

Enterprise M3 Board Meeting

30 November 2017

Enterprise M3 Governance – Item 5

Enterprise M3 Board is asked to:

NOTE that the Nominations Committee will be meeting in advance of the Board Meeting on 30 November and that a verbal update will be given at the Board Meeting.

NOTE the progress to appoint two board members to represent business support organisations in Hampshire and Surrey.

AGREE the four month extension to the term of office for Nick Elphick to allow for a smooth handover with new Board Members. The Board's agreement is also sought to Nick Elphick acting as a representative of the Board on the Programme Management Group.

NOTE the appointment of Clive Sanders as Chair of the Resources, Finance and Audit Committee.

DISCUSS and provide feedback on the proposal for the remuneration of the LEP Chair

AGREE the Enterprise M3 Board Member Expenses Policy set out at Annex 2.

1. Introduction

1.1 The Nominations Committee will be meeting in advance of the Board Meeting on 30 November 2017 and a verbal update will be given at the Board Meeting. This update will take account of the Annual Conversation with Government which will take place on 24 November and revised Government Guidance on LEP Assurance Frameworks which we expect to be published on 28 November 2017.

1.2 Board Members will be aware that the Mary Ney review was published in October 2017. The review aimed to assess whether current governance systems provide sufficient assurance and to make recommendations to DCLG on improvements. Following the publication of the review, Enterprise M3 published a statement on the website welcoming the review and the fact that our currently local assurance framework is already delivering against many of the recommendations of the report. Having reviewed the Mary Ney report and our Assurance Framework, we believe we are in a good position to take forward the recommendations of the report and await the detailed guidance from government.

2. Mary Ney Review

2.1 The Mary Ney Review was published in October 2017 and makes a number of recommendations to DCLG to provide assurance around LEPs. The review was informed by discussions with LEPs at CEO and Chair level, senior representatives from different Accountable Bodies as well as the British Chamber of Commerce, LEP Network, the Chartered Institute of Public Finance and the National Audit Office.

2.2 The report makes 17 recommendations to central government and these are summarised at 2.3. Our understanding is that Government will be taking forward each of the recommendations of the report and in a significant number of areas Enterprise M3 are already in compliance and work is already underway to ensure that we are fully compliant with the new requirements identified in the report.

2.3 The recommendations of the Mary Ney and a short summary of how we are delivering against these can be seen at Annex 1.

2.4 As Annex 1 shows, on a large number of the recommendations, Enterprise M3 is in compliance. We are awaiting more detailed guidance from government (expected late November) for the remaining recommendations. We have already started to review our current website and will be making a number of changes to ensure that governance information is easy to locate and up to

date. We have already started to discuss with staff the requirement for a code of conduct and will be formalising this in due course shortly. We have also been in touch with our Accountable Body to seek their advice on a whistleblowing policy for the LEP.

- 2.5 In advance of our Annual Conversation, we have had to submit a draft of our formal assurance statement submitted by Mike Short and Kathy Slack and a report from our Accountable Body. Both documents are attached at Annex 2 for information. The formal assurance statement will be published on our website following the Annual Conversation.

3. Board Recruitment/Appointments

- 3.1 Following the Board Meeting in September 2017, letters were sent to all the business representation organisations within the Enterprise M3 area seeking their nominations to the Enterprise M3 Board. Five applications were received by the closing date of 17 October 2017 and four have been progressed to interview with Mike Short and Kathy Slack. It is hoped that an announcement on successful candidates will be made before Christmas.
- 3.2 The Nominations Committee have also started reviewing the recruitment process for new business board members in 2018 and have agreed to recruit all vacancies (four in total across 2018) early in the New Year. The proposal is that we will work alongside an executive search/headhunter to ensure that we draw in a strong field of candidates and we will commencing a tender exercise shortly to identify a suitable organisation to work alongside. We will continue to keep Board Members informed on progress through the Chairman's update.
- 3.3 To allow for a smooth transition, it is proposed that the term of office for Nick Elphick is extended until 31 May 2018 (currently Nick is due to leave the Enterprise M3 Board in January 2018). Nick has confirmed that he is happy to remain on the Board on this basis and is also happy to represent the Enterprise M3 Board on the Programme Management Group during this time. The approval of the Board is sought to this extension and appointment to the Programme Management Group.
- 3.4 The Resources, Finance and Audit Committee also met for the first time in October 2017 and Clive Sanders, Nick Elphick and Tim Jackson are representing the Enterprise M3 Board on this group. It was agreed at this meeting that Clive Sanders would act as the Chair of this group. The Board is asked to note this appointment.

