

**Enterprise M3 Board**

**24 September 2020**

**Assurance Framework and Articles of Association – Item 7**

Enterprise M3 Board Members are asked to:

**AGREE:** The Enterprise M3 Assurance Framework document.

**AGREE:** The changes to the Enterprise M3 Ltd Articles of Association

**1. Background**

- 1.1. Enterprise M3's work is guided by an Assurance Framework which is published on our website. All Local Enterprise Partnerships are required to have an up to date and published Assurance Framework in place.
- 1.2. Government publish the National Local Growth Assurance Framework which provides guidance to LEP's. This was last updated by government in January 2019 and Enterprise M3's Assurance Framework remains compliant. This was most recently acknowledged following the result of Enterprise M3's Annual Performance Review which recognised Enterprise M3 as 'Exceptional' for governance.
- 1.3. Enterprise M3 are also governed by its Articles of Association (AoA) which were put in place in April 2019 when Enterprise M3 was incorporated into Enterprise M3 Ltd. The Articles of Association align with the Assurance Framework and changes made to either document must be reflected in the other.

**2. The Enterprise M3 Assurance Framework**

- 2.1. The Assurance Framework is a 'living document'. It is reviewed regularly to ensure its compliance and to capture updates to Enterprise M3's working arrangements and changes to the Board, Sub-Groups and priorities.
- 2.2. A further update will be brought before the Board within six months. It is expected that this will be a substantial update to streamline and improve the quality of the document.

**3. Overview of Changes Made**

- 3.1. These are the main changes made to the Assurance Framework:
  - Addition of information on COVID-19 Sub-Group following its creation in April 2020. The need for this additional group will be reviewed at the end of the calendar year.
  - Inclusion of a new exceptional circumstances amendment to allow the current Chair of the Board to serve a further term of one year to a maximum term of seven years as previously agreed by the Board.
  - Update to Resources, Finance and Audit Committee governance structure

- Updated whole document to reflect changes following Enterprise M3's internal re-organisation and staffing changes.

#### **4. The Enterprise M3 Articles of Association**

- 4.1. As noted previously within this Paper, the Articles of Association are closely aligned with Enterprise M3's Assurance Framework.
- 4.2. The Articles of Association should also be regularly reviewed and updated in line with changes to the Board, sub-groups and working arrangements.
- 4.3. Approval of changes to the Articles of Association must be passed by "special resolution" by the Board and a minimum of 75% of the Board must vote in favour of the changes for it to be passed.
- 4.4. Should the "special resolution" be passed by the Enterprise M3 Board, The Articles of Association and evidence of the vote shall be submitted to Companies House within 15 days of the decision.

#### **5. Overview of Changes Made**

- 5.1. These are the main changes made to the Articles of Association:
  - Created Article 8.7 to reflect the Agreement of the Board to allow in exceptional circumstances for Board Members to serve one further term of one year up to a maximum of seven years to allow the current Chair to serve a further year on the Enterprise M3 Board. It should be noted by Members that this Article is more generic than its counterpart within the Assurance Framework in order to reduce the need to amend the Articles of Association with Companies House and to provide flexibility should a similar situation re-occur.
  - Amended wording under Article 8.8 so that variations of Article 8 can be varied in line with government guidance rather than "under the direction of government".
  - Changed the wording for the Enterprise M3 AGM to remove the requirement for a formal vote to take place. This has not affected the rights for extraordinary general meetings.

#### **6. Recommendation**

- 6.1. Enterprise M3 Board Members are asked to:

**AGREE** the Enterprise M3 Assurance Framework

**AGREE** the updated Articles of Association

**Jordan Tame**

**Governance and Assurance Manager**

**16 September 2020**

**ENTERPRISE M3 LOCAL GROWTH ASSURANCE FRAMEWORK**

<b>VERSION EM3-9.0</b>	<b>16 September 2020</b>
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<b>Version Control</b>	<b>Date issued</b>	<b>Description</b>
Version 1.0	March 2015	Final
Version 1.1	June 2015	Updated Appendix C
Version 1.2	December 2015	Updated Appendix D
Version 2.0	June 2016	In response to Audit requirements
Version 2.1	February 2017	In line with National Assurance Framework October 2016
Version 3.0	March 2018	In line with Mary Ney guidance
Version 3.1	December 2018	In line with draft V2 National Guidance
Version 4.0	February 2019	In line with V3 January 2019 National Guidance
Version 5.0	March 2019	Revised to reflect Enterprise M3 Board and staff comments
Version 6.0	June 2019	Signed off by Board 28 March 2019
Version 7.0	September 2019	Amended to include links to new Enterprise M3 website
Version 8.0	February 2020	Update to include revised Terms of Reference agreed for the EZ Programme Steering Group
Version 8.1	April 2020	Amended to include newly formed COVID-19 Sub-Group, reflect Enterprise M3 staff changes and to reflect an extension to the Chair's Term of Office.

## CONTENTS PAGE

Subject	Section	Page
Introduction		3
<b>PART 1 – Enterprise M3 Structure, Governance and Operating Principles</b>		
Overview	1	4
Name of Local Enterprise Partnership	2	4
Geography of Local Enterprise Partnership	3	4
Corporate Structure	4	5
Enterprise M3 Board	4.1	6
Appointment of Board Members	4.2	6
Appointment Process for appointing Board Members and Chairs	4.3	7
Diversity Statement	4.4	8
Board Remuneration	4.5	9
Induction & Training	4.6	9
Complete Governance Structure	4.7	9
Independent Secretariat	4.8	16
Publication of meeting & agenda items	4.9	16
Handling confidential and exempt items	4.10	17
Publication of Accounts & Financial Information, transparent use of public funds	4.11	17
Management of contracts	4.12	18
Government Branding	4.13	18
Scrutiny & Audit arrangements	4.14	18
Website	4.15	19
Data Protections & Freedom of Information	4.16	19
Accountable Body and Section 151 Officer	4.17	20
Conflict of Interest	4.18	21
Risk Register	4.19	21
Register of Interests	4.20	21
Enquiries and Complaints	4.21	21
Liability & Indemnity Insurance	4.22	22
Local Engagement	4.23	22
Cross Boundary Cooperation	4.24	22
Social Value	4.25	22
Value for Money	4.26	22
Value for money for Transport Projects	4.27	24
<b>Table</b>	<b>Heading</b>	<b>Page</b>
<b>Part 2 – Enterprise M3 Commitments</b>		
Table 1	Commitments	25
Table 2	Signatories	25
<b>Policy</b>	<b>Section</b>	<b>Page</b>
<b>Part 3 – Enterprise Policies</b>		
Diversity and Equality Statement	4.4	8
Induction of Staff and Board	4.6	9
Confidential Items	4.10	17
Expenses	4.11	17
Conflict of Interest	4.18	21
Register of Interest	4.20	21
Whistleblowing	4.21	21
Enquiries and Complaints	4.21	21
Evaluation and Monitoring	4.26	22
<b>Appendix</b>	<b>Title</b>	
Annex A	Enterprise M3 Governance Structure	
Annex B	Prioritisation, Appraisal, Value for Money	

## ENTERPRISE M3 LOCAL GROWTH ASSURANCE FRAMEWORK

### INTRODUCTION

The purpose of this framework is to ensure that Enterprise M3 Local Enterprise Partnership (LEP) has in place excellent systems and processes to manage capital and revenue funding from central Government budgets effectively and fully in line with government's expectations as outlined in the National Local Growth Assurance Framework January 2019<sup>1</sup>. It has been updated to reflect the Government recommendations on good practice including the Mary Ney Report; "Review of Local Enterprise Partnership Governance and Transparency" (September 2017); the HMG 'Local Enterprise Partnership Governance and Transparency – Best Practice guidance' (January 2018) and the National Local Growth Assurance Framework Guidance (December 2018). This version also reflects the changes being implemented as a result of the LEP Review 'Strengthening Local Enterprise Partnerships' (July 2018).

This document establishes a Local Assurance Framework that the Enterprise M3 LEP executive team and non-executive board will follow in relation to decision making within its Growth Programme (including but not limited to the Local Growth Fund Programme, Growing Enterprise Fund, Getting Building Fund and European Structural Investment Fund), and in the way that it operates its business in a transparent and accountable way. Enterprise M3 LEP aims to adhere to the highest standards of probity and governance in the way that it makes decisions on how the funding devolved to it by Government, is allocated. For the avoidance of any doubt, this Local Growth Assurance Framework applies to all funding streams held by Hampshire County Council, in its role as the Accountable Body to Enterprise M3 Local Enterprise Partnership. This document is shared with our Accountable Body giving reassurance that the governance arrangements of the organisation are transparent and accountable.

This Local Growth Assurance Framework is in three parts. Part One sets out the structure, governance and operating principles of the LEP; Part Two sets out the way in which Enterprise M3 achieves value for money; Part Three sets out the commitments and policies to be followed to achieve transparent and accountable governance.

This Local Growth Assurance Framework is a 'living document'. It shall be reviewed as a minimum, on an annual basis, signed off by the Enterprise M3 Board and published on the Enterprise M3 website. One of the conditions of the Growth Deal grant letter is that the LEP must submit a letter from the Section 151 Officer to the relevant Government department by 28th February each year certifying that this Local Growth Assurance Framework has been agreed, is being implemented and meets the standards set out in the National Framework.

This document will remain in force until end of 2020/21 when the capital funding allocation ends. Enterprise M3 commits to updating this document in line with changed requirements notified by Government and other changes in circumstance that might need to be reflected in this document. Enterprise M3 commits to proactively raise instances of non-compliance with Government and to raise instances necessitating amending this document.

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<sup>1</sup> National Local Growth Assurance Framework 8 January 2019  
<https://www.gov.uk/government/publications/national-local-growth-assurance-framework>

## **PART 1 – ENTERPRISE M3 STRUCTURE, GOVERNANCE AND OPERATING PRINCIPLES**

### **1. Overview**

### **2. Name of the LEP**

Enterprise M3 are a Company Limited by Guarantee and are known as:

Enterprise M3 Limited (“Enterprise M3”). The Articles of Association for Enterprise M3 Limited can be viewed on the governance pages of the Enterprise M3 website.

### **3. Geography of the LEP**

Enterprise M3 is a partnership between the public and private sectors. Enterprise M3’s geographical area covers parts of both Surrey and Hampshire and includes 13 district/borough local authorities. It brings together localities within the following local authority district areas in Hampshire and Surrey: -

- Basingstoke and Deane Borough Council;
- East Hampshire District Council;
- Elmbridge Borough Council;
- Guildford Borough Council;
- Hart District Council;
- Runnymede Borough Council;
- Rushmoor Borough Council;
- Spelthorne Borough Council;
- Surrey Heath Borough Council;
- Test Valley Borough Council
- Waverley Borough Council;
- Winchester City Council
- Woking Borough Council

Enterprise M3 geographical boundaries changed when Enterprise M3 incorporated as a legal entity in March 2019. The changes result from the LEP responding to a request by government to remove split districts as part of the LEP Review. New Forest District Council will be part of Solent LEP and East Hampshire District Council, Test Valley Borough Council and Winchester City Council will be part of EM3. These boundary changes have been agreed with the councils involved, Solent LEP and have been endorsed by government. Enterprise M3 and Solent LEP are working together to ensure that projects continue to be delivered in these areas. This will mean that New Forest DC may continue to receive some funds from Enterprise M3 and the remaining three districts may continue to receive funding for projects from Solent LEP.

Map of area



Enterprise M3 recognises that business and economic growth is not confined by geographical boundaries and we will work with neighbouring LEPs where joint activities will benefit our economy.

#### 4. Corporate Structure

Enterprise M3 Board Members have agreed the high-level governance structure for Enterprise M3 which includes the following sub-groups:

- Enterprise M3 Board
- Enterprise M3 Programme Management Group
- Enterprise M3 Joint Leaders Board
- Enterprise M3 Nominations Committee
- Enterprise M3 Resources, Finance and Audit Committee
- Enterprise Zone Programme Steering Group
- Enterprise M3 European Management Group
- Enterprise M3 COVID-19 Sub-Group

- Enterprise M3 sub groups as determined by EM3 Board

A short description of the Board and each sub-group is set out below, with specific focus on the roles of the Board and sub-groups in terms of the governance of the Enterprise M3's funding streams.

