4.1 All risks identified are significant and require an organisational response. The risks identified within the red section of EMC's 'risk grid' identifies those risks considered as critical to the organisation.
- 4.2 By identifying the likelihood of those risks occurring, it does not mean that the risk will *necessarily* occur, rather that the risk requires specific focus and action to mitigate against its occurrence, and without this action, then in all likelihood, it will occur and this will be of significant impact to EMC.
- 4.3 In terms of severity; members are referred to 4 principal risks to EMC:
- a) Loss of councils in membership.
 - b) Insufficient capacity.
 - c) Failure to secure sufficient consultancy income.
 - d) Failure to secure sufficient external grant income.

5. Frequency of Risk Register Reviews

- 5.1 The Risk Register will be reviewed by the Management Team on a quarterly basis and reported to the Management Group.

5.2 An annual risk assurance statement to be completed, covering the whole financial year, and reported to Management Group at the end of the financial year (i.e. March meeting).

6. Outputs from the Risk Management Process

6.1 The outputs from the risk management process will provide valuable additional information for EMC that should assist in avoiding unpleasant surprises and aid the consideration of its corporate governance.

6.2 The Risk Register will provide documentation of each risk, its owner, the key controls that relate to it, and the status of any insurance and/or contingency plan that is associated with it. This document will also provide evidence, for any external audit or inspection, of the completeness of the risk management process in place.

6.3 The Risk Reporting process consists of quarterly reports on EMC's risks to enable the Management Team to be more fully aware of the extent of their risks and the changes that are occurring to them, with subsequent accountability to Management Group.

Risk Management – Annual Risk Assurance Statement 2023/24

1. What is Risk?

- 1.1 For EMC purposes, risk is defined as ‘the chance of something happening that will have an impact (positive or negative) on the achievement of our objectives.’
- 1.2 The system of EMC’s internal management of risk is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance.
- 1.3 The system of internal management of risk is an ongoing process designed to identify and prioritise the risks to the achievement of EMC’s aims and objectives, and to manage them efficiently, effectively and economically.
- 1.4 The following risks have been identified as significant to EMC; loss of councils in membership; insufficient capacity; failure to secure sufficient consultancy income; and failure to secure sufficient external grant income.
- 1.5 The occurrence of these risks would be a significant challenge to EMC specifically in relation to the delivery of its business plan, budgets and finances, reputational and political harm.

2. Approach to Risk Management

- 2.1 To mitigate against these risks occurring, the following processes have been implemented by EMC during 2023/24:
 - a) Internal audit – to provide independent assurance that EMC’s risk management, governance and internal control processes are operating effectively. These should be undertaken annually, with the current audit focusing on external grant management.
 - b) External Audit – An independent examination of EMC’s financial statements to confirm whether they are presented fairly in accordance with accepted standards. They assert whether EMC’s financial statements are free of material misstatement, whether due to error or fraud and are a legal requirement given EMC’s role as a Regional Employers’ Body. This is competed annually and was most recently reported to Management Group at its meeting in November 2023.

- c) Member (Management Group) oversight provided through lead member responsibilities for finance, performance monitoring, corporate governance, and conduct and standards.
- d) Management (officer) oversight of budgetary, business plan and wider organisational performance.

3. Effectiveness of Control

- 3.1 The awareness and management of risk by EMC is appropriate to the size and potential risks to the organisation on the following basis:
- a) Risk is reported to Members in a regular and transparent manner.
 - b) The approach to risk management has supported oversight and management of risk.
 - c) It provides regular challenge to officers to consider the various types of risk (as identified in the register) and to respond accordingly.
 - d) The risks identified during 2023/24 have been mitigated against, e.g., grants secured, effective management of reserves, pensions and wider liabilities. Council membership has been stabilised alongside EMC minimising reputational and political risks.
 - e) Awareness of wider organisational risk, e.g., disaster recovery. Key organisational material is held electronically and in hard copy, and all IT systems (files and emails) are cloud-based with appropriate back-up security and support in place (off-site).