4. Chair remuneration and Board Member expenses policy

- 4.1 Following the conclusion of the Chair recruitment exercise in early 2017, Hays our appointed Executive Search team advised that Enterprise M3 may wish to give further thought to remuneration for the Chair of Enterprise M3. This is in reflection of the time commitment required to carry out the role, estimated to be a minimum of two days per week. The board requested that we carry our further work on this in readiness for future recruitment exercises. The LEP Network have confirmed that approximately eight LEPs currently reimburse their chair with an average amount of £20,000 per annum. Several other LEPs are considering moving to reimbursing their chair. Board views are sought on what our future policy of reimbursement should be. Board members should note that our current chairman, Mike Short is not seeking payment for this role.
- 4.2 Following feedback and reviewing the processes and procedures of other LEPs and in line with the openness and transparency agenda, a proposed Board Member expenses policy has been drafted and included at Annex 1. If agreed, it is proposed that this is published on the Enterprise M3 website so that it is clear to all what Board Members are eligible to claim for in carrying out their roles. The Board's agreement to this policy is sought and it is then proposed that this is reviewed on an annual basis by the Resources, Finance and Audit Committee.

Rachel Barker
21 November 2017

Annex 1: Summary of Mary Ney recommendations

Annex 2: Draft Formal Assurance Statement and Accountable Body report.

Annex 3: Proposed Board Member Expenses Policy

Annex 4: Board Member renewal and retirement dates

Annex 1: Summary of Mary Ney recommendations

| | Mary Ney recommendation | Enterprise M3 response |
|----|---|---|
| 1 | That a formal assurance statement is produced on an annual basis on the status of governance and transparency and that this statement is published on the website. | Draft assurance statement prepared for the Annual Conversation and is attached at Annex 2. This will be published on the website following the Annual Conversation. |
| 2 | That each LEP has a code of conduct which all Board Members and staff sign up to and that should explicitly refer to the Nolan principles of public life. | Code of conduct, including Nolan principles, for Board Members exists and will be replicated for staff. Versions to be reviewed in light of any new guidance from Government. |
| 3 | That LEP decision making structures should be clearly set out within the Assurance Framework. | Already set out in Assurance Framework and await further guidance from Government before undertaking a further review. |
| 4 | That Assurance Frameworks should set out that all decisions must be subject to the normal business case, evaluation and scrutiny arrangements and that there must be a written report with an opportunity for Accountable Body engagement. All decisions must be subject to the conflicts of interest policy and be recorded and published. | Already set out in Assurance Framework and await further guidance from Government before undertaking a further review. |
| 5 | That a new National Assurance Framework (published by Government) sets out details which LEPs must incorporate into their National Assurance Framework. | We will review our Assurance Framework in light of this revised guidance. |
| 6 | That LEPs should set out how their conflicts of interest policy operates in their formal assurance statement and how this is managed alongside a need to bring in relevant expertise and experience from Board Members. | Already set out our Assurance Framework but will review in light of this guidance. |
| 7 | That LEPs should publish a whistleblowing policy and arrangements for confidential reporting of allegations of concerns by third parties/the public. | In discussions with our Accountable Body about developing a whistleblowing policy. |
| 8 | That Government give further clarity on the role of the Accountable Body Section 151 officer. | Awaiting further Government guidance but based on contents of the report we appear to be in a strong position with a highly effective relationship with our Accountable Body. |
| 9 | That the S151 officer provide a report to the Annual Conversation on their work for the LEP and their opinion with a specific requirement to identify any issues of concern on governance and transparency. | Report produced for Annual Conversation and attached at Annex 2. |
| 10 | Government to consider what flexibility might be available to smooth funding allocations to LEPs over a longer period. | We await an announcement from Government on this issue and will be raising this at our Annual Conversation. |
| 11 | That Government publish additional guidance on expectations on publication of agendas, meeting papers and decisions. | We are awaiting this detailed guidance to see whether we will need to amend our current procedures. |
| 12 | That the LEP maintains on its website a published rolling schedule of projects, names of recipients of funds and amounts by year. | We hold this information on our website and have recently reviewed this to ensure it is up to date. Board papers on the overall LGF programme are published. |