#### 4.1 The Enterprise M3 Board

The Enterprise M3 Board ("the Board") is a decision-making body. It is responsible for the overall strategic direction of Enterprise M3 as set out in the Enterprise M3 Strategic Economic Plan 2018 ("the Strategic Economic Plan") and the emerging Local Industrial Strategy and Recovery and Renewal Strategy, establishing targets and priorities. It will do this with full regard to the resources available. In carrying out the duties of a decision-making body the Board will seek the views of the Joint Leaders Board, along with the Enterprise M3 Programme Management Group, the Nominations Committee, the Enterprise M3 Resources, Finance and Audit Committee, the Enterprise M3 European Management Group, the Enterprise Zone Programme Steering Group, the Enterprise M3 Action Groups and the wider business community and stakeholders.

#### 4.2 Appointment of Board Members

The representatives on the Board provide an appropriate geographical and sectoral balance across the Enterprise M3 area. The LEP appoints a chair and deputy chair drawn from the private sector.

Enterprise M3 Board is made up of 19 Board Members and the Chief Executive who is an Executive director. Board Members act as advocates for the LEP and the LEP area, working collectively and in wider partnerships to steer the work of the LEP to achieve economic growth. The Board has committed to act in line with the Nolan Principles, reinforced through training for new Directors post incorporation. The Enterprise M3 Board may co-opt up to five additional members to join the main Board, for a period of up to one year. Co-optees will not have voting rights as Directors.

Details of the individuals currently serving as members of the Board can be found on the Enterprise M3 website at: [EM3 LEP Board Members](#)

Table 1: The Enterprise M3 Board

Board Representation	Geographical Coverage
<b>Private Sector representation With at least one private sector board member representing the SME community</b>	
<b>Business x 8</b>	<b>Drawn from across Enterprise M3 area. Representatives should work for a company based within the Enterprise M3 area or where the company carry out substantial work across Enterprise M3</b>
<b>Business Support Organisation x 2</b>	<b>Drawn from across Enterprise M3 Area</b>
<b>Not for Profit Sector x1</b>	<b>Enterprise M3 Area</b>
<b>Higher Education x 1</b>	<b>Enterprise M3 Area</b>
<b>Further Education x 1</b>	<b>Enterprise M3 Area</b>
<b>Public Sector representation</b>	
<b>Local Authority Members x 6</b>	<b>2 x Hampshire Districts/Boroughs</b>

<b>Normally Leader or deputy leader</b>	<b>2 x Surrey Districts/ Boroughs</b>
	<b>2 x County Councils – Hampshire and Surrey</b>
<b>Chief Executive</b>	<b>Added on incorporation March 2019</b>
<b>Accountable Body Section 151 Officer</b>	<b>As observer</b>
<b>Appropriate Government representative by invitation</b>	<b>As observer</b>

The above breakdown of the board will be compliant with the requirements of the LEP review to have one third public sector and two thirds private sector representation. All private sector members fit the definition of private sector as defined by the National Accounts Sector Classification <sup>2</sup>

District council member representatives are nominated by the Enterprise M3 Joint Leaders Board and appointed by Enterprise M3 Board.

County Councils nominate a member as a county representative.

Business Board member vacancies are advertised widely using such measures as the Enterprise M3 website and recruitment agencies. Business Board members are selected following applications and interview by the Chair and at least one other Board Member. The Enterprise M3 Board appoint business board representatives to be members of the board.

The Not for Profit (NfP) sector member vacancies are advertised publicly. Applicants are interviewed by at least one board member and the Chief Executive with the Enterprise M3 Board appointing someone to the Board.

The Further Education/Skills sector nominate an individual from the FE/Skills sector to be a member of the Enterprise M3 Board. Nominees will be interviewed by at least one board member and the Chief Executive with the Enterprise M3 Board appointing someone to the Board.

The Higher Education sector nominate an individual from the HE sector to be a member of the Enterprise M3 Board. Nominees will be interviewed by at least one board member and the Chief Executive with the Enterprise M3 Board appointing someone to the Board.

The Accountable Body Section 151 officer has a standing invitation to attend and speak at board meetings and receives Board papers in advance of meetings.

One Board member is appointed to act as the SME champion with the role of advocating for SME businesses in the EM3 area and their interests to the LEP and the local community.

#### **4.3 Appointment process**

The Chair of the Board is drawn from business membership and may hold the appointment for up to three years; this can then be renewed for further terms to a maximum of six years only. The Board will agree the renewal of the appointment of the Chair.

Board Members are appointed for a period of two years or a combination of two and three years. After this time the appointment is reviewed and may be extended with agreement with the Board. Board members may only serve a maximum of six years. In light of COVID-19 the Enterprise M3 Board agreed an 'exceptional circumstances' amendment to the maximum term of

<sup>2</sup> National Accounts Sector Classification

<https://www.gov.uk/government/statistics/national-accounts-sector-classification-classification-update-feb-2016>

office for the current Chair of the Board allowing the Chair to remain in post for an additional year to a maximum of seven years.

The restriction on time limits will not apply to the Enterprise M3 Chief Executive whose term will end when he/she leaves or the post or the post is made redundant for whatever reason.

In January 2018, the Enterprise M3 Board agreed to remunerate the Chair of Enterprise M3 to reflect the strengthened role, the considerable time commitment and the ambassadorial role requiring attendance at a range of senior meetings.

Remuneration is at a level of £20,000 per annum, effective from May 2018. The expectations of the role are set out in a letter from the Chair of the Nominations Committee. The Chair provides a paper for every board meeting setting out activities carried out in support of Enterprise M3. The Chair provides a verbal update at the Board.

All Board Members must sign a Code of Conduct and complete a Declaration of Interest form, for themselves, their spouses/partners as defined by the Localism Act, when they join the Enterprise M3 Board, reviewed formally in April every year. A copy of the Code of Conduct and a register of all Board Member interests is available to view on the Enterprise M3 website at: [Code of Conduct and Register of Interest for Board Members](#) Members of the Board are requested to declare any conflicts of interest at the beginning of each Board meeting which relate to the items due to be discussed, (including any interest held by a member of their household) these declarations are recorded in the minutes and the register of interests will be updated to reflect any new conflicts. Board Members who have declared an interest which relates to the items due to be discussed at a meeting must withdraw from the meeting when a decision is taken.

All Enterprise M3 staff members must sign a Code of Conduct and Declaration of Interest Forms. The Declaration of Interest forms for senior staff are published on the Enterprise M3 website. Both will be reviewed in April each year.

#### **4.4 Diversity Statement**

Enterprise M3 has due regard to the requirements for gender equality and diversity. Enterprise M3 endorsed the appointment of an Equality and Diversity Champion, named Julie Baker, Head of Enterprise and Community Finance at Natwest, on the main Board. Our Champion is working with the Board and the executive to achieve 50% female representation on the Board by March 2023.

Enterprise M3 and Hampshire County Council, in undertaking its role as the Accountable Body to Enterprise M3, shall comply with their responsibilities under the Public Sector Equality Duty as set out in section 149 of the Equality Act 2010 and they should have regard to these requirements when apportioning funding. An [Equalities and Diversity statement](#) is published on the Enterprise M3 website.

The Board is committed to ensuring equality of opportunity in the delivery and accessibility of its services. Enterprise M3 will look to ensure diverse representation at Board, as determined by the Local Enterprise Partnership Review 2018, and sub-group level which is reflective of the local business community (including geographies, gender and protected characteristics). A progress report will be brought to the Board each year stating the measures taken to encourage diversity and how we have overcome challenges, if any in meeting the targets. Enterprise M3 is committed to providing a safe environment free from unlawful discrimination and harassment both in employment and service delivery. Enterprise M3 and the County Council shall have due regard in the exercise of their roles and responsibilities to the need to:

- eliminate discrimination, harassment and victimisation and any other conduct prohibited under legislation;

- advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

[The Enterprise M3 Diversity Policy](#) is available on the website.

#### 4.5 Board Remuneration and LEP Officer salaries

Hampshire County Council, in its role as the Enterprise M3 Accountable Body, complies with the government's transparency agenda and the Localism Act, to publish information on staff remuneration, job descriptions, roles and associated budgets. The following are available on the Hampshire and Enterprise M3 websites:

[Hampshire County Council Expenses Policy](#)  
[EM3 Governance Page](#)

#### 4.6 Induction and Training

Since April 2019 when Enterprise M3 became a company limited by guarantee it has set aside budget for induction and training of new Board Directors.

Currently new Board members receive an induction to the roles and responsibilities of being members by the CEO.

Enterprise M3 have a commitment to ongoing board development and hold workshops and events to ensure that all members are informed of developments in order that they can make informed decisions in their roles as board members.

#### 4.7 The Complete Governance Structure

Enterprise M3 has depth and breadth to its Governance structure and has the following sub-groups, illustrated in the diagram at Annex A:

- The Programme Management Group
- Joint Leaders Board
- Nominations and Remuneration Committee
- Resources, Finance and Audit Committee
- COVID-19 Sub-Group
- European Management Group
- Enterprise Zone Programme Steering Group
- Action Groups

Each of these is detailed below.

##### ➤ **Enterprise M3 Programme Management Group (PMG)**

The Enterprise M3 Programme Management Group ("the PMG") plays a key role in the ongoing management of Enterprise M3's funding programmes. The group is able to approve Local Growth Fund/Growing Enterprise Fund projects with a contribution from Enterprise M3 of less than £3m and acts as an advisory group to the Board on larger projects.

The PMG comprises the following representatives:

- 3 x Private Sector Enterprise M3 Board member (1 to chair)
- 2 x Local Authority Members
- 2 x Local Authority Senior Officers
- 1 x Homes England representative
- 1 x Accountable body representative
- 1 x LEP Chief Executive

Additional members for transport-related items only:

- 2 x Local Authority Transport Lead Members
- 1 x Private Sector Chair of Enterprise M3 Transport Action Group

The main focus of the PMG is the management of the Local Growth Fund, Getting Building Fund and the Growing Enterprise Fund, although it will have oversight of all funding programmes held and influenced by Enterprise M3. Responsibilities of the PMG include:

- Approval of Local Growth Fund/Growing Enterprise Fund projects with a value of less than £3m.
- Reviewing and making recommendations to the Board on projects with a value greater than £3m.

Further detailed information about the role of the PMG, including its terms of reference can be found on the Enterprise M3 website at: [Programme Management Group](#)

#### ➤ **Joint Leaders Board**

The Joint Leaders Board (“the Joint Leaders Board”) brings together the Leaders of all 15 Local Authorities in the Enterprise M3 area with the purpose of strengthening the local authority governance arrangements in support of Enterprise M3; to provide a scrutiny and critical friend role; to assist in the development and implementation of actions that will deliver the Strategic Economic Plan; and to collaborate on economic development issues affecting the wider area.

The Joint Leaders Board strengthens local authority collaboration in support of Enterprise M3 and provides democratic accountability for the Enterprise M3 growth agenda. The Joint Leaders Board also:

- Have a major scrutiny role to hold Enterprise M3 accountable for its investment decisions and the operations of the organisation, making recommendations to the Enterprise M3 Board for consideration;
- Advises Enterprise M3 on the collective view of councils around strategic priorities and the Strategic Economic Plan and Local Industrial Strategy;
- Co-ordinates the contribution of councils on actions and activities to deliver the Strategic Economic Plan – making best use of, and potentially aligning, economic development resources and activities;
- Acts as a forum for collaboration and discussion between the Enterprise M3 LEP councils on issues affecting economic development and regeneration across the area – particularly spatial planning (including the ‘duty to co-operate’), housing and transport;
- Appoints the district level local authority members to the Enterprise M3 Board and to the Programme Management Group.