4. Identification of Future Risk

- 4.1 Alongside internal and external audit, it is proposed that the risks currently identified and considered by Management Group through its 'risk register', attached as Appendix 8(c), are those risks that should continue to be managed through 2024/25. Inevitably, however, the nature of risk will change and require response.
- 4.2 Since risk management was last considered by Management Group in November 2023, Members are advised that there remain a number of risks that continue to need to be managed. In particular, the establishment of an East Midlands Mayoral County Combined Authority in May 2024, and one in Greater Lincolnshire the following year, will require further consideration as both will be, in effect, councils in their own right with a number of distinct and separate responsibilities from those of EMC, and there remains the potential for cross-over, particularly related to strategic transport, and it

is important that there is alignment between the work of EMC and the Combined Authorities in this regard. Other risk include:

- a) South Holland District Council and Ashfield District Council remain on notice to leave EMC membership (wef 31st March 2023 and 2024 respectively).
- b) Local Government reorganisation in Northamptonshire with 2 new unitary councils (North and West Northamptonshire Councils) replacing the county and district/borough councils. Discussions are on-going with officers at both unitary councils on their continued engagement and securing benefits from EMC membership.
- c) Uncertainty, and tension, associated with the publication of the Network North proposals, East Midlands Dev Co., and East Midlands Freeport.
- d) The future shape of national asylum and refugee resettlement policy and programmes, particularly the pressures resulting from asylum dispersal and the lack of available housing in support of wider resettlement schemes.

4.3 However, in all likelihood, the impact and likely occurrence of the identified risk may change over 2023/24 and this will be identified, evaluated and reported to Management Group on at least a bi-annual basis.

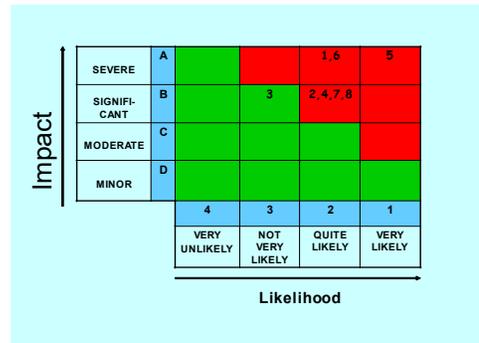
Risk Register	
East Midlands Councils	
Date Prepared:	February 2024
Prepared by:	EMC Management Team

Risk	Impact	likelihood	Key Controls in Place	Further Action to Be Taken	Risk Owner
1. Loss of Authorities in Membership South Holland District Council and Ashfield District Council on-notice	A	2	<ul style="list-style-type: none"> ▪ Communicating the benefits of EMC membership. ▪ Understanding local pressures; both service delivery and financial. ▪ The requirement for 12 months' notice from Member authorities provides for greater assurance. 	<ul style="list-style-type: none"> ▪ Provision of services and wider benefits EMC has provided to SHDC through its membership, building on previous discussions with Deputy Chief Executive. ▪ Review of business plan and work programme to ensure relevance and that EMC is meeting member council priorities and needs. ▪ On-going discussions with Ashfield DC Chief Executive and Monitoring Officer to support their reconsideration at the political level. 	Management Group Executive Director
2. Lack of engagement from Members	B	2	Member engagement is part of the KPIs reported on a quarterly basis to Management Group. Group Leaders are informed of non-attendance.	<ul style="list-style-type: none"> ▪ Group Leaders' review Group nominations to Boards. ▪ EMC secretariat reminds Members of meetings and reports attendance to Group Leaders (both pre and post-meeting). 	Group Leaders Management Group
3. Lack of engagement from Staff	B	3	Regular team meeting and 1 to 1s; staff appraisals.	Full knowledge of income and expenditure profiles; and engagement in developing and rolling-out the work programme.	Management Team

<p>4. Insufficient capacity and resilience (including staff and financial) to deliver work programme.</p>	<p>B</p>	<p>2</p>	<ul style="list-style-type: none"> ▪ Management of the work programme to reflect programme delivery, policy development and sector support responsibilities. ▪ Annual KPIs to monitor progress in the delivery of the business plan. ▪ Annual staff appraisals and regular business plan planning meetings. ▪ Revised approach to delivery of work programme. 	<p>3 month review against business plan and budget</p>	<p>Management Group Management Team</p>
<p>5. Inability to secure consultancy and other earned income to balance budget</p>	<p>A</p>	<p>1</p>	<ul style="list-style-type: none"> ▪ Agreed rates and charges schedule in place for 2023/24. ▪ Monthly financial reporting and oversight. ▪ The increased use of virtual networks and events may impact upon profiled income. 	<ul style="list-style-type: none"> ▪ All opportunities will continue to be explored including 'Non-local government' markets. ▪ Targeted promotion of EMC service offer. ▪ Adaptation of service offer and learning through further use of virtual networks and platforms. ▪ Rates and charges to be reviewed as part of 2024/25 budget setting process. 	<p>Management Team</p>
<p>6. Inability to secure grant funding to balance budget.</p>	<p>A</p>	<p>2</p>	<ul style="list-style-type: none"> ▪ External grant now represents over 40% of EMC's total income, thereby balancing EMC sources of income although exposing organisation to vulnerability if grant reduced (potentially for reasons outside of EMC's control). 	<ul style="list-style-type: none"> ▪ All opportunities will continue to be explored, including Development Corporation, Midlands Engine and HS2. ▪ Regular programme management and oversight to meet requirements and demonstrate value-added. ▪ Officers are working through the implications of the likely outcomes of the Integrated Rail Plan and LURB Bill. 	<p>Management Team</p>