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| 13 | That LEPs report on overview and scrutiny in their formal assurance statement and at their Annual Conversation. | We have submitted a written report in advance of our Annual Conversation which has covered overview and scrutiny alongside a number of other areas. |
| 14 | That Annual Conversations have a strengthened focus and designated time to examine governance and transparency. | It is clear that this approach is being taken and our meeting will look at governance, delivery and strategy. |
| 15 | That Government should apply a risk based approach to identify LEPs where a 'deep dive' on governance and transparency would be of assistance. | We await further detail on this from Government but believe it is unlikely we will be selected for a deep dive. |
| 16 | That Government consider whether to delay or withhold funding for non-compliance by LEPs. | We await further detail on this from Government but do not think this will apply to us. |
| 17 | That Government continues to support work on LEP governance and discusses with the LEP Network how best to take this forward. | We await further detail on this from Government and will join any relevant discussions with the LEP Network. |

Annex 2: Draft Formal Assurance Statement and Accountable Body report.

Section 151/73 Assurance Statement

The Section 151/73 Officer should here provide a report to the Annual Conversation on their work for the LEP over the last twelve months and their opinion with a specific requirement to identify any issues of concern on governance and transparency. In particular, you should focus on any particular issued raised in Annex A. **(max 500 words)**

As the Accountable Body representative, I have been attending the Programme Management Group (PMG) for a number of years now and have over the last year or so been heavily involved with the development and implementation of the multi-site Enterprise Zone through the Programme Steering Group (PSG) of which I am also a member.

Governance and discipline around decision making and transparency are very strong across the Enterprise M3 LEP and this feeds through to the quality of formal documentation that is presented across the full range of the business of the organisation.

All business cases are subject to independent due diligence arrangements and the issues arising from this work are carefully considered as part of the formal decision making process.

Protocols around declarations of interest and interested parties being excluded from the decision making process are strictly adhered to.

At an operational financial level, there are strong working relationships in place that ensure the smooth running of all aspects of the financial administration of the LEP, including a recent agreement to undertake a capital to revenue swap in order to provide additional funding flexibility for the LEP's activities.

I have a direct relationship with the Chief Executive and this has proven effective in discussing and resolving any issues or concerns, which was particularly helpful during the development of the Enterprise Zone which was complex due to the number of different partners involved.

My personal experience of the LEP staff and Board Members has been very positive and their approach is highly professional and focussed on delivery of their aims and objectives.

I have no areas of concern to report.

Governance Assurance Statement

The LEP Chair and Chief Executive should here provide a brief formal assurance statement on the status of governance and transparency. In particular, you should focus on any issues raised in Annex A. This statement should also be published on the LEP's website following conclusion of the Annual Conversation process (in April 2018). You should cover any Overview and Scrutiny function undertaken by the Accountable Body. **(max 500 words)**

In culture and in practice, Enterprise M3 is open, transparent and accountable. We strictly adhere to the values and standards set out in our Assurance Framework, published on our website on 27 February 2017. This Framework is regularly reviewed by our team and by our board with the result that a strong culture of good governance and high standards of accountability is embedded within all board members and staff, including new appointees.

Our strong commitment to high standards of governance and transparency includes a recognition of the importance of external scrutiny, and we particularly value the relationship we have with our Accountable Body, Hampshire County Council, and the section 151 officer. We ensure we involve them in key meetings and discussions as well as seek their advice on complex issues.

An ethos of accountability must be reflected in day to day activities, and that is the Enterprise M3 way. Our open and transparent approach includes publishing board papers and minutes, unless commercially sensitive, on our website; and papers are also made publicly available a week in advance of meetings.

Our annual report is published and widely disseminated in May, and we hold an AGM where we encourage the public to ask questions of the board. Our audited accounts are available on our website and summarised in our annual report. Finance reports to our board are also published, allowing anyone to view the position on our finances at any time.

Both of us attend the Enterprise M3 Joint Leader's Board (JLB) which is run by our Local Authorities and attended by all Leaders and Chief Executives from our 14 districts and two county councils. At each of these meetings we are expected to provide an update of LEP activity, and the JLB has an important role as a scrutineer of the LEP. We highly value this relationship and regard it as one of the key elements behind our success.

We are conscientious in our determination to act according to high standards of governance and public accountability; however we are not complacent. We welcome the renewed focus on the standards expected of LEPs. The recent Mary Ney report and guidance from DCLG officials have provided helpful pointers to areas where we can review and sharpen our approach. For example, over this last year we have improved the information provided on our website on each of our projects, updated the navigation of our website making key documents easier to find and , in order to reach a wider audience, have become responsive and engaged social media users.