The chairing and administration of the Joint Leaders Board is managed by local authorities and meetings are open to the public. The Chair of the Joint Leaders Board is appointed on an annual basis from amongst the membership of the Joint Leaders Board. These roles are appointed at the first meeting of the municipal year and are eligible for re-appointment. In the absence of the Chair, the Joint Leaders Board shall appoint a Chair for the meeting.

The Terms of Reference and minutes of meetings for the Joint Leaders Board are available on: [Joint Leaders Board Page](#). Papers are available on request.

Membership of the Joint Leaders Board includes all 15 Leaders or their Deputies. Each Leader to be accompanied by a senior officer preferably the Chief Executive of the local authority.

#### ➤ **Enterprise M3 Nominations Committee**

The Enterprise M3 Nominations Committee sets the policy for the Enterprise M3 Board on issues in relation to the membership of the Board, diversity and its associated governance structures This includes the following:

- Setting the policy for board appointments and specifying descriptions of the role and capabilities required for board appointments in light of existing skills and experience of current board members;
- Planning for the future, including succession planning, to ensure that that the Board Membership reflects and can deliver the priorities of Enterprise M3's Strategic Economic Plan;
- Maintaining a balance within the Enterprise M3 Board and associated governance structures, including age, gender, ethnicity, public and private sector, sectors, geography and skills;
- Supporting the Enterprise M3 Board and Chief Executive by assuring succession planning with an ongoing pool of Board or Action Group candidates, which offer continuity, diversity and a skill set that supports the Enterprise M3 objectives;
- Assisting the preparedness of candidates with appropriate induction requirements, including background objectives, reports, meeting frequency and guidelines to help avoid conflicts of interest;
- Ensuring that Enterprise M3 through the membership of its structures, remains relevant to its stakeholders;
- Developing new talent within the governance structures;
- Identify opportunities to develop the capacity and competencies of board members and members of other groups such as media and public speaking training;
- Building a reputation for progress and transparency.

The Nominations Committee will provide a quarterly report to the Enterprise M3 Board.

The Nominations Committee comprises of the following members:

- 4 x non-public sector Enterprise M3 Board Member (1 to chair)
- 1 x Local Authority Member
- 1 x Chief Executive of Enterprise M3 LEP

#### ➤ **Enterprise M3 Resources, Finance and Audit Committee**

The Resources, Finance and Audit Committee will act as an Enterprise M3 LEP Board sub-group, with decision making powers. It will provide a decision-making role on a range of operational issues, including resources, finance and audit. It will:

- Propose the budget for all revenue funding to the any Enterprise M3 Board for approval;
- Review financial performance reports, scrutinising the overall financial position;
- Review internal financial controls and risk management systems – including regular review of audit reports detailing risks and mitigation in place;
- Oversee the Internal review of compliance with the LEP Assurance framework;
- Oversee staffing issues, including recruitment and contract extensions, and performance issues with financial implications;
- Advise on future sustainability: Maintain oversight of the financial requirements and procedures relating to all funding awarded;
- Acting as a sounding board offering internal scrutiny, problem solving and supportive advice, including on the following matters;
- Funding sources and programmes - exploring options for accessing additional funding through grants and other programmes;
- Procedures and operating policies including governance reviews, procurement, health and safety, risk;
- Stakeholder Memorandums of Understanding and other stakeholder partnership agreements;
- Good practice for HR, Finance and Risk matters;
- Consideration of any organisational review of Enterprise M3 team;
- Review or make decisions on any other matters referred to the Committee by the Board;
- Report to the Board on the proceedings of the Committee after each meeting and make available to Board members, the minutes of Committee meetings;
- Liaise with the Accountable Body’s Audit Committee, representing Enterprise M3’s interests where necessary.

The Chair and members of the Committee shall be appointed by the Board. The following membership, drawn from the Enterprise M3 Board, is:

- 3 x Non-Public Sector Enterprise M3 Board Directors
- 1 x Chief Executive of Enterprise M3 LEP
- An Accountable Body representative will have a standing invitation to all meetings

➤ **Enterprise M3 European Management Group (EMG)**

The Enterprise M3 European Management Group (“the EMG”) will supervise the development and administration of the LEP’s European Structural and Investment Funding Programme (“the ESIF”). The EMG is a local sub-committee of the National Growth Programme Board for ESIF. The EMG is not a sub-group of the LEP Board; however, its geographical coverage is contiguous with that of Enterprise M3.

The EMG will undertake a range of functions around the ESIF programme. The EMG is not a decision-making body, rather it will provide recommendations and guidance on strategic fit and value for money to the Managing Authorities for ESIF. The LEP has responsibility for recruitment to the EMG.

The membership of the EMG is subject to EU regulations and includes a wide range of representation from across the public, private and not-for-profit sectors. The Chair, a member of the LEP Board was elected by the group. Other members have been appointed through nomination by their sector.

The LEP has appointed a Chair for the EMG from amongst its Board. Other members will be appointed through nomination by their sector.

The membership of the EMG comprises representatives from the following sectors:

- Enterprise M3 (chair);
- Local authorities;
- Private sector;
- Not-for-profit sector;
- Environmental;
- Trade unions;
- Higher education;
- Further education;
- Wider education and skills sectors;
- Rural;
- Equality and diversity; and
- ESIF Managing Authorities.

➤ **Enterprise Zone (EZ) Programme Steering Group**

The Programme Steering Group (PSG) advises on the strategic direction and implementation of the programme and facilitates collaboration between the major stakeholders in the Enterprise Zone. PSG does not have decision-making powers, rather it is an advisory group to both the Programme Management Group (PMG) and the Enterprise M3 Board, specifically on matters relating to the strategic direction, funding priorities for projects and resources pertaining to the Enterprise Zone team.

Responsibilities of the PSG include:

- Review the level of income generated through the Business Rates Growth and forecast to end of the Enterprise Zone programme at March 2042;
- Consider investment proposals from partners for use of BRIG;
- Reviewing and making recommendations to PMG and the Enterprise M3 Board on the relative priority of EZ proposals for funding in accordance with the priorities set down by the Board;
- Consideration of due diligence on proposals and recommending to PMG or the Enterprise M3 Board whether proposals should proceed to contracting;
- Overseeing the development of an appropriate pipeline of proposals to be potentially funded in future and making associated recommendations;
- Monitor progress of projects and priorities set by the LEP Board relating to the Enterprise Zone, including making any recommendations to PMG and/or Enterprise M3 Board as appropriate.

The EZ<sup>3</sup> PSG role is to bring together senior representatives of the EM3 LEP and partner local authorities to drive forward the economic growth potential of the EZ<sup>3</sup> Enterprise Zone and each of its constituent sites to maximise the opportunities for growth.

- Support the EZ Programme Director and EM3 Management team through effective communications with all impacted stakeholders and providing unified and consistent direction for the programme;

- Receive and review progress reports considering them by exception from the EZ Programme Director and, or Partner representatives;
- Ensure the EZ funding is effectively aligned with other sources of funding, including LGF funds, and are used to derive effective value for public funds;
- Monitor the key outputs of the programme against Government specified management information requirements which are reported on quarterly;
- Review and make recommendations to the Enterprise M3 Programme Management Group and Board on the relative priority of Enterprise Zone investment plans and borrowing requirements;
- Discuss any high level risks and conflicts that cannot be addressed by the local delivery groups and make recommendations to resolve, mitigate or escalate these;
- Ensure all decisions relating to spending and funding is subject to existing Hampshire County Council internal approval processes, as accountable body to the LEP.
- All recommendations made by this group will be subject to partner local authority approval where appropriate.

The EZ<sup>3</sup> PSG will be made up of senior management representatives who can fully represent their organisation and take high level strategic decisions for the EZ<sup>3</sup> as a whole. The PSG comprises the following representatives:

- 1 x Private Sector Enterprise M3 Board member (to chair)
- 3 x District/Borough Council representatives at senior management level(1 for each Enterprise Zone site)
- 2 x Landowner representatives (as 1 Enterprise Zone site is local authority-owned)
- 2 x County Council representatives
- 1 x Cities and Local Growth Team
- 1 x Accountable Body (Hampshire County Council) representative
- 1 x Enterprise Zone Programme Director
- 1 x LEP Chief Executive

➤ **COVID-19 Sub-Group**

The COVID-19 Sub-Group plays a key role to discuss and take any business critical decisions relating to Enterprise M3's response to COVID-19.

The group is able to approve Local Growth Fund/Growing Enterprise Fund projects with a contribution from Enterprise M3 of less than £3m and acts as an advisory group to the Board on larger projects.

The COVID-19 Sub-Group comprises the following representatives:

- 1 x Enterprise M3 Chair (to act as Chair of COVID-19 Sub-Group)
- 1 x Chair of Resources, Finance and Audit Committee
- 1 x Chair of Nominations Committee

- 1 x Chair of Programme Management Group
- 1 x Chair of Joint Leaders Board
- 1 x Accountable Body Representative
- 1 x Enterprise M3 lead Board Director on Communications
- 1 x Enterprise M3 lead Board Director on Local Industrial Strategy
- 1 x LEP Chief Executive

The main focus of the COVID-19 Sub-Group is the management of the Local Growth Fund and the Growing Enterprise Fund, although it will have oversight of all funding programmes held and influenced by Enterprise M3. Responsibilities of the COVID-19 Sub-Group include:

- Approval of expenditure relating to Enterprise M3's COVID-19 response with a value of less than £1.5m;
- Providing recommendations and advice to the Board on Enterprise M3's COVID-19 response; and
- Providing recommendations and advice to Enterprise M3's other committees including; Nominations Committee, Resources Finance and Audit Committee, Programme Management Group, Local Industrial Strategy Group and Joint Leaders Board.

Further detailed information about the role of the COVID-19 Sub-Group, including its terms of reference can be found on the Enterprise M3 website at: [COVID-19 Sub-Group](#)

#### ➤ **Enterprise M3 Action Groups**

Enterprise M3 Action Groups (“Action Groups”) will play a key role in providing specialist advice and recommendations to the Board around particular projects. Enterprise M3 has the following Action Groups:

- Enterprise & Innovation Action Group
- Transport and Mobility Action Group
- Skills and Talent Action Group

In line with our Strategic Economic Plan and emerging Local Industrial Strategy, additional groups may be formed to meet future requirements.

The Action Groups will reflect the key issues and priorities in each sector. The Action Groups do not have financial decision-making responsibility.

Each Action Group will contain at least one Enterprise M3 Board member and will be chaired by a member of the private sector, selected by the group. Chairs will be selected by each Action Group and agreed by the Board. The Chairs of the Action Groups are appointed for terms of up to two years.

The Action Groups provide the interface between the individual businesses, local authorities and other public sector agencies throughout the Enterprise M3 geographic area.

As Enterprise M3 completes the Local Industrial Strategy we will fully understand the need for new or revised Action Groups/Forums, for example, our Rural and Land & Property Groups.

## **4.8 Independent Secretariat**

Enterprise M3 have a system that allows for Board members to have a route to obtain independent advice for clarification or verification. The first point of contact is to the Chief Executive and/or specialist members of staff. If the Board Member does not receive the independent information, he/she is seeking they have recourse to the Accountable Body.

Staff of Enterprise M3 whilst employed by Hampshire County Council, operate under a Memorandum of Understanding backed up by Service Level Agreements for legal, procurement, Human Resources and Finance. The Chief Executive of Enterprise M3 has responsibility for ensuring that information is independent and correct at that time and for ensuring that the Board is aware of this independent process available to them.

This independent function seeks to give confidence to the public, to government, to stakeholders and partners that a rigorous approach to governance and recording of meetings is conducted in an open and transparent manner. Internal scrutiny operates through regular senior management teams, team meetings and special internal teams that are formed to address opportunities and developments.