7. Loss of Strategic Migration Grants from Home Office	B	2	<ul style="list-style-type: none"> ▪ Confirmation that asylum and refugee resettlement grant agreements will be extended beyond March 2023 subject to the outcome of any Spending Review. 2024 grant funding confirmed in principle, but the scope of programmes and programme funding in support is not clear, and in any case is likely to be solely for a 12 month period given General Election constraints. ▪ Regular meetings with Home Office, at both Ministerial and senior officer level. ▪ Delivery of programme milestones and wider commitments, as per Grant Agreement. ▪ Importance of asylum and refugee resettlement emphasised by additional national programmes, i.e., UKRS, UASC, ARAP/ACRS, HK(BNO), H4U. ▪ Ongoing risks to be managed for including responding to asylum and Afghan resettlement pressures and implications of Spending Review for Home Office grant. ▪ Clawback by Government Departments of unspent/uncommitted grant. 	<ul style="list-style-type: none"> ▪ Ongoing dialogue with Home Office and confirmation of 'in-principle' grant agreement, and discussion on scope of programmes and grant for 2024-25. ▪ Demonstrate value-added of partnership (supported by grant), including performance management of programme delivery. ▪ Specific focus on widening dispersal and pressures from implementing the Streamlined Asylum Process. ▪ Mitigation, including staffing and project management, as H4U and ARAP funding confirmed on 12 month rolling-basis. ▪ Development and delivery of project programmes, associated activity and staffing to ensure spend profile are consistent with grant conditions. ▪ Further programme and organisations commitments to be delayed until longer term grant surety is provided. 	Management Team
8. Emerging Partnerships and local government reorganisation	B	2	<ul style="list-style-type: none"> ▪ Implications from Levelling Up and Regeneration Bill and development of East Midlands County Combined Authority to be considered by EMC leadership. ▪ Advisory support and engagement with local authorities in the development of mayoral combined authority arrangements and complementarity with EMC activity, e.g., TfEM, HS2. ▪ To maintain neutral position in relation to any local government restructuring proposals. 	<ul style="list-style-type: none"> ▪ Consideration of developments by EMC Management Group and Executive Board for political guidance. ▪ Engagement with leaders and chief officers across the region. ▪ This is likely to impact upon the infrastructure, transport and investment work of EMC, and at the very least will require a realignment of our work to ensure complementarity with that of the MCCA. 	Management Group Management Team

KEY



Some Extra Risk Management Action



No Extra Risk Management Action

**Request For Exemption From Financial Regulations In Respect Of
Contracts**

Commencement Date	16th November 2023
Contract and Description:	<p>Open competitive tender for original initial award approved in March 2023 Awarded by open competition in March 2023</p> <p>Production of Technical Evidence and Communication Tools for the Promotion of Rail Priorities in the East Midlands</p>
Amount:	<p>£40,000</p> <p>This is in line with the agreed tendered rates and CVs. Each activity has a distinct price breakdown and £40k is the cumulative</p> <p>The TfEM-DfT Rail Collaboration Agreement Budget. Multi-year agreement with immediate budget available.</p> <p>This is in line with previously ringfenced available budgets. This is consistent with the planned spend in the annual plan.</p>
Contractor/Supplier:	Steer (https://uk.steergroup.com/)
Basis for Exemption:	<p>a) "That only one contractor is able to carry out the work or service or to supply the goods for technicalreasons". Alternative suppliers would be very poor value for this and would not enable EMC to achieve the output refinement we seek.</p> <p>Other) There are pressures to complete this expansion of work to a time that supports the best use of the outputs, which is primarily to feed into the ABP process with the principal client funding party (DfT) which could not be achieved through other means. Other time pressures include:</p> <ul style="list-style-type: none"> ▪ This will support TfEM and LTA partners promotion of rail in 2024 (an election year). ▪ This will support TfEMs response to the Governments 'Network North' programme published in October 23. ▪ This will support TfEMs input to the East Midlands Railway (EMR) long term strategy with meaningful workstreams planned to commence in 2024.