In coming months we intend to make more improvements, setting out our decision making structure more clearly and extending an appropriate version of the code of conduct and register of interests, currently used by our Board Members, to include Enterprise M3 staff.

In summary, at Enterprise M3 we are determined to have and be seen to have the highest standards of governance, accountability and transparency. We recognise this involves making sure theory is played out in day to day practice; being open to outside scrutiny and keeping standards constantly under review . We always welcome guidance and advice to support us in these aims.

Annex 3: Proposed Board Member Expenses Policy

ENTERPRISE M3 TRAVEL & SUBSISTENCE POLICY

INTRODUCTION

The Enterprise M3 travel and subsistence policy provides Board members and their guests/speakers ('the Claimant') who are required to travel on LEP business the guidance to operate in an efficient and cost effective manner.

Enterprise M3 will reimburse the claimant for actual and reasonable expenses incurred wholly, exclusively and necessarily in the course of its operation and in accordance with the maximum rates and guidance of the policy set out below.

LEP Board Members are however encouraged to incur a reasonable level of personal expenditure and claims should be made at their own discretion. Expenditure should only be incurred within the constraints of the appropriate budget and will be reviewed annually. Enterprise M3 will not reimburse expenditure associated with attending Enterprise M3 Board meetings.

TRAVEL

Car mileage can be claimed at a rate of 45p per mile up to 10,000 miles and 25p thereafter. Costs of parking charges may also be claimed. Any fines or penalties incurred for motoring or parking offences will not be reimbursed under any circumstances and are the responsibility of the claimant.

Enterprise M3 will reimburse the claimant a maximum of the cost of a standard open return rail ticket. All overnight accommodation can be claimed but must be reasonable and necessary and must be authorised in advance by the Enterprise M3 Director.

The cost of food and drink may be paid where a claimant is unable to return home and provided the claim is reasonable and necessary. The cost of alcohol may not be claimed for reimbursement.

Annex 4: Board Member renewal and retirement dates

| Name | Company | Qualifications | Date Appointed | Extended to Date | Renewal Date | Date for Renewal/ Retirement |
|--------------------|--------------------------------------|-------------------|----------------|------------------|--------------|------------------------------|
| Nick Elphick | Pure World Energy | Private Sector | 28 Jan 2016 | | | Jan 2018 |
| Cllr Ferris Cowper | East Hants DC | Public Sector | 22 Jan 2015 | | | Jan 2018 |
| Cllr Paul Spooner | Guildford BC | Public Sector | 26 Nov 2015 | | | Nov 2018 |
| Chris Tinker | Crest Nicholson | Private Sector | 4 July 2012 | | 26 Nov 2015 | Nov 2018 |
| Andrew Lambert | Electronic Media Services Ltd | Private Sector | 27 Nov 2014 | | Nov 2016 | Nov 2018 |
| Tim Jackson | Principal Andover/Sparsholt Colleges | Further Education | 24 May 2016 | | | May 2019 |
| Linda Cheung | Connectegrity | Private Sector | 25 May 2017 | | | May 2019 |
| Cllr Keith Mans | Hampshire CC | Public Sector | 24 July 2013 | | 26 July 2016 | July 2019 |
| Jason Gaskell | Surrey Community Action | Third Sector | 31 Jan 2017 | | | Jan 2020 |
| Paul Hogg | Royal Holloway University | Higher Education | 28 Mar 2017 | | | Mar 2020 |
| Cllr Clive Sanders | Basingstoke & Deane BC | Public Sector | 19 Mar 2014 | | Mar 2017 | Mar 2020 |
| Cllr John Furey | Surrey CC | Public Sector | 25 May 2017 | | | May 2020 |
| Cllr Julia Potts | Waverley BC | Public Sector | 27 Jul 2017 | | | Jul 2020 |
| Col Simon Brown | Army | MOD | 28 Sept 2017 | | | Sept 2020 |
| Mike Short | Telefonica | Private Sector | 27 Nov 2014 | | Nov 2017 | Nov 2020 |
| David Axam | BT | Private Sector | 27 Nov 2014 | | Nov 2017 | Nov 2020 |
| James Cretney | Marwell Zoo | Private Sector | 27 Nov 2014 | | Nov 2017 | Nov 2020 |

Vacancies

One private sector vacancy
Two business support vacancies