#### **4.9 Publication of meeting and agenda items**

On the principle of openness and transparency all Board and PMG meeting agendas are available on:

- [The Board](#)
- [Programme Management Group](#)
- [COVID-19 Sub-Group](#)

Enterprise M3 are committed to publishing on its website a public notice of Programme Management Group and Board meetings and any sub-committee which involves decisions about public money, at least five clear working days before any meeting. Copies of the Agenda and any papers (save for confidential and exempt items) to be considered at a meeting of the Programme Management Group or Board will be open for inspection by the public at least five clear working days before any meeting, unless a matter is to be considered as a matter of urgency, in which case the item will be available for inspection as soon as it is added to the Agenda for the meeting. The same procedure applies if a meeting is held by teleconference between meetings to take urgent business.

In compliance with the government guidance all new business cases relating to transport projects will be published on the Enterprise M3 website from April 2019 for inspection as recommended in the guidance. In addition, the business cases for all other projects will be available on the website in good time before approval through Programme Management Group.

The Board Directors shall hold an Annual Meeting which will be open to the public and can take the form of a conference. The Board shall hold ordinary meetings on such day and at such time and place as they may determine between each Annual Meeting. Enterprise M3 will publish an Annual Report detailing the year's achievements, the governance and the finances.

No business shall be transacted at any meeting of the Board unless a quorum of at least six Board members are present. If the numbers of votes for and against a proposal at a meeting are equal, the Chair or other Director chairing the meeting has a casting vote. The role of the Chair and other Board Directors is set out in the Enterprise M3 Articles of Association published on the Enterprise M3 website.

#### **4.10 Handling confidential and exempt information**

Enterprise M3 will seek to place as much information as possible in the public domain. However, due to the nature of our work there may be some papers which are not suitable for publication. We will use the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 and Schedule 12A of the Local Government Act 1972 as amended to determine whether documents should be exempt or classified

Our Confidential Items Policy published on the Enterprise M3 website gives further details of this process. The public may make written representations to the Programme Management Group or Board, and the process for doing is set out on the website of Enterprise M3. The Enterprise M3 Programme Management Group and Board will be made aware of any written representations received at the meeting. The draft minutes from meetings will be published within ten working days of the meeting having taken place.

Board members may make decisions out of session via written communication (hardcopy or electronic). Unless unavoidable, a minimum of two weeks should be allowed for decision making out of session.

#### **4.11 Publication of accounts, financial information, and transparent use of public funding**

The Enterprise M3 end of year accounts are identified in the Accountable Body's annual financial statements, an extract of which is included in the Annual Report and is available for inspection on the website.

The Enterprise M3 Annual Delivery Plan is also available for inspection on the website: [Delivery Plan](#)

The Enterprise M3 Board and Programme Management Group have responsibility for all financial decisions about projects including the Growth Hub.

The Enterprise M3 Programme Management Group may approve Local Growth Fund/Growing Enterprise Fund projects with a value of less than £3m. Projects with a value greater than £3m must be considered by the Programme Management Group before being submitted to the Enterprise M3 Board for approval.

Cost increases to projects previously approved by the Board or Programme Management Group may be agreed outside of meetings in order to prevent unnecessary delays in delivery. Cost increases of less than 10% may be approved by the LEP Director and cost increases below 20% can be approved by the Programme Management Group. The Enterprise M3 Board will approve any cost increases that exceeds £3 million. Financial Investment decisions and values are available both in the published PMG and Board papers and as information contained in the description of live and completed projects on: [EM3 Investments](#)

The Board will approve an annual and outline three-year budget and once approved the Chief Executive can approve requests for funding, as detailed within that plan. The Enterprise M3 Chief Executive may approve any variances of less than 10% from the headline income/expenditure budget. The Resources, Finance and Audit Committee may approve any variances between 10% and 30% and any variances in excess of 30% must be approved by the Enterprise M3 Board.

The Enterprise M3 Chief Executive cannot approve their own expenses but can approve expenses of others. The Chair or other Board Members can approve the Chief Executive expenses. An expenses policy for Enterprise M3 Board Members can be viewed at: [Expense Policy](#)

A copy of the Enterprise M3 Delegated Authority Policy is available [here](#).

Enterprise M3 will publish on its website the LEP Board papers, agendas and minutes to comply with local government legislation, unless the Board paper is of a confidential nature or an exempt paper falling under Schedule 12A Local Government Act 1972, as amended. Papers with the status of confidential will have that status reviewed and published if circumstances allow. The papers presented to the Board will broadly cover decisions made to provide funding to particular projects, programme updates, the rationale behind funding decisions, and details of successful projects.

#### **4.12 Management of contracts**

The structure of Enterprise M3, delivers a process for the management of contracts that is accountable. It operates as follows:

- Responsibility for the management of contracts that have been awarded Local Growth Funds/Growing Enterprise Fund is the Director of Operations, with the support of the Enterprise M3 Finance Manager and reporting to the Chief Executive of Enterprise M3
- Contract award, contract tracking and monitoring of performance are reported bi-monthly by the Director-Operations to PMG/ Board as appropriate
- The Governance and Assurance Manager is responsible for procurement and on-going contract tracking
- The Delegated Authority policy determines who can sign off what value of contract
- An internal Programme Management Office team which combines business delivery staff and operations staff meet monthly to discuss progress of contracts and to suggest remedial action if required.
- A draft copy of our standard contractual documentation is available on request. Annex B illustrates the roles and responsibilities of Enterprise M3 in delivering the capital programme

#### **4.13 Government Branding**

All beneficiaries and all staff are made aware of the Enterprise M3 published branding guidelines which clearly determines the use of Government and European branding on documentation, websites, press releases etc. Monitoring compliance with the branding guidelines is the responsibility of the Director – Operations.

#### **4.14 Scrutiny and Audit Arrangements**

Enterprise M3 has established a best practice model for the independent scrutiny of our governance arrangements, including:

- The governance structure, at section 4 records the Programme Management Group and Board responsibility to monitor processes and the progress of the Capital Programme;
- The establishment of a specific Joint Leaders Board Scrutiny role and expert oversight. Joint Leaders Board will dedicate a minimum of one meeting per annum to scrutinize selected areas of Enterprise M3 and will report to the Enterprise M3 Board on their findings. They reserve the right to undertake additional scrutiny if they consider it necessary. In addition, each local authority has the right to call in the Enterprise M3 Executive to be examined on a specific issue. Joint Leaders Board papers and minutes are available on the Enterprise M3 website;
- Compliance with the annual Hampshire County Council Audit Plan in relation to distribution of funding and compliance with the Enterprise M3 Assurance Framework

and [Memorandum and Articles of Association](#). This scrutiny arrangement permits the Accountable Body to have the confidence to return the Assurance Statement each year to government;

- Each project seeking funding undergoes a rigorous scrutiny process that includes independent initial grading of the Expression of Interest; Independent Due Diligence is purchased per project; projects are reported to the Programme Management Group for discussion leading to approval or referral; reported to Board.

Enterprise M3 recognises the importance of having clear arrangements in place which enable effective and meaningful engagement of local partners and the public. Enterprise M3 also acknowledges the importance of operating transparently giving the public and stakeholders confidence that decisions made are proper, based on evidence, and capable of being independently scrutinised.

The Enterprise M3 Section 151 Officer Assurance Report and the Assurance Statement from the Chair and Chief Executive are on: [S151 Assurance Statement](#).

Enterprise M3 have agreed operating practices contained in the Memorandum of Understanding supported by Service Level Agreements which are reviewed as part of the Audit processes on an annual basis and available on request. The LEP and the Accountable Body agree to work to the Hampshire Audit Plan and have a risk register agreed at the Resources, Finance and Audit Committee.

#### **4.15 Website**

Enterprise M3 maintains a [dedicated website](#) through which local partners and the public can keep in touch with progress on implementing the Growth Deal and can access key documents as required by the National Local Growth Framework.

#### **4.16 Data Protection and Freedom of Information**

Enterprise M3 is a company limited by guarantee with no delivery function and cannot act as data controller of personal data. Enterprise M3 will adhere to the processes established by Hampshire County Council in relation to its obligations under the Data Protection Act 2018, General Data Protection Regulations 2018 and the Freedom of Information Act 2000, as set out at clause 9 of the MOA.

Members of the Board are fully committed to ensuring that they share information in accordance with their statutory duties/relevant legislation. Partners recognise that any data or records supplied to public bodies are potentially subject to the provisions of the Data Protection Act 2018, General Data Protection Regulations 2018 and the Freedom of Information Act 2000.

Enterprise M3 will also adhere to the Local Government Transparency Code and, through the County Council as the Enterprise M3 LEP's Accountable body, will ensure that all Freedom of Information and Environmental Information Regulation requests are dealt with in line with the relevant legislation.

#### **4.17 Accountable Body and Section 151 Officer**

Enterprise M3 is a constituted body for which the County Council acts as the lead Accountable body for all funding streams under the control of the Enterprise M3 LEP.

The respective roles and responsibilities of Enterprise M3 and the County Council, in undertaking its role as the Accountable Body to the Enterprise M3 LEP, are set out below.

- The nature and scope of the relationship between the County Council and the Enterprise M3 is set out in the Memorandum of Understanding which together with the

accompanying Service Level Agreements, set out the support arrangements that the County Council, in its role as Accountable body, currently provides to Enterprise M3.

- The County Council is accountable for ensuring that all grant income received, payments out and any applicable repayments for all funding streams under the control of Enterprise M3 LEP are accounted for and administered correctly (which are subject to the County Council's normal internal and external audit controls)
- The County Council in undertaking its role as Accountable body to Enterprise M3 shall ensure that expenditure is spent in accordance with all applicable legal requirements and also in accordance with the County Council's rules and procedures as set out in its Constitution and Financial Procedures. In particular, the County Council shall comply with its financial duties and rules which require it to act prudently in spending, which are overseen and checked by its Chief Finance Officer, the Section 151 or the nominated Hampshire Finance officer.
- The County Council will not comply with a decision of the Board if it considers:
  - the decision did not comply with the County Council's rules and procedures as set out in its Constitution and Financial Procedures;
  - the decision would lead to the available budget being exceeded;
  - the decision was unlawful;
  - the decision did not comply with the requirements of this Assurance Framework;
  - the decision committed funds to a project that was reliant upon unproven future funding (without a full risk assessment – which includes the views of the potential source of funding).
- In such circumstances, the County Council and Enterprise M3 shall seek to resolve the matter by a process of consultation. If the matter cannot be resolved within a reasonable period of time, then the matter shall be escalated to the Chief Executive of Enterprise M3 and the County Council's Director of Economy, Transport and Environment who shall decide on the appropriate course of action to take. If the matter still cannot be resolved, then the matter will be referred to an independent arbitrator to reach an agreement. The costs of an independent arbitrator shall be borne by the County Council and Enterprise M3 respectively.
- In terms of scrutiny arrangements, Enterprise M3 has a Joint Leaders Board to ensure involvement of all of the local authority leaders. In order to help ensure appropriate decisions are made around the use of all funding streams secured by Enterprise M3, the PMG oversees the funding programme. The County Council, as the Accountable body, is represented at a senior officer level on PMG and has a standing invitation to all Board Meetings. This is in addition to the County Council's Deputy Leader having a seat on the Board. Enterprise M3 also report regularly to Government on progress and take part in formal annual review meetings, which act as a gateway for accessing future funding.
- On an annual basis or as required the Joint Leaders Board assembles solely for the purposes to scrutinise in depth selected operations of the LEP. Its recommendations are to be reported to the Enterprise M3 Board for consideration and acted on in accordance with the Board decision/s.
- The role of the Accountable Body, Hampshire County Council is contained in the Memorandum and Articles of Association. The principles, roles and responsibilities are in accordance with the guidance contained in the CIPFA Guidance published in August 2018, illustrated at Annex B.

- The role of our Section 151 officer is considered critical to ensure compliance with our Governance arrangements for finance, administration and audit function. His/her role meets the standards and is in accordance with the CIPFA Guidance 2018. In order for the section 151 to exercise his/her responsibilities all documentation is made available and the officer is invited to attend and to speak at our Board. He/she is also a member of our Programme Management Group.

#### **4.18 Conflicts of Interest Policy**

Enterprise M3 publishes on its website a [Code of Conduct](#) which covers commercial, actual and potential conflicts of interest. All those involved in the work of the LEP must agree to this document and complete a Register of Interests declaration within 28 days of starting in their role with EM3 LEP.