	Other) This is the execution of a long planned variation to refine the scope of the competitively awarded work with the incumbent consultant. This additional work is in line with the original scheme budget and guide prices. It directly affects their current outputs, they have designed the specifications for these analyses, and these cannot be efficiently adopted by any other supplier. Internal production is impossible due to specialist knowledge and resource requirements.
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Justification:
 EMC/TfEM Officers engaged Steer at the start of 2023 through a competitive process to support with three evidence outputs on IRP, MMLe and Local service enhancement. This additional work is consistent with the original plan to work with the successful consultant to refine and expand the scope of product 3 (local service enhancement). This award will now secure additional evidence analyses packages to TfEM across:

- Stations
- Interchanges
- Rail corridor top targets
- Performance
- Economic value
- Network North Proposals Assessment

This additional award is the only change envisaged for this commission.

We have now reached the pause point where the scope of additional work has been refined and agreed to be to best advantage

Completed forms should be sent to the Executive Director

I agree to the exemption from Financial Regulations in respect of Contracts as detailed above.	
SIGNED:  <i>Stuart Young, Executive Director</i>	DATE: <u>24 Nov 2023</u>
<i>Once approved pass to Lisa Bushell/Lisa Hopkins</i>	
Reported to Management Group	DATE

Extract from Financial Regulations

Exemptions to these rules can be made by the Executive Director where he/she is satisfied that exceptional circumstances apply. All such decisions will be notified to the Leaders Board via the Internal Governance Board. The report shall justify the use of an alternative method of contractor selection so that propriety and value for money can be demonstrated. The exemption shall be made only on the grounds listed below (subject always to EU procurement directives):

- b) that only one contractor is able to carry out the work or service or to supply the goods for technical or artistic reasons or because of exclusive rights.
- c) that time limits required for tendering cannot be met for reasons of extreme urgency (and, in the case of EC contracts, the reasons were unforeseen and not attributable to East Midlands Councils).
- d) that additional works or services (not exceeding 50% of the value of the original contract in the case of EC contracts) are required which, through unforeseen circumstances, were not included in the original contract and which are either:
 - strictly necessary for the completion of the contract; or,
 - for technical or economic reasons, cannot be carried out separately without great inconvenience.
- e) that new works or services are required which are a repetition of works or services carried out under a previous contract within the previous 12 months:
 - at the same location as before for works contracts; or
 - the same service or goods in other cases
- f) that goods are required as a partial replacement for or addition to existing goods or installations and obtaining them from another contractor would result in incompatibility or disproportionate technical difficulties in operation or maintenance.
- g) that the rules of a design contest require the contract to be awarded to one of the successful candidates provided all successful candidates are invited to negotiate.
- h) If a Major Incident is declared or similar emergency situation arises, requiring immediate action on East Midlands Councils behalf.
- i) In instances where sums of money are allocated to East Midlands Councils by Government departments or agencies for specific initiatives, exemptions may be granted to the extent necessary to comply with reasonable conditions laid down by the funding body.



Management Group

8th March 2024

Conduct and Standards

Summary

The following report provides an update on the oversight and operation of the Members' and Officers' Codes of Conduct.

Recommendation

Members of the Management Group are invited to note this report.

1. Declarations of Interest

- 1.1 All EMC Members are required to complete and submit an annual declaration of interest. Following on from the EMC AGM in July 2023, 2 declarations of interest remain outstanding.
- 1.2 All EMC staff members are required to complete and submit an annual declaration of interest. These have all been returned and signed-off by the Executive Director – and whose own return is shared with EMC Chair and EMC management team colleagues.

2. Other Matters

- 2.1 No standards complaints have been submitted to the Executive Director, or any other staff member.
- 2.2 No corporate governance issues that relate to whistle blowing and complaints handling have been highlighted.
- 2.3 No other issues that relate to conduct and standards have been highlighted to EMC secretariat.

3. Recommendations

- 3.1 Members of the Management Group are invited to note the contents of this report.

ClIr Jewel Miah
Lead Member
Conduct and Standards