#### **4.19 Risk Register**

Enterprise M3 retain a Risk Register, which will be reviewed on a regular basis. Member organisations will review the risk of their own involvement with the Enterprise M3 in accordance with their own procedures.

Enterprise M3's Chief Executive has overall responsibility for the identification and management of risk within Enterprise M3.

#### **4.20 Register of Interests**

Enterprise M3 will maintain a [Register of Interests](#) of its Board members in accordance with its Register of Interest Policy published on its website.

Board members are committed to informing Enterprise M3 of any relevant changes to his/her interests within 28 days. In addition, Declarations of interest declared at the Board or Programme Management Board are noted and checked against the individual register.

Enterprise M3 will also maintain a [Conflict of Interest register](#) for its staff members.

#### **4.21 Enquiries and Complaints Policy**

Enterprise M3 will publish on its website an [Enquiries and Complaints Policy](#) as well as details around how members of the public and other stakeholders can contact Enterprise M3 (including how to contact us on a confidential basis, giving the option of two named officers to contact) and provide input to the decision- making process.

[A Whistleblowing Policy](#) is also published on the Enterprise M3 website which provides a confidential means for disclosures to contact the LEP. Our policy adheres to the protections outlined in the Public Interest Disclosure Act 1998. The named Responsible officer is the Director – Operations.

#### **4.22 Liability and Indemnity Insurance**

Enterprise M3 will provide Professional Indemnity and Financial and Administration Liability Insurance. The insurance provided will be to a limit of £1m which will cover damages and claimant costs and defence costs. The policy covers both the organisation and the personal liability of trustees (directors or committee members), in relation to running the organisation. This is referred to in the policy as maladministration. A full copy of the insurance policy is available on request.

#### **4.23 Local Engagement**

Partnership engagement is recognised as a key strength of Enterprise M3 with partners regularly commenting on the high levels of engagement. Enterprise M3's approach is to use early and ongoing engagement with a wide range of partners, driven by the Board. Enterprise M3 holds regular consultative meetings and communication.

Enterprise M3 publish a [monthly newsletter](#) which contains items of interest to our partners.

Enterprise M3 consults with business forums, and the not for profit sector, and organises annual conferences, relevant events on an ad-hoc basis. Enterprise M3 also engages with the public and stakeholders via its Action Groups.

To ensure the partners and stakeholders are kept up to date with the overall funding programme, Enterprise M3 will continue to use its established communications channels and tools, such as stakeholder newsletters, social media communications and regular partner meetings and will build on these where necessary.

#### **4.24 Cross Border Cooperation**

Enterprise M3 demonstrate best practice in their approach to working across geographical boundaries, working closely with neighbouring LEPs both strategically and operationally. The LEP Review and acceptance of our LEP Implementation Plan, provided the opportunity to further examine how these relationships, where there are shared economic priorities, can be strengthened to include greater strategic collaboration leading to effective and efficient delivery of key projects. Agreement to the new boundaries and the removal of split districts have provided areas of transition in New Forest, East Hants, Test Valley and Winchester.

Enterprise M3 is committed to supporting the LEP Network by sharing best practice, peer review and to working collaboratively on matters relevant to us.

#### **4.25 Social Value for Investment**

Enterprise M3 shall consider how additional social value and clean growth could be obtained through its procurement activities, which will primarily focus on how its economic objectives can be achieved through each project.

#### **4.26 Value for money**

##### ➤ Overall Management

Enterprise M3 has robust arrangements in place to ensure value for money and effective delivery, through strong project development, project and options appraisal, prioritisation and business case development. The details of these processes are set out in Annex C.

##### ➤ Funding – Allocations and Agreements

Funding will be provided for individual and indivisible schemes or for coherent packages of closely-related schemes. Funding will not be provided for unspecified or loosely-defined uses.

Funding will only be used for schemes and/or purposes specified in the bid and associated approval decision, unless expressly approved by the Board.

The County Council, as the Accountable Body of all funding streams under the control of Enterprise M3, is responsible for compliance with the funding terms and conditions laid down by MHCLG, BEIS, the DfT and/or any other relevant government funding agencies, which includes the obligation to repay, in whole or in part in the event of non-compliance with those terms and conditions.

The funding of cost increases will be considered on a case by case basis. As a general rule, Enterprise M3 will expect promoters to bear cost increases that could reasonably be considered to be within their control. Enterprise M3 may fund cost increases, for example where the reason for the cost increase could not reasonably have been expected, such as a change in legislation or scope of the project.

Prior to disbursement of funding to a project, a legal funding agreement must be in place with the delivery organisation. The legal funding agreement will be in substantially the same form as the template legal funding agreement available on request. In the case of the County Council being the delivery organisation, the County Council will confirm compliance with the terms of the legal funding agreement in the form of a letter as the County Council is unable to enter into a legal funding agreement with itself. In the event that there is an irreconcilable difference/disagreement with the terms of the legal funding agreement arising between the County Council being the delivery organisation and Enterprise M3, then the matter shall be escalated to the County Council's Director of Economy, Transport and Environment, the County Council's Chief Financial Officer and the Chief Executive of Enterprise M3. If the matter can still not be resolved, the matter will be referred to an independent arbitrator. The costs of which shall be borne by the County Council being the delivery organisation and Enterprise M3.

The legal funding agreement will:-

- set out delivery milestones for the project, a projected payment schedule (where applicable) and will include arrangements for reporting monitoring information back to Enterprise M3;
- provide assurance that any local contributions specified within the business case will be provided and accept liability for all cost increases; and
- confirm that the awarded funding will only be used for the project for which it was awarded and that all reasonable efforts to control costs will be made.

Scheme promoters will be expected to bear scheme development costs for the first part of the application process. The preparation of detailed business cases is to be funded by scheme promoters. However, Enterprise M3 may agree to fund reasonable costs which comply with the funding terms and conditions.

#### ➤ Evaluation and Monitoring

The template for submitting full business case application requires promoters to clearly specify the [Evaluation and Monitoring strategy](#). This forms an integral part of an application. As part of their evaluation of a proposal, Enterprise M3 will assess the adequacy of a promoter's Evaluation and Monitoring strategy, giving consideration to evaluations that are proportionate to the value and scale of each scheme, whilst being affordable and representing value for money. The Monitoring & Evaluation Policy is published on.

Enterprise M3 will specify the monitoring metrics projects are expected to report on and the frequency on which these reports are required.

Evaluation methodologies and requirements will also be agreed with scheme promoters and will be in accordance with government guidance for reporting and monitoring. Generally, the expectation will be that the scheme promoter funds evaluation activity from the project budget. Report(s) are to be produced and published on the Enterprise M3's website after suitable intervals/ period, following completion of the schemes.

The Evaluation Report(s) would aim to demonstrate the extent to which the assumed/predicted impacts and benefits have been realised. They could cover the following measures, as appropriate for a scheme:

- Net additional jobs created in the Enterprise M3 area that can reasonably be linked to the intervention.
- Net additional housing or employment floor space created or enabled as a consequence of the intervention (either directly or as part of a wider package of enabling measures).
- Private sector investment leveraged as a result of the delivery of the intervention (either directly or as part of a wider package of enabling measures).
- Local Gross Value Added (GVA) created and/or safeguarded.
- Demonstrable contribution to retention of existing businesses in the Enterprise M3 area.
- Other measures as required by the funding body

If appropriate and feasible, Enterprise M3 may produce consolidated evaluation reports, covering several schemes that are related either by geography or by type of intervention or scale of funding or some other relevant criteria, with the aim of drawing out common findings and recommendations for future decision making.

#### **4.27 Value for money for Transport Projects**

Enterprise M3 have committed a large percentage of its budget to transport and mobility projects and has robust and established processes in place to ensure that the modelling and appraisal processes are in line with National Assurance Guidance.

Proposals received, as specified in the Business Case and in the Enterprise M3 Monitoring and Evaluation Policy must comply with the guidance set out in WEBTAG.3. as appropriate. For schemes with a value of less than £5m Enterprise M3 will use its judgement and the advice of the provider of due diligence services to determine whether a full WEBTAG.3 appraisal is appropriate for the level of funding sought, the complexity of the proposed project and the weighting attached to this criterion.

On every project Enterprise M3, through its governance procedures, ensures that the full range of material costs and benefits, the fit with criteria are made available to decision makers.

<https://www.gov.uk/government/publications/monitoring-and-evaluation-framework-for-local-authority-major-schemes>

## **Part 2 - LEP Commitments**

The National Framework Guidance seeks the following commitments as detailed in Table 1 below. The signatories listed in Table 2 demonstrates the commitment of Enterprise M3 LEP and Hampshire County Council in the Accountable Body role.

Table 1

Commitment by Enterprise M3 Executive and Non Executive Members	
1	Commit to keep records which demonstrate legal obligations and other compliance requirements
2	Commit to proactively raise instances of non-compliance with Government
3	Commit to actively cooperate with stakeholders and other regeneration organisations
4	Commit to ensure partnership working and engagement on projects
5	Commit to champion successes within their communities
6	Commit to Board member and LEP Officer induction and training
7	Commit to providing a safe environment free from unlawful discrimination and harassment both in employment and service delivery
8	Commit to working collaboratively with other LEPs

Signatories to this document in Table 2 affirm adherence to the commitments that EM3 LEP is compliant with the National Assurance Framework Guidance January 2019.

Table 2

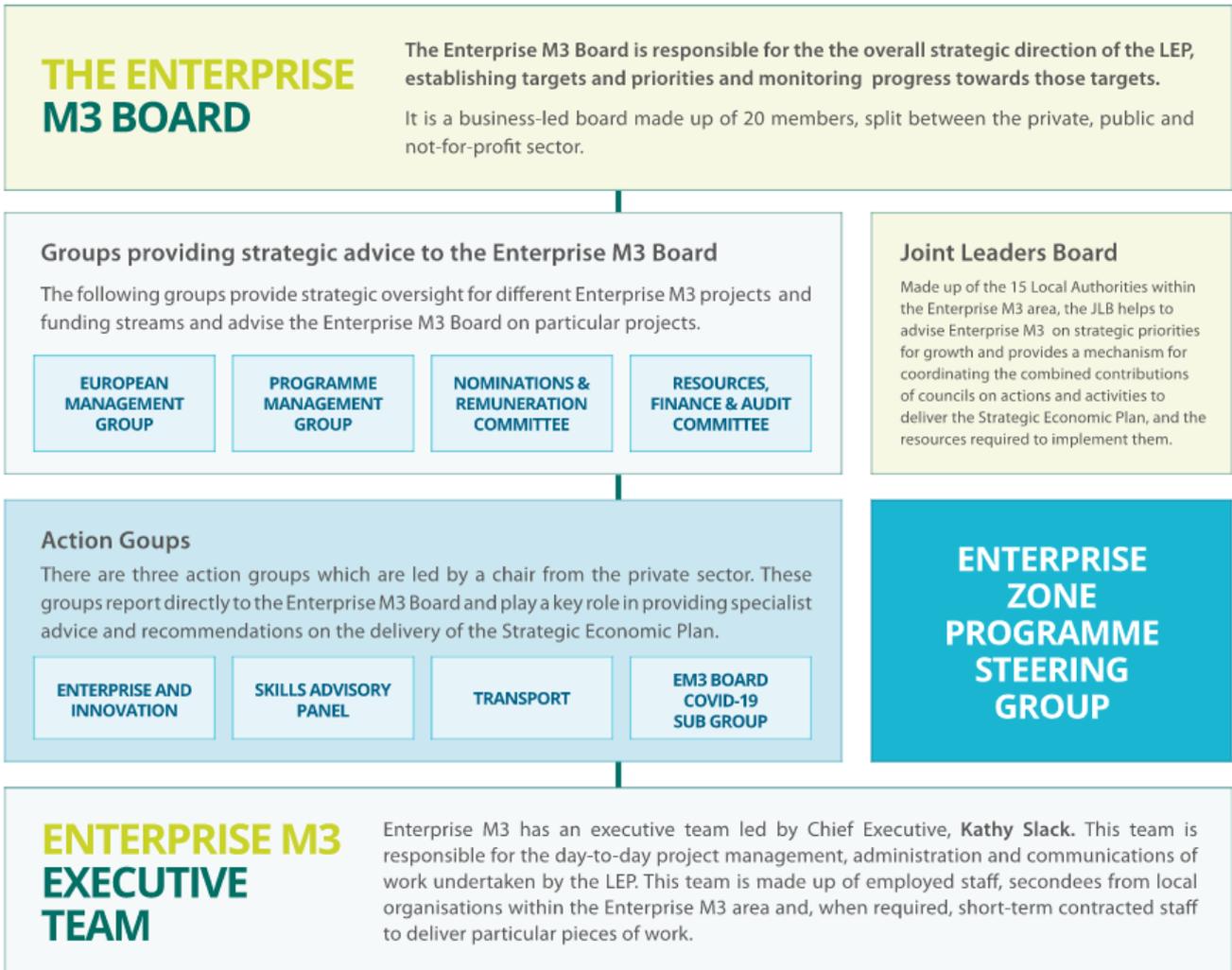
Name	Organization	Role	Date
Kathy Slack	Enterprise M3	CEO	29/03/2019
Dave Axam	Enterprise M3	Chair	29/03/2019
Rob Carr	Hampshire County Council	Section 151 Officer	29/03/2019

### **Part 3 Enterprise M3 Policies**

The following Policies are available on the Enterprise M3 website:

- Code of Conduct
- Register of interests for Board Directors and staff
- Enquiries and Complaints policy
- Whistleblowing Policy
- Diversity and Equality Statement
- Expenses policy
- Evaluation and Monitoring policy

## Annex A – Enterprise M3 Governance Structure



## Annex B

### Prioritisation, Appraisal, Value for Money and Business Case Development

- Enterprise M3 will periodically release a prospectus inviting bids for funding from the GEF, LGF and GBF funds.
- Enterprise M3 will engage with a range of partners in order to reach a wide range of stakeholders and attract suitable project proposals for any funding that is likely to be available. Enterprise M3 will endeavour to actively engage partners through its action groups, theme leads and newsletters, and will also make information publicly available via its website. Enterprise M3 will aim to work with a sufficiently diverse set of partners to allow a wide range of project options likely to achieve the strategic objectives of the Enterprise M3 to come forward for consideration.
- Potential bidders will be provided within an Expression of Interest template document (a copy of which will also be made available on the Enterprise M3 website), which will capture outline business case information required to undertake an initial assessment around the merits of the proposed project.
- Following the submission of a completed Expression of Interest template, the Enterprise M3 will undertake an initial assessment of the proposal based on the following criteria:

#### **Fit with the five Strategic Economic Plan priorities for growth:**

- **High Value Sectors for a Globally Facing Economy**
- **Enterprise and Innovation for Scaling up High Productivity SME's**
- **Skills for a High Value, High Growth Economy**
- **Connectivity for a 21<sup>st</sup> Century Advanced Digital and Low Carbon Economy**
- **Dynamic Communities and Sustainable Growth Corridors**

#### **Delivery risk, including:**

- Level of conceptual development
- Delivery barriers identified and/or mitigated
- Identified delivery risks and mitigation

#### **Value for Money, including:**

- Economic outcomes expected
- Funding required and match funding/leverage
- Potential for providing funding as a loan
- Value for money assessments undertaken

This initial assessment will determine whether the proposal is something Enterprise M3 would support, and the relative priority of the proposal. Project managers will provide feedback to bidders following this assessment.

- For those projects to be taken forward to Programme Management Group/Board, Enterprise M3 will request the submission of a detailed business case for due diligence, based on a template developed by Enterprise M3. The business case template will seek a proportionate level of information to address the five cases within the HM Treasury Green Book business case development methodology. The outline and full business cases are the evidential basis on which assessment of projects will take place, and by which the relative priority of projects will be determined.

- All projects will be assessed in line with the [Monitoring and Evaluation Policy](#).
- Independent scrutiny will then be undertaken around these business cases, verifying that the information provided is sound and can be used as evidence for decision-making around the priority and funding of the project. Rigour and data quality will be assessed, alongside the need and/or opportunity the project addresses. This process will also ensure established best practice is taken account of appropriately in proposals and that all projects are quality assured in an independent manner. This independent scrutiny will also test the extent to which clearly defined inputs, activities, outputs and economic outcomes, the additionality of these outputs, and factors such as deadweight and displacement have been taken into account.
- The Enterprise M3's PMG will then consider the outcome of this and form a view as to the relative priority of a project within the overall programme, and whether the project should proceed to contracting. The PMG has responsibility for comparing different types of projects across the programme. The PMG will approve any projects with a value of less than £3m or make a formal recommendation to the Board with projects with a value greater than £3m stating that the proposal should:
  - proceed to contracting;
  - proceed to contracting subject to certain conditions being met; or
  - not proceed to contracting at this point.
- Value for money across the programme will be assessed and reviewed on an ongoing basis.
- Enterprise M3 has allocated named individuals as having responsibility for overseeing the scrutiny of business cases, and for ensuring there is overall value for money within the Local Growth Fund and Growing Enterprise Fund programmes:

<b>Job Title</b>	<b>Responsible for</b>
Director – Operations	Ensuring overall value for money within the Local Growth Fund and Growing Enterprise Fund programmes.
Strategic Lead Trade and Enterprise	Overseeing scrutiny of skills, Enterprise and Innovation business cases
Strategic Lead Infrastructure, Transport and Place	Overseeing scrutiny of Transport business cases

**THE COMPANIES ACT 2006**

**COMPANY LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL**

**ARTICLES OF ASSOCIATION**

**of**

**ENTERPRISE M3 LIMITED**

**(the Company)**

**1 DEFINITIONS AND INTERPRETATION**

1.1 In these Articles, unless the context otherwise requires:

<b>Accountable Body</b>	means a body appointed to hold and manage the functions of the Local Enterprise Partnership;
<b>Act</b>	means the Companies Act 2006;
<b>Address</b>	has the meaning given in section 1148 of the Act;
<b>AGM</b>	means an annual general meeting of the members of the Company as provided for in Article 23;
<b>Articles</b>	means the Company's articles of association for the time being in force;
<b>Assurance Framework</b>	means the National Government policy and procedures relating to the governance of the Local Enterprise Partnerships;
<b>Business Day</b>	means any day (other than a Saturday, Sunday or public holiday in the United Kingdom) on which clearing banks in the City of London are generally open for business;
<b>Chair</b>	has the meaning given in article 16.1;
<b>Companies Acts</b>	means the Companies Acts (as defined in section 2 of the Act), in so far as they apply to the Company;
<b>Conflict</b>	means a situation in which a director has or can have, a direct or indirect interest that conflicts or possibly may conflict, with the interests of the Company;
<b>Deputy Chair</b>	means a director appointed to hold that office for the Local Enterprise Partnership;

<b>director</b>	means a director of the Company, and includes any person occupying the position of director, by whatever name called;
<b>Document</b>	includes, unless otherwise specified, any document sent or supplied in electronic form;
<b>electronic form</b>	has the meaning given in section 1168 of the Act;
<b>electronic means</b>	has the meaning given in section 1168 of the Act;
<b>Eligible Director</b>	means a director who would be entitled to vote on the matter at a meeting of directors (but excluding in relation to the authorisation of a Conflict pursuant to article 18, any director whose vote is not to be counted in respect of the particular matter);
<b>Interested Director</b>	has the meaning given in article 18.3;
<b>Member</b>	means a member of the Company;
<b>LEP area</b>	the geographical area as agreed with Government for Enterprise M3 from time to time, including but not limited to the following areas: Basingstoke and Deane Borough Council; East Hampshire District Council; Elmbridge Borough Council; Guildford Borough Council; Hart District Council; Runnymede Borough Council; Rushmoor Borough Council; Spelthorne Borough Council; Surrey Heath Borough Council; Test Valley Borough Council; Waverley Borough Council; Winchester City Council; and Woking Borough Council;
<b>Local Enterprise Partnership</b>	means the business-led public-private partnerships entrusted with public funds and responsibilities to drive growth across England, who must comply with the guidance set out in the National Assurance Framework set out by government;
<b>ordinary resolution</b>	has the meaning given in section 282 of the Act;
<b>special resolution</b>	has the meaning given in section 283 of the Act;
<b>Subsidiary</b>	has the meaning given in section 1159 of the Act; and
<b>writing</b>	means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise.

1.2 The model articles for private companies limited by guarantee contained in Schedule 2 of the Companies (Model Articles) Regulations 2008 (SI 2008/3229) are excluded.

- 1.3 Unless the context otherwise requires, other words and expressions contained in the Articles which have particular meanings in the Act shall have the same meanings in these Articles.
- 1.4 Headings in these Articles are used for convenience only and shall not affect the construction or interpretation of these Articles.
- 1.5 A reference in these Articles to an "article" is a reference to the relevant article of these Articles unless expressly provided otherwise.
- 1.6 Unless expressly provided otherwise, a reference to a statute, statutory provision or subordinate legislation is a reference to it as it is in force from time to time, taking account of:
- 1.6.1 any subordinate legislation from time to time made under it; and
  - 1.6.2 any amendment or re-enactment and includes any statute, statutory provision or subordinate legislation which it amends or re-enacts.
- 1.7 Any phrase introduced by the terms **including, include, in particular** or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.
- 1.8 Words importing the singular number only include the plural and vice versa. Words importing the masculine gender include all other genders. Words importing persons include corporations.

## **2 LIABILITY OF MEMBERS**

- 2.1 The liability of each Member is limited to £1, being the amount that each Member undertakes to contribute to the assets of the Company in the event of its being wound up while he/she is a Member or within one year after he ceases to be a Member, for:
- 2.1.1 payment of the Company's debts and liabilities contracted before he ceases to be a Member;
  - 2.1.2 payment of the costs, charges and expenses of winding up; and
  - 2.1.3 adjustment of the rights of the contributories among themselves.

## **PART 2: OBJECTS AND POWERS**

### **3 OBJECTS**

- 3.1 The objects for which the Company is established are:
- 3.1.1 to stimulate sustainable economic growth, regeneration, employment, inward investment and trade, training and development, place making and commerce in the LEP area;
  - 3.1.2 to promote the LEP area positively at regional, national, European and international levels on matters affecting its economic development and regeneration; and

3.1.3 to carry on business as a general commercial company.

#### **4 POWERS**

4.1 In pursuance of the objects set out in article 3, the Company has the power to:

- 4.1.1 buy, lease or otherwise acquire and deal with any property real or personal and any rights or privileges of any kind over or in respect of any property real or personal and to improve, manage, develop, construct, repair, sell, lease, mortgage, charge, surrender or dispose of or otherwise deal with all or any part of such property and any and all rights of the Company;
- 4.1.2 borrow and raise money in such manner as the directors shall think fit and secure the repayment of any money borrowed, raised or owing by mortgage, charge, lien or other security on the Company's property and assets;
- 4.1.3 invest and deal with the funds of the Company not immediately required for its operations in or upon such investments, securities or property as may be thought fit;
- 4.1.4 subscribe for, take, buy or otherwise acquire, hold, sell, deal with and dispose of, place and underwrite shares, stocks, debentures, debenture stocks, bonds, obligations or securities issued or guaranteed by any government or authority in any part of the world;
- 4.1.5 lend and advance money or give credit on such terms as may seem expedient and with or without security to customers and others, to enter into guarantees, contracts of indemnity and suretyships of all kinds to receive money on deposit or loan upon such terms as the Company may approve and to secure or guarantee the payment of any sums of money or the performance of any obligation by any company, firm or person including any holding company or subsidiary;
- 4.1.6 lobby, advertise, publish, educate, examine, research and survey in respect of all matters of law, regulation, economics, accounting, governance, politics and/or other issues and to hold meetings, events and other procedures and co-operate with or assist any other body or organisation in each case in such way or by such means as may, in the opinion of the directors, affect or advance the Company's objects in any way;
- 4.1.7 pay all or any expenses incurred in connection with the promotion, formation and incorporation of the Company and to contract with any person, firm or company to pay the same;
- 4.1.8 enter into contracts to provide services to or on behalf of other bodies;
- 4.1.9 enter into contracts to acquire services from subcontractors or other service providers as may be required for the fulfilment of the Company's purposes;
- 4.1.10 provide and assist in the provision of money, materials or other help.

- 4.1.11 open and operate bank accounts and other facilities for banking and draw, accept, endorse, issue or execute promissory notes, bills of exchange, cheques and other instruments;
- 4.1.12 incorporate subsidiary companies to carry on any trade; and
- 4.1.13 do all such other lawful things as are incidental or conducive to the pursuit or to the attainment of any of the objects set out in article 3.

### **PART 3: NOT FOR PROFIT**

#### **5 INCOME AND PROPERTY**

- 5.1 The income and property of the Company shall be applied solely in promoting the objects of the Company as set out in article 3 and in accordance with the Assurance Framework.
- 5.2 No dividends or bonus may be paid or capital otherwise returned to the Members, provided that nothing in these Articles shall prevent any payment in good faith by the Company of:
  - 5.2.1 reasonable and proper remuneration to any Member, officer or servant of the Company for any services rendered to the Company;
  - 5.2.2 any interest on money lent by any Member or any director at a reasonable and proper rate;
  - 5.2.3 reasonable and proper rent for premises demised or let by any Member or director; or
  - 5.2.4 reasonable out-of-pocket expenses properly incurred by any director in accordance with article 21.

#### **6 WINDING UP**

- 6.1 On the winding up or dissolution of the Company, after provision has been made for all its debts and liabilities, any assets or property which remain available to be distributed or paid shall not be paid or distributed to the Members but shall be transferred to another body with objects similar to those of this Company or as directed by the government department then responsible for local enterprise partnerships or their successors.

### **PART 4: DIRECTORS**

#### **7 THE ROLE OF THE BOARD OF DIRECTORS**

- 7.1 The role of the directors shall be to:
  - 7.1.1 provide strategic leadership and to develop the long-term vision of the Enterprise M3 region, providing strategic insight on the opportunities and challenges facing the area by setting, reviewing and refining the Strategic Economic Plan and any subsequent strategies arising from it;

- 7.1.2 act as champions and ambassadors, for the Enterprise M3 economic vision and promote its achievements;
- 7.1.3 communicate with the Company's partners and wider audiences the ambitions and successes delivered by the Local Enterprise Partnership Executive team;
- 7.1.4 ensure good governance and accountability in accordance with the Enterprise M3 Assurance Framework; and
- 7.1.5 allocate resources to deliver economic growth in accordance with the Company's objects and maintain financial controls in partnership with the Accountable Body.

## **8 APPOINTING DIRECTORS**

- 8.1 Unless otherwise determined by ordinary resolution, the number of directors shall not be less than six and shall be subject to a maximum of 21. The Enterprise M3 Chief Executive is an Executive Director, representing neither the public or private sector and excluded from the limitations of size imposed by Government.
- 8.2 As determined by relevant Government Department the representation of directors from the private sector shall represent 66% of the total and the representation of directors from the public sector shall make up the balance as set out in the Assurance Framework.
- 8.3 Any person who is willing to act as a director, and is permitted by law to do so, may be appointed to be a director by ordinary resolution in accordance with any procedures for nominations and elections that are determined by the directors from time to time and set out in the Assurance Framework
- 8.4 All directors appointed pursuant to article 8.3 shall serve a term of office of up to a maximum of 6 years based on periods of up to 3 years. Directors may be appointed for a period of 2 years or a combination of 2 and 3 years, after which their appointment as a director shall automatically terminate.
- 8.5 The role of Executive Director is not term restricted but lapses in the event that the post is made redundant.
- 8.6 The Chair shall be appointed from the private sector as Chair for a maximum of 3 years, after which he may seek re-appointment for a further terms as long as the period as director/chair does not exceed 6 years.
- 8.7 In exceptional circumstances such as in light of Covid-19, Directors may be re-appointed for one further term of one year to a maximum of seven years.
- 8.8 The provisions of this article 8 shall only be varied in line with government guidance.

## **9 TERMINATION OF A DIRECTOR'S APPOINTMENT**

- 9.1 A person ceases to be a director as soon as:
  - 9.1.1 that person ceases to be a director by virtue of any provision of the Act or is prohibited from being a director by law;
  - 9.1.2 that person ceases to be a Member;

- 9.1.3 that person ceases to be a director pursuant to article 8.4;
  - 9.1.4 that person is absent without permission from three consecutive meetings of the directors and the other directors resolve to remove him/her from office;
  - 9.1.5 a bankruptcy order is made against that person;
  - 9.1.6 a composition is made with that person's creditors generally in satisfaction of that person's debts;
  - 9.1.7 notification is received by the Company from the director that the director is resigning from office, and such resignation has taken effect in accordance with its terms;
  - 9.1.8 a registered medical practitioner who is treating that person gives a written opinion to the Company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months; or
  - 9.1.9 the director is otherwise duly removed from office or voluntarily steps down as director.
- 9.2 The Chair or Deputy Chair may be removed in the event of a vote of no confidence that a majority of directors affirm. In the event of a vote of confidence no director shall have a casting vote.

## **10 DIRECTORS' POWERS**

- 10.1 Subject to the Articles, the directors are responsible for the management of the Company's business, for which purpose they may exercise all the powers of the Company.
- 10.2 The directors may from time to time change the name of the company to any name considered by the directors to be advantageous, expedient or otherwise desirable.
- 10.3 Subject to the Articles, the directors may delegate any of the powers which are conferred on them under the Articles to such person or committee, by such means (including by power of attorney), to such an extent, in relation to such matters or territories, and on such terms and conditions, as they think fit. If the directors so specify, any such delegation may authorise further delegation of the directors' powers by any person to whom they are delegated.
- 10.4 The directors' power to delegate shall be effective in relation to the powers, authorities and discretions of the directors generally and shall not be limited by the fact that in certain of the Articles, but not in others, express reference is made to particular powers, authorities or discretions being exercised by the directors or by a committee authorised by the directors.
- 10.5 The directors may revoke any delegation in whole or part, or alter its terms and conditions.
- 10.6 The Members may, by special resolution, direct the directors to take, or refrain from taking, specified action where they are permitted to do so by the Act. No such special resolution invalidates anything which the directors have done before the passing of the resolution.

## **11 COMMITTEES**

- 11.1 Committees to which the directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of the Articles which govern the taking of decisions by directors.
- 11.2 A member of a committee or sub-committee need not be a director.
- 11.3 The directors may make rules of procedure for all or any committees, which prevail over rules derived from the Articles if they are not consistent with them.

## **PART 5: DECISION-MAKING BY DIRECTORS**

### **12 DIRECTORS TO TAKE DECISIONS COLLECTIVELY**

- 12.1 Any decision of the directors must be either a majority decision taken at a meeting or a decision taken in accordance with article 12.2.
- 12.2 A decision of the directors is taken in accordance with this article when all Eligible Directors indicate to each other by any means that they share a common view on a matter. Such a decision may take the form of a resolution in writing, where each Eligible Director has signed one or more copies of it, or to which each Eligible Director has otherwise indicated agreement in writing.
- 12.3 A decision may not be taken in accordance with article 12.2 if the Eligible Directors would not have formed a quorum at such a meeting.

### **13 DIRECTORS' MEETINGS**

- 13.1 Meetings of the directors may be called by the Chair or CEO of the Company by giving not less than 20 days' notice of the meeting (or such lesser notice as all the directors may agree) to the directors.
- 13.2 Notice of a directors' meeting must indicate its proposed date and time, where it is to take place, and if it is anticipated that directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.
- 13.3 Notice of a directors' meeting must be given to each director but need not be in writing.
- 13.4 If a director is absent (whether habitually or temporarily) from the United Kingdom, that director is only entitled to receive notice of a directors' meeting if the Company has an address for sending or receiving documents or information by electronic means to or from that director outside the United Kingdom.
- 13.5 Notice of a directors' meeting need not be given to directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the Company not more than seven days after the date on which the meeting is held. Where such notice is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it.

- 13.6 As specified in the Enterprise M3 Assurance Framework, the directors shall publish on the Company's website a public notice of Board meetings, Programme Management Group and any sub-committees which involves decisions about public money, at least five clear working days before any meeting. Copies of the agenda and any papers (save for confidential and exempt items) to be considered at a directors' meeting will be open for inspection by the public at least five clear working days before any meeting, unless a matter is to be considered as a matter of urgency, in which case the item will be available for inspection as soon as it is added to the agenda for the meeting. The same procedure applies if a meeting is held by teleconference between meetings to take urgent business.
- 13.7 All matters not considered confidential shall be available on the Enterprise M3 website with the minutes published within 10 working days.
- 13.8 Special meetings of the Board or its sub committees may be called by the Chair or CEO of the Company to address urgent matters of business. In this instance the requirement for 20 days' prior notification will be waived.
- 13.9 The Accountable Body shall be entitled to attend all meetings of the Board and shall receive notice of all meetings, together with copies of the agenda and any board papers, in advance of each meeting in accordance with the timescales set out in Articles 13.1 and 13.6 above.

#### **14 PARTICIPATION IN DIRECTORS' MEETINGS**

- 14.1 Subject to the Articles, directors participate in a directors' meeting, or part of a directors' meeting, when:
- 14.1.1 the meeting has been called and takes place in accordance with the Articles; and
  - 14.1.2 they can each communicate to the others any information or opinions they have on any particular item of business of the meeting.
- 14.2 In determining whether directors are participating in a directors' meeting, it is irrelevant where any director is or how they communicate with each other.
- 14.3 If all the directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.

#### **15 QUORUM FOR DIRECTORS' MEETINGS**

- 15.1 At a directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.
- 15.2 The quorum for directors' meetings may be fixed from time to time by a decision of the directors and unless otherwise fixed it is any six Eligible Directors or one third of the total number of directors (rounded down to the nearest whole number), whichever is the greatest, provided that for the purposes of any meeting (or part of a meeting) held pursuant to article 18 to authorise a Conflict, if there is only one Eligible Director in office other than the Interested Director, the quorum for such meeting (or part of a meeting) shall be one Eligible Director.

15.3 In addition, it is intended that attendance at directors' meetings should be representative of the make-up of the board of directors as a whole, so that approximately two thirds of the Eligible Directors attending each directors' meeting should be representatives from the private sector and approximately one third should be representatives from the public sector (with percentages to be rounded down to the nearest whole number).

15.4 If the total number of directors in office for the time being is less than the quorum required, the directors must not take any decision other than a decision:

15.4.1 to appoint further directors in line with the proportion of private-sector and public-sector representatives set out in Article 15.3 above and in consideration of any gender balance required at that time; or

15.4.2 to call a general meeting so as to enable the Members to appoint further directors.

## **16 CHAIRING OF DIRECTORS' MEETINGS**

16.1 The directors may appoint:

16.1.1 a director to chair their meetings (who shall be known as the **Chair**); and

16.1.2 a director to act as deputy to the Chair (who shall be known as the **Deputy Chair**);

provided that any appointments made pursuant to this article 16.1 must satisfy any requirements set out in accordance with the Assurance Framework or which are determined by the directors from time to time.

16.2 Meetings of the directors shall be chaired by the Chair or (if the Chair is unwilling or unable to do so) the Deputy Chair or (if the Deputy Chair is unwilling or unable to do so) or if none of them are able or willing to do so, the participating directors must appoint one of themselves to take the chair for that meeting.

## **17 CASTING VOTE**

17.1 If the numbers of votes for and against a proposal at a meeting of directors are equal, the Chair or other director (except in a vote of no confidence the Chair or Deputy Chair) chairing the meeting has a casting vote.

17.2 Article 17.1 shall not apply in respect of a particular meeting (or part of a meeting) if, in accordance with the Articles, the Chair or other director is not an Eligible Director for the purposes of that meeting (or part of a meeting).

## **18 DIRECTORS' CONFLICTS OF INTEREST**

18.1 Subject to the provisions of the Act and provided that he has disclosed to the other directors the nature and extent of any material interest of his, a director may, notwithstanding his office or that, without the authorisation conferred by this article 18.1, he would or might be in breach of his duty under the Act to avoid conflicts of interest, be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any undertaking in the same group as the Company, or promoted by the Company or by any

undertaking in the same group as the Company, or in which the Company or any undertaking in the same group as the Company is otherwise interested.

18.2 All directors, spouses and civil partners of directors and Directors Partners/Spouses and cooptees are required to complete the Company's Conflict of Interest and Code of Conduct forms as may be published on the Company website in accordance with the Assurance Framework.

18.3 The directors may, in accordance with the requirements set out below, authorise any Conflict proposed to them by any director which would, if not authorised, involve a director (an **Interested Director**) breaching his duty under section 175 of the Act to avoid conflicts of interest.

18.3.1 Any authorisation under this article 18.3 shall be effective only if:

- (a) to the extent permitted by the Act, the matter in question shall have been proposed at the agenda item reserved for this purpose, by any director for consideration in the same way that any other matter may be proposed to the directors under the provisions of these Articles or in such other manner as the directors may determine;
- (b) any requirement as to the quorum for consideration of the relevant matter is met without counting the Interested Director; and
- (c) the matter was agreed to without the Interested Director voting or would have been agreed to if the Interested Director's vote had not been counted.

18.3.2 Any authorisation of a Conflict under this article 18.3 may (whether at the time of giving the authorisation or subsequently):

- (a) extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter or situation so authorised;
- (b) provide that the Interested Director be excluded from the receipt of documents and information and the participation in discussions (whether at meetings of the directors or otherwise) related to the Conflict;
- (c) provide that the Interested Director shall or shall not be an Eligible Director in respect of any future decision of the directors in relation to any resolution related to the Conflict;
- (d) impose upon the Interested Director such other terms for the purposes of dealing with the Conflict as the directors think fit;
- (e) provide that, where the Interested Director obtains, or has obtained (through his involvement in the Conflict and otherwise than through his position as a director of the Company) information that is confidential to a third party, he shall not be obliged to disclose that information to the

Company, or to use it in relation to the Company's affairs where to do so would amount to a breach of that confidence; and

- (f) permit the Interested Director to absent himself from the discussion of matters relating to the Conflict at any meeting of the directors and be excused from reviewing papers prepared by, or for, the directors to the extent they relate to such matters.

18.4 Where the directors authorise a Conflict under article 18.3, the Interested Director shall be obliged to conduct himself in accordance with any terms and conditions imposed by the directors in relation to the Conflict.

18.5 The directors may revoke or vary any authorisation given under article 18.3 at any time, but this shall not affect anything done by the Interested Director prior to such revocation or variation in accordance with the terms of such authorisation.

18.6 A director is not required, by reason of being a director (or because of the fiduciary relationship established by reason of being a director), to account to the Company for any remuneration, profit or other benefit which he derives from or in connection with a relationship involving a Conflict which has been authorised by the directors in accordance with these Articles or by the Company in general meeting (subject in each case to any terms, limits or conditions attaching to that authorisation) and no contract shall be liable to be avoided on such grounds.

18.7 Where a director is in any way, whether directly or indirectly, interested in an existing or proposed transaction or arrangement with the Company, that director must:

18.7.1 declare the nature and extent of his interest in accordance with the requirements of the Act before discussion begins on the matter;

18.7.2 withdraw from the meeting for that item after providing any information requested by the directors;

18.7.3 not be counted in the quorum for that part of the meeting; and

18.7.4 be absent during the vote and have no vote on the matter.

## **19 RECORDS OF DECISIONS TO BE KEPT**

19.1 The directors must ensure that the Company keeps a record, in electronic or hard copy form (as defined by section 1168 of the Act), for such purposes as required by the Act or other statutory or regulatory provision, of every unanimous or majority decision taken by the directors.

## **PART 6: DIRECTORS' REMUNERATION AND EXPENSES**

### **20 DIRECTORS' REMUNERATION**

20.1 Directors may undertake any services for the Company that the directors decide.

20.2 Directors are entitled to such remuneration as the Enterprise M3 Nominations and Remuneration Committee determine:

20.2.1 [For their services as Chief Executive and Director of the company]

20.2.2 for their services to the company as directors; and

20.2.3 for any other service which they undertake for the Company.

20.3 Subject to the Articles, a director's remuneration may:

20.3.1 take any form; and

20.3.2 include any arrangements in connection with the payment of a pension, allowance or gratuity, or any death, sickness or disability benefits, to or in respect of that director.

20.4 Unless the directors decide otherwise, directors' remuneration accrues from day to day.

## **21 DIRECTORS' EXPENSES**

21.1 The Company may pay any reasonable expenses which the directors (and any company secretary) properly incur in connection with their attendance at:

21.1.1 meetings of directors or committees of directors;

21.1.2 general meetings; or

21.1.3 separate meetings of the holders of debentures of the Company,

or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the Company.

## **PART 7: MEMBERSHIP**

### **22 MEMBERS**

22.1 Membership is open only to the directors. Any person appointed as a director pursuant to article 8.3 shall automatically become a Member.

22.2 Membership is terminated if the Member concerned:

22.2.1 ceases to be a director;

22.2.2 gives written notice of their resignation to the Company;

22.2.3 dies; or

22.2.4 is removed from membership by resolution of the directors on the ground that in their reasonable opinion that person's continued membership is harmful to the Company (but only after notifying the Member in writing and considering the matter

in the light of any written representations which the Member concerned puts forward within 14 clear days after receiving notice).

- 22.3 If membership is terminated, the Member shall also be removed as a director.
- 22.4 No Director shall be entitled to appoint an alternate director or anyone to act on their behalf at meetings of the Board.
- 22.5 Membership of the Company is not transferable.

## **23 GENERAL MEETINGS**

- 23.1 The Company shall hold an annual general meeting (AGM) which may take the form of a conference at least once every financial year, which shall be held within the LEP area and shall be open to the public.
- 23.2 An extraordinary general meeting may be called by the directors at any time and must be called within 20 days of a written request from one or more directors (being Members) with the support of at least 25% of the membership. The following shall apply where an extraordinary general meeting has been called:
  - 23.2.1 Members are entitled to attend general meetings either personally or by proxy, but only if the appointment of a proxy is in writing and notified to the Company at least 48 hours before the commencement of the meeting.
  - 23.2.2 Annual General Meetings are called on at least 14 and no less than 30 clear days' written notice specifying the business to be discussed and if a special resolution is to be proposed setting out the terms of the proposed special resolution.
  - 23.2.3 There is a quorum at a general meeting if the number of Members present in person or by proxy is at least [six].
  - 23.2.4 The Chair or (if the Chair is unable or unwilling to do so) some other Member elected by the Members present in person or by proxy presides at a general meeting in his/her capacity as a Member and not as proxy for another Member.
  - 23.2.5 Except where otherwise provided by the Articles or the Act every issue is decided by ordinary resolution.
  - 23.2.6 Every Member present in person or by proxy has one vote on each issue.
  - 23.2.7 Except where otherwise provided by the Articles or the Companies Act, a written resolution (whether an ordinary or a special resolution) is as valid as an equivalent resolution passed at a general meeting. For this purpose the written resolution may be set out in more than one document.
  - 23.2.8 The chair of the meeting may permit other persons who are not:
    - (a) Members, or
    - (b) otherwise entitled to exercise the rights of Members in relation to general meetings, to attend and speak at a general meeting.

## **PART 8: ADMINISTRATIVE ARRANGEMENTS**

### **24 MEANS OF COMMUNICATION TO BE USED**

24.1 Any notice, document or other information shall be deemed served on or delivered to the intended recipient:

24.1.1 if properly addressed and sent by prepaid United Kingdom first class post to an address in the United Kingdom, 48 hours after it was posted (or five Business Days after posting either to an address outside the United Kingdom or from outside the United Kingdom to an address within the United Kingdom, if (in each case) sent by reputable international overnight courier addressed to the intended recipient, provided that delivery in at least five Business Days was guaranteed at the time of sending and the sending party receives a confirmation of delivery from the courier service provider);

24.1.2 if properly addressed and delivered by hand, when it was given or left at the appropriate address;

24.1.3 if properly addressed and sent or supplied by electronic means, 24 hours after the document or information was sent or supplied; and

24.1.4 if sent or supplied by means of a website, when the material is first made available on the website or (if later) when the recipient receives (or is deemed to have received) notice of the fact that the material is available on the website.

For the purposes of this article, no account shall be taken of any part of a day that is not a Business Day.

24.2 In proving that any notice, document or other information was properly addressed, it shall suffice to show that the notice, document or other information was addressed to an address permitted for the purpose by the Act.

### **25 NO RIGHT TO INSPECT ACCOUNTS AND OTHER RECORDS**

25.1 All Members of the Company shall be entitled to inspect the Company's accounting records by giving 30 days' written notice to the Company that they wish to conduct such an inspection.

### **26 PROVISION FOR EMPLOYEES ON CESSATION OF BUSINESS**

26.1 The directors may decide to make provision for the benefit of persons employed or formerly employed by the Company or any of its subsidiaries (other than a director or former director or shadow director) in connection with the cessation or transfer to any person of the whole or part of the undertaking of the Company or that subsidiary.

### **27 SECRETARY**

27.1 The directors may appoint any person who is willing to act as the secretary for such term, at such remuneration and upon such conditions as they may think fit and from time to time

remove such person and, if the directors so decide, appoint a replacement, in each case by a decision of the directors.

## **28 BY-LAWS**

- 28.1 The directors may establish by-laws governing matters relating to Company administration that are required from time to time for the effective operation of the Company (for example, the provisions relating to the nomination and election process for appointing directors).
- 28.2 If there is a conflict between the terms of these Articles and any by-laws established under article 28.1, the terms of these Articles shall prevail.

## **29 INDEMNITY AND INSURANCE**

29.1 Subject to article 29.2, but without prejudice to any indemnity to which a relevant officer is otherwise entitled:

29.1.1 each relevant officer shall be indemnified out of the Company's assets against all costs, charges, losses, expenses and liabilities incurred by him as a relevant officer:

- (a) in the actual or purported execution and/or discharge of his duties, or in relation to them; and
- (b) in relation to the Company's (or any associated company's) activities as trustee of an occupational pension scheme (as defined in section 235(6) of the Act),

including (in each case) any liability incurred by him in defending any civil or criminal proceedings, in which judgment is given in his favour or in which he is acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part or in connection with any application in which the court grants him, in his capacity as a relevant officer, relief from liability for negligence, default, breach of duty or breach of trust in relation to the Company's (or any associated company's) affairs; and

29.1.2 the Company may provide any relevant officer with funds to meet expenditure incurred or to be incurred by him in connection with any proceedings or application referred to in article 29.1.1 and otherwise may take any action to enable any such relevant officer to avoid incurring such expenditure.

29.2 This article 29 does not authorise any indemnity to the extent that such indemnity would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law and any such indemnity is limited accordingly.

29.3 The directors may decide to purchase and maintain insurance, at the expense of the Company, for the benefit of any relevant officer in respect of any relevant loss.

29.4 In this article:

- 29.4.1 companies are **associated** if one is a subsidiary of the other or both are subsidiaries of the same body corporate; and
- 29.4.2 a **relevant loss** means any loss or liability which has been or may be incurred by a relevant officer in connection with that relevant officer's duties or powers in relation to the Company, any associated company or any pension fund or employees' share scheme of the Company or associated company; and
- 29.4.3 **relevant officer** means any director or other officer or former director or other officer of the Company or an associated company (including any company which is a trustee of an occupational pension scheme (as defined by section 235(6) of the Act), but excluding in each case any person engaged by the Company (or associated company) as auditor (whether or not he is also a director or other officer), to the extent he acts in his capacity as auditor).